

# REMUNERATION REPORT

The group strives to ensure that its reward practices are sustainable and aligned with shareholders' interests whilst it recognises the contribution of employees to the growth of the group.

The group promotes entrepreneurship and strives to optimise employee performance by providing a working environment conducive to extraordinary performance, characterised by passion and energy that results in a positive contribution to the success of the group and ultimately the economy it operates in.

The individuals the group employs are characterised by intellect, innovation, integrity and initiative, which imparts the ability to adapt to an ever changing work environment and a unique culture, all of which are crucial to the group's pursuit of excellence.

## REMUNERATION PHILOSOPHY

The group philosophy is to ensure that employees are fairly rewarded for their individual value, merit, performance and contribution over a meaningful period to the overall operational and financial success of the group.

The group is committed to a balanced remuneration philosophy which consists of the following components:

- individual performance related remuneration which positively influences and supports the creation of an exceedingly high performing organisation
- rewarding of sustained performance and exceeded performance expectations through extraordinary increases, bonuses, incentives, additional benefits and company shares
- rewards and recognition in the form of promotions and added responsibility
- providing a balanced mix of remuneration, including above industry average salaries, innovative benefits, short term cash incentives and long term rewards
- creating a competitive total remuneration opportunity which aids in competing for the best talent locally and abroad among companies with global operations and global consumers
- protecting and promoting shareholder interests and creating a direct and recognisable alignment between remuneration and risk exposure
- employee growth and development through performance management that is cemented in simplicity and transparency and
- unparalleled working environment where performance is rewarded and where employees can fulfil their potential.

The group recognises that lasting growth is what ultimately builds shareholder value and accordingly the remuneration philosophy is used as a management tool that, when aligned with an effective communication plan, is designed to support, reinforce and align our values, business strategy, operational and financial needs with a goal of growth, profitability and ultimately the creation of wealth for all involved in the group.

## REMUNERATION MIX

The group rewards and provides a level of compensation which not only attracts and incentivises employees, but also retains and motivates existing employees to reach their full potential.

Remuneration packages are designed and administered to balance and align directors' and employees' interests in relation to those of all stakeholders. Overall rewards are considered and determined within an effective risk management environment in line with short, medium and long term

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successes and goals of the group. The group is confident that including equity in performance and retention schemes is the best way to align their interests with the long term success and strategy of the company.

The group participates in and makes use of several industry related salary surveys to substantiate its remuneration data. Individual salaries are benchmarked internally and externally to ensure fairness and competitiveness.

## FIXED REMUNERATION

Salary	Commission	Lifestyle benefits
<ul style="list-style-type: none"> <li>• Guaranteed base salary based on role, experience, qualifications, responsibilities, skills and market rates.</li> <li>• The group has a minimum monthly salary of NAD 3 500 per month for a 40 hour work week across all employee levels in Namibia and South Africa which is above all industry market average minimum wages.</li> </ul>	<p>Commission on sales performance for monthly sales targets.</p>	<p>Staff Social Scheme including life cover, dread disease cover and disability cover, hospital plan, employee fund, housing allowance, company cell phone or allowance, pool car, extended lunch hours for purposes of physical exercise, transport allowance, staff transport, free parking, free lunch, Friday Afternoons Off Policy, long service appreciation bonuses, corporate wellness program, shares gift, Top 40 benefits awarded to elected Top 40 members, in-house training and mentoring, external training, recruitment gift, paternity leave, babbalas leave, paid maternity leave, sabbatical leave, birthday leave, additional sick leave, team building events and flexi time. Certain benefits are applicable to certain job levels only.</p>

## VARIABLE REMUNERATION

Short term incentives	Long term incentives	Trustco performance and retention incentive scheme
<ul style="list-style-type: none"> <li>• Short term cash incentives on quarterly extra ordinary sales targets.</li> <li>• Quarterly short term cash incentives, in terms of the approved Group Performance and Retention Incentive Scheme for all segments, with set board approved financial, budget and other targets.</li> </ul>	<ul style="list-style-type: none"> <li>• Quarterly long term equity incentives, in terms of the approved Group Performance and Retention Incentive Scheme for all segments, with set board approved financial, budget and other targets.</li> <li>• Long service appreciation awards at five year intervals.</li> <li>• Company equity gift to the value of NAD 50 000 for employees with one year of service purchased on behalf of the employee, subject to a five year trading restriction.</li> <li>• A shares based recruitment gift bought upfront for a new employee on appointment.</li> <li>• Dividend payments on company shares purchased on behalf of employees.</li> </ul>	<ul style="list-style-type: none"> <li>• The group currently has a 50:50 based incentive and retention scheme. 50% of this incentive is allocated in cash and paid directly to the employee and the remaining 50% is used to purchase Trustco shares for the employee. This incentive scheme aims to retain key skills and to motivate executives over the long term which is essential for sustainable business.</li> </ul>

▶ THE INDIVIDUALS THE GROUP EMPLOYS ARE CHARACTERISED BY INTELLECT, INNOVATION AND INITIATIVE, WHICH IMPARTS THE ABILITY TO ADAPT TO AN EVER-CHANGING WORK ENVIRONMENT AND A UNIQUE CULTURE, ALL OF WHICH ARE CRUCIAL TO THE GROUP'S PURSUIT OF EXCELLENCE



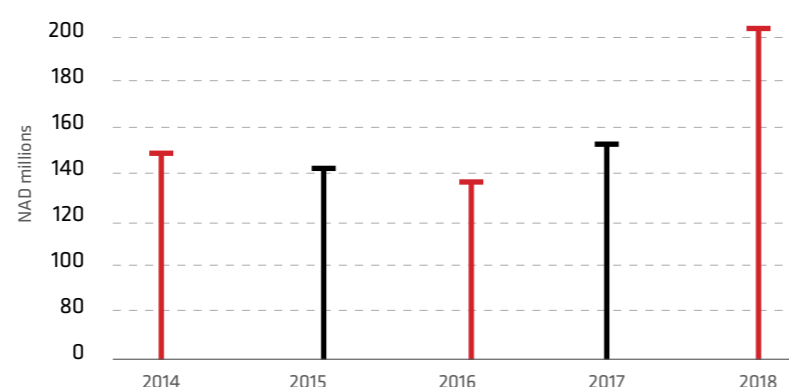
### INTEREST

Remuneration packages are designed and administered to balance and align directors' and employees' interests in relation to those of all stakeholders.

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Benefits and awards are granted on the basis that they aid employee retention and/or provide an efficient work environment for the employee. All deferred awards are subject to continued employment. The basic salary of each employee is reviewed annually on an individual basis. Annual increases are based on personal key performance indicators, achieving set individual goals, quarterly employee self-assessments, increased skills or qualifications and market related benchmarking.

## GROUP REMUNERATION COMPARATIVES FOR THE PAST 5 YEARS



## EMPLOYEE WELLNESS

The group remains committed to the continuous investment in the wellbeing of its valued employees.

### Staff Social Scheme

The company offers a staff social scheme with equal employer and employee contributions which provides the following cover and additional benefits:

- hospital cover
- disability benefit
- dread disease cover
- life cover
- various types of additional leave i.e. paternity leave, sabbatical leave, birthday leave, afternoons off, additional sick leave and “babbalas” (hangover) leave
- a corporate wellness program with additional benefits, including free daily staff lunches, physical exercise programs, flu prevention injections, cancer prevention testing and various health and social awareness campaigns throughout the year and
- an employee fund with the same purpose as a savings fund to empower employees by assisting to provide for future financial security and to foster and encourage a culture of saving.

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The corporate wellness program is offered by the company to the employees and is a combination of educational, organisational, nutritional, social and environmental awareness programs. It also includes physical fitness programs, life coaching, health coaching and activities designed to support, enhance and promote behaviour conducive to maintaining good physical, social and mental health.

The group recognises that a regular and sound fitness regime is vital to maintain the health and wellbeing of its employees. With more stress comes an increased likelihood of becoming ill. As part of the wellness program the company provides an annual exercise program with external service providers. Fitness sessions are held twice a week for 3 (three) months, after which employees are encouraged to continue in their own time. The company also engages service providers that give employees access to health screenings, counselling and nurse consultations. The company also has a policy that allows middle to senior management to have extended lunch or break time for the purposes of physical fitness exercises.

The corporate wellness program is a proven success and extremely effective to motivate, educate and improve the overall health, emotional, physical and spiritual wellbeing of each valued employee. The program is well established, maintained and ongoing.

## HEALTH AND SAFETY

The group values, provides support and protects the health and safety of its employees.

The occupational health and safety management program and system across the group and its segments is aligned with and operated and maintained according to the local regulatory and legislative requirements of each country in which it operates.

## TRUSTCO TOP 40

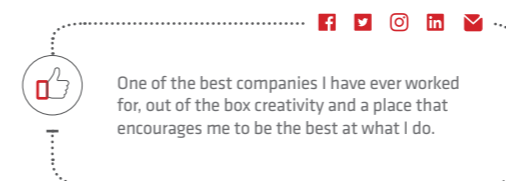
The Trustco Top 40 Policy and initiative was implemented in 2015 and maintained in the subsequent reporting periods. The aim of the policy is to identify and reward employees that rise to and exceed the set high performance expectations of the group. The group aspires to motivate staff to grow, excel and be driven to perform at all times. The main objectives of the policy in appointing the Trustco Top 40 are to give recognition to key employees on any level regardless of position, to motivate and inspire all employees to attain the same level of performance and to provide a platform within the group to foster talent development. The Top 40 is announced once a year after an extensive review, nomination and election process by all employees in the group.

Top 40 benefits include:

- company shares to the value of NAD 40 000
- access to a company pool vehicle
- an annual credit card allowance of NAD 40 000 per Top 40 employee for the sole purpose of international travel to attend an international conference
- additional ten (10) days annual leave to be used in conjunction with the credit card allowance for the purpose of international travel only
- any bonus paid out to a Top 40 member during the term is increased by 40%
- flexi time and
- a smart phone with a credit limit of NAD 2 000 per month.



## SOCIAL MEDIA COMMENT



# REMUNERATION REPORT

## CLINIC VISITS

1135

### EMPLOYEE ENGAGEMENT

In 2017 the Trustco group participated for the fourth time in the Deloitte annual "Best Company To Work For" survey in Namibia. The independent survey has been conducted by Deloitte since the year 2000 and audited the employees' sentiments covering areas inclusive of *inter alia* values and culture, care and feedback, accomplishment and growth as well as fairness and integrity. Based on the ratings of its employees, Trustco was awarded the highest honour being, a platinum seal of achievement in Namibia, as a demonstration of the attractiveness of the organisation and its commitment to its people and to market itself as an employer of choice. Trustco has consistently been placed in the top three positions in the "Best Company To Work For" survey over the past four years in the large sized company category i.e. companies with more than 500 employees.

The employees participated in the survey administered by the independent company, Deloitte, to measure the degree of alignment between management and the employees. The company achieved a best company index score of 71.06 in the survey, above the benchmark for Namibia which is currently 70.93. The index measures the overall attractiveness of the organisation to its employees and the employee's alignment with the organisation's internal brand which supports overall employee retention.

### AREAS OF SUCCESS FOR TRUSTCO

LEVERAGE	DIMENSION	DELIGHT
I know how my work relates to the organisation's goals and priorities	Care and feedback	93%
Teamwork is encouraged and practiced in this organisation	Values and culture	92%
There is a good fit between my talents and abilities and the job I do	Accomplishment and growth	90%
The work that I do gives me a feeling of personal accomplishment	Accomplishment and growth	90%
In the past year, I have had the opportunity to learn and grow at work	Accomplishment and growth	88%
Leadership communicates a clear vision for the future of this organisation	Values and culture	85%

### DIVERSITY AND INCLUSION

The company promotes and values diversity at all levels and strives to eliminate any employment or any other practices and processes which may result in unfair discrimination in any form.

### EMPLOYMENT EQUITY

Employment equity is viewed by the group as an integral component of its overall group strategy, from board to employee level, to ensure diversity in the company workforce. The group is committed to maintaining a workforce that reflects country demographics in respect of race and gender. The group values its employees and recognises their intellectual value and commitment as an important component to the success of the group.

## VACCINATIONS AND CANCER PREVENTION TREATMENTS

137

# REMUNERATION REPORT

## BLOOD DONATIONS

106

318 possible lives saved.

## HOSPITAL FUND CLAIMS

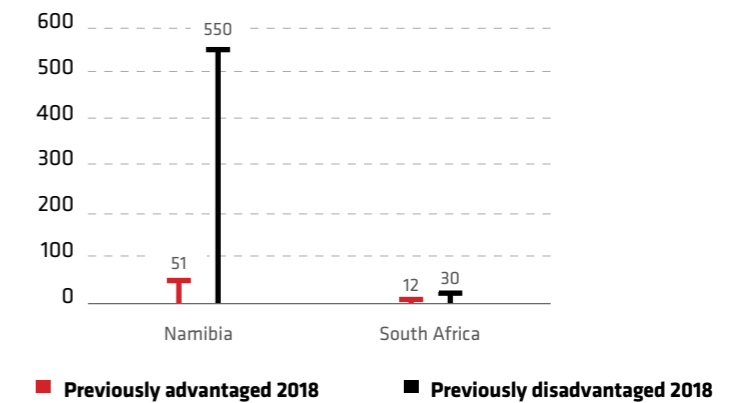
480 THOUSAND NAD

## MATERNITY RELATED CLAIMS

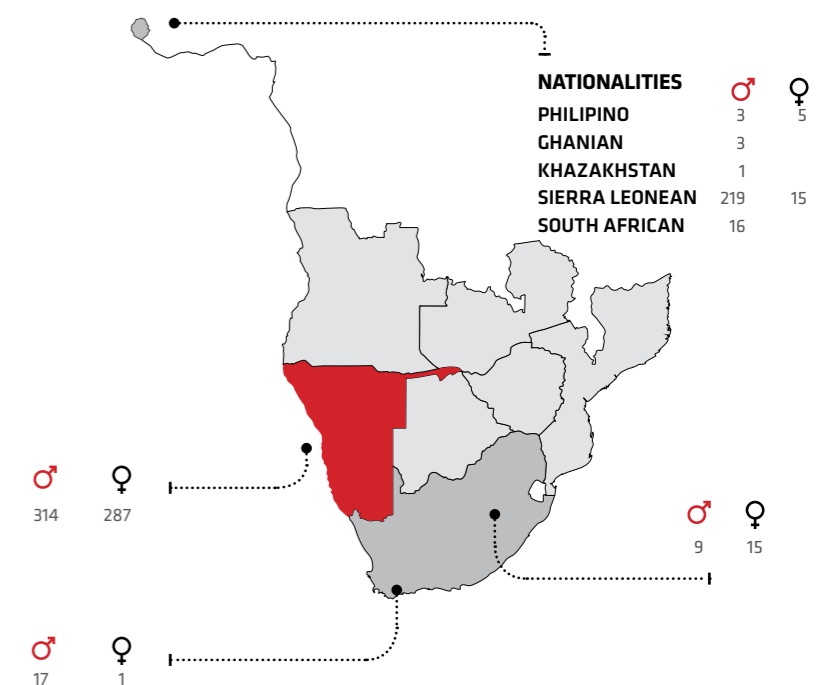
40 THOUSAND NAD

The group has a goal to create and sustain an environment of diversity as its competitive advantage for the future. During the year under review the group was issued its compliance certificates from the Employment Equity Commission in Namibia and South Africa.

### EMPLOYMENT EQUITY WORKFORCE PROFILE



### WORKFORCE STATISTICS ACCORDING TO GENDER (AS AT MARCH 2018)



2018 TOTALS	NAMIBIA	SOUTH AFRICA	SIERRA LEONE
	601	42	262

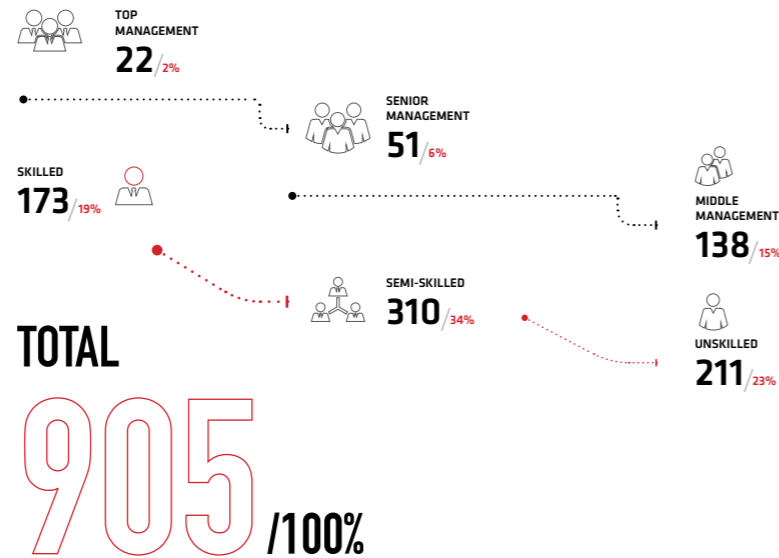
KEY: ♂ Male ♀ Female

# REMUNERATION REPORT

## ▶ SABBATICAL LEAVE

1 204 230

NAD



## ▶ EMPLOYEES QUALIFYING FOR SABBATICAL LEAVE

22

### TOP 3 SALARY EARNERS

EMPLOYEE (MONTHLY EARNINGS)	2018 NAD	2017 NAD	% CHANGE
Employee 1	291 951	262 782	11%
Employee 2	206 168	206 068	0%
Employee 3	195 489	185 760	5%

### TRAINING AND DEVELOPMENT

The internal culture of the group enforces a strong emphasis on leadership, skills development and training. Ongoing training needs analysis and performance management measures are in place to ensure and manage sustainable performance of staff. Training needs are identified within the segments and in consultation with the human resources department and management. All employees can explore skills and career development opportunities through the performance management process.

As an employer of choice, the company strives to develop its employees to be as well trained, mentored, developed and up-skilled as possible. In achieving this objective, the group offers comprehensive services, internal training, mentoring and development, on a continuous basis, to all current and new employees commencing employment in the group.

As part of the in-house training offered to the new employee, the employee will have the opportunity for unlimited consultation, training and mentoring and advice with any of the senior employees of the group to ensure that the employee will be able to perform at an optimal standard. For this opportunity that has been afforded to the new employee, as well as the time spent and invested by the company and senior employees on the mentoring, up-skilling, skills transfer, development and training of the new employee, the company charges and invests an amount of 5% of the employee's agreed monthly gross remuneration for a period of twelve months, whereafter it would be

## ▶ EXERCISE PROGRAM COST

91 071

NAD

# REMUNERATION REPORT

## ▶ EMPLOYEES PARTICIPATED IN EXERCISE PROGRAM

88

## ▶ TOTAL TRAINING COURSES ATTENDED

293

## ▶ FREE LUNCHES COST

3 390 475

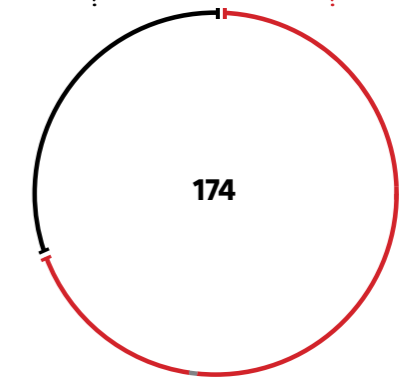
NAD

## ▶ FREE LUNCHES SERVED

100 528

### TOTAL EMPLOYEES TRAINED

Previously advantaged employees trained  
30



## ▶ TOTAL TRAINING COSTS NAD

813 219

### TRAINING LEVIES PAID

Namibia  
1 578 792  
NAD

South Africa  
200 618  
ZAR



# REMUNERATION REPORT

expected and required from the employee to perform at an optimal level. The company invests this amount upfront on behalf of the employee and will then give this investment, as per contractual agreement between the company and the employee, as a gift to the employee after a period of 24 months of employment.

In both Namibia and South Africa training levies are paid to the respective government institutions based on a percentage of payroll cost. These levies are designed to subsidise and provide skills training and to expand knowledge and competencies to provide a more skilled and productive workforce in each respective country.

The group is committed to creating opportunities and developing the skills of employees outside the scope of their normal positions within the company. To that effect the company has a policy allowing employees, either individually or as a group, to apply for additional workload resulting from a vacant position. This in effect means that the employee or employees may take up the responsibilities of a vacant position, if their workload allows it, within a department and will receive a workload allowance of up to 50% of the estimated salary of that position.

The group is also committed to ensuring that a sound balance remains between experience, which is crucial to the operations of the group, and opportunities for younger employees. The group also takes into consideration that the average life expectancy of individuals is increasing locally and globally. It is therefore the policy of the group that the compulsory retirement age for all employees is 60 years, but may be extended beyond the age of 60 up to a maximum age of 70 years.

## LOOKING AHEAD

The group will:

- maintain objectives set for talent development, succession planning and organisational development to ensure sustainable growth as well as to remain an employer of choice
- continue to identify opportunities to improve people management as well as optimise best practices to ensure employee productivity with optimum employee morale
- continue to focus on paying remuneration packages that are competitive to attract, motivate and retain top performers who deliver sustainable results
- strengthen its succession plan and broaden the diversity of its potential successors' list and
- continue to enhance HR systems and process effectiveness to leverage HR analytics to enhance employee productivity and engagement.

## CLOSURE

As required by the Companies Act and King IV, the following resolutions will be tabled for shareholder approval at the AGM, details of which can be found in the notice of the AGM:

- Binding vote on non-executive directors' fees
- Advisory vote on the remuneration policy and
- Advisory vote on the implementation report.

The group received the support of 99.2% of shareholders who voted in favour of the remuneration philosophy and policies tabled at the 2017 AGM.

## ▶ RETIREMENT AGE

60 YEARS

but may be extended beyond the age of 60 up to a maximum age of 70 years.

# REMUNERATION REPORT

## BOARD REMUNERATION 2017

(NAD)

	Fees	Basic	Bonus	Shares	Benefits	Total
<b>HOLDING COMPANY DIRECTORS</b>						
<b>Non-executive directors</b>						
Adv R Heathcote SC	516 459	-	-	-	-	516 459
R Taljaard	273 275	-	-	-	-	273 275
W Geysler	260 667	-	-	-	-	260 667
J Mahlangu	178 743	-	-	-	-	178 743
	<b>1 229 144</b>	-	-	-	-	<b>1 229 144</b>
<b>Executive directors</b>						
Dr Q van Rooyen **	-	-	-	-	-	-
FJ Abrahams*	-	1 801 200	234 436	40 000	532 402	2 608 038
R McDougall (Resigned 31 December 2016)	-	1 598 716	-	-	89 835	1 688 551
M van Niekerk (Resigned 5 April 2017)	-	878 763	-	-	62 580	941 343
	-	<b>4 278 679</b>	<b>234 436</b>	<b>40 000</b>	<b>684 817</b>	<b>5 237 932</b>
<b>SUBSIDIARY COMPANY DIRECTORS</b>						
<b>Non-executive directors</b>						
W Geysler	525 731	-	-	-	-	525 731
R Taljaard	255 082	-	-	-	-	255 082
T Newton	260 352	-	-	-	-	260 352
NJ Tshitayi	127 541	-	-	-	-	127 541
B Similo	119 162	-	-	-	-	119 162
	<b>1 287 868</b>	-	-	-	-	<b>1 287 868</b>
<b>Executive directors</b>						
E Janse van Rensburg*	-	1 276 421	224 263	40 000	302 016	1 842 700
A Lambert*	-	781 948	177 778	40 000	173 410	1 173 136
I Calitz	-	721 200	-	80 000	50 952	852 152
K Fick	-	1 276 937	-	-	972	1 277 909
	-	<b>4 056 506</b>	<b>402 041</b>	<b>160 000</b>	<b>527 350</b>	<b>5 145 897</b>
<b>TOTAL</b>	<b>2 517 012</b>	<b>8 335 185</b>	<b>636 477</b>	<b>200 000</b>	<b>1 212 167</b>	<b>12 900 841</b>

\* Benefits include sabbatical leave payout

\*\* Dr Q van Rooyen is remunerated in terms of a management agreement between Trustco and Next Investments (Pty) Ltd (Next), of which Dr Q van Rooyen, is the sole shareholder. Mr QZ van Rooyen, the deputy CEO, is also remunerated by Next.

In terms of the management agreement, a management fee is paid quarterly to Next Investments (Pty) Ltd (Next) as follows:

- 0.5% of the turnover of the group;
- 1% of the headline earnings of the group; and
- 1% of the basic earnings of the group.

- If targets are not met, the management fee is halved, whilst, if growth exceeds inflation plus 5%, then the management charge is doubled. Inflation in Namibia was recorded at a 7% year on year growth on 31 March 2017.

- Should the MD be required to pledge certain personal assets as surety for agreements or transactions entered into by the group, the company pays Next a guarantee fee of 2% per annum on the value of assets pledged. The fee is calculated quarterly. For more information refer to note 25 of the annual financial statements of 2017.

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## BOARD REMUNERATION 2018 (NAD)

	Fees	Basic	Bonus	Shares	Benefits	Total
<b>HOLDING COMPANY DIRECTORS</b>						
<b>Non-executive directors</b>						
Adv R Heathcote SC	527 611	-	-	-	-	527 611
R Taljaard	259 923	-	-	-	-	259 923
W Geysler	309 318	-	-	-	-	309 318
J Mahlangu	187 308	-	-	-	-	187 308
	<b>1 284 160</b>	-	-	-	-	<b>1 284 160</b>
<b>Executive directors</b>						
Dr Q van Rooyen *	-	-	-	-	-	-
FJ Abrahams	-	2 101 200	-	245 000	107 052	2 453 252
QZ van Rooyen *	-	-	-	-	-	-
	-	<b>2 101 200</b>	-	<b>245 000</b>	<b>107 052</b>	<b>2 453 252</b>
<b>SUBSIDIARY COMPANY DIRECTORS</b>						
<b>Non-executive directors</b>						
W Geysler	601 978	-	-	-	-	601 978
R Taljaard	288 223	-	-	-	-	288 223
T Newton	317 508	-	-	-	-	317 508
NJ Tshitayi	144 112	-	-	-	-	144 112
B Similo	134 057	-	-	-	-	134 057
	<b>1 485 878</b>	-	-	-	-	<b>1 485 878</b>
<b>Executive directors</b>						
A Brand	-	845 581	-	100 492	44 213	990 286
A Lambert	-	823 681	-	95 484	227 751	1 146 916
E Janse van Rensburg	-	1 540 511	-	182 000	323 835	2 046 346
I Calitz	-	783 408	-	91 258	56 240	930 906
J Jacobs	-	3 166 269	-	250 000	178 732	3 595 001
J Joubert	2 400 000	-	-	200 551	-	2 600 551
K Fick	-	1 315 282	-	-	86 426	1 401 708
T Slabbert	-	1 438 272	-	167 798	40 812	1 646 882
	<b>2 400 000</b>	<b>9 913 004</b>	-	<b>1 087 583</b>	<b>958 009</b>	<b>14 358 596</b>
<b>GRAND TOTAL</b>	<b>5 170 038</b>	<b>12 014 204</b>	-	<b>1 332 583</b>	<b>1 065 061</b>	<b>19 581 886</b>

\* Dr Q van Rooyen is remunerated in terms of a management agreement between Trustco and Next, of which Dr Q van Rooyen, is the sole shareholder. Mr QZ van Rooyen, the deputy CEO, is also remunerated by Next. In terms of the management agreement, a management fee is paid quarterly to Next. Should the MD be required to pledge certain personal assets as surety for agreements entered into by the group, the company pays Next a guarantee fee of 2% per annum on the value of assets pledged. The fee is calculated quarterly.

Dr Q van Rooyen and Mr QZ van Rooyen, on behalf of Next, waived its management and surety fees totalling NAD 61.5 million for the year under review.

# REMUNERATION REPORT



Trustco's Top 40 employees for 2018