

# REMUNERATION REPORT

Trustco Group Holdings as an investment holding company and its unlisted investee companies, all have their own remuneration committees. The focus of the holding company is to ensure the growth of its investments to secure sustainable long-term value creation for all shareholders.

The group remuneration committee (remco) oversees and strives to ensure that the reward practices of the group and its investee companies are sustainable and aligned with shareholders' interests while recognising the lasting contribution of employees to the overall growth of the group. The group remco also provides guidance to the remuneration committees of unlisted investee companies of the larger Trustco 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 aims to attract and employ are characterised by intellect, innovation, integrity and initiative, which impart the ability to adapt to an ever changing work environment and a unique and ethical culture, all of which are crucial to the group's pursuit of excellence.

## REMUNERATION PHILOSOPHY

The group remuneration philosophy is to ensure that employees are fairly, equitably and responsibly 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 that 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 retention 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
- prudent application of incentive schemes to safeguard and promote shareholder interests and create a direct and recognisable alignment between remuneration and risk exposure
- remuneration practices that are transparent, aligned with strategy and managed to ensure responsible, equal and fair pay
- employee growth and development through measured performance management that is cemented in simplicity, transparency and structured to operate effectively and
- unparalleled working environment where performance is rewarded, linked to achieving demanding performance conditions, 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 values, business strategy, operational and financial needs with a goal of growth, profitability and ultimately the creation of wealth for all stakeholders.

## GOVERNANCE OF REMUNERATION

Remuneration is governed by the remuneration committee. The remuneration report provides an overview and understanding of Trustco's remuneration principles, policies and practices. The information in this report has been approved by the board on recommendation from the remuneration committee. Detailed information on the roles and responsibilities of the committee can be found in the governance report. Executives attend the meetings by invitation only and in the interest of governance. The executives recuse themselves when the board discusses matters specifically relating to them. The remuneration committee confirms that it has discharged the functions and complied with its terms of reference for the financial period ended August 2021.

## SHAREHOLDER ENGAGEMENT AND VOTING

As required by the Companies Act, King IV and the JSE Listings Requirements, the resolutions that will be tabled for shareholder approval at the AGM can be found in the notice of the AGM of this report.

## SHAREHOLDERS' VOTING RESULTS

	2020	2019	2018
REMUNERATION POLICY	99.61%	99.49%	98.87%
IMPLEMENTATION REPORT	99.61%	99.49%	98.98%
NON-EXECUTIVE DIRECTORS REMUNERATION	100%	99.49%	99.98%

The voting results clearly indicate support for the remuneration policy and the implementation thereof. No changes were made to the policy.

There were no formal engagement with shareholders on the remuneration policy or implementation report

## REMUNERATION IMPLEMENTATION REPORT

The group remuneration committee continues to apply the King IV principles to its remuneration practices and disclosures and engages actively with senior executives for advice on local and global remuneration trends. The committee remains confident that the remuneration philosophy of the group as well as its policies are aligned with shareholder values, market best practice and are subject to robust review each year.

## REMUNERATION STRUCTURE

The group rewards and provides a level of compensation that 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 successes, strategies and goals of the group. The group is confident that including equity in performance and retention schemes for employees is the best way to align their interests with the long-term success and strategy of the group, thus creating optimal shareholder value.

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

Benefits and awards are granted on the basis that they aid employee retention and/or provide a resourceful work environment for the employee. The company regularly reviews these benefits for affordability, flexibility and perceived value to employees. All deferred awards are restricted and subject to specific long-term approved periods and continued employment.

The basic salary of each employee is reviewed annually on an individual basis. Annual increases are inflation linked based on personal key performance indicators, achieving set individual goals, quarterly employee self-assessments, increased skills or qualifications and market related benchmarking.

# REMUNERATION REPORT (CONTINUED)

<p><b>FIXED REMUNERATION</b>  <b>Participation:</b> Executive directors, prescribed officers, management and employees.  <b>Purpose:</b> Competitive base salaries to attract and retain top talent.  <b>Performance conditions:</b> Annual inflation linked adjustments based on individual performance and key performance indicators aligned with group values and strategic focus areas.  <b>Performance period:</b> Ongoing and reviewed on an annual basis.</p>	
<b>Salary</b>	<ul style="list-style-type: none"> <li>Guaranteed base salary determined by role, experience, qualifications, responsibilities, skills and industry 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 industry average minimum wages.</li> </ul>
<b>Commission</b>	Commission on sales performance for monthly sales targets.
<b>Lifestyle benefits</b>	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 programme, shares gift, Top 40 benefits awarded to elected Top 40 members, in-house training and mentoring, external training, recruitment gift, paternity leave, "babbalas" (hangover) 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 and countries only.
<p><b>VARIABLE REMUNERATION AND REWARDS</b>  <b>Participation:</b> Executive directors, prescribed officers, management and employees.  <b>Purpose:</b> Short-term incentives encourage and reward the achievement of business targets in the financial year. Long-term incentives retain and align interests of employees with shareholders.  <b>Performance conditions:</b> Quarterly and annual allocations based on financial performance targets.  <b>Performance period:</b> Ongoing and reviewed annually and on a quarterly basis.</p>	
<b>Short-term incentives</b>	<ul style="list-style-type: none"> <li>Short-term cash incentives for quarterly extraordinary sales targets.</li> <li>Quarterly short-term cash incentives, in terms of the approved Group Performance and Retention Incentive Scheme for all segments, with measured and set board approved financial, budget and other operational targets.</li> <li>Annual increases.</li> </ul>
<b>Long-term incentives</b>	<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 operational 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>
<b>Trustco performance and retention incentive scheme</b>	<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>

## ANNUAL SALARY INCREASES

Employees, management and executive directors whose performance is satisfactory and who achieve the minimum requirements as set out in the guidelines for the specific remco approved performance evaluation system that are in force at the time of the increase, receive an annual basic Cost Of Living Adjustment (COLA). The COLA is calculated as the average inflation rate of the preceding 12 months in which an employee is appraised. If it is established that the expected performance of the employee is more than satisfactory and the employee achieves and exceeds the minimum requirements as stipulated in the performance guidelines, standards and procedures that are in force at the time of the increase, an employee may be entitled to receive an above basic COLA increase but limited to a maximum of COLA plus 2%.

The average COLA over the current reporting period ending August 2021 was 2.47% in Namibia.

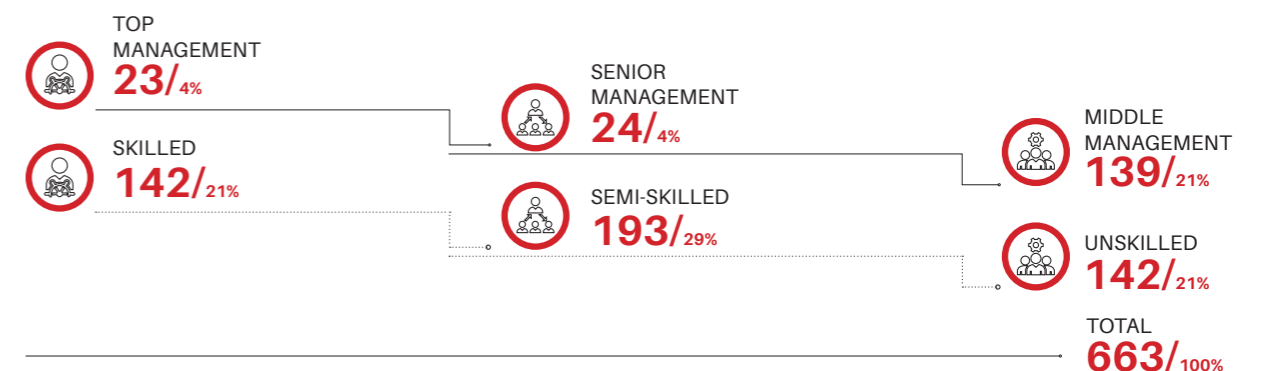
During the previous reporting period, due to the protracted adverse economic climate and recession in Namibia combined with the COVID-19 pandemic, market conditions and probability that the global economy would deteriorate even further, the annual salary increases of all employees from supervisor level upwards, (Supervisor, Manager, COO, Head, Exco Support and Exco) including the Top 40 were

suspended and salary increases on employee level however continued but fixed on an annual basic COLA percentage only. The annual salary increases of all employees, including supervisor level and upwards, were reinstated on 1 June 2021 and will be effective 12 months from the reinstatement date. However, an employee's annual salary increase date will be determined based on the date they received their COVID-19 vaccination or the date the employee is certified unfit to be vaccinated by a medical doctor. Employees who have tested positive for COVID-19 have 3 (three) months from date of testing positive to either be vaccinated or be certified unfit to be vaccinated by a medical doctor in order to have a continuous period on which the new salary increment date can be determined.

## WORKFORCE STATISTICS (AS AT 31 AUGUST 2021)



## WORKFORCE ACCORDING TO OCCUPATIONAL LEVEL



# REMUNERATION REPORT (CONTINUED)

## TOP THREE SALARY EARNERS (AS AT 31 AUGUST 2021)

	NAD 2021	NAD 2020	% CHANGE
EMPLOYEE (MONTHLY EARNINGS)			
EMPLOYEE 1	300 000	300 000	0%
EMPLOYEE 2	242 958	260 266	-7%
EMPLOYEE 3	209 260	209 260	0%

The remuneration committee of the group reviews and ensures that the remuneration policies are enforced in a way that compensates employees fairly, transparently and reasonably to achieve the objectives of the group and to promote positive outcomes for all stakeholders.

The committee also strives to continue ensuring equitable and responsible remuneration processes are implemented and maintained for lasting and maximum shareholder value.

## REMUNERATION IN CONTEXT

The table below reflects the total spend on employee remuneration and benefits in 2019, 2020 and 2021.

## GROUP REMUNERATION COMPARATIVES FOR THE PAST THREE YEARS

		2021	2020	2019
EMPLOYEE COSTS	NAD	123.3M	243.7M	199.8M
	% CHANGE	-49%	21%	11%
EMPLOYEE TAX PAID	NAD	30.2M	60.4M	41.9M
	% CHANGE	-50%	44%	11%
EMPLOYEE NUMBERS	COUNT	663	715	1015
	% CHANGE	-7%	-29%	12%

## EMPLOYEE WELLNESS

The group remains committed to the continuous investment in the wellbeing of its valued employees and also supports the holistic health and happiness of employees.

## STAFF SOCIAL SCHEME

The company offers a staff social scheme with equal employer and employee contributions that 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 programme with additional benefits, including free daily staff lunches, physical exercise programmes, flu prevention injections and various health and social awareness campaigns throughout the year and an employee fund with the same purpose as a savings fund or pension fund to empower employees by assisting to provide for future financial security and to foster and encourage a culture of saving.

The corporate wellness programme is offered by the company to the employees and is a combination of educational, organisational, nutritional, social and environmental awareness programmes. It also includes physical fitness programmes, life coaching, health coaching, general support, the importance of financial management, medical treatments, vaccinations 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 well-being of its employees. With greater stress comes an increased likelihood of developing ailments. As part of the wellness programme the group provides exercise programmes with external service providers. The group also engages service providers that give employees access to health screenings, counselling and nurse consultations. In addition, the group 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 programme is a proven success and extremely effective to motivate, educate and improve the overall health, emotional, physical and spiritual well-being of each valued employee. The programme 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 programme and system across the group and its investee companies is aligned with, operated and maintained according to the local regulatory and legislative requirements of each country in which it operates. Dedicated occupational health and safety officers manage employee health and safety daily on an ongoing basis.

A comprehensive Coronavirus Policy with health and safety procedures, which were implemented during the previous reporting period, was maintained and updated regularly in accordance with regulations and COVID-19 restriction levels as implemented by the government. The policy ensures that the required effective measures are maintained to ensure a safe and healthy working place for employees as well as visiting stakeholders.

Awareness campaigns, information sharing, videos, COVID-19 awareness voice clips in staff transport busses, informative talks, meetings, posters, training on protective behaviour and how to use protective clothing and equipment in the workplace, as well as general education on the virus on the company intranet concerning its transmission and possible preventative measures were implemented, communicated and maintained at all Trustco offices. Regular office emails and WhatsApp messages with relevant information are communicated to employees throughout the year.

In collaboration with the Ministry of Health and Social Services in Namibia, Trustco hosted a mobile COVID-19 vaccination clinic at its head office in Windhoek. To date more than 75% of the employees in the group have had their first vaccination and over 59% are fully vaccinated.

Health and safety officers, who are also members of the health and safety committees of the group, are stationed on the different floors in each office building to provide assistance and information to employees at any given

time. In addition to the officers, a registered nurse is available at head office for consultations and advice when required. The nurse also conducts awareness and information sessions for employees in addition to continuous safety campaigns in the company and its intranet.

Policies providing for business continuity and contingency plans were implemented during March 2020 in all departments which assist in and during an event of full, partial, departmental, company or countrywide COVID-19 lockdown and isolation. This ensured proactive determination and mitigation of risk to ensure ongoing and smooth operations. During the reporting period and in the wake of the third coronavirus wave in Namibia, the group exco decided that all Trustco's Namibian and South African offices had to lock down for a second period, with the first lockdown period being in the previous reporting period. Employees were granted a special Corona Leave on full remuneration for both periods. A total of 22 122 Corona Leave days were granted in total since the onset of the pandemic.

## COMMUNICATION AND CONSULTATION

The group is committed to and strives to ensure that all employees are heard and maintains an open communication channel environment where employees feel free to raise issues, air concerns and ask any questions. A key focus area of the group is to maintain consultation and communication capabilities from the top structure down to employee level. This approach ensures all communication and engagement focuses on driving the behaviours necessary to deliver on strategic business objectives.

## DIVERSITY AND INCLUSION

The group promotes and values diversity at all levels and strives to eliminate any employment barriers or any other practices and processes which may result in unfair discrimination in any form. Trustco does not discriminate based on race or gender, therefore there is no pay differentiation.

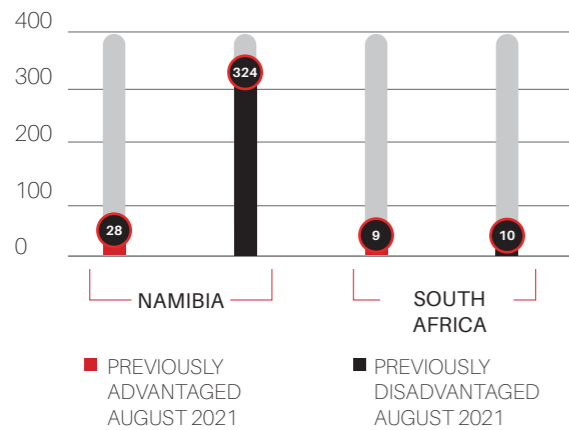
## EMPLOYMENT EQUITY

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.

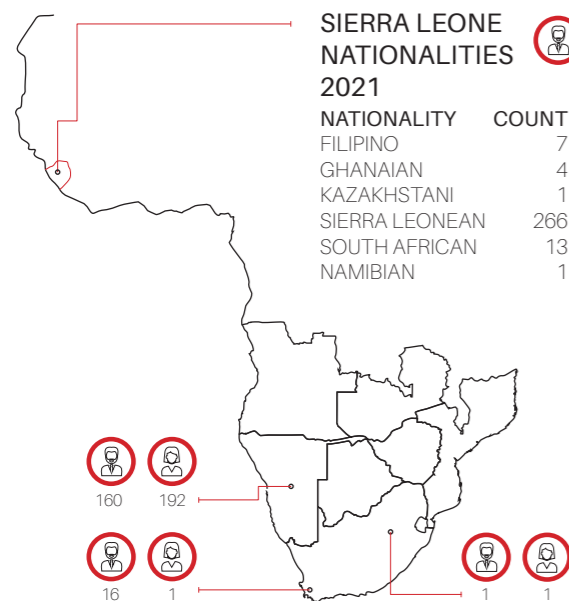
# REMUNERATION REPORT (CONTINUED)

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

## EMPLOYMENT EQUITY WORKFORCE PROFILE



## WORKFORCE STATISTICS ACCORDING TO GENDER AND/OR NATIONALITIES (AS AT AUGUST 2021)



## WORKFORCE RESTRUCTURING

As a result of the global COVID-19 pandemic and the economic downturn in Namibia and the region as a whole, the financial services portfolio in which the group invests re-evaluated its way of doing business, focusing on a digitalised business model. In this regard, the boards of Trustco Bank Namibia Trustco Insurance, the Institute for Open Learning (IOL), Trustco Properties and Trustco Finance decided to close several regional offices in Namibia namely, Rundu, Katima Mulilo, Keetmanshoop, Mariental, Gobabis and Trustco Bank Oshakati. The restructuring also resulted in a subsequent reduction of the workforce at the remaining branches at Windhoek, Walvis Bay and Ongwediva.

A total of two hundred and sixty nine (269) employees were retrenched since April 2019, of which twenty eight (28) were done during the reporting period and an additional forty eight (48) were initiated during the reporting period and finalised in September 2021. The majority of the retrenched employees are from the aforementioned investees, but the total number also includes employees from the shared services division. The employees that were affected by the restructuring were treated in accordance with the applicable labour legislation and directives and more beneficial terms than required by the labour act were negotiated, mutually agreed to and executed.

## TRAINING AND DEVELOPMENT

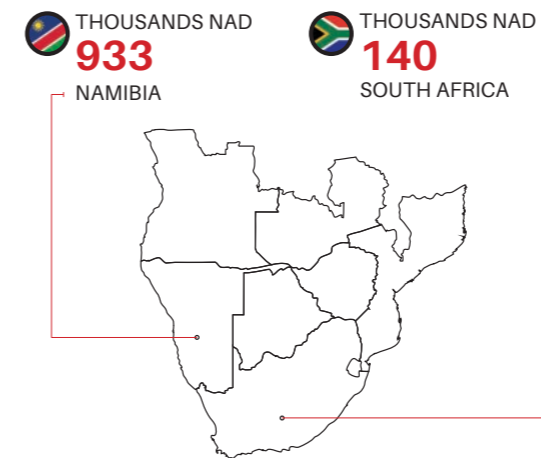
The internal culture of the group enforces a strong emphasis on leadership, skills development and training. Ongoing and targeted training needs analysis and performance management measures are in place and maintained to ensure and manage sustainable performance of staff. Training needs of employees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

In-house training offered to new employees includes the opportunity to unlimited consultation, training, 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.

In both Namibia and South Africa training levies are regulated by 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.

## TRAINING LEVIES CONTRIBUTIONS



As an employer of choice, the company strives to develop its employees to be well trained, mentored and continuously upskilled. To achieve this objective, the group offers comprehensive services, internal training, mentoring and development on a continuous basis to all current and new employees commencing their employment at the group.

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 company takes into consideration that the average life expectancy of individuals is increasing locally and globally and the policy of the group is 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.

## LEADERSHIP DEVELOPMENT AND SUCCESSION PLANNING

The group recognises the important role that leaders developing high potential employees will play in future leadership roles in the group. The development of these leaders is and will remain a key focus. The Trustco exco support group, Top 40 and junior board mentorship programmes are focused on identifying and developing the future leaders of the group.

## EXCO SUPPORT GROUP

The exco support executives are employees displaying high potential who are carefully selected and offered special guidance, mentorship and support by the group exco. These support executives are earmarked to join the group exco and provide essential support and advice as well as enhance the skills pool of the exco.

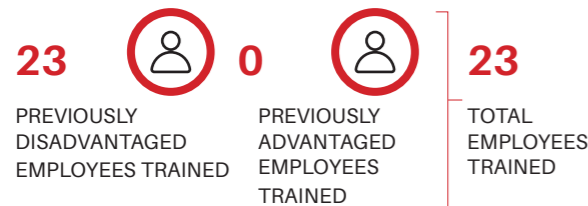
In addition, selected senior employees from investee companies are invited to join the exco support executives group from time to time for a fixed period, ranging from three to six months or up to a year as decided, depending on mentoring needs. This affords them the opportunity to gain experience at top executive level by attending daily and monthly group exco meetings, coffee tables as well as liaising and working under the daily mentorship of group exco members for the designated period. This mentorship programme serves to ensure that essential boardroom, business and management skills as well as experience are gained by senior management employees of investee companies.

## TRUSTCO GROUP TOP 40

The Trustco Top 40 initiative was implemented in 2015 and maintained in the subsequent reporting periods. It provides a platform within the group to retain and foster talent development. The aim of the initiative is to identify and reward employees that rise to and exceed the set high performance expectations of the group. The group aspires to motivate employees to grow, excel and be driven to perform at all times. The main objectives of the policy in appointing the Trustco Top 40 is to give recognition to key employees on any level regardless of position, as well as to motivate and inspire all employees to attain the same level of performance. The Top 40 is announced after an extensive review, nomination and election process by all employees in the group. The Trustco Top 40 members are authentic brand ambassadors and true Trustconians that understand, represent and drive the culture of the group.

# REMUNERATION REPORT (CONTINUED)

## TOTAL EMPLOYEES TRAINED GENERAL TRAINING



## AML TRAINING



## JUNIOR BOARD MENTORSHIP PROGRAMME

The group continued with the junior board mentorship programme which was implemented during 2019 to empower young individuals with potential. The mentorship programme was initiated to educate and empower young successful Namibian individuals who showed strong leadership qualities, who have impressive *curriculum vitae et al*, but who lack essential boardroom experience. The scope of the programme was subsequently broadened to also include identified employees with the same potential within the group. The junior board members receive amongst others training, guidance and mentorship on all aspects of good corporate governance and ethical leadership.

The leadership and talent review processes and programmes of the group are continuously reviewed to evolve to more accurately identify high potential employees and potential successors for key positions. The importance of coaching and mentoring is also emphasised as an important capability in any leader and accordingly, managerial employees and senior executives are required to identify successors and transfer skills on an ongoing basis.

## SUSTAINABILITY

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 procedural effectiveness to leverage HR analytics to enhance employee productivity and engagement.

## NON-EXECUTIVE DIRECTORS' FEES

Non-executive directors' fees are reviewed annually by the remco with the assistance of executive management and after review recommended to the board for endorsement. The fees are proposed at the AGM for shareholder approval. Market benchmarks among companies of similar size and complexity are researched and considered. In addition, non-executive directors are reimbursed for travel expenses on official business. Non-executive directors do not participate in the company's variable pay plans in order to maintain independence. The non-executive directors do not have employment agreements with the company as their appointments are made in terms of the company memorandum of incorporation and were confirmed initially at the first AGM of the group, following their appointment and thereafter on rotation.

## EXECUTIVE DIRECTORS' REMUNERATION

Executive directors and prescribed officers have permanent employment contracts with the group. The contracts prescribe notice periods in terms of applicable labour legislation and include restraint of trade clauses. Performance measures are in place and any awards or incentives are subject and conditional to stretch performance targets for the company. The conditions are measured over three-year or five-year periods and commensurate with the financial years of the group. Base salary adjustments are done annually based on

inflation and linked to individual performance. Senior executives and directors' performance conditions and awards are reviewed by the group remco and recommended to the board for ratification.

The executive directors annual salary increases, which were suspended with effect 1 April 2020, were reinstated during June 2021. However, an executive director's annual salary increase date will be determined based on the date they received their COVID-19 vaccination or on the date the executive director is certified unfit to be vaccinated by a medical doctor. Executive directors who have tested positive for COVID-19 have 3 (three) months from date of testing positive to either be vaccinated or be certified unfit to be vaccinated by a medical doctor in order to have a continuous period on which the new salary increase date can be calculated.

## ALLOCATION OF ONCE-OFF RESTRICTED SHARES

The executive directors and senior executives are regarded as key employees to ensure that the group delivers sustainable returns for shareholders. These executives hold pivotal roles in the group structure and the group considered it important to retain these crucial individuals for the continuity and delivery of long-term strategy.

During the reporting period, the members of the exco were awarded 100 000 Trustco shares and 80 000 Trustco shares were awarded to each of the members of the exco support group, to retain key and critical talent. These executives are not incentivised by and do not participate in the Performance and Incentive Retention Scheme of the group. The shares are restricted and vesting is conditional on the achievement of stringent and agreed performance targets over a five year period. The proposal for shares allocation was submitted to the remco for review in August 2021 and was ratified as such. The vesting of these shares is subject to:

- meeting key group performance measures and targets
- malus/clawback provisions and
- remaining in the employment of the group.

## GROUP MD AND DEPUTY CEO

Dr Q van Rooyen, the group CEO and MD, is remunerated in terms of a management agreement between Trustco and Next Capital Ltd (Next), of which Dr van Rooyen is the sole shareholder. Mr QZ van Rooyen, the deputy CEO of the group, and Mr L van Rooyen are also remunerated by Next.

Next previously had a management agreement with Trustco which expired on 31 March 2021. In terms of this management agreement, Next was remunerated on the following basis:

- 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 these targets were not met, the management fee would be halved, while if growth exceeds the average inflation rate of Namibia plus 5%, the management fees were doubled. Inflation in Namibia was recorded at 2.3% for the period to 31 March 2021 (30 September 2021: 2.8%)

# REMUNERATION REPORT (CONTINUED)

Next has subsequently entered into a new management agreement with Trustco in terms of which a

management fee will be earned on annual performance of the group on the following measurements:

## CORPORATE PERFORMANCE METRICS

MEASURE	GROWTH TARGET	COMPENSATION
TOTAL INCOME PER SHARE	> NAMIBIAN CPIX + 5%	1% OF TOTAL INCOME
ADJUSTED EARNINGS PER SHARE	> NAMIBIAN CPIX + 5%	2% OF ADJUSTED EARNINGS
CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES	> NAMIBIAN CPIX + 5%	2% OF CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES
NET ASSET VALUE PER SHARE	> NAMIBIAN CPIX + 5%	2% PER ANNUM OF NET ASSET VALUE AFTER REACHING A FLOOR OF NAD 2 731 222 000

- CPIX in Namibia was recorded at 2.43% for the period 31 August 2021.

\* Adjusted earnings means the simple average of headline earnings and basic earnings of the group excluding management fees.

## SHAREHOLDER RETURN BASED METRICS

If the share price of a Trustco share remains at the agreed levels set out below for a period of at least 90 days on a Volume Weighted Average Price (VWAP) basis and

subject to high water mark principles, a once off payment in Trustco shares will be effected per category of share price target reached as set out below.

SHARE PRICE	EQUIVALENT MARKET CAPITALISATION	COMPENSATION (ONCE OFF SHARE PAYMENT PER CATEGORY REACHED)
NAD 9.75	15.7 BILLION	4 040 096 TRUSTCO SHARES
NAD 15.00	24.24 BILLION	5 656 135 TRUSTCO SHARES
NAD 19.00	30.7 BILLION	7 272 174 TRUSTCO SHARES
NAD 25.00	40 BILLION	8 888 212 TRUSTCO SHARES
NAD 30.00	50 BILLION	10 504 251 TRUSTCO SHARES
FOR EACH +25% SHARE PRICE INCREASE ABOVE NAD 30.00	VARIOUS	+25% FROM PREVIOUSLY ISSUED NUMBER OF SHARES

## PLEDGE OF ASSETS, SURETIES AND GUARANTEES PROVIDED

1.5% per annum of the value of assets pledged during the Measurement Period; 1.5% per annum of value of sureties and guarantees provided as well as subordination of loans, during the Measurement Period.

This agreement is subject to shareholders approval.

Management and surety fees up to 31 March 2021 were NAD 1.6 million (18 months ended 30 September 2020: NAD 54.7 million). Refer to notes 23 and 32 for more information.

The effective date of the new management agreement is 1 April 2021 irrespective of the closing date and will continue for a fixed period of 10 years as from the effective date.

Equivalent market capitalisation is based on the current number of issued shares of 1 616 038 581.

## BOARD REMUNERATION

The tables below present the detail of the remuneration and fee structure of executive directors, non-executive directors and prescribed officers in 2020 and 2021.

### BOARD REMUNERATION 2020 FOR THE 18 MONTH PERIOD (TO 30 SEPTEMBER 2020) (NAD)

	FEES	BASIC	BONUS	SHARES	BENEFITS	TOTAL
<b>HOLDING COMPANY DIRECTORS</b>						
<b>NON-EXECUTIVE DIRECTORS</b>						
R HEATHCOTE	895 114	-	-	-	-	895 114
R TALJAARD	500 146	-	-	-	-	500 146
W GEYSER	448 780	-	-	-	-	448 780
K VAN NIEKERK	403 694	-	-	-	-	403 694
L WELDON	302 560	-	-	-	-	302 560
<b>TOTAL</b>	<b>2 550 294</b>	-	-	-	-	<b>2 550 294</b>
<b>EXECUTIVE DIRECTORS</b>						
Q VAN ROOYEN *	-	-	-	-	-	-
FJ ABRAHAMS	-	3 609 800	-	-	192 762	3 802 562
QZ VAN ROOYEN *	-	-	-	-	-	-
<b>TOTAL</b>	-	<b>3 609 800</b>	-	-	<b>192 762</b>	<b>3 802 562</b>
<b>SUBSIDIARY COMPANY DIRECTORS</b>						
<b>NON-EXECUTIVE DIRECTORS</b>						
B SIMILO	221 010	-	-	-	-	221 010
J VAN DEN HEEVER	540 895	-	-	-	-	540 895
K VAN NIEKERK	500 389	-	-	-	-	500 389
L WELDON	626 980	-	-	-	-	626 980
R CHETWODE	548 006	-	-	-	-	548 006
R TALJAARD	1 377 725	-	-	-	-	1 377 725
T NEWTON	651 935	-	-	-	-	651 935
W GEYSER	2 245 945	-	-	-	-	2 245 945
<b>TOTAL</b>	<b>6 712 885</b>	-	-	-	-	<b>6 712 885</b>
<b>EXECUTIVE DIRECTORS</b>						
A BRAND	-	1 498 209	-	-	240 743	1 738 952
A LAMBERT	-	1 415 513	-	-	84 008	1 499 521
E JANSE VAN RENSBURG	-	2 690 028	-	-	158 709	2 848 737
I CALITZ	-	1 521 051	-	-	291 376	1 812 427
IS KAMARA	-	4 684 806	-	-	-	4 684 806
J JACOBS	-	3 733 606	-	-	220 532	3 954 138
J JOUBERT	5 400 000	-	-	-	-	5 400 000
M ERASMUS	-	1 012 953	-	-	67 547	1 080 500
T SLABBERT	-	2 286 374	-	-	65 281	2 351 655
<b>TOTAL</b>	<b>5 400 000</b>	<b>18 842 540</b>	-	-	<b>1 128 196</b>	<b>25 370 736</b>
<b>GRAND TOTAL</b>	<b>14 663 179</b>	<b>22 452 340</b>	-	-	<b>1 320 958</b>	<b>38 436 477</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.

# REMUNERATION REPORT (CONTINUED)

## BOARD REMUNERATION 2021 FOR THE 11 MONTH PERIOD (TO 31 AUGUST 2021) (NAD)

	FEES	BASIC	BONUS	SHARES	BENEFITS	TOTAL
<b>HOLDING COMPANY DIRECTORS</b>						
<b>NON-EXECUTIVE DIRECTORS</b>						
ADV R HEATHCOTE	525 823	-	-	-	-	525 823
R TALJAARD	281 163	-	-	-	-	281 163
W GEYSER	282 966	-	-	-	-	282 966
R MARNEY APPOINTED 25 MARCH 2021	75 698	-	-	-	-	75 698
<b>TOTAL</b>	<b>1 165 650</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 165 650</b>
<b>EXECUTIVE DIRECTORS</b>						
DR Q VAN ROOYEN *	-	-	-	-	-	-
FJ ABRAHAMS	2 157 488	-	-	-	509 869	2 667 357
Q Z VAN ROOYEN *	-	-	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>2 157 488</b>	<b>-</b>	<b>-</b>	<b>509 869</b>	<b>2 667 357</b>
<b>SUBSIDIARY COMPANY DIRECTORS</b>						
<b>NON-EXECUTIVE DIRECTORS</b>						
B SIMILO	155 451	-	-	-	-	155 451
J VAN DEN HEEVER	331 330	-	-	-	-	331 330
R CHETWODE	300 692	-	-	-	-	300 692
R TALJAARD	706 216	-	-	-	-	706 216
T NEWTON	378 133	-	-	-	-	378 133
W GEYSER	1 181 251	-	-	-	-	1 181 251
<b>TOTAL</b>	<b>3 053 073</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3 053 073</b>
<b>EXECUTIVE DIRECTORS</b>						
A BRAND	-	970 106	-	-	55 279	1 025 385
A LAMBERT	-	835 554	-	-	52 652	888 206
E JANSE VAN RENSBURG	-	1 610 124	-	-	97 130	1 707 254
I CALITZ	-	887 432	-	-	65 944	953 376
IS KAMARA	-	2 672 541	-	-	-	2 672 541
J JOUBERT	3 300 000	-	-	-	-	3 300 000
M ERASMUS	-	1 550 487	-	-	106 145	1 656 632
T SLABBERT RESIGNED 31 DECEMBER 2020	-	373 093	-	-	7 253	380 346
<b>TOTAL</b>	<b>3 300 000</b>	<b>8 899 337</b>	<b>-</b>	<b>-</b>	<b>384 403</b>	<b>12 583 740</b>
<b>GRAND TOTAL</b>	<b>7 518 723</b>	<b>11 056 825</b>	<b>-</b>	<b>-</b>	<b>894 272</b>	<b>19 469 820</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.