Remuneration report

Introduction

Bidvest's remuneration philosophy is to drive exceptional and sustainable long-term performance for all stakeholders, in support of the well-entrenched entrepreneurial culture of the Group.

The COVID-19 global pandemic introduced significant complexities in the considerations of the remuneration committee. More than ever, the impact on the relevant economies as well as social consequences known, and yet unknown, have to be balanced with retaining and incentivising management. The Bidvest board and management team showed their resolve to actively contribute when 30% salary and fee sacrifices were immediately enacted at executive and board levels, respectively, as well as voluntary sacrifices by operational management. This totalled approximately R15 million. An ex-gratia payment of R2 000 per month to all employees that could not work during the national lockdown was also introduced.

Bidvest delivered a credible financial performance for its financial year ended 30 June 2020, despite the headwinds presented by an already constrained South African economy pre-COVID-19 and the pandemic's severe impact on the final quarter. Exceptional cost discipline, improved gross profit margin and excellent cash generation were highlights in a very challenging year. A robust balance sheet with moderate gearing is supportive of Bidvest's unchanged growth strategy.

Numerous cost containment, liquidity preservation, strategic steps as well as assistance programs were implemented in rapid response to the considerable demand changes, to lessen the impact of COVID-19 on the livelihoods of its employees and communities as well as provide Bidvest with a solid platform to grow from. R1.6 billion of COVID-19 charges were recognised in FY2020, taking the trading profit down from 3% growth to a 20% contraction. The COVID-19 charges were incurred notwithstanding the near-term financial consequences. Adjusting the FY2020 headline earnings for these charges means that short-term incentives will not be as negatively impacted by these necessary actions and sets a normalised, higher base to grow from. This strikes a balance between the interest of various stakeholders in both the short- and medium-term and keeps management accountable with regards to the steps taken. The remuneration committee exercised its discretion in allowing this adjustment.

The outcomes of the performance testing against both the short-term (STI) and long-term incentives (LTI) measurements, unsurprisingly, yielded low scores. Given the corporate priority to protect and bolster liquidity, the decision to pay out the short-term incentive has been deferred until December 2020 when the macro picture and trading prospects will hopefully be less murky. A provision for executive bonus was raised at year-end and shareholders will be specifically informed if the STI is paid to executives.

Predicting the likely extent and timing of a recovery in demand remains difficult, if not impossible. The effects of the COVID-19 pandemic on our employees, society and broader stakeholder base have also started to emerge and continued specific actions will be needed to provide support during this unprecedented time. As a consequence, the remuneration committee proposes a broader range as well as a rebalancing of the financial and non-financial measurements for both STI and LTI. A holistic approach that balances profit and purpose is envisaged.

We have also considered the impact of King IV on the remuneration policy as well as the amended JSE Listings Requirements and present this report in two parts:
The remuneration policy, and The implementation of the policy during the year.

At the AGM on 28 November 2019, our FY2019 remuneration report was presented and voted on in sections, namely:

Part 1: Remuneration policy – endorsed by 94,24% of shareholders that voted; and

Part 2: Implementation of policy – endorsed by 66,76% of shareholders that voted.

In response to receiving less than 75% support for the implementation of the Remuneration Policy, Bidvest issued a SENS inviting shareholders who voted against the policies to provide comment to the Company. Three responses were received and related mostly to the clerical disclosure error with regards to the FY2019 basic remuneration of the CEO which resulted in a significant overstatement. This has been corrected in the disclosure.

Given the diversified nature of the Group, the intention of the remuneration report is to provide an overview and understanding of Bidvest's remuneration philosophy and focuses on executive and non-executive director remuneration and further provides an overview of the share plans used across the Group.

Part 1 – Remuneration Policy

Key principles of our philosophy

The key principles that shape our policy are:

- A critical success factor of the Group is its ability to attract, retain and motivate the entrepreneurial talent required to achieve positive operational outcomes, strategic objectives while adhering to an ethical culture and good corporate citizenship. Both STI and LTI are used to promote this end.
- Delivery-specific STI is viewed as strong drivers of performance. A significant portion of senior management's through-the-cycle reward is designed to be variable and aligned with stakeholder interests. This is prescribed by the achievement of realistic financial and non-financial targets together with, where applicable, the individual's personal contribution to the growth and development of their immediate business, their division or the wider Group. Only when warranted by exceptional circumstances are special bonuses considered as additional awards.
- As a consequence of the Group's dynamic and fast-moving nature, management is often redeployed to take on new challenges and address poor performing divisions. In such cases, subjective criteria may need to be applied when making an evaluation of performance.
- LTI aligns the objectives of management, shareholders and other stakeholders for a sustainable period.
- The Group is committed to sustainable, fair and responsible remuneration, from both an external competitiveness perspective as well as an internal equity perspective, which satisfies the requirements of all our stakeholders.

Policy principles

The remuneration committee functions as a subcommittee of the board in terms of an agreed mandate and evaluates and monitors the Group's remuneration philosophy and practices to ensure consistency with governance principles and corporate strategy. The remuneration committee further implements the board-approved remuneration policy to ensure that:

- salary structures and policies, cash as well as share-based incentives, motivate superior performance and are linked to realistic performance objectives that support sustainable long-term business growth;
- stakeholders are able to make an informed assessment of reward practices and governance processes; and
- compliance with all applicable laws and regulatory codes.

The remuneration committee has discretion, when warranted by exceptional circumstances and where considerable value has been created for shareholders and stakeholders of Bidvest by specific key employees, to award special bonuses or other *ex gratia* payments to individuals. In exercising this discretion the remuneration committee must satisfy itself that such payments are fair and reasonable and are disclosed to shareholders as required by remuneration governance principles.

Both long-term share-based incentive schemes have 'bad leaver' clauses. If, while the award remains unvested, employment is terminated by reason of dismissal on grounds of misconduct, poor performance or proven dishonest or fraudulent conduct, all unvested awards will lapse unless the remuneration committee in their absolute discretion determine otherwise.

A claw-back policy is also applicable to both STI and LTI. If a trigger event arises after variable remuneration has been paid or settled, the remuneration committee can demand the repayment of an amount equal to the pre-tax value of any STI or pre-tax amount equal to the market value of any LTI received. Trigger events include, amongst others, gross misconduct and proven dishonest or fraudulent conduct.

Governance and the remuneration committee

Board responsibility

The board carries ultimate responsibility for the remuneration policy. The remuneration committee operates in terms of a board-approved mandate. The board will, when required, refer matters for shareholder approval, for example:

- new and amended share-based incentive schemes and their design;
- non-executive board and committee fees; and
- endorsement of the annual remuneration policy and implementation report.

The remuneration policy (Part 1) and remuneration implementation report (Part 2), will be put to two separate non-binding shareholders' votes at the AGM of shareholders.

Composition, mandate and attendance for remuneration committee

The members of the remuneration committee are independent non-executive directors as defined by King IV. The remuneration committee is scheduled to hold four meetings per year but also meets on an *ad hoc* basis when required.

The attendance for these meetings is contained on page 7.

The chief executive and chief financial officer attend meetings by invitation, to assist the remuneration committee with the execution of its mandate. Other members of executive management are invited when appropriate. No executive participates in the vote process or is present at meetings of the remuneration committee when his/her own remuneration is discussed or considered. DG Capital is the remuneration committee's standing independent adviser.

The chairman of the remuneration committee or, in his absence, another member of the remuneration committee, is required to attend the AGM to answer questions on remuneration.

The terms of reference as set out in the mandate of the remuneration committee include:

- reviewing of the Group remuneration philosophy and policy and assisting the board to establish a remuneration policy for directors and senior executives that will promote the achievement of strategic objectives and encourage individual performance;
- ensuring that the mix of fixed and variable pay in cash, shares and other elements meet the Group's needs and strategic objectives;
- reviewing incentive schemes to ensure continued contribution to stakeholder value;
- reviewing the recommendations of management on fee proposals for the Group chairman and non-executive directors and determining, in conjunction with the board, the final proposals to be submitted to shareholders for approval;
- determining all the remuneration parameters for the chief executive and executive directors;
- reviewing and recommending to the board the relevant criteria necessary to measure the performance of executives in determining their remuneration;
- agreeing to the principles for senior management increases and cash incentives in both South African and offshore operations;
- agreeing to LTI allocations and awards for executive directors (Conditional Share Plan) and all allocations (Share Appreciation Right Plan) for senior management;
- overseeing the preparation of the remuneration report to ensure that it is clear, concise and transparent; and
- ensuring that the remuneration policy and remuneration policy implementation be put to two non-binding advisory votes by shareholders and engaging with shareholders and other stakeholders on the Group's remuneration philosophy.

Role of benchmarking

To ensure that the Group remains competitive in the markets in which it operates, all elements of remuneration are subject to regular reviews against relevant market and peer data. Reviews are performed when required to benchmark the Group's remuneration against the services, trading and distribution industry and the general South African market.

The selection criteria is based on market capitalisation, revenue and number of employees and include the following peers: Nedbank, Clicks, Pepkor, PSG, Woolworths, Life Healthcare, SPAR, Santam, Tiger Brands, Netcare, AVI, Pioneer Foods, Distell, Barloworld, Motus, Reunert, Imperial Logistics, Super Group, KAP and Hudaco.

The policy aims at positioning the Group as a preferred employer within the services, trading and distribution industry. To retain flexibility and ensure fairness when directing human capital to those areas of the Group requiring focused attention, subjective performance assessments may sometimes be required when evaluating employee contributions.

The Group believes that its remuneration policy plays a vital role in realising business strategy and must be competitive in the markets in which it operates.

Executive directors

Terms of service

The minimum terms and conditions applied to South African executive directors are governed by legislation. The notice period for these directors is one month. In the exceptional situation of the termination of executive directors' services, the remuneration committee (assisted by independent labour law legal advisers) oversees the settlement of terms.

Executive directors are required to retire on the third anniversary of their appointment and may offer themselves for re-election. As appropriate, the board, through the nominations committee, proposes their re-election to shareholders.

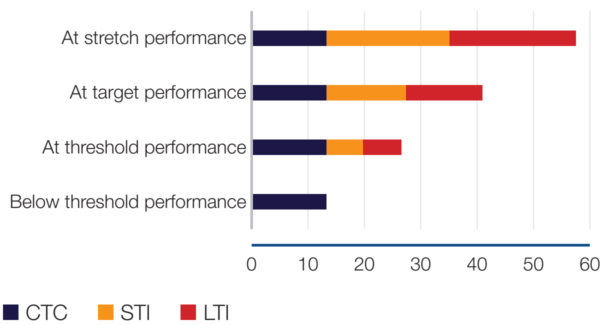
Executive directors are permitted to serve as non-executive directors on one other public company board with the express permission of the chief executive and the nominations committee. This excludes directorships where the Group holds a strategic investment in that public company (i.e. nominee directorship). Fees paid to nominee directors accrue to the Group and not to the individual directors concerned.

Elements of remuneration and package design

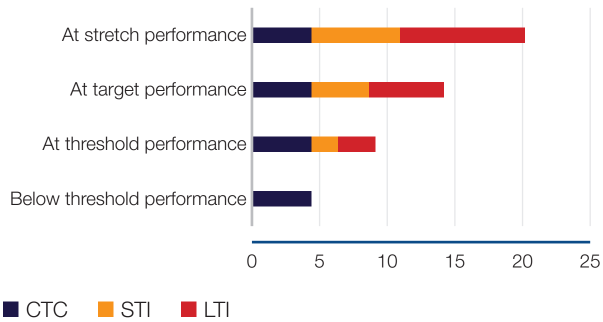
The Group operates a total cost-to-company (CTC) philosophy whereby cash remuneration, benefits (including a defined contribution retirement fund, medical aid and other insured benefits) form part of employees' fixed total CTC remuneration. Senior management and executive directors also participate in STI in the form of a performance bonus plan. Two LTI plans are in operation. The Bidvest Share Appreciation Right Plan (SAR) is for senior management and Group executive members who are not Group executive directors. The Bidvest Conditional Share Plan (CSP) is for Group executive directors.

The remuneration policy for executive directors results in their remuneration received being dependent on Group performance. This is achieved in two ways, through an annual cash bonus and long-term share plan. In Part 2 of the report the actual total pay outcomes for the 12 months ending 30 June 2020 are depicted, whilst the total pay opportunities for the chief executive and the other executive directors (on average) under four different performance scenarios are illustrated in the following graphs:

CEO (R'million)



Other executive directors (R'million)



The different components of remuneration, their objectives, the policy which governs it and their link to the business strategy are summarised alongside. Where changes to the policy are envisaged for the following financial year, these are highlighted.

The Group views the executive directors who are members of the Group exco as the current "prescribed officers" as defined in the Companies Act and therefore no separate remuneration policy disclosure for prescribed officers is necessary.

Proposed changes for FY2021

The impact of the COVID-19 global pandemic on the countries and industries in which Bidvest operates is yet unknown. What is clear is that corporates will have to work closer together with governments more than ever before in terms of humanitarian matters as well as the rebuild of economies, in some countries like South Africa, more so than others. This needs to be reflected in the basis for executive remuneration as it is expected to manifest in some near-term financial sacrifices. As a consequence, the remuneration committee proposes a broader range as well as the rebalancing of financial and non-financial measurements for both STI and LTI as set out in Table 1.

The overarching principle when formulating these proposals was to balance the needs of all stakeholders while staying true to the performance culture of Bidvest. The changes can be summarised as follows:

- The vital need for a strong balance sheet and sufficient liquidity to ensure the Group can withstand a prolonged period of disruption and emerge stronger is recognised in a new 20% weighting for STI. Financial measures represent 60% of the weighting for both STI and LTI.
- Increase the weighting of sustainability as well as strategic actions to 20% each from the previous 10 – 15%.
- Given the uncertainty with regards to economic growth, GDP has been brought into headline earnings per share (HEPS) growth considerations. GDP will be geographically weighted, as is the currently the case with inflation.

Table 1: Summary of remuneration components for executive directors

Guaranteed pay (CTC)

Component, objective and link to strategy	Policy	Future changes	Resultant FY2021 policy
Base package			**Unchanged**
To help attract and retain the best talent. It aligns with business strategy as it takes into account internal and external equity, thereby ensuring competitiveness and rewarding individuals fairly based on similar jobs in the market. Reviewed annually and set on 1 July.	Level of skill and experience, scope of responsibilities and competitiveness of the total remuneration package is taken into account when determining CTC.	No changes are proposed for 2021.	Level of skill and experience, scope of responsibilities and competitiveness of the total remuneration package is taken into account when determining CTC.
Benefits			**Unchanged**
Provides employees with contractually agreed basic benefits such as retirement fund benefits (defined contribution), medical aid, risk benefits and life and disability insurance. Benefits recognise the need for a holistic approach to guaranteed package.	The Company contributes towards retirement benefits as per the rules of its retirement funds. Medical aid contributions depend upon each individual's needs and package selection. Risk and insurance benefits are Company contributions, all of which form part of total cost of employment.	No changes to standard employment benefits.	The Company contributes towards retirement benefits as per the rules of its retirement funds. Medical aid contributions depend upon each individual's needs and package selection. Risk and insurance benefits are Company contributions, all of which form part of total cost of employment.

Short-term incentives

Component, objective and link to strategy	Policy	Future changes	Resultant FY2021 policy
			Post proposed changes
To motivate and incentivise delivery of performance, financial and non-financial, consistent with the Group's strategy over the one-year operating cycle. Encourages sustainable growth in headline earnings per share and return on funds employed for shareholders whilst maintaining a strong financial position, combined with strategic and sustainability metrics, to ensure well-balanced KPIs. It rewards executive directors for their measurable contribution. Bonus levels and the appropriateness of measures and weightings are reviewed annually to ensure that these continue to support Bidvest's strategy. The annual bonus is paid in cash in August/ September each year.	Threshold, target and stretch performance targets are set for the following metrics: **Financial** • HEPS growth • Return on funds employed (ROFE) achieved **Non-financial** • Sustainability • Strategic actions The weighted outcome derives a STI which is capped at a maximum of 165% of the CEO's CTC and 150% of CTC for the other executive directors. Linear vesting will occur between the performance hurdles set.	Downweight HEPS growth from 40% to 20% and set the threshold, target and stretch hurdles at GDP, GDP + CPI and GDP + CPI + 2%, respectively. GDP to be geographically weighted based on trading profit contribution. Downweight ROFE from 30% to 20% but retain the threshold, target and stretch hurdles at 20%, 21% and 24%, respectively. Introduce a balance sheet and liquidity measurement with a 20% weighting. The audit committee will consider net debt/EBITDA and solvency for this measurement. Increase the sustainability measurement weighting from 15% to 20%. The social & ethics committee will consider social, environmental and governance elements against a set framework. Widen the strategic actions measurement to include executive decision-making and business resilience to drive timeous, proactive and strategic decision making, innovation and corporate action to be assessed by the acquisition and audit committees. The weighing to increase from 15% to 20%.	Threshold, target and stretch performance targets set for the following equally weighted metrics: • HEPS growth • ROFE achieved • Protecting balance sheet strength and liquidity • Sustainability • Strategic actions The weighted outcome derives a STI which is capped at a maximum of 165% of the CEO's CTC and 150% of CTC for the other executive directors. Linear vesting will occur between the performance hurdles set.

Long-term incentives

Component, objective and link to strategy	Policy	Future changes	Resultant FY2021 policy
			Post proposed changes
To motivate and incentivise delivery of long-term, sustainable performance. This aligns executives' interests with shareholders through conditional rights to future delivery of equity. Vesting of conditional rights to shares is subject to performance targets, thereby supporting the performance culture of the Group.	Award levels are set according to best practice benchmarks, to ensure support of Group business strategy. CSP awards consist of conditional rights to shares, subject to performance conditions over a three-year performance period and continued employment period for the duration of the vesting periods of three years (75% of the award) and four years (25% of the award), respectively. The Group performance metrics comprise the following: • HEPS growth • Relative total shareholder return (TSR) as an external performance measure • ROFE • Sustainability • Strategic actions Linear vesting will occur between performance hurdles set.	Downweight HEPS growth from 40% to 20% and set the threshold, target and stretch hurdles at compound GDP + CPI, GDP + CPI + 1.5% and GDP + CPI + 3%, respectively. GDP to be geographically weighted based on trading profit contribution. Increase the sustainability measurement weighting from 10% to 20%. The social & ethics committee will consider social, environmental and governance elements against a set framework. Widen the strategic actions measurement to include executive decision making and business resilience to drive timeous, proactive and strategic decision making, innovation and corporate action to be assessed by the acquisition and audit committees. The weighing to increase from 10% to 20%.	Threshold, target and stretch performance targets set for the following equally weighted metrics: • HEPS growth • TSR • ROFE achieved • Sustainability • Strategic actions Awards consist of conditional rights to shares, subject to performance conditions over a three-year performance period and continued employment period for the duration of the vesting periods of three years (75% of the award) and four years (25% of the award), respectively. Linear vesting will occur between performance hurdles set.

Further details on long-term incentive plans are set out below.

Conditional Share Plan

At the 2008 AGM, shareholders approved a CSP for executive directors only. Under the CSP, participants are awarded a right to future delivery of equity (i.e. a conditional right to receive shares). Vesting of shares is subject to the achievement of performance conditions. Group performance conditions, each with different weightings, have been imposed. The performance period is three years, coinciding with the Group's financial year. 75% of awards vest after a three year period and the remaining 25% after a four year period.

Further details on the award levels, performance period and measure can be found in Part 2 of this report.

Share Appreciation Right Plan

Upon the unbundling of Bid Corporation Limited (Bidcorp) from Bidvest during May 2016, shareholders approved a new SAR Plan. It is the intention that senior management (excluding executive directors) will participate in the SAR Plan. SARs vest after three, four and five years and lapse after seven years.

Share dilution

An aggregate limit applies to the CSP and SAR Plan and no more than 5% of the issued share capital of Bidvest can be issued in settlement of both the CSP and the SAR Plan. If shares are purchased in the open market for settlement of allocations in terms of the CSP and the SAR Plan, the limits will not be impacted.

Non-executive directors

Terms of service

Non-executive directors are appointed by the shareholders at the AGM. Interim board appointments are permitted between AGMs. Appointments are made in accordance with Group policy. Interim appointees retire at the next AGM, when they may make themselves available for re-election.

As appropriate, the board, through the nominations committee, proposes their re-election to shareholders. Each year, one third of the non-executive directors retire by rotation. A three-term limit is in place for non-executive directors.

Fees

Group policy is to pay competitive fees for the role while recognising the required time commitment. Fees are benchmarked against a comparator group of JSE-listed companies. The fees comprise an annual retainer component and attendance fee for scheduled meetings, as tabulated in Part 2 of this report. In addition, non-executive directors are compensated for travel and subsistence on official business where necessary and to attend meetings. No contractual arrangements are entered into to compensate non-executive directors for the loss of office.

Non-executive directors do not receive STI nor do they participate in any LTI schemes, except where non-executive directors previously held executive office, and they remain entitled to unvested benefits arising from their period of employment. The Group does not provide retirement contributions to non-executive directors.

Management proposes non-executive directors' fees (based on independent advice) to shareholders annually for shareholder vote.

Shareholder engagement

The Group's remuneration policy and the implementation thereof are placed before shareholders for consideration and approval under the terms of an advisory non-binding vote at the 2020 AGM as provided for in the JSE Listing Requirements and recommended by King IV.

In the event that 25% or more of the votes cast are recorded against either the remuneration policy resolution or the implementation resolution, then:

- Executive management will engage shareholders to ascertain the reasons for dissenting vote. Where considered appropriate, members of the remuneration committee may participate in these engagements with selected shareholders.
- Executive management will make specific recommendations to the remuneration committee as to how the legitimate and reasonable objections of shareholders might be addressed, either in the Group's remuneration policy or through changes on how the remuneration policy is implemented.

Directors' interests in contracts

During the financial year, none of the current directors had a material interest in any contract of significance to which the Company or any of its subsidiaries were parties.

Non-binding advisory vote

Shareholders are requested to cast an advisory vote on the remuneration policy as contained in Part 1 of this report.

Part 2 – Implementation of Remuneration Policy

Executive director remuneration

Guaranteed pay – base pay and benefits (FY2020)

Given the macro environment, a Group-wide decision was taken to award no salary increases apart from to those employees under collective bargaining agreements, and equivalent job categories, as well as those that were promoted.

Mpumi Madisa was appointed as chief executive effective 1 October 2020. Based on benchmarking conducted by the independent advisor, her basic remuneration was adjusted to R10 milllion, effective 1 October 2020, to reflect her new position, tenure, race and gender. This package is in line with the upper quartile of the peer group.

Short-term incentives (FY2020)

The performance measures and targets generating the awards were:

- HEPS growth (40% weighting) measured on a linear basis between the threshold (inflation minus 1%), target (1% real growth) and stretch (2% real growth) hurdles. Inflation is weighted based on the geographic mix of trading profit.
- ROFE (30% weighting) measured on a linear basis between the threshold 20%, target 21% and stretch 24% hurdles.
- Strategic metrics which include 1) Sustainability and transformation (15% weighting), evaluated by the Group social and ethics committee; and 2) Business enhancements and acquisitive growth (15% weighting), evaluated by the Group acquisitions committee.

R1.6 billion of COVID-19 charges were recognised in FY2020, taking the trading profit down from 3% growth to a 20% contraction. These charges were separately disclosed and reviewed by the external auditors. Any COVID-19 charges recognised in FY2021 will be accounted for and disclosed in the same way.

The COVID-19 charges were the consequence of steps taken to protect the livelihoods of employees and provide Bidvest with a solid platform to grow from, notwithstanding the near-term financial consequences. Adjusting the FY2020 headline earnings for these charges means that short-term incentives will not be as negatively impacted by these necessary actions and sets a normalised, higher base to grow from. This strikes a balance between the interest of various stakeholders in both the short- and medium-term and keeps management accountable with regards to the steps taken.

The remuneration committee exercised its discretion in allowing the exclusion of COVID-19 and IFRS 16 charges in the FY2020 headline earnings growth and ROFE calculations. The adjusted FY2020 headline earnings will form the base from which growth will be determined in FY2021. IFRS16 was excluded because it was comparable with the prior year and it had no cash impact on the Group. As next years' accounts will have comparable IFRS 16 charges, no adjustment will be made in FY2021.

The bonus outcomes were calculated as follows:

Measures	Weighting	Targets: Threshold 30% of Max	Targets: Target 65% of Max	Targets: Stretch 100% of Max	Actual performance	Outcome	Weighted Outcome
Financial measures:							
HEPS	40%	CPI -1%	CPI+1%	CPI+2%	-29,8%	0,0%	0,0%
ROFE	30%	20,0%	21,0%	24,0%	23,0%	88,3%	26,5%
Non-financial measures:							
Sustainibility	15%					90,0%	13,5%
Strategic actions	15%					80,0%	12,0%
Overall score as a % of max [A]							52,0%
Maximum STI as a % of CTC [B]							165,0% (CEO) and 150,0% (EDs)
Overall score as a % of CTC [A x B]							86% (CEO) and 78% (EDs)

Given the corporate priority to protect and bolster liquidity, the decision to pay out the STI was deferred until December 2020 when the macro picture and trading prospects will hopefully be less murky. A R22 million provision for executive bonus was raised at year-end, representing a 36% decline when compared to the previous year. Shareholders will be specifically informed if the STI is paid to executives and the cash incentive component of FY2020 director remuneration restated to reflect such payment in next year's report.

Long-term incentives

In line with the disclosure format recommended by King IV, information relating to LTIs awarded, vested and settled during FY2020 as well as outstanding LTIs are disclosed.

Further details pertaining to the above are contained in the table titled *"Unvested long-term incentive awards and cash value of settled awards"* in the Annexure on page 24.

Long-term incentives awarded during 2020

All executive directors were awarded CSP awards. The following performance targets, weighting and performance periods are applicable to the CSPs awarded during 2020 and are to be tested over a three year period commencing on 1 July 2019. 75% of the awards will vest after a three year period while the remaining 25% will vest after a four year period:

Performance conditions and weighting	Detail of performance conditions	Vesting profile
• HEPS growth (40%) • Relative TSR against peer group median (20%) • ROFE (20%) • Strategic and sustainability metrics (20%), which include sustainability, transformation, business enhancements and acquisitive growth	Three year compound HEPS growth: • Threshold – Inflation only • Target – 3% real growth • Stretch – 6% real growth Three year average ROFE: • Threshold – 20.0% • Target – 21.0% • Stretch – 24.0% Three year TSR • Threshold – 80% of peer group performance • Target – 100% of peer group performance • Stretch – 120% peer group performance The peer group: AVI, Barloworld, Imperial Logistics, Life Healthcare, Motus, Mr Price, Netcare, Pick n Pay Stores, PSG, Remgro, Spar Group, Super Group and Tiger Brands. Strategic metrics: • As guided by the remuneration committee.	HEPS, TSR and ROFE: Below threshold – 0% vesting At threshold – 30% vesting Target – 60% vesting Stretch – 100% vesting, where linear vesting will occur between the hurdles. The vesting of the strategic and sustainability metrics will be determined by the Group social and ethics and acquisition committees.

The CSPs awarded during FY2020, at target, using the 20-day VWAP price, can be expressed as 102% and 127% of CEO and average executive director CTC, respectively. This award was based on a benchmark exercise performed by the committees' standing advisors.

Ilze Roux, as Group company secretary, was awarded 70 000 SAR in December 2019 at an award price of R173.43.

Long term incentives vesting during FY2020

The first CSP awards vested during 2019. The remaining 25% of the 2015 and 2016 accrued awards vested in October 2020. The 2015 CSP award was only applicable to Lindsay Ralphs as it related to replacement rights that were exchanged on a post-unbundled basis.

The 2017 CSP awards were tested in against performance targets over a three year period which commenced 1 July 2017. Based on the actual performance and assigned weightings, 49% of awards accrued to beneficiaries with 75% having vested in October 2020 and the remaining 25% vesting in October 2021.

							2017 Awards
Performance conditions	**Weighting**	**Threshold 30% of Max**	**Target 60% of Max**	**Stretch 100% of Max**	**Actual performance**	**Outcome**	**Weighted Outcome**
HEPS	40%	CPI -1%	CPI+3%	CPI+6%	-14,4%	0,0%	0,0%
ROFE	20%	21,5%	23,0%	26,0%	23,1%	60,9%	12,2%
TSR	20%	-21,9%	-18,2%	-14,6%	1,3%	100,0%	20,2%
Strategic actions	10%					81,7%	8,2%
Sustainability	10%					90,0%	9,0%
Vesting							**49,3%**

Long-term incentives settled during FY2020

Details relating to the settlement of long-term incentives are contained in the tables on page 21.

Outstanding long-term incentives

As at 30 June 2020, the vesting of the CSP rights granted in 2018 and 2019, are estimated to be achieved as follows:

			2018 Awards
Performance conditions	**Weighting**	**Vesting**	**Weighting Vesting**
HEPS	40%	0,0%	0,0%
ROFE	20%	62,0%	12,4%
TSR	20%	-21,9%	20,0%
Strategic actions	10%	80,0%	8,0%
Sustainability	10%	90,0%	9,0%
Expected vesting			**49,4%**

			2019 Awards
Performance conditions	**Weighting**	**Vesting**	**Weighted Outcome**
HEPS	40%	0,0%	0,0%
ROFE	20%	86,6%	17,3%
TSR	20%	82,2%	16,4%
Strategic actions	10%	80,0%	8,0%
Sustainability	10%	90,0%	9,0%
Expected vesting			**50,8%**

Total remuneration outcomes

Executive directors

Single figure remuneration outcomes are reflected below, comprising salary and benefits, cash incentive for FY2020 and long-term incentives where the performance period ended in FY2020. With reference to actual total pay during FY2020, Anthony Dawe (R16.2 million), Mpumi Madisa (R5.6 million), Gillian McMahon (R1.6 million) and Lindsay Ralphs (R23.6 million) realised benefit from the exercise of replacement rights and CSPs which previously vested.

2020 (R'000)	**Basic remuneration[1]**	**Retirement/ medical benefits**	**Other benefits and costs**	**Cash incentives[2]**	**LTIP reflected[4]**	**Single figure**
Director						
AW Dawe[3]	**2 340**	**110**	**241**		**7 352**	**10 043**
NT Madisa	**4 271**	**340**	**254**		**3 554**	**8 419**
GC McMahon	**2 899**	**321**	**211**		**2 150**	**5 581**
LP Ralphs	**11 153**	**946**	**904**		**11 996**	**24 999**
MJ Steyn	**3 817**	**258**	**228**		**492**	**4 795**

1 *A 30% salary sacrifice was agreed to for the fourth quarter amounting to R1.3 million in total.*

2 *A provision for FY2020 short-term incentives have been made, based on the performance testing outcome. The remuneration committee has deferred the decision to pay out incentives until November 2020 once the impact of COVID-19 is further evaluated and subject to liquidity and capital structure being at acceptable levels as determined by the board. Should these incentives be paid, shareholders will be appropriately informed and the payment will be reflected in next year's remuneration report as an adjustment to their 2020 single figure remuneration.*

3 *Retired 28 November 2019. LTIP reflects early vesting on a proportional time-based basis and taking into account cumulative performance conditions for his outstanding CSPs in terms of the Bidvest Scheme Rules.*

4 *LTIP reflected includes:*

Type of Award	Notes	Award Date	Tranche/%	Bidvest 20-Day VWAP	Bidcorp 20-Day VWAP	Vesting date
Conditional share	5	11/12/2015	25%	149,87	n/a	18/09/2020
Conditional share	5	24/10/2016	25%	149,87	n/a	18/09/2020
Conditional share	5	27/11/2017	75%	149,87	n/a	18/09/2020
Replacement share	6	11/12/2015	3	149,87	274,31	11/12/2020
SAR	7	07/11/2016	2	149,87	n/a	07/11/2020
SAR	7	09/11/2017	1	149,87	n/a	09/11/2020

5 *The LTIP reflected is at the intrinsic value based on the 20-day VWAP as at 30 June 2020 for Bidvest.*
6 *The LTIP reflected is at the intrinsic value based on the 20-day VWAP as at 30 June 2020 for Bidvest plus Bidcorp.*
7 *The LTIP reflected is at the intrinsic value based on the 20-day VWAP as at 30 June 2020 for Bidvest.*

With reference to actual total pay during FY2019, Anthony Dawe (R24.5 million), Mpumi Madisa (R6.5 million), Gillian McMahon (R9.7 million), and Mark Steyn (R6.6 million) realised benefit from the exercise of replacement rights which previously vested.

2019 (R'000)	Basic remuneration	Retirement/ medical benefits	Other benefits and costs	Cash incentives	LTIP reflected[1]	Single figure
Director						
AW Dawe	5 219	261	489	7 775	8 348	22 092
NT Madisa	3 697	305	129	5 559	7 297	16 987
GC McMahon	2 583	307	285	4 165	4 437	11 777
LP Ralphs	11 087	947	709	18 857	22 900	54 501
MJ Steyn	3 420	258	270	5 276	2 789	12 013

1 *LTIP reflected includes: tranche two of the replacement rights awarded on 9 October 2014 and 3 November 2014 and tranche three of the awards on 13 March 2014. All of these vests within 12 months after year-end and are included at the intrinsic value of 20-day VWAP of Bidvest and Bidcorp as at 30 June 2019 minus the applicable strike price. It also includes the intrinsic value, based on the 20-day VWAP as at 30 June 2019 less the present value of the final gross dividend, of the first tranche of SARs awarded on 7 November 2016 and CSPs awarded in 2015 and 2016.*

Non-executive remuneration

The remuneration paid to non-executive directors while in office of the Company during the year-ended 30 June 2020 is analysed as follows:

	2020			2019
Directors (R'000)	**Directors' fees[1]**	**As directors of subsidiary companies and other services**	**Total emoluments**	**Total**
EK Diack	1 416	386	1 802	1 868
AK Maditse	931	–	931	686
S Masinga	863	–	863	588
BF Mohale[2]	1 135	–	1 135	–
RK Mokate	715	812	1 527	1 535
NG Payne[3]	807	1 245	2 052	2 604
MJD Ruck[4]	368	–	368	–
N Siyotula[4]	534	–	534	–
T Slabbert[3]	405	–	405	756
NW Thomson	905	–	905	796
Former directors				1 994
2020 total	**8 079**	**2 443**	**10 522**	10 827
2019 total	8 127	2 700	10 827	–

[1] *A 30% fee sacrifice was agreed to for the fourth quarter, amounting to R0.7 million.*
[2] *Appointed 1 July 2019.*
[3] *Retired 28 November 2019.*
[4] *Appointed 25 October 2019.*

Given the macro environment, a Group-wide decision was taken to award no salary increases apart from to those employees under collective bargaining agreements, and equivalent job categories, as well as those that were promoted. It is therefore proposed that non-executive directors' fees for FY2021 remains unchanged from FY2020.

	Basic per annum	**Per meeting attended**
Chairman[1]	1 643 000	
Lead independent	212 000	
Board members	109 663	44 045
Audit committee chairman	312 586	49 438
Audit committee member	82 585	35 955
Remuneration Committee chairman	140 450	33 933
Remuneration Committee member		38 764
Nominations Committee member		35 730
Acquisitions Committee chairman	94 045	40 000
Acquisitions Committee member		42 023
Risk committee chairman	166 742	29 438
Risk committee member		31 236
Social & Ethics Committee chairman	100 000	29 438
Social & Ethics Committee member		29 438
Ad hoc meetings		21 348

[1] *The chairman's fees cover chairmanship and membership of all board committees.*

The above fees are proposed net of VAT which may become payable thereon to directors, depending on the status of the individual director's tax position.

Refer to special resolution 2 on page 5 of the notice of AGM for approval of the fees by shareholders in terms of section 66 of the Companies Act.

Non-binding advisory vote

Shareholders are requested to cast an advisory vote on the remuneration implementation report as contained in Part 2 of this report.

Approval

This remuneration report was approved by the board of directors of Bidvest.

Signed on behalf of the board of directors.

Norman Thomson
Remuneration committee chairman

Annexure

Names	Opening number on 1 July 2018	Granted during 2019	Forfeited/ lapsed during 2019	Settled/ exercised during 2019	Closing number on 30 June 2019	Cash value on settlement during 2019	Closing fair value at 30 June 2019	Strike price R
LP Ralphs								
Conditional Share Plan								
11/12/2015	94 280	–	–	–	94 280	–	16 393 972	
24/10/2016	80 000	–	–	–	80 000	–	13 910 880	
27/11/2017	112 000	–	–	–	112 000	–	19 114 033	
03/12/2018		120 000	–	–	120 000	–	19 059 133	
28/11/2019								
Total	**286 280**	**120 000**	**–**	**–**	**406 280**	**–**	**68 478 018**	
AW Dawe								
Conditional Share Plan								
24/10/2016	28 000	–	–	–	28 000	–	4 868 808	
27/11/2017	38 000	–	–	–	38 000	–	6 485 118	
03/12/2018		52 000	–	–	52 000	–	8 258 958	
Replacement rights (Options)								
13/03/2014	50 000	–	–	50 000	–	13 110 341	–	238
03/11/2014	43 066	–	–	32 299	10 767	7 423 359	2 584 496	270
11/12/2015	40 000	–	–	20 000	20 000	3 965 536	4 347 167	302
Total	**199 066**	**52 000**	**–**	**102 299**	**148 767**	**24 499 237**	**26 544 547**	
NT Madisa								
Conditional Share Plan								
24/10/2016	20 000	–	–	–	20 000	–	3 477 720	
27/11/2017	30 000	–	–	–	30 000	–	5 119 830	
03/12/2018		40 000	–	–	40 000	–	6 353 044	
28/11/2019								
Replacement rights (Options)								
13/03/2014	6 250	–	–	–	6 250	–	1 742 728	238
03/11/2014	21 533	–	–	10 766	10 767	2 497 397	2 584 496	270
11/12/2015	40 000	–	–	20 000	20 000	4 013 011	4 347 167	302
Total	**117 783**	**40 000**	**–**	**30 766**	**127 017**	**6 510 407**	**23 624 985**	
GC McMahon								
Conditional Share Plan								
24/10/2016	12 000	–	–	–	12 000	–	2 086 632	
27/11/2017	15 000	–	–	–	15 000	–	2 559 915	
03/12/2018		30 000	–	–	30 000	–	4 764 783	
28/11/2019								
Replacement rights (Options)								
05/04/2013	3 750	–	–	3 750	–	1 080 024	–	209
13/03/2014	7 500	–	–	7 500	–	1 948 811	–	238
09/10/2014	20 000	–	–	15 000	5 000	3 689 494	1 296 349	251
11/12/2015	30 000	–	–	15 000	15 000	2 938 867	3 260 375	302
Total	**88 250**	**30 000**	**–**	**41 250**	**77 000**	**9 657 196**	**13 968 055**	

Granted during 2020	Forfeited/ lapsed during 2020	Settled/ exercised during 2020	Closing number on 30 June 2020	Cash value on settlement during 2020	Closing fair value at 30 June 2020	Strike price R
–	8 073	62 637	23 570	12 777 948	3 129 137	
–	6 850	53 150	20 000	10 842 600	2 655 187	
–	–	–	112 000	–	8 202 828	
	–	–	120 000	–	8 456 715	
150 000	–	–	150 000	–	10 425 684	
150 000	**14 923**	**115 787**	**425 570**	**23 620 548**	**32 869 551**	
–	3 972	24 028	–	4 588 089	–	
–	16 720	21 280	–	3 111 136	–	
–	35 210	16 790	–	2 454 698	–	
–	–	–	–	–	–	238
–	–	10 767	–	2 795 601	–	270
–	2 000	18 000	–	3 282 242	–	302
–	**57 902**	**90 865**	**–**	**16 231 766**	**–**	
–	1 713	13 287	5 000	2 710 548	663 797	
–	–	–	30 000	–	2 197 186	
–	–	–	40 000	–	2 818 905	
75 000	–	–	75 000		5 212 842	
–	–	–	6 250	–	1 166 485	238
–	–	10 767	–	2 886 057	–	270
–	–	–	20 000	–	2 452 753	302
75 000	**1 713**	**24 054**	**176 250**	**5 596 605**	**14 511 968**	
–	1 028	7 972	3 000	1 626 288	398 278	
–	–	–	15 000	–	1 098 593	
–	–	–	30 000	–	2 114 179	
50 000	–	–	50 000	–	3 475 228	
–	–	–	5 000	–	867 238	251
–	–	–	15 000	–	1 839 565	302
50 000	**1 028**	**7 972**	**118 000**	**1 626 288**	**9 793 081**	

Names	Opening number on 1 July 2018	Granted during 2019	Forfeited/ lapsed during 2019	Settled/ exercised during 2019	Closing number on 30 June 2019	Cash value on settlement during 2019	Closing fair value at 30 June 2019	Strike price R
MJ Steyn								
Conditional Share Plan								
03/12/2018		40 000	–	–	40 000	–	6 353 044	
28/11/2019								
SARS								
07/11/2016	40 000	–	–	–	40 000	–	2 337 775	147
09/11/2017	40 000	–	–	–	40 000	–	2 362 690	159
Replacement rights (Options)								
05/04/2013	5 000	–	–	5 000	–	1 481 646	–	209
13/03/2014	10 000	–	–	10 000	–	2 677 797	–	238
09/10/2014	7 500	–	–	3 750	3 750	954 943	984 218	251
11/12/2015	15 000	–	–	7 500	7 500	1 529 801	1 630 188	302
Total	**117 500**	**40 000**	**–**	**26 250**	**131 250**	**6 644 188**	**13 667 915**	

Granted during 2020	Forfeited/ lapsed during 2020	Settled/ exercised during 2020	Closing number on 30 June 2020	Cash value on settlement during 2020	Closing fair value at 30 June 2020	Strike price R
–	–	–	40 000	–	2 818 905	
60 000	–	–	60 000	–	4 170 274	
–	–	–	40 000	–	339 770	147
–	–	–	40 000	–	467 542	159
–	–	–	3 750	–	650 429	251
–	–	–	7 500	–	919 782	302
60 000	**–**	**–**	**191 250**	**–**	**9 366 702**	

Valuation methodology applied

Type of award	Award date	Tranche*	2020 Market value estimation using a market valuation technique	Intrinsic Value**	Bidvest 20-Day VWAP	Bidcorp 20-Day VWAP
Conditional share[1]	11/12/2015	n/a		√	149.87	n/a
Conditional share	24/10/2016	n/a		√	149.87	n/a
Conditional share	27/11/2017	n/a	√	√	149.87	n/a
Conditional share	03/12/2018	n/a	√		149.87	n/a
Conditional share	28/11/2019	n/a	√		149.87	n/a
Replacement share	13/03/2014	3		√	149.87	274.31
Replacement share	09/10/2014	2 and 3		√	149.87	274.31
Replacement share	03/11/2014	3		√	149.87	274.31
Replacement share	11/12/2015	2		√	149.87	274.31
Replacement share	11/12/2015	3		√	149.87	274.31
SARS	07/11/2016	1 and 2		√	149.87	n/a
SARS	07/11/2016	3	√		149.87	n/a
SARS	09/11/2017	1		√	149.87	n/a
SARS	09/11/2017	2 and 3	√		149.87	n/a

* *Where a tranche has not been included, the awards were already exercised.*

** *Intrinsic value less present value of the final dividend which the instrument is not entitled to in respect of awards not yet vested.*

[1] *35,000 of the Bidvest CSP awards originally made on 11 December 2015 were exchanged for 94,280 replacement rights which is subject to performance conditions measured over the period 1 July 2016 to 30 June 2019. The vesting period for the replacement rights was extended for an additional year where vesting of 75% of the awards will occur in September 2019 and the remaining 25% will vest in September 2020. The performance targets, weighting and performance periods are to be tested over a three-year period.*

2019					
Bidvest 20-Day VWAP	Bidcorp 20-Day VWAP	Strike Price	Performance conditions vesting %	Performance conditions	Vesting date
200.91	n/a	n/a	89	√	25% – 30/09/2020
200.91	n/a	n/a	89	√	25% – 30/09/2020
200.91	n/a	n/a	49	√	75% – 30/09/2020 25% – 30/09/2021
200.91	n/a	n/a	49	√	75% – 30/09/2021 25% – 30/09/2022
n/a	n/a	n/a	51	√	75% – 30/09/2022 25% – 30/09/2023
200.91	315.47	237.54	n/a	x	25% – 13/03/2019
200.91	315.47	250.73	n/a	x	25% – 09/10/2018 25% – 09/10/2019
200.91	315.47	269.95	n/a	x	25% – 03/11/2019
200.91	315.47	301.54	n/a	x	25% – 11/12/2019
200.91	315.47	301.54	n/a	x	25% – 11/12/2020
200.91	n/a	146.61	n/a	x	50% – 07/11/2019 25% – 07/11/2020 25% – 07/11/2021
200.91	n/a	146.61	n/a	x	
200.91	n/a	158.75	n/a	x	50% – 09/11/2020 25% – 09/11/2021 25% – 09/11/2022
200.91	n/a	158.75	n/a	x	