

Notes to the consolidated financial statements (continued)

for the year ended 30 June

12. Staff remuneration

12.1. Share-based payments

The Bidvest Share Incentive Scheme (BIS) grants options to employees of the Group to acquire shares in the Company. The share options scheme has been classified as an equity-settled scheme, and therefore an equity-settled share-based payment reserve has been recognised.

The Bidvest Group Share Appreciation Rights (SARs) Plan was adopted, in 2016, to replaced the BIS and has been classified as an equity-settled scheme, therefore an equity-settled share-based payment reserve has been recognised. Executive directors do not participate in the SARs Plan.

A Conditional Share Plan (CSP), which awards executive directors with a conditional right to receive shares in the Company, free of any cost, is also operated by the Group. As it is anticipated that the participants will receive shares in settlement of their awards, a share-based payment reserve has been recognised.

Replacement rights scheme (previously share option scheme)

Following the unbundling of Bidcorp (30 May 2016), Bidvest option holders exchanged each one of their existing options for one right over one Bidcorp share and one Bidvest share (replacement right). In terms of the amended scheme rules, the original option price was not adjusted, but on exercise of the replacement right, the original option price will be deducted from the combined value of the Bidcorp share and the Bidvest share. The vesting date and lapse dates of the replacement rights will be the same as those of the original options.

The terms and conditions of the replacement rights are:

- Replacement right holders are only entitled to exercise their rights if they are in the employment of the Group in accordance with the terms referred to hereafter, unless otherwise recommended by the Board of the Company to the Trustees of the Bidvest Share Incentive Trust;
- replacement right holders may exercise the rights at such times as the right holder deems fit, but not so as to result in the following proportions of the holder's total number of instruments being purchased prior to: 50% of total number of instruments at the expiry of three years; 75% of total number of instruments at the expiry of four years; and 100% of total number of instruments at the expiry of five years from the date of the holder's acceptance of an option; and
- all rights must be exercised no later than the 10th anniversary on which they were granted unless approval is obtained from the trustees of the Bidvest Share Incentive Trust.

The number and weighted average exercise prices of replacement rights are:

	2022		2021	
	Number	Average price R	Number	Average price R
Beginning of the year	723 084	262.78	1 259 102	262.10
Lapsed	(8 000)	285.66	(107 813)	266.31
Exercised	(207 400)	250.74	(428 205)	259.88
End of the year	507 684	267.53	723 084	262.78
Replacement rights outstanding at 30 June by year of grant are:				
2012	7 500	134.56	46 250	134.56
2013	40 750	208.91	44 500	208.91
2014	103 300	237.17	136 173	235.92
2015	110 371	250.87	142 972	250.84
2016	245 763	301.54	353 189	301.54
	507 684	267.53	723 084	262.78

The replacement rights outstanding at 30 June 2022 have an award price in the range of R134.56 to R301.54 (2021: R134.56 to R301.54) and a weighted average contractual life of 0.4 to 3.4 (2021: 0.4 to 4.4) years. The average combined value of the Bidvest and Bidcorp shares during the year was R517.64 (2021: R434.30).

The fair value of services received in return for shares allotted is measured based on a modified Black Scholes model. The contractual life of the replacement right is used as an input into this model.

Notes to the consolidated financial statements (continued)

for the year ended 30 June

12. Staff remuneration (continued)

12.1. Share-based payments (continued)

Share Appreciation Rights Plan

The terms and conditions of the SARs Plan are:

- SAR holders are only entitled to exercise their rights if they are in the employment of the Group in accordance with the terms referred to hereafter, unless otherwise recommended by the Board of the Company to the Trustees of the Bidvest Share Incentive Trust.
- SAR holders in the Scheme may exercise the SARs at such times as the holder deems fit, but not so as to result in the following proportions of the holder's total number of instruments being purchased prior to: 50% of total number of instruments at the expiry of three years; 75% of total number of instruments at the expiry of four years; and 100% of total number of instruments at the expiry of five years from the date of the holder's acceptance of an appreciation right; and
- all SARs must be exercised no later than the 7th anniversary on which they were granted unless approval is obtained from the trustees of the Bidvest Share Incentive Trust.

The number and weighted average exercise prices of share appreciation rights are:

	2022		2021	
	Number	Average price R	Number	Average price R
Beginning of the year	16 687 320	164.25	14 011 376	169.26
Granted	4 563 500	168.61	4 695 000	148.75
Lapsed	(711 950)	172.33	(1 274 399)	167.56
Exercised	(2 319 316)	162.00	(744 657)	152.76
End of the year	18 219 554	165.52	16 687 320	164.25
Share appreciation rights outstanding at 30 June by year of grant are:				
2017	1 037 775	146.45	1 916 926	146.53
2018	1 771 132	158.75	2 702 889	158.75
2019	2 805 337	188.42	3 551 710	188.42
2020	3 594 444	173.43	3 847 295	173.43
2021	4 467 366	148.75	4 668 500	148.75
2022	4 543 500	168.61	–	–
	18 219 554	165.52	16 687 320	164.25

The SARs outstanding at 30 June 2022 have an award price in the range of R138.48 to R188.42 (2021: R138.48 to R188.42) and a weighted average contractual life of 1.4 to 6.4 (2021: 2.4 to 6.4) years. The average value of the Bidvest share during the year was R201.29 (2021: R157.58).

The fair value of services received in return for shares allotted is measured based on a modified Black Scholes model. The contractual life of the SARs is used as an input into this model.

The fair value of the SARs allotted during the current year and the assumptions used are:

	2022	2021
Fair value at measurement date (Rand)	187.34	165.28
Exercise price (Rand)	168.61	148.75
Expected volatility (%)	32.34	33.50
Option life (years)	4.00 – 6.00	4.00 – 6.00
Distribution yield (%)	3.26	3.00
Risk-free interest rate (based on the ZAR Bond static yield curve) (%)	6.23	5.63

The volatility is based on the recent historic volatility.

Notes to the consolidated financial statements (continued)

for the year ended 30 June

12. Staff remuneration (continued)

12.1. Share-based payments (continued)

Conditional share plan

In terms of the CSP scheme, a conditional right to a share is awarded to executive directors and officers subject to performance and vesting conditions. The vesting period is as follows: 75% of total number of awards vest at the expiry of three years and 25% of total number of awards vest at the expiry of four years from the date of the award, unless otherwise determined by the board. These share awards do not carry voting rights attributable to ordinary shareholders.

The fair value of services received in return for the conditional share awards has been determined by multiplying the number of conditional share awards expected to vest, by the share price at the date of the award less discounted anticipated future distribution flows. A total number of 1 128 461 (2021: 737 397) of the 1 306 390 (2021: 964 915) shares are expected to vest, taking into account the performance of the Group to date and forecasts to the end of the performance period, against the targets set at the time of the award. The average discounted share price used in the calculation of the share-based payment charge on the conditional share awards allotted during the year is R155.57 (2021: R129.45) per share. These awards will vest in the next three years. 84 834 (2021: 79 520) conditional share awards were forfeited as a result of performance conditions not being met, 41 000 (2021: 180 000) conditional share awards were forfeited as a result of accelerated vesting or resignation.

The number of conditional share awards in terms of the conditional share plan are:

	2022 Number	2021 Number
Beginning of the year	964 915	767 682
Allotted during the year	586 000	560 550
Awarded during the year	(118 691)	(103 784)
Forfeited during the year	(125 834)	(259 533)
End of the year	1 306 390	964 915

The maximum number of shares which may be allocated at any one time under the Replacement Rights, SAR and existing Conditional Share Plan shall not exceed 16 750 000 shares (5% of shares in issue). Based on the closing price the Bidvest and Bidcorp share prices at 30 June 2022, it is estimated that 5 000 000 (2021: 3 200 000) Bidvest ordinary shares would be required to settle the Group's share-based payment obligations.

The 57.9% subsidiary, Adcock Ingram, has share option plans, which have been designated as equity settled and include an ordinary equity scheme, a B-BBEE scheme and a performance based long-term incentive scheme (PBLTIS). The Group's proportionate share of Adcock Ingram's share-based payment reserves since recognition is a credit balance of R26,6 million (2021: R7,4 million), which comprises a charge to share-based payment expenses of R66,7 million (2021: R28,4 million) less settlement of R21 million (2021: R16 million), with R19,3 million (2021: R5 million) of the reserve attributable to non-controlling interests.

In addition to the above Adcock Ingram has an ordinary and a B-BBEE equity based incentive scheme, which have been designated as cash settled. The liabilities relating to these incentive schemes have been disclosed in *note 8.10. Trade and other payables* and in aggregate amount to R57 million (2021: R43 million). An amount of R13,6 million (2021: R1 million) was credited to share-based payment expenses during the year for these cash settled incentive schemes.

Notes to the consolidated financial statements (continued)

for the year ended 30 June

12. Staff remuneration (continued)

12.2. Directors' remuneration

The remuneration paid to executive directors while in office of the Company during the year ended 30 June 2022 is analysed as follows:

Director	Basic remuneration R'000	Retirement/ medical benefits R'000	Other benefits and costs R'000	Cash incentives R'000	Benefit arising from share based incentives R'000	Total emoluments R'000
NT Madisa	10 501	757	351	17 936	4 154	33 699
GC McMahon	4 447	345	256	7 097	2 933	15 079
MJ Steyn	5 640	273	308	8 735	3 422	18 378
	20 588	1 375	916	33 768	10 509	67 156

For comparative purposes the remuneration paid to executive directors, while in office of the Company during the year ended 30 June 2021, is analysed as follows:

Director	Basic remuneration R'000	Retirement/ medical benefits R'000	Other benefits and costs R'000	Cash incentives R'000	Benefit arising from share based incentives R'000	Total emoluments R'000
NT Madisa	8 099	589	183	13 935	2 181	24 987
GC McMahon	3 176	315	192	5 292	1 153	10 128
LP Ralphs ¹	6 207	522	459	–	11 241	18 429
MJ Steyn	4 174	266	222	6 626	–	11 288
	21 656	1 692	1 056	25 853	14 575	64 832

¹ Retired 30 September 2020.

Certain executive directors serve as non-executive directors of companies outside of the Group. Directors' fees in this regard are paid to the Group.

Directors	2022 As directors of subsidiary companies and other services Directors' fees R'000	2022 As directors of subsidiary companies and other services R'000	2022 Total emoluments R'000	2020 Total R'000
L Boyce	984	328	1 311	232
EK Diack ³	–	–	–	1 114
AK Maditse ³	–	–	–	654
SN Mabaso-Konyana	1 176	–	1 176	272
S Masinga	832	–	832	745
BF Mohale	2 270	–	2 270	1 664
RK Mokate	1 261	–	1 261	956
NG Payne ⁴	–	–	–	1 766
MD Ruck ⁵	–	–	–	496
N Siyotula	715	–	715	692
NW Thomson	875	–	875	846
FN Khanyile ²	366	–	366	–
M Khumalo ²	381	–	381	–
2022 total	8 861	328	9 189	9 437
2021 total	7 516	1 921	9 437	–

² Appointed 3 January 2022.

³ Retired 1 April 2021.

⁴ Retired from The Bidvest Group board with effect from 28 November 2019, disclosed remuneration is for the 12-months ended 30 June 2021.

⁵ Resigned 30 June 2021.

Notes to the consolidated financial statements (continued)

for the year ended 30 June

12. Staff remuneration (continued)

12.2. Directors' remuneration (continued)

Prescribed officers

Due to the nature and structure of the Group and the number of executive directors on the board of the Company, the directors have concluded that there are no prescribed officers of the Company.

Directors' long-term incentives

Details of the directors and officers' outstanding replacement rights are as follows:

Directors	Replacement rights at 30 June 2021		Replacement rights exercised during the year		Replacement rights lapsed during the year		Replacement rights at 30 June 2022	
	Number	Average price R	Number	Market price	Number	Market price	Number	Average price R
NT Madisa	26 250	286.30	–	–	–	–	26 250	286.30
GC McMahon	20 000	288.84	–	–	–	–	20 000	288.84
MJ Steyn	11 250	284.60	–	–	–	–	11 250	284.60
	57 500	286.85	–	–	–	57 500	57 500	286.85

A SAR is a right awarded subject to the appreciation of the Company's shares.

Directors	SAR at 30 June 2021		SAR granted during the year		SAR lapsed during the year		SARs at 30 June 2022	
	Number	Average price R	Number	Average price R	Number	Market price	Number	Average price R
MJ Steyn	80 000	152.68	–	–	–	–	80 000	152.68

These SARs are exercisable over the period 1 July 2022 to 31 December 2024. A detailed register of SARs outstanding by tranche is available for inspection at the Company's register office.

A grant in terms of the CSP is a right to a share, which is awarded subject to performance and vesting conditions.

Director	Balance at 30 June 2021 Number	New award Number	Forfeited Number	Shares vested Number	Accelerated vested shares Number	Closing balance 30 June 2022 Number
NT Madisa	252 700	107 000	(16 959)	(20 982)	–	321 759
GC McMahon	127 850	44 000	(12 719)	(14 811)	–	144 320
LP Ralphs ¹	103 815	–	(38 156)	(65 659)	–	–
MJ Steyn	157 000	54 000	(16 959)	(17 281)	–	176 760
	641 365	205 000	(84 793)	(118 733)	–	642 839

¹ Retired 30 September 2020.

Share-based payment expense

	2022 R'000	2021 R'000
NT Madisa	12 997	9 872
GC McMahon	6 108	5 462
LP Ralphs ¹	–	5 320
MJ Steyn	7 657	6 210
	26 762	26 864

¹ Retired 30 September 2020.

Notes to the consolidated financial statements (continued)

for the year ended 30 June

12. Staff remuneration (continued)

12.3. Post-retirement obligations

The Group's liability for post-retirement benefits, accruing to past and current employees in terms of defined benefit schemes, is actuarially calculated. Where the plan is funded, the obligation is reduced by the fair value of the plan assets. Unfunded obligations are recognised as a liability in the financial statements. Contributions to defined contribution schemes are recognised as an expense in the income statement as incurred.

The projected unit-credit method is used to determine the present value of the defined benefit obligations and the related current service cost and, where applicable, past service cost. Actuarial gains or losses in respect of defined benefit plans are recognised in other comprehensive income. However, when the actuarial calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

The Group's obligation for post-retirement medical aid to past and current employees is actuarially determined and provided for in full.

Liabilities for employee benefits which are not expected to be settled within twelve months are discounted using the market yields at the statement of financial position date on high quality bonds with terms that most closely match the terms of maturity of the related liabilities.

	2022 R'000	2021 R'000
Post-retirement assets		
Defined benefit pension surplus	(264 667)	(252 230)
Post-retirement obligations		
Post-retirement medical aid obligations	73 551	77 040
	(191 116)	(175 190)

Pension and provident funds

The Group provides retirement benefits for its permanent employees through pension funds with defined benefit and defined contribution categories and defined contribution provident funds or other appropriate industry funds.

The PHS Group operates a defined benefit scheme, which is closed to new members. The assets of the scheme are measured using closing market values. The scheme liabilities are measured using the projected unit method discounted at rates of return of a high quality bond of equivalent term and currency to the liability. The summarised details of the *Warner Howard Limited Pension and Life Assurance Plan* are included below:

There are also a number of small funds within various employers of the Group. All funds are administered independently of the Group and are subject to the relevant pension fund legislation.

The Group operates a defined benefit fund through The Bidvest South Africa Pension Fund.

Employer contributions to defined contribution funds are set out in note 5.5. *Profit before finance charges and associate income*.

Notes to the consolidated financial statements (continued)

for the year ended 30 June

12. Staff remuneration (continued)

12.3. Post-retirement obligations (continued)

Pension and provident funds (continued)

Summarised details of the defined benefit pension funds

<i>Defined benefit pension obligations (assets of the fund)</i>	Warner Howard Limited Pension Plan		The Bidvest South Africa Pension Fund	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Defined benefit pension obligations (assets) of the fund	–	–	(264 667)	(252 230)
	–	–	(264 667)	(252 230)
<i>Contributions to the fund</i>				
Employee contributions	–	–	149	170
<i>Total pension fund asset</i>				
Fair value of plan assets	172 393	250 736	643 469	637 473
Actuarial present value of defined benefit obligations	(173 784)	(217 584)	(372 551)	(384 498)
Net surplus in the plans	(1 391)	33 152	270 918	252 975
Amounts not recognised due to ceiling adjustments and other limitations	1 391	(33 152)	(6 251)	(745)
	–	–	264 667	252 230
<i>Movement in the liability for defined benefit obligations</i>				
Balance at beginning of year	(217 584)	(240 939)	(384 498)	(363 155)
Benefits paid	10 181	10 126	24 126	31 095
Risk premiums and expenses	–	–	765	817
Current service costs	–	–	(1 314)	(1 923)
Interest expense	(3 805)	(3 230)	(36 579)	(37 402)
Member contributions	–	–	(149)	(170)
Actuarial gains	39 428	(2 588)	25 098	(13 760)
Exchange rate adjustments on foreign plans	(2 004)	19 047	–	–
Balance at end of year	(173 784)	(217 584)	(372 551)	(384 498)

Notes to the consolidated financial statements (continued)

for the year ended 30 June

12. Staff remuneration (continued)

12.3. Post-retirement obligations (continued)

Pension and provident funds (continued)

Summarised details of the defined benefit pension funds (continued)

	2022 R'000	2021 R'000	2022 R'000	2021 R'000
<i>Movement in the plans' assets</i>				
Balance at beginning of year	250 736	272 073	637 473	587 143
Contributions paid into the plans	–	–	149	170
Benefits paid	(10 181)	(10 126)	(24 126)	(31 095)
Risk premiums and expenses	(3 056)	–	(765)	(817)
Interest income	4 372	3 665	61 241	60 941
Return on plan assets in excess of interest income	(73 999)	6 875	(30 503)	21 131
Exchange rate adjustments on foreign plans	4 521	(21 751)	–	–
Balance at end of year	172 393	250 736	643 469	637 473
<i>The plans' assets comprise</i>				
Cash	(690)	251	62 416	51 635
Equity securities	–	–	316 587	305 987
Bills, bonds and securities	173 083	250 485	125 476	107 733
Property	–	–	15 443	14 662
International	–	–	115 181	142 156
Other	–	–	8 366	15 300
	172 393	250 736	643 469	637 473
<i>Amounts recognised in the income statement</i>				
Current service costs	–	–	1 314	1 923
Interest on obligations	3 805	3 230	36 579	37 402
Interest income on plan assets	(4 372)	(3 665)	(61 241)	(60 941)
Ceiling adjustments and other limitations	567	435	73	1 024
	–	–	(23 275)	(20 592)
<i>Amounts recognised in other comprehensive income</i>				
Return on plan assets in excess of interest income	73 999	(6 875)	30 503	(21 131)
Actuarial (gains) losses	(39 428)	2 588	(25 098)	13 760
Ceiling adjustments and other limitations	(34 571)	4 287	5 433	(9 938)
	–	–	10 838	(17 309)
<i>Key actuarial assumptions used in the actuarial valuations:</i>				
Number of in service members 30 June	–	–	8	8
Number of pensioners 30 June	138	138	442	486
Discount rate (%)	3.70	1.75	11.80	9.80
Inflation rate (%)	3.80	3.65	7.30	5.80
Salary increase (%)	–	–	8.30	6.80
Pension increase allowance (%)	3.70	3.45	5.10	4.10
Date of valuation of all funds	30 June 2022	30 June 2021	30 June 2022	30 June 2021

Assumptions regarding future mortality are based on published statistics and mortality tables.

Notes to the consolidated financial statements (continued)

for the year ended 30 June

12. Staff remuneration (continued)

12.3. Post-retirement obligations (continued)

Pension and provident funds (continued)

Summarised details of the defined benefit pension funds (continued)

Sensitivity analysis

The table below summarises the impact that a reasonably possible change in the respective assumption, occurring at the end of the year, would have, by increasing (decreasing) the net surplus in the plan, while holding all the other assumptions constant.

	2022 Impact of an increase in assumption* R'000	2021 Impact of an increase in assumption R'000	2022 Impact of an increase in assumption R'000	2021 Impact of an increase in assumption R'000
Discount rate – 1%	–	(7 764)	1 151	3 309
Pension increase – target 100% of inflation (assumption 50%)	–	(11 696)	(7 410)	(6 316)
Salary increase – 1%	–	–	(1 537)	(1 759)

* During the year the Group purchased an asset which tracks the Warner Howard Limited pension fund liability, any changes in assumption affecting the post retirement liability will have an equal and opposite effect on the acquired asset.

The sensitivity analyses presented above may not be representative of the actual change in the net surplus in the plans as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Post-retirement medical aid obligations

The Group provides post-retirement medical benefit subsidies to certain retired employees and is responsible for the provision of post-retirement medical benefit subsidies to a limited number of current employees.

Provision for post-retirement medical aid obligations

	2022 R'000	2021 R'000
Opening provision raised against unfunded obligation	77 040	79 075
Current service costs (relief)	(954)	(572)
Interest expense	6 439	6 314
Benefits paid	(7 363)	(8 288)
Actuarial adjustments recognised in other comprehensive income	(1 611)	511
Closing provision raised against unfunded obligation	73 551	77 040

	%	%
<i>Key actuarial assumptions</i>		
Discount rate	10.5	9.0
Inflation rate (CPI)	6.8	4.4
Health care cost inflation	8.8	6.4
Date of valuation	30 June 2022	30 June 2021

A change in the medical inflation rates will not have a significant impact on the post-retirement medical aid cost and related obligations.

Notes to the consolidated financial statements (continued)

for the year ended 30 June

12. Staff remuneration (continued)

12.4. Segmental employees, benefits and remuneration

	Employees		Employee Benefits and remuneration	
	2022 Number	Restated* 2021 Number	2022 R'000	Restated* 2021 R'000
Services South Africa	31 749	31 796	3 840 431	3 830 597
Services International	67 724	63 758	16 016 103	13 461 692
Branded Products	7 544	7 670	2 831 417	2 794 743
Freight	5 204	4 689	1 612 393	1 573 780
Commercial Products	8 471	7 921	2 042 424	1 926 375
Financial Services	1 419	1 359	691 448	711 776
Automotive	3 745	3 495	1 824 805	1 644 860
Properties	17	14	18 343	18 839
Corporate and investments	594	641	202 192	246 767
	126 468	121 344	29 079 556	26 209 429
Share-based payment expense	–	–	294 156	246 096
	126 468	121 344	29 373 712	26 455 525
Geographic region				
Southern Africa	93 602	91 513	15 982 150	15 509 920
International	32 866	29 830	13 097 406	10 699 509
	126 468	121 343	29 079 556	26 209 429

* Refer note 3. Overview of group structure (restatement of comparatives).