GROUP REMUNERATION POLICY

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Applicable Department	All Entities

1. Policy statement

1.1. The general objective of the Group's Remuneration Policy is to ensure that DAWN can attract, motivate and retain appropriately skilled, qualified and experienced employees. Remuneration is aimed at matching individual contribution to Group performance, within the framework of market forces, while protecting shareholders' interests and the Group's financial health.

2. Principles of remuneration

2.1. The Group's Remuneration Policy provides a flexible and competitive remuneration structure, which is referenced to appropriate benchmarks, reflects market practice and is tailored to the specific circumstances of the Group. The Policy aims to attract and retain high-calibre employees and to motivate them to develop and implement the Group's business strategy in order to optimise long-term shareholder value creation.

2.2. Short term (annual) bonus entitlements may or may not be guaranteed depending on seniority levels of employees and on regulatory requirements, such as bargaining council agreements and collective agreements with trade unions. The structure applied is as follows:

2.3 The Remuneration Committee will, based on the policy, consider the affordability of the overall short-term incentive (STI), considering a guideline maximum of 15% of profit before interest and tax. In the case that the 15% cap is breached, STI will only be paid to employees with critical skills and key talent, with due regard to the impact on the Group if their skills are not retained, and the liquidity and solvency of the Group after the payment of the STI.

3. Employees

3.1. Remuneration of employees may be subject to regulatory requirements, such as bargaining council agreements and collective agreements with trade unions. In the absence thereof, remuneration is based on individual and company performance as well as market trends.

3.2. Remuneration may typically comprise elements of fixed remuneration and performance-based (at-risk) remuneration. Certain employees have an element of their remuneration at-risk. The proportion of an employee's total remuneration that is at-risk, increases with seniority and with the individual's ability to impact the performance of the company.

3.3. A bi-annual performance review process assesses the degree to which each qualifying employee is satisfying the requirements of his/her role and the degree to which established performance objectives have been achieved.

4. Executive directors' and prescribed officers' remuneration and Conditions of Employment

4.1. Fixed salary

4.1.1. The executives' fixed salary is structured on a cost to company basis with a limited range of prescribed and elective fringe benefits such as retirement fund (prescribed), medical aid and travel allowance.

4.2. Variable income – short-term incentive scheme (STI)

4.2.1. The short-term incentive programme consists of an annual cash bonus that is linked to the achievement of firstly, predefined Financial Performance and secondly, Personal Performance measures for each executive. The ratio of Company vs Personal Performance measures will be 70%:30% for executive directors and prescribed officers and 60%:40% for all other employees who participate in the STI scheme.

4.2.2. On-target-earnings (OTE) or target bonuses are based on seniority levels and is a percentage of annual guaranteed pay. The following policy will be applied:

Table 1

MANAGEMENT LEVEL	ON-TARGET-EARNINGS (% of guaranteed annual pay if TARGET is met)
Chief executive officer	100%
Executive directors	75%
Prescribed officers	70%
Subsidiary executives	60%

4.2.3. Financial Performance will be measured through two parameters: **PBIT** (profit before interest and tax) and **ROIC** (return on invested capital) or specific working capital parameters, as appropriate. The ratio will be 50%:50%, but may be varied by the Board, based on Group priorities. For example, an executive director's STI will consist of 70% Company Performance parameters, of which 35% will be earned based on PBIT and 35% based on ROIC.

4.2.4. A system of three-tier targets will be used to determine bonuses earned for Financial Performance (see Table 2). The bonus payable to an executive will be equal to the target bonus, if **the specified target** was met. Should the target be missed, but the minimum hurdle (threshold) still be achieved, a lower percentage of the target bonus will be payable. Should the target be exceeded, and the stretch target be achieved, then a higher percentage than the target bonus will be payable.

4.2.5. DAWN will apply the following three-tier target model to calculate bonuses earned for Financial Performance, using a linear sliding scale from Threshold to Stretch:

Table 2

<table>
<tr><th>Performance Parameter</th><th>Weighting for Executive Directors and Prescribed Officers</th><th>Weighting for all other participants</th><th>Measure</th><th>Threshold (50% of OTE)</th><th>Target (100% of OTE)</th><th>Stretch (150% of OTE)</th></tr>
<tr><td>PBIT</td><td rowspan="2">As determined by the Remuneration Committee and approved by the Board</td><td rowspan="2">As determined by the Remuneration Committee and approved by the Board</td><td>Target set by the Board</td><td colspan="3">Annual targets as set by the Board, based on Group and shareholder requirements</td></tr>
<tr><td>ROIC or working capital</td><td>WACC or target set by the Board</td><td colspan="3">Annual targets as set by the Board, based on Group and shareholder requirements</td></tr>
</table>

4.2.6. Bonus earnings will be determined by the level of actual performance against the three-tier target table below. Bonus calculations will be based on a linear sliding scale from 50% to 150%.

Table 3

Performance level achieved	% of target bonus earned
Below threshold	0%
Threshold	50%
Target	100%
Stretch	150%

4.2.7. <u>Personal Performance</u> will be measured based on an Individual Scorecard. Each participant will have an annual personal KPI scorecard.

4.2.8. Targets for the different management levels will be set as follows:

Table 4

Position	PBIT	ROIC	Personal
Chief Executive Officer, Chief Financial Officer, Chief Risk Officer, CPO	Group PBIT	Group ROIC	Personal scorecard
Subsidiary Chief Executive Officers/Managing Directors and Executive Committee teams	Subsidiary PBIT	Subsidiary ROIC	Personal scorecard

4.2.9. In order to protect the Group against bonus payments that are not affordable, the following rules will apply with respect to calculated bonuses for Financial Performance (i.e. for PBIT and ROIC):

Table 5

Group PBIT achieved (actual as % of budget)	% payable of calculated bonus pertaining to subsidiary performance
51%+	Full calculated bonus
25% to 50%	25% to 50% of calculated bonus
<25%	0% payable

The above provisions will not apply to Personal Performance bonuses, if and when they apply.

4.2.10. DAWN Executive Committee and selected subsidiary company executive committee members who earned short-term incentives may choose to roll the bonus into DAWN shares, subject to the rules of the Deferred Bonus Plan.

4.2.11. Notwithstanding this general policy, the board has taken a decision that profitability (PBT) will be the only financial performance parameter during the Group's turnaround programme (next 2 years).

4.3. Variable income – long-term incentive scheme (LTI)

4.3.1. The Company's LTI Plan is designed to link senior executives' reward with key performance indicators that drive sustainable growth in shareholder value over the long term.

4.3.2. The DAWN Group's LTI Plan takes the form of a Share Incentive Scheme in terms of which senior executives may, at the Board's discretion, and in accordance with the scheme rules, be granted performance rights which will vest only on the achievement of certain performance hurdles and service conditions.

4.3.3. Three share schemes, based on equity-settled share appreciation rights, conditional long-term incentive awards and a deferred bonus plan, with vesting conditions on the achievement of set performance requirements, carry a vesting period of three years after which the vested incentives become exercisable, were approved by shareholders in a general meeting on 6 December 2006.

4.3.4. The grant price of these rights and awards are equal to the five-day volume weighted average traded market price of the shares preceding the date of the grant. Rights and awards are conditional on performance conditions being met.

4.3.5. The conditions focus on the Group's earnings growth. The vesting price of these rights and awards is the five-day weighted average traded market price of the shares preceding the date of vesting. The values accruing to participants are as follows.

- SAR: Appreciation between the strike price and the vesting price;
- LTIP: Difference between zero strike price and vesting price; and
- DBP: Value of each matching share at a zero-strike price.

4.3.6. LTI awards will be made annually to qualifying employees, based on the following allocation framework:

Table 6

Management Level	Share Scheme	Annual value of unvested shares at grant date = below ratio x guaranteed annual pay
DAWN executive committee	Combination of DBP and LTIP	Up to 100% combined DBP and LTIP
Steering committee (managing directors of business units)	Combination of DBP and LTIP	Up to 90% combined DBP and LTIP
Head Office critical staff	LTIP	Up to 60%
Company executive committee members	LTIP	Up to 45%
Business unit heads and heads of department reporting to company executive committee members	SARs	Up to 25%

4.3.7. LTIP awards will always have a three-year vesting period, with all rights being forfeited should the employee leave the Company's employ before the vesting date.

4.3.8. Vesting criteria will be Company performance-based, with Headline Earnings per Share (HEPS) contributing 70% of the vesting condition and ROIC 30% on the LTIP and SAR awards only. DBP participation has no vesting conditions other than remaining in the employment of the DAWN Group.

4.3.9. The Remuneration Committee will recommend to the Board the vesting targets for each tranche of share incentives. The recommended vesting targets will set a threshold, a target and a stretch level for both HEPS and ROIC as outlined in the table below:

Table 7

Performance Parameter	Target	Threshold	Target	Stretch
HEPS	Required cents per share as set by the Remuneration Committee and the Board	80%	100%	120%
ROIC	DAWN average weighted cost of capital rate	Weighted average cost of capital	Weighted average cost of capital +4%	Weighted average cost of capital +8%

4.3.10. A graduated vesting scale will be applied, based on the above set targets. Share award calculations will be based on a linear sliding scale from 50% to 150%.

Table 8

Performance level achieved	% of target bonus earned
Below threshold	0%
Threshold	50%
Target	100%
Stretch	150%

4.4 Conditions of employment

The Company complies with relevant legislation in determining minimum terms and conditions for appointment of executive directors. Unless stated otherwise in the contract of employment, a notice period of between one month and three months applies.

4.5 External appointments

Executive directors are not permitted to hold external directorships or offices without the approval of the Board. If such approval is granted, directors may retain the fees payable from such appointments, unless related to companies which are part of the DAWN group (any equity participation). In any event it may not be more than two directorships and full disclosure must be made to the group governance officer.

4.6 Policy on employment contracts

In relation to contracts with executive directors, the Committee, subject to circumstances, will maintain the following policy:

- Fixed term contracts should not exceed three years but may provide for an extension;
- All agreements should contain a restraint of trade clause with a term of not less than a year, clearly defining the Company's protectable interest;
- Contracts should not commit the Company to pay on termination arising from the director's failure;
- Balloon payments on termination are not seen as fair remuneration policy; and
- If a director is dismissed because of a disciplinary procedure, a shorter notice period should apply without entitlement for compensation for the shorter notice period. If a dismissal takes place as a result of a gross misconduct, no notice period should apply.

5. Non-executive directors' remuneration

5.1. Terms of service

While shareholders appoint non-executive directors at annual general meetings, interim Board appointments may be made between annual general meetings in terms of Group policy. Such interim appointees may not serve beyond the following annual general meeting, though they may make themselves available for re-election by shareholders, with such appointments being ratified by shareholders at the annual general meeting.

Non-executive directors serve until such time as, in accordance with the Company's Memorandum of Incorporation, they are required to retire by rotation, at which point they may seek re-election.

5.2. Fees

The non-executive directors' compensation consists of a base fee, payable quarterly, with additional fees for serving on sub-committees of the Board and for attending special Board meetings. The Board has the discretion to apply penalties for non-attendance of meetings. Fees are exclusive of VAT payments. Individual Board members may take on specific ad hoc tasks outside the normal duties assigned by the Board. In such cases the Board determines a fixed fee for the work.

Non-executive directors may from time to time be members of DAWN's Advisory Committee, for which a fixed hourly fee will apply.

Expenses such as travel and accommodation in relation to Board-approved activities, as well as relevant training, are reimbursed.

Non-executive directors' fees are reviewed annually and are determined by the Board (following consultation with the Remuneration Committee) having regard to fees paid to non-executive directors of comparable companies and, where considered necessary, the Board may seek external advice on this subject. Non-executive directors' fees are approved by shareholders at the annual general meeting.

6. Setting remuneration and review procedures

- DAWN and its subsidiaries review remuneration packages once per annum during July.

- The Board is responsible for making decisions in respect of the remuneration of directors and, in particular, the Group Chief Executive Officer. It does so with the assistance and advice of the Remuneration Committee. In determining the level and make-up of the Group Chief Executive Officer's and senior executives' remuneration, the Remuneration Committee may obtain independent advice on the appropriateness of remuneration packages, given remuneration trends of other companies, from which the recommendations are made to the Board.

- Each year the Remuneration Committee will review the remuneration of senior executives and make recommendations to the Board for any changes to those remuneration packages; recommend proposed short-term incentive and/or long-term incentive performance awards after performance evaluation procedures and on the recommendation of the Group Chief Executive Officer.

- The Group Chief Executive Officer is ultimately responsible for:

  - recommendations to the Board relating to the remuneration of executive directors of all Group entities; and
  - delegating responsibility for decisions relating to remuneration of staff to line managers within the different subsidiaries or business units.

- *Ex gratia* payments and *ex gratia* bonuses payable to executive directors are to be reviewed and recommended to the board for review and presented to shareholders at the annual general meeting or a general meeting of shareholders, for approval.

- The responsibilities of managers or supervisors in respect to remuneration for employees are:

  - ensuring that accurate role descriptions are in place, with sufficient detail on elements required to allow consistent assessment and comparison to be undertaken;
  - conducting effective assessments of employee performance; and
  - optimising the alignment with the Company's remuneration practices and other employment matters.

7. Disclosure of remuneration

Unless an applicable law, regulation or JSE Listings Requirements require otherwise, all information about an individual staff member's remuneration will be confidential.

Disclosure of or discussions about remuneration with staff members, other than between the direct manager and staff member, are strictly forbidden and, where this policy is breached, management may take corrective action.

Where remuneration has to be disclosed in terms of regulatory requirements, total remuneration reported will include appropriate values for all elements of remuneration, incorporating fixed remuneration, performance-based remuneration comprising payments made or value provided for at risk components.

8. Re-election of directors

Both executive and non-executive directors are subject to election by shareholders at the first annual general meeting following their appointment and are then required to retire in accordance with the Board Retirement Plan.

The appointment of a non-executive director may be terminated without compensation if that director is not re-elected by shareholders or otherwise in accordance with the Company's Memorandum of Incorporation.

9. Voting on remuneration

The board will take measures in the event that either the remuneration policy or implementation report, or both, be voted against by 25% or more of the voting rights exercised, which measures provide for taking steps in good faith and with best reasonable effort to:

- Enter into an engagement process to ascertain the reasons for the dissenting votes; and
- Appropriately address legitimate and reasonable objections and concerns raised, which may include amending the remuneration policy, or clarifying and adjusting remuneration governance and/or processes.

10. Public access to the remuneration policy

This remuneration policy will be made available on DAWN's website at www.dawnltd.co.za.

APPROVAL OF REMUNERATION POLICY

Date	Responsibility entity	Signature of Chair
27 July 2018	Remuneration Committee	
27 July 2018	Board of Directors	