Remuneration report

KAP's remuneration philosophy is to remunerate employees fairly and responsibly


KAP

KAP's remuneration philosophy is to remunerate employees fairly and responsibly in a balanced approach, in order to attract, retain and motivate competent individuals who can contribute meaningfully to the sustainable growth of the company.

KAP applies the recommendations of the King IV Report on Corporate Governance™ for South Africa, 2016 ('King IV™')* and endorses King IV's™ inclusive, interconnected approach to corporate governance and its recognition of the importance of ensuring sustainability over the longer term. Fair, responsible and balanced remuneration is viewed as a key factor in ensuring the sustainability of the company.

Human resources and remuneration committee

KAP's human resources and remuneration committee ('the committee') operates within defined terms of reference and authority granted to it by the KAP board. The board oversees the implementation and execution of the remuneration policy. The committee comprises two independent non-executive directors, one of whom is appointed as chairman, and a non-executive director. The chief executive officer and certain executive managers attend parts of the meetings by invitation. This committee meets at least once a year and, should this be required, additional ad hoc meetings are convened. During the review period, the committee met on 14 August 2018 and all the members were present. In line with the recommendation by King IV™ that board committees should have cross membership to ensure a balanced distribution of power and to enhance effective collaboration, the committee chairman is also a member of the KAP social and ethics committee, which, inter alia, plays a contributory role in remuneration matters, with particular focus on the ethical and social aspects of remuneration and other benefits to employees.

Due to the group's decentralised management structures, the committee has established divisional human resources and remuneration subcommittees ('the divisional subcommittees'). The divisional subcommittees are responsible for all human capital management and employee remuneration matters at business-unit level, within the parameters set by the committee. The divisional subcommittees are supported by established human resource practitioners at group, divisional and business-unit level, with responsibility for the implementation and management of human resource and remuneration strategies, policies and practices in line with those set by the committee.

The committee is satisfied that it has fulfilled its responsibilities during the review period. Key areas of focus of the committee during the period under review included:

- a review of the strategic drivers of human resources and remuneration and the alignment thereof to the vision and strategy of the company;
- a review of the group's remuneration policy, which is presented annually for a non-binding advisory vote by shareholders;
- a review of the measurement criteria in relation to the company's annual and long-term incentive schemes in order to ensure that they remain appropriate and act as drivers of the achievement of the business strategy;
- a review and approval of the remuneration packages of all senior executives, including annual and long-term incentive schemes;
- the fulfillment of delegated responsibilities for KAP's share-based incentive schemes;
- a review of the human capital management practices in place across the group to ensure fairness, responsibility and transparency, alignment with King IV™ and compliance with the specific requirements of South African labour legislation;
- a self-assessment by the committee of the effectiveness of its operations and its members' performance as appraised against the relevant recommendations of King IV™; and
- a review of the recommendations of the divisional subcommittees and their assessment of compliance with the terms of reference prescribed by the committee, in order to establish whether the committee can rely on the work of the divisional subcommittees and to ensure that the divisional subcommittees remain aligned with the group's remuneration strategy, practices and policy.

Key considerations for the divisional subcommittees include the review of divisional:

- pay structures and equitable base-salary increases for all employees;
- performance management systems and processes;
- annual performance incentive schemes;
- long-term incentive schemes;
- employee relations management;
- talent management and succession planning;
- training and development; and
- employment equity.

Alignment with strategy

The sustainable success of KAP's business is critically dependent on its people in order to maintain quality products and high standards of service to customers in very competitive sectors. KAP's remuneration structures are therefore aligned with the group's long-term strategic business priorities, namely:

- to sustain and improve its leading positions in high-barrier-to-entry markets;
- to add value through specialisation in a diverse range of industries, markets and geographies;
- to grow sustainable long-term revenue;
- to increase its sustainable operating profit and cash flows; and
- to improve sustainable return on equity.

KAP's strategic objective is to be an industry leader in its chosen markets. This implies a requirement to attract and retain the best people in the industry and to consistently improve their skills. As KAP has grown into industry-leading positions, it has become increasingly exposed to and benchmarked against global best practice. Although KAP is a South African-based company, it earns approximately 17% of its revenue outside South Africa; it has operations in 12 different countries; it imports a significant proportion of its inputs from outside South Africa; a significant proportion of its inputs are globally indexed in foreign currencies; and it has international shareholders at certain business units who actively participate in the relevant businesses and several technology agreements with international companies. At a listed level, 21% of its shareholding is owned by foreigners. As a result, KAP expects its executives to have knowledge and experience across international borders and to be internationally mobile. KAP therefore competes for management and specialist skills and succession talent in a challenging global marketplace and, as a result, its approach to remuneration needs to remain competitive and encourage retention.

Service contracts

Executives' contracts are subject to terms and conditions of employment as governed by the Labour Relations Act of South Africa. The contracts of the top executives or any other executive directors do not contain termination packages or excessive notice periods. KAP's directors are not appointed for life.

In terms of King IV™, the board as a whole appoints directors upon a recommendation by the KAP nomination committee. On appointment, directors are subject to screening and a fit-and-proper test. In terms of the company's memorandum of incorporation and the Companies Act, No. 71 of 2008 of South Africa ('the Act'), all directors are subject to retirement by rotation from time to time.

Non-executive directors' remuneration
Independent surveys are obtained from expert consultants to assist the committee with its annual review of non-executive directors' fees.

The committee submitted its proposals to the board for the forward-looking fees payable for the period from the date of the forthcoming annual general meeting ('AGM') in November 2019 to the 2020 AGM, and the board has endorsed the committee's proposals. The non-executive directors receive fees for services rendered to the company and their remuneration is not linked to the company's share price, its share performance or its results. Non-executive directors do not qualify for shares in terms of the KAP Performance Share Rights Scheme and do not hold share rights under this scheme.

The company's executive directors are remunerated in terms of each director's contract with the company and they do not receive any fees for services rendered to the company.

Shareholder approval
Following the introduction of King IV™, in addition to the requirement to obtain shareholder approval for the payment of fees to the non-executive directors, the remuneration policy and implementation report will be tabled each year for separate non-binding advisory votes by shareholders at the AGM. In the event that either the remuneration policy or the implementation report, or both, are voted against by shareholders exercising 25% or more of the total voting rights exercised at the AGM, the committee will issue an invitation to dissenting shareholders to engage with them in a mutually accepted manner and timing in order to address legitimate and reasonable concerns.

At the AGM on 13 November 2018, the shareholders endorsed the remuneration policy and the implementation report of the company by way of separate non-binding advisory votes of 86.9% and 94.7% in favour respectively. As the non-binding advisory votes were passed by the requisite majorities, no further engagement with shareholders was required.

Remuneration policy

The committee has implemented a remuneration policy, which has been approved by the board and shareholders, to assist in the achievement of the group's strategy and objectives. The remuneration policy is reviewed on an annual basis and is aligned to the recommendations of King IV™, based on the following principles:

- Remuneration practices throughout the group are aligned with the applicable business vision and strategy.
- Remuneration is set at levels that are competitive and appropriate within the specific markets, geographical areas and industries in which the group operates.
- Incentive-based remuneration, applicable to management involved in determining and implementing the strategy of the group and/or divisions, is determined with reference to financial performance targets, strategy execution, broad-based black economic empowerment ('B-BBEE') targets, the achievement of environmental, social and governance ('ESG') goals, as well as internal control and compliance measures in order to promote the sustainable well-being of the group.
- Executive remuneration is fair, responsible and transparent in the context of overall remuneration in the group.

The committee seeks to ensure an appropriate balance between the guaranteed and performance-related elements of managerial remuneration and also between short-term performance and long-term sustainable stakeholder value creation. The committee considers each element of remuneration relative to the market and, in determining its quantum, takes into account the performance of the group and/or division, the management team and the individual concerned.

Elements of remuneration
Benchmarking of the remuneration of executive managers and executive directors was undertaken during the financial year, utilising the services of independent experts. The committee is satisfied that remuneration in all forms accruing to employees at all levels is market-related and equitably awarded under the remuneration systems and practices in place.

The remuneration policy covers two elements of remuneration:

Total cost to company guaranteed salary ('salary')
The salary element of remuneration incorporates all guaranteed cash benefits. Its purpose is to provide a competitive level of remuneration for employees. The salary is subject to annual review and is intended to be competitive, with reference to market practice in companies comparable in size, market sector, business complexity and geographic location, as well as equally graded positions. A global grading system is applied across the group that ensures standardised employee grading. Company performance, individual performance, general inflation and changes in responsibilities are also taken into consideration when determining annual base salaries.

The amount of the salary package is determined, with effect from 1 July each year, based on parameters approved by the board. Pay levels are based on individual and market factors, as follows:

- Position profiles are compiled for each approved position in each division and department and these are graded using the company's uniform grading system.
- A competency profile and levels of proficiency are determined for each approved position. Performance reviews of the employee may lead to the employee receiving merit increments from year to year, which, over time, enable him or her to earn remuneration at a level above the market median for a position, but within market norms.
- The market positioning of the pay of key managers and professional staff is benchmarked and reassessed regularly, using the market median of independent salary surveys as reference points.
- Inflationary remuneration increases are approved from year to year, taking into account movements in consumer price inflation in South Africa or the relevant country of operation.

The remuneration of employees, other than union and other bargaining structure represented employees, is contracted on a 'total cost to company package' basis, which includes basic salary, allowances and contributions by the company to retirement savings, risk insurance and medical schemes.

In terms of this arrangement, a minimum level of healthcare cover is a condition of employment at certain levels and additional cover is available to employees according to their personal circumstances. The healthcare benefits are outsourced to service providers. The company does not provide post-retirement healthcare benefits for current employees.

Employees throughout the group are able to contribute to various independently administered defined benefit retirement schemes.

The company encourages union membership and collective bargaining among its employees in order to provide for responsible and structured engagement. In relation to employees represented by trade unions or similar bargaining structures and similarly graded positions, their wages and substantive conditions of employment are negotiated from time to time with the applicable bargaining structures, preferably via collective bargaining processes. Changes to remuneration and benefits are negotiated in one, two or three-year arrangements. Multi-year arrangements are favoured in terms of stability and consistency in industrial relations. Access by these employees to suitable medical, retirement and associated insured benefits is also facilitated by the company. Advisory and administrative services are offered on an outsourced basis in relation to employment benefits.

Payments on termination of employment or office, sign-on, retention or restraint payments, commissions and allowances are limited to contractual, legal and/or negotiated obligations and any deviations from this policy in relation to senior executives would require appropriate motivation and the specific approval of the committee.

Variable performance-related incentives ('incentives')
A principle underlying this policy is that senior executives and managers of the company and each of its business units are required to assume more business risk in relation to corporate returns and sustainable performance than their subordinates and to place more of their remuneration at risk in relation to the achievement of certain targets. Consequently, they are offered a combination of guaranteed and variable pay to incentivise performance on a sustainable long-term basis.

Variable pay is designed to incentivise and reward both team and individual effort and serves as a tool to attract, motivate and retain staff of the calibre required to achieve the objectives of the business. These policies are also used to ensure that top management are duly motivated to achieve organisational goals and strategic objectives to ensure the long-term sustainability of the company. Bonuses are determined and paid in the financial year following that to which the performance relates and are disclosed together with the applicable performance targets.

This remuneration philosophy historically provided for a high weighting toward risk-based remuneration based on achievement of rigid financial targets, on an 'all or nothing' basis that had the potential to negatively influence the culture of the company and the behaviour of its executives over time. The remuneration philosophy of the company was therefore reconsidered during the year under review in order to encourage a more balanced and socially responsible approach to the management of the business and to ensure that growth is sustainable over the long term. In this regard, the inclusion of B-BBEE targets, long-term strategy execution, internal audit compliance, ESG goal achievement and executive retention was approved by the committee on 14 August 2018 as additional measurement criteria in the company's incentive schemes.

Annual incentive bonus (AIB) scheme
The objective of the AIB scheme is to achieve growth in earnings and the conversion of earnings to cash. The AIB, payable in cash, is further designed to incentivise applicable levels and groupings of management to achieve the divisional and the group's short-term goals. Targets are set by taking into account various factors, including the prevailing economic environment, relevant market conditions in the sectors within which the group operates, the performance of market peers, as well as the group's objective of improving its performance over time. Objectives are set after taking into account that management is obliged to maintain the group's assets on a sustainable basis.

For the group's executive management, the performance measures for the AIB include:

Objective	Measurement criteria	Weighting
Performance against profit targets	Core headline earnings per share (at group level) Core headline earnings before tax (at division level)	75%
Performance against cash flow targets	Cash from operations, less net cash finance cost, less cash taxation, (less)/add any capex and investment (over)/underspend	
Performance against B-BBEE targets	B-BBEE scorecard points defined in terms of the B-BBEE Codes of Good Practice	15%
Performance against internal audit and compliance targets	Management effectiveness in maintaining the integrity of the system of internal controls against predetermined targets	10%

AIB allocations to the executive management are weighted as follows:

Role	Percentage of AIB relating to group performance	Percentage of AIB relating to divisional performance	On-target bonus as a percentage of guaranteed salary
Chief executive officer	100%	–	50%
Chief financial officer	100%	–	50%
Divisional chief executive officers	50%	50%	50%
Human resources executive	100%	–	50%
Business development executive	100%	–	50%
Stakeholder relations executive	100%	–	50%
Key divisional management	–	100%	15% – 50%

The group's executive committee (i.e. chief executive officer, chief financial officer, divisional CEOs, human resources executive, business development executive and stakeholder relations executive) participates in a group AIB pool in order to support the alignment of the interests of executive management with those of the group's shareholders and to ensure the optimal allocation of capital between divisions in the group. Divisional CEO incentives are split 50/50 in relation to group and divisional performance against relevant measurement criteria in order to balance divisional performance with group performance, without compromising the optimal allocation of capital across the group.

Key executives are further entitled to participate in the value created by performance in excess of targeted measurements applicable to their respective division or the group. This participation varies between 12% and 20% of excess over targets of applicable measured earnings. Any incentive that exceeds 100% of an executive's cost to company in a year will be carried forward for payment in the following financial year if the relevant executive is still in the employ of the group and has a clean disciplinary record.

The performance objectives for group and individual divisions are assessed, taking into account their specific industry, identified peers and/or competitors and the maturity of the group or division. The committee performs an annual review to ensure that the performance measures and the targets set are appropriate within the economic context and the performance expectations for the division or group.

The committee retains the discretion to make adjustments to AIB payments, taking into account both group performance and the overall and specific contribution of the management teams toward meeting the group's objectives. Divisional bonus schemes applicable to middle and junior management are aimed at achieving project, production and sales-related targets.

Long-term incentives schemes
KAP competes for management skills and talent and its approach to remuneration takes account of the need to retain key management over the long term. Long-term incentives are awarded with the primary aim of promoting the sustainability of the company through business cycles; aligning performance of key management with the interests of stakeholders; and retaining key management over the long term. The long-term incentives comprise a share rights scheme ('SRS') for executive staff and a cash-settled ('LTI') scheme for key senior management.

For the group's executive management, the performance measures for the SRS and LTI include:

Objective	Measurement criteria	Weighting
1. Achievement of financial targets		
Performance against profit target	Cumulative three-year core headline earnings per share	35%
Performance against cash flow target	Cumulative three-year cash from operations, less net cash finance cost, less cash taxation, (less)/add any capex and investment (over)/underspend	
Performance against return on equity target	Return on equity over three years	15%
2. Implementation of key strategic initiatives related to the strategic development and competitive positioning of KAP		
• Securing an appropriate and flexible capital and debt structure in order to minimise the risk of stressed debt or equity issuance in volatile economic environments • Implementation of risk management policy and framework • Successful conclusion and implementation of strategic mergers, acquisitions and disposals • Implementation of growth initiatives, which do not necessarily benefit the year under review • Other initiatives, such as B-BBEE, internal audit ratings, health and safety, succession planning, etc.	Board-approved initiatives	15%
3. Achievement of ESG targets	**FTSE4Good Index measurement criteria**	10%
4. Retention	**Continued employment through the measurement period with a clean disciplinary record on vesting date**	25%

The allocation of SRS and LTI incentives is at the discretion of the committee and applies to individuals who are key to determining and implementing the long-term vision and strategy at group and/or divisional levels. Benchmark performance criteria are aligned with the group's long-term strategic priorities to ensure that there are no 'windfall' gains. The allocation and quantum of long-term incentives are based on the responsibility levels and salary packages of relevant individuals. Share rights vest in weighting as detailed above if the relevant objective was achieved over the measurement period.

The value of SRS allocations to the group's executive management is as follows:

Role	Percentage of guaranteed salary allocated to share scheme
Group chief executive officer	167%
Group chief financial officer	167%
Divisional chief executive officers	133%
Group human resources executive	100%
Group business development executive	53%
Stakeholder relations executive	133%
Key divisional management	33% – 133%

In order to qualify for the LTI, participants are required to achieve their own division's measurement criteria, as detailed above, over a cumulative three-year period. The value of LTI allocations to the group's senior management are as follows:

Role	Percentage of guaranteed salary allocated to long-term cash incentive
Key divisional management	25% – 67%

Except as approved by the committee in exceptional circumstances, share rights and LTI allocations will lapse should any participant in the SRS or LTI scheme leave the employ of the group other than in the event of death, incapacity, disability or retirement, as detailed in the share scheme rules approved by shareholders.

Implementation report

During the 2019 financial year, the remuneration policy of the group was applied with no deviations.

Total cost to company guaranteed salary

The base salaries of executive management were benchmarked by an external service provider, with reference to market practice by companies comparable in size, market sector, business complexity and geographic location, in order to ensure that they provide a competitive level of remuneration. Base salary increases were awarded based on inflation, except where there were changes in responsibilities and roles that warranted higher increases.

The base salaries of the executive committee comprised the following elements:

Executive directors	Total guaranteed salary 2019 R	Total guaranteed salary 2018 R	Increase in guaranteed salary
Gary Noel Chaplin [1]	7 400 000	6 000 000	23%
Frans Hendrik Olivier [2]	4 500 000	3 700 000	22%
Total	**11 900 000**	**9 700 000**	

[1] Gary Noel Chaplin's base salary was increased in the last of a two-phased approach aimed at aligning his remuneration with the market median for companies of similar size and complexity.

[2] Frans Hendrik Olivier's base salary was increased in the last of a two-phased approach aimed at aligning his remuneration with the market median for companies of similar size and complexity.

	Total guaranteed salary 2019 R	Total guaranteed salary 2018 R	Increase in guaranteed salary
Other executive committee members	35 138 882	27 172 000	29%

The increase in guaranteed salaries paid to other executive committee members is based on inflation, additional responsibilities resulting from acquisitions, market benchmarks and an increase in the number of executive committee members. The year-on-year increase, excluding the impact of changes in the number of members, is 12% as a result of additional responsibilities assumed by certain Exco members and restructure of certain packages between short-term and long-term incentives.

Annual incentive bonus (AIB)

Bonuses paid in the 2019 financial year were determined in line with the remuneration policy and were awarded based on the following criteria in relation to the 2018 financial year:

1. Achievement of operational and financial growth objectives for the 2018 financial year		
Objective	**Target**	**Performance**
Performance against profit target	Headline earnings before tax of R2 149 million	Headline earnings before tax of R2 128 million
Performance against cash flow targets	Cash flow from operations less net finance cost of R2 497 million	Cash flow from operations less net finance cost less capex over spend of R2 131 million

2. Implementation of key strategic initiatives related to the strategic development and competitive positioning of KAP for the 2018 financial year		
Objective	**Target**	**Performance**
• Securing an appropriate and flexible capital and debt structure in order to minimise the risk of stressed debt or equity issuance in volatile economic environments • Implementation of risk management policy and framework • Successful conclusion and implementation of strategic mergers, acquisitions and disposals • Implementation of growth initiatives that do not benefit the year under review • Other initiatives, such as B-BBEE, internal audit ratings, health and safety, and succession planning, etc.	At the discretion of the board	Following the collapse of a strategic shareholder in December 2017, management successfully protected the company from any contagion impact through various measures, as follows: • securing continued lines of credit with banking partners and suppliers; • maintaining uninterrupted operational execution; • securing payment of R585 million to employee beneficiaries of the shareholder funded S'khulasonke Scheme; • terminating provision of services agreement with the strategic shareholder; • establishment of a full corporate services function in two new corporate offices; and • independent review of governance structures. The group continued with strategic corporate activities to enhance its quality of earnings and its sustainability into the future. In line with its key investment criteria, the group entered into the following material transactions with a dedicated focus on strategic industrial assets: • The company concluded a series of transactions and funding arrangements in order to facilitate greater than 51% 'black ownership' and greater than 30% 'black-women ownership' of its South African logistics operations, Unitrans Supply Chain Solutions Proprietary Limited ('USCS'). • Support-a-Paedic Proprietary Limited and RME Components Proprietary Limited were acquired effective 1 December 2017 for R48 million, in order to provide the Integrated Bedding division with access to new markets and brands. • On 1 December 2017, Southern Star Logistics Proprietary Limited (a 50%-owned subsidiary) was formed in order to facilitate growth in the eSwatini territory. Certain assets from KAP-owned subsidiaries Unitrans Swaziland Proprietary Limited and Unitrans Agricultural Services Proprietary Limited, were combined with a R92 million contribution of assets from an external party, South Star Investments Proprietary Limited. • KAP acquired 45% minority interests in Crystal Cool Holdings Proprietary Limited on 1 July 2017 for R10 million in order to consolidate and streamline operations in the Contractual Logistics division. The following funding activities were concluded during the period to facilitate longer-dated maturities to accommodate future growth: • R2 004 million raised through bond issuances, with three- and five-year tenures; • R240 million bond settled at maturity; • R1 750 million of existing term loan facilities settled; and • the KAP bond programme increased from R5 billion to R10 billion. Global Credit Rating Co Proprietary Limited reviewed KAP's credit rating in October 2017 and upgraded KAP from A(za) to A+(za) with a stable outlook.

The committee reviewed the performance of individuals against the target criteria set out above and although financial targets were not met, the remuneration committee resolved to award discretionary bonuses on the basis of individual performances, primarily in relation to the strategic initiatives detailed above.

Executive directors	Total bonuses 2019 R
Gary Noel Chaplin	3 000 000
Frans Hendrik Olivier	1 850 000
Total	**4 850 000**
Other executive committee members	**3 600 000**

Long-term incentives
Long term incentives were awarded in line with the remuneration policy and stipulated allocation levels. The committee reviewed the performance of individuals against the target criteria (in line with the AIB criteria) for the December 2015 grant and approved the vesting thereof, where target criteria were met.

Executive directors	Offer date	Vesting date	Number of rights as at 30 June 2018	Number of rights (exercised)/ (expired)/ awarded during the year	Number of rights as at 30 June 2019	Market value of rights at grant date R	Market value of rights upon vesting R	Market value of rights at 30 June 2019 R
Gary Noel Chaplin	Dec 2015	Nov 2018	1 151 851	(1 151 851)	–	8 189 661	8 984 438	–
	Dec 2016	Dec 2019	1 401 589	(1 401 589)	–	10 638 061	–	–
	Dec 2017	Dec 2020	1 198 565	–	1 198 565	10 427 516	–	6 699 978
	Nov 2018	Nov 2021	–	1 578 289	1 578 289	12 705 226	–	8 822 636
Total			**3 752 005**	**(975 151)**	**2 776 854**	**41 960 464**	**8 984 438**	**15 522 614**
Frans Hendrik Olivier	Dec 2015	Nov 2018	486 191	(486 191)	–	3 456 818	3 792 290	–
	Dec 2016	Dec 2019	713 328	(713 328)	–	5 414 160	–	–
	Dec 2017	Dec 2020	588 636	–	588 636	5 121 133	–	3 290 475
	Nov 2018	Nov 2021	–	959 770	959 770	7 726 149	–	5 365 114
Total			**1 788 155**	**(239 749)**	**1 548 406**	**21 718 260**	**3 792 290**	**8 655 589**
Total executive directors			**5 540 160**	**(1 214 900)**	**4 325 260**	**63 678 124**	**12 776 728**	**24 178 203**
Karel Johan Grové*	Dec 2015	Nov 2018	827 893	(827 893)	–	5 886 319	6 457 565	–
Total			**827 893**	**(827 893)**	–	**5 886 319**	**6 457 565**	–
Total non-executive directors			**827 893**	**(827 893)**	–	**5 886 319**	**6 457 565**	–
Total directors			**6 368 053**	**(2 042 793)**	**4 325 260**	**69 565 043**	**19 234 293**	**24 178 203**

** Share rights of Karel Johan Grové have been adjusted to reflect the pro rata entitlement as per the rules of the share scheme in terms of retirement.*

Non-executive directors' remuneration

Non-executive directors' remuneration is reflected as follows based on pre-planned and annually scheduled meetings. Additional meetings are held by the board and its subcommittees from time to time as required and are remunerated accordingly.

Non-executive directors' fees	Increase %	2020 R	2019 R
Board membership fees			
Independent non-executive chairman	6	916 000	864 000
Non-executive deputy chairman	6	579 000	546 000
Non-executive deputy chairman – additional services	–	–	360 000[1]
Member	6	365 200[2]	344 500
Ad hoc meeting fee (fee per formal meeting)	6	78 700[3]	74 200
Audit and risk committee fees			
Chairman	6	424 000	400 000
Member	6	212 000	200 000
Human resources and remuneration committee fees			
Chairman	6	174 200	164 300
Member	6	84 300	79 500
Nomination committee fees			
Chairman	6	7 300	6 900
Member	6	7 300	6 900
Social and ethics committee fees			
Chairman	6	33 700	31 800
Member	6	16 900	15 900
Investment committee fees			
Chairman (fee per formal meeting)	6	31 800	30 000
Member (fee per formal meeting)	6	26 500	25 000

[1] The non-executive deputy chairman facilitated the meetings of the divisional management boards on a quarterly basis as an independent facilitator. Remuneration in relation to these additional services was based on a rate of R15 000 per meeting. He will no longer facilitate these meetings.
[2] This comprises an annual retainer of R50 800 (2019: R47 700) and a per meeting fee of R78 600 (2019: R74 200), based on four scheduled formal board meetings per annum
[3] From time to time the board may be required to meet formally in addition to the scheduled annual commitments. In such an event, all non-executive directors will qualify for the ad hoc formal meeting fee upon attendance.
All reasonable travelling and accommodation expenses to attend board and committee meetings are paid by the company.

Areas of future focus

The committee will focus on its commitment to the application of King IV™ and, in adhering on a transparent basis to the King IV™ principle of fair, responsible and balanced remuneration, will consider all new developments and best practice in this field, in order to further the best interest of all stakeholders.

The company has targeted four key areas of focus in relation to its divisional human and resources activities, namely:
- leadership development;
- succession planning;
- employment equity; and
- training and development.

The successful development of these areas will provide a sound platform for sustainable growth of the company and its employees.