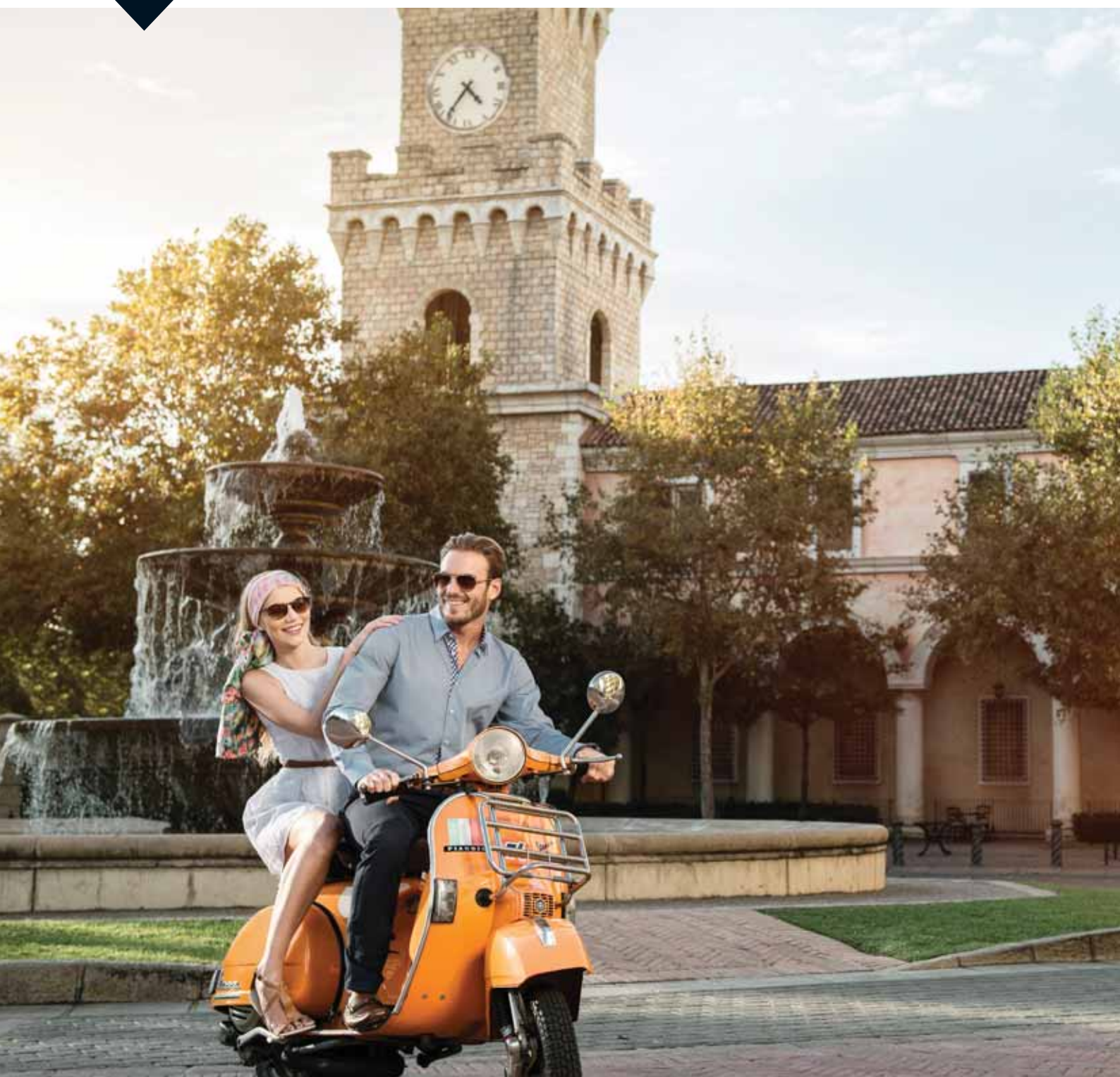
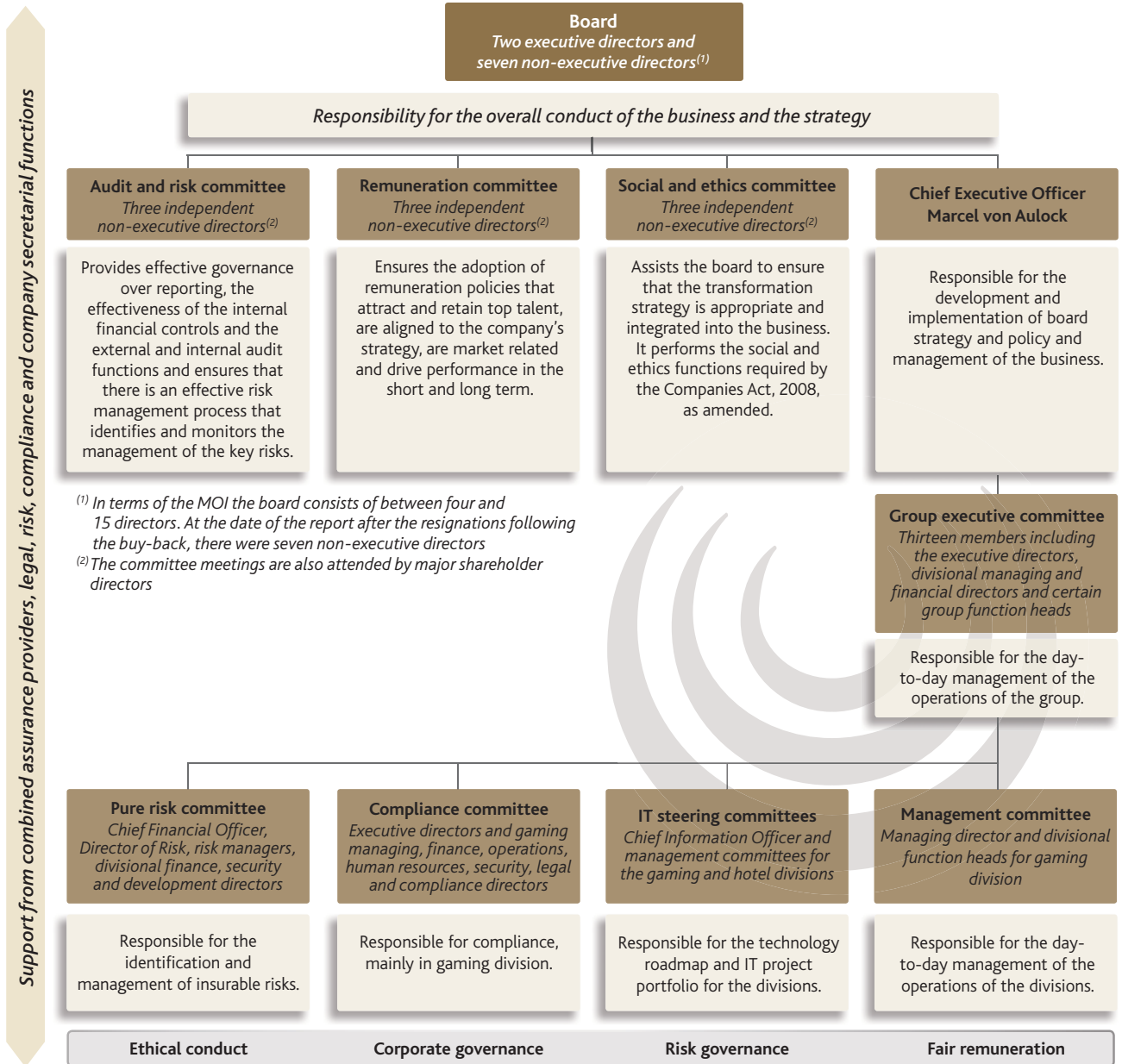


# GOVERNANCE AND REMUNERATION



# Corporate governance

## Our governance framework



### The board and board committees

The board maintains full and effective control over the company and is accountable and responsible for its performance. The board reviews the strategic priorities of the group, determines the investment policies and delegates to management the detailed planning and implementation of the objectives and policies in accordance with appropriate risk parameters. The board monitors compliance with policies and achievement against objectives by holding management accountable for its activities through quarterly performance reporting and budget updates.

The board charter codifies the board's composition, appointment, authorities, responsibilities and processes and sets out the fiduciary duties of the directors of the company. It provides the board with a mandate to exercise leadership, determine the group's vision and strategy and monitors operational performance.

The board governs through clearly mandated board committees. Each committee has specific written terms of reference issued by the board and adopted by the committee. All committee chairmen report orally on the proceedings of their committees at the board meetings.

## Corporate governance continued

### Our board

#### MN VON AULOCK

CA(SA)  
Executive Director –  
Chief Executive Officer  
Age: 40



Marcel von Aulock served his articles at PwC and joined Tsogo Sun as Group Financial Manager in 1999. In 2004 he was promoted to Group Strategic Planning Director. In 2009 he was appointed Chief Financial Officer and on 30 September 2011 he assumed the role of Chief Executive Officer.

#### RB HUDDY

CA(SA)  
Executive Director –  
Chief Financial Officer  
Age: 45



Rob Huddy served his articles at PwC and joined Tsogo Sun in 1997. He held various management positions prior to being appointed Financial Director – Hotels Offshore in 2006 and Financial Director – Hotels South Africa in 2009. On 30 September 2011 he assumed the role of Chief Financial Officer.

#### JA COPELYN

BA(Hons), BProc  
Non-executive Chairman and member  
of the remuneration committee  
Age: 64



John Copelyn joined HCI as Chief Executive Officer in 1997. He was previously General Secretary of the Southern African Clothing and Textile Workers Union from 1974 before becoming a member of parliament in 1994. He currently holds various directorships and is Non-executive Chairman of e.tv.

#### MA GOLDING

BA(Hons)  
Non-executive Director  
Age: 54



Marcel Golding joined HCI as Chairman in 1997. Prior to this he was a member of parliament and Deputy General Secretary of the National Union of Mineworkers. He is Chief Executive Officer of e.tv and Chairman of KVV Holdings.

#### VE MPHANDE

Elec Eng (Dip)  
Non-executive Director  
Age: 56



Elias Mphande has served as the National Organising Secretary of the Southern African Clothing and Textile Workers Union, Marketing Director of Viamax Fleet Solutions, Chief Executive Officer of AUTA and the Vukani Group and Chairman of Golden Arrow Bus Services. He was appointed to the HCI board in 2010 as a Non-executive Director and serves on the board of Vukani Gaming Corporation and e.tv.

Yunis Shaik is an admitted attorney of the High Court of South Africa and is presently in private practice. He is a former Deputy General Secretary of the Southern African Clothing and Textile Workers Union and a director of Workers' College. He has served as a Senior Commissioner to the KwaZulu-Natal CCMA. He was appointed to the board of HCI in 2005 as lead independent non-executive director of HCI in 2010 and as Executive Chairman in April 2014.



**Y  
SHAIK**

*BA(Law), BProc*  
Non-executive Director, member of the social and ethics committee and Chairman of the remuneration committee

Age: 56

Rex Tomlinson was Human Resources Director of Illovo Sugar Limited, before joining Nampak, where he held numerous executive line management roles and was a member of the Nampak Limited board. He joined Liberty Holdings in 2004, was appointed Deputy Chief Executive in 2005 and to the Liberty Holdings board in 2006 where he served until his resignation in 2010. He is a director of Kelly Group Limited and Chairman of three unlisted companies.



**RG  
TOMLINSON**

*BCom, HDip Personnel Management*  
Lead Independent Non-executive Director, Chairman of the audit and risk committee and the social and ethics committee and member of the remuneration committee

Age: 51

Busi Mabuza has held various positions in the financial services and energy sectors and is currently a non-executive director at Airports Company South Africa, Central Energy Fund Proprietary Limited, Development Bank of Southern Africa, Industrial Development Corporation and Nehawu Investment Holdings.



**BA  
MABUZA**

*BA MBA*  
Independent Non-executive Director, member of the audit and risk committee

Age: 50

Jabu Ngcobo held the positions of General Secretary of the Southern African Clothing and Textile Workers Union from 1994 to 1999 and the Regional Secretary for Africa of the International Textile Garment and Leather Workers Federation from 1999 to 2006. He was appointed to the board of HCI in 2004 and serves as a director of HCI Coal.



**JG  
NGCOBO**

Independent Non-executive Director, member of the audit and risk committee, the social and ethics committee and remuneration committee

Age: 63

## Corporate governance continued

### The board

#### Segregation of duties

The roles of the Chairman and the Chief Executive Officer are separate, with responsibilities divided between them to ensure a balance of power and authority. The Chairman is responsible for providing overall leadership of the board and ensuring that the board performs effectively. The Chief Executive Officer is responsible for the execution of the strategic direction, which is approved by the board, through the delegation of authority.

The Lead Independent Director is Rex Tomlinson who chairs or serves on all of the committees of the board and is therefore well placed to influence the governance of the company and meet his obligations as Lead Independent Director.

The Company Secretary ensures that board procedures and relevant regulations are fully adhered to. The Company Secretary is not a director of the company. The directors have unlimited access to the advice and services of the Company Secretary. The board is satisfied that the Company Secretary is competent and has the appropriate qualifications and experience required by the group. The Company Secretary also acts as secretary for the committees of the board.

All directors have unrestricted access to company records, information, documents and property and unfettered access to management at

any time. All directors are entitled, at Tsogo Sun's expense, to seek independent professional advice on any matters pertaining to the group where they deem this to be necessary.

#### Board composition and attendance

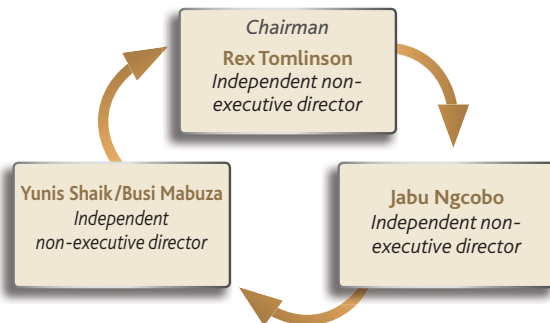
The composition of the board and of the audit and risk, remuneration and the social and ethics committees were determined primarily by the terms of the relationship between the majority shareholders. Post-year end, following the disposal of SABMiller of its shareholding, J Davidson, JS Wilson, MI Wyman and JA Mabuza resigned. An additional independent non-executive director, BA Mabuza, has been appointed post-year end due to the appointment of Y Shaik as an executive director of HCI. No independent director has served for more than nine years. The board considers that there is an appropriate balance of skills, experience, independence and knowledge among the independent directors. One third of the directors retire by rotation each year in line with the memorandum of incorporation.

During the year there were four board meetings. Individual directors' attendance at the board and committee meetings and at the AGM is set out in the table below:

	Board	Audit and risk committee	Remuneration committee	Social and ethics committee	AGM
<b>Executive directors</b>					
Marcel von Aulock	4/4				✓
Rob Huddy	4/4				✓
<b>Non-executive directors</b>					
<b>Chairman</b>					
John Copelyn	4/4		1/2		✓
<b>Deputy Chairman</b>					
Jabu Mabuza	2/4				
<b>Lead independent</b>					
Rex Tomlinson	4/4	3/3	2/2	2/2	✓
<b>Independent</b>					
Jabu Ngcobo	4/4	3/3	2/2	2/2	
Yunis Shaik	4/4	2/3	2/2	1/2	
<b>Non-independent</b>					
John Davidson	1/1		1/1		
Marcel Golding	4/4				
Graham Mackay	0/3		0/1		
Elias Mphande	4/4				
Jamie Wilson	4/4				
Malcolm Wyman	4/4				

In addition, the divisional Managing Directors and the Group Human Resources Director attend board meetings, enabling the board to explore specific issues and developments in greater detail.

### Audit and risk committee



#### Key objective:

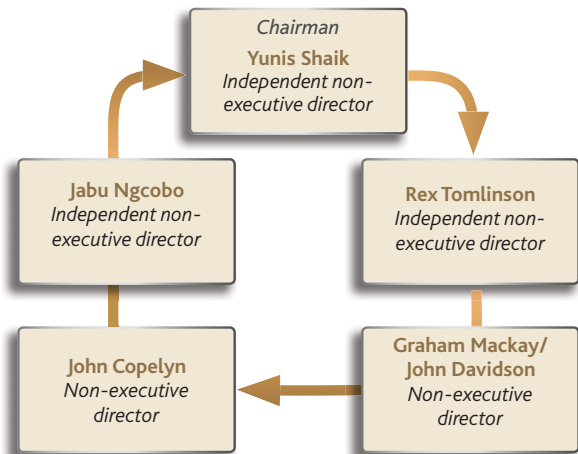
*The provision of effective governance over the appropriateness of the group's financial and integrated reporting including the adequacy of related disclosures, the performance of both the internal audit function and the external auditor, and the management of the group's systems of internal control, business risks and related compliance activities.*

The committee met three times during the year. The Chief Executive Officer, the Chief Financial Officer, the group's Director of Risk, the Chief Information Officer and directors from the majority shareholders attend the meetings as permanent invitees, along with external audit and the outsourced internal audit. Other directors and members of management attend as required. Post-year end Yunis Shaik was replaced on the committee by Busi Mabuza as he is no longer considered independent.

The work of the audit and risk committee during the year focused on:

- ❖ review of the risk landscape to which the group is exposed in relation to the group's risk tolerance and risk appetite levels and evaluation of the appropriateness of management's responses to the risks;
- ❖ oversight of the implementation of the combined assurance model;
- ❖ review of IT risks in relation to core operational systems, systems projects and security initiatives;
- ❖ review of material legal, legislation and regulatory developments;
- ❖ review of and recommendation to the board for approval of the interim and annual results announcements and the annual financial statements and integrated annual report;
- ❖ approval of the external audit and internal audit plans;
- ❖ evaluation of the independence and effectiveness of, and the fees and terms of engagement of the external auditors;
- ❖ evaluation of the effectiveness of the outsourced internal audit function;
- ❖ assessment of the internal control environment, particularly in relation to the group's system on internal financial controls;
- ❖ evaluation of the group's whistle-blowing systems; and
- ❖ assessment of the expertise and experience of the Chief Financial Officer.

### Remuneration committee



#### Key objective:

*The committee is empowered by the board to assess and approve the broad remuneration strategy for the group, the operation of the company's short-term and long-term incentives for executives across the group, and set short-term and long-term remuneration for the executive directors and members of the executive committee.*

The committee met twice during the year. The Chief Executive Officer and the group's Human Resources Director attend the meetings as permanent invitees, except when issues relating to their own compensation are discussed. The composition of the committee will be reconsidered prior to the next meeting as Yunis Shaik is no longer considered independent.

The scope of the remuneration committee's work during the year included the following matters:

- ❖ monitoring and providing guidance in matters relating to organisational culture, structures and processes that support the development and retention of people, and the optimisation of their potential;
- ❖ ensuring that the priorities of employment equity and skills retention form part of the business plans of the group – enforcing, monitoring and auditing development and progress;
- ❖ determining the group's general policy on executive and senior management remuneration and the specific remuneration packages for the executive directors and other senior executives of the group, and to ensure that they are fairly, competitively but responsibly rewarded for their individual contributions and performance; and
- ❖ determining any criteria necessary to measure the performance of executive directors and other senior executives and approving targets for any performance-related pay schemes.

Further details of the group's remuneration policy and the work of the remuneration committee can be found in the remuneration section on page 71 to page 75.

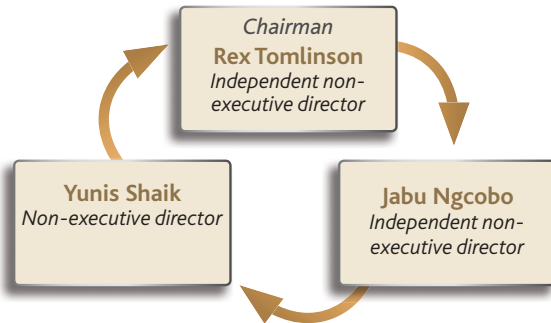


Refer to the report of the audit and risk committees on page 3 of the consolidated financial statements for the year ended 31 March 2014.

## Corporate governance continued

### The board continued

#### Social and ethics committee



#### Key objective:

*The purpose of the committee is to regularly monitor the company's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice and, in particular, to monitor the group's compliance with the applicable requirements of Regulation 43 of the South African Companies Act in relation to matters pertaining to social and economic development, good corporate citizenship, environment, occupational health and public safety, labour and employment and the group's code of ethics and sustainable business practice.*

The committee met twice during the year. The Chief Executive Officer, the Chief Financial Officer, the group's Director of Risk, the group's Human Resources Director and directors from the majority shareholders attend the meetings as permanent invitees, along with other directors and members of management who attend as required.

The work of the social and ethics committee during the year focused on:

- ❖ the revisions to the BBBEE codes;
- ❖ disputes with government or legislation;
- ❖ compliance with regulations;
- ❖ socio-economic development and enterprise development;
- ❖ environmental management and certification;
- ❖ customer satisfaction, loyalty and health and safety and consumer protection;
- ❖ job creation, employee health and safety, employee development and employment equity; and
- ❖ preferential procurement.

The matters considered during the year are included in the deliver to our stakeholders section on page 39 to page 46, the product relevance to customer experience section on page 48 to page 51, the regulatory compliance section on page 52 and the human resources section on page 53 to page 55. The main area of concern discussed by the committee during the year was on the potential impact of the revisions to the BBBEE codes on the current achievements and

potentially on casino licences. Refer to the transformation section on page 46 for more information. There were no other significant matters of concern raised during the year.

#### Combined assurance

The board and executive management acknowledge that an integrated approach to the total process of assurance will improve assurance coverage and quality and will be more cost-effective. To this end, the group is finalising a combined assurance model that will address all areas that require assurance. Key participants in this process are the audit and risk committee, external audit, internal audit, various external assurance providers including environmental certification, as well as internal assurance providers – primarily management and the group's organisational resilience management standard process.

#### Conflicts of interest


The directors are required to avoid situations where they have direct or indirect interests that conflict or may conflict with the group's interests. Procedures are in place for disclosure by directors of any potential conflicts and for appropriate authorisation to be sought if conflict arises.

#### Internal control

The directors are responsible for the group's systems of internal control. The systems of internal control are designed to manage rather than eliminate risk, and provide reasonable but not absolute assurance as to the integrity and reliability of the financial statements, the compliance with statutory laws and regulations, and to safeguard and maintain accountability of the group's assets.

The directors have satisfied themselves that adequate systems of internal control are in place to mitigate significant risks identified to an acceptable level. Nothing has come to their attention to indicate that a material breakdown in the functioning of these systems within the group has occurred during the year.

#### King III application

The King III gap analysis, to review the company's application of the various principles of King III, was updated during the year. A copy of the full gap analysis is available on the company's website. 

The principles required by King III where application is currently 'in progress' are as follows:

- ❖ A regulatory universe has been defined and a compliance framework is in the process of being documented to evaluate whether all applicable laws are applied and adhered to.
- ❖ The adoption of the group governance framework will be minuted at subsidiary board meetings.
- ❖ The combined assurance model is being formally documented.

The principles required by King III where application is 'applied differently' are as follows:

❖ The board should elect a chairman of the board who is an independent non-executive director. The CEO of the company should not also fulfil the role of chairman of the board.	The majority shareholders exercised their prerogative to appoint John Copelyn as the Chairman, representing their interests. As a compensating control, a lead independent director was appointed, namely Rex Tomlinson.
❖ The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent.	The majority shareholders exercised their prerogative to appoint the directors representing their interests. The majority of the directors are non-executive with three of the non-executive directors being independent.
❖ Directors should be appointed through a formal process.	Directors are appointed by the major shareholders. Formal letters of appointment including the required roles and responsibilities are, however, not issued.
❖ The induction of and ongoing training and development of directors should be conducted through formal processes.	The board has a stable and long-term membership with low director turnover. Training is facilitated as required. The majority of the directors have experience in serving on other JSE listed boards.

**Group executive committee**

The board delegates responsibility for determining and implementing the group’s strategy and managing the group to the Chief Executive Officer who is supported by the GEC. The committee coordinates operational execution of the strategy, ensures effective internal controls are functioning and that there is an effective risk management process in operation throughout the group. The members of the GEC at 31 March 2014 were:



**IT governance**

The board of directors is accountable for IT governance. An IT governance charter has been adopted and approved by the board and takes into account the requirements of King III, globally accepted standards and good practice, together with the performance and sustainability objectives of the group. This charter outlines the decision-making rights and accountability framework for IT. The Chief Information Officer reports directly to the Chief Executive Officer and has responsibility for the ownership and execution of IT governance.

All IT strategies in support of business objectives are debated in divisional management and IT steering committees prior to being presented to the GEC. Once agreed and prioritised these are motivated to the board for approval. All approved investments are tracked through the divisional management and IT steering committees to ensure delivery of business benefit.



# Corporate governance continued



## Remuneration report

### Remuneration philosophy and policy

Key tenets of our remuneration philosophy are that we act fairly and responsibly in our approach to employee remuneration and benefits at all times, ensuring our actions are sustainable, that they underscore our objective of being an employer of choice, and are aligned to the strategic and operational requirements of the business.

The objective of the group's remuneration policy is to ensure that we attract and retain employees of the right calibre and skills and motivate them to achieve exceptional performance aligned to our strategic priorities. We aim to reward employees fairly and equitably through both financial rewards and non-financial benefits such as performance recognition, development and career opportunities. We believe our employees and their representative trade unions, where relevant, value the consistency and predictability of how the terms and conditions of employment are determined, both in times of economic growth and in difficult economic conditions.

Total rewards are set at levels that are competitive within the gaming, entertainment and hospitality sectors and the group utilises market surveys to ensure that the components of the remuneration structure are appropriate. The fixed and variable element mix of the remuneration structure differ depending on the employee grade.

### Senior management and executive remuneration



Short-term incentives reflect a balance between annual financial performance and other specific strategic priorities over which the participant has influence in order to ensure that achievement of short-term financial performance is not at the expense of future opportunities. Between 15% and 40% of the potential award is based on non-financial strategic priorities dependent on the employee grade. Where relevant and if the information is publicly available, an additional 25% of the potential award is linked to the relative performance of a business unit against a regional or national market set.

The group seeks to ensure an appropriate balance between fixed and performance-related elements of remuneration, and those aspects of the package linked to short-term financial performance and to those linked to longer-term shareholder value creation. The combination of the components ensures that high pay is achieved only for high performance and high shareholder returns. Senior executives have a larger proportion of their total remuneration subject to performance-based variable principles. Long-term incentives are either cash settled, resulting in income statement volatility but no dilutionary impact to shareholders, or, in the case of nominated senior executives, structured as an interest-free facility for the purpose of acquiring shares in the company where the value for the executives arising from the facility will come out of the shares acquired in the market and there will not be a cash cost to the group, as per the existing share appreciation scheme, nor a dilutionary impact to shareholders.

The remuneration committee considers each element of remuneration relative to the market and takes into account the performance of the group and the individual executive in determining both quantum and design. The remuneration committee also considers the total remuneration (fixed pay plus short-term and long-term incentives) that may be earned at various levels of performance.

## Remuneration report continued

### Key elements of remuneration

Fixed pay				
	Base salaries	Non-executive directors' fees	Retirement benefits	Other benefits
Purpose and link to strategy	Provides a fixed level of earnings appropriate to the requirements of the role	Remunerates non-executive directors for their responsibilities and time commitment	Provides the basis for retirement savings	Provides benefits appropriate to the market and the role
Application dependent on employee type and level	All employees	Non-executive directors	All employees entitled to benefits are required to belong to an approved pension/provident fund	All employees entitled to benefits are eligible for membership of an approved medical scheme and other benefits
Operation and performance measures	<p><b>Base salaries</b> Base salaries are subject to annual review. Tsogo Sun's policy is to be competitive at the median level with reference to market practice in companies comparable in terms of size, market sector, business complexity and international scope. However, base salaries of individuals and incumbents in key roles are aligned to the upper quartile level of the market. Group performance, individual performance and changes in responsibilities are also taken into consideration when determining increases to base salaries</p>	<p><b>Non-executive directors' fees</b> The fees for the non-executive directors have been recommended by the remuneration committee to the board for their approval, taking into account fees payable to non-executive directors of comparable companies and the importance attached to the attraction and retention of high calibre individuals as non-executive directors. Levels of fees are also set by reference to the responsibilities assumed by the non-executive directors in chairing the board and in chairing or participating in its committees</p>	<p><b>Retirement fund membership</b> Retirement funding for management, who are remunerated on a total package basis, is non-contributory and is included in their total cost of employment. For staff, retirement funding consists of employer and employee contributions dependent on fund membership. The group offers a pension fund (Tsogo Sun Group Pension Fund) and two provident funds (Alexander Forbes Retirement Fund (Provident Section) and Gold Reef Resorts Provident Fund). Other approved funds include union-negotiated funds and funds to which members have historically belonged. Members of the Gold Reef Resorts Executive Provident Fund have been transferred to the group's provident fund</p>	<p><b>Healthcare</b> The majority of employees with medical cover belong to the Tsogo Sun Group Medical Scheme, a restricted membership scheme administered by Discovery Health. The scheme offers hospital, chronic illness and day-to-day cover for 4 668 principal members (9 952 beneficiaries) through either comprehensive or saver type plan options</p> <p><i>Risk and insured benefits</i> Arising through membership of the group's pension and provident funds, competitive death, disability and funeral benefits are made available to employees</p> <p><i>Long-service awards</i> Full-time employees of the organisation receive long-service awards calculated based on the tenure of the employee linked to their guaranteed package. Employees receive an award for every 10 years of continued service with the group</p>

Short-term incentives	Long-term incentives												
Annual bonus plan	Executive facility and share appreciation plan												
<p>Rewards the achievement of annual financial performance balanced with other specific strategic priorities and ensures that above-market pay cannot be achieved unless challenging performance targets are met. The non-financial element ensures that the achievement of short-term financial performance is not at the expense of future opportunities</p>	<p>Long-term incentives are utilised to reward long-term sustainable group performance improvement, retain its senior management expertise and ensure that executives and key talent share a significant level of personal risk and reward with the company's shareholders to align executive pay and long-term value creation for shareholders</p>												
<p>All executives and senior management and selected middle management</p>	<p>Senior executives</p>	<p>Tsogo Sun and ex-Gold Reef (post-merger) executives and selected managers</p>	<p>Pre-merger Gold Reef executives and selected senior managers</p>										
<p><b>Annual cash incentive</b> Potential bonus earnings are reviewed periodically by the remuneration committee with minimum and maximum bonus percentages of total package set for each broadband level for the achievement of 'on-target' and 'stretch target' performance, based on or above the median being paid in the marketplace. Bonus awards are based on individual ratings achieved against set targets for financial performance, relative growth against the market, where relevant, and personal performance. The remuneration committee approves the scheme's targets and hurdles annually</p>	<p>Post-year end, from 12 August 2014, a R200 million facility will be made available to senior executives for the sole purpose of acquiring shares in the company</p> <p>The board has determined the allocation of the facility as follows:</p> <table border="0" data-bbox="368 1197 724 1321"> <tr> <td>MN von Aulock</td> <td>R86 million</td> </tr> <tr> <td>J Booysen</td> <td>R47 million</td> </tr> <tr> <td>RB Huddy</td> <td>R27 million</td> </tr> <tr> <td>FV Dlamini</td> <td>R20 million</td> </tr> <tr> <td>GD Tyrrell</td> <td>R20 million</td> </tr> </table> <p>The facility is interest-free and has no fixed repayment date but must be repaid if the shares are sold or if the executive leaves the employ of the company. The executives are subject to fringe benefits tax on the facility</p> <p>The executives are not eligible for any new allocations under the existing share appreciation scheme until the loan is repaid in full. Allocations of appreciation units made prior to the provision of the facility will remain unaffected</p> <p>Value for the executives arising from the facility will come out of the shares acquired in the market and there will not be a cash cost to the group as per the existing share appreciation scheme</p>	MN von Aulock	R86 million	J Booysen	R47 million	RB Huddy	R27 million	FV Dlamini	R20 million	GD Tyrrell	R20 million	<p>Tsogo Sun, and historically Gold Reef, have in operation phantom share schemes with cash settlement designed to align the interests of participants with those of the company's shareholders. The essential elements of these schemes are that the plan is essentially a 'phantom' version of a share scheme where each unit (whether an appreciation unit, performance unit or a bonus unit) is in effect linked to an underlying share in Tsogo Sun</p> <p><b>Appreciation units</b> Appreciation units allocated at market price are the only share appreciation-based reward mechanism utilised by both Tsogo Sun under the Tsogo Sun Share Appreciation Bonus Plan and Gold Reef prior to the merger. Annual allocations of appreciation units are made to executives and selected managers. They are available to be settled on the third anniversaries of their allocation, but must be exercised by the sixth anniversary, or they will lapse. Allocations made to Tsogo Sun executives and managers prior to 31 March 2008 were available for settlement over a period, being 25%, 25% and 50% on the third, fourth and fifth anniversary respectively, and must be exercised by the eighth anniversary, or they will lapse. On settlement, the value accruing to participants will be the full appreciation of Tsogo Sun's share price over the allocation price plus dividends declared and paid post-grant date, which value will be settled in cash</p>	<p><b>Performance units, bonus units and Gold Reef Share Scheme</b> The three pre-merger Gold Reef long-term incentive plans are in the process of winding down. No options have been granted to existing executive directors or key management</p> <p>The final amounts due in respect of the performance units and bonus units were settled during February 2014 and the liability as at 31 March 2014 is reflected on page 74. Refer to note 26.2 on page 45 of the annual financial statements for further information on this scheme</p> <p>The final tranche of the options in terms of the Gold Reef Share Scheme vested on 31 March 2013, although not all vested options have been exercised. Refer to note 26.1 on page 45 of the annual financial statements for more information on this scheme</p>
MN von Aulock	R86 million												
J Booysen	R47 million												
RB Huddy	R27 million												
FV Dlamini	R20 million												
GD Tyrrell	R20 million												

## Remuneration report continued

### Long-term incentive liability – cash settled

The following table reflects the liability for long-term incentives and summarises details of the bonus units awarded to participants per financial year, the units vested at the end of the period and expiry dates of each allocation for the Tsogo Sun Share Appreciation Bonus Plan:

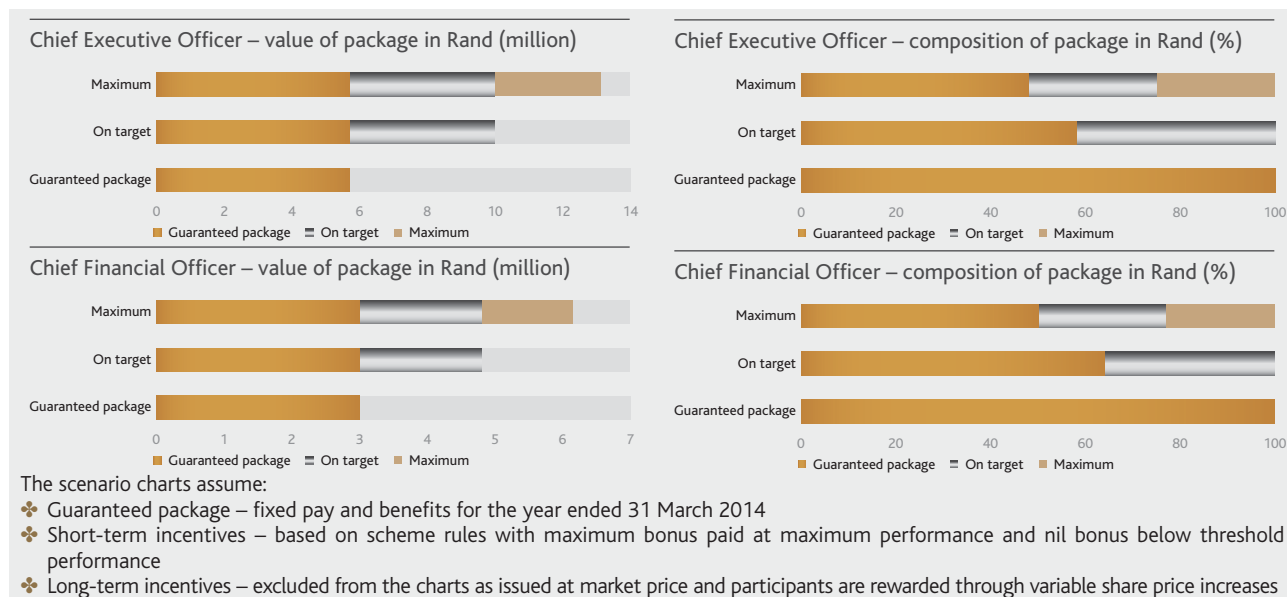
#### Tsogo Sun Share Appreciation Bonus Plan

Grant date	Appreciation units granted and still outstanding		Strike price <sup>(1)</sup> R	Appreciation units vested and still outstanding		Expiry date	Liability	Liability
	2014	2013		2014	2013		2014 Rm	2013 Rm
1 April 2006	–	1 180 631	13.49	–	1 180 631	31 March 2014	–	53
1 April 2007	307 452	362 709	19.87	307 452	362 709	31 March 2015	10	8
1 April 2008	–	963 982	21.10	–	963 982	31 March 2014	–	17
1 April 2009	922 643	1 239 512	15.10	922 643	1 239 512	31 March 2015	46	48
1 April 2010	1 545 064	1 946 257	15.08	1 545 064	1 946 257	31 March 2016	77	76
1 April 2011	4 731 076	5 627 490	15.06	4 731 076	–	31 March 2017	67	41
1 October 2011	1 890 337	1 890 337	18.78	–	–	30 September 2017	15	7
1 April 2012	7 726 516	8 400 352	17.66	–	–	31 March 2018	56	22
1 October 2012	263 825	263 825	19.71	–	–	30 September 2018	1	–
1 April 2013	8 401 905	–	24.56	–	–	31 March 2019	9	–
1 October 2013	221 480	–	25.51	–	–	30 September 2019	–	–
Liability at 31 March							281	272
Gold Reef schemes (performance units and bonus units)							12	24
<b>Total long-term incentive liabilities as at 31 March</b>							<b>293</b>	<b>296</b>
Share price utilised to value the liability at 31 March							<b>R27.00</b>	R24.75

<sup>(1)</sup> Grants prior to merger (24 February 2011) converted based on swap ratio of 3.553 Gold Reef shares for each TSH share

### Composition of total remuneration package – executive directors

The charts below provide an indication of the remuneration outcomes for executive directors showing potential total remuneration of maximum on target, and minimum performance levels.



### Employment agreements

Mr JA Mabuza retired from his position as Chief Executive Officer on 30 September 2011. The group entered into a three-year restraint of trade contract that expires on 30 September 2014. In terms of this contract, Mr Mabuza is paid an amount of R8.5 million per annum, in quarterly instalments. In terms of the restraint, Mr Mabuza is prohibited from acting for, consulting to, or advising any other party in the hotel or gaming industry and makes himself available to the group for consultation and assistance where required. In addition, although no further long-term incentive allocations will be made, his existing allocations will vest over that period. There are no other contracts with senior executives with fixed durations.

## Director and senior management remuneration

### Executive directors' remuneration for the year ended 31 March

	Basic remuneration (R'000)	Benefits (R'000)	Short-term incentives (R'000)	Long-term incentives (R'000)	2014 Total (R'000)
Paid by subsidiaries					
MN von Aulock	4 798	1 033	5 313	3 048	14 192
RB Huddy	2 500	574	2 175	329	5 578
	<b>7 298</b>	<b>1 607</b>	<b>7 488</b>	<b>3 377</b>	<b>19 770</b>

	Basic remuneration (R'000)	Benefits (R'000)	Short-term incentives (R'000)	Long-term incentives (R'000)	2013 total (R'000)
Paid by subsidiaries					
MN von Aulock	4 509	967	5 550	2 591	13 617
RB Huddy	2 250	517	1 946	4 024	8 737
	<b>6 759</b>	<b>1 484</b>	<b>7 496</b>	<b>6 615</b>	<b>22 354</b>

### Non-executive directors

Non-executive directors receive fees for services on board and board committees. Non-executive directors do not receive short-term incentives and do not participate in any long-term incentive scheme, with the exception of Mr JA Mabuza whose existing share appreciation rights vest over the shorter of the vesting period or his restraint of trade ending on 30 September 2014.

Any increases will be motivated to the shareholders at the company's AGM and reflect the market dynamics and the increasingly heavy demands being made on the individuals. Proposed non-executive directors' fees, for shareholder approval, appear in the table below:

	Actual 2013 R'000	Proposed 2014 R'000
Chairman of the board	800	<b>855</b>
Chairman of the audit and risk and social and ethics committees	460	<b>490</b>
Chairman of the remuneration committee	350	<b>375</b>
Non-executive director and member of a board committee	290	<b>310</b>
Non-executive director	230	<b>245</b>

### Non-executive directors' remuneration for the year ended 31 March

	Directors' fees (R'000)	Other benefits (R'000)	2014 Total (R'000)	Directors' fees (R'000)	Other benefits (R'000)	2013 Total (R'000)
Fees and services						
Paid by subsidiaries						
JA Copelyn	762	–	762	712	–	712
JA Mabuza	–	21 526 <sup>(5)</sup>	21 526	–	8 500	8 500
MJA Golding	219	–	219	204	–	204
JM Khan <sup>(1)</sup>	–	–	–	204	–	204
EAG Mackay <sup>(2)</sup>	275	–	275	255	–	255
JS Wilson <sup>(3)</sup>	111	–	111	–	–	–
VE Mphande	219	–	219	204	–	204
A van der Veen <sup>(4)</sup>	–	–	–	204	–	204
MI Wyman	219	–	219	204	–	204
RG Tomlinson	438	–	438	407	–	407
JG Ngcobo	275	–	275	255	–	255
Y Shaik	331	–	331	306	–	306
	<b>2 849</b>	<b>21 526</b>	<b>24 375</b>	<b>2 955</b>	<b>8 500</b>	<b>11 455</b>

<sup>(1)</sup> Resigned 31 March 2013

<sup>(2)</sup> Deceased 18 December 2013

<sup>(3)</sup> Appointed 2 April 2013

<sup>(4)</sup> Resigned 8 November 2012

<sup>(5)</sup> Including the exercise of existing long-term incentive allocations. Refer to employment agreements on page 74