

CHOBE – STRATEGY AND POLICY – REMUNERATION

References:

- A. Institute of Directors Southern Africa – The King Report on Governance for South Africa 2009
- B. King III Remuneration Practice Notes – Remuneration dated 2 Oct 12

OBJECTIVES

Chobe Holdings Limited's ("Chobe") Human Resources strategy and policy seeks to:

1. To provide an integrated approach for remuneration management that effectively **attracts, motivates, engages and retains the talent** required to achieve the desired business results.
2. To align remuneration practices with business strategy through a process of analysis and thereby ensure that the **remuneration practices serve the business objectives**. It provides guidelines and direction for the remuneration choices that will be made because it interprets the remuneration strategy and practices in terms of the business needs.
3. To adhere to **legal, ethical and best practice standards** and to reflect corporate governance and citizenship by complying with the customary norms and industry and statutory minimum standards.

Chobe strives to develop and implement its remuneration Policy as a fair, consistent and competitive programme of financial compensation for all employees of the Group to be balanced with the responsibilities that have been undertaken.

ANALYSIS

The Human Resources and Remuneration Committee ("HRRC") will analysis the business environment guided by the Executive and considering economic and legislative factors, among others, that could influence the reward positioning of the Group. Specific analysis that should be performed includes the following:

A thorough understanding of the Group, its business drivers and the internal culture to ensure that the reward strategy supports business objectives and aligns with the desired culture.

Identifying key stakeholders involved in the Group and conducting a needs analysis to understand their priorities, preferences and needs. Understanding the quantitative and qualitative skill requirements of the company to fulfil its business objectives and the demand and supply factors that play a role in attracting and retaining these skills.

The results of this analysis will inform the shape of the Business as expressed in the Group Establishment.

REMUNERATION STRATEGY

In line with its Human Resources Strategy, Chobe seeks to exceed guest expectations as the leading tourism company in Botswana. Chobe will motivate, develop and empower our people in order that they achieve their full potential. We will do this by attracting, developing and retaining talent creating a work environment where excellence is nurtured, supported and expected.

REMUNERATION PRINCIPLES

Group remuneration is based on the following five principles that guide the Employee Value Proposition.

1. Fairness and consistency with the responsibilities assigned and capabilities demonstrated.
2. Alignment with the company strategies and objectives.
3. Competitiveness with regards to practices and market trends.
4. Enhancement of merit and performance in terms of results, behaviour and values acted.
5. Clear governance and compliance with the regulatory framework.

REMUNERATION

Chobe's Employee Value Proposition consists of fixed remuneration, a base salary which must provide the means to support the employee and variable remuneration, performance-based bonuses and other benefits designed to attract, retain and motivate employees. There must be an appropriate balance between variable and fixed remuneration and a proper connection with the remuneration of individual performance and the Business Unit and through that the Group.

Fixed Remuneration. All salaries are reviewed by the EC in January of each year. Salaries, when taken with employment benefits, should be set at a level which attracts and retains talent. Salaries are to be reviewed by the HRRC at the first meeting following the January adjustment.

Terminal Benefits. Employment law mandates the payment of terminal benefits. Chobe encourages membership of the Group Pension Scheme and all employees should be members of the scheme if they qualify. Employees on fixed-term contracts are disqualified and will either receive a severance or gratuity payment.

Pension. Employees are automatically enrolled after one year of service.

Gratuity or Severance. Employees on fixed-term contracts are to be contracted to either severance or gratuity basis. The absolute cost of these provisions are to be considered when making a salary offer.

Variable Remuneration. A system of variable remuneration linked to performance encourages commitment both to Chobe's financial performance and Values and Standards.

Annual Bonus. An annual bonus, linked to an employee's Annual Report performance, is split between an employee's December and January salary. Annual bonuses are paid according to an individual's assessment grade in their AR. Calculated at 100 percent for A grades, 75 percent for B grades, 50 percent for C grades and not paid to D grades.

Phantom Share Scheme. All employees are enrolled in Chobe's phantom share scheme which allows Chobe's employees to participate in the dividend distributions of the Company. The scheme allows all qualifying staff to share equally in a bonus which is calculated to be equal to the value of dividends attaching to three million shares in the Company. This bonus is usually payable in August.

Other Variable Bonuses. Heads of Business Units may implement other performance related bonuses with the prior written approval of the HRRC.

Group Executive Bonuses. Group Executive Bonus schemes may be approved by the HRRC. Such bonuses must balance financial performance against overall long-term value creation and must be designed in such a way that they do not encourage risky or unethical behaviour.

BENEFITS

A wide range of benefits are available to employees. These benefits differ slightly between Business Units and a list of applicable benefits are available from the applicable Business Units Human Resource practitioners.

WORK-LIFE BALANCE

It is vital that an appropriate work-life balance is maintained at all levels. Electronic communications are only to be required to be monitored during the work hours unless the employee in question is formally on duty. In the event of an emergency communication will be established by phone.

PERFORMANCE AND RECOGNITION

Annual awards are to be made in December to employees who have excelled during the previous reporting period. These will be presented at an annual function and reported in the Group's inhouse publication 'Remmogo'.

DEVELOPMENT AND CAREER DEVELOPMENT

Chobe seeks to ensure that talent is developed and nurtured. To this end each Business Unit will develop Career Progression Tables for each Career Stream and underpin these with an appropriate Training Plan.

COMMUNICATION PLAN

Chobe's Employee Value Proposition will be articulated in each Business Unit's Human Resources Policy which will be shared with staff in both physical and electronic form. Total executive remuneration is contained in the Annual Reports and Group Financial Statements in the form prescribed by applicable regulatory and accounting standards.