



Letlole La Rona Limited

LETLOLE LA RONA LIMITED

REMUNERATION POLICY

Document Title	Remuneration Policy
Originator	Chief Executive Officer
Reference	
Review Number	
Distribution	All employees
Effective Date	16 June 2023
Related Policies/Procedures This policy must be read in conjunction with the following documents:	<ul style="list-style-type: none"> • Conditions of Service • Short Term Incentive Policy • Long Term Incentive Policy • Performance Management System Policy and Procedure

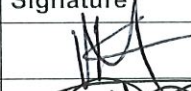


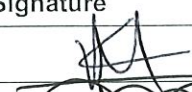

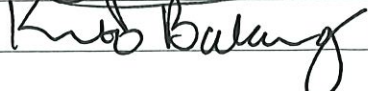
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Originator	Chief Executive Officer		16/06/23
Recommender	NRC Chairperson		16/06/23
Approver	Board Chairperson		16/06/23

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REMUNERATION POLICY

1. INTRODUCTION



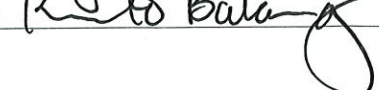
- 1.1. Remuneration forms a critical component of Letlole La Rona (LLR) as it reflects the dynamics of the market and context in which it operates. Remuneration and rewards play a critical role in attracting, engaging, and retaining high performing employees.
- 1.2. LLR's Remuneration philosophy is to pay market related salaries, fairly and equitably distributed between and within job grades, according to agreed compensable factors. The Policy provides the guidelines for remuneration management that will enable LLR to attract, motivate and retain staff of high quality and potential.

2. PURPOSE

The policy aims to ensure that the Company remunerates fairly, responsibly, and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.

3. OBJECTIVES

- 3.1. The objectives of this Policy are:
 - 3.1.1. To ensure that all remuneration and rewards is managed equitably;
 - 3.1.2. To establish and maintain a set of remuneration principles, which contribute to the attraction, motivation and retention of high-quality employees and to facilitate a high-performance driven culture;
 - 3.1.3. To guide and direct the development and management of the organisation's remuneration practices and systems;
 - 3.1.4. To ensure that LLR's remuneration costs are effectively managed in line with the organisation's performance;
 - 3.1.5. To promote the achievement of strategic objectives within the organisation's risk appetite; and
 - 3.1.6. To promote an ethical culture and responsible corporate citizenship.

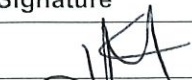

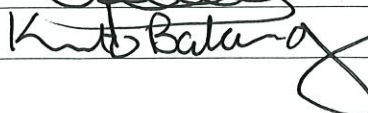
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4. SCOPE

- 4.1 This policy shall apply to all employees employed by LLR on fixed term contracts or other type of contracts that assume a permanent and pensionable status with the organisation.
- 4.2 The policy does not apply to and excludes temporary employees employed for a period less than one (1) year, agents or contractors.
- 4.3 The Policy will also be applicable to:
 - 4.3.1 Interns employed by LLR for a period not less than a year; and
 - 4.3.2 Non-Executive Directors.

5. DEFINITIONS AND ABBREVIATIONS



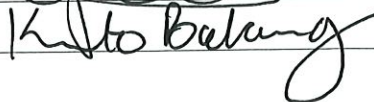
- 5.1. **Organisation / Business/Company** means Letlole La Rona Limited (LLR).
- 5.2. **Board** means the governing body of Letlole La Rona Limited.
- 5.3. **CEO** refers to the Chief Executive Officer of LLR.
- 5.4. **Education Allowance** refers to the allowance that is paid towards an employee's children's school fees. This shall be applicable for a maximum of two (2) children.
- 5.5. **Executive Positions** are management positions designated as such by the Board.
- 5.6. **Nominations and Remuneration Committee (NRC)** refers the subcommittee of the Board responsible for overseeing the Company's human resource policies/ strategies and remuneration.
- 5.7. **Basic Salary** means the difference between the total guaranteed package and the costs of both compulsory, statutory contributions and benefits (e.g., housing, medical aid, group life, pension contributions) and the individual's choice of benefits.
- 5.8. **Employee** shall mean any person who has entered into a contract of employment with LLR for the hire of his/her labour.
- 5.9. **Total Guaranteed Package (TGP)** is defined as the total cost of all fixed guaranteed payments made to, or on behalf of an employee. The total guaranteed package includes cash and non-cash salary. This includes basic salary (as defined above), fixed allowances excluding Medical Aid and Pension/ Gratuity contributions.
- 5.10. **High Performance** refers to execution of one's duties above expected standards and set targets.
- 5.11. **Job Evaluation** refers to a process of systematically analysing jobs to determine their relative value within an organisation.

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- 5.12. **Paterson** refers to the job evaluation system used at LLR which categorise or grades jobs on the nature and complexity of decision making required in a job.
- 5.13. **Pay Cycle** means the commencement of the reward process that ensues post completion of the performance management prior to end of the business cycle where the reward proposals are made for approval by the Board. Typically, this period shall be between (April —June) i.e., Quarter Three (3) and Quarter Four (4) of the financial year.
- 5.14. **Non-Executive Director** shall mean a director who is not involved in the day-to-day management of the company.
- 5.15. **Salary Increments** shall mean an increase in the employee's salary.
- 5.16. **Salary range** shall mean the band from the minimum to the maximum per job level/grade.
- 5.17. **Scarce and Critical Skills** refers to skills that are crucial but in short supply in the market, and the absolute or relative demand that is current or in future; for skilled; qualified and experienced people to fill particular roles/professions, occupations or specializations in the labour market.
- 5.18. **Total Annual Remuneration** is defined as the sum of basic salary, all guaranteed benefits and allowances and short-term variable payments (bonuses/commission).
- 5.19. **Variable Remuneration** shall mean any *ad hoc* remuneration not included in the guaranteed remuneration package which relates to other forms of remuneration that are not guaranteed.
- 5.20. **Year** shall mean a financial year (1st July to 30th June), unless otherwise defined.

6. REFERENCES

- 6.1. The Remuneration Policy embraces the provisions of the following legislation:
- Employment Act, CAP 47:01 (As amended)
 - Companies Act, CAP 42:01 (As amended)
 - Income Tax Act, CAP 52:01 (As amended)
 - Trade Disputes Act, 2003 (As Amended)
 - Workers Compensation Act, CAP 47:03 (As Amended).

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7. POLICY PHILOSOPHY

LLR's remuneration strategy adopts a performance-based remuneration philosophy that promotes the Company's entrepreneurial culture and recognizes that remuneration plays a key role in:

- Facilitating the attraction and retention of employees;
- Reinforcing the alignment of individual staff objectives with LLR's business objectives;
- Motivating individual and corporate performance;
- Equal remuneration for work of equal value; and
- Establishing internal equity, ensuring executives are remunerated correctly in relation to each other, in recognition of their individual contributions and accountabilities.

LLR's remuneration philosophy is to structure remuneration packages in such a way, that long and short-term incentives are aimed at achieving both the business objectives and delivering shareholder value.

8. GUIDING PRINCIPLES

The following guiding principles underpin the performance-based remuneration and reward philosophy which applies to all employees:

8.1. Total Remuneration



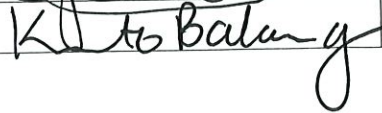
LLR is committed to the concept of Total Remuneration, which recognises that reward is multifaceted and does not only have direct financial components. LLR adopts both guaranteed and variable pay to reward its staff. The Total Guaranteed Package (TGP) is determined by the need to attract and retain the skills and competencies required in the organisation.

The total remuneration package of an Employee comprises two components.

The component guaranteed in terms of the employment includes:

- 8.1.1 Basic Pensionable salary
Cash (non-pensionable) salary

as well as Company funded benefits such as:

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- 8.1.2 Car Allowance
- Housing Allowance

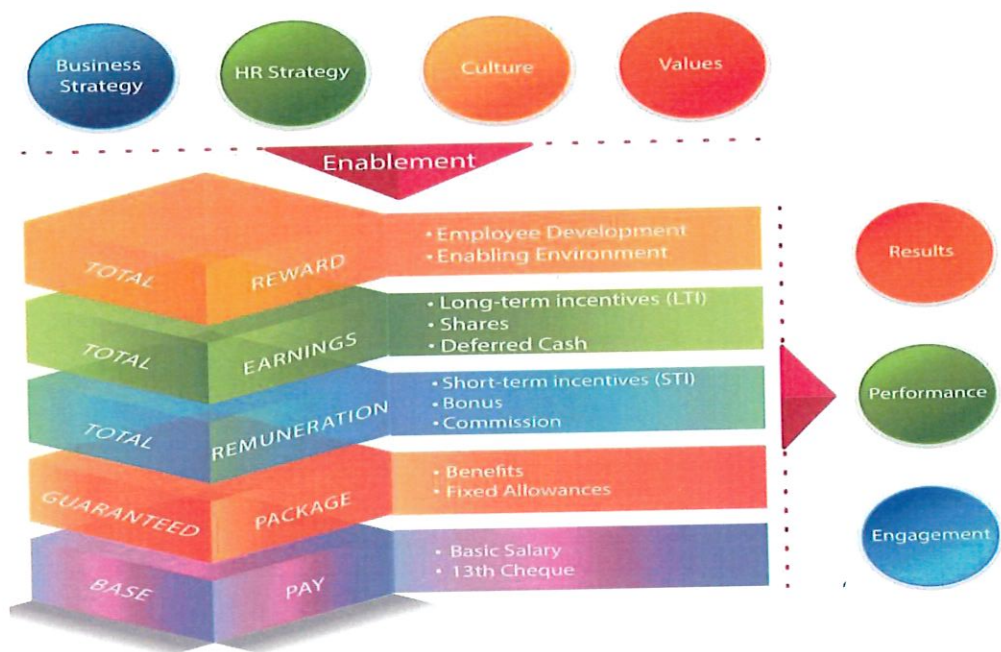
A second component, which is variable, conditional and not guaranteed, includes:

- 8.1.3 Short Term Incentives
- Long Term Incentives
- Meal Allowance
- Travel Allowance
- Entertainment Allowance
- Educational Allowance
- Transfer Allowance
- Utility Allowance
- Awards
- Commuter Allowance

8.2. Remuneration Model

Excellent operational performance is a key driver of overall performance within LLR and therefore, guaranteed pay is set at a level that is aligned to the sustained operational performance that is expected. LLR has adopted total remuneration principle for pay structuring which is illustrated in the following diagram:

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8.2.1 All remuneration, reward and recognition practices are aligned to the organisational strategy and directly support it.

8.3 Competitive Remuneration

8.3.1. LLR strives to offer competitive remuneration to attract and retain skilled employees.

8.3.2. External benchmarking against the peer companies is conducted every two (2) years and LLR endeavours to pay at or around the industry specific median for on-target performance. However, LLR does not bind itself to increase salaries based on the results of such market surveys or benchmarking.

8.3.3. Benchmarking is used only as a guide to determining market competitiveness of remuneration levels.

8.3.4. The Company's defined market position for Total Guaranteed Package is at the 50th percentile or median, with a bell-shaped curve around the median, ranging from new entrants at the lower end to sustained high performers at the higher end of the pay-scale.

8.4. Performance Linked

8.4.1 LLR's performance-based pay philosophy is designed to ensure that the executives and employees have an element of their total remuneration tied to LLR's

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performance through variable pay. Variable remuneration will therefore be linked to pre-defined performance measures. Each year the Board will consider the performance measures to ensure that they are appropriate and challenging in the context of the prevailing business environment and reinforce the Company strategy. The performance measures in the incentive plans will be limited in number and individual measures will be tailored to maximize accountability and will include non-financial measures.

8.4.2 LLR embraces defensible differentiation in pay whereby a greater proportion of reward is distributed to the highest performers.

8.5. Flexibility

As LLR requires specialist skills which are key to the success of the business, Executive Management identifies critical skills and competencies required to support the business growth. The adopted remuneration structures must be able to adapt and evolve with changing business and human resource needs.

8.6. Affordability

Total remuneration costs need to be affordable at an individual corporate entity level and justifiable to employees and stakeholders.

8.7. Simplicity and Transparency

The reward philosophy, principles and structures are to be openly communicated, to internal and external stakeholders, with the annual reward opportunity and alignment to individual performance being communicated to the individual. Remuneration structures must not be overly complex to communicate, administer and understand. Open communication assists in the engagement of employees by supporting an environment of trust and stakeholder confidence regarding remuneration issues.

8.8. Sustainability

The remuneration policy and practices are designed to support long-term value creation for all stakeholders as well as compliance with regulatory changes.

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9. REMUNERATION STRUCTURE

9.1. Guaranteed Package

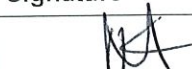

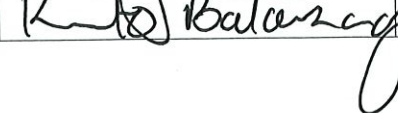
- 9.1.1. LLR applies the remuneration approach, also referred to as 'guaranteed package'. This is the non-variable element of total remuneration.
- 9.1.2. LLR shall pay a guaranteed pay which includes all cash, and non-cash benefits to remunerate employees for services rendered to the Company. This package shall exclude the company contributions towards medical aid and pension/ gratuity.
- 9.1.3. Annual adjustments to Guaranteed Package are discretionary and are determined with reference to a projected consumer price inflation, affordability within the legal entity, skills scarcity, compo-ratio, internal value (position in the job hierarchy), individual performance and external value (relative positioning in the market). Appraisal of performance remains a major factor in the determination of an individual's guaranteed package.

9.2. Benefits and Allowances

The Company offers basic and discretionary benefits and allowances as provided for in contracts of employment. Basic benefits and allowances are those stipulated by the Employment Act and are available to all employees. Discretionary benefits and allowances are normally reserved for employees at Executive/ Managerial level at the discretion of the CEO and/or Board as determined from time to time.

Dependent on the employee's contract of employment, the following basic benefits and allowances may be applicable:

- 9.2.1 **Pension** – Employees appointed on a permanent and pensionable basis shall immediately become members of LLR's Pension Fund. Contributions by the employee and employer shall be defined by the plan rules.
- 9.2.2 **Gratuity** – Employees appointed on fixed term contracts shall be entitled to gratuity upon completion of their fixed term contract, in accordance with the provisions of their contract of employment.

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9.2.3 **Medical Aid** – LLR employees are entitled to join a medical scheme to which the company contributes 100% of the premium towards a medical scheme of their choice.

9.2.4 **Insurance** – All employees are covered under the following insurance schemes of LLR:

9.2.4.1 Worker’s Compensation – Compensation for accident or death on duty.

9.2.4.2 Group Life and Accident Cover Insurance – Compensation for death or disability by any cause subject to certain conditions and restrictions.

9.2.5 **Housing Allowance** – Employees holding executive or senior positions of management may be entitled to a taxable housing allowance at rates to be determined by LLR from time to time, at the discretion of LLR.

9.2.6 **Car Allowance** – Employees appointed to management positions, and such other positions as LLR may determine from time to time, shall be entitled to a car allowance at rates determined by the Company.

The following variable allowances may be applicable:




9.2.7 **Travel and Subsistence Allowance** – The Company shall pay subsistence and reimbursement for local travel to employees at such rates and on such conditions as determined by the Botswana Unified Revenue Service (BURS).

9.2.8 **Commuted Kilometer Allowance** – At the discretion of the CEO, positions that require extensive travel shall be entitled to receive a monthly Commuted Kilometer Allowance at prevailing rates.

9.2.9 **Utility Allowance** – LLR may, at any time designate such other positions as it may determine as being entitled to receive a utility allowance, at the discretion of LLR.

9.2.10 **Entertainment Allowance** – Employees holding executive positions are entitled to a taxable non-accountable entertainment allowance at rates to be determined by LLR from time to time.

9.2.11 **Education Allowance** – The company contribution shall be equivalent to 50% of the fees of an education institution of the employee’s choice. In the event of a foreign institution choice, the allowance shall be 50% of the fees of an equivalent Botswana

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institution, if any. LLR shall determine the relevant equivalent institution.

9.2.12 **Transfer Allowance** – Applicable when an employee is transferred permanently to another location of LLR which requires a change of normal residence, the employee shall receive a transfer allowance at the prevailing rate.

9.2.13 **Wellness Membership** – Employees shall be entitled to one membership for preventative health and wellness programmes such as physical exercise through gym, mental health, and other such programmes, at an amount to be determined by the Company from time to time, and subject to the discretion of LLR. The amount will be paid directly to the service provider.

9.3. Job Evaluation

9.3.1 The remuneration structure shall take account of job evaluation results (job size and related reward levels).

9.3.2 In order to establish the relative worth of each position and ensure equity in remuneration, a job evaluation system shall be consistently applied across all jobs.

9.3.3 In all instances the salary bands on the structure shall be determined through a process of job evaluation to determine the job size, associated grade and reward levels.




9.3.4 Positions will be evaluated from time to time using the Paterson Grading methodology or equivalent job grading system to:

- a) Establish and maintain a defensible rank ordering of jobs;
- b) Ensure consistent and fair remuneration so that 'equal pay for work of equal value' is achieved;
- c) Assist in the determination of market-related total remuneration per job family; and
- d) Benchmark against an identified in-country peer-group.

9.3.5 Where scarce skills are identified, individuals will be paid in line with the relevant specialist markets to ensure effective attraction, motivation and retention of such skills.

9.4 Performance Rewards/ Incentives

9.4.1 Employees who perform their duties with exceptional diligence or efficiency during any financial year may be rewarded in accordance with the Performance

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Management Policy as well as the Rewards and Recognition Policy in place as it relates to incentive plans in place from time to time.



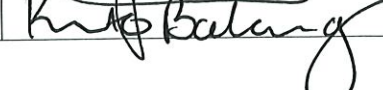
- 9.4.2 Any performance rewards bonus awards shall be paid in accordance with the principles of the Performance Management Policy and prescribed process, as determined by the NRC and approved by the Board.
- 9.4.3 All incentive pay-outs shall be at the discretion of the NRC and as approved by the Board.
- 9.4.4 Due consideration shall be based on the performance and financial position of the organisation.

10. REMUNERATION OF NON-EXECUTIVE DIRECTORS

- 10.1 Non-Executive Directors may be paid remuneration as approved by the Board and Shareholders in line with the Board Compensation Policy.
- 10.2 Non- Executive Directors including Independent Directors shall receive remuneration by way of fixed retainer fees for attending meetings of Board or Committee(s) as may be determined by the Board from time to time. Any remuneration paid by the company to Directors shall be subject to the approval of shareholders.
- 10.3 The Company shall disclose the remuneration of each Director in the Annual Report as required.

11. ROLES AND RESPONSIBILITIES

Role	Responsibility
Shareholders	The Shareholders shall be responsible for voting for the approval of LLR's Remuneration Policy and annual report, we well as the implementation of related responding measures.
Board	The Board shall be responsible for setting an organisation-wide remuneration policy that should articulate and give effect to its direction on fair, responsible and transparent remuneration and remuneration disclosure.
Nominations and Remuneration Committee (NRC)	Review and provide guidance with respect to human resource policies/ strategies and overseeing the LRR's remuneration policies. The Committee will review this Policy, as appropriate, to ensure the effectiveness of this Policy. The Committee will discuss any

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Role	Responsibility
	revisions that are or may be required and recommend any such revisions to the Board for their consideration and approval.
Chief Executive Officer	The Chief Executive Officer shall be responsible for providing management oversight and direction upon which the Remuneration Policy shall be based.
Management	The Heads of Business Units shall ensure that all policies and procedures are adhered to.
Executive responsible for the HR Function	The Executive responsible for the HR Function will be responsible for monitoring the policy's effectiveness and initiating corrective actions as well as ensuring compliance and adherence. <ul style="list-style-type: none"> • To implement and administer this policy. • To facilitate and advise on remuneration matters. • To obtain remuneration benchmark data from the identified in-country peer group comparators.
Employees	Employees shall adhere to the provisions of this policy.

12. COMMUNICATION

12.1 The content of this Policy shall be communicated to all relevant employees within LLR.

12.2 All new managers and employees will be trained on the Performance Management System as part of the induction process.

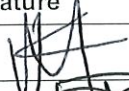


13. POLICY GOVERNANCE

13.1. Review

13.1.1 This Policy shall be reviewed every two (2) years or as and when the need arises to ensure that it remains updated and relevant.

13.1.2 The Chief Executive Officer shall ensure that all amendments and updates are fully aligned with other applicable LLR policies, processes and procedures.

13.1.3 Any approved changes must be approved by the Board after recommendations by the Nominations and Remuneration Committee.

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13.3. Monitoring and Evaluation

- 13.2.1 The remuneration policy and the annual report should be tabled every year for separate non-binding advisory votes by shareholders at a company's annual general meeting.
- 13.2.2 Where at least 25% of shareholder vote is against the Policy, a plan shall be put in place to address concerns and remedy shortcomings of the policy.
- 13.2.3 The Company will monitor the application of this policy and has discretion to review it at any time through appropriate consultation mechanisms.
- 13.2.4 Responsibility for the implementation, monitoring and development of this policy lies with the Executive responsible for the HR Function.

14. POLICY DISCLAIMERS

LLR reserves the right to interpret, change, suspend, cancel or dispute, with notice, all or any part of this Policy, or procedures or benefits discussed herein. Approved policies will be communicated to employees prior to implementation. If and when this Policy or any provision thereof is amended, the amended Policy or provision thereof will supersede the previous one.

15. VERSION CONTROL




Version#	Purpose/Change	Author	Date
2.1	First Draft	Flocash Gateway	21 February 2023
2.2	Second Draft	Flocash Gateway	15 March 2023
2.3	Third Draft	Flocash Gateway	30 March 2023
2.4	Forth Draft	Flocash Gateway	19 March 2023
2.5	Fifth Draft	Flocash Gateway	17 May 2023
Final	Final	Flocash Gateway	05 June 2023

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Appendix A – Guaranteed Package

The table below indicates what forms part of the guaranteed package and what does not.

Included Guaranteed Package	Excluded Guaranteed Package
Car Allowance	Travel Allowance
Housing Allowance	Commuted Kilometre Allowance
	Meal Allowance
	Transfer Allowance
	Wellness/ Membership Fees
	Entertainment Allowance
	Educational Allowance
	Utility Allowance
	Medical Aid
	Pension Fund
	Gratuity
	Group Life Insurance

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