Southern Sun is committed to high standards of corporate governance and has implemented a governance framework, which informs how we conduct business.

GROUP GOVERNANCE FRAMEWORK

Southern Sun’s unitary board maintains control of the group. The board leads ethically and effectively, and is responsible for the group’s performance, compliance and strategic direction. The board is supported by, and delegates to its statutory and sub-committees and the CEO, for the implementation of its strategies.

<table>
<thead>
<tr>
<th>Audit and risk committee</th>
<th>Remuneration and nomination committee</th>
<th>Social and ethics committee</th>
<th>CEO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial integrity, risk, governance and compliance</td>
<td>Board composition, diversity and succession, fair remuneration and performance measurement</td>
<td>Ethical conduct, anti-corruption, empowerment and transformation and labour and employment</td>
<td>Responsible for implementing board strategy and policy and managing the business</td>
</tr>
</tbody>
</table>

* Southern Sun considers the independence of directors holistically annually, and on a substance-over-form basis, in line with the practices of King IV and based on the indicators set out in the Companies Act and the JSE Listings Requirements.

Executive committee

Executive risk committee

Compliance

The policies, practices and processes comprising the group’s governance framework are based on its application of King IV, the Companies Act and the JSE Listings Requirements.

The board is responsible for the group’s corporate governance.

Our King IV application register can be viewed on our website www.southernsun.com/investors/governance.
Organisational ethics and responsible citizenship

The group’s ethical culture is instilled by the board, and flows through to management, who is tasked to lead by example. The group’s ethics policy and code of conduct direct business practices. The ethics policy includes key aspects such as:
- the group’s societal contribution and how people should be treated;
- the need for employees to speak out about wrongdoings;
- conflicts of interest;
- the legitimate interests of the business;
- application of law, policies and procedures; and
- individual accountability.

Conflicts of interest

Directors are required to disclose personal financial interests in terms of section 75 of the Companies Act. General disclosures of directors’ interests are made at least annually to the Company Secretary and are updated during the year. These disclosures are available to all board members for inspection.

Share dealing

Dealing in the group’s securities by directors, their associates and senior group officials is regulated and monitored in accordance with the JSE Listings Requirements and the group’s share dealing policy. Southern Sun maintains a closed period from the end of a financial period to the day of publication of its financial results and any time when the group’s shares are trading under cautionary.

Code of conduct

The code of conduct provides guidance on matters such as conflicts of interest, acceptance and giving of donations and gifts, compliance with laws and disseminating confidential information.

Anti-bribery and corruption

The group does not tolerate any form of bribery or corruption. Whistleblowing and anti-corruption procedures are in place. Stakeholders are encouraged to report, if necessary, the actions and individuals who compromise or threaten the group’s values and reputation. These actions and individuals can be reported through anonymous and independently conducted ethics hotlines. Investigations are carried out and findings reported, and disciplinary, civil or criminal action is taken as and when appropriate. During the year, eight whistleblowing incidents were reported to ethics hotlines (2022: three). These included no serious incidents of governance failure and were dealt with appropriately by the human resources department.

Members of the board and management annually declare that they have not been involved in any form of bribery or corruption in their personal capacities as members of the board and/or employees or on behalf of the group.

Governance framework

The board mindfully interpreted and applied King IV as appropriate for the organisation and the tourism sector in which it operates. The board adopted an appropriate governance framework for the group and oversees the implementation of the governance framework. The board believes this framework resulted in the group being a good corporate citizen and achieving an honest and ethical culture, good performance, effective control in the organisation and legitimacy with stakeholders.
The roles of the Chairman and the CEO are clearly defined to ensure a balance of power. The Chairman is responsible for providing overall leadership to the board and ensuring the board performs effectively. The CEO is responsible for implementing strategy, as approved by the board. The delegation of authority framework contributes to role clarity and the effective exercise of authority and responsibility. No one director has unfettered powers of decision making. While the Chairman is a non-independent non-executive director, the board appointed a strong lead independent non-executive director to ensure the necessary independence is upheld in the functioning of the board. The lead independent director leads in the Chairman’s absence and assists with managing any actual or perceived conflicts of interest that may arise. A clear division of responsibilities at board level ensures a balance of power and authority.

The terms of employment of board members are included in the remuneration report on page 77.

Responsibilities
The board’s main functions, as set out in its approved charter, include:
• exercising control of the group and providing leadership;
• adopting strategic plans and delegating and monitoring their implementation by management;
• considering risks and opportunities in line with the group’s agreed risk parameters and approving major issues, including the group’s investment policies, acquisitions, dispositions and reporting as well as monitoring operational performance;
• monitoring the group’s performance; and
• acting in the group’s best interests and being accountable to shareholders and other stakeholders.

Southern Sun’s board charter is reviewed annually.

Diversity

The directors’ varied backgrounds and experience, as set out in their CVs available on our website, provide an appropriate mix of knowledge and expertise necessary to manage the business effectively.

Although Southern Sun adopted a board diversification policy, including gender, age, ethnicity and cultural diversity, no voluntary targets have been set. Board diversity is assessed and monitored annually. The board considers diversity a core measurement when appointing new members.

The board is satisfied that its current composition, the components of which are set out in the graphs on page 71, reflects an appropriate mix of knowledge, skills, experience, diversity and independence.

Appointments and succession
Board appointments are conducted formally and transparently. The nomination committee assesses directors and recommends suitable candidates to the board for appointment. One-third of the non-executive directors retire annually at the annual general meeting (AGM).

For executive succession planning, Southern Sun seeks to appoint from within the group, and has access to a range of available resources, skills and expertise. There were no changes to the board’s composition during the year.
Accountability and compliance
Southern Sun’s stakeholders hold the board accountable for its performance. The performance of the board and its committees is regularly evaluated. Management is held accountable for its activities through quarterly performance reporting and budget updates. The CEO and CFO are awarded annual short-term incentives (STIs) based on pre-agreed financial criteria and the director’s personal performance.

Members of the board and management annually declare that they have not caused the group to breach any laws and regulations applicable to it and to the conduct of its businesses.

For further information, please refer to the remuneration policy and the remuneration implementation report on page 73.

The board is confident that it fulfilled its responsibilities in accordance with its charter and the group’s memorandum of incorporation (MOI) for the year. The group adheres to an effective framework and processes for compliance with laws, codes, rules and standards. No material contraventions were reported during the year.

Company Secretary effectiveness
The group’s Company Secretary is Southern Sun Secretarial Services Proprietary Limited (represented by Laurinda Rosalind (Rosa) van Onselen). The Company Secretary is responsible for the group’s statutory administration, ensures compliance and provides the board with guidance on the Companies Act and all regulations and governance codes and policies.

The Company Secretary is not a director of the group and ensures board and committee processes and procedures are implemented. She attends all meetings of the board and committees.

Directors have unrestricted access to the Company Secretary’s advice and services. The board is satisfied that an arm’s-length relationship exists between the board of directors, the executive team, individual directors and the Company Secretary.

The board determined that it is satisfied with the Company Secretary’s competence, qualifications and experience.

Committees
The board constituted the audit and risk, social and ethics, and remuneration and nomination committees to which it has delegated certain group responsibilities. These responsibilities are defined in the committees’ respective approved terms of reference, which are reviewed by the board annually. The board retains accountability for the execution of their responsibilities, even when these are delegated. All committee Chairmen report back orally to the board on the proceedings of their committee meetings.

The board is satisfied that its governance structure continues to serve the group well.
This report should be read in conjunction with the statutory report of the audit and risk committee on page 87 of the consolidated annual financial statements.

The audit and risk committee comprises four independent non-executive directors and is primarily responsible for:

- providing independent oversight of the effectiveness of the group’s assurance functions and services;
- ensuring appropriate financial reporting procedures are established for the group in accordance with paragraph 3.84g(ii) of the Listings Requirements of the JSE;
- ensuring the group’s financial performance is properly reported on and monitored, including reviewing the annual and interim accounts, results announcements, the integrated annual reporting process, internal control systems and procedures, and accounting policies;
- appointing and assessing the performance of the internal auditor for the necessary skills and resources to address the complexity and volume of risks faced by the group;
- making recommendation to shareholders regarding the appointment or reappointment of the independent external auditor following the receipt of the necessary information as set out in paragraph 22.15(f) of the Listings Requirements of the JSE, an evaluation and assessment of the external auditor and the designated audit partner, the suitability for such appointment and independence of the external auditor and audit partner;
- considering the effectiveness of the internal financial controls as well as the external and internal audit functions;
- approving internal and external audit plans and audit fees;
- approving non-audit services;
- approving accounting policies;
- reviewing insurance, treasury and taxation matters;
- executing its statutory duties as set out in section 90 of the Companies Act;
- satisfying itself of the expertise and experience of the CFO and the group’s finance function as set out on page 88 of the consolidated annual financial statements for the year ended 31 March 2023;
- ensuring an effective risk management process is in place to identify and monitor the management of key risks and opportunities relating to the group’s risk tolerance and risk appetite levels and evaluation of the appropriateness of management’s response to these risks;
- reviewing IT risks relating to core operational systems, systems projects, information management and security initiatives, and governance and regulatory compliance;
- reviewing material legal, legislative and regulatory developments;
- reviewing prospective accounting standard changes; and
- taking appropriate action where necessary to respond to findings as highlighted in the JSE’s most recent report on proactive monitoring of financial statements and, where necessary, those of previous periods.

The board concluded that the members of the audit and risk committee had the necessary financial literacy, skills and experience to execute their duties effectively during the year and make worthwhile contributions to its deliberations. The board recommends the members of the audit and risk committee for reappointment at the AGM to be held on 20 September 2023.

<table>
<thead>
<tr>
<th>Composition</th>
<th>Meeting attendance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent non-executive directors</td>
<td>3/3</td>
</tr>
<tr>
<td>Mohamed Haroun Ahmed (Chairman)</td>
<td>3/3</td>
</tr>
<tr>
<td>Sipho Chris Gina</td>
<td>3/3</td>
</tr>
<tr>
<td>Lynette Moretlo Molefi</td>
<td>3/3</td>
</tr>
<tr>
<td>Jabulani Geoffrey Ngcobo</td>
<td>3/3</td>
</tr>
</tbody>
</table>
The audit and risk committee considered and satisfied itself that the CFO, Laurelle McDonald, has the appropriate expertise and experience to fulfil her role.

The audit and risk committee:
- confirmed that the group has established appropriate and adequate financial reporting procedures; and
- monitored compliance with the group’s risk management policy and confirmed compliance with the policy in all material aspects.

Non-audit services approved throughout the year included mainly offshore secretarial services and tax services pertaining to its offshore hotels, the disposal of Southern Sun Ikoyi Hotel in Ikoyi, Nigeria and the Separation agreement with TSG. The audit and risk committee met three times during the year. Ad hoc meetings are held as required to consider special business. The CEO, CFO, external auditor, internal auditor, and senior management from the group’s risk and IT departments attend all audit and risk committee meetings by invitation to contribute pertinent insights and information.

The board is satisfied that the audit and risk committee fulfilled its responsibilities in accordance with its terms of reference for the year.

The audit and risk committee report can be found on page 87 of the consolidated annual financial statements for the year ended 31 March 2023.

<table>
<thead>
<tr>
<th>Key focus areas addressed during the 2023 financial year</th>
<th>Key focus areas to be addressed during the 2024 financial year</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Overseeing the group’s insurance restructure process</td>
<td>• Continuing to monitor the implementation of new IFRS and the impact of future standards</td>
</tr>
<tr>
<td>• Monitoring the implementation of new IFRS and the impact of future standards</td>
<td>• Consider the implications of the JSE’s most recent report on the proactive monitoring of financial statements and implemented recommendations where appropriate</td>
</tr>
<tr>
<td>• Considering the implications of the JSE’s most recent report on the proactive monitoring of financial statements and implemented recommendations where appropriate</td>
<td>• Monitoring the implementation of the group’s Information Security Management Framework aimed at strengthening IT security</td>
</tr>
<tr>
<td>• Considering the terms and structure of the debt refinancing of Southern Sun and Hospitality into a single funding structure</td>
<td>• Continue to monitor business risks and internal controls</td>
</tr>
<tr>
<td>• Considering the appointment of an appropriate new external auditor for FY24 in accordance with the Independent Regulatory Board for Auditors’ rule of Mandatory Audit Firm Rotation (subsequently set aside by the Supreme Court of Appeal of South Africa), subject to the JSE Limited’s Listings Requirements and the Companies Act, 2008</td>
<td></td>
</tr>
<tr>
<td>• Reviewed the group’s revised treasury policy</td>
<td></td>
</tr>
</tbody>
</table>
The CEO, CFO and General Manager: Corporate Affairs attend committee meetings by invitation. The social and ethics committee operates in line with approved terms of reference, and oversees and reports on the following:

- Progress in the alignment of the group’s practices to the requirements of the revised B-BBEE codes
- Disputes with government or regulators
- Regulatory compliance
- Responsible tourism
- Preferential procurement, socioeconomic development and enterprise and supplier development
- Climate change and environmental management and certification
- Customer satisfaction, loyalty, health and safety and consumer protection
- Job creation, employee health and safety, employee development, management diversity, employment equity and employee engagement

The social and ethics committee draws the board’s attention to matters within its mandate as required as well as its report to shareholders.

The social and ethics committee meets a minimum of twice a year. Ad hoc meetings are held as required to consider special business. The board is satisfied that the committee fulfilled its responsibilities in accordance with its terms of reference for the year.

Risk and opportunity

The group treats risk as integral to how it makes decisions and executes its duties. The group’s risk governance encompasses the opportunities and associated risks in developing strategy and the potential positive and negative effects of such risks on achieving its organisational objectives. While the board exercises ongoing oversight of risk management, the group’s risk governance function is delegated to the audit and risk committee with the responsibility for implementing and executing effective risk management delegated to management.

The group’s risk management process identifies and analyses group risks, sets appropriate limits, and controls and monitors risks and adherence to limits. The internal risk committee reviews risks and opportunities at least annually.

These are presented to the audit and risk committee for review. This allows for risks to be identified and opportunities to be prioritised according to their potential impact on the group. Responses are designed and implemented to counter the effects of risks and to leverage opportunities. Significant risks identified are communicated to the board with recommended actions.

The risk management policy is in accordance with industry practice and specifically prohibits the group from entering into any derivative transactions that are not in the normal course of business.

Southern Sun’s material risks and opportunities are set out on page 36.
Internal controls
The directors have overall responsibility for the group's internal control and for reviewing its effectiveness. The controls identify and manage group risks rather than completely eliminating failure.

Therefore, internal controls provide reasonable but not absolute assurance against material misstatement or loss. Management is responsible for implementing and operating these systems. Processes are regularly communicated to employees to inform them of their responsibilities.

Systems include strategic planning, appropriate levels of authority, segregation of duties, appointing qualified employees, regular reporting and monitoring of performance and effective control over Southern Sun’s investments.

Internal audit
The group’s internal audit function is performed by a professional firm that reports directly to the CFO and the audit and risk committee Chairman. Internal audit forms part of the combined assurance framework. The internal auditor executes control-based audits based on the annual internal audit plan, as required by management, taking into account the scope of the external audit plan and as approved by the audit and risk committee. The focus of internal audit in the past financial year was on internal financial controls and business operational controls.

The audit and risk committee examines and discusses the appropriateness of internal controls with the internal auditor. The audit and risk committee is satisfied with the internal audit function, and that internal audit has the necessary skills and resources to address the complexity and volume of risks faced by the organisation. The audit and risk committee will continuously evaluate and review the group’s internal audit function, which is appropriate for the group’s current size and activities.

IT governance
The board is accountable for IT governance. The IT governance charter considers the requirements of King IV, globally accepted standards and good practice, with the group’s performance and sustainability objectives.

Furthermore, the charter includes controls around:
- change, risk management and documented registers;
- information security policy, procedures and registers; and
- compliance including GDPR and POPIA.

Refer to page 51 of this report for more information on our IT strategy and governance.

The CEO is responsible for the ownership and execution of IT governance.

The key IT risks are integrated into the enterprise-wide risk governance and management process. Independent IT assurance reviews are conducted annually to ensure governance and policies are adhered to, laws are complied with, and data is secure and protected. No major incidents that required remedial action occurred during the year. The board is satisfied with the effectiveness of IT governance.
OUR LEADERSHIP
The board as at 31 March 2023

EXECUTIVE DIRECTORS

Marcel Nikolaus von Aulock (49)
Chief Executive Officer
CA(SA)
Appointed: 10 May 2019

Laurelle McDonald (41)
Chief Financial Officer
CA(SA)
Appointed: 30 September 2011

NON-EXECUTIVE DIRECTORS

John Anthony Copelyn (73)
Chairman and non-executive director
BA (Hons), BProc
Appointed: 10 May 2019

James Robert (Rob) Nicolella (54)
Non-executive director
CA(SA), PLD
Appointed: 10 May 2019

* No changes in board composition occurred during the year. Graphs reflect membership status at 31 March 2023.
THE BOARD HAS ADOPTED AN APPROPRIATE GOVERNANCE FRAMEWORK FOR THE GROUP AND MONITORS ITS IMPLEMENTATION AND APPLICATION. THE BOARD IS CONFIDENT THAT IT HAS FULFILLED ITS RESPONSIBILITIES IN ACCORDANCE WITH ITS CHARTER.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mohamed Haroun Ahmed (58)
Lead independent non-executive director
BCom Accounting
Appointed: 10 May 2019

Lynette Moretlo Molefi (54)
Independent non-executive director
BSc, MB ChB
Appointed: 10 May 2019

Sipho Chris Gina (64)
Independent non-executive director
Dip (Labour Law)
Appointed: 1 June 2019

Jabulani Geoffrey Ngcobo (72)
Independent non-executive director
Appointed: 10 May 2019

Cornelia Carol September (64)
Independent non-executive director
PhD, Masters in Technology Management, PGDip (Economic Policy), Adv Dip (Economics)
Appointed: 15 August 2019

Summarised CVs can be found on Southern Sun’s website at www.southernsun.com/investors/governance.
DESPITE CONTINUED ECONOMIC CHALLENGES AND THE EFFECT OF THE ONGOING ENERGY CRISIS ON THE GROUP, WE HAVE MANAGED TO ACHIEVE IMPRESSIVE FINANCIAL RESULTS.

"During the year, Southern Sun engaged on a number of remuneration matters and has demonstrated its intent to comply with remuneration practices. We remain mindful of the evolving reporting landscape, placing an even greater emphasis on transparency of disclosure and corporate citizenship. I am pleased to present Southern Sun’s remuneration report for the year ended 31 March 2023, reflecting our commitment to remunerate fairly, responsibly and competitively."

In line with best practice, as prescribed by King IV, this report is presented in three parts:

1. Background statement
2. Remuneration philosophy and policy
3. Implementation report

The group is committed to transparent and accurate disclosure. This report was reviewed and approved by the remuneration and nomination committee (the committee), and outlines the group’s remuneration practices including the remuneration policy and implementation report. The committee is responsible for reviewing Southern Sun’s approach to remuneration, ensuring the group’s policies and procedures are transparent, up-to-date and aligned with best practice.

In support of Southern Sun’s commitment to building trust, respect and credibility with our stakeholders, the group regularly engages with investors and funding institutions to better understand their concerns and mandates. The group has considered shareholder feedback in reviewing our FY23 remuneration policy and approach. Refer to page 25 of the Notice of AGM for details about voting at the 2022 AGM.
CHAIRMAN’S BACKGROUND STATEMENT

The company’s approach to remuneration and annual increases has always been guided by market conditions, affordability and an evaluation of inflationary trends. The annual increases awarded in the past have tracked, and in most instances, exceeded inflation, resulting in some real growth in the minimum wage.

The strategy of not aligning wage increases solely to the performance of the business, thereby acknowledging increases in the costs of living and other practical and economic considerations, ensured consistency in the company’s approach and has brought about trust and confidence in the company by its employees.

The remuneration report was assessed and redesigned for easier reading, understanding and enhanced compliance. The transparency of STI performance targets and achievements were expanded and enhanced, and include disclosure performance targets for each executive director.

Changes to our remuneration policy

The committee approved an amendment to the STI scheme rules to suspend relative growth as a measurement for FY23, due to the variability of the available comparative data. This component was added to financial performance for the measurement of STIs. Refer to the FY23 STI calculation for executive directors on page 79.

Shareholder engagement and voting

The non-binding advisory endorsements of the remuneration policy and implementation reports for the past three years as well as the approval we received in respect of non-executive director fees are detailed below:

<table>
<thead>
<tr>
<th>Non-binding advisory endorsement</th>
<th>2022</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remuneration policy (%)</td>
<td>96.5</td>
<td>95.6</td>
<td>70.3</td>
</tr>
<tr>
<td>Implementation report (%)</td>
<td>98.7</td>
<td>96.7</td>
<td>87.0</td>
</tr>
<tr>
<td>Approval of non-executive director fees (%)</td>
<td>100.0</td>
<td>99.4</td>
<td>99.4</td>
</tr>
</tbody>
</table>

The positive voting trend over the past three years has been encouraging. 91.4% of all shareholders were represented at the 2022 AGM. Southern Sun is pleased with the outcome of the results, which show that the group’s shareholders continue to support the remuneration policy and the remuneration implementation report.

The remuneration policy and the remuneration implementation report will again be presented to shareholders at the 2023 AGM to be held on 20 September 2023. Should the remuneration policy or the remuneration implementation report, or both, be voted against by more than 25% of the votes cast at any AGM of the company, the remuneration and nomination committee will continue to engage with shareholders within 30 days of the AGM to ascertain the reasons for dissenting votes and appropriately address legitimate and reasonable objections raised by shareholders.

About the remuneration and nomination committee

As part of our commitment to our sustainability strategy, the group must ensure all aspects of employees’ experience, including but not limited to remuneration and incentivisation, are properly structured.

Roles and responsibilities

The committee is responsible for and oversees board composition, diversity and succession, fair remuneration and performance measurement, and the setting and implementation of the remuneration policy for the group. The committee ensures that:

- the board has the appropriate composition and balance of skills for it to execute its duties effectively;
- directors’ appointments are transparent and made on merit through a formal process that includes identifying and evaluating potential candidates for appointment to the board;
- the group’s approved policy of gender, age, ethnicity and cultural diversity is considered and applied in the nomination and appointment of directors; and
- the policy and remuneration implementation report are tabled to shareholders every year at the group’s AGM for separate non-binding advisory votes.

The board is satisfied that the committee fulfilled its responsibilities in accordance with its terms of reference for the year.

Composition

<table>
<thead>
<tr>
<th>Meeting attendance</th>
<th>Composition</th>
</tr>
</thead>
<tbody>
<tr>
<td>2/2</td>
<td>Independent non-executive directors</td>
</tr>
<tr>
<td>Lynette Moreto Malef</td>
<td>Mohamed Haroun Ahmed (Chairman)</td>
</tr>
<tr>
<td>Jabulani Geoffrey Ngcobo</td>
<td>John Anthony Copelyn</td>
</tr>
<tr>
<td>2/2</td>
<td>Executive directors</td>
</tr>
<tr>
<td>Laurelle McDonald</td>
<td>Marcel von Aulock</td>
</tr>
</tbody>
</table>

* By invitation.

2023 focus areas and key decisions

- Reviewed the remuneration (including STIs and LTIs) of employees in the context of the group’s recovery from the impact of Covid-19
- Reviewed the disclosure of remuneration, particularly STIs in the group’s remuneration implementation report

2024 focus areas

- To consider the recent changes to the employment equity legislation and to ensure that the necessary steps are taken by the group to ensure compliance
- To ensure the committee continues to fulfil its role and comply with its terms of reference and to ensure the proper implementation of the group’s remuneration policy

The remuneration and nomination committee believes that the remuneration policy achieved its stated objectives.
Remuneration philosophy

The key goals of Southern Sun’s remuneration philosophy are to remunerate fairly, responsibly and competitively in order to:
• attract, reward and retain executive directors and staff of the requisite calibre, with the appropriate knowledge, attributes, skills and experience to allow them to add meaningful value to the company;
• align the behaviour and performance of executive directors and management with the company’s strategic goals in the overall interests of shareholders and other stakeholders; and
• promote a culture that supports initiative and innovation, with appropriate short and long-term incentives (LTIs) that are fair and achievable.

REMUNERATION POLICY

The remuneration and nomination committee approves the fixed and variable mix of the group’s remuneration structure, which differs based on employee level. This remuneration report sets out the components of the group’s remuneration structure, applicable under normalised circumstances.

Fair, responsible and transparent remuneration

The combination of the components below ensures that above-average pay is only received for above-average performance and above-average sustainable shareholder returns.

Fixed remuneration

Guaranteed pay

Basic cost to company
Median level for market

All permanent full-time employees, other than executive directors and management, receive guaranteed basic salaries (including an annual bonus of up to one month’s basic salary on completion of up to three years’ service) with the costs of medical, risk and retirement benefits shared between the employee and the employer on a 50:50 basis. Executive directors and management are remunerated based on a guaranteed total package basis, with the costs of benefits structured within their total cost to company.

Variable remuneration

<table>
<thead>
<tr>
<th>STIs</th>
<th>LTIs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual</td>
<td>Based on the achievement of financial targets and personal key performance objectives, calculated as a percentage of annual total package</td>
</tr>
<tr>
<td>LTIs</td>
<td>Aligned to shareholder returns</td>
</tr>
</tbody>
</table>

Southern Sun seeks to remunerate employees responsibly, fairly and transparently and achieve a balance between STIs and LTIs as part of a complete remuneration package that will motivate the achievement of short-term returns and long-term value creation for shareholders, as appropriate.

Changes to STI scheme rules

As a consequence of the disruption caused by the Covid-19 pandemic, with hotels forced to close for periods of time, the group and many other industry participants stopped submitting regular revenue and occupancy statistics to STR. STR provides data benchmarking, analytics and marketplace insights for the global hospitality industry and the group used the South African national and regional data to determine the relative revenue growth target in determining STI achievements. Relative revenue growth is determined by comparing actual revenue growth year on year (as measured by Revpar) in Southern Sun with appropriate comparator performance.

Given the lack of reliable market data and the group’s distribution often resulting in few third-party hotels being included in the comparator set, the remuneration and nomination committee recommended that the relative revenue growth targets be removed from the STI rules with effect from 1 April 2022. The financial targets, Ebitdar and adjusted earnings remain unchanged with the relative growth component’s weighting (previously 25%) being added to the financial component (FY22: weighting of 35% to 60% vs FY23: weighting of 60% to 85%) as provided for in the rules of the scheme. The board approved this recommendation at the board meeting held on 19 May 2022.
Short-term incentives (STIs)
Southern Sun’s STIs comprise financial achievement targets and personal key performance objectives.

**Purpose and participation**
Executive directors and designated management level employees participate in STIs based on the achievement of financial targets (Ebitdar and adjusted earnings) and personal key performance objectives, split as follows:

<table>
<thead>
<tr>
<th>Financial achievement targets (Ebitdar and adjusted earnings)</th>
<th>Personal key performance objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proportion for the most senior level</td>
<td>85</td>
</tr>
<tr>
<td>Proportion lowest management participant level</td>
<td>60</td>
</tr>
</tbody>
</table>

The STI target split allows for:
- the achievement of elements over which executive directors and management could exercise direct control and which ensures that the achievement of short-term financial performance is not at the expense of future opportunities. In this regard, personal key performance objectives are agreed annually upfront between the participant and their immediate manager; and
- the incentivisation of executive directors and management to achieve improved returns for shareholders by reaching or exceeding approved targets for Ebitdar and adjusted earnings.

**Financial achievement – Target weighting and threshold**
For STI participants to meet the financial performance targets, the group’s actual performance must exceed 90% of targeted Ebitdar and adjusted earnings.

<table>
<thead>
<tr>
<th>Weighting</th>
<th>Budget and targets</th>
<th>Adjustments</th>
</tr>
</thead>
<tbody>
<tr>
<td>• 50% Ebitdar</td>
<td>Targets recommended by the remuneration and nomination committee, which are based on the relevant board-approved budget</td>
<td>Adjustments relate mainly to acquisitions, disposals or corporate transactions that are not anticipated at the time of finalising the budget. Any adjustments to the targets are recommended by the remuneration and nomination committee and approved by the board</td>
</tr>
<tr>
<td>• 50% adjusted earnings</td>
<td>Budget and accompanying targets are adjusted up or down for material structural changes during the year to ensure they remain fair and relevant</td>
<td></td>
</tr>
</tbody>
</table>

**Threshold**
- Set at 90% of the approved target with a score of:
  - 0% being awarded for achievement below the threshold.
  - 50% being awarded for the achievement of on-target performance
- A stretch target set at 115% of the approved target resulting in a score, capped at 100%, being awarded for the achievement of the stretch target

**Pre-agreed personal key performance objectives**
- Vary depending on the employee’s role within the organisation and could include elements such as growth, customer satisfaction, regulatory compliance, leadership, internal controls and cost control
- An evaluation of the STI participant’s achievement of his or her pre-agreed personal key performance objectives is completed at the end of the financial year
- A bell-curve methodology is applied to the evaluation of personal performance, as provided for in the rules of the STI scheme

<table>
<thead>
<tr>
<th>Financial achievement on-target STI entitlement per employee level (% annual cost to company)</th>
<th>The maximum capped bonus entitlement per level (% annual cost to company)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td>75</td>
</tr>
<tr>
<td>CFO</td>
<td>50</td>
</tr>
<tr>
<td>HOFs</td>
<td>40</td>
</tr>
<tr>
<td>Senior managers</td>
<td>33</td>
</tr>
<tr>
<td>Designated management level employees</td>
<td>20</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Weighting (%)</th>
<th></th>
<th>Weighting (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>financial performance</td>
<td>CEO</td>
<td>85</td>
</tr>
<tr>
<td>CFO</td>
<td>80</td>
<td>20</td>
</tr>
<tr>
<td>HOFs</td>
<td>75</td>
<td>25</td>
</tr>
<tr>
<td>Senior managers</td>
<td>70</td>
<td>30</td>
</tr>
<tr>
<td>Designated management level employees</td>
<td>60</td>
<td>40</td>
</tr>
</tbody>
</table>
Long-term incentives (LTIs)

LTIs serve to align the focus of management with that of shareholders in that participants receive the capital growth on their share between its date of issue and its date of exercise, as well as all dividends declared in between these periods. As a result, management is focused on increasing the share price and the dividends per share. No other specific performance measurements are attached to LTIs awarded.

LTI allocations are listed in the remuneration implementation report.

Share Appreciation Rights

**Purpose and participation**

Selected key senior employees of the group participate in the Southern Sun Share Appreciation Rights plan with the goal to incentivise, motivate and retain these high-calibre employees and recognise their contributions to the group.

The purpose of the SAR plan is twofold, namely:

- to offer employees the opportunity to receive shares in Southern Sun (SSU shares) through the award of share appreciation rights (SARs), which are settled in SSU shares. The SAR plan is primarily used as an incentive to participants to deliver on our business strategy over the long term; and
- to offer such participants the opportunity to share in the group’s success, recognising the contributions made by these employees and providing alignment between the interests of participants and shareholders.

<table>
<thead>
<tr>
<th>Award date</th>
<th>Vesting period</th>
<th>Conditions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annually as recommended by the remuneration and nomination committee and approved by the board</td>
<td>Three years from their award date and will lapse and accordingly not be capable of surrender for settlement in SSU shares, upon the sixth anniversary of their award date</td>
<td>The number of annual SARs awarded to participants will primarily be based on the participant’s annual salary, employee level, performance, retention and attraction considerations, as well as market benchmarks. Annual allocations will be benchmarked and set to a market-related level of remuneration, while considering the overall affordability thereof to the group.</td>
</tr>
</tbody>
</table>

**Instruments and calculation**

SARs confer the right upon the participating employee to receive shares equal to the appreciation of the awarded SARs over the vesting period, being a minimum period of three years from the award date and subject to the participating employee’s continued employment during this period.

Appreciation is calculated as the difference between the seven-day volume-weighted average price of the shares on the date on which notice is given to surrender the SARs (exercise price) and the seven-day volume-weighted average price on the date on which the award was made to an eligible employee to participate in the scheme (the award price), multiplied by the number of SARs awarded.

Exercise price will be adjusted to take into account dividends (being a distribution as defined in the Companies Act and any dividends declared and paid in cash or in specie and on the unbundling of an asset or share) between the award date and the vesting date.

On settlement, the value accruing to participants will be the full appreciation of the SSU share price over the award price plus dividends declared and paid, post the award date (net of tax), which value will be settled in SSU shares.

**Malus and clawback**

The group understands the need for increased alignment between executive management and shareholders, particularly in executive remuneration schemes operated by the group, and the growing emphasis on executive accountability.

In response, the remuneration and nomination committee proposed a malus and clawback clause, which was approved by the board for inclusion in both the STI scheme and the SAR plan. In terms of this clause, clawbacks may be implemented by the board for material misstatements of financial statements or errors in calculations that led to the overpayment of incentives to executives. Clawbacks may be implemented from all gains derived from any STI or LTI award in the form of a reduction in the value of these awards in future years, or (other than for executive directors) in the form of a repayment plan over a period of up to 12 months. Executive directors are required to repay the amount in full.

In the event that an employee has left the services of the company, or there is limited possibility of recovering amounts from future incentive awards, the company may institute proceedings to recover such amounts.

Executive directors’ service contracts at 31 March 2023

Both the CEO and CFO are full-time salaried employees of Southern Sun. Their employment contracts are subject to three months’ notice, contain no restraint of trade clauses and have no specific contractual conditions related to termination.

Non-executive directors’ terms of appointment

Non-executive directors are not subject to any other fixed terms of employment other than the conditions contained in the company’s memorandum of incorporation and, as such, no service contracts have been entered into with the company.

Southern Sun’s remuneration for non-executive directors comprises:

- a basic annual fee for membership of the board and the audit and risk committee; and
- a per meeting attendance fee for members of the social and ethics and remuneration and nomination committees.

Non-executive directors’ fees are approved in advance by shareholders by special resolution at the company’s AGM. No share options or other incentive awards geared to share price or corporate performance are made to non-executive directors.
This part of the report reflects the implementation of the remuneration policy. It provides details of the remuneration paid to executive directors and prescribed officers and fees paid to non-executive directors for the year ended 31 March 2023.

This section also sets out the detail surrounding the STI and LTI payments and vesting outcomes and includes a summary overview of each executive director and prescribed officers’ performance, including their single figure remuneration.

### Executive directors’ and prescribed officers’ emoluments

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2022</th>
<th>Total 2023</th>
<th>Total 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MN von Aulock</td>
<td>L McDonald</td>
<td>Total R'000</td>
<td>MN von Aulock</td>
</tr>
<tr>
<td>Salaries</td>
<td>7 678</td>
<td>2 630</td>
<td>10 308</td>
<td>6 203</td>
</tr>
<tr>
<td>Benefits</td>
<td>607</td>
<td>474</td>
<td>1 081</td>
<td>258</td>
</tr>
<tr>
<td>Current year STI accrued</td>
<td>10 484</td>
<td>2 725</td>
<td>13 209</td>
<td>-</td>
</tr>
<tr>
<td>Fair value of equity-settled SARs awarded(^1)</td>
<td>-</td>
<td>1 786</td>
<td>1 786</td>
<td>12 369</td>
</tr>
<tr>
<td><strong>Total single figure of remuneration</strong></td>
<td>18 769</td>
<td>7 615</td>
<td>26 384</td>
<td>18 830</td>
</tr>
<tr>
<td>Current year vesting of equity-settled SARs</td>
<td>3 756</td>
<td>2 014</td>
<td>5 770</td>
<td>2 414</td>
</tr>
<tr>
<td>Fair value of unvested equity-settled SARs granted during the year</td>
<td>-</td>
<td>(1 191)</td>
<td>(1 191)</td>
<td>(11 634)</td>
</tr>
<tr>
<td><strong>Financial statement remuneration</strong></td>
<td>22 525</td>
<td>8 438</td>
<td>30 963</td>
<td>9 610</td>
</tr>
<tr>
<td>Current year STI not settled</td>
<td>(10 484)</td>
<td>(2 725)</td>
<td>(13 209)</td>
<td>-</td>
</tr>
<tr>
<td>Prior year STI settled(^2)</td>
<td>1 704</td>
<td>1 000</td>
<td>2 704</td>
<td>-</td>
</tr>
<tr>
<td>IFRS 2 charge on equity-settled SARs</td>
<td>(3 756)</td>
<td>(2 609)</td>
<td>(6 365)</td>
<td>(3 149)</td>
</tr>
<tr>
<td><strong>Total cash equivalent value of remuneration</strong></td>
<td>9 989</td>
<td>4 104</td>
<td>14 093</td>
<td>6 461</td>
</tr>
</tbody>
</table>

\(^1\) Reflects the fair value of new SARs (unvested) awarded during the year.

\(^2\) Due to the impact of the Covid-19 pandemic and the company’s focus on cash preservation, STIs for the 2020 financial year were calculated and approved by the remuneration and nomination committee during the 2021 financial year, but payment thereof deferred until such time that it would be appropriate and responsible for payment to be made. The group had sufficient cash resources available to settle the STI provision for 2020 during June 2022.

### Annual salary review

The annual salary review was conducted for all employees including the executive directors in accordance with the remuneration policy and resulted in an average rate of increase, of 6.5% for executive directors and 7.3% for other employees.

### STIs

No STIs were awarded for the 2021 and 2022 financial years due to the protracted impact of the Covid-19 pandemic. STIs were, however, reinstated in FY23. The outcomes of the FY23 STIs, which were paid to scheme participants in May 2023 against targets set for the year are provided in the tables that follow.
FY23 financial targets as approved by the board

<table>
<thead>
<tr>
<th></th>
<th>Ebitdar (Rm)</th>
<th>Adjusted earnings pre-LTI (Rm)</th>
<th>Adjusted earnings pre-LTI per share (cents)</th>
<th>Weighting of financial achievement (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Threshold (above 90% of target)</td>
<td>914</td>
<td>104</td>
<td>7.0</td>
<td>0</td>
</tr>
<tr>
<td>Target</td>
<td>1 015</td>
<td>115</td>
<td>7.8</td>
<td>50</td>
</tr>
<tr>
<td>Stretch (above 115% of target)</td>
<td>1 167</td>
<td>133</td>
<td>9.0</td>
<td>100</td>
</tr>
</tbody>
</table>

Note: The financial targets assumed the implementation of the TSG transaction and the disposal of Southern Sun Ikoyi effective from 30 September 2022 and 1 December 2022, respectively.

Financial targets were originally set based on the budget for FY23 as approved by the board in February 2022. As a result of the better than expected recovery in trading levels, the targets were materially revised upwards in August 2022. Target Ebitdar was increased from R694 million to R1 015 million and targeted adjusted earnings per share was increased from a loss of 3.0cps to a profit of 7.8cps.

FY23 financial stretch targets were achieved by the group, resulting in the award of STIs for executive directors as follows:

<table>
<thead>
<tr>
<th></th>
<th>Annual total package R’000</th>
<th>Maximum capped bonus entitlement R’000</th>
<th>STI earned stretch target achievement R’000</th>
<th>Weighting (%)</th>
<th>Personal objectives achieved</th>
<th>STI earned achievement personal objectives R’000</th>
<th>Total STI Earned</th>
</tr>
</thead>
<tbody>
<tr>
<td>MN von Aulock</td>
<td>8 168</td>
<td>10 618</td>
<td>9 026</td>
<td>85</td>
<td>13.5</td>
<td>1 458</td>
<td>10 484</td>
</tr>
<tr>
<td>L McDonald</td>
<td>3 083</td>
<td>2 775</td>
<td>2 220</td>
<td>80</td>
<td>18.0</td>
<td>506</td>
<td>2 725</td>
</tr>
</tbody>
</table>

Personal performance objectives for the CEO and CFO are generally set at the beginning of the financial year. In March 2022 substantial uncertainty existed as to the recovery in trading volumes that would be achieved in FY23 as the group had just experienced the impact of being put on the red list as a result of the Omicron variant being identified in December 2021.

As the year progressed and the recovery was deemed more certain, the financial targets were adjusted as set out above and personal objectives were adjusted to focus on the following key areas:
- the normalisation of the group’s debt covenants and the refinancing of the overall debt structure of the group;
- the implementation of key transactions, being the disposal of Southern Sun Ikoyi and the TSG transaction, that would have a material impact on the group’s debt position; and
- the retention of the cost efficiencies achieved through the material restructure of the business undertaken during the prior two years, as trading volumes recovered.
LTIs
Details of unexpired awards granted to executive directors and prescribed officers prior to 31 March 2023 are set out below:

Fair value of SARs – executive directors and prescribed officers

<table>
<thead>
<tr>
<th>Name</th>
<th>Award date</th>
<th>SARs awarded and still outstanding 2022</th>
<th>Award price R</th>
<th>Strike price R</th>
<th>Fair value of SARs awarded R'000</th>
<th>Vesting date</th>
<th>Expiry date</th>
</tr>
</thead>
<tbody>
<tr>
<td>MN von Aulock</td>
<td>1 October 2018*</td>
<td>10 893 353</td>
<td>4.13</td>
<td>4.03</td>
<td>9 180</td>
<td>30 September 2021</td>
<td>30 September 2024</td>
</tr>
<tr>
<td></td>
<td>13 January 2021</td>
<td>1 142 857</td>
<td>1.49</td>
<td>1.50</td>
<td>819</td>
<td>13 January 2024</td>
<td>13 January 2027</td>
</tr>
<tr>
<td></td>
<td>14 January 2022*</td>
<td>3 302 633</td>
<td>3.03</td>
<td>3.05</td>
<td>3 975</td>
<td>30 September 2024</td>
<td>30 September 2027</td>
</tr>
<tr>
<td></td>
<td>14 January 2022*</td>
<td>3 302 632</td>
<td>3.03</td>
<td>3.05</td>
<td>4 128</td>
<td>30 September 2025</td>
<td>30 September 2027</td>
</tr>
<tr>
<td></td>
<td>14 January 2022*</td>
<td>3 302 632</td>
<td>3.03</td>
<td>3.05</td>
<td>4 266</td>
<td>30 September 2026</td>
<td>30 September 2027</td>
</tr>
<tr>
<td>L McDonald</td>
<td>1 April 2018*</td>
<td>324 907</td>
<td>4.62</td>
<td>4.57</td>
<td>231</td>
<td>31 March 2021</td>
<td>31 March 2024</td>
</tr>
<tr>
<td></td>
<td>1 April 2019*</td>
<td>1 603 856</td>
<td>4.24</td>
<td>3.99</td>
<td>1 409</td>
<td>31 March 2022</td>
<td>31 March 2025</td>
</tr>
<tr>
<td></td>
<td>13 January 2021</td>
<td>1 142 857</td>
<td>1.49</td>
<td>1.50</td>
<td>819</td>
<td>13 January 2024</td>
<td>13 January 2027</td>
</tr>
<tr>
<td></td>
<td>14 January 2022*</td>
<td>1 651 316</td>
<td>3.03</td>
<td>3.05</td>
<td>1 987</td>
<td>30 September 2024</td>
<td>30 September 2027</td>
</tr>
<tr>
<td></td>
<td>14 January 2022*</td>
<td>1 651 316</td>
<td>3.03</td>
<td>3.05</td>
<td>2 064</td>
<td>30 September 2025</td>
<td>30 September 2027</td>
</tr>
<tr>
<td></td>
<td>14 January 2022*</td>
<td>1 651 316</td>
<td>3.03</td>
<td>3.05</td>
<td>2 133</td>
<td>30 September 2026</td>
<td>30 September 2027</td>
</tr>
<tr>
<td></td>
<td>1 April 2022</td>
<td>1 048 752</td>
<td>3.34</td>
<td>3.45</td>
<td>1 786</td>
<td>31 March 2025</td>
<td>31 March 2028</td>
</tr>
</tbody>
</table>

* SARs awarded on 14 January 2022 vest in three equal tranches on the third, fourth and fifth anniversary from 30 September 2021.
*° SARs vested and still outstanding

SARs are equity-settled and will therefore have a dilutionary impact on shareholders on settlement. Based on the closing share price on 31 March 2023 of R4.30 and the average SSU share price for the 12 months to 31 March 2023 of R4.06, all SARs that have a dilutionary impact have been taken into account for the calculation of the diluted headline and diluted adjusted headline profit. Between December 2022 and June 2023, the company has repurchased 99 million ordinary shares which will be used to settle LTI obligations to participants.
Non-executive directors’ fees

<table>
<thead>
<tr>
<th>Non-executive directors</th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Directors’ fees paid by the company R’000</td>
<td>Total R’000</td>
</tr>
<tr>
<td>JA Copelyn</td>
<td>436</td>
<td>436</td>
</tr>
<tr>
<td>M Ahmed</td>
<td>495</td>
<td>495</td>
</tr>
<tr>
<td>SC Gina</td>
<td>381</td>
<td>381</td>
</tr>
<tr>
<td>ML Molefi</td>
<td>394</td>
<td>394</td>
</tr>
<tr>
<td>JG Ngcobo</td>
<td>394</td>
<td>394</td>
</tr>
<tr>
<td>JR Nicolella</td>
<td>282</td>
<td>282</td>
</tr>
<tr>
<td>CC September</td>
<td>294</td>
<td>294</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2 676</td>
<td>2 676</td>
</tr>
</tbody>
</table>

Fees are exclusive of VAT.

Non-executive directors’ fees for approval by shareholders
The non-executive directors’ fees for FY23 were approved by shareholders at the 2022 AGM held on 20 September 2022. Directors’ fees had not been increased since the AGM held on 17 October 2019. The FY23 fees represent a 5% increase to the fees approved by shareholders at the AGM held on 17 October 2019.

At the AGM scheduled for 20 September 2023, the remuneration and nomination committee will propose a 6.5% increase in non-executive directors’ fees, in line with the average increase for executive directors.

The board has approved the recommendation made by the remuneration and nomination committee and shareholders are referred to page 42 of the notice of AGM for the proposed non-executive directors’ fees for the 2023 financial year.