


REMUNERATION POLICY

Policy Owner:	Bottle Buhle Brands (Pty) Ltd		
Effective Date:	8 TH OCTOBER 2023		
Version:	Version 1		
Authorised by:	CEO		08/10/2023
		Signature	Date
Note:	Bottle Buhle Brands (Pty) Ltd reserves the right to amend the contents of this policy as and when required. The policy currently in effect will apply to all employees regardless of the policy that applied at the time of employment.		

1. Scope/objective of the policy

- 1.1 The purpose of the policy is to provide the philosophy and methodology of remuneration matters that rests on the principles of equal pay for work of equal value.
- 1.2 The policy is intended to ensure attraction, recruitment and retention of employees, in line with the principles of good corporate governance as well as the applicable legislation in South Africa.
- 1.3 Section 27 of the Employment Equity Act, introduced in 1998, requires Employers to progressively reduce disproportionate income differentials/remuneration practices. It is furthermore required from Employers to submit an EEA4/Income Differential form (EEA4) to the Department of Labour together with the annual Employment Equity submission. A revised EEA4 form was introduced on 8th August 2019. The main purpose of this revised form is:
 - 1.3.1 to collect information for the establishment of norms and benchmarks to reduce the remuneration gap between the highest paid and the lowest paid employees.
 - 1.3.2 to assess inequalities in remuneration in relation to race and gender in various occupational levels.

The revised EEA4 form require that remuneration be indicated and separated in terms of fixed and variable income.

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- 1.4 The policy is applicable to all Employees and deals with matters that impact on Employee remuneration and rewards.

2. Definitions

- 2.1 **Disproportional remuneration** is when an employee's remuneration is too much or too little in comparison with another employee, whose job description entails the same duties, responsibilities, scope and tasks.
- 2.2 **Effort** is the physical or mental exertion needed to perform a job.
- 2.3 **Equal value** – accorded the same value.
- 2.4 **Fixed pay** can be defined as the equal proportions of the amount earned by the employee through his/ her work on a monthly basis during the current year (i.e. monthly allowances that do not vary from month to month).
- 2.5 **Indirect discrimination** is discrimination by means of rules, regulations or procedures implemented by a company that may appear to be impartial, but which actually discriminates, in a fair manner, against certain groups of people.
- 2.6 **Job description/profile** is a written statement that stipulates the main features of a specific job, including the duties, purpose, responsibilities, scope, working conditions and the name or designation of the person to whom the employee reports to.
- 2.7 **Job grading** is the process of determining the worth or value of one job in relation to or compared to another. A job grade is defined as a collection of jobs that encompasses positions with the same or similar values in order to assign compensation rates and structures.
- 2.8 **Remuneration** is any payment in money or in kind, or both in money and in kind, made or owing to any person in return for that person working for any other person, including the State (i.e. reward for employment in the form of pay, salary or wage, including allowances, benefits, bonuses, incentives etc.)
- 2.9 **Salary benchmarking** is a detailed remuneration process by which internal job descriptions are matched to external jobs with similar responsibilities to identify the market rate for each position (i.e. a comprehensive analysis that identifies internal and external factors that create salary differences with the goal to implement measures to address these differences).

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- 2.10 **Variable pay** is the portion of compensation determined by an employee's performance (i.e. compensation that changes from month to month). Variable pay is often used to recognize and reward an employee's contribution toward company productivity, profitability or some other aspect deemed important by Botle Buhle Brands (i.e. performance above and beyond normal job requirements).

3. Legal principles

The following legislation is applicable to this policy:

- 3.1 Basic Conditions of Employment Act, Act 75 of 1997;
- 3.2 Labour Relations Act, Act 66 of 1995;
- 3.3 Employment Equity Act, Act 55 of 1998; and Amendments;
- 3.4 Department of Labour Code of Good Practice on Equal Pay for Work of Equal Value, 2004;
- 3.5 King Code of Corporate Governance; and
- 3.6 Code of Good Practice for Equal Pay for Work of Equal Value

4. Policy

The following general principles apply to this policy:

- 4.1 Equal Pay is about internal parity (i.e. internal salary benchmarking), not about market relativity, although benchmarking to market (i.e. external salary benchmarking) is important to ensure that the salaries paid by the organisation are fair in relation to what competitors pay.
- 4.2 Job grading/evaluation is required before salaries of different positions can be compared to one another. Updated job profiles/descriptions are required before positions can be graded/evaluated. Job descriptions will be updated on a regular basis and the job grading/evaluation will be updated if required.
- 4.3 Any method of job grading/evaluation can be used (e.g. Paterson, Hay, Castellion). The aim of all the job grading/evaluation methods is to compare the comparative worth of jobs/positions within the organisation to one another. Job

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grading/evaluation can either be done internally or be outsourced to suitably qualified Consultants.

- 4.4 It is regarded as fair to base the organisation's remuneration structure on the job grading/evaluation, i.e. the higher the position in the organisation's hierarchy, the higher the earning potential.
- 4.5 Internal salary benchmarking will be done on an annual basis in the form of the EEA4 (Income Differential Form). In this manner the discrepancies between salaries on the same occupational level, can be identified. Reasons for the income discrepancies need to be provided and should be as a result of one or more of the following factors:
 - 4.5.1 Length of service or seniority of the position.
 - 4.5.2 Qualifications, ability, competence or potential above the minimum required for the job.
 - 4.5.3 Performance, quantity or quality of work.
 - 4.5.4 Demotion.
 - 4.5.5 Temporary placement in a position for purposes of gaining experience/training or for temporarily acting in the position.
 - 4.5.6 Shortage of relevant skills (i.e. scarcity allowance).
 - 4.5.7 Any other relevant factor that is not unfairly discriminatory against any group.
- 4.6 External salary benchmarking is preferable on a regular basis, however the cost and administration required for this might be considerable.
- 4.7 The organisation undertakes to investigate any disproportionate pay differentials and may consider any one or more of the following solutions to mitigate such differences:
 - 4.7.1 New appointments to be made in line with the accepted pay ranges per occupational level/job grade.
 - 4.7.2 The percentage acceptable deviation per occupational level/job grade to be determined (e.g. 100% at Top Management and 20% at Semi-skilled level).
 - 4.7.3 An equal pay analysis may be conducted to identify individual outliers. Those earning well below the average may be awarded with higher increases than the average worker. Those earning way above the average may be placed on a hold/freeze and not earn an increase for a specific period. Engagement with Employees will take place before salaries are frozen.

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- 4.8 Pay differentials, whether comparing individual performance in the same jobs or employees holding differing roles across occupational levels, need to be unemotionally considered and justifiably defended within the bounds of the EEA and the Code of Good Practice.
- 4.9 Productivity and performance are intrinsically linked to reward. The organisation will, wherever possible, link pay and performance to ensure fairness and the corresponding additional value creation with increased wages.
- 4.10 On occasion, a counteroffer may be made by Botle Buhle Brands to retain a top performer if the employee is offered a salary higher than their current pay, by another organisation, to perform the same duties. The salary may be increased to match or exceed the offer.
- 4.11 Should the counteroffer create inequities in pay within the organisation, an action plan or measures must be submitted and implemented to address inequities. Pay increases to address immediate retention concerns for a top performer, will be considered and become effective the first of the following month. Internal and External factors, such as, market data, skills and qualifications will be considered upon determination of an appropriate retention increase.
- 4.12 Salary Package: On joining Botle Buhle Brands all staff would have received a letter of appointment stating their annual salary package.
- 4.13 Salary Review: Salary packages are reviewed annually as agreed in the contract of employment. Increases are only awarded after due consideration of the performance of Botle Buhle Brands, profitability of Botle Buhle Brands and ultimately at the discretion of the company's Director.

5. Procedure

- 5.1 All positions within Botle Buhle Brands will be profiled before the remuneration element is assessed.
- 5.2 A Remuneration Committee might be appointed to deal with matters relating to fair remuneration practices. The Employment Equity Manager will be responsible for the assessment of remuneration practices, in the absence of a Remuneration Committee.

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5.3 The process of evaluating jobs against Equal Treatment Claims is described below and overleaf:

5.3.1 Conduct an objective assessment between the two comparator jobs. The following factors will be considered when the comparative value/worth of jobs are being assessed:

- Responsibility demanded for the work including people, finances and materials.
- Skills, qualifications and prior learning required to perform the work.
- Physical, mental and emotional effort.
- Work context, i.e. conditions under which the work is performed such as the physical environment (e.g. underground versus on surface work); psychological conditions; time when the work is done (night versus day); and the geographic location where the work is performed.

5.3.2 Confirm that the jobs that are being compared are the same, substantially the same or of equal value in terms of an objective assessment.

5.3.3 If there are differences in terms of conditions of employment and remuneration for the comparator jobs, the differences should be justified on fair and rational grounds.

5.4 Disproportionate income differentials might arise where there are clear race or gender differentials or where there are employees in the same/similar occupation where the minimum and maximum ranges are excessively broad and not as a result of any of the factors listed in 4.5 above.

5.5 Remedial action plans should be developed in cases where disproportionate income differentials have been identified.

5.6 Differentials in remuneration for work of equal value is not unfair unless the cause is direct or indirect discrimination on the basis of race or any other prohibited ground.

5.7 An essential element of a claim for equal pay for equal work is that the complaining must establish a factual foundation that the work of the comparator is equal.

5.8 Work will be regarded as of equal value if the work performed by an employee:

5.8.1 is the same as the work of another employee of the same employer – i.e. their work is identical or interchangeable.

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- 5.8.2 is substantially the same as the work of another employee employed by that employer, if the work performed by the employees is sufficiently similar that they can reasonably be considered to be performing the same job, even if their work is not identical or interchangeable.
- 5.8.3 is of the same value as the work of another employee of the same employer in a different job, if their respective occupations are accorded the same value.
- 5.9 The person claiming (the complainant) that he/she is entitled to the same terms and conditions of employment as those that another employee (comparator) enjoys, should show:
 - 5.9.1 that they are employed by the same employer;
 - 5.9.2 that he/she does the same work as the compactor;
 - 5.9.3 that he/she does substantially the same work; or
 - 5.9.4 that he/she does work of equal value to the comparator as contemplated in the Employment Equity Act.

6. Related policies and procedures

- 6.1 Employment Equity Policy.
- 6.2 Performance Management Policy.

7. Related documents

N/A