POLICY: Remuneration
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# Remuneration Policy

APPROVED BY:

The Novus Holdings Human Capital Committee

Chairperson

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# CONTENTS

## 1. PURPOSE AND OUTCOME

Novus Holdings' remuneration philosophy is aimed at creating value for all stakeholders and balance good performance with fair and responsible remuneration outcomes.

The remuneration policy provides a framework for the alignment between Novus Holdings' business strategy and the managerial behaviour of the Chief Executive Officer (CEO), Executive Directors (EDs), Exco, Non-Executive Directors NEDs and senior management and to ensure that the right skills are attracted and retained. Furthermore, it aims to ensure short-term success and long-term sustainability, while maintaining and reinforcing entrepreneurship and collaboration which are considered key elements of Novus Holdings' corporate culture.

This document elaborates on each component of remuneration and should be read in conjunction with other applicable policy documents from time to time.

This policy will be made available on the Novus Holdings website, accessible through the following link: *www.novus.holdings/governance*.

The outcomes of this policy include:

- attracting and retaining the right talent at all levels of the organisation to ensure a competitive and agile workforce;
- motivating and assisting employees to learn and realise their professional goals, improve their performance and ultimately contribute to achieving the Company's long-term objectives;
- ensuring short-term success and long-term sustainability;
- maintaining labour costs that are competitive and aligned with industry standards - this includes benchmarking remuneration practices against peers and competitors within the South African labour market and relevant sector to ensure fair and market-related compensation promoting the achievement of strategic objectives within the Company's risk appetite;
- promoting an ethical culture and responsible corporate citizenship;
- enhancing internal fairness through consistent, appropriate and responsible remuneration decision-making aligned with the Company's strategy and values;
- rewarding employees in a manner which is fair, equitable and reflective of both Company and individual performance;
- ensuring internal equity and external competitiveness; and
- promoting positive outcomes across the integrated reporting capitals that the Company uses or affects.

In setting and administering its remuneration policy, the Company is also committed to observing its obligations in terms of the Employment Equity Act 55 of 1998 (as amended) ("the Employment Equity Act") and the Regulations in terms thereof, specifically the principle of Equal Pay for work of Equal Value.

## 2. REMUNERATION AND PAY EQUITY

Novus Holdings employs a diverse workforce across multiple skill levels, from apprentices to executives, and recognises that remuneration structures will vary to reflect differences in skills, experience, responsibility and market dynamics. Such differentiation is applied within a framework that promotes fairness, consistency and responsible pay practices.

The Group is committed to maintaining equitable remuneration and is mindful of wage differentials across the organisation. The Human Capital Committee oversees remuneration outcomes and monitors internal pay dispersion, taking into account factors such as role complexity, scarce skills, geographic considerations, collective bargaining outcomes and external market benchmarks. While these factors may result in variations in remuneration, the Company seeks to ensure that any disparities are justifiable and aligned with business needs.

To support fair and responsible remuneration, Novus Holdings:

- Engages with trade unions and bargaining councils through annual negotiations to address wage structures and employee conditions
- Applies the principle of equal pay for work of equal value and conducts periodic pay equity reviews to identify and remediate unjustified disparities
- Reviews minimum remuneration annually, taking into account ethical considerations, cost of living, inflation and affordability
- Aligns remuneration increases with business performance, market conditions and broader workforce outcomes, including ensuring appropriate relativity between executive and employee increases
- Implements structured job grading and evaluates the underlying drivers of pay differences where required

The Company also recognises that supply and demand for critical skills may necessitate targeted remuneration premiums to attract and retain talent, which may result in differentiated pay within the same grade. In addition, the Group continues to invest in skills development, learnerships and career mobility initiatives to support sustainable earnings progression and reduce structural pay gaps over time. Remuneration decisions are approved in accordance with established governance processes and delegated authority, ensuring alignment with the Company's strategic objectives and human capital priorities. Novus Holdings remains committed to progressively addressing unjustified pay disparities and fostering an inclusive, equitable and transparent remuneration environment.

Novus Holdings will also take into account the fact that any change in the quantum of the guaranteed package of a member of executive management can have a corresponding effect on the size of his or her variable pay package and hence adjust these elements accordingly.

In the circumstances where there is a shortage of skilled workers, the Company may identify those critical jobs and adjust remuneration to include an additional premium equal to 10% -15% of the guaranteed package payable for those jobs, in order to attract and retain these skilled workers. As the supply and demand of employees with critical skills are the most important factors influencing differentiations in remuneration, this may result in some remuneration disparities in that employees who work within the same job grade may earn different amounts.

The Company progressively considers and implements initiatives to improve the employment conditions of its general and junior employees. In line with the Company's aim of fair and responsible remuneration, Novus Holdings may adopt progressive measures to address any identified disparities.

## 3. TOTAL REMUNERATION PACKAGE

The remuneration policy follows the internationally recognised practice of combining a guaranteed package with STIs and LTIs to construct a competitive remuneration package that aligns employee performance with the achievement of the Company's objectives. The Human Capital Committee is satisfied that the remuneration package is designed in such a way that avoids over-dependence on its variable components on the part of its employees; and that these variable components do not introduce inappropriate risk to the Company and its long-term objectives.

## 3.1. Guaranteed package (total cost of employment)

This consists of a base cash salary with compulsory benefits and allowances reflecting individual competence. This amount is subject to performance-based adjustments effective 1 April each year and is reviewed annually.
The primary strategic intent behind the guaranteed package is to remunerate for individual skills, considering market positioning and cost of living expenses. It forms the basis of the Company's ability to attract and retain employees.

In approving the guaranteed package levels, the Human Capital Committee considers industry and market best practice. The Human Capital Committee may conduct a benchmarking exercise together with a secondary analysis, for instance against the REMchannel® National database or Remweb platform for executive remuneration. The Human Capital Committee may take the results of these benchmarking exercises into consideration when determining or adjusting the policy relating to guaranteed package.

## 3.2. Benefits and allowances

The primary strategic intent of benefits and allowances are to maintain employee wellness and engagement in compliance with legislation and the Company's contractual agreements with its employees. These also form part of Novus Holdings' broader commitment to improving its employee value proposition. Benefits may include membership of a retirement plan (retirement/provident fund), where contributions are made by both the Company and the employee as part of the guaranteed package. Additional benefits may include health insurance, medical aid, risk, disability and death cover.

Apart from discretionary bonuses, salaried employees may structure their total cost of employment package to provide for a 13$^{th}$ cheque (however, this is merely a manner of remuneration structuring and not a performance-based discretionary bonus in addition to total cost of employment).

Novus Holdings offers certain allowances and financial assistance. Employees who use their personal vehicles to travel for business purposes can structure a travel allowance as part of their cost of employment package or may be reimbursed when they do occasional travels. Educational assistance is offered for employees who express a need to study further in line with their career progression plan. This list is not exhaustive. These are offered in line with statutory requirements and agreements with employees and form part of the guaranteed package.

## 3.3. Variable pay

Variable pay refers to both the STI scheme and the LTI schemes.

### 3.3.1. Short-term incentive

The purpose of the Novus Holdings STI is to create a culture of performance and to sustainably reward employees for performance at the Company, division, team and individual levels. Under normal trading conditions, the Company awards STIs as performance-based bonuses and incentives at executive, senior management and management on a D3 and higher Paterson grade, as well as selected line management and specialists (at the discretion of the CEO) to instil an entrepreneurial culture since at these levels, a direct contribution to the achievement of strategic objectives of the Company can be measured. The implementation of the scheme is transparent, objective and measurable as it is thoroughly communicated in consultation with the affected employees.

The bonus pools take the top-down approach. For divisional executives, Company and divisional performance are also considered. Additionally, (but not limited to) growth in Earnings before Interest and Tax (EBIT), net working capital and individual performance scores may influence the quantum of the bonus payments. STI payments made are subject to clawback and malus.

**On-target earning potential for STI**
The maximum on-target STIs are set out below:

| ***Position*** | ***Maximum STI on-target earning potential*** |
|---|---|
| *Executives* | *25% of package* |
| *Senior management* | *20% of package* |
| *Management and specialists* | *10% of package* |

**Performance score**
STI payments are dependent on the achievement of targeted levels of performance. The applicable target is based on an amount exceeding the budgeted EBIT. Where a participant is required to focus on both overall Company and divisional performance, a portion of the bonus will be drawn from the Company and divisional bonus pools. The CEO is responsible for determining this allocation based on the participants' roles and responsibilities and the need to encourage a team-based culture within the Company.

The threshold performance level for the STI is set at 90% (0% bonus pool) of the target, with linear vesting from 90% to 100% of target (100% bonus pool at achieving target).

The objective of the STI is to drive performance to exceed target and not just achieve it. Beyond target bonus payments will only be applicable if both the division and Group has achieved the target. When exceeding the target, a maximum of 20% of the amount above the target may be calculated and motivated for inclusion to the on-target bonus pool by the business unit heads and subject to the CEO's approval before tabling at HCC.

The final STI amounts are dependent on the quantum of the bonus pool available, and adjustments based on relative performance scores may occur as determined by the Human Capital Committee.

Payment of any incentive is subject to the participant achieving an individual performance score of at least 80%. Individual performance scores will be moderated by the divisional head and appropriate forum before finalisation. Therefore, all performance scores can be changed or moderated where appropriate.

The Human Capital Committee may apply downward adjustments, including partial or full forfeiture, where:

- critical KPI thresholds are not met;
- there are material failures in key performance areas;
- conduct breaches company values, ethics, or governance standards; or
- regulatory non-compliance or significant reputational or operational issues arise.

The Committee retains discretion to ensure outcomes reflect overall performance, accountability, and long-term value creation.

**Discretionary, production, second tier and other bonuses**

Employees who are participants in the STI scheme are not entitled to any discretionary bonuses. Other employees in management positions who do not participate in the STI and who perform above and beyond their responsibilities may be awarded a discretionary bonus after nomination by executives for the CEO's approval. This is an *ad hoc* bonus which is not contractually agreed upon. Performance conditions for discretionary bonuses (where applicable) are determined by the Human Capital Committee.

Employees in production positions who do not participate in the STI and who make a major contribution to production efficiency may receive recognition bonuses subject to the CEO's approval.

Both discretionary and ad hoc bonuses are limited to a maximum value not exceeding their 13$^{th}$ cheque. Pro-rata calculations will be applied for new employees.

Second-tier incentives are comparable to a commission structure (subject to a maximum level) and are used to reward sales, marketing, and business development executives for generating profitable business. They are proposed to the Human Capital Committee by the CEO. These bonuses are considered against the participants' guaranteed package and variable remuneration awards received (if any). Performance conditions to qualify for secondary incentives are finalised by the Human Capital Committee each year.

Wage employees may receive a bonus at the end of the year as determined by substantive negotiations with organised labour.

### 3.3.2. Long-term incentive

The purpose of the Novus Holdings LTI is to promote entrepreneurial flair and create a culture of long-term performance and ownership in the Company. Its strategic intent is also focused mainly on retention and wealth creation.

The current LTI scheme is applicable to executive directors, and key members of senior management and professional employees within the Company. The scheme relies on the same specific performance criteria defined each year for the STI scheme to determine contributions to the scheme. The salient criteria are as follows:
On target performance will approximate to participating employees earning an additional one-year total cost to company (TCTC) every 5 (five) years for category A participants and every 6,5 (six and a half) years for category B participants.
The deferred bonus is to accrue ("vest") over a three-year rolling period. Each annual contribution to the employees' bonus pool can be drawn down in three equal tranches on the first, second and third anniversary dates of each contribution to the scheme.
A participating employee's TCTC is used as basis for the contributions to the individual's bonus pool, with a maximum of 20% of the category A group's and 15% of the category B group's TCTC being made to the pool each year that the individual's specific performance criteria are achieved.
Contributions to the scheme commenced in June 2022 with participants having access to the accrual in June 2023 subject to the employee remaining in the employ of Novus Holdings.
Income tax will be payable when the employee receives payment at the applicable tranches.
The board may in future offer employees the right to invest 50% of the deferred bonus in the shares of Novus, at the employees' election.

The potential benefits deriving from the scheme and based on the current performance targets have been modelled on the assumption that no more than 50% of earnings above 15% return on funds employed can be made available to employees on the scheme. This is also assuming that the existing STI scheme is fully funded before computing whether the threshold has been met.

**Early termination of employment ("termination")**
Employees are either classified as bad leavers or good leavers, which classification affects the outcome of the unaccrued (unvested) LTI awards settled on termination of employment.

Bad leavers are employees who terminate employment due to resignation, lawful dismissal on grounds of misconduct, poor performance, dishonest behaviour, fraudulent conduct, abscondment or retirement under circumstances which would otherwise have led to dismissal.

Good leavers are employees who terminate employment due to death, ill-health, permanent disability, redundancy, retrenchment, retirement according to normal retirement age, jurisdictional issues or with approval of the directors prior to normal retirement age, or due to the sale of a subsidiary company.

**Change of control**
In the event of change of control, as defined in the LTI scheme rules, of the Company occurring before the vesting date of granted awards, for LTI incentives, a portion of the grant will vest as follows:

- the portion referred to will vest as determined by the Human Capital Committee after calculating the number of complete months served since the date of grant to the change of control date, over the total number of months in the period applicable to the vesting of the awards before it lapses.
- the portion of the grant which does not vest as a result of the change of control will, except on the termination of the awards, continue to be subject to the terms of the letter of grant, unless the Human Capital Committee decide otherwise.

## 4. RISK ADJUSTMENT – CLAWBACK AND MALUS TRIGGERS

In keeping with accepted standards in corporate governance, the Human Capital Committee may take action to adjust (malus) or recover (clawback) vested or uninvested 'at risk' remuneration, where there is reasonable evidence that an employee has materially contributed to, or been materially responsible for, conduct that is in breach of the Code of Business Ethics or Disciplinary Code of Novus Holdings, such as but not limited to:

- Personally, acting fraudulently or dishonestly or in a manner that adversely affects the company's reputation;
- Behaviour or activities which are considered to be gross misconduct as a result of any appropriate internal and/or external investigations of the employee;
- Directing an employee, contractor or advisor to act fraudulently, dishonestly or to undertake other misconduct;
- Breaching their material obligations to Novus Holdings through error, omission or negligence;
- Receiving an STI or LTI award because of fraud, dishonesty or a breach of obligation committed by another person; and/or
- Receiving an STI or LTI award because of an error in the calculation of a performance metric.

Novus Holdings reserves the right to re-calculate incentive benefits paid to one or more members of the management team within a period of three financial years from the date upon which the audited annual financial results are restated. Novus Holdings further reserves the right and shall be entitled to recover the pre-tax value of any incentive benefits paid in excess of the amount payable because of any restatement of the audited financial results in the circumstances set out above. Clawback and malus do not apply in the case of restatement of financial results caused by a change in applicable accounting standards or interpretations.

Examples of a breach of material obligations by an Executive that could trigger the clawback, and malus clause may include:

- A material misstatement in the accounts of the Group for the years relevant to an unvested or unpaid award; or
- Conduct exposing Novus Holdings to potential reputational damage or legal action that is otherwise in breach of the Code of Business Ethics or Disciplinary Code.

Employees should refer to the Company's remuneration strategy, reward principles and STI policy (where applicable) for detail regarding the reward strategy for executives and manager within Novus Holdings. The STI and LTI schemes are subject to annual review by the Human Capital Committee, depending on changes to the Company's objectives and strategy.

## 5. PERFORMANCE MANAGEMENT

The Company embarked on a rigorous process of goal setting defining stretched objectives and key results which cascades down the business entity functional levels.

Performance management is in line with the business strategy and the management of overall remuneration, and it is essential that all employees are involved in the performance review process. Interim on the job feedback is provided to employees throughout the year, but formal feedback (in accordance with performance contracts) is provided annually to employees.

## 6. JOB GRADING

Novus Holdings prefers the Paterson grading system, and all positions have detailed descriptions. Job grades are not communicated to employees as they are simply used as a guide and internal/administrative tool to manage internal equity and to define potential career paths within a specific domain. When applicable and after establishing benchmark grades for jobs, job profiles are updated, and jobs are re-graded.

## 7. CAREER PLANNING AND SUCCESSION PLANNING

The Company recognises the importance of career development for its employees. Through consultation with line managers and employees, development needs are identified and where appropriate, training and other relevant plans are put in place.

The Company recognises the importance of succession planning and the need to employ talented individuals in the Company. There is no automatic right to a job for any employee and where vacancies exist, all employees are permitted to apply for the position on the basis that they have the correct skills and qualifications required for the role.

## 8. EXECUTIVE CONTRACTS

- Executive directors are normally appointed on permanent employment contracts. In exceptional circumstances executive directors may be appointed on fixed-term contracts.
- The executives are not under any contractual restraints of trade. The Human Capital Committee may, at its discretion, negotiate a restraint of trade or a lump sum payment as part of an ongoing executive's mutual separation agreement if it is beneficial to the Company.
- The standard notice period for executives is one month and executive directors three months, except for the Chief Financial Officer and CEO of Maskew Miller Learning whose notice period is four months.
- Novus Holdings has no agreements in place that provide for *ex gratia* or other lump sum payments to executives on severance, retirement or change of control. There is no waiver of performance conditions for incentive schemes in the event of a change of control; however, subject to the Human Capital Committee's discretion, the unvested LTIs and STIs may be paid to participants on a pro rata basis relative to the period of time served.

## 9. HUMAN CAPITAL COMMITTEE

In line with King IV, the Human Capital Committee is appointed by the Board of Directors as a subcommittee and has delegated authority, in accordance with its terms of reference which the board reviews annually.

The Human Capital Committee is established to ensure that remuneration practices support the strategic vision of the Company, and to set the direction for how remuneration should be approached and addressed on an organisation-wide basis. Their responsibilities include evaluation, review and decisions-making regarding the Company's remuneration policy and the implementation and execution thereof.

In line with best practice, many of the members are independent non-executive directors. The Human Capital Committee actively engages with independent advisors to ensure that all matters and decisions relating to remuneration are in line with best practice.

The Human Capital Committee determines the remuneration structure affecting all employees of the Company on an organisation-wide basis and makes its recommendations to the executive committee in line with the objectives of this policy. Recommendations made by the Human Capital Committee are ultimately approved by the Board and the shareholders. The full duties of the Human Capital Committee are set out in its terms of reference.

## 10. NON-EXECUTIVE DIRECTORS

Non-executive directors do not have any service agreements with the Company. They are appointed for an indefinite period and are subject to rotation in line with the Company's memorandum of incorporation.

- Non-executive directors are paid a base fee (retainer) and a committee fee (where applicable). Non-executive directors do not receive fees per meeting attended. This approach of paying a retainer and per committee fees is in line with emerging best practice at listed companies.
- Non-executive director fees reflect the responsibilities borne by directors throughout the year. The fee structure is evaluated on a regular basis based on independent non-executive fee surveys and considering the profile or size of the Company.
- Non-executive directors' fees are benchmarked against the market for companies of a similar size in a similar sector, tabled before the Board for approval, and thereafter proposed to shareholders for approval by special resolution at annual general meetings.

- Proposed increases in fees are considered considering general remuneration increase levels (%) across the Company.
- Non-executive directors do not receive any payments linked to Company performance and do not participate in any of the Company's incentive schemes.
- Non-executive directors are reimbursed for reasonable travel and subsistence expenses in line with the reimbursement policy for employees.

## 11. SHAREHOLDER ENGAGEMENT AND VOTING ON THE REMUNERATION POLICY AND IMPLEMENTATION REPORT

Novus Holdings is committed to building and maintaining a strong relationship with its shareholders based on trust and mutual understanding. Novus Holdings aims to regularly and transparently interact with its shareholders in order to achieve this. The Human Capital Committee invites feedback from the shareholders on this policy in order to launch a constructive and open dialogue. The Human Capital Committee will respond to the shareholders on a regular basis and in good faith to address issues and questions that may arise from time to time.

In line with best practice, the remuneration policy (as may be amended from time to time), together with the implementation report (which forms part of the remuneration report in the Integrated Report), will be tabled for approval by shareholders by means of two non-binding advisory votes at annual general meetings. If 25% or more of the shareholders vote against the remuneration policy or the implementation report respectively, the Human Capital Committee will take measures to engage proactively with shareholders and ascertain their reasons for dissenting votes. These may include:

- emails, telephone calls, meetings and other methods of communication to the relevant contact person of shareholders, after the annual general meeting concerned (and throughout the financial year), regarding the reasons for the dissenting votes; and
- responses to shareholder queries explaining, in more detail, the components of the remuneration policy that caused concern. Where appropriate, and in the case of legitimate and reasonable concerns, the Board may resolve to amend certain elements of the remuneration policy to align the policy to market norms.

Following this process, the Human Capital Committee shall disclose, in the background statement of the successive remuneration report, the full shareholder engagement process and responses to legitimate and reasonable objections and concerns.