

Approved by shareholders on  
24 August 2022

Remuneration  
policy:  
Executive and  
Non-Executive  
Directors of  
Prosus N.V.



prosus

## 1. SCOPE

This remuneration policy (the Remuneration Policy) for the executive and non-executive directors (the Executive and Non-Executive Directors) of Prosus N.V. (the Company) is adopted in the shareholders meeting of the Company on 24 August 2021 following a proposal by the Non-Executive Directors, after obtaining advice from the Human Resources and Remuneration Committee (the Committee). This Remuneration Policy became effective as of 24 August 2021.

The remuneration philosophy supports the Company's strategy and enables it to achieve its business objectives. A commitment to pay-for-performance and an alignment with shareholder value-creation drives all the Company's remuneration activities and supports the ownership mentality and spirit of entrepreneurship in its teams around the world. The Company believes in a level playing field for all its employees. It strives to pay fairly and responsibly and, to the extent possible, the structure of its pay is similar, regardless of the seniority of the employee. It endeavours at all times to balance the need to compete globally for the very best talent with the need to pay fairly and responsibly. We believe that diverse teams produce the very best results and we are committed to creating workplaces that are inclusive and welcoming to people.

### Policy changes

Compared to the previous applicable version of the Remuneration Policy, which became effective as of 24 August 2022, this Remuneration Policy allows the Committee to provide short-term incentive awards to be aligned to specific shareholder interests. These changes were submitted to the shareholders meeting of the Company for approval and are included in paragraph 4 (Executive Remuneration)

The Remuneration Policy underpins the philosophy and aims to ensure that the Company can attract and retain the very best people across the globe, in an increasingly competitive environment for digital talent. It focuses on delivering fair, responsible and transparent remuneration driving the achievement of the Company's long-term interests, sustainability and strategic objectives and ensuring alignment between shareholder outcomes and Executive Director compensation in the short, medium and long term.

The board of the Company, consisting of Executive and Non-Executive Directors (the Board), and the Committee adopts an integrated and stakeholder-inclusive approach to reward and corporate governance in the best interest of the Company taking into account its identity, mission and values. Through stakeholder involvement and via benchmarks conducted by compensation advisors, based on relevant global, regional and local industry practice, also the social consensus is taken into account in this Remuneration Policy. This stakeholder input on remuneration policy and design is considered carefully in the design and disclosure of Executive and Non-Executive Director remuneration.

The Company only pays remuneration to the Executive and Non-Executive Directors in accordance with the Remuneration Policy as approved by the General Meeting.

## 2. APPROVAL AND IMPLEMENTATION

The Company will submit the Remuneration Policy to a vote by the General Meeting, upon a proposal of the Non-Executive Directors following advice obtained from the Committee at least every four years. The Non-Executive Directors are responsible for the execution of the Remuneration Policy.

Where the Remuneration Policy is revised, a description and explanation is presented of all significant changes, the decision making process followed for the revised policy's determination, review and implementation, measures taken to avoid conflicts of interests, manage pay ratios and, where applicable, the role of the Board and the Committee. An explanation is also required of how the revised policy takes into account the votes and views of stakeholders on the Remuneration Policy and Remuneration Reports since the most recent vote on the Remuneration Policy by the General Meeting. When the General Meeting does not approve the proposed amendments to the Remuneration Policy, the Company shall continue to pay remuneration to the Executive and Non-Executive Directors in accordance with the existing practice or the approved Remuneration Policy and shall submit a revised policy for approval at the following General Meeting.

In exceptional circumstances only, the Company may decide temporarily to derogate from the Remuneration Policy. Exceptional circumstances only covers situations in which the derogation from the Remuneration Policy is necessary to serve the long-term interests and sustainability of the Company as a whole or to assure its viability, such as the appointment of an interim Executive Director or the buy-out of remuneration forfeited on joining the

company to facilitate recruitment of new Executive Directors, comprising cash or longer-term incentives (LTIs). Remuneration is disclosed in the integrated annual report by means of a remuneration report.

### 3. ROLE & RESPONSIBILITIES OF THE HUMAN RESOURCES & REMUNERATION COMMITTEE

The Committee shall fulfill its role within the context of this Remuneration Policy in accordance with the Charter of the Committee. The Committee's responsibilities include:

- Advising the Board on the remuneration of the Executive Directors.
- Annually submit a proposal to the board for the remuneration policy to be pursued.
- Annually prepare the remuneration report to be tabled at the annual general meeting.
- Reviewing and approving annually the remuneration packages of the most senior executives, ensuring they are appropriate and in line with the remuneration policy.
- Annually appraising the performance of the Chief Executive and the company secretary.
- Reviewing annually the remuneration of Non-Executive Directors and its committees. The necessary proposals in this regard must be presented to the Board for final approval by the shareholders at an annual general meeting. Remuneration of the Non-Executive Directors must be approved by shareholders in advance.
- Fulfilling delegated responsibilities with regard to the share-based incentive plans e.g. the appointment of trustees
- Recommending to the Board the appointment of the Executive Directors.
- Reviewing incidents of unethical behaviour by the Executive Directors and senior management.
- Approve amendments to the Company's share-based incentive plans.
- Reviewing annually the Company's Code of Ethics and Business Conduct.
- Performing an annual evaluation of whether the Committee has fulfilled its responsibilities in terms of its charter and reporting these findings to the Board.

### 4. EXECUTIVE REMUNERATION

Remuneration for Executive Directors has been designed to aid the recruitment and retention by the Company of vital skills in a highly competitive and global market. There is a global shortage of digital talent such as machine learning specialists, data scientists, software developers, digital product designers and digital marketeers and, in particular, Executive Directors with experience in leading consumer-internet businesses.

Next to serving as Executive Directors of the Company, they also serve as executive directors of the Company's majority shareholder: Naspers Limited (Naspers). The remuneration of the Executive Directors referred to in this Remuneration Policy is their total remuneration, including the remuneration for their roles as executive directors of Naspers.

Our three-tier remuneration structure provides an appropriate balance between fixed and variable remuneration over the short- and longer-term, which is directly linked to business performance and shareholder value-creation. It supports the company strategy, its long-term interests and its sustainability. When determining the levels and structure of the Executive Directors' remuneration the Committee takes into account scenario analyses.

The remuneration of the Executive Directors comprises the following components:

1. Annual Base Pay plus pension and other benefits that are additional to base pay.
2. Short-term incentives (STIs): annual performance-related incentives or short-term bonus.
3. Longer-term incentives (LTIs), including Performance Share Units (PSUs), Share Options (SOs) and Share Appreciation Rights (SARs) in the underlying businesses.

### **Annual Base Pay**

Executive Directors are entitled to an annual fixed base salary, including any local statutory requirements per country, paid in cash, that is determined by the Non-Executive Directors, having obtained advice from the Committee, in line with the Remuneration Policy as approved by the shareholders at the General Meeting.

Personal and Company performance is the primary driver for any pay increase and pay is set at a level to ensure the Company can attract and retain executive talent of the required caliber. In making its decision, the Non-Executive Directors, having obtained advice from the Committee, takes into account global, regional, local and relevant industry practice as well as an individual's contribution and affordability for the Company.

Base salary is paid monthly in cash on a gross basis, i.e. all tax and social security contributions are deducted from this sum. Benefits include a mix of cash and non-cash benefits, including pension, medical and other benefits that are locally relevant.

The Executive Directors are eligible to receive pension benefits with employer contributions of up to 20% of their annual base salary, employer paid international health insurance and life & disability insurance. In exceptional circumstances, the Non-Executive Directors may consider additional allowances.

The Non-Executive Directors review the Annual Base Pay every year and may increase the base salary levels for the Executive Directors on an annual basis, typically effective from 1 April each year. A number of factors are taken into account during the review process, including personal performance, the scope and nature of the role, relevant companies in the technology sector and local economic indicators such as inflation, cost-of-living changes and the relevant labour market, to ensure remuneration is fair, responsible and market competitive.

In preparation of the annual review process, the Committee considers data from comparator companies, bearing in mind the size of the business, its complexity and its geographic footprint. The Committee views data from several benchmarking providers, reviewing benchmarks associated with general industry, technology and consumer internet, as well as publicly disclosed data for similar companies. It should be noted, however, that varying disclosure requirements by jurisdiction makes this publicly disclosed data less reliable as a benchmark, in the opinion of the Committee.

In making its determination, however, the Committee applies its judgment and considers a number of factors, principally the performance of Executive Directors, the results achieved and the affordability of packages and external benchmarks. Pay increases are not granted in the absence of a satisfactory level of performance.

To ensure a fair and responsible approach to the remuneration of Executive Directors in the context of the wider Company, the Committee takes the same approach as for the wider workforce. A number of factors are taken into account including:

- individual performance;
- business performance;
- company affordability and trading environment, including return on invested capital and;
- the total target compensation mix for each individual.

### **Short-term Incentive (STI): Annual Performance-related Incentive**

The Executive Directors are eligible to participate in a standard annual performance related STI as set out in this Remuneration Policy to incentivize and recognize the achievement of annual financial and operational objectives and personal performance.

The purpose of the annual performance related incentive plan is to ensure executive alignment with and focus on the annual Board-approved business plan. The achievement of these annual plans will cumulatively drive long-term shareholder value. The annual bonus opportunity for each Executive Director is agreed annually in advance of the financial year, and any payout is based on targets that are verifiable and aligned to the business plan, risk management policy and strategy. Any awards are made fully in cash. The STI is based on a number of financial, strategic, operational and ESG performance measures.

When determining the targets used for our annual performance incentive plans, a number of reference points are taken into account including the annual Board-approved business plan and historic performance. The Committee undertakes a thorough assessment to ensure that targets are sufficiently stretched in the context of potential remuneration delivered.

Financial goals account for 50% of the STI for the Executive Directors. Measurements for the Executive Directors include annual financial targets such as core headline earnings including Tencent, core headline earnings excluding Tencent, and free cashflow. In addition, the Chief Executive Officer (CEO) is measured on revenue growth.

The strategic, operational and ESG goals also account for 50% of the STI for the Executive Directors. For the CEO, these goals may relate to the performance of the underlying business segments, for example, Classifieds, Payments & Fintech, Food Delivery and/or B2C ecommerce. Measurements may include financial metrics such as revenue growth and trading profit (or trading loss reduction in earlier-stage businesses). Other performance metrics related to business segments may include new product, technology or market development, the relative competitive position of the business and/or key customer metrics such as growth in customer numbers.

For the Chief Financial Officer (CFO), these goals may relate to the functional responsibilities of the job, such as tax, treasury, stakeholder management, governance and controls.

Other multi-year strategic initiatives, such as, for example, increasing organizational competence in areas like machine learning, or driving the diversity and inclusion agenda across the group, are included from time to time.

The target and maximum achievement levels are currently the same (i.e. there is no opportunity to overachieve on bonus payouts). Executive Directors are eligible for a standard annual target bonus (STI) of no more than 200% of annual fixed gross salary. The Committee may consider additional cash short-term incentive, aligned to specific shareholder interests, of no more than 5 times annual fixed gross salary

Performance against targets as set at the beginning of the financial year is determined, based on verifiable financial results and metrics that are reviewed by the Company's auditors. For goals which are more qualitative in nature, the Committee carefully considers supporting evidence and discusses the extent to which those, and all other goals have been achieved, after the financial year has ended. Any payment of annual performance related STI is made only after the publication of the results of the relevant performance year.

The Non-Executive Directors, having obtained advice from the Committee, may apply judgment and shall have the discretion to make appropriate adjustments to an individual's annual bonus to ensure it reflects the underlying financial performance. The Board, taking into account the advice and recommendations from the Committee, determines whether and to what extent the financial and non-financial targets have been met.

### Longer-term Incentives (LTIs)

LTIs are designed to incentivize the delivery of sustainable long-term growth and provide alignment with shareholders as set out in this remuneration policy, reflecting the commitment to pay-for-performance and an alignment with shareholder value-creation.

A blend of longer-term incentives may be awarded, and the Non-Executive Directors may make awards from several schemes: Performance Share Units (PSUs), Share Options (SOs) and Share Appreciation Rights (SARs) in the underlying businesses. The Non-Executive Directors, taking into account the advice and recommendations from the Committee and the level of the Executive Director's performance against the targets referred to in relation to the STI, determines whether and to what extent individual performance merits an LTI award.

**PSUs:** PSUs further align the business strategy and objectives with executive compensation and shareholder returns. Any awards are in principle delivered in Company N Ordinary Shares but may, at the discretion of the Committee, also be delivered in an equivalent value of Naspers N Ordinary shares and any other shares of any listed group company (Shares) and may be settled in cash. PSU vesting is not just determined by time: in order for the participant to receive any gains, time must elapse and, in addition, the performance condition relevant to the Company must have been met. Executive Directors are eligible to participate and the performance condition, vesting schedule and award schedule are determined by the Non-Executive Directors, having obtained advice from the Committee from time-to-time, and are clearly stated in the offer letter to participants. PSUs enhance the alignment between shareholder returns and the Executive Directors' incentives. PSUs typically vest in full on the third anniversary of the grant, subject to the performance condition being met. Performance is determined based on verifiable financial results and metrics that are reviewed by the Company's auditors. The vesting period is determined by the Committee at the time the award is made.

**SOs:** SO awards are made based on the share price on the date of the grant. SOs deliver value based on the growth in the price of the relevant Shares over a specified time period with vesting typically occurring over a four-year period, 25% vesting each year. Participants only accrue gains if the relevant share price on the vesting date is higher than the relevant share price on the grant date, which means that they have participated in creating a higher value for the underlying businesses and its shareholders.

To receive value, participants must first buy the relevant Shares that are released to them on the vesting date, and at the grant price which was determined on the grant date. They can then either hold the relevant Shares or sell them on the open market. The purpose of the SO awards is to create alignment between management and stakeholders, as participants are exposed to the market's view on Naspers,

which includes the Company, same as shareholders, as well as to increase the market cap of Naspers (including the Tencent stake). As such, the SO awards aim to increase the value of all Naspers' business over time.

**SARs:** The purpose of SARs is to increase the value of the listed and unlisted internet businesses over time (excluding Tencent) by driving growth and profitability. SARs deliver value based on the growth in the valuation of a group of businesses over a specified time period with vesting typically over a four-year period. Any value delivered is based on the change in total value of the business or group of businesses, excluding Tencent. Performance criteria relate to the sum of all decreases/increases in value calculated to determine the final value. By doing so, the SAR awards focus on growth, scale and profitability of the underlying assets. The value is measured by a third-party valuation. Any gains are in principle delivered in cash, but may at the discretion of the Committee also be delivered in an equivalent value of Shares by buying these Shares on the open market, whilst retaining the possibility to issue new shares within the limit of 5% of the issued share capital of the Company or Naspers (as the case may be) as set out in the Company's share award plan and the Naspers restricted stock plan trust although it is unlikely that the option of issuing new Shares will be used.

The SAR schemes in which the Executive Directors participate have four years of annual vesting, in equal tranches of 25%. Participants can exercise vested SARs and typically receive cash equal to the difference in value on the grant date and the exercise date.

Awards made from any of the LTI plans can only be exercised after the vesting period has passed and applicable performance conditions have been met. It is regular practice that Executive Directors exercise vested share options or other share awards whilst taking into account the respective applicable principles of the Corporate Governance Code.

Over time, the Committee aims gradually to re-balance the LTI awards towards a weighting that is aligned with the interests of the Prosus and Naspers free-float shareholders in Prosus and Naspers.

#### **LTI Change of Control Provisions:**

The SO and SARs plans in which the Executive Directors participate contain the following provisions such that in the event of a change of control (as defined by the plan rules), the following options are available:

- the plan is retained by the new controlling entity; or
- the plan is replaced by a substantially similar plan; or
- if neither of the above options is viable, the participant is treated as a good leaver under the scheme rules, and unvested awards are accelerated at the applicable valuation.

For the PSU scheme, change of control arrangements awards will vest on a time pro-rata basis and subject to the performance condition being achieved.

## **5. RATIO BETWEEN FIXED AND VARIABLE PAY**

The remuneration package of the Executive Directors is designed to be heavily weighted towards variable pay and is principally focused on long-term remuneration, which only pays out subject to value being delivered in both the underlying business units and the company as a whole.

The remuneration packages of the Executive Directors are structured so that at least 75% of the on-target remuneration is variable or in other words "at-risk" through either short- or longer-term incentives.

## **6. INTERNAL PAY RATIO**

When determining the remuneration of Executive Directors, the Committee takes into account the internal pay ratio within the business. The internal pay ratio is calculated by dividing the total staff costs of the CEO by the average employee staff costs (excluding these of the CEO) globally across the group, aligned with our reward philosophy and principles as outlined in sections 1 and 4 above. The staff costs are defined as salaries and wages, and as applicable bonuses, retirement benefit costs, medical aid fund contributions, post-retirement benefits and share-based compensation charges.

## 7. SHAREHOLDING REQUIREMENTS

The CEO is required over time to maintain a shareholding of 10 times annual base salary in Prosus and Naspers shares the balance of which will be reflecting the underlying value of the economic interests between Naspers and Prosus.

## 8. MALUS AND CLAW BACK PROVISIONS

Malus and claw-back provisions apply to the STI and LTI awarded to Executive Directors and senior management, such that (i) all or part of the unpaid STI may be modified or cancelled and all or part of the paid STI may be claimed back; and (ii) all or part of the unvested LTI may be modified or cancelled and all or part of the vested LTI may be claimed back. Malus and claw back provisions may be effected in case of certain material events, including cases of material financial misstatement or gross misconduct on the part of the Executive Director or senior management member. Reference is also made to the conditions as set out in the applicable award letters. The Committee retains the right to alter the list of adjustment events and conditions in respect of future awards.

Any application of malus or claw-back will be disclosed and explained in the annual remuneration report.

## 9. SERVICE CONTRACTS

Executive Directors' contracts are of an indefinite duration and comply with the laws in the relevant jurisdictions.

Executive Directors' contracts do not contain golden parachute clauses and none automatically trigger a restraint payment.

The CEO's contract contains a six months' notice period for the Company, and the CFO's contract contains a three months' notice period for the Company.

Payments in lieu of notice may be made to Executive Directors comprised of salary for the unexpired portion of the notice period. Such payments may be phased.

On cessation, there is no automatic entitlement to an annual performance-related incentive (STI). The Non-Executive Directors, having obtained the advice of the Committee, however, retains the discretion to award a bonus to a leaver during the fiscal year taking into account the circumstances of their departure.

## 10. NON-EXECUTIVE DIRECTOR REMUNERATION

The General Meeting approves the remuneration of the Non-Executive Directors. The fee structure for Non-Executive Directors has been designed to ensure that the Company attracts, retains and appropriately compensates diverse and internationally experienced Non-Executive Directors, given the highly competitive markets in which the Company operates in, and the global competition it faces.

Non-Executive Directors receive an annual fee as opposed to a fee per meeting, which recognises their ongoing responsibility for effective control of the Company. They may also receive an additional fee for Board committees and subsidiary boards of directors, to reflect the additional responsibilities and associated time commitment. Remuneration is reviewed annually and is not linked to the share price or the Company's performance. Non-Executive Directors do not qualify for share allocations in the Company's incentive schemes.

The fees for Non-Executive Directors are benchmarked against AEX and other international listed companies, using publicly disclosed data and considering the relative size, scale and complexity of the Company's activities. Non-Executive Directors also sit on the Naspers board and receive only one fee for their work on both boards. Non-Executive Director fees are disclosed annually in the Remuneration Report.