

## **York Timber Holdings Limited**

Incorporated in the Republic of South Africa

Registration number 1916/004890/06

Share code: YRK

ISIN: ZAE000133450

(“York” or the “Company”)

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## **UPDATE ON THE PERFORMANCE TARGETS FOR 2022 AND SUCCESSION PLAN IN RESPECT OF THE CHAIRMAN OF THE BOARD**

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### **PERFORMANCE TARGETS**

York shareholders (“**Shareholders**”) are referred to the 2021 annual report distributed to Shareholders on Wednesday, 13 October 2021 (“**2021 Annual Report**”), wherein Shareholders were advised that, over the past several years, the board of directors of York (“**Board**”) and the Remuneration and Nomination Committee (“**Remco**”) engaged with Shareholders to understand their concerns about the Company’s short and long-term remuneration structures.

In the Board’s attempts to align with Shareholders views on appropriate remuneration, the Board attempted to revise the structure for the long-term incentive (“**LTI**”) and short-term incentive (“**STI**”) schemes, but was unable to arrive at a revised structure ahead of the printing of the 2021 Annual Report, wherein the Board acknowledged that the delay in finalising the revised structure was not optimal. In the circumstances, the Board expressed the view that it would be important to implement a more informed LTI and STI scheme which aligns with Shareholder return and cash flow requirements, and that the updated STI and LTI scheme would be communicated to Shareholders *via* SENS, prior to the 2021 annual general meeting.

The LTI has a broad purpose of attracting, motivating, retaining and rewarding individuals to enable them to influence the performance and strategic direction of the Company. Executive directors of York and key individuals, whose deliverables are essential to the success of the Company and who are critical from a retention perspective, are accordingly eligible for participation in the York 2015 Share Plan. Eligible individuals are recommended by management to the Remco who then reviews their eligibility with management and then makes the recommendations to the Board for approval.

With respect to formulation of the LTI for the 2021/22 financial year, it has been determined that the LTI scheme should be based on the success of achieving certain goals which are to be formulated from a 10-year strategic plan originally approved in the 2020/2021 financial year but currently being reviewed jointly by the Board and management to ensure consistent commitment by both the Board and management (“**Plan**”). Following the passing of the former chief executive officer (“**CEO**”), it was decided that a comprehensive joint review of the Plan is required to affect any potential modifications prior to establishing an LTI consistent with the approved Plan. Finalisation of the Plan is also dependent on the appointment of a permanent CEO whose vision stands to be incorporated into the Plan. Further guidance in this regard will be provided to Shareholders as soon as a new LTI scheme has been determined and finalised by the Remco, hopefully during the first half of 2022.

The key objective of the STI is to create a performance-driven culture by rewarding individuals for achieving strong annual results in terms of predetermined targets. In respect of the STI, the CEO of York has the responsibility of determining the allocation of such incentives to the management

team subject to the overall oversight of the Remco. For the CEO himself, the weighting of the newly determined STI is as follows: 60% for achievement of earnings before interest, taxation, depreciation and amortization (EBITDA) targets, 16.25% for forestry targets, incorporating the establishment of plantations, harvesting and procurement of external log supply, 16.25% for processing, where plant availability is the principal determinant and 7.5% for the Company's agricultural activities.

The Remco would welcome inputs from Shareholders in an attempt to improve the alignment between incentives and Shareholder expectations.

### **SUCCESSION PLAN IN RESPECT OF CHAIRMAN OF THE BOARD**

The Board announces the initiation of a search for the replacement of the Chairman of the Board, Dr Jim Myers, in anticipation of his retirement in the near future. The search will begin immediately and on successful identification of a candidate, a further announcement will be made.

Sabie, Mpumalanga  
10 November 2021

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