

**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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## **CHANGE TO THE BOARD, WITHDRAWAL OF ORDINARY RESOLUTION 4.3 AT THE UPCOMING ANNUAL GENERAL MEETING AND AMENDMENTS TO THE PERFORMANCE TARGETS AND NEW LONG-TERM INCENTIVE SCHEME**

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### **CHANGE TO THE BOARD AND WITHDRAWAL OF ORDINARY RESOLUTION 4.3 AT THE UPCOMING ANNUAL GENERAL MEETING**

In compliance with paragraph 3.59 of the JSE Limited Listings Requirements ("**JSE Listings Requirements**"), York shareholders ("**Shareholders**") are advised that Dr. Azar Jammine position as an independent non-executive director of the Company, will come to an end as a result of his tenure on the board of directors of York ("**Board**") exceeding nine years, at the conclusion of the Company's annual general meeting ("**AGM**") to be held on Wednesday, 9 November 2022.

Furthermore, Shareholders are referred to the notice of the Company's AGM dated Friday, 7 October 2022 and are advised that, as a result of the resignation of Dr. Jammine, ordinary resolution 4.3 regarding his re-election as a member of the audit committee of the Company, has been withdrawn and will not be proposed for consideration at the AGM.

Dr. Jammine joined the Board as an independent non-executive director in October 2010 and has served as a member of the audit committee and the remuneration and nomination committee ("**Remco**") since 2011.

The Board would like to thank Dr. Jammine for his invaluable service to the Company and wishes him the very best in his future endeavours.

### **PERFORMANCE TARGETS**

Shareholders are referred to the announcement published on SENS on Wednesday, 10 November 2021, wherein the Company advised Shareholders that the Board as well as the Remco were endeavouring to align the long-term incentive ("**LTI**") and short-term incentive ("**STI**") schemes with Shareholder expectations.

The STI scheme was reviewed to align senior employee rewards with very specific outcomes as detailed in York's 10-year plan. The fundamental changes to the format of the STI scheme for the financial year ended 30 June 2022 was to increase the chief executive officer's ("**CEO**") percentage of STI earned on the achievement of earnings before interest, taxation, depreciation and amortisation ("**EBITDA**") to 75%, and to ensure that operational managers earn their STI based on the areas of the group that they manage. In this regard the processing management have had their STI targets adjusted to reflect operational efficiency and volume targets that more closely align with plant capacities, rather than historical performance. The participants in the scheme are typically senior management employees across the York entities. The STI scheme allocates a maximum

participation level based on a percentage of participants' annual guaranteed remuneration. The STI scheme is self-funding.

The executive team's individual targets are determined by the CEO and the next tier below are developed in conjunction with the respective divisional heads to ensure alignment with business unit objectives and the individual's sphere of influence. The participant must achieve a minimum individual performance score, which is moderated by the divisional head. The EBITDA target is derived by utilising EBITDA as reported and adjusting for non-trading items (as defined in the SAICA Circular 01/2021) that are typically added back to earnings before interest and taxation ("**EBIT**") in deriving headline earnings and include such items as asset impairments, loss on sale of property or equipment and items that may be deducted from EBIT. Restructuring costs and adjustments for rationalisation decisions are, therefore, included in this EBITDA target. The broad-based black economic empowerment ("**B-BBEE**") factor is to be applied to all employees that have any influence on B-BBEE scoring aspects. The impact of B-BBEE will not be a qualifying factor of incentive earning for achievement, but rather serves as a "*disqualifier*" that reduces the maximum bonus otherwise earned by a significant percentage. The maximum reduction due to B-BBEE is 25% of the incentive earned for key staff members in any particular year.

A new LTI in the form of a deferred cash bonus scheme has been introduced for certain key employees, which is easier to manage with a greater degree of predictability and still entrenching values aligned with shareholder priorities. The scheme relies on the same specific performance criteria defined each year for the STI scheme to determine contributions to the scheme.

A summary of the salient criteria for the new LTI are as follows:

- A participating employee's total cost to company ("**TCTC**") is used as basis for the calculation of the individual's bonusable amount ("**IBA**"). The CEO and chief financial officer ("**CFO**") will have an IBA of 3 times his/her TCTC, with the balance of the participating employees having multiples of 2,5 and lower. The participating employees' multiple is approved by the Remco where several factors including seniority, specialised skill and role in the organisation are considered.
- Each annual contribution to the LTI scheme is calculated by multiplying 1/3 of the employees' bonusable amount by STI achievement factor in a year.
- The contribution to the LTI scheme is to be drawn down on a rolling basis with the first drawdown at the end of year three. The first available drawdown at the end of year three will be determined by the participants' performance in year 1, using the same criteria as specified in the STI for year 1.
- Employees will have the option to increase the value of the contribution to the scheme by 25% if, rather than electing a cash option for the annual contribution on the drawdown date, elect to use the annual contribution to purchase ordinary shares in York ("**Shares**"). The election must be made on the date that the annual contribution is determined for the participating employee. If the employee elects to purchase Shares the company will make a loan to the individual to purchase Shares, and the Shares will be ceded to the company as security for the loan. The employee will be responsible for the full outstanding loan value regardless of the value of the Shares on the repayment date. The loan repayment date will be aligned with the annual contribution drawdown date.
- If the employee leaves employment before the drawdown date, the annual contributions are forfeited and if the employee elected to purchase Shares under the LTI share purchase option,

the company has the right to repurchase the Shares, subject to the JSE Listings Requirements, at the outstanding balance of the loan.

- Each employee will have a maximum share conversion percentage, with the CEO and CFO having the right to convert 100% of his/her annual contribution and senior management 75%. Other participating employees may have lower percentages as determined by the Remco.

Contributions to the new LTI scheme will commence in June 2023 with participants having first access to the accrual in June 2025, subject to the employee remaining in the employ of York.

Sabie, Mpumalanga  
7 November 2022

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