

REMUNERATION REPORT

INTRODUCTION

The remuneration report provides an overview and understanding of Remgro's remuneration principles, policy and practices with specific reference to executive and non-executive directors and members of the Management Board. The information provided in this report has been approved by the Board on recommendation by the Remuneration and Nomination Committee.

REMUNERATION AND NOMINATION COMMITTEE

The functioning of this dedicated Board committee is well established within Remgro's mode of operation. In essence it is the committee's role to ensure that directors and executives are remunerated fairly and responsibly and that the disclosure of directors' remuneration is accurate, complete and transparent.

The committee is governed by a mandate that incorporates the recommendations of King III and serves to assist members of this committee in the execution of their role and responsibilities.

The members of the committee for the year under review were:

- Mr J P Rupert (chairman)
- Mr P K Harris
- Mr G T Ferreira
- Mr F Robertson

The Board acknowledges the principle in King III that the Chairman of the Board should not be the chairman of the Remuneration and Nomination Committee but, given the necessity to align the Company's remuneration approach with corporate strategy, this arrangement is deemed appropriate.

The committee met twice during the year and details on the attendance of the meetings are set out in the Corporate Governance Report on page 67.

The terms of reference set out in the mandate of the committee include the following:

In respect of its nomination function –

- Assist the Board with the process of identifying suitable candidates for appointment as directors

- Ensure the establishment of a formal and transparent process for the appointment of directors
- Oversee the development of a formal induction programme for new directors
- Ensure that formal succession plans for the Board, Chief Executive Officer (CEO) and other Management Board members are developed and implemented

In respect of its remuneration function –

- Oversee the setting and administering of remuneration of all directors, Management Board members and other employees
- Oversee the establishment of a remuneration policy
- Advise on the remuneration of non-executive directors
- Ensure that the remuneration, in cash, share appreciation rights (SARs) and other elements, meets Remgro's needs and strategic objectives
- Oversee the preparation and recommending to the Board the remuneration report to be included in the Integrated Annual Report

The committee is satisfied that it has carried out its responsibilities for the year in compliance with its mandate.

REMUNERATION APPROACH

Remgro has a Remuneration Policy for directors and members of the Management Board. The remuneration policy is aligned with the Company's approach of rewarding directors and senior executives fairly and competitively, according to their capabilities, skills, responsibilities and level of performance. It aims at supporting the Company's remuneration principles of:

- Retaining the services of existing directors and senior management
- Attracting potential directors and senior managers
- Providing directors and senior management with remuneration that is fair and just
- Ensuring that no discrimination occurs
- Recognising and encouraging exceptional and value-added performance
- Ensuring that remuneration structures are consistent with the Company's long-term requirements
- Protecting the Company's rights by means of standard contracts of employment



It should be noted that, as in the past, the Board will not ask shareholders for non-binding approval of the Company's remuneration policy at the Annual General Meeting on 23 November 2015.

EXECUTIVE DIRECTORS AND MEMBERS OF THE MANAGEMENT BOARD

These employees are rewarded by means of a two-tier approach in Remgro's remuneration structures which entails:

FIXED PAY

This element, referred to as total guaranteed package, consists of components such as salary, cash or car allowance and the Company's contributions towards retirement funding and the medical aid scheme.

As part of the annual review process by the Remuneration and Nomination Committee (the committee), guaranteed packages are benchmarked against the upper quartile of the market for comparable companies as indicated per independent survey(s). The services of an independent remuneration consultancy are contracted for this purpose.

The annual review is based on the executive's level of responsibility, his/her overall performance and the achievement of specific agreed objectives. The CEO, who attends all committee meetings by invitation, can propose increases to the guaranteed packages, excluding his own, during such review meetings.

During the year under review, the executive directors and members of the Management Board received an average salary increase of 11.7% (2014: 7.5%), compared to an average salary increase paid to general staff of 7.1% (2014: 7.1%). The main reason for the higher average increases awarded to executive directors and members of the Management Board compared to that of the general staff in 2014, was the once-off adjustment to the guaranteed package of Mr Jannie Durand in order to adjust his package to a market-related level.

VARIABLE PAY

It is important to note that, due to the nature of the Company's operation as an investment holding company and in order to align the interests of management with those of shareholders, no short-term incentives are paid to executives.

Remgro currently has one long-term incentive plan, i.e. the Remgro Equity Settled Share Appreciation Right Scheme

(the SAR Scheme). The SAR Scheme is an equity settled scheme and has the aim of retaining the services of executives by incentivising them based on long-term growth in the market capitalisation of the Company. This approach ensures alignment between personal wealth creation and corporate strategy. All permanent employees of the Company participate in the SAR Scheme.

Participants in the SAR Scheme are remunerated with Remgro shares to the value of the appreciation of their rights to a specific number of Remgro ordinary shares that must be exercised within a period of seven years after the grant date. The earliest intervals at which the SARs are exercisable are as follows:

- One-third after the third anniversary of the grant date
- Two-thirds after the fourth anniversary of the grant date
- The remainder after the fifth anniversary of the grant date

No specific performance criteria are stipulated. Awards to executives in terms of the SAR Scheme are made from time to time by the committee and such awards are usually based on a multiple of the total guaranteed package.

No award will be made to a single participant if at the time of or as a result of the making of such grant, the aggregate number of Remgro ordinary shares in respect of which any unexercised SARs granted to the participant may be exercised, shall exceed 2 197 399 Remgro ordinary shares.

Similarly, no award will be made if at the time of or as a result of the making of such grant, the aggregate number of Remgro ordinary shares in respect of which any unexercised SARs may be exercised, shall exceed 21 000 000 Remgro ordinary shares.

For detail of the current status of awards that were made to executive directors and members of the Management Board in terms of the SAR Scheme, refer to pages 90 to 92.

If it is assumed that all of the participants to the SAR Scheme exercise all options awarded to them on 1 July 2015, Remgro will have to deliver 1.5 million shares in order to settle its obligations. This calculation is based on Remgro's closing share price on 30 June 2015 of R255.94. A 10% increase or decrease in the Remgro share price will require the number of shares to be delivered to be 1.7 million shares and 1.3 million shares, respectively.

At 30 June 2015 Remgro held sufficient treasury shares to settle its obligations to deliver shares to the SAR Scheme participants.



The different components of the remuneration paid as described above, are summarised in the table below.

Element	Purpose	Performance period and measures	Operation and delivery
Total guaranteed package	Reflects market value of role and individual performance	Reviewed annually based on performance and market surveys	Benchmarked against upper quartile of the market of comparable companies
Long-term variable	Alignment with shareholder interests	Annually and 3 – 5 year vesting period	As determined by the committee

CONTRACTS OF EMPLOYMENT

Executive directors and members of the Management Board do not have fixed-term contracts, but are employed in terms of the Company's standard contract of employment. The notice period for termination of service is one calendar month and the normal retirement age is 63. Executive directors and members of the Management Board also do not have exceptional benefits associated with the termination of their services.

NON-EXECUTIVE DIRECTORS' REMUNERATION

INDEPENDENT NON-EXECUTIVE DIRECTORS

Independent non-executive directors do not have any employment contracts and do not receive any benefits associated with permanent employment. Furthermore, they do not participate in the Company's long-term incentive plan.

The Board, on recommendation by the Remuneration and Nomination Committee, has decided that independent non-executive directors should not be remunerated by means of a base fee and attendance fee in respect of their Board and committee obligations. The fee payable to non-executive directors will thus, as in the past, be a fixed annual fee. The fee structure is reviewed annually on 1 July subject to prior approval by shareholders at the Company's Annual General Meeting. The fees are market related and take into account the nature of Remgro's operations. Remgro also pays for all travelling and accommodation expenses reasonably and properly incurred in order to attend meetings.

The annual fees payable to independent non-executive directors for the period commencing on 1 July 2014 were approved by shareholders on 25 November 2014.

NON-INDEPENDENT NON-EXECUTIVE DIRECTORS

Remgro has three non-independent non-executive directors, i.e. Mr J P Rupert, Dr E de la H Hertzog and Mr J Malherbe. Effective 31 August 2012, Dr Hertzog retired from his executive role at Mediclinic International Limited (Mediclinic).

Until his retirement Dr Hertzog's remuneration was borne by both Mediclinic (65%) and Remgro (35%). A portion of the latter, as approved by shareholders annually, was regarded as director's fees. Since his retirement Dr Hertzog receives the approved annual director's and committee fees paid to independent non-executive directors. Mr Rupert receives no emoluments from Remgro, while Mr Malherbe also receives the approved annual director's and committee fees paid to independent non-executive directors.

In terms of King III and the JSE Listings Requirements, a director shall not be regarded as independent if he has been employed by the Company or the Group in any executive capacity during the preceding three financial years. Accordingly, Dr Hertzog is still regarded as a non-independent non-executive director.

As in the case of independent non-executive directors, these directors do not participate in the Company's long-term incentive plan. It should, however, be noted that, subsequent to the acquisition of VenFin Limited during November 2009, Remgro SARs were awarded to Mr J Malherbe to compensate him for the cancellation of the VenFin Share Appreciation Right Scheme. Mr Malherbe does not qualify for any further allocation of SARs.

Details of the fee structure payable to non-executive directors for the years ended 30 June 2015 and 30 June 2014 are presented in the table below.

Type of fee (R)	Fee for the year ended 30 June 2015	Fee for the year ended 30 June 2014
Board member	245 000	228 000
Chairman of the Audit and Risk Committee	165 000	153 000
Member of the Audit and Risk Committee	83 000	77 000
Member of the Remuneration and Nomination Committee	41 000	38 000
Chairman of the Social and Ethics Committee	41 000	38 000

The proposed fee structure payable to non-executive directors for the year ending 30 June 2016 is presented in the table below.

Type of fee (R)	Proposed fee for the year ending 30 June 2016
Board member	300 000
Chairman of the Audit and Risk Committee	200 000
Member of the Audit and Risk Committee	100 000
Member of the Remuneration and Nomination Committee	50 000
Chairman of the Social and Ethics Committee	50 000

Details of the remuneration paid to executive directors and fees paid to non-executive directors for the year under review, are set out on the following page. The current status of all offers made to the above groups in terms of the SAR Scheme is also presented.

The information for Messrs N J Williams and P J Uys, who are members of the Management Board and also prescribed officers in terms of the Companies Act, are presented separately.



DIRECTORS' EMOLUMENTS

(The information on pages 89 to 92 was audited)

Fixed pay

R'000	30 June 2015					30 June 2014				
	Fees	Salaries	Retire- ment fund	Other benefits ⁽⁷⁾	Total	Fees	Salaries	Retire- ment fund	Other benefits ⁽⁷⁾	Total
Executive										
W E Bührmann	245	2 649	574	280	3 748	228	2 492	489	266	3 475
L Crouse	245	6 254	1 289	297	8 085	228	5 842	1 204	279	7 553
J W Dreyer ⁽¹⁾	–	–	–	–	–	114	1 409	279	28	1 830
J J Durand	245	9 204	1 874	302	11 625	228	7 617	1 556	283	9 684
Subtotal	735	18 107	3 737	879	23 458	798	17 360	3 528	856	22 542
Non-executive (independent)										
G T Ferreira	286	–	–	–	286	266	–	–	–	266
P K Harris	286	–	–	–	286	266	–	–	–	266
N P Mageza ⁽²⁾	328	–	–	–	328	305	–	–	–	305
P J Moleketi	328	–	–	–	328	305	–	–	–	305
M Morobe	245	–	–	–	245	228	–	–	–	228
F Robertson	369	–	–	–	369	343	–	–	–	343
S E N de Bruyn Sebotsa ⁽³⁾	61	–	–	–	61	–	–	–	–	–
H Wessels ⁽⁴⁾	556	–	–	–	556	535	–	–	–	535
Subtotal	2 459	–	–	–	2 459	2 248	–	–	–	2 248
Non-executive (non-independent)										
E de la H Hertzog ⁽⁵⁾	245	–	–	–	245	228	–	–	–	228
J Malherbe	245	–	–	–	245	228	–	–	–	228
J P Rupert ⁽⁶⁾	–	–	–	–	–	–	–	–	–	–
Subtotal	490	–	–	–	490	456	–	–	–	456
Total	3 684	18 107	3 737	879	26 407	3 502	17 360	3 528	856	25 246

⁽¹⁾ Mr J W Dreyer retired as executive director with effect from 31 December 2013.

⁽²⁾ During the year under review Mr N P Mageza also received R455 000 (2014: R389 000) as director's fees from RCL Foods Limited, a subsidiary company of Remgro Limited.

⁽³⁾ Ms S E N de Bruyn Sebotsa was appointed as independent non-executive director with effect from 16 March 2015.

⁽⁴⁾ In addition to his director's fees and fee as chairman of the Audit and Risk Committee and chairman of the Social and Ethics Committee, an amount of R105 000 was also paid to Mr H Wessels during the year under review (2014: R116 100) for his attendance of meetings of subcommittees of the Audit and Risk Committee.

⁽⁵⁾ With effect from 31 August 2012 Dr E de la H Hertzog retired from his executive role at Mediclinic International Limited (Mediclinic). Until his retirement, his remuneration was borne by both Mediclinic (65%) and Remgro (35%). In terms of King III and the JSE Listings Requirements, a director shall not be regarded as independent if he has been employed by the Company or the Group in any executive capacity during the preceding three financial years. Accordingly, Dr Hertzog is still regarded as a non-independent non-executive director.

⁽⁶⁾ Mr J P Rupert receives no emoluments.

⁽⁷⁾ Benefits include medical aid contributions and vehicle benefits.

Remgro Equity Settled Share Appreciation Right Scheme

– Share appreciation rights (SARs)

Participant	Balance of SARs accepted as at 30 June 2014	Fair value			Number of SARs exercised	Date exercising SARs	Share price on exercise date	Increase in value ⁽³⁾ (R'000)	Balance of SARs accepted as at 30 June 2015
		SARs accepted during the year ⁽¹⁾	of SARs on offer date (R'000)	Offer price (Rand)					
Executive									
W E Bührmann	124 771			65.50	124 771	13/10/2014	225.04	19 906	–
	23 548			97.55					23 548
	98 817			147.25					98 817
	25 485			191.70					25 485
		8 958	615	253.53					8 958
L Crouse	418 108			65.50	418 108	07/10/2014	238.60	72 374	–
	51 865			97.55					51 865
	283 952			147.25					283 952
	79 144			191.70					79 144
		23 587	1 618	253.53					23 587
J J Durand	108 236			78.30	108 236	03/11/2014	252.98	18 907	–
	7 572			75.38	7 572	03/11/2014	252.98	1 345	–
	235 895			97.55	78 633	03/11/2014	252.98	12 222	157 262
	271 258			147.25					271 258
	93 128			191.70					93 128
		108 468	7 442	253.53					108 468
J W Dreyer ⁽²⁾	90 090			65.50	90 090	01/07/2014	230.00	14 820	–
Subtotal	1 911 869	141 013	9 675		827 410			139 574	1 225 472
Non-executive									
J Malherbe	50 506			78.30					50 506
	6 949			75.38					6 949
Subtotal	57 455	–	–		–			–	57 455
Total	1 969 324	141 013	9 675		827 410			139 574	1 282 927

⁽¹⁾ SARs were offered on 26 November 2014.

⁽²⁾ Mr J W Dreyer retired as executive director with effect from 31 December 2013. In terms of the rules of the SAR Scheme, participants going into retirement are entitled to exercise all their SARs granted to them at any time within twelve months after the date of retirement or before the expiry of the SAR period (being seven years from the grant date), whichever is the earlier.

⁽³⁾ It refers to the increase in value of the SAR Scheme shares of the indicated participants from the offer date to the date of payment and delivery.

REMUNERATION REPORT / GOVERNANCE AND SUSTAINABILITY

Remgro Equity Settled Share Appreciation Right Scheme

– Share appreciation rights (SARs)

Participant	Balance of SARs accepted as at 30 June 2013	Fair value of SARs			Number of SARs exercised	Date exercising SARs	Share price on exercise date	Increase in value ⁽³⁾ (R'000)	Balance of SARs accepted as at 30 June 2014
		SARs accepted during the year ⁽¹⁾	of SARs on offer date (R'000)	Offer price (Rand)					
Executive									
W E Bührmann	98 405			64.00	98 405	30/09/2013	194.60	12 852	–
	124 771			65.50					124 771
	23 548			97.55					23 548
	98 817			147.25					98 817
L Crouse		25 485	1 386	191.70					25 485
	418 108			65.50					418 108
	51 865			97.55					51 865
	283 952			147.25					283 952
J J Durand		79 144	4 303	191.70					79 144
	108 236			78.30					108 236
	7 572			75.38					7 572
	235 895			97.55					235 895
J W Dreyer ⁽²⁾	271 258			147.25					271 258
		93 128	5 064	191.70					93 128
J W Dreyer ⁽²⁾	180 180			65.50	90 090	17/10/2013	201.50	12 252	90 090
Subtotal	1 902 607	197 757	10 753		188 495			25 104	1 911 869
Non-executive									
J Malherbe	50 506			78.30					50 506
	6 949			75.38					6 949
Subtotal	57 455	–	–		–			–	57 455
Total	1 960 062	197 757	10 753		188 495			25 104	1 969 324

⁽¹⁾ SARs were offered on 4 December 2013.

⁽²⁾ Mr J W Dreyer retired as executive director with effect from 31 December 2013. In terms of the rules of the SAR Scheme, participants going into retirement are entitled to exercise all their SARs granted to them at any time within twelve months after the date of retirement or before the expiry of the SAR period (being seven years from the grant date), whichever is the earlier.

⁽³⁾ It refers to the increase in value of the SAR Scheme shares of the indicated participants from the offer date to the date of payment and delivery.

PRESCRIBED OFFICERS

Fixed pay

R'000	30 June 2015				30 June 2014			
	Salaries	Retire- ment fund	Other benefits ⁽¹⁾	Total	Salaries	Retire- ment fund	Other benefits ⁽¹⁾	Total
P J Uys	4 383	869	299	5 551	3 930	796	281	5 007
N J Williams	2 345	465	299	3 109	2 188	434	281	2 903
Total	6 728	1 334	598	8 660	6 118	1 230	562	7 910

⁽¹⁾ Benefits include medical aid contributions and vehicle benefits.

⁽²⁾ Both Messrs P J Uys and N J Williams are members of the Management Board, as well as the Social and Ethics Committee.

Variable pay – long-term incentive plan

Remgro Equity Settled Share Appreciation Right Scheme

– Share appreciation rights (SARs)

Participant	Balance of SARs accepted as at 30 June 2014	Fair value of SARs				Date exercising SARs	Share price on exercise date	Increase in value ⁽²⁾ (R'000)	Balance of SARs accepted as at 30 June 2015
		SARs accepted during the year ⁽¹⁾	on offer date (R'000)	Offer price (Rand)	Number of SARs exercised				
P J Uys	218 400			183.15				218 400	
	3 325			191.70				3 325	
N J Williams		14 774	1 014	253.53				14 774	
	18 076			78.30				18 076	
	38 652			97.55	12 884	06/11/2014	255.75	2 038	
	81 901			147.25				81 901	
	22 221			191.70				22 221	
Total	382 575	16 430	1 127	253.53			2 038	400 895	

⁽¹⁾ SARs were offered on 26 November 2014.

⁽²⁾ It refers to the increase in value of the SAR Scheme shares of the indicated participants from the offer date to the date of payment and delivery.

Participant	Balance of SARs accepted as at 30 June 2013	Fair value of SARs				Date exercising SARs	Share price on exercise date	Increase in value ⁽²⁾ (R'000)	Balance of SARs accepted as at 30 June 2014
		SARs accepted during the year ⁽¹⁾	on offer date (R'000)	Offer price (Rand)	Number of SARs exercised				
P J Uys	218 400			183.15				218 400	
		3 325	181	191.70				3 325	
N J Williams	7 555			75.38	7 555	04/10/2013	194.61	901	
	36 152			78.30	18 076	11/12/2013	197.00	2 146	
	4 259			82.60	4 259	04/10/2013	194.61	477	
	38 652			97.55				38 652	
	81 901			147.25				81 901	
Total	386 919	22 221	1 208	191.70	29 890		3 524	382 575	

⁽¹⁾ SARs were offered on 4 December 2013.

⁽²⁾ It refers to the increase in value of the SAR Scheme shares of the indicated participants from the offer date to the date of payment and delivery.