

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 64.

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 of 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 a non-binding approval of the Company's remuneration policy at the Annual General Meeting on 1 December 2016.

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 7.3% (2015: 11.7%), compared to an average salary increase paid to general staff of 7.0% (2015: 7.1%). The main reason for the higher average increase awarded to executive directors and members of the Management Board in the prior year, 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
- An additional third 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 87 to 89.

If it is assumed that all of the participants to the SAR Scheme exercise all options awarded to them on 1 July 2016, Remgro will have to deliver 1.1 million shares in order to settle its obligations. This calculation is based on Remgro's closing share price on 30 June 2016 of R254.66. A 10% increase or decrease in the Remgro share price will require the number of shares to be delivered to be 1.2 million shares and 0.9 million shares, respectively.

At 30 June 2016 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 2015 were approved by shareholders on 23 November 2015.

NON-INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr J P Rupert, Dr E de la H Hertzog and Mr J Malherbe are regarded as non-independent non-executive directors.

Mr Rupert receives no emoluments from Remgro, while Dr Hertzog and Mr Malherbe also receives the approved annual director's and committee fees paid to independent non-executive directors.

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 2016 and 30 June 2015 are presented in the table below.

Type of fee (R)	Fee for the year ended 30 June 2016	Fee for the year ended 30 June 2015
Board member	300 000	245 000
Chairman of the Audit and Risk Committee	200 000	165 000
Member of the Audit and Risk Committee	100 000	83 000
Member of the Remuneration and Nomination Committee	50 000	41 000
Chairman of the Social and Ethics Committee	50 000	41 000

The proposed fee structure payable to non-executive directors for the year ending 30 June 2017 is presented in the table below.

Type of fee (R)	Proposed fee for the year ending 30 June 2017
Board member	321 000
Chairman of the Audit and Risk Committee	214 000
Member of the Audit and Risk Committee	107 000
Member of the Remuneration and Nomination Committee	53 500
Chairman of the Social and Ethics Committee	53 500

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 P R Louw and P J Uys, as well as for Mr N J Williams until his appointment as Chief Financial Officer, 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 86 to 89 was audited)

Fixed pay

R'000	30 June 2016					30 June 2015				
	Fees	Salaries	Retire- ment fund	Other benefits ⁽⁷⁾	Total	Fees	Salaries	Retire- ment fund	Other benefits ⁽⁷⁾	Total
Executive										
W E Bühmann	300	2 800	615	297	4 012	245	2 649	574	280	3 748
L Crouse ⁽¹⁾	225	5 540	1 035	236	7 036	245	6 254	1 289	297	8 085
J J Durand	300	9 815	2 006	322	12 443	245	9 204	1 874	302	11 625
N J Williams ⁽²⁾	75	650	173	80	978	–	–	–	–	–
Subtotal	900	18 805	3 829	935	24 469	735	18 107	3 737	879	23 458
Non-executive (independent)										
G T Ferreira	350	–	–	–	350	286	–	–	–	286
P K Harris	350	–	–	–	350	286	–	–	–	286
N P Mageza ⁽³⁾	400	–	–	–	400	328	–	–	–	328
P J Moleketi	400	–	–	–	400	328	–	–	–	328
M Morobe	300	–	–	–	300	245	–	–	–	245
F Robertson	450	–	–	–	450	369	–	–	–	369
S E N De Bruyn Sebotsa ⁽⁴⁾	350	–	–	–	350	61	–	–	–	61
H Wessels ⁽⁵⁾	684	–	–	–	684	556	–	–	–	556
Subtotal	3 284	–	–	–	3 284	2 459	–	–	–	2 459
Non-executive (non-independent)										
E de la H Hertzog	300	–	–	–	300	245	–	–	–	245
J Malherbe	300	–	–	–	300	245	–	–	–	245
J P Rupert ⁽⁶⁾	–	–	–	–	–	–	–	–	–	–
Subtotal	600	–	–	–	600	490	–	–	–	490
Total	4 784	18 805	3 829	935	28 353	3 684	18 107	3 737	879	26 407

⁽¹⁾ Mr L Crouse retired as Chief Financial Officer with effect from 31 March 2016.

⁽²⁾ Mr N J Williams was appointed as Chief Financial Officer with effect from 1 April 2016.

⁽³⁾ During the year under review Mr N P Mageza also received R502 000 (2015: R455 000) as director's fees from RCL Foods Limited, a subsidiary company of Remgro Limited.

⁽⁴⁾ Ms S E N De Bruyn Sebotsa was appointed as independent non-executive director with effect from 16 March 2015.

⁽⁵⁾ 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 R134 400 (2015: R105 000) was also paid to Mr H Wessels during the year under review for his attendance of meetings of subcommittees of the Audit and Risk Committee.

⁽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 2015	Fair value								Balance of SARs accepted as at 30 June 2016
		SARs accepted during the year ⁽¹⁾	of SARs on offer date (R'000)	SARs transferred during the year ⁽³⁾	Offer price (Rand)	Number of SARs exercised	Date exercising SARs	Share price on exercise date	Increase in value ⁽⁴⁾ (R'000)	
Executive										
W E Bührmann	23 548				97.55					23 548
	98 817				147.25					98 817
	25 485				191.70					25 485
	8 958				253.53					8 958
		26 470	2 142		272.00					26 470
L Crouse ⁽²⁾	51 865				97.55	(51 865)	22/03/2016	259.66	8 408	–
	94 652				147.25	(94 652)	22/03/2016	259.66	10 640	–
	189 300				147.25	(189 300)	04/04/2016	250.94	19 629	–
	79 144				191.70	(79 144)	04/04/2016	250.94	4 688	–
	23 587				253.53					23 587
J J Durand	157 262				97.55					157 262
	271 258				147.25					271 258
	93 128				191.70					93 128
	108 468				253.53					108 468
		192 676	15 591		272.00					192 676
N J Williams ⁽³⁾				18 076	78.30					18 076
				19 768	97.55					19 768
				81 901	147.25					81 901
				22 221	191.70					22 221
				16 430	253.53					16 430
				27 492	272.00					27 492
Subtotal	1 225 472	219 146	17 733	185 888		(414 961)			43 365	1 215 545
Non-executive										
J Malherbe	50 506				78.30					50 506
	6 949				75.38	(6 949)	03/11/2015	279.00	1 415	–
Subtotal	57 455	–	–	–		(6 949)			1 415	50 506
Total	1 282 927	219 146	17 733	185 888		(421 910)			44 780	1 266 051

⁽¹⁾ SARs were offered on 24 November 2015.

⁽²⁾ Mr L Crouse retired as Chief Financial Officer with effect from 31 March 2016. 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 12 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⁾ Mr N J Williams was appointed as Chief Financial Officer with effect from 1 April 2016. SARs transferred refer to the balance of SARs granted and accepted by him prior to 1 April 2016.

⁽⁴⁾ This 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.

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			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 23 548 98 817 25 485	8 958	615	65.50 97.55 147.25 191.70 253.53	(124 771)	13/10/2014	225.04	19 906 – 23 548 98 817 25 485 8 958	
L Crouse	418 108 51 865 283 952 79 144	23 587	1 618	65.50 97.55 147.25 191.70 253.53	(418 108)	07/10/2014	238.60	72 374 – 51 865 283 952 79 144 23 587	
J J Durand	108 236 7 572 235 895 271 258 93 128	108 468	7 442	78.30 75.38 97.55 147.25 191.70 253.53	(108 236) (7 572) (78 633)	03/11/2014 03/11/2014 03/11/2014	252.98 252.98 252.98	18 907 1 345 12 222 157 262 271 258 93 128 108 468	
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 6 949			78.30 75.38				50 506 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 12 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⁾ This 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 2016				30 June 2015			
	Salaries	Retirement fund	Other benefits ⁽¹⁾	Total	Salaries	Retirement fund	Other benefits ⁽¹⁾	Total
P R Louw ⁽²⁾	455	111	80	646	–	–	–	–
P J Uys	4 694	931	319	5 944	4 383	869	299	5 551
N J Williams ⁽³⁾	1 997	385	239	2 621	2 345	465	299	3 109
Total	7 146	1 427	638	9 211	6 728	1 334	598	8 660

⁽¹⁾ Benefits include medical aid contributions and vehicle benefits.⁽²⁾ Mr P R Louw was appointed on 1 April 2016.⁽³⁾ Mr N J Williams was appointed as Chief Financial Officer with effect from 1 April 2016.⁽⁴⁾ Both Messrs P R Louw and P J Uys 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 2015	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 2016
		SARs accepted during the year ⁽¹⁾	of SARs on offer date (R'000)	SARs transferred during the year ⁽²⁾	Offer price (Rand)	Offer price (Rand)					
P R Louw ⁽²⁾				27 432	97.55					27 432	
				22 646	147.25					22 646	
				12 944	191.70					12 944	
				5 952	253.53					5 952	
				9 497	272.00					9 497	
P J Uys	218 400				183.15					218 400	
	3 325				191.70					3 325	
	14 774				253.53					14 774	
N J Williams ⁽²⁾		11 533	933		272.00					11 533	
	18 076			(18 076)	78.30					–	
	25 768			(19 768)	97.55	(6 000)	26/10/2015	278.58	1 086	–	
	81 901			(81 901)	147.25					–	
	22 221			(22 221)	191.70					–	
	16 430			(16 430)	253.53					–	
Total	400 895	39 025	3 158	(107 417)		(6 000)			1 086	326 503	

⁽¹⁾ SARs were offered on 24 November 2015.

⁽²⁾ With effect from 1 April 2016, Mr N J Williams was appointed as Chief Financial Officer and Mr P R Louw was appointed as member of the Management Board. SARs transferred refer to the balance of SARs granted and accepted by them prior to 1 April 2016.

⁽³⁾ This 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 2014	Fair value			Number of SARs exercised	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⁾	of SARs on offer date (R'000)	Offer price (Rand)					
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	31 204	2 141		(12 884)		2 038	400 895	

⁽¹⁾ SARs were offered on 26 November 2014.

⁽²⁾ This 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.