

# REMUNERATION REPORT

## BACKGROUND STATEMENT

Remgro's remuneration philosophy is guided by its business strategy, namely a long-term approach to deliver value in a sustainable manner.

Due to the nature of the business, the remuneration framework, on an organisation-wide basis, provides for guaranteed remuneration (i.e. salary and benefits) and a long-term share plan, which only renders value if stretching performance conditions are met. As an investment holding company, the Remuneration and Nomination Committee (the committee) views increased market capitalisation, sustainable growth in the share price and as above-average dividend yield as a critical metric to deliver value to shareholders over time. In line with this approach Remgro does not pay short-term incentives (i.e. cash bonuses) and believes that management's decision-making should be long-term focused and aligned with this philosophy that they should be rewarded where value is demonstrated, without excessive risk taking in the short term. This two-tier approach makes the Remgro Remuneration Policy focused and avoids unnecessary layers of complexity. Our remuneration philosophy and policy are further detailed in the second section of this report.

## CONTEXT

Remgro has a diversified portfolio of investments across industries, which include banking, healthcare, consumer products, insurance, industrial, infrastructure, as well as media and sport. The weak domestic macro environment, characterised by low economic growth, continued high levels of unemployment and rand volatility persisted during the financial year. The introduction of the 1% Value-Added Tax (VAT) increase and higher fuel prices, have impacted disposable income and placed a significant strain on consumer spending. Consequently, these less favourable trading conditions have impacted Remgro investee companies' earnings to varying degrees, ultimately influencing Remgro's share price.

## KEY ACTIVITIES OF THE COMMITTEE DURING THE YEAR

Remgro observes the King IV Report on Corporate Governance for South Africa (2016) (King IV) principles in relation to the Remuneration Policy and disclosure. During the year, the key activities of the committee included:

- Engagement with shareholders following the 29 November 2017 Annual General Meeting (AGM).
- Review of the Remgro Long-term Incentive (LTI) arrangement. This review included the review of the suitability of the current LTI arrangement as well as the inclusion of performance conditions for the LTI plan(s).

## VOTING RESULTS AND SHAREHOLDER ENGAGEMENT

At the AGM held on 29 November 2017, Remgro's Remuneration Policy received a favourable vote by Ordinary Shareholders of 60.32% and the Remuneration Implementation Report received a favourable vote by Ordinary Shareholders of 60.21%. As a result of the dissenting votes on both resolutions exceeding 25%, Remgro invited shareholders to engage with the Company to discuss their concerns. The following shareholders and other interested parties engaged with the Company:

### PHONED IN DURING SHAREHOLDER ENGAGEMENT

- |                                  |                                       |
|----------------------------------|---------------------------------------|
| • Acanthin Asset Management      | • Old Mutual Investment group         |
| • Aeon Investment Management     | • Rozendal Partners                   |
| • Investec Asset Management      | • The Raith Foundation                |
| • Kaizen Asset Management        | • Ms Anita Gilmore (private investor) |
| • Keyter Rech Investor Solutions | • Financial Mail                      |
| • PwC                            | • Cliffe Dekker Hofmeyer              |

### PROVIDED INPUTS TO THE DISCUSSION VIA E-MAIL (DID NOT PHONE IN)

- |              |              |
|--------------|--------------|
| • Allan Gray | • PSG Invest |
|--------------|--------------|

As a general introduction to the shareholder engagement Mr. J J Durand provided a brief summary of the current Remgro Remuneration Policy and the different components of the policy. Mr. Durand also contextualised the role and appropriateness of each of the remuneration elements. Participants were also informed that any potential changes to the current share incentive scheme will only be able to take effect after shareholder approval at the 2018 AGM.

A summary of the feedback provided is set out below.

## SHAREHOLDER FEEDBACK

The net present value (NPV) as a mathematical proxy of the net asset value (NAV) of the underlying assets is greater than Remgro's share price. Management should be rewarded for reducing/narrowing this 'discount'.

Lack of performance conditions on Share Appreciation Rights (SARs) poses risk that executives can receive large payout for below-inflation performance. An alternative was suggested, being the use of peer benchmark (FINDI/ALSI) or NAV growth plus dividends exceeds nominal GDP growth.

Considering that Mr J P Rupert chairs the Board (as well as the committee), he certainly cannot be the only candidate to be chairman of this committee.

Provide an explanation on how the corporate strategy is aligned to the Company's remuneration approach and whether the corporate strategy has changed in the period from 2010 to 2017.

## REMGR0'S RESPONSE

Remgro acknowledges the theory behind this proposal; however, it is not an established and widely accepted method of measuring performance in the market. There is also subjectivity in the valuation of the NPV of unlisted investments.

The "discount" is driven by the market, with no direct influence from Remgro.

Additionally, there is a risk that the "discount" can be manipulated by buying back shares.

As part of the review of Remgro's LTI arrangements the committee considered appropriate performance conditions. Further details on the performance conditions selected can be found in the Remuneration Policy. In response to the specific suggestions:

- Remgro acknowledges that FINDI/ALSI are broad indexes, however, as the largest investment holding company in South Africa with very few other investment holding companies, a peer index may not be relevant/appropriate.
- Ensuring a level of return to shareholders equal to or in excess of GDP growth is supported by the Company.

Whilst there are other candidates that could be chairman of the committee, the Board believes that Mr Rupert is the most suitable individual to be the chairman of this committee based on the reasons provided later in this report.

As chairman of Remgro, Mr Rupert is integral to ensuring that the Board as a whole is enabled to play a full and constructive part in the development and determination of the Group's strategy and overall commercial objectives. As such this places him in a strong position to ensure that this strategy flows through to the design and payment of remuneration to the executives.

Remgro's long-term strategy which is supported by the Remuneration Policy (no cash bonuses and SARs vesting up to five years and maturing in seven years) has not changed materially in the last seven years.

The committee is of the view that during the 2018 financial year, Remgro's Remuneration Policy achieved its stated objectives. At the 2018 AGM Remgro will put its Remuneration Policy and Remuneration Implementation Report to two separate non-binding advisory shareholder votes (see resolution numbers 13 and 14 in the Notice to Shareholders on page 130) and the committee looks forward to a positive outcome in this regard. In addition, Remgro will put the new Conditional Share Plan (CSP) and a revised Share Appreciation Rights Plan (SAR Plan) to a shareholder vote.



## PROPOSED CHANGES TO REMUNERATION POLICY AND FUTURE AREAS OF FOCUS

As previously mentioned, during the year the committee undertook a review of Remgro's LTI arrangements. The committee thoroughly considered all of the inputs received during the shareholder engagements, liaised with senior management in the Company and obtained expert inputs from the Company's remuneration consultant. Whilst the strategy of the Company has not materially changed, the committee determined that it was appropriate to revise the LTI arrangement to ensure it continues to attract, retain and motivate employees. This is even more imperative given that the LTI is the Company's only incentive tool. As a result of the review, the committee intends to introduce the following changes to the Remgro Remuneration Policy for the 2019 financial year, subject to shareholder's approval:

CHANGE	REMGR0'S RATIONALE
To introduce performance conditions for the current Share Appreciation Right Scheme (SAR Scheme).	<p>SAR awards will continue to be awarded to executive directors and senior management at a strike price equal to the grant price, thereby creating an embedded performance hurdle whereby participants will only benefit if there is long-term share price appreciation and thus value creation for Remgro shareholders. In addition, Remgro will introduce two financial performance measures namely growth in intrinsic net asset value (INAV) and growth in free cash flow at the centre along with a personal performance modifier.</p> <p>Remgro believes the introduction of performance measures in addition to the share price (which we still believe is a very effective performance measure perfectly aligned with shareholder interests) will further strengthen the line of sight between long-term value creation and strategic executive influence.</p>
To introduce a new LTI plan in the form of the CSP.	<p>As part of our objective to continuously review our remuneration strategy and practices to ensure we remain aligned with market practices, the life cycle of the Company as well as shareholder expectations, the committee has approved the introduction of the CSP with effect from the 2019 financial year. The CSP will be introduced in conjunction with the new SAR Plan at executive director, and senior executive level and will replace the SAR Scheme at more junior levels. One of the key objectives with this change would be to enable the attraction and retention of key individuals at more junior levels to ensure a sustainable talent pipeline.</p> <p>The CSP will have similar performance measures to the SAR Plan to ensure alignment across the LTI plans as well as between the remuneration of executives and shareholder expectations.</p>
To amend the approach to allocating awards and quantum of awards due to introduction of the CSP.	<p>The expected value of an award under the SAR Plan is different to that of an award under the CSP and as such it is necessary for the award multiples to be revised to ensure that market-related levels of awards are made. In addition, historically Remgro has made awards on a top-up basis rather than equal annual allocations. As part of the review it was determined that market best practice is to make annual allocations and as such the committee has decided to move to this method of allocating awards.</p> <p>At the date of publication the multiples for the first grant of the combined SAR Plan and CSP had yet to be approved by the committee. Going forward the multiples will be disclosed in the Remuneration Policy. These multiples will be within current market parameters.</p>

During the 2019 financial year the committee will focus on the following forward-looking considerations:

- To review the performance measures and targets for each of the approved LTI arrangements to ensure they remain relevant for the 2019 awards.
- To approve the multiples for the first grant under the combined SAR Plan and CSP.
- To review if the current guaranteed remuneration benchmark practice is aligned to best practice and if the comparator group is still appropriate.



## REMUNERATION POLICY

The Remuneration Policy provides an overview of Remgro's remuneration principles for the organisation as a whole. The information provided in this policy has been approved by the Board on recommendation by the committee. This Remuneration Policy will be put to a non-binding advisory vote by shareholders at the next AGM on 29 November 2018.

## GOVERNANCE

The committee is appointed by the Board with delegated powers and 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 fair and responsible remuneration across the Company, by way of policy-making and implementation, and that the disclosure of remuneration is accurate, complete and transparent. Ultimate responsibility remains with the Board.

The committee is governed by a mandate, reviewed and approved by the Board annually, that incorporates best practice governance recommendations 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 (independent non-executive director)
- Mr G T Ferreira (lead independent non-executive director)
- Mr F Robertson (independent non-executive director)

The Board acknowledges the recommended practice in King IV that the Chairman of the Board should not be the chairman of this committee but given the following reasons, this arrangement is deemed appropriate:

- The necessity to align the Company's remuneration approach with corporate strategy;
- The Chairman receives no emoluments or fees from Remgro thus there are no conflicts with regard to the approval of non-executive director fees;
- The Chairman is a significant shareholder in the business hence it is not regarded as unreasonable for him to chair this committee; and
- In terms of committee composition the majority of the committee remains independent non-executive directors and currently includes the lead independent non-executive director.

The committee formally met once during the year and had three further engagements via round robin discussions and decisions.

The details on the attendance of the formal meeting are set out in the Corporate Governance Report on page 59.

The mandate set out in the terms of reference of the committee includes 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;
- Evaluate the performance of the Board; and
- Ensure that 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 establishment of an organisation-wide Remuneration Policy that promotes positive outcomes across the economic, social and environmental context in which Remgro operates;
- Promote an ethical culture and responsible corporate citizenship in the context of remuneration;
- Oversee the fair, responsible and transparent setting and administering of remuneration of all employees;
- Advise on the fees of non-executive directors, for approval by shareholders at the AGM;
- Ensure that remuneration meets Remgro's needs and strategic objectives and is administered in accordance with the shareholder-approved plan rules;
- Oversee the preparation and recommendation to the Board of the Remuneration Report to be included in the Integrated Annual Report; and
- Ensure that the Remuneration Policy and Remuneration Implementation Report are put to two separate non-binding advisory votes by shareholders at the AGM.

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

During the 2018 financial year, the committee has engaged external remuneration consultant PricewaterhouseCoopers Inc. (PwC) as well as management and the Board in conducting their duties and responsibilities.

We have considered the advice, opinions and services received by PwC during the 2018 financial year. We are satisfied and regard PwC as being wholly objective and independent.

## REMUNERATION PRINCIPLES

The Remuneration Policy is aligned with the Company's approach of rewarding all employees fairly, responsibly and competitively, according to their capabilities, skills, responsibilities and level of performance.

Key remuneration principles embedded in the Remuneration Policy are:

- Alignment with the overall business strategy, objectives and values of Remgro;
- Remuneration design which supports the interests of shareholders;
- Mechanisms for ensuring that executive remuneration is fair and responsible in the context of overall Company remuneration;

- Remuneration design which supports the retention and attraction of key talent and supports succession planning;
- Compliance with best practice remuneration governance standards including prevailing labour law legislation from time to time;
- Recognising and encouraging exceptional and value-added performance in line with a performance-based culture;
- Ensuring that remuneration structures are consistent with the Company's long-term requirements and decision-making; and
- Protecting the Company's rights by means of standard contracts of employment.

## COMPONENTS OF REMUNERATION

Remgro has two components of remuneration, namely fixed remuneration (which includes benefits) and LTI in the form of its equity settled SAR Schemes and the proposed CSP. Remgro does not pay short-term incentives and believes that management's decision-making should be long-term focused and aligned with the philosophy that they should be rewarded where long-term value creation is demonstrated, without excessive risk taking in the short term.

The same remuneration principles and components apply to all employees of Remgro. The remuneration policies, principles and practices of investee companies are governed through remuneration committee structures in these organisations.

The details of the components are outlined below:

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### FIXED REMUNERATION

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#### PURPOSE

To provide competitive fixed remuneration that will attract and retain appropriate talent. Reflects an individual's responsibilities, experience and role.

#### WHAT DOES THIS CONTAIN?

Referred to as total guaranteed package (TGP), includes components such as cash salary, travel allowance and the Company's contributions towards retirement funding and the medical scheme. All guaranteed benefits are funded from the TGP.

Retirement funding contributions range between 18.5% and 27.5% of pensionable emolument and the key features of the retirement fund are as follows:

- Retirement savings component with member investment options and a trustee default option;
- Insured flexible death, disability and funeral benefits; and
- Preservation options when exiting the fund.

Membership to a medical scheme is compulsory for all employees and contributions are funded from their TGP. All employees are eligible for membership of the in-house medical scheme, Remedi, and the scheme provides three different options for members to choose from annually. These options aim to accommodate the different healthcare needs and affordability of the diverse membership of the scheme.

Under specific circumstances Remgro also offers employees post-employment medical benefits. All details in this regard are disclosed in the Annual Financial Statements that is published on the Company's website at [www.remgro.com](http://www.remgro.com).

Only employees who are required to regularly travel for business purposes receive travel allowances, which is funded from their TGP.



## FIXED REMUNERATION

### HOW IS THE TGP BENCHMARKED?

Guaranteed packages are benchmarked against the upper quartile of the market for comparable companies utilising independent salary surveys.

Remgro currently makes use of the Mercer Top Executive survey for the Management Board members and senior executives. For the rest of the organisation the PwC REMchannel national survey is used.

The services of an independent remuneration consultancy are contracted for this purpose. The TGP is positioned competitively to the market to ensure that the right talent is attracted and retained. It further supports the remuneration approach of no short-term cash bonuses and discourages excessive risk taking which may be driven by leveraged cash bonuses.

### ANNUAL REVIEW PROCESS

The committee conducts an annual review of the TGP for executives and approves the increase percentage for employees below executive level.

Adjustments to the TGP depends upon the employee's level of responsibility and his/her overall performance.

The CEO, who attends all committee meetings by invitation, can propose increases to the TGP, excluding his own, during such review meetings.

## VARIABLE REMUNERATION

### SHARE APPRECIATION RIGHTS SCHEMES

#### PURPOSE

Ensures alignment between personal wealth creation and corporate strategy and supports long-term employee retention.

#### HOW DOES IT WORK?

This is an equity settled plan whereby selected employees are awarded rights to receive shares equal to the long-term growth in the Remgro share price and market capitalisation of the Company. These rights are awarded free of charge. The ultimate vesting of shares will be subject to prospective performance conditions for selected participants as well as an employment condition.

The participants will only become shareholders in Remgro with shareholder rights, including dividend and voting rights, on the settlement date, which will be shortly after the vesting date.

#### ELIGIBILITY

All permanent employees of the Company may participate in the SAR Plan, although it is anticipated that it will be used for executive directors and employees at senior executive level only.

#### DETERMINATION OF VALUE/ALLOCATION

The committee makes annual awards in terms of the SAR Scheme to participants, based on a multiple of the TGP. The set annual multiples are determined by reference to a participant's job grade, role, the need to attract and/or retain key talent and the value added by the participant for Remgro and shareholders.

At the date of publication the multiples for the first grant of the combined SAR Plan and CSP had yet to be approved by the committee. Going forward the multiples will be disclosed in the Remuneration Policy. These multiples will be within current market parameters.

Refer to the Remuneration Implementation Report on page 96 for previous SARs awarded.

### CONDITIONAL SHARE PLAN

Ensures alignment between personal wealth creation and corporate strategy and supports long-term employee retention.

This is an equity settled plan under which all employees may be granted a conditional award of Remgro shares at a future point in time. These shares are awarded free of charge. The ultimate vesting of shares will be subject to prospective performance conditions for selected participants as well as an employment condition.

The participants will only become shareholders in Remgro with shareholder rights, including dividend and voting rights, on the settlement date, which will be shortly after the vesting date.

It is envisaged that all permanent employees of the Company may participate in the CSP.

The committee makes annual awards in terms of the CSP to participants, based on a multiple of the TGP. The set annual multiples are determined by reference to a participant's job grade, role, the need to attract and/or retain key talent and the value added by the participant for Remgro and shareholders.

At the date of publication the multiples for the first grant of the combined SAR Plan and CSP had yet to be approved by the committee. Going forward the multiples will be disclosed in the Remuneration Policy. These multiples will be within current market parameters. In addition, the rules of the CSP allow for *ad hoc* awards to be made to participants in exceptional circumstances as determined by the committee.

## VARIABLE REMUNERATION

### SHARE APPRECIATION RIGHTS SCHEMES

#### DIVIDEND EQUIVALENTS

n/a

#### VESTING AND EXERCISE/SETTLEMENT

Participants in the SAR Plan are remunerated with Remgro shares to the value of the appreciation of their rights to a specific number of Remgro ordinary shares.

The earliest intervals at which the SARs vest and 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.

All SARs must be exercised within seven years after grant date, upon which date unexercised SARs lapse.

Vesting is conditional on fulfilment of the employment period and achievement of performance conditions (where applicable).

#### PERFORMANCE CONDITIONS

The SAR Plan has an embedded performance hurdle whereby participants will only benefit if there is long-term share price appreciation and thus value creation for Remgro shareholders. Following feedback from shareholders, share options awarded after 30 June 2018 will be subject to these additional prospective financial performance conditions:

- The vesting of 50% of such awarded share options will depend on the growth in the INAV outperforming a predefined "real growth" benchmark. For 100% vesting, growth in INAV will need to equal or exceed the value calculated as South Africa's consumer price index (CPI) inflation rate plus South Africa's gross domestic product (GDP) growth rate plus an additional 1.25%, as measured over the three financial years. For 30% vesting, growth in INAV will need to equal or exceed the value calculated as CPI inflation rate. For performance between these points linear vesting will apply; and
- The vesting of 50% of such awarded share options will depend on the growth in the free cash flow at the centre outperforming a predefined "real growth" benchmark. For 100% vesting, growth in the free cash flow at the centre will need to equal or exceed the value calculated as CPI inflation rate plus an additional 1.25%, as measured over the three financial years. For 30% vesting, growth in free cash flow at the centre will need to equal or exceed the value calculated as CPI inflation rate. For performance between these points linear vesting will apply.

In addition, the vesting of awards can be modified based on the extent to which the participant meets personal and Group non-financial performance conditions. Note that the achievement of these non-financial performance conditions can only reduce the result of the financial performance conditions. Awards will only vest if the participant remains in service of the Remgro Group.

These performance conditions will apply to executive directors and other members of the Management Board (prescribed officers).

### CONDITIONAL SHARE PLAN

Participants will be eligible to receive dividend equivalents on vested shares over the vesting period of the award. The dividend equivalent will be rolled up and delivered as additional shares on the vesting date.

Awards under the CSP will vest 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.

Vesting is conditional on fulfilment of the employment period and achievement of performance conditions (where applicable).

The CSP will be subject to the following prospective financial performance conditions:

- The vesting of 50% of such awards will depend on the growth in the INAV outperforming a predefined "real growth" benchmark. For 100% vesting, growth in INAV will need to equal or exceed the value calculated as South Africa's CPI inflation rate plus South Africa's GDP growth rate plus an additional 1.25%, as measured over the three financial years. For 30% vesting, growth in INAV will need to equal or exceed the value calculated as CPI inflation rate. For performance between these points linear vesting will apply; and
- The vesting of 50% of such awards will depend on the growth in the free cash flow at the centre outperforming a predefined "real growth" benchmark. For 100% vesting, growth in the free cash flow at the centre will need to equal or exceed the value calculated as CPI inflation rate plus an additional 1.25%, as measured over the three financial years. For 30% vesting, growth in free cash flow at the centre will need to equal or exceed the value calculated as CPI inflation rate. For performance between these points linear vesting will apply.

In addition, the vesting of awards can be modified based on the extent to which the participant meets personal and group non-financial performance conditions. Note that the achievement of these non-financial performance conditions can only reduce the result of the financial performance conditions. Awards will only vest if the participant remains in service of the Remgro Group.

These performance conditions will apply to executive directors, other members of the Management Board (prescribed officers) and identified investment executives.

All other participants will be allocated retention awards and will have to be in the service of the Remgro Group upon vesting and have met their personal performance conditions.

## VARIABLE REMUNERATION

### SHARE APPRECIATION RIGHTS SCHEMES

#### EARLY TERMINATION OF EMPLOYMENT

Participants may either be classified as “bad leavers” or “good leavers” and the following applies:

- *Bad leavers*

Participants will forfeit all unvested awards.

- *Good leavers*

A *pro rata* portion of the participant’s unvested award(s) shall early vest on the date of termination of employment to the extent to which the committee determines that the performance conditions (if any) have been met. The portion of the shares that will vest will reflect the number of complete months served from the award date to the date of termination of employment, over the total number of months in the employment period.

#### CHANGE OF CONTROL

In the event of a change of control of the Company occurring before the vesting date of any award, a portion of the award held by a participant will vest as soon as reasonably practicable thereafter. The portion of the award which shall vest will be determined based on the number of months served from the award date to the change of control date, over the total number of months in the employment period and the extent to which the performance condition(s), if applicable, have been met. Any awards which do not vest will, subject to the discretion of the committee, remain subject to the terms of the relevant award letter.

#### VARIATION IN SHARE CAPITAL

Participants shall continue to participate in the SAR Plan in the event of a variation in the Company’s share capital. The committee may make such adjustment to the award or take such other action to place participants in no worse position than they were prior to the happening of the relevant event and to provide that the fair value of the award immediately after the event is materially the same as the fair value of the award immediately before the event.

#### DILUTION LIMITS

##### *Individual basis*

No award will be made to a single participant if at the time of or as a result of the making of such award, the aggregate number of Remgro ordinary shares in respect of which any unexercised SARs or CSP awards granted to the participant, shall exceed 5 290 000 Remgro ordinary shares, being approximately 1% of issued ordinary shares.

##### *Overall basis*

Similarly, no award will be made if at the time of or as a result of the making of such award, the aggregate number of Remgro ordinary shares in respect of which any unexercised SARs may be exercised or CSP awards, shall exceed 26 450 000 Remgro ordinary shares, being approximately 5% of issued ordinary shares.

### CONDITIONAL SHARE PLAN

Participants may either be classified as “bad leavers” or “good leavers” and the following applies:

- *Bad leavers*

Participants will forfeit all unvested awards.

- *Good leavers*

A *pro rata* portion of the participant’s unvested award(s) shall early vest on date of termination of employment to the extent to which the committee determines that the performance conditions (if any) have been met. The portion of the shares that will vest will reflect the number of complete months served from the award date to the date of termination of employment, over the total number of months in the employment period.

In the event of a change of control of the Company occurring before the vesting date of any award, a portion of the award held by a participant will vest as soon as reasonably practicable thereafter. The portion of the award which shall vest will be determined based on the number of months served from the award date to the change of control date, over the total number of months in the employment period and the extent to which the performance condition(s), if applicable, have been met. Any awards which do not vest will, subject to the discretion of the committee, remain subject to the terms of the relevant award letter.

Participants shall continue to participate in the CSP in the event of a variation in the Company’s share capital. The committee may make such adjustment to the award or take such other action to place participants in no worse position than they were prior to the happening of the relevant event and to provide that the fair value of the award immediately after the event is materially the same as the fair value of the award immediately before the event.



## VARIABLE REMUNERATION

### SHARE APPRECIATION RIGHTS SCHEMES

### CONDITIONAL SHARE PLAN

#### SETTLEMENT CONSIDERATIONS

If it is assumed that all of the participants to the SAR Scheme exercise all options awarded to them on 1 July 2018, Remgro will have to deliver 0.3 million shares in order to settle its obligations. This calculation is based on Remgro's closing share price on 30 June 2018 of R204.29. A 10% increase or decrease in the Remgro share price will require the number of shares to be delivered to be 0.5 million shares and 0.2 million shares, respectively.

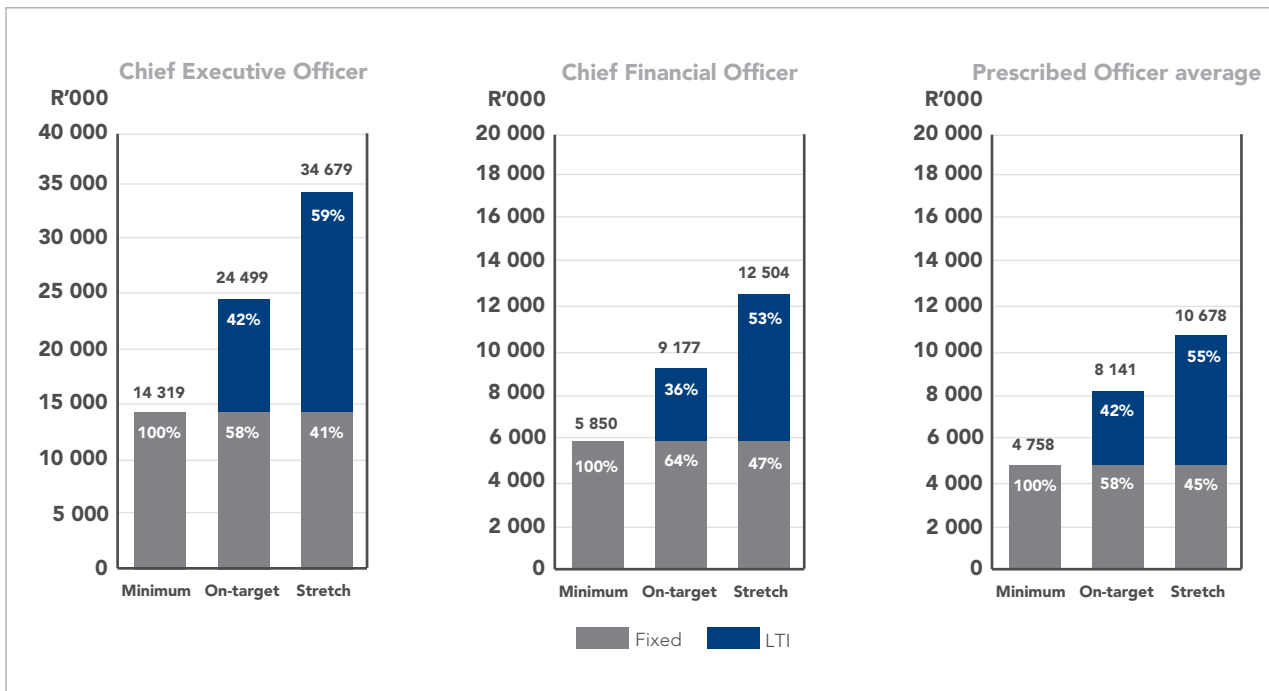
At 30 June 2018 Remgro held sufficient treasury shares to settle its obligations to deliver shares to the SAR Scheme participants.

n/a

#### SCENARIOS OF POSSIBLE TOTAL REMUNERATION OUTCOMES

The following illustrations depict the pay mix and the possible remuneration outcomes for the CEO, Chief Financial Officer and the Prescribed officer average at threshold, on-target and stretch levels.

ELEMENT	MINIMUM	ON-TARGET	STRETCH
TGP	TGP as at 30 June 2019, see page 96. Benefits assumed in line with those paid in the 2017 financial year.		
LTI	Nil	The maximum number of instruments granted in the 2017 financial year that might vest multiplied by the fair value on grant.	The maximum number of instruments granted in the 2017 financial year that might vest multiplied by the share value based on a 100% increase in the fair value on grant over the grant period.



## FAIR AND RESPONSIBLE REMUNERATION ACROSS THE COMPANY

Remgro is committed to the principle of fair and responsible remuneration for the whole Company. Actions in this regard include:

- Assessment of remuneration conditions between employees at the same level in accordance with the principle of “equal pay for work of equal value” to identify and address any unjustifiable remuneration disparities.
- Investing in its people initiatives, which include: talent management; development opportunities for all employees; various training courses as per identified needs and an employee value proposition aligned to the corporate values and culture.

## EXECUTIVE EMPLOYMENT CONTRACTS

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 applicable to all employees. 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. Upon termination of employment, any payments made to employees will be as required in terms of legislation, and the consequences in respect of unexercised SARs and/or unvested CSP awards will be governed by the rules of the SAR Plan and CSP based on the reasons for the termination of employment.

## NON-EXECUTIVE DIRECTORS’ REMUNERATION

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Independent non-executive directors do not have any employment contracts, do not receive any benefits associated with permanent employment and do not participate in the Company’s LTI plans.

Furthermore, they are categorised as independent on the basis that the Board concludes that they have no interest, position, association or relationship which, judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision-making in the best interest of the Company.

The independence of independent non-executive directors is reviewed annually and the independence of non-executive directors, who have served on the Board for more than nine years, is subject to a rigorous review by the Board. The Board is satisfied with the independence of the independent, non-executive directors, including the independence of Messrs F Robertson, P K Harris and M Morobe, who each has served on the Board for 17 years, 16 years and 11 years respectively. Based on the evaluation there is no evidence of any circumstances and/or relationships that will impair their judgement, and their independence is in no way affected by the length of service.

Independent non-executive directors are paid a fixed annual board fee. Committee fees are also determined on a fixed annual basis. The fee structure is reviewed annually on 1 July, based on independent market benchmarks for non-executive directors’ fees, taking into account the nature and size of Remgro’s operations. Remgro utilises the Mercer Top Executive survey to benchmark the remuneration levels of non-executive director fees. The trends identified in this survey are then validated through a focused secondary survey among a selected group of companies. Non-executive director fees are approved by shareholders at the Company’s AGM by special resolution prior to payment. 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 2017 were approved by shareholders at the AGM on 29 November 2017.

### 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.

The Chairman receives no emoluments or fees from Remgro, whilst Dr Hertzog and Mr Malherbe receive the approved annual board 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 LTI plans.

The proposed fee structure payable to non-executive directors for the year ending 30 June 2019 is presented in the table below. Also see Special Resolution Number 1 in the Notice to Shareholders on page 131.

Type of fee (Rand)	Current fee for the year ended 30 June 2018	Proposed fee for the year ending 30 June 2019	% Change
Board member	345 000	367 500	6.5
Chairman of the Audit and Risk Committee	260 000	280 000	7.7
Member of the Audit and Risk Committee	130 000	138 500	6.5
Member of the Remuneration and Nomination Committee	57 500	61 500	7.0
Chairman of the Social and Ethics Committee	100 000	112 500	12.5
Member of the Social and Ethics Committee	57 500	61 500	7.0
Meeting fee for <i>ad hoc</i> Committees (i.e. Investment- & Treasury Committee)	24 000	24 000	–

Fees are exclusive of VAT.

#### SHAREHOLDER ENGAGEMENT AND NON-BINDING ADVISORY VOTE

The Remuneration Policy and Remuneration Implementation Report are respectively tabled for separate non-binding advisory votes by the shareholders at each AGM.

The committee will engage with shareholders in the event of a 25% or more dissenting vote on either or both the Remuneration Policy or Remuneration Implementation Report. In that event, the Company will, in its voting results announcement provide for (1) an invitation to dissenting shareholders to engage with the Company, and (2) the manner and timing of such engagement. In this regard the Company intends to (1) invite the dissenting shareholders to provide the Company with their written submissions as to why they voted against the Remuneration Policy or Remuneration Implementation Report, (2) to address the legitimate and reasonable objections of dissenting shareholders, and (3) report back to the dissenting shareholders. If appropriate and practical, the Company may engage with dissenting shareholders either individually or collectively at meetings called for that purpose. Other methods of shareholder engagement may include conference calls, emails and investor roadshows.

#### REMUNERATION IMPLEMENTATION REPORT

The Remuneration Implementation Report provides details on how Remgro implemented its Remuneration Policy during the 2018 financial year. (The information on pages 96 to 102 was audited). This Remuneration Implementation Report will be put to a non-binding advisory vote by shareholders at the next AGM on 29 November 2018.

#### FIXED REMUNERATION REVIEW

During the year under review, the executive directors and other members of the Management Board received an average salary increase of 6.8% (2017: 7.5%), compared to an average salary increase awarded to general staff of 7.3% (2017: 7.5%). Specifically the executive directors and other members of the Management Board (prescribed officers) received the following increases:

R'000	Salary for the year ended		% Change
	30 June 2018	30 June 2019	
J J Durand	13 323	14 318	7.5
M Lubbe	2 587	3 022	16.8
N J Williams	5 446	5 849	7.4
P R Louw <sup>(1)</sup>	3 459	3 685	6.5
R S M Ndlovu <sup>(1, 2)</sup>	2 501	3 225	28.9
P J Uys <sup>(1)</sup>	6 947	7 364	6.0

<sup>(1)</sup> Prescribed officers

<sup>(2)</sup> Mr R S M Ndlovu was appointed as a member of the Management Board with effect from 1 May 2018.

<sup>(3)</sup> Increases in remuneration in excess of 10% include adjustments due to promotions and or adjustments following a review of the responsibilities of exiting roles.

### SHORT-TERM INCENTIVES OUTCOME

Remgro's Remuneration Policy does not provide for any short-term incentives, therefore no outcomes are reported in terms of this.

### LONG-TERM INCENTIVES OUTCOME

Awards historically granted under the SAR Scheme did not have performance conditions attached. Based on the methodology set out in King IV, the awards therefore included in the single figure of remuneration are those which vest and become exercisable in the 12 months after year-end. The share price at year-end used to calculate the value in the table below is R204.29.

Participant	Offer date	Offer price (Rand)	Adjusted offer price (Rand)	Number of SARs vesting in 12 months after year-end for single-figure table	Value of shares <sup>(2)</sup> (R'000)	Value of shares included in single-figure table (R'000)
J J Durand	04-Dec-13	191.70	185.07	31 042	596	596
	26-Nov-14	253.53	245.53	36 156	(1 492)	–
	24-Nov-15	272.00	262.77	64 226	(3 756)	–
	<b>Total LTI vesting</b>					<b>596</b>
M Lubbe	04-Dec-13	191.70	185.07	2 481	47	47
	26-Nov-14	253.53	245.53	1 337	(56)	–
	24-Nov-15	272.00	262.77	2 680	(157)	–
	<b>Total LTI vesting</b>					<b>47</b>
N J Williams	04-Dec-13	191.70	185.07	7 407	142	142
	26-Nov-14	253.53	245.53	5 476	(226)	–
	24-Nov-15	272.00	262.77	9 164	(536)	–
	<b>Total LTI vesting</b>					<b>142</b>
P R Louw	04-Dec-13	191.70	185.07	4 314	82	82
	26-Nov-14	253.53	245.53	1 984	(82)	–
	24-Nov-15	272.00	262.77	3 167	(186)	–
	<b>Total LTI vesting</b>					<b>82</b>
R S M Ndlovu <sup>(1)</sup>	04-Dec-13	191.70	185.07	375	7	7
	26-Nov-14	253.53	245.53	360	(15)	–
	24-Nov-15	272.00	262.77	3 567	(209)	–
	<b>Total LTI vesting</b>					<b>7</b>
P J Uys	04-Dec-13	191.70	185.07	1 108	21	21
	26-Nov-14	253.53	245.53	4 924	(204)	–
	24-Nov-15	272.00	262.77	3 845	(225)	–
	<b>Total LTI vesting</b>					<b>21</b>

<sup>(1)</sup> Mr R S M Ndlovu was appointed as a member of the Management Board with effect from 1 May 2018.

<sup>(2)</sup> Negative amounts indicate the extent to which awards are "under water". Negative amounts are not reported as negative amounts in the single-figure remuneration table on the next page.

## TOTAL REMUNERATION (SINGLE FIGURE)

The tables below provide information on the single figure remuneration for executive directors and prescribed officers, which comprises a fixed annual amount, as well as the value of the shares vesting 12 months after year-end.

### EXECUTIVE DIRECTORS

R'000	Fees	Salaries	Retirement fund	Other benefits <sup>(4)</sup>	Fixed remuneration	LTI <sup>(5)</sup>	Total
<b>30 June 2018</b>							
W E Bührmann <sup>(1)</sup>	288	2 286	587	278	3 439	–	3 439
J J Durand <sup>(2)</sup>	345	10 482	2 147	349	13 323	596	13 919
M Lubbe <sup>(3)</sup>	345	1 512	369	361	2 587	47	2 634
N J Williams	345	3 899	842	360	5 446	142	5 588
<b>Total</b>	<b>1 323</b>	<b>18 179</b>	<b>3 945</b>	<b>1 348</b>	<b>24 795</b>	<b>785</b>	<b>25 580</b>
<b>30 June 2017</b>							
W E Bührmann	321	3 000	659	314	4 294	3 194	7 488
J J Durand	321	10 506	2 147	344	13 318	7 338	20 656
M Lubbe	241	1 179	263	272	1 955	402	2 357
N J Williams	321	3 417	741	339	4 818	2 159	6 977
<b>Total</b>	<b>1 204</b>	<b>18 102</b>	<b>3 810</b>	<b>1 269</b>	<b>24 385</b>	<b>13 093</b>	<b>37 478</b>

<sup>(1)</sup> Mr W E Bührmann retired on 30 April 2018.

<sup>(2)</sup> The Remuneration Committee approved a 7% increase for Mr J J Durand but he declined the increase and requested that the equivalent increase amount should be included in the Remgro CSI budget for local CSI initiatives. The decrease in salary relates to the increase in fees that is embedded in salary and the increase in other benefits relates to the increase in medical aid contributions.

<sup>(3)</sup> Mrs M Lubbe was appointed as executive director with effect from 20 September 2016.

<sup>(4)</sup> Benefits include medical scheme contributions and vehicle benefits.

<sup>(5)</sup> LTI includes SARs which vest and become exercisable in the 12 months following the end of the reporting period.

### PRESCRIBED OFFICERS

R'000	Salaries	Retirement fund	Other benefits <sup>(2)</sup>	Fixed remuneration	LTI <sup>(3)</sup>	Total
<b>30 June 2018</b>						
P R Louw	2 585	513	361	3 459	82	3 541
R S M Ndlovu <sup>(1)</sup>	337	73	60	470	7	477
P J Uys	5 496	1 090	361	6 947	21	6 968
<b>Total</b>	<b>8 418</b>	<b>1 676</b>	<b>782</b>	<b>10 876</b>	<b>110</b>	<b>10 986</b>
<b>30 June 2017</b>						
P R Louw	2 399	476	339	3 214	661	3 875
P J Uys	5 144	1 020	339	6 503	2 667	9 170
<b>Total</b>	<b>7 543</b>	<b>1 496</b>	<b>678</b>	<b>9 717</b>	<b>3 328</b>	<b>13 045</b>

<sup>(1)</sup> Mr R S M Ndlovu was appointed on 1 May 2018.

<sup>(2)</sup> Benefits include medical scheme contributions and vehicle benefits.

<sup>(3)</sup> LTI includes SARs which vest and become exercisable in the 12 months following the end of the reporting period.

<sup>(4)</sup> All three prescribed officers are members of the Management Board. Messrs P R Louw and P J Uys are also members of the Social and Ethics Committee.

## LONG-TERM INCENTIVES SUMMARY

The tables below provide information on a director and prescribed officer basis of SARs granted and accepted during the year and the indicative value of SARs not yet exercised (outstanding SARs). It also illustrates the cash value of SARs exercised during the year.

### DIRECTORS

Participant	Offer date <sup>(2)</sup>	Offer price <sup>(3)</sup> (Rand)	Number of SARs offered and accepted	Fair value of SARs on offer date (R'000)	Balance of SARs accepted as at 30 June 2017	Adjusted offer price (Rand)	SARs accepted/ (exercised) during the year	Share price on exercise date (Rand)	Cash value of SARs exercised during the year <sup>(4)</sup> (R'000)	Balance of SARs accepted as at 30 June 2018	Fair value of SARs as at 30 June 2018 <sup>(5)</sup> (R'000)
<b>Executive</b>											
W E Bührmann <sup>(1)</sup>	29-Nov-12	147.25	98 817	3 921	98 817	142.04				98 817	6 540
	4-Dec-13	191.70	25 485	1 386	25 485	185.07				25 485	1 075
	26-Nov-14	253.53	8 958	615	8 958	245.53				8 958	275
	24-Nov-15	272.00	26 470	2 142	26 470	262.77				26 470	864
	1-Dec-16	209.11	82 971	5 804	82 971	209.11				82 971	4 527
J J Durand	29-Nov-10	108.69	235 895	7 868	157 262	92.83	(157 262)	209.29	18 315	–	–
	29-Nov-12	147.25	271 258	10 763	271 258	142.04				271 258	17 954
	4-Dec-13	191.70	93 128	5 064	93 128	185.07				93 128	3 927
	26-Nov-14	253.53	108 468	7 442	108 468	245.53				108 468	3 329
	24-Nov-15	272.00	192 676	15 591	192 676	262.77				192 676	6 291
	1-Dec-16	209.11	150 872	10 554	150 872	209.11				150 872	8 231
	14-Dec-17	206.35	132 309	9 705	–	206.35	132 309			132 309	8 140
M Lubbe	29-Nov-12	147.25	13 961	554	13 961	142.04				13 961	924
	4-Dec-13	191.70	7 444	405	7 444	185.07				7 444	314
	26-Nov-14	253.53	4 011	275	4 011	245.53				4 011	123
	24-Nov-15	272.00	8 036	650	8 036	262.77				8 036	262
	1-Dec-16	209.11	65 632	4 591	65 632	209.11				65 632	3 581
	14-Dec-17	206.35	15 481	1 136	–	206.35	15 481			15 481	952
N J Williams	29-Nov-10	108.69	38 652	1 289	19 768	92.83	(19 768)	210.75	2 331	–	–
	29-Nov-12	147.25	81 901	3 250	81 901	142.04				81 901	5 421
	4-Dec-13	191.70	22 221	1 208	22 221	185.07				22 221	937
	26-Nov-14	253.53	16 430	1 127	16 430	245.53				16 430	504
	24-Nov-15	272.00	27 492	2 225	27 492	262.77				27 492	898
	1-Dec-16	209.11	98 716	6 905	98 716	209.11				98 716	5 386
	14-Dec-17	206.35	55 677	4 084	–	206.35	55 677			55 677	3 425
<b>Total</b>					1 581 977		26 437		20 646	1 608 414	83 880

<sup>(1)</sup> Mr W E Bührmann retired on 30 April 2018. 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.

<sup>(2)</sup> Unless otherwise indicated, one-third of the SARs are exercisable after the third anniversary of the grant date, an additional third after the fourth anniversary of the grant date and the remainder after the fifth anniversary of the grant date. All SARs must be exercised within seven years after the grant date, upon which date unexercised SARs lapse.

<sup>(3)</sup> Offer price is equal to face value on grant date.

<sup>(4)</sup> 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.

<sup>(5)</sup> Fair value was calculated using the standard binomial pricing model.

Participant	Offer date <sup>(4)</sup>	Offer price <sup>(5)</sup> (Rand)	Number of SARs offered and accepted	Fair value of SARs on offer date (R'000)	Balance of SARs accepted as at 30 June 2016	Adjusted offer price <sup>(6)</sup> (Rand)	SARs accepted/ (exercised) during the year	Share price on exercise date (Rand)	Cash value of SARs exercised during the year <sup>(7)</sup> (R'000)	Balance of SARs accepted as at 30 June 2017	Fair value of SARs as at 30 June 2017 <sup>(8)</sup> (R'000)
<b>Executive</b>											
W E Bührmann	29-Nov-10	108.69	23 548	785	23 548	92.83	(23 548)	220.40	3 004	–	–
	29-Nov-12	147.25	98 817	3 921	98 817	142.04				98 817	7 719
	4-Dec-13	191.70	25 485	1 386	25 485	185.07				25 485	1 470
	26-Nov-14	253.53	8 958	615	8 958	245.53				8 958	366
	24-Nov-15	272.00	26 470	2 142	26 470	262.77				26 470	1 110
	1-Dec-16	209.11	82 971	5 804	–	209.11	82 971			82 971	4 786
L Crouse <sup>(1)</sup>	26-Nov-14	253.53	23 587	1 618	23 587	245.53	(23 587)	–	–	–	–
J J Durand	29-Nov-10	108.69	235 895	7 868	157 262	92.83				157 262	19 029
	29-Nov-12	147.25	271 258	10 763	271 258	142.04				271 258	21 188
	4-Dec-13	191.70	93 128	5 064	93 128	185.07				93 128	5 372
	26-Nov-14	253.53	108 468	7 442	108 468	245.53				108 468	4 437
	24-Nov-15	272.00	192 676	15 591	192 676	262.77				192 676	8 079
	1-Dec-16	209.11	150 872	10 554	–	209.11	150 872			150 872	8 702
M Lubbe <sup>(2)</sup>	29-Nov-10	108.69	20 620	687	–	92.83	–	205.69	2 327	–	–
	29-Nov-12	147.25	13 961	554	–	142.04	13 961			13 961	1 090
	4-Dec-13	191.70	7 444	405	–	185.07	7 444			7 444	429
	26-Nov-14	253.53	4 011	275	–	245.53	4 011			4 011	164
	24-Nov-15	272.00	8 036	650	–	262.77	8 036			8 036	337
	1-Dec-16	209.11	65 632	4 591	–	209.11	65 632			65 632	3 786
N J Williams	23-Nov-09	87.50	54 228	1 515	18 076	73.67	(18 076)	207.00	2 410	–	–
	29-Nov-10	108.69	38 652	1 289	19 768	92.83				19 768	2 392
	29-Nov-12	147.25	81 901	3 250	81 901	142.04				81 901	6 397
	4-Dec-13	191.70	22 221	1 208	22 221	185.07				22 221	1 282
	26-Nov-14	253.53	16 430	1 127	16 430	245.53				16 430	672
	24-Nov-15	272.00	27 492	2 225	27 492	262.77				27 492	1 153
	1-Dec-16	209.11	98 716	6 905	–	209.11	98 716			98 716	5 694
Subtotal					1 215 545		366 432		7 741	1 581 977	105 654
<b>Non-executive</b>											
J Malherbe <sup>(3)</sup>	23-Nov-09	87.50	75 761	2 116	50 506	73.67	(50 506)	209.73	6 872	–	–
Subtotal					50 506		(50 506)		6 872	–	–
<b>Total</b>					1 266 051		315 926		14 613	1 581 977	105 654

<sup>(1)</sup> 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. The 23 587 SARs expired on 31 March 2017 as the Remgro share price was less than the offer price.

<sup>(2)</sup> Mrs M Lubbe was appointed as executive director with effect from 20 September 2016. SARs accepted/(exercised) during the year include the balance of SARs granted and accepted by her prior to 20 September 2016. The 20 620 SARs granted and accepted by her on 29 November 2010 were exercised after 20 September 2016.

<sup>(3)</sup> 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.

<sup>(4)</sup> Unless otherwise indicated, one-third of the SARs are exercisable after the third anniversary of the grant date, an additional third after the fourth anniversary of the grant date and the remainder after the fifth anniversary of the grant date. All SARs must be exercised within seven years after grant date, upon which date unexercised SARs lapse.

<sup>(5)</sup> Offer price is equal to face value on grant date.

<sup>(6)</sup> In terms of the rules of the SAR Scheme, the offer price of SARs that were awarded prior to the Remgro rights issue was reduced to ensure that participants were placed in substantially the same position as they were prior to the rights issue.

<sup>(7)</sup> 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.

<sup>(8)</sup> Fair value was calculated using the standard binomial pricing model.

PRESCRIBED OFFICERS

Participant	Offer date <sup>(2)</sup>	Offer price <sup>(3)</sup> (Rand)	Number of SARs offered and accepted	Fair value of SARs on offer date (R'000)	Balance of SARs accepted as at 30 June 2017	Adjusted offer price (Rand)	SARs accepted/ (exercised) during the year	Share price on exercise date (Rand)	Cash value of SARs exercised during the year <sup>(4)</sup> (R'000)	Balance of SARs accepted as at 30 June 2018	Fair value of SARs as at 30 June 2018 <sup>(5)</sup> (R'000)
P R Louw	29-Nov-10	108.69	27 432	915	27 432	92.83	(27 432)	223.73	3 591	–	–
	29-Nov-12	147.25	22 646	899	22 646	142.04				22 646	1 499
	4-Dec-13	191.70	12 944	704	12 944	185.07				12 944	546
	26-Nov-14	253.53	5 952	408	5 952	245.53				5 952	183
	24-Nov-15	272.00	9 497	768	9 497	262.77				9 497	310
	1-Dec-16	209.11	91 120	6 374	91 120	209.11				91 120	4 971
	14-Dec-17	206.35	20 301	1 489	–	206.35	20 301			20 301	1 249
R S M Ndlovu <sup>(1)</sup>	4-Dec-13	191.70	375	20	–	185.07	375			375	16
	26-Nov-14	253.53	1 080	74	–	245.53	1 080			1 080	33
	24-Nov-15	272.00	10 699	866	–	262.77	10 699			10 699	349
	1-Dec-16	209.11	15 605	1 092	–	209.11	15 605			15 605	851
	14-Dec-17	206.35	10 267	753	–	206.35	10 267			10 267	632
P J Uys	2-Apr-13	183.15	218 400	10 519	218 400	177.24				218 400	9 200
	4-Dec-13	191.70	3 325	181	3 325	185.07				3 325	140
	26-Nov-14	253.53	14 774	1 014	14 774	245.53				14 774	453
	24-Nov-15	272.00	11 533	933	11 533	262.77				11 533	377
	1-Dec-16	209.11	91 463	6 398	91 463	209.11				91 463	4 990
	14-Dec-17	206.35	85 936	6 303	–	206.35	85 936			85 936	5 287
	<b>Total</b>					509 086		116 831		3 591	625 917

<sup>(1)</sup> Mr R S M Ndlovu was appointed with effect from 1 May 2018. SARs accepted/(exercised) during the year refer to the balance of SARs granted and accepted by him prior to 1 May 2018.

<sup>(2)</sup> Unless otherwise indicated, one-third of the SARs are exercisable after the third anniversary of the grant date, an additional third after the fourth anniversary of the grant date and the remainder after the fifth anniversary of the grant date. All SARs must be exercised within seven years after grant date, upon which date unexercised SARs lapse.

<sup>(3)</sup> Offer price is equal to face value on grant date.

<sup>(4)</sup> 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.

<sup>(5)</sup> Fair value was calculated using the standard binomial pricing model.

Participant	Offer date <sup>(1)</sup>	Offer price <sup>(2)</sup> (Rand)	Number of SARs offered and accepted	Fair value of SARs on offer date (R'000)	Balance of SARs accepted as at 30 June 2016	Adjusted offer price <sup>(3)</sup> (Rand)	SARs accepted/ (exercised) during the year	Share price on exercise date (Rand)	Cash value of SARs exercised during the year <sup>(4)</sup> (R'000)	Balance of SARs accepted as at 30 June 2017	Fair value of SARs as at 30 June 2017 <sup>(5)</sup> (R'000)
P R Louw	29-Nov-10	108.69	27 432	915	27 432	92.83				27 432	3 319
	29-Nov-12	147.25	22 646	899	22 646	142.04				22 646	1 769
	4-Dec-13	191.70	12 944	704	12 944	185.07				12 944	747
	26-Nov-14	253.53	5 952	408	5 952	245.53				5 952	243
	24-Nov-15	272.00	9 497	768	9 497	262.77				9 497	398
	1-Dec-16	209.11	91 120	6 374	–	209.11	91 120			91 120	5 256
P J Uys	2-Apr-13	183.15	218 400	10 519	218 400	177.24				218 400	17 059
	4-Dec-13	191.70	3 325	181	3 325	185.07				3 325	192
	26-Nov-14	253.53	14 774	1 014	14 774	245.53				14 774	604
	24-Nov-15	272.00	11 533	933	11 533	262.77				11 533	484
	1-Dec-16	209.11	91 463	6 398	–	209.11	91 463			91 463	5 276
<b>Total</b>					326 503		182 583		–	509 086	35 347

<sup>(1)</sup> Unless otherwise indicated, one-third of the SARs are exercisable after the third anniversary of the grant date, an additional third after the fourth anniversary of the grant date and the remainder after the fifth anniversary of the grant date. All SARs must be exercised within seven years after grant date, upon which date unexercised SARs lapse.

<sup>(2)</sup> Offer price is equal to face value on grant date.

<sup>(3)</sup> In terms of the rules of the SAR Scheme, the offer price of SARs that were awarded prior to the Remgro rights issue was reduced to ensure that participants were placed in substantially the same position as they were prior to the rights issue.

<sup>(4)</sup> 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.

<sup>(5)</sup> Fair value was calculated using the standard binomial pricing model.



## NON-EXECUTIVE DIRECTORS' FEES

The committee approved a fee increase of 10.5% for non-executive directors' annual fees. The non-executive directors' fees for the 2018 financial year, which were approved by the shareholders, are disclosed below (on a designation basis).

Type of fee (Rand)	Fee for the year ended 30 June 2018	Fee for the year ended 30 June 2017
Board member	345 000	321 000
Chairman of the Audit and Risk Committee	260 000	214 000
Member of the Audit and Risk Committee	130 000	107 000
Member of the Remuneration and Nomination Committee	57 500	53 500
Chairman of the Social and Ethics Committee	100 000	53 500
Member of the Social and Ethics Committee	57 500	53 500

Fees are excluding VAT.

The actual fees paid to non-executive directors are disclosed below (on an individual basis).

R'000	Fee for the year ended 30 June 2018	Fee for the year ended 30 June 2017
<b>Non-executive (independent)</b>		
G T Ferreira	403	375
P K Harris	403	375
N P Mageza <sup>(1)</sup>	533	455
P J Moleketi	475	428
M Morobe	445	348
F Robertson	533	482
S E N de Bruyn	663	508
H Wessels <sup>(2)</sup>	–	390
Subtotal	3 455	3 361
<b>Non-executive (non-independent)</b>		
E de la H Hertzog	345	321
J Malherbe	345	321
J P Rupert <sup>(3)</sup>	–	–
Subtotal	690	642
<b>Total</b>	<b>4 145</b>	<b>4 003</b>

<sup>(1)</sup> During the year under review Mr N P Mageza also received R654 000 (2017: R538 000) as director's fees from RCL Foods Limited, a subsidiary of Remgro Limited.

<sup>(2)</sup> Mr H Wessels retired as an independent non-executive director on 1 December 2016. 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 R96 000 was also paid to Mr H Wessels during the previous year for his attendance of meetings of subcommittees of the Audit and Risk Committee.

<sup>(3)</sup> Mr J P Rupert receives no emoluments.



**Johann Rupert**

Chairman of the Remuneration and Nomination Committee

Stellenbosch

19 September 2018