

COMPONENTS OF REMUNERATION

Remgro has two components of remuneration, namely fixed remuneration (which includes benefits) and LTI in the form of its old Remgro Equity Settled Share Appreciation Right Scheme (SAR Scheme), current SAR Plan and 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:

FIXED REMUNERATION

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 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.

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



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, may propose increases to the TGP, excluding his own, during such review meetings.

VARIABLE REMUNERATION

SHARE APPRECIATION RIGHTS PLAN

CONDITIONAL SHARE PLAN

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.

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.

WHO QUALIFIES TO PARTICIPATE?

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. All permanent employees previously participated in the SAR Scheme.

All permanent employees of the Company may participate in the CSP.

DETERMINATION OF VALUE/ALLOCATION

The committee makes annual awards in terms of the SAR Plan and the CSP to participants, based on a multiple of 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.

For the year under review, the following face value award multiples were approved by the committee:

- CEO: 3.00 x TGP
- Executive directors and prescribed officers: 2.25 x TGP
- Other employees: different multiples based on the participant's job grade, role and performance conditions (if applicable). These multiples ranges between 10% and 85% of TGP.

For executive directors, other members of the Management Board (prescribed officers) and identified investment executives these multiples are equally divided between the SAR Plan awards and CSP awards (i.e. 50% SAR and 50% CSP). These awards are subject to stretching financial Company performance conditions as well as individual financial and ESG performance conditions.

For all other participants, 100% of the award is under the CSP. These awards are subject to retention conditions only.

These multiples are 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.

Refer to the Remuneration Implementation Report on page 92 for previous SARs and CSPs awarded.



DIVIDEND EQUIVALENTS

Not applicable.

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.

VARIABLE REMUNERATION

SHARE APPRECIATION RIGHTS PLAN

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; 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.

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

CONDITIONAL SHARE PLAN

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; and
- 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).

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, awards made after 30 June 2019 will be subject to these additional prospective financial performance conditions:

- The vesting of 50% of such awards will depend on the growth in the intrinsic net asset value (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 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 and other members of the Management Board (prescribed officers).

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.

VARIABLE REMUNERATION

SHARE APPRECIATION RIGHTS PLAN

CONDITIONAL SHARE PLAN

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 vesting 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 vesting 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 and 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.

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 SAR Plan awards 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 SAR Plan awards may be exercised or CSP awards, shall exceed 26 450 000 Remgro ordinary shares, being approximately 5% of issued ordinary shares.

SETTLEMENT CONSIDERATIONS

If it is assumed that all of the participants to the SAR Plan exercise all options awarded to them on 1 July 2020, Remgro will have to deliver nil shares in order to settle its obligations. This calculation is based on Remgro’s closing share price on 30 June 2020 of R99.90. A 10% increase or decrease in the Remgro share price will require the number of shares to be delivered to be nil shares and nil shares, respectively.

If it is assumed that all awards made under the CSP vest on 1 July 2020 in full, Remgro will have to deliver 476 142 shares in order to settle its obligations.

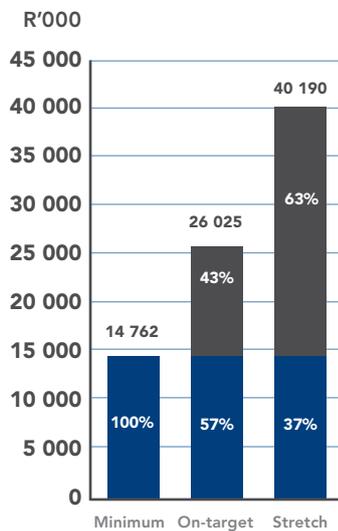
At 30 June 2020 Remgro held sufficient treasury shares to settle its obligations to deliver shares to LTI participants.

SCENARIOS OF POSSIBLE TOTAL REMUNERATION OUTCOMES

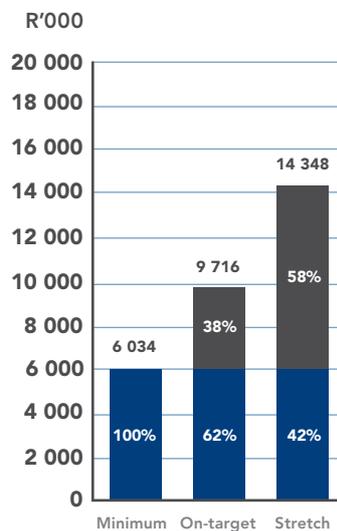
The following illustrations depict the pay mix and the possible remuneration outcomes for the CEO, Chief Financial Officer and the prescribed officer average at minimum, on-target and stretch levels.

ELEMENT	MINIMUM	ON-TARGET	STRETCH
TGP	TGP as at 30 June 2021, see page 93. Benefits assumed in line with those paid in the 2020 financial year.		
LTI	Nil	The maximum number of instruments granted in the 2019 financial year that might vest multiplied by the fair value on grant over the grant period, multiplied by the on-target vesting expectation of 60%.	The maximum number of instruments granted in the 2019 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 for SARs and the grant price for CSPs.

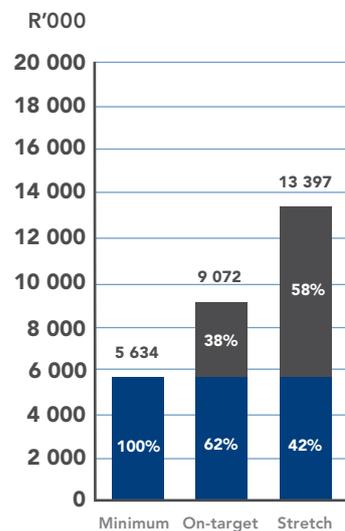
CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



PRESCRIBED OFFICER AVERAGE



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 respect of unvested and unexercised SARs 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 (or previous SAR Scheme) 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 19 years, 18 years and 13 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 2019 were approved by shareholders at the AGM on 28 November 2019.

NON-INDEPENDENT NON-EXECUTIVE DIRECTORS

Messrs J P Rupert, A E Rupert, P J Neethling and J Malherbe are regarded as non-independent non-executive directors.

The Chairman, Messrs A E Rupert and P J Neethling receive no emoluments or fees from Remgro, whilst Mr J Malherbe receives 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 2021 is presented in the table below. Also see Special Resolution Number 1 in the Notice to shareholders on page 151.

Type of fee (Rand)	Current fee for the year ended 30 June 2020	Proposed fee for the year ending 30 June 2021	% Change
Board member	R390 000	R390 000	0
Chairman of the Audit and Risk Committee	R297 000	R297 000	0
Member of the Audit and Risk Committee	R147 500	R147 500	0
Member of the Remuneration and Nomination Committee	R65 500	R65 500	0
Chairman of the Social and Ethics Committee	R120 000	R120 000	0
Member of the Social and Ethics Committee	R65 500	R65 500	0
Meeting fee for <i>ad hoc</i> Committees (i.e. Investment- and Treasury Committee)	R25 000	R25 000	0

Fees are excluding 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 2020 financial year. (The information on pages 93 to 102 was audited). This Remuneration Implementation Report will be put to a non-binding advisory vote by shareholders at the next AGM on 30 November 2020.