

# 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 fixed remuneration (i.e. salary and benefits) and a long-term share plan, which only renders value if stretching performance conditions (where applicable) 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 above-average dividend yield as critical metrics 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. It is aligned with the philosophy that they should be rewarded where value creation 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 AND KEY DECISIONS TAKEN

Remgro has a diversified portfolio of investments across industries, which include financial services, healthcare, consumer products, industrial, infrastructure, as well as media and sport. During the year under review, the Company unbundled its investment in RMB Holdings Limited (RMH) by way of a dividend *in specie* (RMH Unbundling).

The weak domestic macroenvironment, characterised by low economic growth, continued high levels of unemployment and rand volatility persisted during the financial year. Continued poor performance from state-owned entities (SOEs), particularly Eskom, and the resulting downgrade of our economy to junk status contributed significantly to weakened overall trading conditions.

The most significant impact on the economy as a whole as well as the Remgro share price during the reporting period was the outbreak of Covid-19 in China and the resulting global pandemic leading up to the announcement of a State of Disaster in South Africa. Local and global economies almost completely halted at certain stages and the local lockdown regulations at different levels seriously affected the majority of Remgro's investee companies' operations and earnings.

Mainly because of macroeconomic conditions outside of the control of management, the long-term incentive (LTI) plans have not yielded any or very little value to participants in the last number of years. The recent negative impact of Covid-19 on the global and local economy, currency and market volatility and on the operations of specific investee companies (i.e. ban on

selling of liquor and significant reduction in non-Covid-19 related hospitalisation), it seems unlikely that any of the current "in-flight" LTI awards will yield the expected value from these plans.

The committee deliberated extensively on the impact of the Covid-19 pandemic, the RMH Unbundling and the macro-economic conditions on all elements of remuneration during the year and a summary of these decisions and the other main actions and deliberations are provided below:

## TOTAL GUARANTEED PACKAGE (TGP)

In order to mitigate against the impact of Covid-19 on the remuneration of employees, and in line with Remgro's philosophy on fair and responsible remuneration, the following actions, among others, were taken:

- The members of the Management Board voluntarily agreed to reduce their TGP by 30% for the months of April, May and June in solidarity to the serious impact that the initial lockdown and lockdown level five had on the economy, our investee companies, small businesses and the people of South Africa in general. The Company then decided to donate this saving to The South African SME Relief Trust (or the Sukuma Relief Programme) in support of Small and Medium enterprises.
- No salary increases were proposed and approved for members of the Management Board and management level employees for the 2021 financial year. Non-management employees received cost of living related salary adjustments of between 4.5% and 5.0% for the 2021 financial year.
- The majority of employees were able to continue to work from home during the initial Covid-19 lockdown levels and the Company continued to pay full salaries to all employees. Employees that were not able to productively work remotely or were not able to work at all were required to utilise accrued annual leave during this time.

## LONG-TERM INCENTIVE (LTI) PLANS

- Evaluation of effectiveness of non-guaranteed remuneration

In the absence of any short-term incentive (STI) arrangements and the limited effectiveness of guaranteed remuneration, the LTI plans are critical to attract, motivate and retain employees across the Company, and not only at Management Board level. These LTI plans are not currently delivering value to participants that, in turn, results in the LTI plans being less effective as a tool with which to motivate and retain employees and could lead to a loss of talent.

Management, in consultation with their external advisor, is currently considering a number of alternatives to discharge their responsibility to ensure employees stay engaged and motivated and that the Company can continue to attract and retain the best employees.

- Granting of LTI awards

Remgro issued a cautionary announcement in November 2019 with regards to the RMH Unbundling which resulted in the Company entering a cautionary period. The 2018 Rules of the Remgro Equity Settled Conditional Share Plan (CSP) and Remgro Share Appreciation Rights Plan (SAR Plan) regard prohibited periods (which include cautionary periods) as a restriction which prevents the Company from making new awards to employees. The Company was prevented from making the planned annual awards in December 2019. While the restrictions were lifted in April 2020, the Company decided to postpone the making of the 2019 awards further due to the uncertainties of the impact of Covid-19 on investee companies and Remgro as a whole.

This position was reviewed at the June 2020 Remuneration and Nomination Committee meeting and it was decided to further postpone the making of these awards to the latter part of 2020.

#### NON-EXECUTIVE DIRECTORS' (NED) FEES

With consideration to the impact of Covid-19, the RMH Unbundling as well as the decision not to grant increases to the Management Board and other managers, the committee approved not to increase the NED fees for the 2021 financial year.

#### ASSESSMENT OF THE IMPLICATION OF THE RMH UNBUNDLING ON THE REMGRO SHARE PLANS

The impact of the adjustments to the Remgro share plans are set out on pages 92 and 93 in the Implementation Report.

#### MALUS AND CLAWBACK POLICY

The committee commenced with the introduction of Malus and Clawback into the Remgro remuneration framework. The committee is in the process of finalising the formal Malus and Clawback Policy, the implementation of which will be ongoing for the 2021 financial year.

#### VOTING RESULTS AND SHAREHOLDER ENGAGEMENT

At the Annual General Meeting (AGM) held on 28 November 2019, Remgro's Remuneration Policy received a favourable vote by Ordinary Shareholders of 93.99% and the Remuneration Implementation Report received a favourable vote by Ordinary Shareholders of 94.97%.

The committee remains committed to ongoing engagement with shareholders and welcomes any comment they may wish to provide.

The committee is of the view that during the 2020 financial year, Remgro's Remuneration Policy achieved its stated objectives. At the 2020 AGM Remgro will put its Remuneration Policy and Remuneration Implementation Report to two separate non-binding advisory shareholder votes (see ordinary resolutions numbers 16 and 17 in the Notice to shareholders on page 151) and the committee looks forward to a positive outcome in this regard.

## 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;
- 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.

## FUTURE AREAS OF FOCUS

During the 2021 financial year the committee will focus on the following forward-looking considerations:

- To review the short-, medium- and long-term impact of recent corporate activities and the Covid-19 pandemic on reward principles and practices to enable our ability to attract, retain and motivate all employees.
- To review the performance measures and targets for each of the approved LTI arrangements to ensure they remain relevant for future awards.
- To finalise and implement the Malus and Clawback Policy.

## 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 30 November 2020.

## 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) – retired at the 28 November 2019 committee meeting;
- Mr P J Moleketi (independent non-executive director) – appointed to the committee on 28 November 2019; and
- 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.

The committee formally met twice during the year and had four further engagements via round robin discussions and decisions. The details on the attendance of the formal meetings are set out in the Corporate Governance Report on page 69.

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 2020 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.

The committee considered the advice, opinions and services received by PwC during the 2020 financial year. The committee is satisfied and regard PwC as being wholly objective and independent.



## 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](http://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.

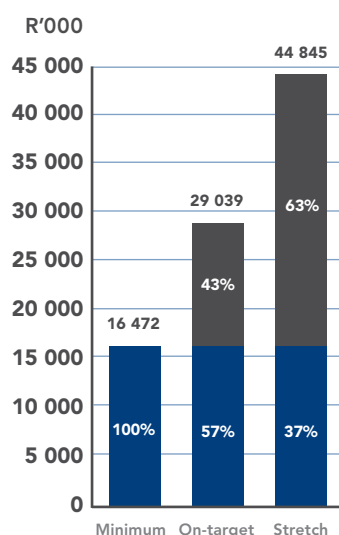
At 30 June 2020 Remgro held sufficient treasury shares to settle its obligations to deliver shares to LTI participants.

## SCENARIOS OF POSSIBLE TOTAL REMUNERATION OUTCOMES

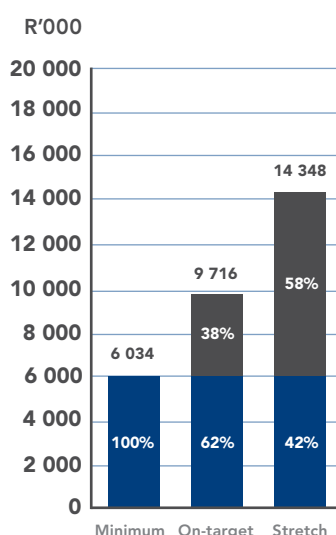
The following illustrations depict the pay mix and the possible remuneration outcomes for the CEO, Chief Financial Officer and the prescribed officer average at minimum, on-target and stretch levels.

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.

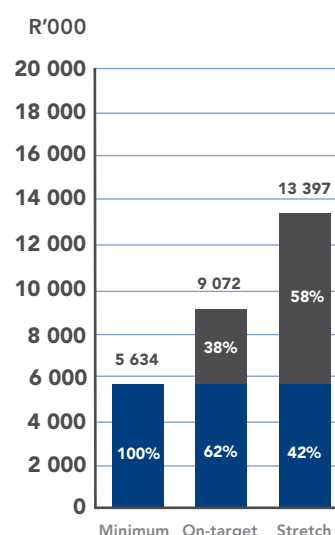
**CHIEF EXECUTIVE OFFICER**



**CHIEF FINANCIAL OFFICER**



**PRESCRIBED OFFICER AVERAGE**



■ Fixed ■ LTI

## 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	<b>R390 000</b>	R390 000	0
Chairman of the Audit and Risk Committee	<b>R297 000</b>	R297 000	0
Member of the Audit and Risk Committee	<b>R147 500</b>	R147 500	0
Member of the Remuneration and Nomination Committee	<b>R65 500</b>	R65 500	0
Chairman of the Social and Ethics Committee	<b>R120 000</b>	R120 000	0
Member of the Social and Ethics Committee	<b>R65 500</b>	R65 500	0
Meeting fee for <i>ad hoc</i> Committees (i.e. Investment- and Treasury Committee)	<b>R25 000</b>	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.

## FIXED REMUNERATION REVIEW

As discussed in the Background Statement section of this report, the executive directors and other members of the Management Board will receive an average salary increase of 0% (2019: 3.4%) for the 2021 financial year, compared to an average salary increase awarded to general staff of 1.35% (2019: 6.3%). Employees at management levels also received a 0% increase and at non-management levels a cost of living adjustment of between 4.5% and 5.0% was awarded. The annual salaries for executive directors and other members of the Management Board for the 2021 financial year will remain unchanged from the 2020 financial year:

R'000	Annual salary as at		
	30 June 2020	30 June 2021 <sup>(1)</sup>	% Change
J J Durand	14 762	14 762	0
M Lubbe	3 287	3 287	0
N J Williams	6 034	6 034	0
P R Louw <sup>(2)</sup>	3 901	3 901	0
P J Uys <sup>(2)</sup>	7 375	7 375	0

<sup>(1)</sup> The Remuneration and Nomination Committee approved a 0% increase for executive directors and prescribed officers.

<sup>(2)</sup> Prescribed officers.

## 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

- LTI awards made  
As discussed in the context section, no new LTI awards were made or accepted during the year under review.
- SAR awards vesting  
Awards granted prior to 2018 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 on page 94 is R99.90, being the Remgro closing price on 30 June 2020.
- RMH Unbundling  
The committee had to consider the implications that this corporate action had for participants of the different Remgro LTI plans and decide on:
  - the award prices of the various awards "in-flight" under the SAR Scheme and SAR Plan in terms of the rules of the plans;
  - the adjustment to the number of conditional awards under the CSP reflected in the relevant grant and in terms of the rules of the plan; and
  - the impact on performance conditions applicable to specific awards and specific participants.
- Adjustment to awards  
During its deliberations, the committee considered market best practices applicable to similar corporate activities, the materiality of the RMH Unbundling, the financial implications as well as the rules governing the different LTI plans to determine the appropriate adjustment in the award prices of the "in-flight" SARs and additional awards under the CSP. The main principles underpinning management's calculation of these adjustments was for participants to be in a similar position as shareholders through "participation" in the value unlock of corporate actions in order to ensure alignment as well as to comply with the rules of the LTI plans to ensure participants are in a substantially similar position and/or to be no worse off than before the corporate action.

In essence, the value of the unbundled RMH shares as a portion of the combined value of the Remgro and RMH shares, as at the close of business on the first day after the last day to trade, was used to determine the adjustments to the respective incentive schemes.

In accordance with paragraph 14.3(d) of the JSE Listings Requirements, Remgro's auditors, PwC, independently reviewed the principles and reasonability underpinning the proposed adjustments to establish whether these are aligned to the LTI plan rules and calculated the actual adjustment to each individual award with different award, vesting and expiry dates.

In their conclusion and following the approval by the executive directors and the committee, PwC confirmed that they were of the view that the adjustments to the award prices and the number of awards (under the CSP) were sufficient to fully compensate the beneficiaries of the share incentives for the corporate action and in accordance with the rules and the provisions of the scheme.

- Performance conditions  
Management in consultation with the PwC actuaries and remuneration consultants are in the process of reviewing the performance conditions of those awards where these are applicable. The performance conditions (INAV growth and growth of free cash flow) are growth-type conditions from the base as calculated when these awards were made. Due to the material impact of the RMH Unbundling on these performance conditions, the base value of these measures will have to be adjusted to account for the RMH Unbundling in both measures. Management will request the external auditors to test these adjusted base calculations for reasonability.
- Extension of expiry periods  
The rules of the different LTI plans compel the Company to delay the vesting of any awards under prohibited periods and to extend the expiry period of awards that would ordinarily have expired during these prohibited periods. In light hereof, and due to the Company entering prohibited periods as a result of the RMH Unbundling, the finalisation of the Remgro and RMH implementation activities and the Company's financial year-end closed period, the expiry period of specific awards that were set to expire on 29 November 2019, 3 April 2020 and 1 July 2020 were extended to 30 November 2020.

## LONG-TERM INCENTIVES OUTCOME (continued)

The following table represents the single figure LTI:

Participant	Offer date	Offer price (Rand)	Adjusted offer price <sup>(1)</sup> (Rand)	Number of SARs vesting in 12 months after year-end	Value of shares <sup>(2)</sup> (R'000)	Value of shares included in single-figure table (R'000)
J J Durand	24-Nov-15	272.00	170.38	64 225	(4 527)	–
	01-Dec-16	209.11	125.95	50 290	(1 311)	–
	14-Dec-17	206.35	118.86	44 103	(837)	–
	<b>Total LTI vesting</b>				<b>(6 675)</b>	<b>–</b>
M Lubbe	24-Nov-15	272.00	170.38	2 678	(189)	–
	01-Dec-16	209.11	125.95	21 877	(570)	–
	14-Dec-17	206.35	118.86	5 161	(98)	–
	<b>Total LTI vesting</b>				<b>(857)</b>	<b>–</b>
N J Williams	24-Nov-15	272.00	170.38	9 164	(646)	–
	01-Dec-16	209.11	125.95	32 905	(858)	–
	14-Dec-17	206.35	118.86	18 559	(352)	–
	<b>Total LTI vesting</b>				<b>(1 856)</b>	<b>–</b>
P R Louw	24-Nov-15	272.00	170.38	3 165	(224)	–
	01-Dec-16	209.11	125.95	30 373	(792)	–
	14-Dec-17	206.35	118.86	6 767	(129)	–
	<b>Total LTI vesting</b>				<b>(1 145)</b>	<b>–</b>
P J Uys	24-Nov-15	272.00	170.38	3 844	(271)	–
	01-Dec-16	209.11	125.95	30 487	(795)	–
	14-Dec-17	206.35	118.86	28 646	(544)	–
	<b>Total LTI vesting</b>				<b>(1 610)</b>	<b>–</b>

<sup>(1)</sup> In terms of the rules of the share schemes, the offer price of SARs that were awarded prior to unbundlings, rights issues, special dividends, etc., was reduced to ensure that the participants were placed in substantially the same position as they were prior to such corporate actions. For the year under review offer prices were reduced by between R47.82 and R92.69 (depending on the offer date) as a result of the RMH Unbundling.

<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>(1)</sup>	Fixed remuneration <sup>(2)</sup>	LTI <sup>(3)</sup>	Total
<b>30 June 2020</b>							
J J Durand	390	10 751	2 194	398	13 733	–	13 733
M Lubbe	390	1 834	435	410	3 069	–	3 069
N J Williams	390	3 975	857	403	5 625	–	5 625
<b>Total</b>	<b>1 170</b>	<b>16 560</b>	<b>3 486</b>	<b>1 211</b>	<b>22 427</b>	<b>–</b>	<b>22 427</b>
<b>30 June 2019</b>							
J J Durand	368	11 286	2 296	372	14 322	–	14 322
M Lubbe	368	1 837	437	385	3 027	–	3 027
N J Williams	368	4 201	906	379	5 854	–	5 854
<b>Total</b>	<b>1 104</b>	<b>17 324</b>	<b>3 639</b>	<b>1 136</b>	<b>23 203</b>	<b>–</b>	<b>23 203</b>

<sup>(1)</sup> Benefits include medical scheme contributions, vehicle benefits and UIF contributions.

<sup>(2)</sup> Salary reduction of 30% due to Covid-19 during April, May and June 2020 for all executive directors.

<sup>(3)</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 <sup>(3)</sup>	LTI <sup>(4)</sup>	Total
<b>30 June 2020</b>						
P R Louw	2 688	529	410	3 627	–	3 627
R S M Ndlovu <sup>(1)</sup>	1 169	211	167	1 547	–	1 547
P J Uys	5 366	1 064	389	6 819	–	6 819
<b>Total</b>	<b>9 223</b>	<b>1 804</b>	<b>966</b>	<b>11 993</b>	<b>–</b>	<b>11 993</b>
<b>30 June 2019</b>						
P R Louw	2 758	547	385	3 690	–	3 690
R S M Ndlovu	2 379	472	379	3 230	–	3 230
P J Uys	6 070	1 156	385	7 611	–	7 611
<b>Total</b>	<b>11 207</b>	<b>2 175</b>	<b>1 149</b>	<b>14 531</b>	<b>–</b>	<b>14 531</b>

<sup>(1)</sup> Mr R S M Ndlovu resigned on 30 November 2019.

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

<sup>(3)</sup> Salary reduction of 30% due to Covid-19 during April, May and June 2020 for all prescribed officers.

<sup>(4)</sup> LTI includes SARs which vest and become exercisable in the 12 months following the end of the reporting period.

<sup>(5)</sup> Messrs P R Louw and P J Uys are members of the Management Board and 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.

### SHARE APPRECIATION RIGHTS (SARs)

#### DIRECTORS

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 2019	Adjusted offer price <sup>(3)</sup> (Rand)	SARs accepted/ (exercised or expired) 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 2020 <sup>(5)</sup>	Fair value of SARs as at 30 June 2020 <sup>(6)</sup> (R'000)
<b>Executive</b>											
J J Durand	29-Nov-12 <sup>(7)</sup>	147.25	271 258	10 763	271 258	94.22				271 258	3 439
	04-Dec-13	191.70	93 128	5 064	93 128	127.40				93 128	262
	26-Nov-14	253.53	108 468	7 442	108 468	164.57				108 468	463
	24-Nov-15	272.00	192 676	15 591	192 676	170.38				192 676	888
	01-Dec-16	209.11	150 872	10 554	150 872	125.95				150 872	2 076
	14-Dec-17	206.35	132 309	9 705	132 309	118.86				132 309	2 290
	05-Dec-18	205.07	87 135	5 436	87 135	112.38				87 135	1 851
M Lubbe	29-Nov-12 <sup>(7)</sup>	147.25	13 961	554	13 961	94.22				13 961	177
	04-Dec-13	191.70	7 444	405	7 444	127.40				7 444	21
	26-Nov-14	253.53	4 011	275	4 011	164.57				4 011	17
	24-Nov-15	272.00	8 036	650	8 036	170.38				8 036	37
	01-Dec-16	209.11	65 632	4 591	65 632	125.95				65 632	903
	14-Dec-17	206.35	15 481	1 136	15 481	118.86				15 481	268
	05-Dec-18	205.07	14 648	914	14 648	112.38				14 648	311
N J Williams	29-Nov-12 <sup>(7)</sup>	147.25	81 901	3 250	81 901	94.22				81 901	1 038
	04-Dec-13	191.70	22 221	1 208	22 221	127.40				22 221	63
	26-Nov-14	253.53	16 430	1 127	16 430	164.57				16 430	70
	24-Nov-15	272.00	27 492	2 225	27 492	170.38				27 492	127
	01-Dec-16	209.11	98 716	6 905	98 716	125.95				98 716	1 358
	14-Dec-17	206.35	55 677	4 084	55 677	118.86				55 677	964
	05-Dec-18	205.07	28 465	1 776	28 465	112.38				28 465	605
<b>Total</b>					1 495 961		-		-	1 495 961	17 228

<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 the grant date, upon which date unexercised SARs lapse.

<sup>(2)</sup> Offer price of SARs granted before December 2018 is equal to the face value on grant date. Offer price of SARs granted from December 2018 onwards is the five-day VWAP on offer date.

<sup>(3)</sup> In terms of the rules of the share schemes, the offer price of SARs that were awarded prior to unbundlings, rights issues, special dividends, etc., was reduced to ensure that the participants were placed in substantially the same position as they were prior to such corporate actions. For the year under review offer prices were reduced by between R47.82 and R92.69 (depending on the offer date) as a result of the RMH Unbundling.

<sup>(4)</sup> This refers to the increase in value of the SARs of the indicated participants from the offer date to the date of exercise.

<sup>(5)</sup> SARs offered from December 2018 onwards, have performance conditions and reflect the number of SARs as if performance conditions were fully met.

<sup>(6)</sup> Fair value was calculated using the standard binomial pricing model. The estimated vesting percentage is considered to be the on-target performance level of 60%.

<sup>(7)</sup> The expiry dates of these awards were extended because of restrictions under prohibited periods. Refer to page 93 for more context.

## DIRECTORS (continued)

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 2018	Adjusted offer price (Rand)	SARs accepted/ or expired) 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 2019 <sup>(5)</sup>	Fair value of SARs as at 30 June 2019 <sup>(6)</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)	203.00	6 024	–	–
	04-Dec-13	191.70	25 485	1 386	25 485	185.07	(25 485)	203.00	457	–	–
	26-Nov-14	253.53	8 958	615	8 958	245.53	(8 958)			–	–
	24-Nov-15	272.00	26 470	2 142	26 470	262.77	(26 470)			–	–
	01-Dec-16	209.11	82 971	5 804	82 971	209.11	(82 971)			–	–
J J Durand	29-Nov-12	147.25	271 258	10 763	271 258	142.04				271 258	12 849
	04-Dec-13	191.70	93 128	5 064	93 128	185.07				93 128	2 321
	26-Nov-14	253.53	108 468	7 442	108 468	245.53				108 468	1 415
	24-Nov-15	272.00	192 676	15 591	192 676	262.77				192 676	2 859
	01-Dec-16	209.11	150 872	10 554	150 872	209.11				150 872	5 001
	14-Dec-17	206.35	132 309	9 705	132 309	206.35				132 309	5 656
	05-Dec-18	205.07	87 135	5 436	–	205.07	87 135			87 135	2 489
M Lubbe	29-Nov-12	147.25	13 961	554	13 961	142.04				13 961	661
	04-Dec-13	191.70	7 444	405	7 444	185.07				7 444	185
	26-Nov-14	253.53	4 011	275	4 011	245.53				4 011	52
	24-Nov-15	272.00	8 036	650	8 036	262.77				8 036	119
	01-Dec-16	209.11	65 632	4 591	65 632	209.11				65 632	2 175
	14-Dec-17	206.35	15 481	1 136	15 481	206.35				15 481	662
	05-Dec-18	205.07	14 648	914	–	205.07	14 648			14 648	418
N J Williams	29-Nov-12	147.25	81 901	3 250	81 901	142.04				81 901	3 880
	04-Dec-13	191.70	22 221	1 208	22 221	185.07				22 221	554
	26-Nov-14	253.53	16 430	1 127	16 430	245.53				16 430	214
	24-Nov-15	272.00	27 492	2 225	27 492	262.77				27 492	408
	01-Dec-16	209.11	98 716	6 905	98 716	209.11				98 716	3 272
	14-Dec-17	206.35	55 677	4 084	55 677	206.35				55 677	2 380
	05-Dec-18	205.07	28 465	1 776	–	205.07	28 465			28 465	813
<b>Total</b>					1 608 414		(112 453)		6 481	1 495 961	48 383

<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. The 8 958 (R245.53), 26 470 (R262.77) and 82 971 (R209.11) SARs expired on 30 April 2019 as the Remgro share price was less than the adjusted offer price on the last day that it could be exercised.

<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 of SARs granted before December 2018 is equal to the face value on grant date. Offer price of SARs granted from December 2018 onwards is the five-day VWAP on offer date.

<sup>(4)</sup> This refers to the increase in value of the SARs of the indicated participants from the offer date to the date of exercise.

<sup>(5)</sup> SARs offered from December 2018 onwards, have performance conditions and reflect the number of SARs as if performance conditions were fully met.

<sup>(6)</sup> Fair value was calculated using the standard binomial pricing model. The estimated vesting percentage is considered to be the on-target performance level of 60%.

## LONG-TERM INCENTIVES SUMMARY (continued)

### SHARE APPRECIATION RIGHTS (SARs) (continued)

#### 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 2019	Adjusted offer price <sup>(4)</sup> (Rand)	SARs expired during the year	Share price on exercise date (Rand)	Cash value of SARs exercised during the year <sup>(5)</sup> (R'000)	Balance of SARs accepted as at 30 June 2020 <sup>(6)</sup>	Fair value of SARs as at 30 June 2020 <sup>(7)</sup> (R'000)
P R Louw	29-Nov-12 <sup>(8)</sup>	147.25	22 646	899	22 646	94.22				22 646	287
	04-Dec-13	191.70	12 944	704	12 944	127.40				12 944	36
	26-Nov-14	253.53	5 952	408	5 952	164.57				5 952	25
	24-Nov-15	272.00	9 497	768	9 497	170.38				9 497	44
	01-Dec-16	209.11	91 120	6 374	91 120	125.95				91 120	1 254
	14-Dec-17	206.35	20 301	1 489	20 301	118.86				20 301	351
	05-Dec-18	205.07	17 881	1 116	17 881	112.38				17 881	380
R S M Ndlovu <sup>(1)</sup>	04-Dec-13 <sup>(8)</sup>	191.70	375	20	375	185.07	(375)			–	–
	26-Nov-14	253.53	1 080	74	1 080	245.53	(1 080)			–	–
	24-Nov-15	272.00	10 699	866	10 699	262.77	(10 699)			–	–
	01-Dec-16	209.11	15 605	1 092	15 605	209.11	(15 605)			–	–
	14-Dec-17	206.35	10 267	753	10 267	206.35	(10 267)			–	–
	05-Dec-18	205.07	15 665	977	15 665	205.07	(15 665)			–	–
P J Uys	02-Apr-13 <sup>(8)</sup>	183.15	218 400	10 519	218 400	121.67				218 400	796
	04-Dec-13	191.70	3 325	181	3 325	127.40				3 325	9
	26-Nov-14	253.53	14 774	1 014	14 774	164.57				14 774	63
	24-Nov-15	272.00	11 533	933	11 533	170.38				11 533	53
	01-Dec-16	209.11	91 463	6 398	91 463	125.95				91 463	1 258
	14-Dec-17	206.35	85 936	6 303	85 936	118.86				85 936	1 488
	05-Dec-18	205.07	35 822	2 235	35 822	112.38				35 822	761
<b>Total</b>					695 285		(53 691)		–	641 594	6 805

<sup>(1)</sup> Mr R S M Ndlovu resigned on 30 November 2019 and forfeited all SARs.

<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 of SARs granted before December 2018 is equal to the face value on grant date. Offer price of SARs granted from December 2018 onwards is the five-day VWAP on offer date.

<sup>(4)</sup> In terms of the rules of the share schemes, the offer price of SARs that were awarded prior to unbundlings, rights issues, special dividends, etc., was reduced to ensure that the participants were placed in substantially the same position as they were prior to such corporate actions. For the year under review offer prices were reduced by between R47.82 and R92.69 (depending on the offer date) as a result of the RMH Unbundling. The offer prices of Mr R S M Ndlovu's SARs were not adjusted due to his resignation.

<sup>(5)</sup> This refers to the increase in value of the SARs of the indicated participants from the offer date to the date of exercise.

<sup>(6)</sup> SARs offered from December 2018 onwards, have performance conditions and reflect the number of SARs as if performance conditions were fully met.

<sup>(7)</sup> Fair value was calculated using the standard binomial pricing model. The estimated vesting percentage is considered to be the on-target performance level of 60%.

<sup>(8)</sup> The expiry dates of these awards were extended because of restrictions under prohibited periods. Refer to page 93 for more context.



## PRESCRIBED OFFICERS (continued)

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 2018	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>(3)</sup> (R'000)	Balance of SARs accepted as at 30 June 2019 <sup>(4)</sup>	Fair value of SARs as at 30 June 2019 <sup>(5)</sup> (R'000)
P R Louw	29-Nov-12	147.25	22 646	899	22 646	142.04				22 646	1 073
	04-Dec-13	191.70	12 944	704	12 944	185.07				12 944	323
	26-Nov-14	253.53	5 952	408	5 952	245.53				5 952	78
	24-Nov-15	272.00	9 497	768	9 497	262.77				9 497	141
	01-Dec-16	209.11	91 120	6 374	91 120	209.11				91 120	3 020
	14-Dec-17	206.35	20 301	1 489	20 301	206.35				20 301	868
	05-Dec-18	205.07	17 881	1 116	–	205.07	17 881			17 881	511
R S M Ndlovu	04-Dec-13	191.70	375	20	375	185.07				375	9
	26-Nov-14	253.53	1 080	74	1 080	245.53				1 080	14
	24-Nov-15	272.00	10 699	866	10 699	262.77				10 699	159
	01-Dec-16	209.11	15 605	1 092	15 605	209.11				15 605	517
	14-Dec-17	206.35	10 267	753	10 267	206.35				10 267	439
	05-Dec-18	205.07	15 665	977	–	205.07	15 665			15 665	448
P J Uys	02-Apr-13	183.15	218 400	10 519	218 400	177.24				218 400	4 963
	04-Dec-13	191.70	3 325	181	3 325	185.07				3 325	83
	26-Nov-14	253.53	14 774	1 014	14 774	245.53				14 774	193
	24-Nov-15	272.00	11 533	933	11 533	262.77				11 533	171
	01-Dec-16	209.11	91 463	6 398	91 463	209.11				91 463	3 032
	14-Dec-17	206.35	85 936	6 303	85 936	206.35				85 936	3 673
	05-Dec-18	205.07	35 822	2 235	–	205.07	35 822			35 822	1 024
<b>Total</b>					625 917		69 368		–	695 285	20 739

<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 of SARs granted before December 2018 is equal to the face value on grant date. Offer price of SARs granted from December 2018 onwards is the five-day VWAP on offer date.

<sup>(3)</sup> This refers to the increase in value of the SARs of the indicated participants from the offer date to the date of exercise.

<sup>(4)</sup> SARs offered from December 2018 onwards, have performance conditions and reflect the number of SARs as if performance conditions were fully met.

<sup>(5)</sup> Fair value was calculated using the standard binomial pricing model. The estimated vesting percentage is considered to be the on-target performance level of 60%.



## LONG-TERM INCENTIVES SUMMARY (continued)

The tables below provide information on a director and prescribed officer basis of CSPs granted and accepted during the year. It also illustrates the cash value of CSPs vested during the year.

### CONDITIONAL SHARE PLAN SHARES (CSPs)

#### DIRECTORS

Participant	Offer date <sup>(1)</sup>	Offer price <sup>(2)</sup> (Rand)	Number of CSPs offered and accepted	Fair value of CSPs on offer date (R'000)	Balance of CSPs accepted as at 30 June 2019	Additional CSPs with RMH Unbundling <sup>(3)</sup>	Share price on vesting date <sup>(4)</sup> (Rand)	Cash value of CSPs vesting in year <sup>(5)</sup> (R'000)	Balance of CSPs accepted as at 30 June 2020 <sup>(6, 7)</sup>	Fair value of CSPs as at 30 June 2020 <sup>(8)</sup> (R'000)
<b>Executive</b>										
J J Durand	05-Dec-18	205.07	87 135	15 933	87 135	32 972			120 107	2 551
M Lubbe	05-Dec-18	205.07	14 648	2 678	14 648	5 543			20 191	429
N J Williams	05-Dec-18	205.07	28 465	5 205	28 465	10 772			39 237	834
<b>Total</b>					130 248	<b>49 287</b>		<b>-</b>	<b>179 535</b>	<b>3 814</b>

<sup>(1)</sup> Unless otherwise indicated, one-third of the CSPs vest, 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.

<sup>(2)</sup> Offer price of CSPs granted is the five-day VWAP on offer date.

<sup>(3)</sup> As a result of the RMH Unbundling, additional CSPs, being a factor of 0.3784 of the CSPs held, were allocated during the year.

<sup>(4)</sup> Five-day VWAP of Remgro on vesting date.

<sup>(5)</sup> This refers to the total value of the CSP shares on vesting.

<sup>(6)</sup> CSPs have performance conditions and reflect the number of CSP shares as if performance conditions were fully met.

<sup>(7)</sup> Dividend equivalents will be accumulated and delivered in shares upon vesting.

<sup>(8)</sup> Fair value was calculated using the standard binomial pricing model. The estimated vesting percentage is considered to be the on-target performance level of 60%.

Participant	Offer date <sup>(1)</sup>	Offer price <sup>(2)</sup> (Rand)	Number of CSPs offered and accepted	Fair value of CSPs on offer date (R'000)	Balance of CSPs accepted as at 30 June 2018	CSPs accepted during the year	Share price on vesting date <sup>(3)</sup> (Rand)	Cash value of CSPs vesting in year <sup>(4)</sup> (R'000)	Balance of CSPs accepted as at 30 June 2019 <sup>(5, 6)</sup>	Fair value of CSPs as at 30 June 2019 <sup>(7)</sup> (R'000)
<b>Executive</b>										
J J Durand	05-Dec-18	205.07	87 135	15 933	-	87 135			87 135	9 030
M Lubbe	05-Dec-18	205.07	14 648	2 678	-	14 648			14 648	1 518
N J Williams	05-Dec-18	205.07	28 465	5 205	-	28 465			28 465	2 950
<b>Total</b>					<b>-</b>	<b>130 248</b>		<b>-</b>	<b>130 248</b>	<b>13 498</b>

<sup>(1)</sup> Unless otherwise indicated, one-third of the CSPs vest, 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.

<sup>(2)</sup> Offer price of CSPs granted is the five-day VWAP on offer date.

<sup>(3)</sup> Five-day VWAP of Remgro on vesting date.

<sup>(4)</sup> This refers to the total value of the CSP shares on vesting.

<sup>(5)</sup> CSPs have performance conditions and reflect the number of CSP shares as if performance conditions were fully met.

<sup>(6)</sup> Dividend equivalents will be accumulated and delivered in shares upon vesting.

<sup>(7)</sup> Fair value was calculated using the standard binomial pricing model. The estimated vesting percentage is considered to be the on-target performance level of 60%.

## PRESCRIBED OFFICERS

Participant	Offer date <sup>(2)</sup>	Offer price <sup>(3)</sup> (Rand)	Number of CSPs offered and accepted	Fair value of CSPs on offer date (R'000)	Balance of CSPs accepted as at 30 June 2019	Additional CSPs with RMH Unbundling <sup>(4)</sup> and (forfeited)	Share price on vesting date <sup>(5)</sup> (Rand)	Cash value of CSPs vesting in year <sup>(6)</sup> (R'000)	Balance of CSPs accepted as at 30 June 2020 <sup>(7, 8)</sup>	Fair value of CSPs as at 30 June 2020 <sup>(9)</sup> (R'000)
P R Louw	05-Dec-18	205.07	17 881	3 270	17 881	6 767			24 648	524
R S M Ndlovu <sup>(1)</sup>	05-Dec-18	205.07	15 665	2 864	15 665	(15 665)			–	–
P J Uys	05-Dec-18	205.07	35 822	6 550	35 822	13 556			49 378	1 049
<b>Total</b>					69 368	4 658		–	74 026	1 573

<sup>(1)</sup> Mr R S M Ndlovu resigned on 30 November 2019 and forfeited all CSPs.

<sup>(2)</sup> Unless otherwise indicated, one-third of the CSPs vest, 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.

<sup>(3)</sup> Offer price of CSPs granted is the five-day VWAP on offer date.

<sup>(4)</sup> As a result of the RMH Unbundling, additional CSPs, being a factor of 0.3784 of the CSPs held, were allocated during the year.

<sup>(5)</sup> Five-day VWAP of Remgro on vesting date.

<sup>(6)</sup> This refers to the total value of the CSP shares on vesting date.

<sup>(7)</sup> CSPs have performance conditions and reflect the number of CSP shares as if performance conditions were fully met.

<sup>(8)</sup> Dividend equivalents will be accumulated and delivered in shares upon vesting.

<sup>(9)</sup> Fair value was calculated using the standard binomial pricing model. The estimated vesting percentage is considered to be the on-target performance level of 60%.

Participant	Offer date <sup>(1)</sup>	Offer price <sup>(2)</sup> (Rand)	Number of CSPs offered and accepted	Fair value of CSPs on offer date (R'000)	Balance of CSPs accepted as at 30 June 2018	CSPs accepted during the year	Share price on vesting date <sup>(3)</sup> (Rand)	Cash value of CSPs vesting in year <sup>(4)</sup> (R'000)	Balance of CSPs accepted as at 30 June 2019 <sup>(5, 6)</sup>	Fair value of CSPs as at 30 June 2019 <sup>(7)</sup> (R'000)
P R Louw	05-Dec-18	205.07	17 881	3 270	–	17 881			17 881	1 853
R S M Ndlovu	05-Dec-18	205.07	15 665	2 864	–	15 665			15 665	1 624
P J Uys	05-Dec-18	205.07	35 822	6 550	–	35 822			35 822	3 712
<b>Total</b>					–	69 368		–	69 368	7 189

<sup>(1)</sup> Unless otherwise indicated, one-third of the CSPs vest, 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.

<sup>(2)</sup> Offer price of CSPs granted is the five-day VWAP on offer date.

<sup>(3)</sup> Five-day VWAP of Remgro on vesting date.

<sup>(4)</sup> This refers to the total value of the CSP shares on vesting date.

<sup>(5)</sup> CSPs have performance conditions and reflect the number of CSP shares as if performance conditions were fully met.

<sup>(6)</sup> Dividend equivalents will be accumulated and delivered in shares upon vesting.

<sup>(7)</sup> Fair value was calculated using the standard binomial pricing model. The estimated vesting percentage is considered to be the on-target performance level of 60%.

## NON-EXECUTIVE DIRECTORS' FEES

The non-executive directors' fees for the 2020 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 2020	Fee for the year ended 30 June 2019
Board member	390 000	367 500
Chairman of the Audit and Risk Committee	297 000	280 000
Member of the Audit and Risk Committee	147 500	138 500
Member of the Remuneration and Nomination Committee	65 500	61 500
Chairman of the Social and Ethics Committee	120 000	112 500
Member of the Social and Ethics Committee	65 500	61 500
Meeting fee for <i>ad-hoc</i> Committees	25 000	24 000

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 2020	Fee for the year ended 30 June 2019
<b>Non-executive (independent)</b>		
S E N De Bruyn	753	709
G T Ferreira <sup>(1)</sup>	228	429
P K Harris	456	429
N P Mageza <sup>(2)</sup>	603	568
P J Moleketi <sup>(3)</sup>	576	506
M Morobe	510	480
G G Nieuwoudt <sup>(4)</sup>	228	–
F Robertson	603	568
Subtotal	3 957	3 689
<b>Non-executive (non-independent)</b>		
E de la H Hertzog <sup>(1)</sup>	195	368
J Malherbe	390	368
P J Neethling <sup>(4, 5)</sup>	–	–
A E Rupert <sup>(5)</sup>	–	–
J P Rupert <sup>(5)</sup>	–	–
Subtotal	585	736
<b>Total</b>	<b>4 542</b>	<b>4 425</b>

<sup>(1)</sup> Mr G T Ferreira and Dr E de la H Hertzog retired on 28 November 2019.

<sup>(2)</sup> During the year under review Mr N P Mageza also received R704 000 (2019: R697 000) as director's fees from RCL Foods Limited, a subsidiary of Remgro Limited.

<sup>(3)</sup> Mr P J Moleketi was appointed as a member of the Remuneration and Nomination Committee with effect from 28 November 2019.

<sup>(4)</sup> Messrs G G Nieuwoudt and P J Neethling were appointed as non-executive directors with effect from 28 November 2019.

<sup>(5)</sup> Messrs A E Rupert, J P Rupert and P J Neethling receive no emoluments.



**Johann Rupert**

Chairman of the Remuneration and Nomination Committee

Stellenbosch  
28 September 2020