

REUNERT

REUNERT LIMITED

TERMS OF REFERENCE REMUNERATION COMMITTEE

REVIEWED BY THE COMMITTEE ON 24 MAY 2019

APPROVED BY THE BOARD ON 24 MAY 2019

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1. Introduction

The remuneration committee (“**the Committee**”) is constituted as a standing committee of the board of directors (“**the Board**”) of Reunert Limited (“**the Company**”) and its subsidiaries, and affiliates to the extent relevant (“**the Reunert Group**”), to assist the Board with its oversight of remuneration matters, and anything related thereto, as set out in these terms of reference.

2. Purpose

The purpose of this document is to constitute the terms of reference for the Committee by setting out the role and responsibilities of the Committee, to regulate the affairs of the Committee and to deal with administrative matters relating thereto.

3. Composition

3.1 Appointment of and requirements relating to members

The committee must have at least three members. All of its members must be non-executive directors and the majority must be independent. The collective skills and experience of the members must be appropriate to carrying out the role and associated responsibilities of the Committee.

Members of the Committee are recommended by the nomination and governance committee and appointed from time to time by the Board. The chair of the Board shall be an *ex officio* member of the Committee and at least one member of the Committee must also be a member of the social, ethics and transformation committee.

3.2 Filling of casual vacancies

The Board must appoint an individual to fill a vacancy (that is, when the number of members on the Committee falls below three), as soon as possible, but no later than the next meeting of the Board after the vacancy arose.

In order to ensure compliance with the JSE Listings Requirements, which stipulate that the Committee must have at least three members, the Committee may not continue to execute its mandate if it has less than three members.

3.3 Attendance by request

The Committee may require any employee of the Reunert Group, external consultant, or subject matter expert, to attend some or all of the meetings of the Committee, but (unless appointed to the Committee in accordance with the process in paragraphs 3.1 and 3.2) these individuals may not be members of the Committee and, as such, may not vote on any matters before the Committee.

3.4 Chair of the Committee

The nomination and governance committee recommends, for approval by the Board, a member of the Committee to be its chair. The chair must be an independent non-executive director of the Company.

The chair of the Board may not also be the chair of the Committee.

If the appointed chair of the Committee is absent from a meeting, the members present shall elect one of them to act as chair of that meeting (in which event the chair of the Board shall be eligible to be elected as chair of that meeting).

4. Mandate

The role and associated responsibilities and functions of the Committee are to:

- approve a remuneration policy that gives effect to the remuneration policy objectives in a fair, responsible and transparent manner;
- oversee all long-term incentive structures in the Reunert Group from time to time;
- approve short-term incentive structures for senior executives in the Reunert Group;
- recommend a policy on the administration of non-executive directors' fees and recovery of expenses for approval by the Board; and review such policy annually;
- consider management representations and make recommendations to shareholders on pre-approval of directors' fees at each annual general meeting;
- oversee that the implementation and execution of the remuneration policy achieves the policy's objectives; and
- report, by way of the integrated report or another publicly available platform (and in accordance with the audit committee's guidance in this regard), on matters which fall within its mandate and as required by the Companies Act, 2008, the JSE Limited Listings Requirements and with due regard to the recommendations of the King IV Code on Corporate Governance.

The Committee oversees, in the context of the Group's strategies and governance framework, the salaries, incentives and increases of each executive in the Reunert Group whose base cost of employment exceeds the threshold determined by the Committee from time to time, and has oversight, by business unit, of the principles applicable in respect of the salaries, incentives and increases for all other employees.

In order to fulfil its mandate, the Committee:

- obtains and considers salary benchmark information from time to time;
- understands and balances the reasonable expectations of shareholders with respect to executive remuneration, in line with the remuneration policy objectives;
- liaises with the audit committee and the social, ethics and transformation committee; and
- oversees the alignment of the Reunert Group's remuneration between equivalent business units.

The Committee is entitled to exercise discretion, if required in the interest of fairness, in the event of unforeseen or unusual circumstances (and to the extent that it is not prohibited by the rules of any incentive structure or the JSE Limited Listings Requirements) to adjust or direct the manner in which the rules of any Reunert Group incentive structure are applied.

4.1 Remuneration policy

4.1.1 Remuneration policy objectives are to:

- attract, retain, motivate and reward performance;
- promote positive outcomes and the achievement of strategic and operational objectives;
- be flexible enough to adjust to changing economic conditions and to the group's needs;
- foster individual performance and teamwork; and
- promote an ethical culture and responsible corporate citizenship.

4.1.2 Remuneration policy elements

The Committee ensures that the elements of remuneration, set out below, are implemented in a manner that is balanced, fair and responsible and encourages behaviour that aligns with the remuneration policy objectives.

The remuneration policy elements to be considered by the Committee are:

- base salary, including financial and non-financial benefits;
- variable remuneration, including short- and long-term incentives and deferrals;
- payments on termination of employment or office;
- sign-on, retention or restraint payments; and
- the provision, if any, for pre-vesting forfeiture and post-vesting forfeiture of remuneration.

The Committee sets the rules that regulate the incentive structures, including the participation, performance measures and vesting criteria for each incentive structure.

5. Reporting

Reporting by the Committee shall involve the following:

5.1 Governance

With respect to its activities during each financial year the Committee discloses by way of the integrated report or another publicly available platform (as the Committee in its discretion decides), on matters which fall within its mandate and as recommended by the King IV Code:

- its overall role and associated responsibilities and functions;
- its composition, including each members' qualifications and experience;
- any external advisors or invitees who regularly attend meetings;
- key areas of focus during the reporting period and key areas of future focus;
- the number of meetings held during the reporting period and attendance at those meetings; and
- whether the Committee is satisfied that it has fulfilled its responsibilities in accordance with these terms of reference, for the reporting period.

5.2 Alignment with the King IV Code

The Committee oversees that information be made publicly available, on an annual basis, containing a background statement, an overview of the Reunert Group's remuneration policy and a remuneration implementation report, in accordance with the recommended practices of Principle 14 of the King IV Code (by way of the annual integrated report or another publicly available platform), subject to the Committee's discretion to adjust or not apply any of the recommended practices, as the Committee deems appropriate.

5.3 Compliance with the Companies Act

The Committee provides such assistance and information as are required for the disclosure of the remuneration of directors and prescribed officers, in accordance with the requirements of section 30 of the Companies Act.

5.4 Compliance with the JSE Limited Listings Requirements

In accordance with the JSE Limited Listings Requirements, the Committee oversees that:

- the remuneration policy and implementation report are tabled every year at the annual general meeting for a non-binding advisory vote by shareholders;

- the remuneration policy records the measures that the Board will take in the event that the remuneration report, the implementation report or both are voted against by 25% or more of the votes exercised at the annual general meeting;
- in the event that 25% or more of votes exercised are against the remuneration policy, or implementation report or both, the announcement of the results of the annual general meeting contains:
 - an invitation to dissenting shareholders to engage with the issuer;
 - the manner and timing of such engagement; and
- in the event that more than 50% of the votes exercised are against the remuneration policy, the Committee will as soon as is practical act in good faith to address the concerns of shareholders in a manner that balances the interests of shareholders and employees, and to revert to shareholders in this regard.

6. Authority

The Committee has the authority to:

- investigate, monitor and report to the Board on any activity within the scope of its mandate as contemplated in these terms of reference, the formal “Delegation of Authority” document, or granted on an ad hoc basis, and to take and implement decisions on such matters to the extent that the authority to do so is expressly or impliedly bestowed in terms of its mandate;
- sub-delegate any of the authority delegated to it;
- in the fulfilment of its roles and associated responsibilities, call on the chairs of other Board committees, any of the executive directors or officers, or the company secretary of the Company to provide it with information, subject to following a Board-approved process, if any;
- access the records of the Company and its subsidiaries, facilities and any other resources necessary to discharge its role and associated responsibilities, subject to following a Board-approved process, if any; and
- obtain independent outside professional advice to assist with the execution of its role and associated responsibilities, at the cost of the Company, subject to following a Board-approved process, if any.

7. Administration and meetings

7.1 Frequency

The Committee must hold a minimum of two meetings in any financial year.

Additional meetings may be scheduled by the Committee chair in consultation with the secretary, or at the instance of the Board.

7.2 Attendance

Committee members are expected to make every effort to attend all meetings of the Committee, including meetings called on an ad hoc-basis.

If it is not possible for a member of the Committee to attend any meeting of the Committee, prior apology, with reasons, shall be submitted to the chair of the Committee chair or to its secretary.

7.3 Quorum

The Committee shall not have a quorum to proceed with a meeting if more than one of its members are not present.

Invitees and the secretary shall not be taken into account when determining a quorum.

8. Approval of the terms of reference

These terms of reference were recommended to the Board by the Committee following review by its members on **24 May 2019** and approved by the Board on **24 May 2019**.