Corporate Governance **: Group Submission**

Group name **: Company**

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Title **: Policy document on the remuneration of directors for use by the Board of Directors**

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1. Title

Remuneration Policy for the Directors

2. Introduction

The remuneration policy for members of the Directors of Company reflects the interests of the shareholders and the company, taking into account specific matters, such as the tasks and the accountability of the directors. Furthermore, the remuneration policy will assist to promote long-term goals for the preservation of the interests of the organisation.

3. Background

The remuneration policy will ensure that remuneration in Company is aligned to the strategic plan and in adherence to the principles set out in the King Report on Governance for South Africa 2009 (King III) and with the requirements of the Companies Act (2008) in relation to the remuneration of directors. The remuneration policy will address remuneration across the company as one of the key components of the Human Resources strategy, which will fully support the overall strategic plan of the organisation. The remuneration policy Company determines both executive and non-executive directors' packages.

It is recommended that the Board of Directors endorse the remuneration policy applicable to the Board of Directors and the Executive directors. Contracts between Company and the Board of Directors or the Executive directors relating to remuneration or incentive payments are subject to this policy.

4. Definitions of Terms

Non-executive director: A director serving on the main board of the company who does not serve the company in an executive capacity (i.e. who is not involved in the day-to-day operations of the company).

Executive Director: Is a member of the board of directors of a company or organization who oversees a specific department in the organization.

Remuneration Committee: Includes the Remuneration and Nominations Committee, the HR Committee or committees with substantially the same function.

Other Committee: Includes all other board committees.

5. Policy Objectives

The purpose of the remuneration policy is to ensure that the interests of directors and all stakeholders are in line with the strategic plan developed by the board, regarding how to reward performance as well to motivate performance.

6. Desired Outcomes

The remuneration committee implements the remuneration policy to ensure:

- That salary structures, policies and incentives motivate optimum performance and aligned to realistic performance objectives that support sustainable business growth in the end;

-That the Board is able to make knowledgeable assessments in terms of reward practices and corporate governance processes

- Compliance with all applicable laws and regulatory codes

7. Scope

7.1 Board of Directors

The Board of Directors receive a fixed base fee as consideration for their duties in the Board. The Chairman of the Board will receive a fee totaling double the basic amount received by the ordinary Board members. The Board members may receive a fixed fee for other work on committees established by the Board of Directors. The remuneration of the Board of Directors is determined through benchmarking in the market in terms of competencies, efforts and the scope of their work and the number of board meetings.

7.2 Executive Directors

The remuneration for the Executive Directors reflects the following: fixed remuneration aimed at rewarding the level of responsibility and performance, which must be reasonable with respect to the companyequivalents; and other additional incentive payments.

The remuneration of executive directors is guided by the principles and practices as applicable to other paid employees of the organisation.

- The remuneration paid to the Executive Directors is based on a fixed basic remuneration.
- The Board of Directors may decide to pay performance-based bonuses as a supplement to the fixed basic remuneration to one or more members of the Executive Directors.
- The performance-based bonuses will be dependent upon the Director achieving a number of performance objectives as set by the Board of Directors.

Fixed basic salary

The aim of having a fixed salary of the Executive directors is to attract and retain the best qualified and competent incumbents to the Executive Management of the organisation. The components of the fixed remuneration are determined based on market standards and the company's specific needs from time to time, and are as follows:

- Salary and standard benefit such as, travelling allowance and cellphone allowance.

- Annual Performance Bonus

- Pension

The Board of Directors will perform an annual salary review based on the previous year and with reflection on the current trends in the market.

The Chief Executive Officer's fixed remuneration is in line with the responsibility of the position within the Company as well as the professional experience with the objective of making it competitive at a national level. With the objective of settling a suitable and competitive salary, the Remuneration Committee has taken into consideration possible revisions of the elements above. On this basis, Remuneration Committee seeks the approval of the Board on the Chief Executive Officer's remuneration on an annual basis.

Incentive pay

To ensure that the Executive Management align their interests to the strategic goals of the companyconsidering both long-term and short-term objectives, incentive plans have been set up for the Executive Management. The incentive plans only consist one-off and event-based bonuses.

Annual Performance Bonus

Executive Management will receive a bonus payment if all targets for the relevant year are met. The maximum bonus shall be equivalent to 100% of the fixed salary. Payment of bonus depends on whether the conditions and targets defined in the performance agreement have been fully or partially met. The bonus is based on individual targets related to the performance of the individual member of the Executive Management, or the overall performance of the organisation.

Amendment of Incentive plans

The Board of Directors may amend or cancel one or more incentive in this policy. Such amendments can however, be implemented based on this policy. The shareholders at a general meeting must approve changes that are more general. The board reviews proposals of the remuneration committee and, where requisite, submits them to shareholders for approval at the annual general meeting.

8. Policy Content and Guidelines

This section should contain the actual policy and may include the optional elements contemplated in clause 4.5.2. This section should not contain the procedures for the implementation of the policy. The guidelines for the drafting of a policy contained in paragraph 4.4.1 hereof should be applied here

9. Governance

This section indicates who is responsible for the approval, adjustment and review of the policy must be included and, if applicable, and indicates how the Board of directors derives its authority, whether by delegation or otherwise.

Board responsibilities

The board carries crucial responsibility for the remuneration policy. It is the Board’s responsibility to endorse the Remuneration Policy and ensure that the policy is reviewed periodically. The remuneration committee functions in accordance with directives approved by the Broad. When required, the board may refer a matter to shareholders.

The Board of Directors shall regularly, and at least once a year, reconsider this policy to ensure that they continue to meet the governance standards, legal requirements and good practice. The Board of Directors shall regularly, and at least once a year, review this remuneration policy in order to ensure that it continues to meet and be consistent with the statutory requirements,

The shareholders at the general meeting must approve the remuneration policy and any changes of it. In terms of the recommendations set out in the King III report on governance, remuneration policy must submitted to shareholders for a non-binding vote.

The duties of the Board of directors are:

- To provide effective leadership based on corporate governance ethics.
- To ensure that the company is and is seen to be a responsible corporate company
- To ensure effectively managed ethics in the organisation.
- To act as custodian of corporate governance.
- To ensure that the company meet the terms of applicable legislation and considers adherence to ethical codes and standards.
- To ensure the integrity of the integrated report of the company in terms of remuneration.
- To report on the efficiency of the arrangement of internal controls of the firm.
- The board and its directors should act in the best interests of the company.

The remuneration committee

King IV allows for more flexibility than King III. The governing body should consider whether it is appropriate to establish a committee responsible for remuneration or adding it to the responsibilities of another committee, as is appropriate for the company. The Board of Directors must set up a joint Remuneration Committee in the company.

The members of the Remuneration Committee shall comprise two to three Board members appointed at the first Board meeting after the Organisation's Annual General Meeting. The remuneration committee must have a balanced composition of 50% independent and 50% non-independent. The composition of the Remuneration Committee shall enable its members to make a competent and independent assessment of whether remuneration in the company is accordance with relevant to the strategy of the company.

The remuneration committee:

- Reviews the recommendations of the Board on fee proposals for the Chairman of the Board and non-executive directors and determines, in conjunction with the board, the final offers for submission to shareholders for approval.
- Determines all the remuneration parameters for the Chief Executive Officer and Executive Directors in order to advise the Board on the remuneration of the Executive Management.
- Settles incentive allocations and performance awards for executive directors and all optional shares for qualifying executive management.
- Determines the remuneration of executive and non-executive directors through benchmarking and deliberate on performance reviews.

Executive Management

The chief executive officer and the chief financial officer may attend meetings by invitation. Other members of executive management may be invited when applicable. No executive management member should be available during the respective performance assessments to ensure objective performance assessments.

10.Policy Implementation plan

An implementation plan provides the overall direction on the long path from where things are now to where we hope they will be. The implementation plan contains proposals, which are formal ideas or suggestions for achieving some defined outcome or goal.

Remuneration Structure

The integrated remuneration structure consists of three components of Total Remuneration:

• Total salary Package: integrating basic salary, travelling allowance, pension fund, medical aid, leave and various other allowances for executive directors.

• Short-Term Incentives: performance-based bonuses that are dependent on company and individual performances during the particular financial year.

• Long-Term Incentives: share schemes offered to executives and key senior employees identified by the executive committee and the board.

The purpose of this is to ensure parity in salary between executive directors and Board members. With this principle in place senior directors and key management, will be rewarded for operational performance as part of their total remuneration.

General principles and criteria of the remuneration policy

The Remuneration Committee and the Board of Directors of the company permanently reviews the principles and criteria of the remuneration policy of the Directors within the basis of its powers, in order to keep aligned with the remuneration policy of the company with the best practices and market trends.

Consequently, the Directors' remuneration is based on the following general principles:

- The remuneration must be satisfactory and follow to the Boards' dedication, qualification and responsibilities.

- The remuneration must be suitable for attracting and retaining talent desired by the company.

- The remuneration must be competitive by establishing a remuneration package in line with market criteria of equivalent sectors and companies.

The remuneration for the Chief Executive Officer is based on the following principles:

- Ensuring that the payment package can attract, retain and motivate the suitable professional due to its structure and overall amount and be competitive with respect to comparable national companies, so that the company can meet its strategic goals within the increasingly competitive environment in which it operates.

- Maintaining a performance bonus linked to individual performance and the inclusive performance of the company

- Remuneration includes long-term incentives encouraging achievement of the targets in a sustainable retention of key personnel.

Maxim amount of annual remuneration.

The maximum annual remuneration regarding the total Directors will not be over the initial agreed amount ,for the duration of this remuneration policy the maximum remuneration will remain in the same terms, unless specific agreement of the General Meeting in which a different amount is approved.

The Remuneration Committee is responsible for proposing to the Board of Directors the Directors' remuneration appropriate for their functions (including the maximum annual amount approved by the General Meeting). The Board is responsible for setting the precise amount to be paid within the stated duration and for allocating the payment among the Directors, taking into account the positions held by each one on the Board and other circumstances that are appropriate.
These amounts can be reviewed and updated by the Board of Directors, prior to the report of the Appointments and Remuneration Committee, in line with the annual maximum amount as approved by the general meeting of shareholders.

Principle of transparency.

The Board of Directors must commit to implement the principle of transparency of the whole remuneration received by all the Directors, providing transparent information, issued in advance and in line with the recommendations of good governance. The Board of Directors also prepares an annual report on the annual remuneration of Directors, which is made available to shareholders.

Duration

The remuneration's policy of the members of the director, and procedures contained in this document will be applied in the year of its approval by the General Shareholder's Meeting subject the modifications, adaptations, updates or replacements at all times be agreed, which will be submitted for approval to the General stakeholders meeting.

11. Monitoring and evaluation

Monitoring is performed while the policy is in place. Policy evaluation is fundamental in terms of measuring progress towards achievement of policy objectives and for future policy reviews. Evaluation will be conducted as follows:

- Constructive: Performed before the initiation of the policy implementation
- Prospective: Performed while the policy implementation is in progress
- Summative: Performed at the end of the policy cycle/ or at the policy review stage

The policy is developed, and will be reviewed annually, by the Remuneration committee. The Remuneration committee reports directly to the main board and submits all its decisions to the board for endorsement.

12. Official Approval

The Chief Executive Officer must endorse the policy through his or her signature. Please take note that the final approval by the accounting officer will only occur once the all the necessary process of policy development/ review have been followed.

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