

	<b>Remuneration Committee Terms of Reference</b>	Doc No.	CHR 003
		Rev. No.	03
		Rev. Date	29/08/2019

# **REMUNERATION COMMITTEE TERMS OF REFERENCE**

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### REVISION & REVIEW TABLE

Rev Code	Issue Date	Description of Revisions & Reviews	Signatures		
			Responsible	Reviewed	Approved
00	08/11/2011	Document Started	Pieter Vorster	Shereen Vally-Kara	Chairperson of the Remuneration Committee
01	31/08/2012	Historical Changes	Pieter Vorster	Shereen Vally-Kara	Chairperson of the Remuneration Committee
02	2013	Historical Changes	Pieter Vorster	Shereen Vally-Kara	Chairperson of the Remuneration Committee
03	29/08/2019	Updated Bullets 7, 12, 13 & 21 under Heading 3. Removed last paragraph under Heading 6.			
			Pieter Vorster		
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	<b>Remuneration Committee Terms of Reference</b>	Doc No.	CHR 003
		Rev. No.	03
		Rev. Date	29/08/2019

## TABLE OF CONTENTS

1	CONSTITUTION .....	4
2	MEMBERSHIP .....	4
3	RESPONSIBILITIES AND MANDATE OF THE COMMITTEE .....	5
4	REPORTING AND ACCOUNTABILITY .....	6
5	MEETING PROCEEDINGS .....	6
6	AUTHORITY OF THE COMMITTEE .....	7
7	REMUNERATION .....	8
8	EVALUATION .....	8
9	GENERAL .....	8

	<b>Remuneration Committee Terms of Reference</b>	Doc No.	CHR 003
		Rev. No.	03
		Rev. Date	29/08/2019

## 1 CONSTITUTION

The Remuneration Committee (the Committee) is constituted as a statutory committee of Wilson Bayly Holmes-Ovcon Limited (the Company) in respect of its statutory duties in terms of section 30(4) of the Companies Act, No. 71 of 2008 (the Act) and a committee of the WBHO board (the Board) in respect of all other duties assigned to it by the Board. These terms of reference are subject to the provisions of the Act, the Company's Memorandum of Incorporation (MOI), The JSE Listing Requirements (JSE), King IV and any other applicable law or regulatory provision.

The Committee shall perform the functions listed below and perform, on behalf of the Company's subsidiaries that are required in terms of the Act to have a Remuneration committee (collectively herein referred to as "the subsidiaries").

The Committee carries ultimate decision making power and accountability for statutory duties. If difference of opinion should arise between the Board and the Committee where the Committee's statutory functions are concerned, the Committee's view prevails.

In addition to being a statutory committee, the Committee may serve as a Committee of the Board with assigned responsibilities beyond its statutory duties, and the Board will be ultimately accountable for such matters.

The purpose of the committee is to:

- Oversee and make recommendations to the Board for its consideration and final approval;
- Draw matters to the attention of the board and report to shareholders at the annual general meetings;
- In performing its role, the committee shall be entitled to place reliance on the work and reports of employees or advisors to the board or committee that has responsibility for any function falling within the role of the committee.

## 2 MEMBERSHIP

The Committee shall consist of not less than three non-executive directors and/or prescribed officers of which:

- The majority of members are not to be involved in the day-day management of the Company;
- The committee shall be chaired by an independent non-executive director of the board.

Non-executive members will be formally appointed for a period of three (3) years and a third of whom will be available for re-election, as Board members, on a rotational basis at the Annual General Meeting of the company, in terms of the Board Charter and Memorandum of Incorporation of the company. As a consequence, board members who are not re-elected will also cease to be members of the Committee.

The Board shall, taking into consideration the minimum number of directors required as stipulated in clause 2.1 determine the number of members who shall constitute the Committee.

The Board should appoint an independent non-executive member of the Board as the Chairperson of the Committee and determine the period for which he or she shall hold office. The Chairperson of the Board shall not be eligible to serve as a member of the Committee.

Each member of the Committee shall meet all applicable independence and other requirements of law and the Committee must collectively have sufficient qualifications and experience to fulfill their duties.

	<b>Remuneration Committee Terms of Reference</b>	Doc No.	CHR 003
		Rev. No.	03
		Rev. Date	29/08/2019

The Chairman ,CEO and CFO shall attend the meetings by invitation.

### 3 RESPONSIBILITIES AND MANDATE OF THE COMMITTEE

- Determine , agree and develop the company’s general policy on non-executive , executive and senior management remuneration;
- The Committee must assist the board to ensure that :
  - The company remunerates directors and executives fairly and responsibly; and
  - The disclosure of director remuneration is accurate, complete and transparent.
- Determine specific remuneration packages for executive directors of the company including but not limited to basic salary, benefits in kind , any annual bonuses , performance based incentives , share incentives , pension and other benefits;
- Determine any criteria necessary to measure the performance of executive directors and senior management in discharging their functions and responsibilities;
- The committee will aim to encourage the executive directors to enhance the company’s performance and to ensure that they are fairly but responsibly rewarded for their individual contributions and performance;
- The committee will aim to position senior executive pay levels relative to local and international industry benchmarks to attract, retain and motivate executives of the quality required by the Board. In determining the specific remuneration packages for executive directors and senior managers, the committee will have due regard to local and international industry benchmarks;
- The committee will review ( at least annually) the terms and conditions of remuneration packages for executive directors;
- The non-executive directors service agreement should not normally exceed three years of which a third will be available for re-election on a rotational basis. In the event that the Committee considers a longer period to be necessary full disclosure of the relevant agreement and the reasons for the extended period should be made and the consent of shareholders obtained’
- The committee will determine any grants to executive directors made pursuant to any share incentive scheme adopted by the company;
- The Committee will regularly review the incentive schemes to ensure their continued contribution to shareholder value;
- The CEO will keep the committee informed of relevant information in respect of other group executives and senior managers whose remuneration packages are not determined by the committee;
- The company secretary will keep the committee informed of all share transactions and shareholdings of all executive directors of the company;
- The committee may consult with the lead independent director or other non-executive directors in its evaluation of the chairperson of the Board or chief executive director and the executive directors;

	<b>Remuneration Committee Terms of Reference</b>	Doc No.	CHR 003
		Rev. No.	03
		Rev. Date	29/08/2019

- Oversee the preparations and recommend to the Board the remuneration report in three parts being the background statement, an overview of the main provisions of the policy and an implementation report, to be included in the integrated report, as to whether it:-
  - is accurate, complete and transparent;
  - provides a clear explanation of how the remuneration policy has been implemented;
  - provides sufficient forward-looking information for the shareholders to pass a special resolution in terms of Section 66(9) of the Companies Act;
- The Committee to handle employee reductions and negotiations;
- To table the remuneration policy and implementation report every year for a separate non-binding advisory vote by the shareholders at the annual general meeting.( JSE Listings Requirements);
- Assess remuneration gaps. Take into consideration inflation and global trends;
- Assess whether the Remco policy has achieved its desired objectives and stipulate planned areas of future focus;
- Assess Fair value of LTI component that should form part of the pay mix;
- Committee should continuously review the form of LTI awards and consider target driven plans and outcomes to be aligned to performance outcomes of the business;
- Remuneration reporting should focus on a complete view of incentives and the pay for performance relationship.

#### **4 REPORTING AND ACCOUNTABILITY**

The Chairperson of the Committee shall report to the Board on its activities and make recommendations to the Board concerning matters arising from the functions of the Committee;

The Chairperson shall attend the Annual General Meeting (“AGM”) in order to report to the shareholders on how the Committee has fulfilled its statutory duties in terms of the Act, King IV and the JSE.

#### **5 MEETING PROCEEDINGS**

The Committee must hold sufficient scheduled meetings subject to a minimum of three meetings per year. The Board or any member thereof, including members of the Committee may through the Chairperson, call further meetings.

The Chairperson of the committee may meet with the Company Secretary prior to the meeting to debate the important issues to be included in the agenda.

The meeting of the Committee may be held in person, by telephone, or other form of long distance conference facility as circumstances may require and such person shall be deemed as being present at the meeting provided that the required quorum is met.

Unless varied by these terms of reference , meetings and proceedings of the committee will be governed by the Company’s memorandum of incorporation regulating the meetings and proceedings of directors and committees.

Reasonable notice of meeting and the business to be conducted shall be given to the members of the Committee, and the Chairperson.

	<b>Remuneration Committee Terms of Reference</b>	Doc No.	CHR 003
		Rev. No.	03
		Rev. Date	29/08/2019

Committee members must attend all scheduled meetings of the Committee, including meetings called on an ad hoc-basis for special matters, unless prior apology, with reasons, has been submitted to the Chairperson or Company Secretary.

The chief executive officer, chief financial officer, head of human resources or other members of senior management as may be required, assurance providers, professional advisors and Board members may be in attendance at committee meetings by invitation only and may not vote.

If the nominated Chairperson of the committee is absent from a meeting, the members present must elect one of the members present to act as Chairperson.

A decision that could be voted on at a meeting of the committee may instead be adopted by written consent from a majority of members, given in person, or by electronic means, provided that each member received notice of the matter to be decided. A decision made in such a manner has the same effect as if it had been approved at a meeting.

The quorum of the Committee shall be the majority of members present for decisions. A decision shall be deemed as passed if the majority vote on the matter for decision is passed by the members present at the Committee. Individuals in attendance by invitation may participate in discussions but do not form part of the quorum.

Where decisions are required by way of a written resolution, a quorum shall be the majority of independent members, one of whom shall be the Chairperson.

The Company Secretary shall be the secretary of the Committee and shall take the minutes of the meetings.

The Committee should establish an annual work plan for each year to ensure that all relevant matters are covered by meetings held during the year.

A detailed agenda, together with supporting documentation will other than under exceptional circumstances be circulated at least one week prior to the meeting to the committee members and other invitees.

Committee members must be fully prepared for committee meetings to be able to provide appropriate and constructive input on matters for discussion.

The minutes must be completed as soon as possible after the meeting and circulated to the chairman and members of the committee for review thereof. The minutes must be formally approved by the committee at its next scheduled meeting.

## **6 AUTHORITY OF THE COMMITTEE**

The Committee has decision-making authority with regard to its statutory duties and is accountable in this regard to both the Board and the Shareholders.

The Committee, in carrying out its tasks under these terms of reference:

- Is authorized to investigate any activities within its terms of reference;
- May, at the discretion of the Chairperson require other employees of the Company to attend meetings and to be heard at the Committee meetings;
- In the fulfilment of its duties , may call upon the chairman of the other Board Committees , any of the executive directors , officers or company secretary to provide it with information, subject to a Board approved process;

	<b>Remuneration Committee Terms of Reference</b>	Doc No.	CHR 003
		Rev. No.	03
		Rev. Date	29/08/2019

- May consult with and see any information in the course of their duties regarding the committee and all employees shall be required to cooperate with any request made by the Committee in the course of its duties;
- Shall have the power to delegate its authority and duties to a subcommittee or individual members of the Committee as it deems appropriate, provided that it is not precluded by legal or regulatory requirements from doing so;
- Makes recommendations to the Board that it deems appropriate on any area within the ambit of its terms of reference where action or improvement is required.
- To be represented at any general shareholders meeting ;
- To receive all notices of and other communications relating to any general shareholders meeting; and
- To be heard at any general shareholders meeting contemplated in this paragraph on any part of the business.

## **7 REMUNERATION**

- Independent Members of the Committee shall be paid such remuneration in respect of their appointment as shall be proposed by the Board and approved by the Shareholders;
- The Chairperson of the Committee shall in addition to his remuneration as a member, receive a further sum as determined by the Board; and
- Such remuneration in terms hereof shall be in addition to the annual fees payable to directors, all of which are subject to shareholder approval in terms of the Act.

## **8 EVALUATION**

The board must perform an evaluation of the effectiveness of the committee and its chairperson every year. The Committee should on an annual basis, review its own performance and that of its members and its terms of reference to ensure that it is working effectively.

## **9 GENERAL**

- The Board shall ensure that the Committee have access to professional advice both inside and outside the Company in order for it to perform its duties; and
- The Committee, in carrying out its tasks under these terms of reference, may obtain such outside or other independent professional advice as it considers necessary, subject to a Board approved process.