

REPORT OF THE REMUNERATION COMMITTEE

Members: MHAhmed (chairman), JA Copelyn and NB Jappie.

All the members of the committee are non-executive directors and two are independent. In line with the recommendations of King III the chief executive officer attends the meetings of the committee at the request of the committee, but recuses himself from the meeting before any decisions are made.

The committee met three (3) times during the year under review on each of 3 June 2015, 18 September 2015 and 26 October 2015. The meetings were attended by all committee members.

This committee is primarily responsible for overseeing the remuneration and incentives of the executive directors and executive management. It takes cognisance of best remuneration practices in order to ensure that such total remuneration is fair and reasonable to both the employee and the Company. Where required, the committee may utilise the services of independent remuneration consultants to assist in providing guidance on the remuneration for executive management. The Group's remuneration philosophy strives to reward employees in a fair and responsible way which ensures a culture of high performance to deliver returns to shareholders through employees who are motivated, engaged and committed. This philosophy's intended consequence is to attract, retain and develop employees with scarce and critical skills who contribute to sustained business growth and are aligned to the strategic and operational requirements of the business.

The functions and mandates of the remuneration committee include:

- making recommendations to the board on directors' fees and the remuneration and service conditions of executive directors, including the chief executive officer;
- providing a channel of communication between the board and management on remuneration matters;
- reviewing the Group's remuneration policies and practices and proposals to change these and to make recommendations in this regard to the board;

- reviewing and approving the terms and conditions of executive directors' employment contracts, taking into account information from comparable companies; and
- reviewing and approving any disclosures in the integrated annual report or elsewhere on remuneration policies or directors' remuneration.

Executive directors and management earn a basic salary which escalates in line with inflation. These may be adjusted from time to time in accordance with each individual's experience and performance. Executive director and management bonuses are based on a targeted bonus percentage of each individual's annual salary. The final bonus amounts are based on formulas which utilise a combination of individual and Company performance-related goals established by the Company and may be below or above the target amount.

Non-executive directors earn a basic fee which is in line with companies of a similar size. These fees are determined in South African Rand and escalate annually in line with inflation and will be reviewed every three (3) years by an independent remuneration consultant. Directors can earn up to a maximum of R38 000 by serving on the committees responsible to the board of directors. Non-executive directors do not receive short-term incentives and do not participate in any long-term incentive schemes.

Position	Actual fee	Proposed fee
	FY 2016 R'000	FY 2017 R'000
Non-executive director	95	101
Member of audit and risk committee	38	41
Member of remuneration committee	38	41
Member of social and ethics committee	38	41

Directors' emoluments and other relevant remuneration information are disclosed in note 28 of the annual financial statements on pages 54 and 55. The remuneration report

discloses the remuneration of the three most highly paid employees, however the names of the employees have not been disclosed as the board is of the opinion that such information is private to the individuals concerned and adds no value to stakeholders. Details of personnel remuneration of the three highest paid members of management who are not directors, for the year ended 31 March 2016, is reflected below:

	Salary \$'000	Other benefits \$'000	Bonus \$'000	Total \$'000
Employee A	217	28	127	372
Employee B	198	22	123	343
Employee C	182	28	96	306

The Group implemented two share-based remuneration schemes in October 2015, namely:

- The Montauk Holdings Restricted Stock Plan for U.S. Affiliates (“Restricted Stock Plan”); and
- The Montauk Holdings Share Appreciation Rights Scheme for U.S. Affiliates (“Share Appreciation Rights Scheme”).

Executive directors and certain members of management are eligible to participate in the share-based payment remuneration schemes. Grants are determined by and are at the discretion of the board, on recommendation of the committee, with reference to the individual participant’s position within the Group. Refer to note 30 of the financial statements for more information on grants awarded during the year and balances outstanding at reporting date.

MH Ahmed

Chairman: Remuneration Committee

15 September 2016