

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 meetings before any decisions are made.

The committee met two (2) times during the year under review on each of 4 May 2016 and 26 October 2016. The meetings were attended by all committee members. It has met once subsequent to the reporting date on 30 May 2017.

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 Company executives, 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 any executive 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. Non-executive directors can currently earn up to a maximum of R41 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 FY 2017 R'000	Proposed fee FY 2018 R'000
Non-executive director	101	109
Member of audit and risk committee	41	44
Member of remuneration committee	41	44
Member of social and ethics committee	41	44

Key management compensation and other relevant remuneration information are disclosed in note 26 of the annual financial statements on page 51.

The Group operates two share-based remuneration schemes, 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 senior management are eligible to participate in the share-based payment remuneration schemes. Grants are determined by and are awarded 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 28 of the financial statements for more information on grants awarded during the year and balances outstanding at the reporting date.

MH Ahmed

Chairman: Remuneration Committee

14 September 2017