

# **METAIR INVESTMENTS LIMITED**

## **REMUNERATION COMMITTEE CHARTER**

(Terms of Reference)

# **METAIR INVESTMENTS LIMITED**

## **BOARD REMUNERATION COMMITTEE - TERMS OF REFERENCE**

The Board Remuneration Committee (the Committee) has been established as a Board committee in accordance with Article 27 of the Company's Memorandum of Incorporation.

### **1. Introduction**

The main role of the Committee is to assist and advise the Metair Board on matters relating to the remuneration of the Board and senior management, in order to motivate and retain executives and ensure that the Company is able to attract the best talents in the market in order to maximise shareholder value.

### **2. Purpose**

The purpose of the Committee terms of reference is to set out the following:

- Composition
- Delegated authority
- Role and responsibilities
- Tenure of the committee
- Reporting requirements
- Access to information
- Meeting procedures, and
- Arrangements for evaluating the performance of the Committee

### **3. Authority**

The Board has delegated its remuneration responsibilities to the Committee. The Committee is established to assist the Board in fulfilling its oversight responsibilities. The Committee does not have independent decision-making powers. In undertaking its duties, the Committee should have due regard to its role as an advisory body to the Board. Unless specifically mandated by the Board, delegated authority from the Board to the Committee does not discharge the Board from being accountable. The Board should apply its collective mind to the information, opinions, recommendations, reports and statements presented by the Committee.

The Committee is authorised by the board:

- To act as sub-committee for the board in terms of reviewing and recommending subsidiary director appointments.
- To investigate any activity within its terms of reference;
- To obtain outside legal or other independent professional advice as it deems necessary to fulfil its responsibilities, at the Company's expense; and
- To delegate its authority and duties to sub-committees or individual members of the Committee, as it deems appropriate.

#### **4. Membership and Quorum**

- 4.1 The members of the Committee shall be appointed by the Metair Board from amongst the non-executive directors with the majority being independent.
- 4.2 The Committee shall have at least three members.
- 4.3 Members to be knowledgeable, skilled, experienced, diverse and independent enough to discharge their role, responsibilities and duties fully.
- 4.4 The Committee's chairman shall be appointed by the Board from the independent non-executive directors.
- 4.5 The chairman of the Board may be a member of the Committee but should not be the chair of the Committee.
- 4.6 If a member is unable to act for any reason, the chairman of the Committee may co-opt another non-executive independent director as an additional member (subject to 2.2 above).
- 4.7 The quorum for the transaction of business shall be two members of the Committee.

#### **5. Secretary**

The Secretary of the Committee shall be the Company Secretary, or such other person as the Committee may appoint. The Company Secretary shall be responsible for implementing the decisions of the Committee as directed.

#### **6. Attendance at Meetings**

- 6.1 The Committee may invite any person it deems appropriate to attend its meetings.
- 6.2 The Managing Director (CEO) and the Financial Director (CFO) will normally be invited to attend meetings as a resource to the Committee. However, no executive director shall be involved in any decision or be present at any discussions as to his or her own remuneration.
- 6.3 The Chairman of the Committee shall have the right to exclude any executive from the meeting, on any item on the agenda, should, in his/her opinion, a conflict of interest become evident.

#### **7. Meetings and Proceedings**

- 7.1 In terms of Article 27 of the Memorandum of Incorporation, the meetings and proceedings of the Committee shall be governed, *mutatis mutandis*, by the provisions of the articles regulating the meetings and proceedings of the directors, so far as they are applicable and are not superseded by any of the conditions laid down in this terms of reference.

- 7.2 The Committee shall meet at least once annually in order to review salary levels of Executive Directors. These meetings shall be convened by the Secretary of the Committee at the request of its Chairman.
- 7.3 At the discretion of the Committee, or as required by the Board of Directors, additional meetings of the Committee may be convened.
- 7.4 The Secretary of the Committee shall prepare an agenda for all meetings, to be agreed by the Chairman.
- 7.5 The Secretary of the Committee shall include the minutes of each meeting in the board pack of the board meeting following the committee meeting for all the members of the Metair board to note. The Chairman of the Committee shall report, at Metair Board meetings, on any matters of importance.

## **8. Role and responsibilities**

### Remuneration policy

- 8.1 To discharge the responsibilities of the Metair Board relating to all compensation, including share based compensation of the Metair Group Executives. The definition of Metair Group Executives being directors of Metair Investments Limited and Metair Management Services (Pty) Limited and the directors and senior executives of all Metair Subsidiaries.
- 8.2 The Committee establishes and oversees the establishment and administration of the Metair Group Executive remuneration policy to ensure that it meets the following objectives:
  - executive remuneration is aligned with the company strategy, company performance and shareholder interests;
  - align the remuneration policy to promote the achievement of strategic objectives within the company's risk appetite;
  - remuneration standards are set which attract, retain and motivate a competent executive team;
  - compensation of executives including approval of salary, share based and incentive-based awards is evaluated;
  - executive remuneration is fair and responsible in the context of overall employee remuneration. To promote positive outcomes, an ethical culture and responsible corporate citizenship.
- 8.3 To ensure that the remuneration policy describes all elements of remuneration that are offered in the company and that this includes description of the following:
  - guaranteed pay, including financial and non-financial benefits;
  - variable remuneration, including short and long-term incentives and deferrals;
  - payment on termination of employment or office;
  - sign-on, retention and restraint payments;
  - the provision, if any, for pre-vesting forfeiture and post-vesting forfeiture (claw-back) remuneration;
  - any commission and allowances; and

- the fees of non-executive members of the Board.
- 8.4 To consider remuneration policy and to set strategic objectives for remuneration management within the Company's operations. The Committee should ensure that it gives effect in its direction on fair, responsible and transparent remuneration.
  - 8.5 To support the Board to oversee that the implementation and execution of the remuneration policy achieves the objectives of the remuneration policy.
  - 8.6 To submit the remuneration policy to the Board for approval. The remuneration policy and the implementation report should be tabled every year for separate non-binding advisory vote by shareholders at the AGM.
  - 8.7 To ensure that the remuneration policy records the measures that the Board commits to take in the event that either the remuneration policy or the implementation report, or both have been voted against by 25% or more of the voting rights exercised. In addition, the remuneration policy should at a minimum include the steps and provide for an engagement process with dissenting shareholders to ascertain the reasons for their dissenting votes.
  - 8.8 To engage with shareholders on addressing objections and concerns relating to the remuneration policy as and when required.

#### Other roles and responsibilities

- 8.9 To review the trends and appropriateness of remuneration of directors of subsidiary companies.
- 8.10 To assess the remuneration paid by other listed companies of a similar size in a comparable industry sector and assess whether changes to the Executive Directors' remuneration are appropriate for the purpose of making their remuneration competitive or otherwise comparable with remuneration paid by such companies;
- 8.11 To make all determinations and take any action that is reasonably appropriate or necessary in the course of establishing the compensation of the Metair Group Executives. Remuneration of executive management should be fair and responsible in the context of overall employee remuneration.
- 8.12 To review and approve corporate goals and objectives relevant to the compensation of the Chief Executive Officer and the Chief Financial Officer, evaluate the performance of the Chief Executive Officer and the Chief Financial Officer in light of these goals and objectives, and set the compensation level of the Chief Executive Officer and the Chief Financial Officer based on this evaluation.

- 8.13 To review, and make recommendations to the Board where necessary, on all new employment, consulting, retirement and severance agreements and arrangements proposed for the Metair Group Executives. The Committee shall periodically evaluate existing agreements with the Metair Group Executives for continuing appropriateness.
- 8.14 To determine specific remuneration packages for each Executive Director of the Company, including fringe benefits, and to review these annually.
- 8.15 To consider the payment of performance linked non-pensionable bonuses to Executive Directors of the Company, and to set the criteria for, and relative value of such payments.
- 8.16 To oversee and review all aspects of any share purchase and/or option scheme operated by or to be established by the Company, including but not limited to:
- the selection of eligible Metair Group Executive Directors and other employees to whom participation should be granted;
  - the timing of any grant;
  - the number of shares and/or options to be granted; and
  - the exercise price at which shares and/or options are to be granted.
- 8.17 To be ultimately responsible for the administration of the Company's existing Share Purchase Scheme or any option scheme to be established, however, the Board remains accountable.
- 8.18 To consider other matters relating to the remuneration of or terms of employment applicable to the Executive Directors that may be referred to the Committee by the Board.
- 8.19 To review the benefit structure of the group at least annually in terms of benefits like pension fund and medical aid for employees.
- 8.20 To evaluate the effectiveness of the Chief Executive Officer and the Chief Financial Officer at least annually and to note the executive committee members effectiveness which is reported on by the Chief Executive Officer.
- 8.21 To review and recommend appropriate candidates for appointment as subsidiary directors.
- 8.22 To monitor the following labour and employment issues:
- Employment equity
  - Employee relations
  - Educational development
  - Skilling of employees
  - Succession planning

The above issues will be noted by the Social and Ethics Committee.

8.23 To disclose progress against targets for race, gender and diversity in the membership of the Committee and is the group executive management and report it to the Metair Board.

8.24 The remuneration payable to the chairman and members of the Committee shall be determined by the Company's Board of Directors from time to time.

## **9. Disclosure to Shareholders**

The Committee shall report to shareholders on behalf of the Metair Board as per the requirements of jurisdictions under which the Company may be listed and conducts its operations. Furthermore, the Chairman or other member of the Committee will be required to attend the Annual General Meeting of the Company in order to address shareholder questions on issues of executive remuneration and Metair Board composition.

### Remuneration report

The Committee is responsible to develop a remuneration report for the Board. The remuneration report must be divided into 3 parts consisting of the following:

- A background statement;
- An overview of the main provisions of the remuneration policy;
- An implementation report which contains details of all remuneration awarded to individual members of the Board and executive management during the reporting period.

### Reporting

The remuneration policy and the implementation report must be tabled every year for separate non-binding advisory votes by shareholders at the AGM.

In terms of section 66(9) of the Companies Act, fees for non-executive directors must be submitted for approval by special resolution by shareholders within the 2 years preceding payment.

## **10. Evaluation and professional development**

10.1 The Committee will conduct an annual performance self-evaluation and shall report the results to the Board.

10.2 The Committee will assess the adequacy of its terms of reference annually and recommend changes to the Board and where applicable update.

## **11. Approval**

These terms of reference were approved by the Chairman of the Board and Chairperson of the Committee as follows:

Approved 25 August 2003  
Amended and approved 9 December 2003  
Amended and approved 14 June 2011  
Amended and approved 16 September 2013  
Amended and approved 27 August 2014  
Amended and approved 23 November 2016  
Amended 1 August 2017  
Amended and approved 3 October 2017  
Amended and approved 26 September 2018  
Amended and approved 21 November 2019  
Approved by the board 9 December 2019