

REMUNERATION COMMITTEE CHARTER  
TERMS OF REFERENCE



## 1 Definitions

Unless the context indicates otherwise, the following words or terms of expressions shall have the meanings subscribed to them hereunder:

- |      |                              |  |
|------|------------------------------|--|
| 1.1  | <b>“Board”</b>               | means the Board of Directors of the Company;   |
| 1.2  | <b>“Chairman”</b>            | means the Chairman of the Remuneration Committee appointed by the Board;   |
| 1.3  | <b>“Committee”</b>           | means the Remuneration Committee of the Company;   |
| 1.4  | <b>“Companies Act”</b>       | means the Companies Act No 71 of 2008, as amended from time to time;   |
| 1.5  | <b>“Company”</b>             | means Metrofile Holdings Limited, Registration Number 1983/012697/06), including its subsidiaries;   |
| 1.6  | <b>“Directors”</b>           | means Directors of the Company;  |
| 1.7  | <b>“Group”</b>               | means Metrofile Holdings Limited and its subsidiaries;   |
| 1.8  | <b>“King IV™”</b>            | means the King Report on Governance for South Africa 2016;   |
| 1.9  | <b>“Members”</b>             | means the initial persons appointed as members of the Committee as well as any persons succeeding them in terms of these Terms of Reference; |
| 1.10 | <b>“MOI”</b>                 | means Memorandum of Incorporation of the Company;  |
| 1.11 | <b>“Prescribed Officers”</b> | means prescribed officers of the Company as so determined by the Board of the Company;   |

## 2 Introduction

- 2.1 The Remuneration Committee is a Committee of the Board of Company.
- 2.2 The purpose of these terms of reference is to set out the role and responsibilities, composition, structure and membership requirements of the Committee.

## 3 Constitution

- 3.1 The Committee has been established by the Board of the Company to act as the Remuneration Committee of the Company and its subsidiaries (the “Group”) and thereby to assist the Board with regard to matters set out below, which include, *inter alia*, monitoring, reviewing and approving compensation policies and practices of the Company and administering the Company’s share incentive schemes.
- 3.2 The Committee has an independent role, operating as an overseer and a maker of recommendations to the Board for its consideration and final approval. The Committee does not assume the functions of management, which remain the responsibility of the executive Directors, officers and other members of senior management.

- 3.3 Neither the appointment nor the duties of the Committee reduce the functions and duties of the Board or the Directors of the Company and they must continue to exercise due care and judgment in accordance with their statutory obligations.
- 3.4 The Committee is accountable to the Board. The delegated duties and responsibilities of the Committee by the Board will not by or of itself constitute a discharge of the Board's accountability. The Board must apply its collective mind to the information, opinions, recommendations, reports and statements presented by the Committee.
- 3.5 Any reference in this terms of reference to "the Group" is to be construed as a reference to the Company or any company or companies in the Group as the context may require and not only as reference to the Group as a whole.
- 3.6 The terms of reference are subject to the provision of the Companies Act, 71 of 2008 (as amended), Metrofile Holdings' Memorandum of Incorporation and any applicable law or regulatory provision.

#### 4 Purpose and role

- 4.1 The primary purposes of the Committee are:
  - 4.1.1 To assist the Board in its responsibility for setting, monitoring, reviewing, approving and administering remuneration policies and practices.
  - 4.1.2 To administer the Company's share incentive schemes.
  - 4.1.3 To ensure that the Group's Directors and executive managers are fairly and responsibly rewarded for their individual contributions to the Group's overall performance in the context of overall employees in the Group, in a way that promotes the achievement of the Group's strategic objectives.
  - 4.1.4 To assist the Board to ensure that engagement on remuneration-related matters with stakeholders takes place regularly.
  - 4.1.5 To assist the Board to ensure that the Group maintains a status as a responsible corporate citizen by overseeing that remuneration trends and remuneration issues (such as the ethics of pay and gender equality) are addressed and/or considered when discharging its duties.
  - 4.1.6 To demonstrate to all stakeholders that the remuneration of executive managers of the Group is set by a Committee of Board members who have no personal interest in the outcomes of their decisions and who will give due regard to the interests of the shareholders and to the financial and commercial health of the Group.
- 4.2 The Committee's primary objectives are to:
  - 4.2.1 Consider and recommend remuneration policies for the Group, particularly executive managers, including executive Directors and to advise on the remuneration of non-executive Directors.
  - 4.2.2 Monitor and strengthen the objectivity and credibility of the Group's Directors and executive remuneration system by correlating remuneration to individual performance, the Group's performance and market conditions.

## 5 Responsibilities and duties

5.1 The responsibilities and duties of the Committee shall include:

- 5.1.1 Annual review of the Company's Remuneration Policy for executive managers' and Directors' remuneration.
- 5.1.2 Annual review of the basis of calculation of executive managers' and Directors' remuneration to ensure that it is reasonable taking into account the measurement of performance against pre-determined and agreed criteria.
- 5.1.3 Review of current industry and general best practice in remuneration, including *inter alia*:
- professional executive recruitment organisations' publications.
  - evolving and changing methods of remunerating executive managers and Directors
  - existing and developing concepts in fringe benefits and share plan architectures
  - retirement and termination payments
- 5.1.4 Review of related party transactions and disclosure, if any.
- 5.1.5 Review of terms and conditions of executive Directors' service agreements.
- 5.1.6 Approving allocations/ awards/ grants of share appreciation rights/ performance shares/ restricted shares in terms of the Metrofile share plan.
- 5.1.7 Approving the payments of incentive bonuses to executives in terms of all incentive plans.
- 5.1.8 Ensuring that the Remuneration Report to be included in the Group's Integrated Annual Report complies with the principles and guidelines set out in King IV™ and that it will find favour with, and be endorsed by, shareholders in their voting of the separate non-binding votes of the remuneration policy and implementation report at the AGM.
- 5.1.9 Assist the Board in the establishment of a remuneration framework that articulates and gives effect on fair, responsible and transparent remuneration, especially for Directors and senior executives, and promotes the achievement of strategic objectives and encourages individual performance.
- 5.1.10 Ensuring that all legislation is adhered to, and that adherence is monitored, particularly regarding equal pay for work of equal value.
- 5.1.11 Ensuring that an organisation wide remuneration strategy and policy is designed to achieve the following, non-exhaustive objectives:
- 5.1.11.1 To attract, motivate, reward and retain human capital;
  - 5.1.11.2 To promote the achievement of strategic objectives within the organisation's risk appetite;
  - 5.1.11.3 To promote positive outcomes; and
  - 5.1.11.4 To promote an ethical cultural and responsible corporate citizenship.
- 5.1.12 Ensuring that the remuneration policy achieves its stated objectives

- 5.1.13 Review the remuneration policy and assess the appropriateness of the fixed to variable remuneration mix for the organisation, to ensure it reflects the remuneration strategy.
- 5.1.14 Ensuring that the design of the variable pay schemes and the setting of associated targets do not encourage behaviour contrary to the organisation's risk management approach, and does not drive excessively risky behaviour in pursuit of incentive target.
- 5.1.15 Monitor the application of the remuneration policy and review the outcomes of the implementation of the remuneration policy for whether the set objectives are being achieved. The Committee should also make recommendations to the Board of any areas of improvement to the remuneration policy.
- 5.1.16 Ensure that the remuneration policy and implementation report are put to two separate non-binding advisory votes at the annual general meeting, and that in the event that 25% or more of the shareholders vote against either or both resolutions, ensure that:
  - 5.1.16.1 The Stock Exchange News Service ("SENS") announcement after the AGM contains an invitation to shareholders to engage with the Committee regarding the reasons for their dissenting votes, and include the manner and timing of the engagement;
  - 5.1.16.2 The shareholder engagement processes (as set out in the remuneration policy) take place, and that one or more of the members of the Committee are present during the shareholder engagement sessions; and
  - 5.1.16.3 The following is disclosed in the background statement of the remuneration report succeeding the voting:
    - With whom Metrofile engaged, and the manner and form of engagement to ascertain the reason for the negative votes; and
    - The nature of steps taken to address legitimate and reasonable objections and concerns.

5.2 The Committee shall at all times:

- 5.2.1 Give due consideration to the relevant provisions of the Companies Act, 2008, the JSE Listings Requirements and the Code of Governance Principles as contained in the King IV™;
- 5.2.2 Retain a copy of the current terms of reference of the Committee at the registered office of the Company and provide shareholders with a copy of same if requested; and
- 5.2.3 Consider such other topics and fulfil such other duties as defined by the Board.

## 6 Authority and powers

- 6.1 The Committee acts in terms of the delegated authority of the Board as recorded in these terms of reference.
- 6.2 The Board supports and endorses the Committee, which operates independently of management and is free of any organisational impairment.

- 6.3 The Committee, in the fulfilment of its duties, may call upon the Chairmen of the other Board Committees, any of the executive Directors, officers or Company Secretary to provide it with information, subject to following a Board-approved process.
- 6.4 The Committee has unrestricted access to all information, including records, property and personnel of the Group, and must be provided with adequate resources in order to fulfil its responsibilities.
- 6.5 The Committee may form, and delegate authority to sub-committees and may delegate authority to one or more designated members of the Committee.
- 6.6 The Committee has the right to obtain independent outside professional advice to assist with the execution of its duties, at the Group's cost, subject to following a Board-approved process.
- 6.7 The Committee 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. Furthermore, the Chairman of the Committee should regularly report to the Board on matters dealt with and decisions taken by the Committee.
- 6.8 The Committee is authorised by the Board to:
  - 6.8.1 Investigate any activities within its terms of reference;
  - 6.8.2 Seek outside legal or other independent professional advice at the Group's expense in accordance with a procedure developed by the Board for this purpose;
  - 6.8.3 Secure the attendance of outsiders with the relevant experience and expertise where necessary at the Group's expense in accordance with a procedure developed by the Board for this purpose;
  - 6.8.4 Seek any information it requires from any employee, within its terms of reference, and all employees are required to cooperate with any reasonable requests made by the Committee; and

## 7 Membership

- 7.1 Composition
  - 7.1.1 The Committee shall comprise of at least three members, each of whom shall be appointed by the Board.
  - 7.1.2 The members of the Committee shall be non-executive Directors and the majority shall be independent.
  - 7.1.3 The Chairman of the Board shall not be the Chairman of the Committee but may be a member of the Committee.
  - 7.1.4 The Chairman of the Committee shall be an independent non-executive Director of the Company.
  - 7.1.5 The Chief Executive Officer and other executives may not be a member and/or chair of the Committee but may attend meetings by invitation but not be part of any discussions on their own remuneration.
  - 7.1.6 The Committee must be constituted so as to ensure its independence.

**7.1.7** The constitution of the Committee and its chairmanship will be subject to annual review by the Board.

## 7.2 Appointment

**7.2.1** On recommendation of the Nomination Committee, the Board shall appoint the members of the Committee and fill any vacancy as and when required.

**7.2.2** Unless the Board appoints a Chairman (who shall not be the Chairman of the Board), the members of the Committee may appoint a Chairman by majority vote of the full Committee membership.

## 7.3 Duration of membership

**7.3.1** Members of the Committee shall be appointed for such period of time as the Board requires.

**7.3.2** The members and the Chairman may serve on the Committee for a period longer than nine years, subject to an independence assessment by the Board conducted annually after nine years.

## 7.4 Member skills and training

**7.4.1** The members of the Committee as a whole must possess the necessary knowledge, skills, experience and capacity to execute their duties effectively.

**7.4.2** All members of the Committee shall have a working familiarity with remuneration and accounting practices, and at least one member of the Committee should have a proven record in negotiating reward packages for senior management.

**7.4.3** The members of the Committee shall be knowledgeable about the affairs of the Group and, where appropriate, specific skills shall be represented on the Committee.

**7.4.4** All Committee members will be required to keep up to date with developments affecting the areas of responsibility of the Committee.

## 7.5 Termination

**7.5.1** The Board may terminate membership of any person serving on the Committee on recommendation of Committee or on recommendation of the Nomination Committee.

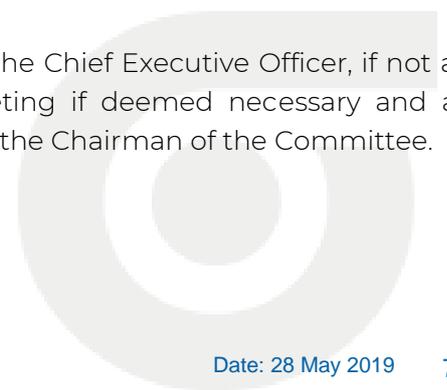
# 8 Meetings

## 8.1 Frequency of meetings

**8.1.1** The Committee will meet at least three times a year and whenever it is necessary to make recommendations relating to the remuneration of executive managers and executive Directors.

**8.1.2** The Chairman, any member of the Committee or the Chief Executive Officer, if not a member of the Committee, may request a meeting if deemed necessary and a meeting will then be arranged in consultation with the Chairman of the Committee.

## 8.2 Quorum



- 8.2.1 A quorum for meetings of the Committee shall be a majority of members present in person or via telecommunication facilities.
  - 8.2.2 If the Chairman of the Committee is not present within 15 (fifteen) minutes of the stipulated time for such meeting, then the members of the Committee present shall elect a Chairman from among them to act as Chairman of the meeting.
- 8.3 Attendance
- 8.3.1 The Committee (via the Committee Chairman) may invite members of the executive and senior management and people knowledgeable in remuneration matters to attend meetings and act in an advisory capacity, either on invitation or on an ad hoc-basis to provide pertinent information and insights in their areas of responsibility.
  - 8.3.2 Any other member of the Board, excluding a member of the Committee are entitled to attend any Committee meeting as an observer. They will not be entitled to participate without the consent of the chair, do not have a vote and are not entitled to fees for such attendance unless payment of the fees is agreed to by the Board and shareholders. Additionally, such an observer may not participate in any decision relating to their own remuneration or fees.
  - 8.3.3 The Committee may, if deemed appropriate, confer by telephone, closed circuit television or video conferencing ("Conference"). Notwithstanding that the members of the Committee are not present together in one place at the time of the Conference, a resolution passed by members constituting a quorum at such a Conference shall, provided such resolution is recorded in writing and confirmed at the next meeting of the Committee, be deemed to have been passed at a meeting of the Committee held on the day on which and at the time at which the Conference was held. The provisions of this Charter relating to proceedings of the Committee apply so far as they are capable of application mutatis mutandis to such Conferences.
  - 8.3.4 The Company Secretary shall be the secretary of the Committee.
- 8.4 Notice and agenda
- 8.4.1 The Chief Executive and the Company Secretary shall, in consultation with the Chairman of the Committee draft an agenda, which shall be circulated with supporting documentation, five business days prior to each meeting to the members of the Committee, and where applicable to anyone invited to attend the meeting.
  - 8.4.2 The Committee must establish an annual work plan for each year to ensure that all relevant matters are covered by the agendas of the meetings planned for the year. The annual plan must ensure proper coverage of the matters referred to in this Charter.
  - 8.4.3 Committee members must be fully prepared for Committee meetings, to provide appropriate and constructive input on matters discussed.
- 8.5 Minutes and reporting procedure
- 8.5.1 Unless varied by these terms of reference, meetings and proceedings of the Committee will be governed by the Company's MOI regulating the meetings and proceedings of Directors and Committees.
  - 8.5.2 The Company Secretary shall attend and minute all meetings.

- 8.5.3 The minutes of the Committee meetings shall be completed within ten working days of such meeting and shall be circulated to all members of the Committee and subject to the consent of the Chairperson of the Committee and that no conflict of interest exist, other relevant personnel.
- 8.5.4 Minutes of all meetings of the Committee will be submitted to the Board at its next succeeding meeting for noting purposes.
- 8.5.5 In addition to the above, the Chairman of the Committee will provide verbal feedback at the meetings of the Board of Directors on the Committee's recent activities.
- 8.5.6 A resolution in writing ("round robin resolution") signed by a majority of the members of the Committee who are present in South Africa at the time when such resolution is released for signature, shall be as valid and effectual as if it has been passed at a duly constituted meeting of the Committee, provided that each member of the Committee shall have been afforded a reasonable opportunity to express an opinion on the matter to which such resolution relates.

## 8.6 Reporting

- 8.6.1 The Chairman of the Committee will report to the Board on its activities and on any concerns, findings, or recommendations for consideration, review and any necessary decision making, at the earliest Board meeting following each Committee meeting.
- 8.6.2 The Chairman of the Committee shall prepare a statement, for inclusion in the integrated report, that describes the Committee's composition and responsibilities (including its mandate), and how these responsibilities were discharged during the relevant financial year.
- 8.6.3 The Committee shall prepare a report, for inclusion in the integrated and other stakeholders reports, of the Group's remuneration philosophy, the major components of executive remuneration and how they are applied to each individual executive Director and prescribed officers.
- 8.6.4 The Committee shall review the remuneration disclosure and shareholders engagement processes, ensuring transparency and providing sufficient forward looking information for shareholders to assess the remuneration policy. The Committee shall submit the remuneration policy as well as the implementation report to the shareholders at the annual general meeting for two separate non-binding advisory note.
- 8.6.5 The Chairman of the Committee, or in his/her absence, any member of the Committee shall be in attendance at the Group's annual general meeting and respond to any questions relating to the work of the Committee.

## 9 Remuneration

Having regard for the functions performed by the members of the Committee in addition to their functions as Directors and in relation to the activities of the Committee and pursuant to the specific power conferred upon the Board by the Shareholders and the Memorandum of Incorporation of the Company, the Chairman and members of the Committee shall be paid in accordance with the remuneration levels approved by the shareholders at an annual general meeting of the Company.

## 10 Self-assessment

- 10.1 The Committee shall formally assess and evaluate it and its members' effectiveness at least every two years and every alternate year, the Committee shall schedule an opportunity to consider, reflect and discuss the Committee's performance.
- 10.2 The Committee shall conduct continual self-evaluation based on its performance and confirm that it has performed its duties and responsibilities after every year.
- 10.3 The Committee Chairman shall assess the performance of individual Committee members and the Board shall evaluate the Committee's Chairman, based on several factors. These include:
- expertise;
  - inquiring attitude, objectivity, and independence;
  - judgement;
  - understanding of the Group's business;
  - understanding of and commitment to the Committee's duties and responsibilities;
  - willingness to devote the time needed to prepare for and participate in Committee deliberations;
  - timely responses; and
  - attendance at meetings.
- 10.4 After completing its evaluation, the Committee should review the results with the Board of Directors, so that appropriate action can be taken on any recommendations resulting from the review.

## 11 General

- 11.1 These terms of reference will be reviewed annually by the Board, and subject to the approval of the Board, amended accordingly.
- 11.2 The Committee members are obliged to disclose in writing any interests they have within or outside the Company and the Group that may interfere or conflict with the performance of their duties.
- 11.3 All Company related information that becomes known to Directors in the performance of their duties must always be kept confidential.

## 12 Repeal of previous terms of reference

- 12.1 These Terms of Reference shall revoke and supersede the current Terms of Reference in its totality from the date of its approval by the Committee.
- 12.2 These Terms of Reference were reviewed and approved by the Committee and the Board on 28 May 2019.

