



## Remuneration Committee Charter

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Chief Commercial Officer

Chairperson - Remuneration Committee

## TABLE OF CONTENTS

<b>REVISION HISTORY</b>	<b>3</b>
<b>APPROVAL</b>	<b>4</b>
<b>ABBREVIATIONS AND TERMINOLOGY</b>	<b>5</b>
<b>1. INTRODUCTION</b>	<b>6</b>
<b>2. PURPOSE OF THE TERMS OF REFERENCE</b>	<b>6</b>
<b>3. MEMBERSHIP, COMPOSITION AND TENURE</b>	<b>6</b>
<b>4. SECRETARY</b>	<b>6</b>
<b>5. QUORUM</b>	<b>7</b>
<b>6. ROLE</b>	<b>7</b>
<b>7. RESPONSIBILITIES</b>	<b>7</b>
<b>8. AUTHORITY</b>	<b>10</b>
<b>9. MEETINGS</b>	<b>11</b>
<b>10. AMENDMENTS TO THIS CHARTER</b>	<b>12</b>
<b>11. EVALUATION</b>	<b>12</b>
<b>12. APPROVAL</b>	<b>12</b>

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*This document contains 12 pages.*

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<small>L:/ Company Secretarial/ Company Committee Meetings/Board Charters and Policies/Remuneration Charter/PH S 17.03 Remuneration Committee Charter</small>	Printed: 12 /06/2018	<b>Page 2 of 12</b>

## REVISION HISTORY

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05	V Parkin	S Chaba	Alignment to King IV	12 June 2018	12 June 2019

<b>Document Ref. No:</b> AH 18 05	<b>Revision No:</b> 05	<b>Approval Date:</b> 12/06/2018
L/ Company Secretarial/ Company Committee Meetings/Board Charters and Policies/Remuneration Charter/PH S 17.03 Remuneration Committee Charter	Printed: 12 /06/2018	<b>Page 3 of 12</b>

## APPROVAL

Acknowledgement and approval / acceptance:

Job	Name	Approval	Date
Chairperson – Remuneration Committee	S Chaba	Remuneration Committee Minutes	12 June 2018
Board Chairperson	A Tugendhaft	Board Minutes	12 June 2018

<b>Document Ref. No:</b> AH 18 05	<b>Revision No:</b> 05	<b>Approval Date:</b> 12/06/2018
<small>L/ Company Secretarial/ Company Committee Meetings/Board Charters and Policies/Remuneration Charter/PH S 17.03 Remuneration Committee Charter</small>	Printed: 12 /06/2018	<b>Page 4 of 12</b>

## ABBREVIATIONS AND TERMINOLOGY

Abbreviation / Terminology	Definition
Alviva or the Group	Alviva Holdings Ltd and all subsidiary companies
CEO	Chief Executive Officer
Committee	Remuneration Committee
Companies Act	Companies Act, No. 71 of 2008, as amended
Company	Alviva Holdings Limited

<b>Document Ref. No:</b> AH 18 05	<b>Revision No:</b> 05	<b>Approval Date:</b> 12/06/2018
<small>L:/ Company Secretarial/ Company Committee Meetings/Board Charters and Policies/Remuneration Charter/PH S 17.03 Remuneration Committee Charter</small>	Printed: 12 /06/2018	<b>Page 5 of 12</b>

# 1. Introduction

The Committee is constituted as a committee established by the Board of Directors of Alviva. The duties and responsibilities of the members of the Committee are in addition to those as members of the Board.

The deliberations of the Committee do not reduce the individual and collective responsibilities of Board members in regard to their fiduciary duties and responsibilities, and they must continue to exercise due care and judgement in accordance with their statutory obligations.

These Terms of Reference are subject to the provisions of the Companies Act, the Company’s Memorandum of Incorporation, the JSE Listings Requirements and any other applicable laws or regulatory provisions and incorporates recommended practices outlined in the Report on Corporate Governance for South Africa 2016 (King IV™).

# 2. Purpose of the Terms of Reference

The purpose of these Terms of Reference is to set out the Committee’s role and responsibilities as well as the requirements for its composition and meeting procedures.

# 3. Membership, Composition and Tenure

The Committee comprises at least three non-executive directors, a majority of whom are independent non-executive directors.

Members of this Committee and its Chairperson are nominated by the Board. The Chairperson of the Board may be a member of this Committee but should not be its Chairperson.

The members of the Committee as a whole must have sufficient qualifications and experience to fulfil their duties.

The members selected to the Committee will serve until such time as the Board elects to make changes.

# 4. Secretary

The Company Secretary of Alviva or his/her nominee shall act as the Secretary of the Committee.

<b>Document Ref. No:</b> AH 18 05	<b>Revision No:</b> 05	<b>Approval Date:</b> 12/06/2018
<small>L/ Company Secretarial/ Company Committee Meetings/Board Charters and Policies/Remuneration Charter/PH S 17.03 Remuneration Committee Charter</small>	<small>Printed: 12 /06/2018</small>	<b>Page 6 of 12</b>

## 5. Quorum

A representative quorum for meetings is a majority of elected members present and any invitees or other attendees at the Committee meetings may not form part of the quorum for Committee meetings.

## 6. Role

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 remains the responsibility of the executive directors, officers and other members of senior management.

The role of the Committee will be to assist the board and to ensure that:-

- the Company remunerates directors and executives fairly and responsibly; and
- the disclosure of directors' remuneration is accurate, complete and transparent.

## 7. Responsibilities

The Committee must perform all the functions necessary to fulfil its role as stated above and include the following:

- annually considering, and recommending for approval to the Board, the remuneration of executive directors, senior management and non-executive directors;
- overseeing the establishment of a Remuneration Policy that will promote the achievement of strategic objectives and encourage individual performance;
- determining the Company's general policy on executive directors and executive management remuneration to ensure fair and responsible remuneration practices, including bonus and incentive schemes;
- reviewing the outcomes of the implementation of the Remuneration Policy to determine whether the set objectives are being achieved;
- ensuring that the mix of fixed and variable components of pay for executive directors, in cash and share-based incentives, meets the Company's needs and strategic objectives;
- satisfying itself as to the accuracy of recorded performance measures that govern the vesting of incentives;
- ensuring that all benefits, including retirement benefits and other financial arrangements, are justified and correctly valued;

<b>Document Ref. No:</b> AH 18 05	<b>Revision No:</b> 05	<b>Approval Date:</b> 12/06/2018
<small>L/ Company Secretarial/ Company Committee Meetings/Board Charters and Policies/Remuneration Charter/PH S 17.03 Remuneration Committee Charter</small>	Printed: 12 /06/2018	<b>Page 7 of 12</b>

- considering the results of the performance evaluations of the CEO and other executive directors when determining remuneration;
- considering annually the results of the evaluation of the effectiveness of the Committee and recommending to the Board any appropriate actions based on the results of the evaluation;
- regularly reviewing incentive schemes to ensure their continued contribution to shareholder value and that they are administered in terms of their scheme rules;
- advising on the remuneration of non-executive directors; and
- overseeing the preparation of the Remuneration Report to be included in the integrated report, and recommending it to the Board, and specifically ensuring that the report contains the following information:

**Background statement**

The background statement should briefly provide context for remuneration considerations and decisions, with reference to:

- internal and external factors that influenced remuneration;
- the most recent results of voting on the remuneration policy and the implementation report and the measures taken in response thereto –
  - In the event that either the remuneration policy or the implementation report, or both, were voted against by 25% or more of the voting rights exercised the following should be disclosed in the background statement:
    - with whom the Company engaged, and the manner and form of engagement to ascertain the reasons for dissenting votes; and
    - the nature of steps taken to address legitimate and reasonable objections and concerns.
- key areas of focus and key decisions taken by the remuneration committee during the reporting period, including any substantial changes to the remuneration policy;
- whether remuneration consultants have been used, and whether the remuneration committee is satisfied that they were independent and objective;
- the views of the remuneration committee on whether the remuneration policy achieved its stated objectives; and
- future areas of focus.

**Overview of remuneration policy**

The overview of the main provisions of the remuneration policy should address the objectives of the policy and the manner in which the policy seeks to accomplish these. The overview should include the following:

- The remuneration elements and design principles informing the remuneration arrangements for executive management and, at a high level, for other employees.
  - All elements of remuneration that are offered in the organisation and the mix of these should be set out in the remuneration policy, including: Sign-on, retention and restraint payments;
  - All elements of remuneration that are offered in the organisation and the mix of these should be set out in the remuneration policy, including the provision, if

<b>Document Ref. No:</b> AH 18 05	<b>Revision No:</b> 05	<b>Approval Date:</b> 12/06/2018
<small>L/ Company Secretarial/ Company Committee Meetings/Board Charters and Policies/Remuneration Charter/PH S 17.03 Remuneration Committee Charter</small>	Printed: 12 /06/2018	<b>Page 8 of 12</b>



- any, for pre-vesting forfeiture (malus) and post-vesting forfeiture (claw-back) of remuneration;
- o All elements of remuneration that are offered in the organisation and the mix of these should be set out in the remuneration policy, including the fees of non-executive members of the governing body.
- o Details of any obligations in executive employment contracts which could give rise to a payment on termination of employment or office.
- o A description of the framework and performance measures used to assess the achievement of strategic objectives and positive outcomes, including the relative weighting of each performance measure and the period of time over which it is measured.
- o An illustration of the potential consequences on the total remuneration for executive management, on a single, total figure basis, of applying the remuneration policy under minimum, on-target and maximum performance outcomes.
- o An explanation of how the policy addresses fair and responsible remuneration for executive management in the context of overall employee remuneration.
- o The use and justification of remuneration benchmarks.
- o The basis for the setting of fees for non-executive directors.
- o A reference to an electronic link to the full remuneration policy for public access.

Furthermore, the remuneration policy should record 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. Such measures should provide for taking steps in good faith with best reasonable effort towards the following at a minimum:

- o An engagement process to ascertain the reasons for dissenting votes.
- o Appropriately addressing legitimate and reasonable objections and concerns raised, which may include amending the remuneration policy, or clarifying or adjusting remuneration governance and/or processes.

**Implementation report**

The implementation report, which includes the remuneration disclosure in terms of the Companies Act, should reflect the following:

- o The remuneration of each member of executive management, which should include in separate tables:
  - A single, total figure of remuneration, received and receivable for the reporting period, and all the remuneration elements that it comprises, each disclosed at fair value;
  - The details of all awards made under variable remuneration incentive schemes in the current and prior years that have not yet vested, including the number of awards; the values at date of grant; their award, vesting and expiry dates (where applicable); and the fair value at the end of the reporting period; and
  - The cash value of all awards made under variable remuneration incentive schemes that were settled during the reporting period.

<b>Document Ref. No:</b> AH 18 05	<b>Revision No:</b> 05	<b>Approval Date:</b> 12/06/2018
L/ Company Secretarial/ Company Committee Meetings/Board Charters and Policies/Remuneration Charter/PH S 17.03 Remuneration Committee Charter		<b>Page 9 of 12</b>
Printed: 12 /06/2018		

- An account of the performance measures used and the relative weighting of each, as a result of which awards under variable remuneration incentive schemes have been made, including the targets set for the performance measures and the corresponding value of the award opportunity; and for each performance measure, how the organisation and executive managers, individually, performed against the set targets.
- Separate disclosure of, and reasons for, any payments made on termination of employment or office.
- A statement regarding compliance with, and any deviations from, the remuneration policy.

**Voting on remuneration**

*Special resolution*

Proposed non-executive directors’ fees, exclusive of value added tax, are presented to shareholders at the annual general meeting and, in accordance with section 66 (9) of the Companies Act, such fees must be submitted for approval by special resolution by shareholders within the two years preceding payment. Approval may not be sought retrospectively.

*Non-binding advisory votes*

The remuneration policy and the implementation report should be tabled every year for separate non-binding advisory votes at the annual general meeting. 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, the Board and the Remuneration Committee will implement, but not be limited to, the following measures:

- an engagement process to ascertain the reasons for the dissenting votes; and
- appropriately address legitimate and reasonable objections and concerns raised, which may include amending the remuneration policy, or clarifying or adjusting remuneration governance and/or processes.

The Chairperson of the Committee shall attend the annual general meeting and be prepared to answer questions concerning the Remuneration Report and the remuneration of executive and non-executive directors and maintain contact, as required, with the Company’s principal shareholders.

**8. Authority**

The Committee acts in terms of the delegated authority of the board as recorded in these terms of reference. It has the power to investigate any activity within the scope of its terms of reference.

The Committee, in the fulfilment of its duties, may call upon the Chairpersons 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.

<b>Document Ref. No:</b> AH 18 05	<b>Revision No:</b> 05	<b>Approval Date:</b> 12/06/2018
<small>L/ Company Secretarial/ Company Committee Meetings/Board Charters and Policies/Remuneration Charter/PH S 17.03 Remuneration Committee Charter</small>	Printed: 12 /06/2018	<b>Page 10 of 12</b>

The Committee has reasonable access to Company records, facilities and any other resources necessary to discharge its duties and responsibilities.

The Committee may form, and delegate authority to, sub-committees and may delegate authority to one or more designated members of the Committee.

The Committee has the right to obtain independent outside professional advice to assist with the execution of its duties, at the Company's cost, subject to following a Board-approved process.

The Committee makes the recommendations to the Board that it deems appropriate for any area within the ambit of its Terms of Reference where action or improvement is required.

## 9. Meetings

- Meetings of the Remuneration Committee will be held as frequently as the Committee considers appropriate, but it will normally meet not less than twice a year. The Board or any member thereof, including members of the Committee, may call further meetings.
- The Chairperson, at his or her discretion, may invite other employees to attend and to be heard at the meetings of the Remuneration Committee.
- The Chairperson of the Committee may meet with the CEO and/ or Company Secretary prior to a Committee meeting to discuss important issues and or agree on the agenda.
- All and any attendees by invitation may take part in discussion but do not have any voting rights and may not vote on any issues raised.
- Committee members must attend all scheduled meetings including ad-hoc meetings for special matters, unless prior apology with reasons has been submitted to the Chairperson or Company Secretary.
- The secretary of the Remuneration Committee shall be the Company Secretary.
- If the Chairperson of the Remuneration Committee is absent, the members present must elect one of the attending members to act as Chairperson.
- An agenda with supporting documents will be circulated to members and invitees within a reasonable time prior to any meeting to enable Committee members to be fully prepared for constructive input on matters for discussion.
- Minutes must be circulated to the Chairperson and members of the Committee as soon as possible after meetings have taken place and formally approved by the Committee at its next scheduled meeting.
- A representative quorum for meetings is a majority of elected members present and any invitees or other attendees at the Committee meetings may not form part of the quorum for Committee meetings.
- The Committee's effectiveness must be evaluated by the Board at reasonable intervals.

<b>Document Ref. No:</b> AH 18 05	<b>Revision No:</b> 05	<b>Approval Date:</b> 12/06/2018
<small>L/ Company Secretarial/ Company Committee Meetings/Board Charters and Policies/Remuneration Charter/PH S 17.03 Remuneration Committee Charter</small>	Printed: 12 /06/2018	<b>Page 11 of 12</b>

- Formal reports to the Board will be made following each meeting and recommended matters for approval by the Board will be presented.

## 10. Amendments to this Charter

These Terms of Reference may from time to time be amended as required. The Remuneration Committee may recommend to the Board any amendments.

## 11. Evaluation

The Committee shall perform a self-evaluation of its effectiveness every year and report the results thereof to the Board.

## 12. Approval

These Terms of Reference are reviewed and approved annually by the Committee and recommended to the Board for approval.

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<b>Document Ref. No:</b> AH 18 05	<b>Revision No:</b> 05	<b>Approval Date:</b> 12/06/2018
<small>L:/ Company Secretarial/ Company Committee Meetings/Board Charters and Policies/Remuneration Charter/PH S 17.03 Remuneration Committee Charter</small>	Printed: 12 /06/2018	<b>Page 12 of 12</b>