

<b>Revision No:</b> 06 <b>Issue Date:</b> November 2013 <b>Last Review Date:</b> February 2019	<b>Author:</b> CI Lewis	<b>Review and recommend for approval:</b> Remuneration Committee	<b>Approval:</b> Grindrod Board	Page 1 of 8
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(Registration Number: 1966/009846/06)

**REMUNERATION COMMITTEE**  
**TERMS OF REFERENCE**

**1. Definitions**

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

- 1.1 “**Board**” means the board of directors of the Company;
- 1.2 “**Board Charter**” means the Grindrod Limited Board charter approved on 30 May 2012 by the Grindrod Limited Board of Directors, and as may be amended from time to time;
- 1.3 “**Capitals**” means the stocks of value on which the company depends for its success as inputs to its business model, and which are increased, decreased or transformed through the company’s business activities and outputs. The six capitals are financial; manufactured; intellectual; human; social and relationship as well as natural capital;
- 1.4 “**Chairman**” means the chairman of the Remuneration Committee appointed by the Board;
- 1.5 “**Committee**” means the Remuneration Committee of the Company;
- 1.6 “**Companies Act**” means the Companies Act No 71 of 2008, as amended from time to time;
- 1.7 “**Company**” means Grindrod Limited (Registration Number 1966/009846/06), including its subsidiaries;
- 1.8 “**Directors**” means directors of the Company from time to time;
- 1.9 “**JSE Listings Requirements**” means the requirements issued by the JSE Limited regulating all listed entities, as amended from time to time;

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- 1.10 “**King IV**” means the King Report on Governance for South Africa 2016;
- 1.11 “**Members**” mean the initial persons appointed as members of the Committee as well as any persons succeeding them in terms of these Terms of Reference;
- 1.11 “**MOI**” means Memorandum of Incorporation of the Company.

## **2. Introduction**

- 2.1. The Remuneration Committee is constituted as a standing committee of the Board, in terms of section 72 of the Companies Act and section 3.84(d) of the JSE Listings Requirements. It has an independent and monitoring role, advisory in nature and a maker of recommendations relating to all remuneration matters for consideration and final approval.
- 2.2 Principle 8 of King IV states that the Board should ensure that the delegation of duties and responsibilities to its various board committees promotes independent judgement and assists with the balance of power as well as the effective discharge of its duties.
- 2.3 Principle 14 of King IV states that an organisation should remunerate fairly, responsibly and transparently to promote the attainment of strategic objectives and positive outcomes in the short, medium and long term.
- 2.4 These terms of reference are subject to the provisions of the Companies Act, the Company’s Mol and Board Charter and any other applicable law or regulatory provision.
- 2.5 The Committee does not assume the functions of management, which remain the responsibility of the Executive Directors, officers and other senior management members.

## **3. Appointment and Composition**

- 3.1 Members are appointed by the Board from amongst the Directors of the Company from time to time and shall consist of not less than (3) members, all of whom should be non-executive, with the majority being

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independent. In deliberating on the appointment of Members, the Board should give due consideration to the ideal combination of skills required to fulfil the functions of the Committee.

3.2 The Board shall appoint the Chairman of the Committee who shall be an independent non-executive director.

3.3 The Chairman of the Board shall not be eligible for appointment as Chairman of this Committee, but shall be a member of the Committee.

3.4 If at any meeting of the Committee the Chairman is absent, the remaining members present shall elect one of the members to chair that specific meeting.

#### **4. Ineligibility and disqualification of members**

A person is ineligible or disqualified to become a member of the Committee if such a person is ineligible or disqualified in terms of Section 69 of the Companies Act; and if such person is not a director of the Company and who does not comply with the minimum qualification requirements as may be prescribed by the Minister from time to time.

#### **5. Tenure of the committee**

The committee will endure indefinitely, until such time as the board may determine otherwise.

#### **6. Minutes of the meeting**

6.1 Written minutes of all meetings shall be taken, circulated to the members for correctness and signed by Chairman as a correct reflection of the proceedings at the meeting.

6.2 A minute book and register of all resolutions of the Committee shall be maintained.

#### **7. Mandate and responsibilities**

The Committee has the following responsibilities:

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7.1. Remuneration Policy

7.1.1 Approve the organisation's remuneration policy to ensure fair, responsible and transparent remuneration that will: promote the achievement of the strategic objectives of the Company and encourage individual performance; attract, motivate, reward and retain human capital and promote an ethical culture and responsible corporate citizenship

7.1.2 Monitor the outcomes of the implementation of the remuneration policy to measure whether the objectives that were set have been achieved across the economic, social and environmental contexts in which the organisation operates and all the Capitals.

7.1.3 The policy should contain the following elements:  
Base salary, including financial and non-financial benefits; variable remuneration, including short and long-term incentives; payments on termination of employment; sign-on, retention and restraint payments; pre- and post-vesting forfeiture of remuneration; commissions and allowances and the fees of non-executive directors.

7.2 Remuneration Report

7.2.1 Review the remuneration report, comprising of a background statement; an overview of the main provisions of the remuneration policy and an implementation report.

7.2.2 The background statement should provide the required context within which remuneration was granted, and should include relevant factors that influenced remuneration; most recent results of voting on the remuneration policy and implementation report and response measures taken, if any; key areas of focus and decisions; the use of consultants, if any; whether according to the committee, the policy achieved its stated objectives, and future focus areas.

7.2.3 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 background statement should include details of the engagements with the stakeholders (manner and form) to understand the

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reasons for the dissenting votes and the actions taken to address legitimate and reasonable objections and concerns.

### 7.3 Overview of Remuneration Policy

7.3.1 The overview should include remuneration elements and design principles of executive and senior management remuneration; details relating to the payment of termination of employment packages; framework and performance measures, including the relative weighting of each performance measure and period of time over which it is measured; how the policy addresses fair and responsible remuneration for executive management in the context of overall remuneration; details of remuneration benchmarks; justification for determining non-executive directors' fees.

7.3.2 The remuneration policy will be made available on the Company's website.

### 7.4 Implementation Report

7.4.1 The implementation report should include the remuneration of each member of executive management, comprising of all elements of remuneration at fair value, full details of awards received under various variable incentive schemes, cash value of settled awards received under incentive schemes, details of the performance measures, with their respective weightings, resulting in incentive scheme awards, including the target and value of the award opportunity as well as performance against such targets; details of payments made on termination of employment, and a statement regarding the compliance with the remuneration policy.

7.4.2 Monitor salary adjustments for employees outside the bargaining unit, the Profit Share Incentive Scheme for all employees and the staff retention strategy policy.

7.4.3 Approve any amendments to the rules of retirement benefit arrangements affecting the Company's contribution thereto.

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## 7.5 Performance Evaluation

- 7.5.1 Consider the results of the evaluation of the performance of the CEO and other Executive Directors both as Directors and as Executives in determining their respective remunerations.
- 7.5.2 Monitor the selection of appropriate comparative groups when comparing remuneration levels.
- 7.5.3 Regularly review incentive schemes to ensure continued contribution to shareholder value and that these are administered in terms of the rules.
- 7.5.4 Consider the appropriateness of early vesting of share-based schemes at the end of employment.

## 7.6 Fees for Non-Executive Directors

- 7.6.1 Make recommendations to the Board on all fees payable by the Company to non-executive directors for membership of both Board and any Board sub-committees including additional fees to the Chairman of the Board and Chairman of Board sub-committees, taking all relevant factors into account; provided no member of the Committee shall participate in the decision-making of the Board in respect of his/her own remuneration.
- 7.6.2 The Committee shall determine the frequency of payment of the fees (e.g. quarterly).

## 7.7 Voting on Remuneration

- 7.7.1 Ensure that the non-executive directors' fees are submitted for approval by special resolution by shareholders within the last two years preceding payment.
- 7.7.2 Ensure the Remuneration Policy and the Implementation Report are tabled annually at the AGM for separate non-binding advisory votes by shareholders.
- 7.7.3 The Remuneration Policy should contain the measures to be taken should either the Remuneration Policy or the Implementation Report, or both have been voted against by more than 25% of the voting rights exercised, which should include an engagement process and corrective actions taken where appropriate

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## 8. Attendance at annual general meetings

The Chairman of the Committee or in his/her absence any one other member of the Committee shall be in attendance at the annual general meeting of the Company and shall respond to any questions relating to the work of the Committee.

## 9. Meeting procedures

### 9.1 Frequency

9.1.1 The Committee shall meet at least twice a year. Further meetings may be called by the Chairman of the Committee, the Group Chief Executive Officer or other members of the Committee or by the Board, and shall be governed by the provisions of the Company's MoI relating to meeting procedures.

### 9.2 Quorum

9.2.1 A quorum for a meeting of the Committee shall be two members present personally and no business shall be transacted at a meeting of the Committee unless the requisite quorum is present.

9.2.2 A resolution pursuant to achieving the objectives contained herein, and signed by all the members (unanimous resolution) shall be as effective for all purposes as if it had been passed at a meeting of the Committee duly convened, held and constituted.

9.2.3 The Group Chief Executive Officer, and relevant senior management where relevant, shall be invited to attend the meetings. No attendees shall have a vote at the meetings of the committee. Any invited attendees may be requested to recuse themselves from certain discussions.

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## **10. General**

- 10.1 The Committee shall on an annual basis:
- 10.1.1 Review its performance in the form of an evaluation by the Chairman of the Committee, and members will in turn evaluate the Chairman.
- 10.1.2 Review its Terms of Reference to ensure optimal effectiveness and to recommend any changes it considers necessary to the Board for approval.
- 10.2 Any Non-Executive Director may, provided there is no conflict of interest and with the consent of the Chairman of the Committee have access to the Committees records.
- 10.3 No Committee attendee shall participate in any decision regarding their own remuneration.

## **11. Repeal of previous Terms of Reference**

These Terms of Reference shall revoke and supersede the current Terms of Reference in its totality from the date of its approval of the Committee.