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Remuneration committee terms of reference

Introduction

The Remuneration Committee (the Committee) is constituted as a committee of the board of directors of [insert the name of the company] (the Company). 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 and any other applicable law or regulatory provision.

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.

Composition

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

Members of this Committee and its chairman are nominated by the board.

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

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

The role of the Committee is to assist the board to ensure that:-

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

Responsibilities

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

- i. Oversee the setting and administering of remuneration at all levels in the company;
- ii. Oversee the establishment of a remuneration policy that will promote the achievement of strategic objectives and encourage individual performance;
- iii. Ensure that the remuneration policy is put to a non-binding advisory vote at the general meeting of shareholders once every year;
- iv. Review the outcomes of the implementation of the remuneration policy for whether the set objectives are being achieved;
- v. Ensure that the mix of fixed and variable pay, in cash, shares and other elements, meets the company's needs and strategic objectives;
- vi. Satisfy itself as to the accuracy of recorded performance measures that govern the vesting of incentives.
- vii. Ensure that all benefits, including retirement benefits and other financial arrangements, are justified and correctly valued;
- viii. Consider the results of the evaluation of the performance of the CEO and other executive directors, both as a directors and as executives in determining remuneration;
- ix. Select an appropriate comparative group when comparing remuneration levels;
- x. Regularly review incentive schemes to ensure continued contribution to shareholder value and that these are administered in terms of the rules;
- xi. Consider the appropriateness of early vesting of share-based schemes at the end of employment;
- xii. Advise on the remuneration of non-executive directors;
- xiii. Oversee the preparation and recommending to the board the remuneration report, to be included in the integrated report, for whether it: -
 - is accurate, complete and transparent;
 - provides a clear explanation of how the remuneration policy has been implemented; and
 - provides sufficient forward-looking information for the shareholders to pass a special resolution in terms of section 66(9) of the Companies Act, 2008.

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 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.

The Committee has reasonable access to the company's records, facilities and any other resources necessary to discharge its duties and responsibilities.

The Committee may form, and delegate authority to, subcommittees 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 company's cost, subject to following a board approved process.

The Committee makes the 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.

Meeting procedures

Frequency

The Committee must hold sufficient scheduled meetings to discharge all its duties as set out in these terms of reference but subject to a minimum of two meetings per year.

Meetings in addition to those scheduled may be held at the request of the chief executive officer, head of human resources or other members of senior management or at the instance of the board.

The chairman of the Committee may meet with the chief executive officer, head of human resources and/ or the company secretary prior to a Committee meeting to discuss important issues and agree on the agenda.

Attendance

The chief executive officer, chief financial officer, head of human resources or other members of senior management as may be required, assurance providers, professional advisors and board members may be in attendance at Committee meetings, but by invitation only and they may not vote.

Committee members must attend all scheduled meetings of the Committee, including meetings called on an *ad hoc*-basis for special matters, unless prior apology, with reasons, has been submitted to the chairman or company secretary.

The company secretary is the secretary to this Committee.

If the nominated chairman of the Committee is absent from a meeting, the members present must elect one of the members present to act as chairman.

Agenda and minutes

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 laid out in these terms of reference: the more critical matters will need to be attended to each year while other matters may be dealt with on a rotation basis over a three-year period. The number, timing and length of meetings, and the agendas are to be determined in accordance with the annual plan.

A detailed agenda, together with supporting documentation, must be circulated, at least one week prior to each meeting to the members of the board and other invitees.

Committee members must be fully prepared for Committee meetings to be able to provide appropriate and constructive input on matters for discussion.

The minutes must be completed as soon as possible after the meeting and circulated to the chairman and members of the Committee for review thereof. The minutes must be formally approved by the Committee at its next scheduled meeting.

Quorum

A representative quorum for meetings is a majority of members present.

Individuals in attendance at Committee meetings by invitation may participate in discussions but do not form part of the quorum for Committee meetings.

Evaluation

The board must perform an evaluation of the effectiveness of the Committee every year.

Approval of these terms of reference

These terms of reference were approved by the chairman of the board and chairman of the Committee on [insert date] and will be due for review on [insert date].