REMUNERATION POLICY

INTRODUCTION

Remuneration within Rolfes Holdings Limited ("Rolfes" or "the Company") is aligned to its corporate strategy and in adherence to the principles set out in the King Report on Governance for South Africa 2009 (King III) and with the requirements of the Companies Act, 71 of 2008 (Companies Act) in relation to the remuneration of directors and prescribed officers.

The remuneration policy of Rolfes determines both executive and non-executive packages, including mix of pay. The policy is set and reviewed annually, by the Remuneration Committee. The Remuneration Committee reports directly to the Board of Directors and submits all of its decisions to the Board for ratification.

The Group's strategy is to ensure that remuneration matches individual contribution to Group performance, within the framework of market forces, while protecting shareholders' interests and the Group's financial health over the short and long term.

PRINCIPLES

The remuneration policy is informed by the concept of Total Cost to Company (TCC) for executives, senior employees and employees. It determines the Company's guaranteed remuneration for employees.

TCC represents a generally accepted practice for paying employees, which enables accurate and meaningful benchmarking of remuneration packages. The company positions TCC against the industry from where the relevant skills have been acquired, or to which the skills are likely to be lost. TCC includes the following guiding principles, which are as follows:

1. Basic remuneration, incorporating basic pay that is aligned to Rolfes' performance-oriented philosophy while benchmarked by utilising current market information within the industry market in which the group operates.
2. Short-Term Incentives (STI's) is a performance-based bonus that is dependent on the company and rewards high-performing employees for fulfilling their performance targets to the group.

TOTAL COST TO COMPANY

SALARIED EMPLOYEES

All full-time salaried employees are appraised annually by the manager and senior team to whom they report. In the case of employees other than senior executives and senior managers, their performance ratings at year-end are taken into account when determining merit incentives or promotion the following year.

The annual TCC increase review processes are followed and increases take effect annually on 01 July. Overall increase percentages are determined by Management, with reference to market-related TCC increases as well as individual, project and group performance.

Following input from direct line managers and divisional executives, the proposed increases in TCC are submitted to Management for review, before authorisation and presentation to the Remuneration Committee for approval.

SENIOR MANAGEMENT

Targeted operating profit will be agreed at main board level annually in advance, taking into account:

i) the operational budget for that year;
ii) financial performance within individual area of responsibility at group:
    a. performance against budget, programme and client relations;
    b. operating profit against budget;

c. operating profit per group division; and
d. Sustainability performance on targeted transformational change, safety performance, environmental performance and adherence to the Rolfes' culture and ethos.

EXECUTIVE DIRECTORS

Remuneration of executive directors is determined through a process of bench marking, utilising current market information as well as remuneration and reward practices of the group.

The financial targets are approved by the board annually in advance, taking cognisance of operational budgets. These define 'minimum', 'expected' and 'maximum' targets for the business with respect to:

- adjusted diluted HEPS growth rate;
- operating profit;
- the return on capital employed; and
- cash flow.

The Board annually appraises the executive directors and the results of these appraisals are considered by the Remuneration Committee to guide it in determining performance and remuneration. The extent of managerial responsibility, together with actual workplace location, determines basic remuneration.

Directors only hold external directorships or offices with the approval of the Board. If such approval is granted, directors may retain the fees paid from such appointments.

SHORT-TERM INCENTIVES (STIs)

The STIs for executive directors are short-term, cash-based annual performance rewards determined by job level, business unit and individual performance.

Group targets are set for the Chief Executive Officer (CEO) and Chief Financial Officer (CFO).

Divisional targets apply to the remainder of the executives; however, all executives are measured against the headlines earnings per share (HEPS) target, which is set on a group basis in recognition of their collective responsibility for the performance of the group as a whole.

The targets set take into account the current trading conditions and challenges being faced by the group and/or relevant division and incorporate a meaningful level of stretch. The threshold targets are set at a level that represents the minimum level of acceptable performance for the business. In respect of personal scorecard objectives, these would typically include aspects such as safety performance, people development and training, sustainable development, empowerment and transformation objectives, customer loyalty and growth, ethical behaviour, acquisitions and disposals of businesses and special projects.

Performance below the threshold of a financial target will result in no STI payment on that measure.

EXECUTIVE DIRECTOR CONTRACTS

Executives have standard Rolfes' employment contracts setting out normal terms and conditions of employment, inter alia:

- A 30-day notice period for termination of employment;
- Confidentiality – standard confidentiality agreement surviving beyond the employment agreement with the company with specific mention of information regarding customers, suppliers, financial information, trade secrets, intellectual property and other confidential information of the company;
- Restraint of trade – standard restraint of trade agreements are applicable to all executive directors with durations of between 24 and 36 months, depending on the

director. Reference is made specifically to prescribed areas, prescribed clients, prescribed businesses, successors in title and prescribed staff;

- Remuneration and bonuses – remuneration of executive directors are determined through a process of benchmarking, utilising current market information as well as remuneration and reward practices of the group.

The service contracts do not specify any age or time period to indicate retirement of directors.

NON-EXECUTIVE DIRECTOR REMUNERATION

The remuneration of non-executive directors is based on proposals from the Remuneration Committee, which are submitted to the board for approval. Non-executive directors sign engagement letters with the Company upon appointment that set out their duties and remuneration terms.

The term of office of non-executive directors is governed by the memorandum of incorporation, which provides that:

- directors who have served for three years will retire by rotation; and
- directors who have served for more than nine years will retire at the end of that term.

The remuneration of non-executive directors who serve on the board and its committees is reviewed by the Remuneration Committee on an annual basis and recommended to the board for approval. Remuneration is compared with that of selected peer companies and is a market related adjustment based on listed entities of a similar size and determined through a market related remuneration study and an independent market survey.

Non-executive remuneration is paid monthly, based on an annual retainer fee.

Fees are approved annually on this basis at the annual general meeting and applied with effect from 01 November of that financial year. There are no short or long-term incentive schemes or pension benefits for non-executive directors.