

MAHUBE INFRASTRUCTURE LIMITED
(Registration Number: 2015/115237/06)
("Mahube" or "the Company")



REMUNERATION POLICY

1. INTRODUCTION

The Remuneration policy has been prepared having regard to the JSE Listing Requirements, the Report on Corporate Governance for South Africa a 2016 (King IV™) and the Companies Act of South Africa, No. 71 of 2008.

The purpose of this policy is to ensure that the way Mahube remunerates, and rewards employees reflect the dynamics of the market and the context in which the entity operates. The approach to remuneration and reward plays a critical role in attracting and retaining high performing individuals and thereby support the Company's commitment to the achievement of its strategic objectives and vision through a highly motivated responsible and ethical workforce.

The Remuneration Policy has been drafted with Mahube's strategic objectives in mind. For the Company to achieve these strategic objectives, it requires experienced and skilled personnel that the Company can attract and retain and motivate them to work hard to deliver and achieve these strategic objectives. This requires RemCo to ensure that all elements of Mahube's remuneration and reward offerings are aligned, market competitive and always adhere to legal or regulatory requirements.

The Board of directors ("**the Board**") of Mahube has delegated the Remuneration Committee ("**RemCo**") to review the Company's Remuneration Policy. The Remuneration Committee is responsible for the Remuneration Policy and the Chairperson of the Committee will table the Remuneration Policy for consideration and approval by the Board.

The RemCo assists the Board by applying a remuneration strategy that ensures a balance in attracting, motivating, rewarding and retaining personnel through competitive remuneration practices, while creating shareholder value. In determining remuneration, the RemCo takes into account the financial performance of the Company, operational requirements, as well as shareholders' interests.

2. SCOPE

This policy is applicable to all permanent employees and employees on fixed term contract of a year or greater.

3. THE ROLE OF THE REMCO

The RemCo acts independently and is accountable to both the Board and Shareholders. The Committee is responsible for overseeing the establishment and implementation of the Company's remuneration policy and philosophy, and also making recommendations on the remuneration policies and practices for the Executive Directors and Non-Executive Directors.

The RemCo formulated a Remuneration Policy designed to give effect to the remuneration strategy, support the business objectives within the operating environment and offer a balanced remuneration mix.

4. THE REMUNERATION POLICY FRAMEWORK

The purpose of the policy is to:

- Articulate the Company's remuneration framework;
- Enable the Company and Board to attract, recruit and retain high performing and best-in-class personnel;
- Offer diverse levels of skill, background and outlook to strengthen the Company and Board.
- Provide a roadmap for the Company remuneration strategy; and
- Ascertain that Mahube's remuneration is fair, responsible and transparent.

5. Remuneration Policy Principles

The fundamental principles of the Mahube Remuneration Policy are:

- Alignment to the Company's business strategy;
- To support Mahube's Human Capital Strategy;
- Appropriately compensate executive directors for the services they render to the Company;
- To encourage and promote a high-performance culture;
- To remain flexible and adaptable to business and market requirements and changes;
- To meet and comply with applicable legislative requirements and best practice;
- To manage risk and adhere to Corporate Governance prescripts; and
- To achieve a fair, transparent, equitable and responsible remuneration framework.

Mahube's Remuneration practices include the following procedures:

- Benchmark remuneration packages against the market;
- Provide an appropriate level of transparency;
- Perform assessments of all the Executive Directors and Non-Executive Directors annually;
- The annual adjustment will be governed by, but not limited to, factors such as Consumer Price Index (CPI), retention strategies, Company performance and strategy, industry performance, projected growth, and industry average increase surveys which, will be taken into consideration, in setting recommended increases; and
- Remuneration Committee is afforded the requisite independence on matters of remuneration governance.

6. Annual adjustments on basic salary

The annual salary increase budget will be informed by:

- Internal equity
- External market and comparisons
- Organisational performance
- Cost of inflation

- Affordability

7. Executive Remuneration Framework

The objective of Mahube’s executive remuneration policy is to attract and retain high-calibre executives and to motivate and reward them for developing and implementing the Company’s strategy of delivering consistent and sustainable shareholder value, while promoting an ethical culture and corporate citizenship.

Executive management remuneration is governed by an employment agreement. Key performance indicators (KPI’s) are determined and set on an annual basis for each of the executive management members. These KPI’s are reviewed on a quarterly basis and used for the salary increase process and the incentive allocation basis.

The Company has adopted an integrated approach to rewarding its executives based on the following principles:

- Total Guaranteed Package, being guaranteed base salary plus benefits.
- Incentive-based rewards, being competitive incentives earned through the achievement of performance targets consistent with shareholder expectations over the short term and long term.
 - **Short-term incentives (refer to Short-term incentive policy):**
The short-term incentive comprise cash bonuses capped at a percentage of guaranteed base pay on the achievement of annually agreed Key Performance Indicators, structured to reward effective operational performance; and
 - **Long-term (share-based) incentives**
No long-term incentive plans are currently in place due to the restrictions on the capital structure of the Company. The Company aspires to get this in place in future however the mechanics will need to be determined.

The aspiration is that the long-term incentive scheme will be used to align the long-term interests of management with those of shareholders and that are responsibly implemented so as not to expose shareholders to unreasonable or unexpected financial impact.

Mahube believes that a remuneration mix of fixed Total Guaranteed Pay (“TGP”) and variable pay made up of Short Term Incentives (“STI”), are a vital part of fair and transparent remuneration. The amounts received annually under the STI will vary depending on the achievement of the set targets. The financial and non-financial targets for the executives are set and approved by the Committee and recommended to the Board for consideration and approval.

The table below provides a detailed breakdown of the Mahube’s Executive Remuneration Elements:

REWARD ITEM	POLICY	IMPLEMENTATION
Total Guaranteed Package (Fixed / Base Pay)	<ul style="list-style-type: none"> • The Executive receives a total guaranteed package 	<ul style="list-style-type: none"> • Paid monthly in cash

<p>Purpose: In order to achieve the Company's Strategic priorities, it is essential that our employees are fairly rewarded for their contribution to achieving operational and strategic objectives of the Company. This drives an individual's performance to support business strategy</p>	<p>on a Cost-to-Company ("CTC") basis. The Company does not directly offer Medical Aid and Pension Fund; however, the salary package makes provision for these benefits</p> <ul style="list-style-type: none"> • Benchmarked against market practices of other South African small-cap investment holding and infrastructure companies that are comparable in size, business complexity and scope • Generally reflects market median levels based on the role and individual skills and experience 	<ul style="list-style-type: none"> • Reviewed annually, with changes taking effect on 1 March, where applicable • Increases are determined by market conditions, Company performance, individual performance and changes in responsibilities • Forms part of, and is the key component of, a total CTC package, which also includes benefits • The Company participates in industry-wide surveys from time to time • The Chief Executive Officer and Financial Director is insured under the Directors' and Officers' professional indemnity insurance covering all directors.
<p>Short Term Incentive ("STI") - (Variable pay)</p> <p>Purpose: To incentivize and reward the achievement of the pre-approved targets. This is to drive a high-performance culture</p>	<ul style="list-style-type: none"> • STIs are cash bonuses determined in terms of a performance bonus scheme. • This rewards executives for sustained on-target and outperformance of cost and profitability targets set annually for the Company's business in terms of the Company's strategy to reward effective operational performance. • Mahube's STI is expressed as a percentage of a basic annual salary 	<ul style="list-style-type: none"> • To recognize individual and the Company's achievement of objectives aligned with the Strategy • Alignment to Company's strategy and demonstration of Company's values • All non-financial metrics must be objective and measurable and present a clear link to the Company's strategic initiatives • Short-term bonus incentives payable to eligible employees.

8. Non-Executive Directors Remuneration

Mahube shall not be obliged, entitled or required to pay any remuneration to a Director for their services as Directors (which shall exclude salaries of executive Directors) except such remuneration as has been approved by and in terms of an ordinary resolution. The RemCo is responsible for proposing the non-executive Directors' remuneration annually to the Board for subsequent shareholder approval at the Annual General Meeting.

Non-Executive Directors' fees are benchmarked against those paid by comparable companies, and on the advice of the RemCo, the Board considers and makes recommendations to shareholders regarding payable Non-executive Directors' fees.

The following pertains to non-Executive Directors' fees:

- Non-Executive Directors fees will be tabled for shareholder approval on an annual basis at the Company's Annual General Meeting ("AGM");
- Board retainers and Board and Committee meeting attendance fees are paid quarterly and in arrears;
- Non-Executive Directors are remunerated per meeting in accordance with the attendance fees for scheduled meetings as agreed by shareholders at the AGM;
- Attendance of ad-hoc or special purpose Committee meetings as appointed by the Board shall be rewarded on the basis applicable to an existing Committee, whose purpose most closely relate to that of the particular purpose or ad-hoc Committee;
- Fees for special assignment of one or more tasked members of the Board or of any Committee, which may also include travel locally and abroad, are to be agreed upfront with the Chairman of the Board;
- Travel, fares and reasonable subsistence shall be in line with Mahube's relevant policies;
- Non-Executive Directors and Committee members complete detailed self-evaluations, which are collated and tabled at the Board.

9. REMUNERATION GOVERNANCE

The responsibilities of the RemCo include:

- Reviewing Mahube's remuneration strategy and policy to ensure alignment with the corporate strategy, operating and financial objectives, and remuneration best practice principles;
- Set and review financial and non-financial performance targets for the Company on an annual basis;
- Approve performance-related Short Term Incentive targets;
- Select independent consultants to advise the Board where appropriate;
- Evaluating the remuneration packages of the Executives to ensure that the TGP is market-competitive, fair and transparent, and the STI is equitably related to relevant performance indicators;
- Making recommendations to the Board on amendments to STIs;
- Evaluate Non-Executive Directors' fees against those paid by comparable companies;
- Review and recommend independent Non-Executive Directors' and Board sub Committee members' fees to the Board and Shareholders; and
- Review Shareholders' feedback on remuneration-related matters and actively engaging with Shareholders, providing appropriate feedback directly in the Integrated Annual Report.

10. REVIEW OF THE POLICY

An annual review of the Policy will be undertaken by the RemCo as required to ensure that it remains relevant and appropriate to the Company. The Committee will where required, propose any revisions thereto, to the Board for approval.