REMUNERATION REPORT

The remuneration & human resources committee ("remuneration committee") report on directors' and prescribed officers' remuneration outlines our remuneration policy, provides context for the remuneration considerations and presents an implementation report on the remuneration outcomes against our policy.

The Group's total remuneration consists of fixed (guaranteed pay) and variable (short-term and long-term incentives) components.

The remuneration committee contracted the services of PwC for independent external advice and Deloitte verified the extent to which the performance conditions of incentive schemes were met. During the year, the remuneration committee considered the following key matters:

+ Approval of increases to guaranteed pay;
+ Approval of executive director and prescribed officer guaranteed pay increases for FY2019;
+ Performance testing and approval of Short-Term Incentive ("STI") payments in respect of FY2018;
+ Performance testing and approval of vesting of the September 2015 Long-Term Incentive ("LTI") awards;
+ Approval of September 2018 LTI awards and underlying performance conditions;
+ Approval of a new cash-settled LTI plan for executives based outside South Africa. These awards will thus not be subject to currency volitality and share price movement;
+ Approval of cash-settled LTI awards and underlying performance conditions;
+ Review and recommendation of non-executive director fees for FY2019, excluding recommendation on their own fees; and
+ Review and approval of the Group's remuneration report for inclusion in the FY2018 integrated report.

The STI scheme is not a profit share scheme, but a scheme that incentivises performance towards achieving targets set for each financial year. The financial targets set at the beginning of FY2018 were derived from a bottom-up budgeting process and to a large extent is a function of the Group's order book and market conditions – revenue to be derived from contracts already awarded, or expected to be awarded during the year. The financial targets for FY2018 were higher than that of the previous year, notwithstanding challenging market conditions in the oil & gas and power & water sectors. The EBIT target increased from R583 million in FY2017 to R872 million in FY2018 and the diluted HEPS target increased from 88 cents to 117 cents. The actual results were just below these targets, with EBIT at 99% and diluted HEPS at 96% of target which translated into the financial component for STI performance outcomes, as detailed in this report.

The financial targets for the year were a stretch to achieve, considering the difficult trading environment and the scheme participants performed well to achieve the financial results reported for the year. The Board, furthermore, considered the STI payment in the context of total reward and not in isolation. In this regard, 50% of the LTI for the performance period ended 30 June 2018 has been forfeited and the soft financial results reported for FY2017, will also negatively impact the vesting of LTI's for FY2019.

In recognition of the management effort in respect of the corporate action activity during FY2018, it was resolved to make a once-off *ex gratia* payment to 10 executives, including the Group chief executive and Group financial director. This payment formed part of the STI payment and more detail is included in the implementation report.

Executive directors and prescribed officers' remuneration:

- Average guaranteed pay increases of 5,6% were implemented with effect 1 July 2018, similar to the increases awarded to salaried staff across the Group and in line with the current inflation rate.
- STI equating to 65,3% of the maximum value possible in terms of this scheme has been awarded for FY2018. Operating profit was very close to target at R864 million, measured as EBIT for continuing operations. Return on Invested Capital Employed ("ROICE") at 7,5% was below threshold. Net cash of R1 972 million was much better than target, and Free Cash Flow ("FCF") of R738 million was also above target. This performance is commendable considering market conditions. This STI outcome is reflective of the Group's financial performance relative to the financial targets and the good performance against individual non-financial targets that were set at the start of the year.
- The performance period for the September 2015 Forfeitable Share Plan ("FSP") LTI award ended on 30 June 2018. Based on performance over the three year performance period, 50% of the September 2015 FSP award vested on 15 September 2018. Half of the award was based on ROICE performance, 25% on relative Total Shareholder Return ("TSR") performance and 25% on FCF. The ROICE target was Weighted Average Cost of Capital ("WACC") plus 4%, or 17,3%. Actual performance of 7% was below threshold hence no shares vested for this performance measure. The Group's TSR over the performance period was positive 13,7%, which was better than the weighted negative compound rate of 23,4% of the peer group. Cumulative FCF was above the budgeted target with a positive FCF of 42 cents per share. As from September 2015, in terms of the revised remuneration policy adopted in that year, only 30% of the award will vest at threshold performance and 100% at target performance. The revised policy also introduced more stretching performance measures. Refer to the LTI performance measures in the remuneration policy overview on page 83 for more detail in this regard.

Given the changes introduced to the remuneration policy in 2015 and subsequent shareholder support for this policy, as well as its general alignment with King IV, no policy changes were introduced during FY2018. The Group's remuneration policy and implementation report respectively received the support of 88,9% and 98,4% of shareholders who voted at the AGM in November 2017. We believe our remuneration policy is best practise, and that its application will encourage a performance culture in the Group that will lead to sustained shareholder value creation.

As required by the Companies Act and King IV, the following resolutions will be tabled for shareholder voting at the AGM in November 2018, details of which can be found in the AGM notice:

- Binding vote on non-executive directors' fees;
- Advisory vote on the remuneration policy; and
- Advisory vote on the remuneration policy implementation report.

I would like to thank my fellow remuneration committee members for their contribution and support. Remuneration is a complex and controversial matter and I am satisfied that the remuneration committee discharged its obligations in a responsible and professional manner.

Ralph Havenstein
Chairman

Remuneration policy overview

Introduction

The remuneration report has been prepared by the remuneration committee in line with the principles outlined in King IV and has been approved by the Board. The report covers executive director, prescribed officer and non-executive director remuneration.

The remuneration report outlines the remuneration policy that guides the remuneration committee's decisions, and the remuneration outcome from the application of the remuneration policy during FY2018.

Remuneration policy principles

The Group believes that directors, senior executives and employees should be paid fair, competitive and appropriately structured remuneration in the best interests of shareholders. It also recognises that its remuneration philosophy has a direct effect on the behaviour of employees and that it has to support delivery of the Group's strategy. The remuneration policy continues to be driven by the principles of developing a performance culture and motivating and retaining critical talent.

The remuneration policy is aligned to the Group strategy, which aims to deliver enhanced shareholder value through growth in profitability and cash flows. This strategy focuses the Group on selected international natural resource market sectors, the diversification of the Group's business model, the delivery of project, commercial management and safety excellence, and enhanced performance and diversity of the Group's employees.

The remuneration policy applies to all businesses in the Group, to ensure consistency and fairness in remuneration. Some flexibility is permitted to acknowledge differences across businesses with varying market conditions, and external benchmarking per business platform.

Remuneration policy for executive directors and prescribed officers

To give effect to the general remuneration philosophy that executive directors, prescribed officers and salaried employees should be paid fair, competitive and appropriately structured remuneration in the best interests of the Group and shareholders, the following broad principles are applied:

+ Total remuneration consists of fixed and variable components, with emphasis on variable pay at senior levels to encourage performance and shareholder value creation;
+ Remuneration structures support the development of a performance culture and the Group's strategy;
+ Remuneration components are set at a competitive level to motivate talent and to attract and retain the services of high-calibre employees;
+ The STI plan aligns the interests of executives with those of shareholders in the short-term as performance incentives are subject to Group key financial performance and individual non-financial key performance indicators; and
+ The LTI plan rewards achievement of financial performance measures supporting long-term shareholder value creation.

Components of remuneration

The remuneration committee ensures that the mix of remuneration components supports the Group's strategic objectives. Murray & Roberts has the following remuneration components:

+ Guaranteed pay (consisting of salary, benefits and retirement fund contributions);
+ Short-term incentives; and
+ Long-term incentives.

The Group seeks to position guaranteed pay at the median against appropriate benchmarks, however, for total remuneration the policy is to position at the 75th percentile for executives, senior management, talent and critical skills, where the 75th percentile is achieved at between "on-target" and "stretch" performance. This policy supports the underlying principle of paying for performance and the focus on variable pay.

The tables on the following pages summarise the key components of executive directors' and prescribed officers' remuneration, the link to strategy, how each component operates and the maximum opportunity for each element.

Summary of remuneration components and link to strategy

GUARANTEED PAY is a fixed component, which reflects individual contribution and market value for respective roles, with internal and external equity being cornerstones for setting guaranteed pay.

OPERATION

- Guaranteed pay consists of salary, benefits and retirement fund contributions.
- Positioned at market median (per job grade taking into consideration the size and complexity of the role). The committee considers the impact of any guaranteed pay increase on the total remuneration package.
- Paid monthly in cash net of allocations to retirement fund, insured benefits and medical aid.
- Guaranteed pay (and other elements of the remuneration package) are paid in different currencies as appropriate to reflect the geographic location of the executive.
- Reviewed annually taking account of Group performance, individual performance, changes in responsibility, levels of increase in the market and levels of increase for the broader employee base.
- Benchmarking is performed relative to peer companies listed on the JSE for executive directors and for prescribed officers. The Oil & Gas business platform CEO is benchmarked against an appropriate peer group of Australian companies.

MAXIMUM OPPORTUNITY

- There is no prescribed maximum annual increase. However, increases will normally be in line with the general level of increase in the market against which the executive's salary is benchmarked.
- On occasions a larger increase may be awarded to recognise, for example, development in role or change in responsibility.

BENEFITS are provided at competitive levels to attract and retain suitably qualified and experienced executives.

OPERATION

- Benefits such as travel allowances, insurance policies relating to death-in-service and disability benefits and medical aid are included in guaranteed pay.

MAXIMUM OPPORTUNITY

- There are no prescribed maximum values. However reference is made to market practice and benchmarks.
- Company contributions for disability and death benefits in South Africa are based on pensionable salary. The contribution rates are reviewed annually.

RETIREMENT FUND

contributions are made to provide competitive post-employment income to attract and retain suitably qualified and experienced executives.

OPERATION

- Executives in South Africa contribute to the Murray & Roberts Retirement Fund, which is a defined contribution pension fund. From July 2018 contributions are made to the Sanlam Umbrella Pension Fund, which is a defined contribution pension fund.
- In Australia contributions are made, as part of guaranteed pay, to a superannuation fund structured as a defined contribution fund.

MAXIMUM OPPORTUNITY

- Maximum company contributions are set according to local retirement fund rules.

SHORT-TERM INCENTIVES

drive Group and team financial performance, as well as individual performance for non-financial measures, in order to deliver sustained shareholder value. It also provides alignment with shareholders through a deferred component.

OPERATION

- The STI scheme is designed to be self-funding. Bonus projections for on-target performance are used to ensure affordability. Financial measures such as earnings before interest and tax and actual profit are used to calculate the bonus provision accrual.
- Awards are based on annual performance against a balanced scorecard of metrics as determined by the remuneration committee from time to time.
- The Group chief executive, Group financial director and business platform CEOs have a 70% weighting in favour of financial targets, while other prescribed officers have a 60% weighting. For the 70% financial target weighting for business platform CEOs, 50% is linked to their platform financial measures and 20% to Group financial targets.
- Individual performance is also assessed against suitable non-financial targets related to leadership, relationship, operational and risk (including safety) targets.
- 70% of the award is delivered in cash and 30% in deferred forfeitable shares or cash under the LTI schemes, which vests equally over three years, subject only to continued employment.
- Financial performance targets are measured against audited annual financial performance, net of bonus accruals. Individual non-financial performance targets are based on a formal performance and development evaluation conducted by the executive's direct manager, and by the committee and Board chairman for the Group chief executive.

MAXIMUM OPPORTUNITY

- The STI disbursement is based on incentive qualification levels as a percentage of guaranteed pay, which is a function of job grade and performance against agreed financial and/or individual targets as per the individual's performance contract, and applied on a sliding scale between threshold, target and stretch performance.
- Performance below threshold attracts no STI payment for the specific component of the STI below threshold, where threshold for financial targets is 80% of target.
- The STI disbursement is capped at stretch performance or 120% of target.
- The maximum STI disbursement as a percentage of guaranteed pay is 200% for the Group chief executive, 150% for the Group financial director and between 100% and 150% for prescribed officers depending on their job grade.
- Clawback provisions, as described on page 84, apply to STI awards made from August 2015.

LONG-TERM INCENTIVES

provide alignment between the executives and shareholders of the Group. They also motivate and reward executives who have contributed to the Group's value creation over the long term and support the retention and attraction of executives.

OPERATION

- Murray & Roberts operated the following LTI schemes in FY2018: the FSP introduced in October 2012, the Letsema Vulindlela Black Executives Trust ("Vulindlela"), which was established in December 2005 as part of the Group's BBBEE shareholding structure and the Clough Phantom Share Plan ("CPSP"), introduced in 2014 following the acquisition of the minority interests in Clough. As reported last year, no further allocations have been made under the CPSP since 2016 and the last allocations under the CPSP will vest in October 2019. A Long-Term Cash Settled Incentive Plan ("LTCSIP") was introduced in 2017 to replace the CPSP and is also used as an LTI scheme for other executives operating outside South Africa.
- Murray & Roberts has a historical option type plan, namely the Murray & Roberts Holdings Limited Employee Share Incentive Scheme ("Share Option Scheme"). All outstanding options were under water and have expired on 30 August 2017. No new allocations will be made in terms of the Share Option Scheme.

FSP

- Forfeitable Murray & Roberts shares are awarded subject to continued employment and satisfaction of challenging performance conditions measured over a three-year performance period, which are set by the remuneration committee before each grant.
- Cliff vesting occurs at the end of the three-year period.
- Settlement of the forfeitable shares can be by way of an acquisition of the required number of shares on the market, the use of shares held in treasury account, the use of shares held by The Murray & Roberts Trust, or an issue of shares. The remuneration committee has the ability to cash-settle awards, if necessary, in exceptional circumstances. There is no current intention for awards to be delivered in this way.
- In very specific circumstances, on an ad-hoc basis, where it is necessary to retain critical talent, the remuneration committee may make awards only subject to continued employment with no performance conditions. These awards are aimed at retention and will not form part of the annual awards.

www.murrob.com // A summary of the salient features of the FSP is available in the 2012 integrated report and on the Murray & Roberts website.

LONG-TERM INCENTIVES – *continued*

LONG-TERM CASH SETTLED INCENTIVE PLAN

- A cash-settled long-term incentive is awarded to senior executives operating outside South Africa subject to continued employment and satisfaction of challenging performance conditions measured over a three-year performance period, which are set by the remuneration committee before each grant. The performance conditions mirror those used under the FSP.
- Cliff vesting occurs at the end of the three-year period.
- In very specific circumstances, on an ad-hoc basis, where it is necessary to retain critical talent, the remuneration committee may make awards only subject to continued employment with no performance conditions. These awards are aimed at retention and will not form part of the annual awards.

LETSEMA VULINDLELA BLACK EXECUTIVES TRUST

- The beneficiaries of Vulindlela are black (African, Coloured and Indian) South African citizens, who are employed on a permanent basis within the Group as top, senior and middle managers. Black prescribed officers have several outstanding allocations under Vulindela, and have only been allocated forfeitable shares under the FSP since November 2012.

  In terms of the Trust deed, this Trust is to be terminated on 31 December 2022. As the awards are subject to a five-year lock-in period a final allocation was made in November 2016.

  High potential middle management employees qualify for an award under the FSP.

CLOUGH PHANTOM SHARE PLAN

- Clough phantom shares or conditional rights were awarded subject to continued employment and satisfaction of challenging performance conditions measured over three years, which were set by the remuneration committee before each grant. As stated above this plan has been replaced by the LTCSIP.

MAXIMUM OPPORTUNITY

- LTI award levels, expressed as a percentage of guaranteed pay, will be made based primarily on an employee's guaranteed pay, job grade, performance, retention and attraction requirements and market benchmarks.
- The maximum allocation limit as a percentage of guaranteed pay is 190% for the Group chief executive, 140% for the Group financial director and between 80% and 140% for prescribed officers depending on their job grade (face value of shares at grant).
- For FSP allocations from September 2015, 30% of the award vests for threshold performance, rising on a sliding scale to 100% of the award for performance at target performance.
- Under the CPSP, 80% of the award vests for threshold performance, rising on a sliding scale to 100% of the award for performance at target performance. For LTCSIP allocations, 30% of the award vests for threshold performance, rising on a sliding scale to 100% of the award for performance at target performance. The performance conditions are exactly the same as for the FSP.
- Clawback provisions, as described on page 84, apply to LTI awards made from August 2015.

EXECUTIVE SHARE OWNERSHIP

aims to better align the interests of executives with those of shareholders by encouraging executives to build a meaningful shareholding in the Group.

OPERATION

+ Executive share ownership is encouraged through the part deferral of STIs into forfeitable shares, where 30% of the STIs are deferred into forfeitable shares under the FSP.
+ In a bid to further encourage executives to hold shares, the Group chief executive is encouraged to build a shareholding, in "unfettered" shares, equivalent to at least 100% of guaranteed pay, other executive directors equivalent to 75% of guaranteed pay, and prescribed officers equivalent to 50% of guaranteed pay over a period of not more than five years.
+ Executives are encouraged to retain at least 50% of any vested shares after meeting necessary tax obligations under the LTI schemes.

MAXIMUM OPPORTUNITY

+ Not applicable.

Choice of performance measures

The table below shows the performance measures set for FY2018, which will again be applied for FY2019. The weightings presented below are for executive directors. Targets are set every year following a bottom-up business planning process taking account of strategic goals and the prevailing market conditions.

STI performance measures

METRIC	WEIGHTING FOR CHIEF EXECUTIVE AND FINANCIAL DIRECTOR	RATIONALE
Financial performance measures		
EBIT	20%	A key indicator of the underlying profit performance of the Group, encouraging performance in terms of both revenues and costs.
Continuing Diluted HEPS	20%	A key indicator of the value add for shareholders.
Net Cash	10%	A key indicator of the Group's liquidity and ability to meet its debt requirements.
Free Cash Flow	10%	A key indicator of the Group's ability to generate cash after providing for maintaining or expanding its asset base. FCF is an indication of the ability of the Group to pursue opportunities that enhance shareholder value.
ROICE	10%	A key indicator of the effective use of shareholder capital.
Individual performance measures		
Leadership	7,5%	A key indicator of the extent to which strategy implementation, transformation & diversity and leadership succession & development objectives are achieved.
Relationship	7,5%	A key indicator of the extent to which stakeholder engagement and employee relations objectives are achieved.
Operational	7,5%	A key indicator of the extent to which governance, commercial management and project performance objectives are achieved.
Risk	7,5%	A key indicator of the extent to which health, wellness & safety, risk management and environmental objectives are achieved.

LTI performance measures

FSP performance measures over three-year vesting period

For awards made up to September 2017

METRIC AND WEIGHTING	RATIONALE	VESTING
ROICE 50%	A key indicator of the effective use of shareholder capital.	30% vests for threshold performance and 100% vests for target, where threshold performance is WACC and target performance is WACC + 4%. Linear vesting will be applied between these points.
TSR relative to a peer group of companies 25%	TSR measures the total returns to the Group's shareholders, and provides close alignment with shareholder interests.	A peer group of South African listed companies is used to evaluate TSR. TSR is weighted for each of the peer companies according to their market capitalisation at the beginning of the performance period. 30% vests for threshold performance and 100% vests for target performance against a market cap weighted index of the peer companies. Threshold is 90% of the combined peer TSR Compound Annual Growth Rate ("CAGR") and target is the combined peer TSR CAGR plus 5%. Linear vesting will be applied between these points.
FCFPS 25%	A key indicator of the Group's ability to generate cash after providing for maintaining or expanding its asset base. FCFPS is an indication of the Group's ability to pursue opportunities that enhance shareholder value.	30% vests at threshold performance and 100% vests at target, where target performance is 120% of cumulative budgeted FCFPS and threshold performance is 80% of budget. Linear vesting will be applied between these points.

For awards made in September 2018

The remuneration committee considered the FSP performance metrics and decided to introduce new performance metrics for the September 2018 FSP awards, as the relevance of TSR and ROICE has diminished.

In line with the Group's strategy to focus its business on the global natural resources market, it sold the Southern African Infrastructure & Building businesses in 2017. Consequently, its listing on the JSE was transferred from the Heavy Construction sub-sector to the Diversified Industrial sub-sector. The Group is now in a unique position, without true comparator companies in the market, to benchmark TSR performance.

The Group's capital expenditure is also primarily project related and short term in nature, and in the context of the natural resources markets with its volatile business cycles, the relevance of ROICE as a performance measure has reduced.

After obtaining external advice, the remuneration committee introduced new stretch FSP performance targets, that are independently measurable and industry relevant.

METRIC AND WEIGHTING	RATIONALE	VESTING
EBIT margin (Earnings before interest and tax divided by revenue) 50%	A key indicator of the underlying profit performance of the Group, encouraging performance in terms of both revenues and cost control.	30% vests for threshold performance and 100% vests for target performance, where threshold performance is 3% EBIT margin and target performance is 5% EBIT margin. Linear vesting will be applied between these points.
Conversion ratio of EBITDA into cash (Cash generated by operations divided by earnings before interest, tax, depreciation and amortisation) 50%	A key indicator of the ability of the Group to convert profits into cash, which requires good working capital management.	30% vests for threshold performance and 100% vests for target performance, where threshold performance is 60% conversion ratio and target performance is 80% conversion ratio. Linear vesting will be applied between these points. A transitional arrangement will apply for the September 2018 award where the conversion ratio will be measured on a cumulative basis over year two and three of the performance period.

Clawback of incentives

For STI and LTI awards made from August 2015, the remuneration committee introduced clawback provisions, where the committee may reduce or clawback STI and LTI awards in the following circumstances:

+ The participant acting fraudulently or dishonestly or being in material breach of their obligations to the Group; or
+ Where Murray & Roberts becomes aware of a material misstatement or omission in the financial statements of a Group company or the Group.

These clawback provisions apply whether or not awards are made in the form of cash or equity, and whether or not the equity has vested.

Differences in remuneration policy for executives compared to other employees

There are differences in the structure of the remuneration policy for the executive directors, prescribed officers and other salaried employees, which are necessary to reflect the different levels of responsibility and market practices. The key difference is the increased emphasis on incentives or variable performance-related pay in senior roles. Lower maximum variable incentive pay limits, as a percentage of guaranteed pay, apply for roles below executive level, driven by market benchmarks and the relative impact of the role. Only the most senior executives in the Group participate in the FSP and LTCSIP schemes, where these plans are targeted at those individuals who have the greatest responsibility for Group performance. As Murray & Roberts believes that all employees should be aligned with key business drivers, participation in the STI also includes middle management, junior management and general employees, subject to the meeting of individual performance targets.

Executive directors' and prescribed officers' employment contracts and policy on termination of employment

Executive directors and prescribed officers do not have fixed-term contracts, but are subject to notice periods of three months. The employment contracts include pay in lieu of notice provisions which may be invoked at the discretion of the Group. Normal retirement of executive directors and senior management is at age 63, however, this is subject to specific legislation in the countries within which Murray & Roberts operates.

As at 30 June 2018 there was no material liability to the Group with respect to the termination of employment of any executive director or prescribed officer. The contracts of employment do not include provisions entitling the individual to a specified payment on termination of employment or on a change of control of Murray & Roberts, other than as stipulated in the LTI schemes. The only provision in the contract of employment for executive directors and prescribed officers (other than the Oil & Gas business platform CEO) relating to a payment on termination of employment is that, where termination occurs during the first year of employment, any payment to which the individual is entitled by law will be limited to a maximum of 25% of annual Total Fixed Cost of Employment ("TFCE").

Any LTI entitlements awarded to an executive director or prescribed officer under the Group's LTI schemes will be determined based on the relevant plan rules. Employees terminating employment due to resignation or dismissal on grounds of misconduct, poor performance or dishonest or fraudulent conduct or due to absconding, will forfeit all unvested LTI awards and deferred STI into LTI awards. Employees terminating employment due to death, retirement, retrenchment, ill-health, disability, injury or the sale of the employer company will be classified as good leavers and a portion of the LTI awards and deferred STI into LTI awards will vest on the date of termination of employment. This portion will reflect the number of months served since the award date to the date of termination of employment over the total number of months in the vesting period and the extent to which the performance conditions imposed have been met. The remainder of the awards will lapse.

No agreements have been entered into with the executive directors or prescribed officers regarding restraint of trade, other than the Oil & Gas business platform CEO who has a non-competition clause in his contract of employment.

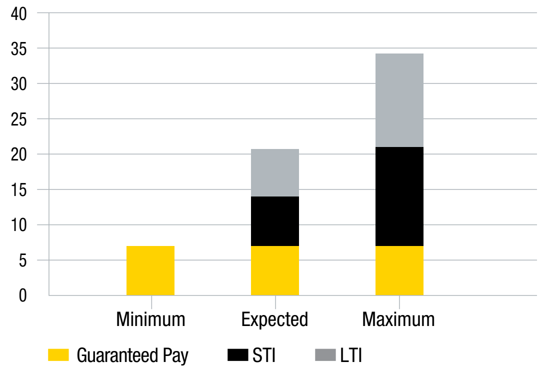
Retention schemes

There are currently no retention schemes in place for executive directors or prescribed officers.

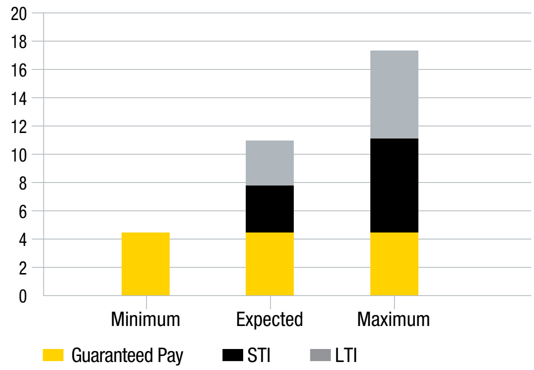
Total remuneration scenarios at different performance levels

The charts below illustrate the total potential remuneration for the executive directors.

GROUP CHIEF EXECUTIVE[1] (R million)



GROUP FINANCIAL DIRECTOR[1] (R million)



1 Assumptions:

Minimum = guaranteed pay only (salary, benefits and retirement fund contributions)

Expected = on-target STI allocation and expected value (50%) of LTI award

Maximum = stretch STI allocation and face value of LTI award

Guaranteed pay levels (on which other elements of the package are calculated) are based on those applying on 1 July 2018.

Remuneration policy for non-executive directors

Components of remuneration

Non-executive directors receive a fee for their contribution to the Board and its committees of which they are members. This fee structure reflects the skill and experience brought to the Group by each non-executive director, responsibilities undertaken, the time commitment involved and the importance of attendance at and contribution to Board and committee meetings. The fee structure is reviewed annually.

Fees are benchmarked against companies listed on the JSE which are of a similar size and nature, in terms of market capitalisation and sector. This includes companies in the construction, mining and industrial sectors. It is the Group's policy to align fees to the upper quartile of the benchmark, in alignment with the total remuneration policy for executives and in order to ensure that suitably qualified and experienced non-executive directors are attracted to the Group.

Remuneration governance

The remuneration committee assists the Board to fulfil its corporate governance supervision responsibilities and to align the remuneration policy with the Group's business strategy. The focus in this regard is to attract, retain, motivate and reward directors, senior executives and employees through the payment of fair, competitive and appropriately structured remuneration in the best interests of the Group and shareholders. The committee operates under terms of reference reviewed and approved annually by the Board.

Membership

Ralph Havenstein chairs this committee. Ntombi Langa-Royds, Suresh Kana and Alex Maditsi serve as members of the committee. The Group chief executive and Group financial director attend meetings in an *ex officio* capacity. The executives who attend meetings in their *ex officio* capacity do not participate in any discussions or decisions pertaining to their own remuneration. Specialised advice is sought from time to time.

Terms of reference

The chairman of the committee reports to the Board on the committee's deliberations and decisions. The committee assists the Board by submitting reports and recommendations on the Group's employment framework and policies, and remuneration philosophy.

The committee is responsible for considering and approving proposals regarding guaranteed pay, benefits, short-term incentives, long-term incentives and related matters pertaining to executive directors of the Group, prescribed officers, all managing directors of the Group's businesses and other senior Group executives. It also considers and approves the remuneration and benefits paid to general staff. It has responsibility for oversight of the Group pension, provident and other benefit plans.

The functions, role and mandate of the Group chief executive are considered by the committee and his performance is assessed. Succession planning to the Group chief executive and senior executives is also considered by the committee, as well as the Group's leadership succession and development strategy and employment equity status.

The committee oversees the preparation of the remuneration report and recommends the report to the Board, ensuring that this report is accurate, complete and transparent and provides a clear explanation of how the remuneration policy has been implemented. The committee ensures that the remuneration policy and implementation report are put to a non-binding advisory vote of shareholders at the annual general meeting. Should 25% or more of the votes cast vote against this ordinary resolution, Murray & Roberts undertakes to engage with shareholders as to the reasons therefore and to appropriately address legitimate and reasonable objections and concerns raised.

Assessment

The committee evaluated its performance and effectiveness by way of a self-assessment. Based on the results, the committee believes that it functions effectively and has complied with its terms of reference in all material respects.

Implementation report

The implementation report details the outcomes of implementing the approved remuneration policy detailed in the previous section.

Single total figure of remuneration

The table below includes the total remuneration for the reported financial year and the previous financial year. The table includes guaranteed pay, the short-term incentive paid and the long-term incentives that will vest due to performance in the financial year (including the 30% deferred STI award, as from FY2017).

Single total figure of remuneration for period to 30 June 2018

Payment in RAND (R'000)

EMPLOYEE	Guaranteed pay		STI		LTI		Other		Total remuneration	
NAME	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Bester, Cobus[1]	**–**	3 567	**–**	1 304	**–**	1 595	**–**	–	**–**	6 466
Fenn, Orrie	**4 880**	4 650	**3 115**	2 821	**2 920**	1 088	**70**	–	**10 985**	8 559
Govender, Jerome[2]	**–**	2 811	**–**	–	**–**	844	**–**	–	**–**	3 655
Grobler, Daniël[3]	**4 200**	1 050	**3 306**	1 958	**2 721**	1 395	**–**	–	**10 227**	4 403
Harrison, Steve	**3 340**	3 150	**1 880**	1 259	**2 093**	1 163	**–**	–	**7 313**	5 572
Henstock, Ian	**3 900**	3 697	**2 987**	2 320	**2 298**	948	**61**	–	**9 246**	6 965
Laas, Henry	**6 600**	6 195	**6 363**	4 200	**9 381**	4 212	**475**	90	**22 819**	14 697
Mdluli, Thokozani	**2 670**	2 505	**1 159**	917	**1 771**	1 112	**–**	–	**5 600**	4 534
Skudder, Andrew[4]	**–**	276	**–**	–	**–**	–	**–**	296	**–**	572

1 *Cobus Bester retired from the Board and as Group financial director on 31 March 2017.*
2 *Jerome Govender's employment with the Group ended on 31 March 2017.*
3 *Daniël Grobler appointed to the Board and as Group financial director on 1 April 2017.*
4 *Andrew Skudder resigned on 31 July 2016.*

Payment in AU$ (AU$'000)

EMPLOYEE	Guaranteed pay		STI		LTI		Other		Total remuneration	
NAME	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Bennett, Peter[1]	**894**	788	**372**	545	**159**	234	**61**	83	**1 486**	1 650

1 *Peter Bennett joined the Group on 1 February 2016.*

REMUNERATION REPORT – *continued*

The single total figure of remuneration is calculated as set out below.

	2018	2017
Guaranteed pay	Guaranteed pay earned for the period including benefits and retirement fund contributions. The average remuneration adjustment for executive directors and prescribed officers for FY2018 (effective 1 July 2018) was 5,60% (FY17: 5,91%). The total adjustment was aligned to the average Murray & Roberts increase awarded in March 2018 for other salaried employees of 5,75%.	Guaranteed pay earned for the period including benefits and retirement fund contributions. The average remuneration adjustment for executive directors and prescribed officers for FY2017 (effective 1 July 2017) was 5,91% (FY16: 4,85%). The total adjustment was aligned to the average Murray & Roberts increase awarded in March 2017 for other salaried employees of 5,89%.
STI	STI awarded for FY2018 performance. 70% of the award is payable in cash in September 2018, and 30% deferred as an LTI award, which will vest one third each year from FY2019 to FY2021. The STI for the Group chief executive and Group financial director includes an *ex gratia* amount of R1,5 million and R1,1 million respectively in view of their contribution in respect of corporate action activity during FY2018.	STI awarded for FY2017 performance. 70% of the award was payable in cash in September 2017, and 30% deferred as an LTI award, which will vest one third each year from FY2018 to FY2020. The 30% deferred STI award is disclosed under LTI in the single total figure of remuneration from FY2017. It was previously disclosed as part of STI.
LTI	The value of LTI awards under the September 2015 FSP that vest 15 September 2018, based on performance during the three-year period to 30 June 2018. The value of that award is based on a share price on 30 June 2018 of R17,51. 50% of the September 2015 FSP awards lapsed due to the actual ROICE being below threshold. TSR and FCF targets were met. No LTI vesting occurred for Peter Bennett under either the CPSP or LTCSIP as he only joined these plans in FY2016 and FY2017 respectively. The 30 August 2011 Share Option Scheme allocation that vested on 30 August 2017, carried no value as the performance condition was not achieved and consequently lapsed.	The value of LTI awards under the August 2014 and March 2015 FSP that vested, based on performance during the three-year period to 30 June 2017. The value of these award was based on a share price on 30 June 2017 of R13,07. 50% of the September 2014 and March 2015 FSP awards lapsed due to the actual ROICE being below threshold. TSR and FCF targets were met. No LTI vesting occurred for Peter Bennett under the CPSP as he only joined the plan in FY2016.
Other	The benefit to Henry Laas consists of a fringe benefit on the use of a company vehicle and accumulated leave pay-out. The benefit to Ian Henstock and Orrie Fenn represents payment to them to secure private life cover. The benefit to Peter Bennett represents payment of accumulated leave.	The payment to Andrew Skudder and Peter Bennett was in respect of accrued leave. The benefit to Henry Laas is a fringe benefit on the use of a company vehicle.

FY2018 STI performance outcomes

Financial performance key performance indicators ("KPIs") are measured against audited annual financial results, net of STI accruals. Non-financial individual performance KPIs are based on a formal performance and development evaluation conducted by the Group chief executive for the executives and by the remuneration committee and Board chairman for the Group chief executive.

Performance below threshold attracts no STI payment for the specific component of the STI below threshold, where threshold for financial targets is 80% of target.

Non-financial individual performance is assessed against suitable KPIs and is rated on a sliding scale from 1 to 5, where a score of 2 represents threshold performance, 3 on-target performance, 4 excellent performance and a score of 5 stretch performance.

Performance against the FY2018 Group targets are summarised on the following pages, where the outcome represents the overall Group performance expressed as a percentage achievement against target for the specific KPI.

KPA	KPI	OUTCOME	COMMENTS
FINANCIAL			
Weighting 70%	**Profitability – EBIT** (Weighting 20%)	99%	EBIT of R864 million achieved relative to target of R872 million for continuing operations.
	Profitability – Diluted HEPS (Weighting 20%)	96%	Diluted HEPS from continuing operations of 112 cents achieved relative to target of 117 cents.
	Cash flow – net cash (Weighting 10%)	1 046% (capped at 120%)	Net cash of R1 972 million achieved relative to target of R233 million.
	Cash flow – FCF (Weighting 10%)	130% (capped at 120%)	Free cash flow of R738 million relative to target of R569 million.
	Returns (Weighting 10%)	50% (below threshold)	ROICE of 7,5% achieved relative to WACC plus 1,5% (on target) or 15,1%. Performance of less than WACC compared to target attracts no STI payment for the element.
LEADERSHIP			
Weighting 7,5%	**Strategy implementation** **Transformation & diversity** **Leadership succession & development**	3.71 out of 5	Maintained strategic direction of the *New Strategic Future* plan. Reviewed relevance of this plan with external consultants. Adapted strategy for change in natural resources markets. Disposed of Genrec and acquired additional 17%. Closing of businesses in Middle East progressing well. In South Africa, the Group achieved a BBBEE level 4 on the new dti codes (as per plan) and an overall improvement in employment equity on all management levels. Due to a subdued business environment presenting limited opportunity for signing on new employees, transformation in South Africa remains challenging. Developed and implemented diversity policy across all geographic regions. Performance management and succession planning is effectively applied across the Group. A dedicated executive was appointed to oversee leadership development. Executive succession in mining platform has been well managed.

REMUNERATION REPORT – *continued*

KPA	KPI	OUTCOME	COMMENTS
RELATIONSHIPS			
Weighting 7,5%	Stakeholder engagement Employee relations	3.71 out of 5	Maintained good relationships with all stakeholders. Public relations and investor relations were well managed in respect of the bid by ATON to acquire control of Murray & Roberts. The employee relations plans to mitigate the increased level of labour unrest in South Africa are embedded in the Group companies with limited instability during the year.
OPERATIONAL			
Weighting 7,5%	Good governance Commercial management Project performance	3.14 out of 5	Group-wide compliance with good governance practices with adherence to policy and authority frameworks that have been verified by internal audit as being King IV compliant. Commercial risk on Medupi and Kusile projects has been well managed. Good progress with Dubai Airport arbitration with a ruling expected in November 2018. Further improvement in contract management and lessons learnt practices across all operations. Only one major loss-making project in the Group, a major improvement on prior years.
RISK			
Weighting 7,5%	Health, wellness & safety Risk management Environment	3.43 out of 5	Regrettably one fatal incident was recorded during the year. The low LTIFR of 0.9 and TRCR of 3.9 were below target, although still industry leading performances. Implementation of the Group's MAP Programme progressed well across all three business platforms. Risk management practices and internal audit are well-established disciplines and no material findings were reported. Environmental reporting and awareness has improved. No major environmental incidents were reported.

The STI breakdown for the Group chief executive for FY2018 is set out below:

	R'000
Financial (70%)	**5 115**
+ EBIT	**1 287**
+ Diluted HEPS	**1 188**
+ Net cash	**1 320**
+ Free Cash Flow	**1 320**
Non-financial (30%)	**2 475**
+ Leadership	**742,5**
+ Relationships	**742,5**
+ Operational	**495,0**
+ Risk	**495,0**
Add: once-off award in view of contribution made in respect of corporate action activity during FY2018	**1 500**
Total STI (of which 30% is deferred into the FSP)	**9 090**

FY2018 LTI performance outcomes

Vesting of the September 2015 FSP award

The three-year performance period for the September 2015 FSP award ended on 30 June 2018. The September 2015 FSP award comprised 4 218 680 shares, with a total of 1 797 500 shares awarded to the executive directors and prescribed officers. Half of the award was subject to the ROICE performance condition, 25% to relative TSR performance and 25% to FCFPS performance. The ROICE of 7% for the three year performance period was below threshold – the target was 17,3%, or WACC plus 4%. The Group's TSR over the performance period was at a positive compound rate of 13,7% compared to the weighted negative compound rate of 23,4% for the peer group.

Cumulative FCFPS was above 120% of budgeted free cash flow over the performance period at 42 cents per share. The performance in ROICE resulted in 50% of the September 2015 FSP award being forfeited and these shares lapsed on 27 August 2018. The remaining 50% of the September 2015 FSP award vested on 15 September 2018. The calculation of the vesting percentage of these awards were audited by the Company's external auditors.

Vesting and expiry of Share Option Scheme awards

The 30 August 2011 Share Option Scheme did not meet the performance condition on the vesting date, being 30 August 2017. These allocations have lapsed.

LTI awards granted in 2018

An allocation of forfeitable shares was made in September 2018 under the FSP.

The September 2018 FSP is the annual allocation of forfeitable shares to senior executives including the executive directors and prescribed officers and will vest in 2021. A total number of 4 661 500 forfeitable shares were allocated, of which 1 795 500 forfeitable shares to the value of R31 million were allocated to the executive directors and prescribed officers. The allocation took job grade, individual performance and retention risk into consideration.

The vesting of the September 2018 FSP award is subject to meeting performance conditions for the three year performance period from 1 July 2018 to 30 June 2021 as shown in the table below.

30% of the award will vest at threshold and 100% at target, with no vesting for below-threshold performance. Linear vesting will apply between these points. The remuneration committee considers the performance targets to be stretching in the context of the Group's business strategy and the market conditions.

CRITERIA	PERFORMANCE CONDITION	WEIGHTING	THRESHOLD	TARGET FOR MAXIMUM VESTING
EBIT margin	Earnings before interest and tax divided by revenue	50%	3%	**5%**
Conversion ratio of EBITDA into cash	Cash generated from operations divided by Earnings before interest, tax, depreciation and amortization	50%	60%	**80%**

REMUNERATION REPORT – *continued*

The September 2018 FSP award was settled through the use of shares that lapsed under the September 2015 FSP and treasury shares, thereby not resulting in any dilution to shareholders.

In terms of the scheme rules the aggregate number of shares at any one time which may be allocated under the Share Option Scheme and the FSP may not exceed 5,0% of the number of shares in issue. This represents 22 236 806 shares. As at 30 June 2018 there were no shares allocated under the Share Option Scheme and 13 852 946 shares under the FSP, which is less than the aggregate cap. This includes FSP awards under the STI deferral. It should be noted that these shares were not allocated by way of an issue of new shares and as such are not dilutive to shareholders.

The maximum number of shares allocated to any participant in respect of all unvested awards under the FSP and the Share Option Scheme, will not exceed 2 223 681 shares. This represents 0,50% of the number of shares currently in issue. As at 30 June 2018, the Group chief executive had the highest number of unvested awards at 1 862 390 awards, representing 0,42% of the shares currently in issue, which is less than the cap.

Long-term cash settled awards were made to executives operating outside South Africa in October 2018 under the LTCSIP.

The October 2018 LTCSIP award is the annual allocation of awards to senior executives outside South Africa, including the Oil & Gas platform CEO, and will vest in 2021. The allocation took job grade, individual performance and retention risk into consideration.

The vesting of these awards is subject to meeting the same performance conditions as the September 2018 FSP awards, over the three year performance period from 1 July 2018 to 30 June 2021.

Thirty percent of the award will vest at threshold and 100% at target, with no vesting for below-threshold performance. Linear vesting will apply between these points.

The Oil & Gas platform CEO was awarded a cash settled long-term incentive to the value of AU$897 600 effective on 1 October 2018 (October 2017: AU$880 000).

Outstanding Long-Term Incentives

FSP awards and STI deferred into FSP awards

NAME	Date awarded	Opening balance	Number of shares allocated	Value at grant date (R'000)	Number settled in the year	Number forfeited in the year	Closing balance	Settlement date	Settlement value (R'000)	Estimated value (R'000)
Bester, C	Sep 2014	81 500	–	–	81 500	–	–	Sep 2017	1 243	–
	Mar 2015	39 000	–	–	32 500	6 500	–	Sep 2017	496	–
	Sep 2015	430 000	–	–	122 938	307 062	–	Sep 2017	1 875	–
	Nov 2016	476 500	–	–	53 606	422 894	–	Sep 2017	817	–
	STI 2014	11 055	–	–	11 055	–	–	Sep 2017	169	–
	STI 2015	34 698	–	–	34 698	–	–	Sep 2017	529	–
	STI 2016	104 762	–	–	104 762	–	–	Sep 2017	1 598	–
Fenn, O	Sep 2014	54 750	–	–	54 750	–	–	Sep 2017	835	–
	Mar 2015	28 500	–	–	28 500	–	–	Mar 2018	314	–
	Sep 2015	333 500	–	–	–	–	333 500		–	2 920
	Nov 2016	366 000	–	–	–	–	366 000		–	3 204
	STI 2014	5 791	–	–	5 791	–	–	Sep 2017	88	–
Govender, J	Sep 2014	44 778	–	–	44 778	–	–	Sep 2017	618	–
	Mar 2015	19 791	–	–	19 791	–	–	Sep 2017	273	–
	Sep 2015	140 389	–	–	62 824	77 565	–	Sep 2017	867	–
Grobler, D	Sep 2014	25 000	–	–	25 000	–	–	Sep 2017	381	–
	Mar 2015	17 500	–	–	17 500	–	–	Mar 2018	193	–
	Sep 2015	149 000	–	–	–	–	149 000		–	1 304
	Nov 2016	173 000	–	–	–	–	173 000		–	1 515
	Sep 2017	–	405 000	5 877	–	–	405 000		–	3 546
	STI 2014	3 288	–	–	3 288	–	–	Sep 2017	50	–
	STI 2015	18 384	–	–	9 191	–	9 193	Sep 2017	140	161
	STI 2016	68 147	–	–	22 715	–	45 432	Sep 2017	346	796
	STI 2017	–	54 942	839	–	–	54 942		–	962
Harrison, S	Sep 2014	30 250	–	–	30 250	–	–	Sep 2017	461	–
	Mar 2015	17 500	–	–	17 500	–	–	Mar 2018	193	–
	Sep 2015	147 000	–	–	–	–	147 000		–	1 287
	Nov 2016	248 000	–	–	–	–	248 000		–	2 171
	Sep 2017	–	253 000	3 671	–	–	253 000		–	2 215
	STI 2014	3 883	–	–	3 883	–	–	Sep 2017	59	–
	STI 2015	15 320	–	–	7 659	–	7 661	Sep 2017	117	134
	STI 2016	27 506	–	–	9 168	–	18 338	Sep 2017	140	321
	STI 2017	–	35 317	539	–	–	35 317		–	618
Henstock, I	Sep 2014	50 000	–	–	50 000	–	–	Sep 2017	763	–
	Mar 2015	22 500	–	–	22 500	–	–	Mar 2018	248	–
	Sep 2015	262 500	–	–	–	–	262 500		–	2 298
	Nov 2016	291 000	–	–	–	–	291 000		–	2 548
	STI 2014	6 417	–	–	6 417	–	–	Sep 2017	98	–
Laas, H	Sep 2014	123 000	–	–	123 000	–	–	Sep 2017	1 876	–
	Mar 2015	61 500	–	–	61 500	–	–	Mar 2018	677	–
	Sep 2015	760 000	–	–	–	–	760 000		–	6 654
	Nov 2016	842 500	–	–	–	–	842 500		–	7 376
	STI 2014	16 455	–	–	16 455	–	–	Sep 2017	251	–
	STI 2015	49 200	–	–	24 600	–	24 600	Sep 2017	375	431
	STI 2016	176 145	–	–	58 715	–	117 430	Sep 2017	895	2 056
	STI 2017	–	117 860	1 800	–	–	117 860			2 064
Mdluli, T	Sep 2014	32 500	–	–	32 500	–	–	Sep 2017	496	–
	Mar 2015	22 500	–	–	22 500	–	–	Mar 2018	248	–
	Sep 2015	145 500	–	–	–	–	145 500		–	1 274
	Nov 2016	161 500	–	–	–	–	161 500		–	1 414
	Sep 2017	–	165 500	2 401	–	–	165 500		–	1 449
	STI 2014	3 999	–	–	3 999	–	–	Sep 2017	61	–
	STI 2015	13 946	–	–	6 972	–	6 974	Sep 2017	106	122
	STI 2016	34 152	–	–	11 384	–	22 768	Sep 2017	174	399
	STI 2017	–	25 735	393	–	–	25 735		–	451

REMUNERATION REPORT – *continued*

Cash Settled Conditional Rights

NAME	Date awarded	Opening balance	Number of rights allocated	Value at grant date (R'000)	Number settled in the year	Number forfeited in the year	Closing balance	Settlement date	Settlement value (R'000)	Estimated value (R'000)
Laas, H	Sep 2017	–	864 000	12 537	–	–	864 000	–	–	7 564

LTCSIP

NAME	Date awarded	Opening balance (AU$'000)	Awarded (AU$'000)	Value at grant date (AU$'000)	Settled in the year	Forfeited in the year	Closing balance (AU$'000)	Settlement date	Settlement value (AU$'000)	Estimated value (AU$'000)
Bennett, P	Oct 2017	–	880	880	–	–	880	–	–	440

Executives receive dividend payments on the FSP and Conditional Rights allocations held from the award date.

For the LTI awards, a vesting percentage of 50% is applied to calculate the estimated value.

Share Option Scheme

NAME	Date awarded	Opening balance	Strike price	Condition	Number forfeited in the year	Closing balance	Vesting date	Estimated value
Bester, C	30 Aug 2011	89 780	25,24	Retention	89 780	–	30 Aug 2017	–
Fenn, O	30 Aug 2011	56 280	25,24	Retention	56 280	–	30 Aug 2017	–
Henstock, I	30 Aug 2011	75 040	25,24	Retention	75 040	–	30 Aug 2017	–
Laas, H	30 Aug 2011	150 080	25,24	Retention	150 080	–	30 Aug 2017	–

Letsema Vulindlela Black Executives Trust

NAME	Date awarded	Number of shares allocated	Strike price	Condition	Number forfeited in the year	Closing balance	Vesting date	Estimated value
Mdluli, T	24 Aug 2010	11 500	41,02	Standard	–	11 500	31 Dec 2021	–
	20 Apr 2011	10 000	25,16	Hurdle	–	10 000	31 Dec 2021	–
	30 Aug 2011	25 500	27,70	Standard	–	25 500	31 Dec 2021	–

Remuneration outcomes for non-executive directors

The remuneration policy for the non-executive directors set out in the remuneration policy report was applied in FY2018. The remuneration of non-executive directors for the year ended 30 June 2018 was:

Non-executive directors' remuneration

NAME	Directors' fees R'000	Non-attendance R'000	Special Board R'000	Committee fees R'000	Lead independent fee R'000	Chairman's fees R'000	Total 2018 R'000	Total 2017 R'000
DD Barber[1]	98	–	–	81	–	–	**179**	703
R Havenstein[2]	72	–	–	238	838	–	**1 148**	970
SP Kana[3]	72	–	–	327	–	1 025	**1 424**	1 010
NB Langa Royds	301	–	100	443	–	–	**844**	835
A Maditsi[4]	253	–	150	236	–	–	**639**	–
E Mashilwane[5]	228	–	150	192	–	–	**570**	–
D Radley[6]	253	–	150	368	–	–	**771**	–
JM McMahon[7]	–	–	–	–	–	–	**–**	164
XH Mkhwanazi	301	–	150	265	–	–	**716**	599
M Sello[8]	472	–	–	–	–	–	**472**	1 399
RT Vice[9]	–	–	–	–	–	–	**–**	459
Total	2 050	–	700	2 150	838	1 025	**6 763**	6 139

1 Retired on 31 October 2017.
2 Appointed lead independent director on 2 November 2017.
3 Appointed chairman on 2 November 2017.
4 Appointed on 23 August 2017.
5 Appointed on 23 August 2017.
6 Appointed on 23 August 2017.
7 Retired on 30 September 2016.
8 Retired on 2 November 2017.
9 Retired on 30 November 2016.

AUD NAME	Directors' fees AU$'000	Non-attendance AU$'000	Special Board AU$'000	Committee fees AU$'000	Chairman's fees AU$'000	Total 2018 AU$'000	Total 2017 AU$'000
K Spence	100	(1)	51	39	–	**189**	205

The chairman's fee includes attendance at committee meetings excluding the Independent Board.

INDEPENDENT BOARD	Fees R'000	Total 2018 R'000
R Havenstein	500	**500**
SP Kana	400	**400**
A Maditsi	400	**400**
D Radley	400	**400**
Total	1 700	**1 700**

REMUNERATION REPORT – *continued*

Fee proposal for 2019

In accordance with King IV, the remuneration committee reviews and recommends fee structures to the Board for approval (excluding recommendation on their own fees) before submitting recommendations for approval by shareholders at the annual general meeting.

An inflation-linked increase to the non-executive directors' fees is proposed for 2019.

The proposed fees (excluding Value Added Tax) are tabled below:

		Previous per annum	Proposed per annum
DIRECTOR FEES			
Chairman	Includes director and committee fees[1]	R1 500 000	R1 590 000
Lead independent director	Includes director and relevant committee fees	R1 050 000	R1 120 000
Resident director	Per annum[2&3]	R305 000	R322 000
Non-resident director	Per annum[3,4&5]	AU$100 000	AU$100 000
COMMITTEE FEES			
Audit & sustainability	Chairman	R283 000	R298 000
	Resident member	R151 500	R160 000
	Non-resident member	AU$10 000	AU$10 000
Health, safety & environment	Chairman	R205 500	R216 000
	Resident member	R105 000	R110 500
	Non-resident member	AU$10 000	AU$10 000
Nomination	Member	R67 000	R70 500
Remuneration & human resources	Chairman	R205 500	R216 000
	Member	R105 000	R110 500
Risk management	Chairman (Rand)	R205 500	R216 000
	Chairman (AU$)		AU$21 600
	Resident member	R105 000	R110 500
	Non-resident member	AU$10 000	AU$10 000
Social & ethics	Chairman	R205 500	R216 000
	Resident member	R105 500	R110 500
	Non-resident member	AU$10 000	AU$10 000
AD HOC MEETINGS			
Board	Resident member	R50 000	R53 000
	Non-resident member	AU$17 000	AU$17 000
Committee	Resident member	R25 500	R27 000
	Non-resident member	AU$8 900	AU$8 900

1 Includes fees for chairing the nomination committee and attending all Board committees.

2 Calculated on the basis of five meetings per annum.

3 A deduction of R27 000 or AU$8 900 per meeting will apply for non-attendance at a scheduled Board meeting.

4 A deduction of R110 000 or AU$1000 per meeting will apply for non-attendance at a scheduled committee meeting.

5 Australian resident non-executive directors will receive an annual travel allowance of AU$25 000 to compensate for the time spent travelling to attend meetings.

In terms of section 66(8) of the Companies Act shareholders are referred to special resolution number 1 included in the loose insert of the printed report regarding approval of the proposed non-executive director fee structure for FY2019.