

REMUNERATION POLICY

REMUNERATION PHILOSOPHY

Clover's Group Remuneration Policy is aimed at attracting and retaining key, specialist skills in order to generate a return on investment for shareholders that is sustainable in the long term.

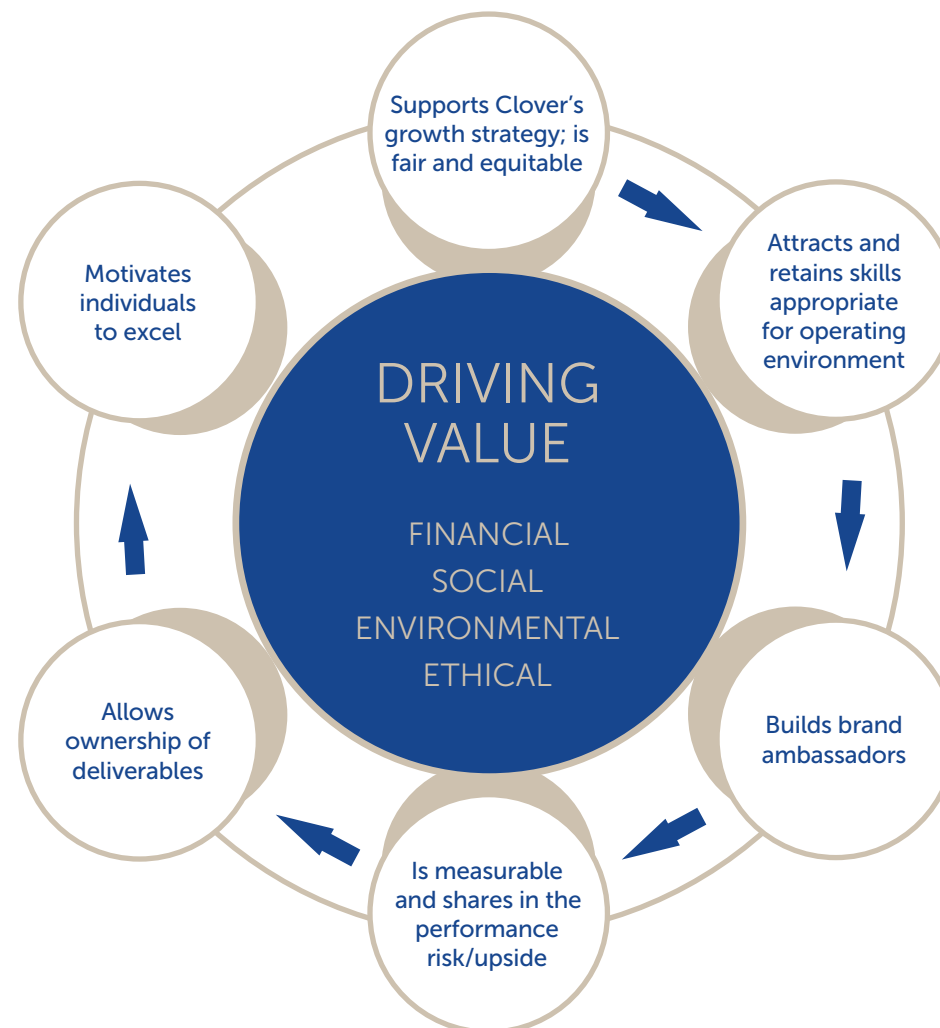
In line with international best practices, the Remuneration Policy strives to attain its objective by establishing remuneration practices that are fair, reasonable and market related by combining short-term remuneration with longer-term incentives.

The long-term interests of those who potentially administer the most significant influence on sustained growth, the executive and senior management, are aligned with the interests of shareholders.

Clover's Remuneration Policy is based on the following key principles:

- Remuneration should support the Group's strategies and be consistent with the organisation's culture of fairness and equity;
- Remuneration should take into account the size of the Group, the complexity of the business and the competitive environment;
- Remuneration should support the Group's vision to be the most admired branded consumer goods company in emerging markets by attracting and retaining the appropriate talent;
- Remuneration should directly correlate with the growth objectives, financial performance targets and actual achievements of the business of the Group;
- Remuneration should be reviewed and benchmarked regularly through independent external professional service providers to ensure that the Group remains competitive in the diverse markets in which it operates, not applying percentiles rigidly but taking into account industry type, skills scarcity, performance, and legislative structures and requirements;
- Remuneration should motivate and allow for differentiation (i.e. reward high performers); and
- Individual contribution based on role and responsibilities should have a direct bearing on the levels of remuneration.

Clover's Remuneration Policy aims to:



GOVERNANCE

Clover's Group Remuneration Committee is a sub-committee of the Board and oversees the approach to and governance of remuneration matters. It also determines the remuneration of Executive Directors, other executives as well as the remuneration of Non-executive Directors, which is ultimately approved by shareholders.

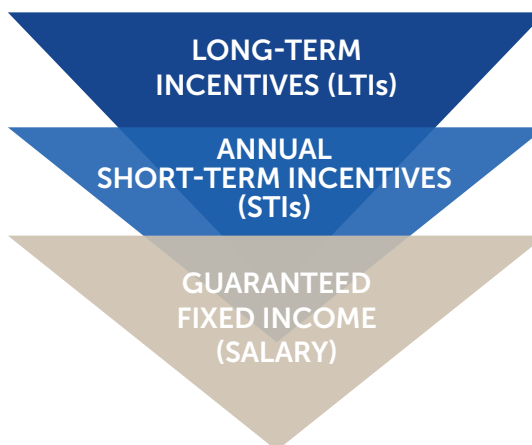
Details on Remuneration Committee members, meetings and attendance are set out in the Corporate Governance section of this Integrated Annual Report, on pages 44 to 45.

The Remuneration Committee actively engages with independent advisors and stakeholders, to ensure that the remuneration philosophy, policy, strategy and practices are aligned to best practice and achieving the objectives of the Group.

The Executive Committee determines and approves the remuneration structures for all employees who are not executives.

REMUNERATION MIX

Clover's remuneration structure comprises three components and are aligned with achieving Group objectives:



Remuneration mix: Guaranteed fixed income component

Guaranteed Fixed Income comprises:

- Monthly salary;
- Compulsory benefits (i.e. retirement); and
- Discretionary benefits (i.e. medical aid).

* Employees on Paterson Grade C3 and lower can choose to join Discovery Health Medical Scheme or Umvuzo Medical Scheme. Membership to a medical scheme is not compulsory. For Paterson Grade C4 and higher the Discovery Health Medical Scheme is compulsory.

Guaranteed Fixed Income considerations:

- Regular benchmarking exercises are performed internally and externally to ensure equity, fairness and market relatedness;
- The fixed income component is reviewed annually in May and are revised on 1 July of each year;
- Interim reviews of the fixed income component is undertaken to retain talent, taking into account market adjustments or employee promotions;
- Clover's employment profile is based on the competencies, outputs and behaviour required for a specific position; and
- The employment profile must fit within the organisational structure and an appropriate employment grade should be assigned to the position.

Differentiation between Paterson Grades

Paterson Grade	Guaranteed fixed income	Short-term incentive	Long-term incentive
B5 and below	Base pay and benefits: 13th cheque	N/A	N/A
C1 to C5	Base pay and benefits: 13th cheque	Merit bonus based on formal performance management. Short-term incentive scheme for selected Paterson Grade C5 Employees	N/A
D1 to D5	Base pay and benefits	Short-term Incentive Scheme	N/A
E	Base pay and benefits	Short-term Incentive Scheme	Long-term Incentive Scheme
F	Base pay and benefits	Short-term Incentive Scheme	Share Appreciation Rights Scheme

Scarce skills

Scarce skills are defined as a skill where market demand outstrips the available supply. Scarce skill sets are identified annually and the strategy is adjusted to reduce business risk. If scarcity is as a result of a unique combination of skills and experience, deliberate efforts are made to build a talent pool around the incumbent, to reduce business risk.

Incumbents identified as having scarce skills are graded as "S"-band employees in terms of Clover's employment scale. To reduce the risk of losing highly specialised skills, the fixed income component applied to this category is targeted at the top-end (90th percentile) of the market range and also includes a discretionary retention bonus (8% of annual basic salary) payable at the end of each financial year, provided that the necessary performance criteria are met.

Remuneration mix: Annual short-term incentive component

Annual Short-Term Incentive Scheme (STI)

STIs are designed to drive improvement of the Group's results on an annual basis.

Paterson Band	Individual performance	Group profit	Individual performance cap	Group profit cap	Entitlement (months base salary)**	Maximum entitlement (months base salary)*	Profit target
D1–D2**	75%	25%	100%	200%	2	2.5	Operating profit
D3–D5**	50%	50%	100%	200%	3	4.5	Operating profit
E*	50%	50%	100%	200%	5	7.5	Operating profit
Other Executives***	40%	60%	100%	183%	10	15	Normalised attributable profit
Chief Financial Officer	40%	60%	100%	183%	10	15	Normalised attributable profit
Chief Executive	30%	70%	100%	171%	12	18	Normalised attributable profit

* For example, if a staff member on the Paterson E band achieves a 100% individual performance bonus and a 200% Group profit bonus the employee will be able to earn 7.5 months' additional base salary in bonuses.

** For Paterson Grades D1 to D5 the base salary consists of the employees' monthly basic salary, for Paterson Grades E, the base salary consists of the employees' monthly basic salary, plus 22% car allowance plus 10% pension fund contribution and for Paterson Grade F, the base salary consists of the employees' total monthly guaranteed fixed income.

*** 50% of Elton Bosch's short-term incentive will be based on individual performance and 50% by the extent to which the Group's profit targets have been reached. This incentive will end on 1 July 2015, after two years of employment. Marcelo Palmeiro will be entitled to a maximum fixed amount of R800 000 to the extent that the Group's profit target is met and R400 000 to the extent that the individual targets are met.

STIs measures and targets

For Paterson Grade C:

- Individuals who score an annual individual performance rating of 4 or 5 qualify for a merit bonus; and
- The merit bonus is calculated as a percentage of annual basic salary and is paid together with the 13th cheque.

For Paterson Grade E and D:

- The individual performance portion of the STI is based on specific key performance indicators agreed to between the employee and his/her direct manager;
- Calculated on operating profit before restructuring costs;
- The profit target is triggered once 95% of target is reached; and
- A 1% additional bonus is paid for every 1% achieved over the profit target.

For Paterson Grade F (Executive):

- The individual performance portion of the STI is based on specific key performance approved by the Remuneration Committee annually and include, *inter alia*:
 - Human Resources;
 - Optimising the brand portfolio;
 - Implementation of Project Cielo Blu within timeframe and budget;
 - Increase market shares through sales and distribution strengths;
 - Successful completion of capital projects;
 - Mergers, acquisitions and Africa;
 - Investor Relations;
- Calculated using normalised attributable profit; and
- The profit target is triggered once 90% of the profit target is reached. If the profit exceeds the target, an additional bonus of 3.55% for the CE and 4.15% for the CFO and other executives will be paid for every 1% achieved over the profit target.

STIs are self-funded since all bonuses are budgeted for in full before the profit target is approved by the Remuneration Committee annually. The final profit figure is confirmed by the Remuneration Committee following completion of the annual audit and is not necessarily linked to the budget approved by the Board.

Incentives are paid in August and/or September of each applicable year. The Remuneration Committee has the sole and absolute discretion to make adjustments for extraordinary factors, taking into account external factors beyond the control of employees, such as cyclical. Employees who have been found guilty of gross misconduct will not be entitled to participation in STIs. Processes have been put in place to manage and guide employees to achieve the maximum bonus (and relevant profit targets) by means of quarterly performance management sessions on an individual basis.

Remuneration mix: Long-term Incentive component

Long-Term Incentive Scheme ("LTI")

Clover's LTI is a deferred bonus scheme, serving as a retention mechanism. It awards employees on Paterson Grade E (and certain positions on grade D5) (senior management) for adding tangible value to the businesses of the Group.

LTI measures and targets:

- Calculated using normalised attributable profit;
- A percentage of annual base salary; and
- Paid out in equal amounts over a three-year period.

Target achieved	Bonus payable
Normalised attributable profit target as per budget	20% of annual base salary
Normalised attributable profit target as per budget plus 10%	40% of annual base salary
Normalised attributable profit target as per budget plus 20%	60% of annual base salary

For Paterson Grade E, the base salary consists of the employees' monthly basic salary, plus 22% car allowance plus 10% pension fund contribution.

The LTI is governed by rules which are regularly reviewed and updated by the Executive Committee as necessary for alignment with best practice.

Share Appreciation Rights Scheme ("SAR Scheme")

The purpose of the SAR Scheme is to attract, retain, motivate and reward the Group's Executives (Paterson Grade F) and/or other participants who are able to influence the performance of the Group, by aligning their interests with those of shareholders.

The SAR Scheme is governed according to rules approved by the Company's shareholders in November 2010.

SARs measures and targets

The eligibility criteria, the quantum of allocations and the conditions governing each allocation are determined by the Remuneration Committee and takes into account seniority within the Group, work function and the ability of the participant to add value to the Group and its businesses.

First time allocation of SARs

Except for the initial allocation (set out on page 67 of this Integrated Annual Report) the following market related formula is used to determine the number of share appreciation rights a participant may be eligible for when participating in SARs for the first time:

$$A = (B \times C)/D$$

Where:

A	The total number of SARs to be allocated
B	Guaranteed Fixed Income component of the participant
C	Market related multiple <ul style="list-style-type: none"> ● Other executives = 4 ● CFO = 6 ● Chief Executive = 8
D	The volume weighted average price of an ordinary share listed on the JSE over seven trading days immediately prior to the allocation price.

Subsequent SARs allocations (following a participant's first allocation)

Following a benchmarking exercise conducted by PricewaterhouseCoopers, the Remuneration Committee resolved with effect from 1 July 2012 that the smoothed average face value allocation formula (set out below) will be used when

allocating subsequent SARs to a participant (following the first allocation):

$$A = (B \times C)/D$$

Where:

A	The total number of SARs to be allocated
B	Guaranteed Fixed Income component of the participant
C	Market-related multiples set out below
D	The volume weighted average price of an ordinary share listed on the JSE over seven trading days immediately prior to the allocation price

Participant	Annual smoothed face value multiple
CE	267%
CFO	200%
Other Executives	167%

Period of vesting of SARs

The SAR Scheme rules provides that all SARs allocated:

- On or before 1 July 2011 will vest in full after the third anniversary of the allocation date, provided that the relevant performance criteria were met; and
- On or after 1 July 2011 and that have vested must be exercised by the participant on or before the seventh anniversary of the relevant allocation date relating to such allocation of SARs.

SARs performance criteria

All SARs allocated on 1 July 2012 will be subject to the following performance criteria:

Individual performance condition

- 25% will be subject to personal performance conditions to be set and measured by the Chief Executive for each of the participants, provided that the Chief Executive will make a recommendation regarding the vesting of the 25% of the allocation to the Remuneration Committee for each of the participants.

Financial performance conditions

- 75% will be subject to achieving specific financial performance measures;

- Headline earnings per share must exceed the previous four years' headline earnings per share plus the average inflation rate over the previous four years plus 2% growth.
- The vesting of the 75% portion of the allocation will be based on a sliding scale whereby 30% of the allocation will vest when headline earnings per share growth above the average inflation rate is achieved and 100% will vest if headline earnings per share is increased by a minimum of 2% above inflation.

All SARs allocated on 1 July 2013 will be subject to the following performance criteria:

Individual performance condition

- 25% will be subject to personal performance conditions to be set and measured by the Chief Executive for each of the participants, provided that the Chief Executive will make a recommendation regarding the vesting of the 25% of the allocation to the Remuneration Committee for each of the participants.

Financial performance conditions

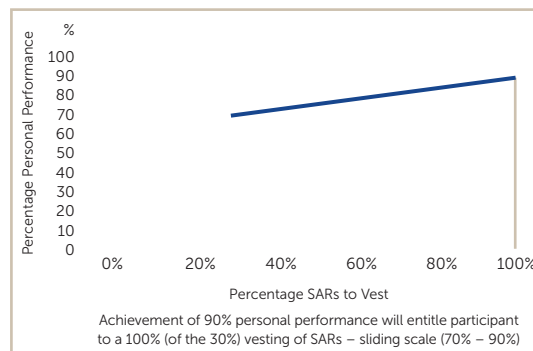
- 75% will be subject to achieving specific financial performance measures;
- Headline earnings per share for the year (in which the vesting is supposed to take place) must exceed the previous year's headline earnings per share plus the annual inflation rate (for the period 1 July to 30 June) plus 2% growth;
- The vesting of the 75% portion of the SARs allocation will be based on a sliding scale whereby 30% of the allocation will vest when headline earnings per share growth above, equal to the annual inflation rate is achieved and 100% of the allocation will vest if headline earnings per share is increased by a minimum of 2% above the annual inflation rate.

Following Clover's engagement with significant shareholders during the review period and the subsequent benchmarking exercise conducted by PricewaterhouseCoopers, the Remuneration Committee adjusted the individual performance conditions to include additional financial measures, in particular return on equity (ROE), as qualifying criteria.

All SARs allocated on or after **30 June 2014** will be subject to the following performance criteria:

Individual performance condition

- 30% of the allocation to be subject to the achievement of individual performance, measured as the average over four years. 30% vests at 70% performance and 100% vests at 90% performance as follows:



Financial performance conditions

- 70% of the SARs allocation will be subject to financial performance:
 - Headline earnings per share constituting 50%; and
 - ROE constituting 20%.

The HEPS performance condition targets will be as follows:

- 30% (of the 50%) of the allocated SARs will vest if the average HEPS (over a four year period) exceed the previous four years average HEPS by CPI;
- 65% (of the 50%) of the allocated SARs will vest if the average HEPS (over a four year period) exceed the previous four years average HEPS by CPI plus 2%; and
- 100% (of the 50%) of the allocated SARs will vest if the average HEPS (over a four year period) exceed the previous four years average HEPS by CPI plus 4%.

In line with other conditions of performance, 3 ROE targets will be set:

- The threshold target, where 30% (of the remaining 20%) of the SARs allocation will vest;
- The target, at which 65% (of the remaining 20%) of the SARs allocation will vest; and
- The stretch target, at which 100% (of the remaining 20%) of the SARs allocation will vest.

The ROE targets will be as follows:

SARs	Formula
Threshold	The target less half the standard deviation
Target	Average ROE of the Board's 4 year approved plan
Stretch target	The target plus one standard deviation

ROE targets will include projects and in the event of material changes to the nature, scope or implementation of planned projects, the Remuneration Committee or the Board may adjust the ROE targets.

Recommendations to shareholders

The Remuneration Committee proposes the amendment of the rules of the Share Appreciation Rights Scheme to be voted on at the 2014 Annual General Meeting of shareholders.

The current rules state that:

"the provisions of the Plan, which currently stipulate that if 30% of the entire issued share capital of the Company is acquired by any person acting in concert, other than the Clover Milk Producer Trust and/or the participants ("Change of Control"), all of the share appreciation rights ("SARs") allocated to a participant shall immediately vest in that participant and be exercisable in accordance with the terms of the Plan"

The proposed amendments are that, in the event of a Change of Control, only the proportionate number of SARs allocated to a participant on or after 1 January 2014 shall vest, having regard to

- the period of time that has lapsed between the allocation date and the vesting date at the time of the Change of Control, and
- the extent to which the performance criterion (if any) have been satisfied as at the date of the Change of Control (as determined by the Remuneration and Nomination Committee to ensure objectivity)
- Provided that should
 - a dispute arise between the Participants and the Remuneration Committee, such dispute shall be referred to the Board for determination, and
 - should such dispute not be resolved within a period of 60 (sixty) days from such referral to the Board, the dispute shall be referred to the Expert in terms of clause 15 of the Plan for final determination.

APPROACH TO EXECUTIVE REMUNERATION

In order to attract, retain, motivate and incentivise the industry's best and most suitable candidates, the Group acknowledges that it is obliged to offer nationally and internationally competitive remuneration packages.

The Remuneration Committee utilises external market surveys and benchmarks in order to determine Executive remuneration

and benefits as well as the base and attendance fees for Non-executive Directors. Clover's remuneration philosophy seeks to align and link both short- and long-term incentives to the achievement of business objectives and the delivery of an acceptable return on shareholders' equity whilst ensuring the sustainability of the Company. Remuneration packages are therefore linked to the achievement of these objectives.

Executive remuneration structures (including those of Executive Directors) comprise both guaranteed and variable components as set out and explained below:

Component	Type	Comprises	Objective
Guaranteed	Guaranteed Fixed Income	Base salary, benefits (car allowance, retirement and medical aid contributions).	Commensurate with scope of position, experience and level of responsibility.
Variable	Short-term incentive	Cash-based payments to an individual based on Group financial performance and individual performance over the preceding financial year.	Rewards individual and corporate performance. Eligible staff are those on Patterson bands C1 to F. Refer to STI table on page 60.
Variable	Long-term incentive	All cash and equity based awards that accrue to an individual over time, based on the Group's financial performance and individual performance over a financial period.	Attract, retain and incentivise key incumbents to deliver exceptional individual and corporate performance over time, in line with shareholder interests.

Guaranteed Fixed Income

Executive guaranteed fixed income packages are benchmarked regularly using market data for individual salary levels for similar positions in the market place. This information, together with individual performance assessments, form the base for annual salary reviews.

The Remuneration Committee has the requisite discretion to determine Executive guaranteed fixed income packages and is mindful of factors such as retention, contribution and skill levels.

Executives are able to participate in a defined contribution retirement fund and other benefits include vehicle allowances, medical insurance, death and disability insurance, leave and recognition for service.

Variable package

Short-term Incentives ("STIs")

Executives' participation in STIs are linked to the achievement of profit growth targets and personal performance measures. The complete workings of the STIs are set out in the Remuneration Policy on page 58 more specifically the table set out on page 60.

Long-term Incentives ("LTIs")

Clover's LTIs relating to its executives consist of equity based awards and serves as a retention mechanism. Refer to the Remuneration Policy on page 58 of this report for more information on the salient features of the cash and equity measures and targets, in particular the Share Appreciation Rights Scheme, which complies with the JSE Listings Requirements.

Under the SAR Scheme, the aggregate number of ordinary shares which may be acquired by the Executives may not exceed 16 million ordinary shares. At 30 June 2014, a total of 3 366 722 ordinary shares (30 June 2013: 2 106 282 ordinary shares) have been issued to Executives, with the balance of 12 633 178 ordinary shares remaining available for issue.

The salient features of the SAR Scheme, which complies with the JSE Listings Requirements, are set out in the Remuneration Policy, which can be found on pages 58 to 69 of this Integrated Annual Report.

Allocations made in terms of the SAR Scheme

The First and Second Allocations were legacy scheme issues in terms of the Management Participated Capital Restructuring Exercise ("MPCRE") and are disclosed separately at the back of this report.

Number of SARs vested at 30 June 2014

	Number of SARs allocated	Allocation date	Allocation price	Total SARs vested as at 30 June 2014	Total SARs exercised as at 30 June 2014
Third allocation					
Executive Directors					
JH Vorster	821 256	1 July 2011	R11,00	821 256	Nil
LJ Botha	404 063	1 July 2011	R11,00	404 063	Nil
CP Lerm	1 119	1 July 2011	R11,00	1 119	Nil
Other Executives					
H Lubbe	57 778	1 July 2011	R11,00	57 778	Nil
JHF Botes	330 723	1 July 2011	R11,00	330 723	Nil

Fourth allocation

Executive Directors					
JH Vorster	1 036 716	1 July 2012	R13,73	Nil	Nil
LJ Botha	533 657	1 July 2012	R13,73	Nil	Nil
CP Lerm	389 123	1 July 2012	R13,73	Nil	Nil
Other Executives					
H Lubbe	389 123	1 July 2012	R13,73	Nil	Nil
JHF Botes	389 123	1 July 2012	R13,73	Nil	Nil

Salient Features of the Third Allocation

(a) Vesting

The SARs allocated as part of the Third Allocation will vest in full after the expiry of three years from 1 July 2011.

(b) Performance criteria

The following performance criteria has to be met prior to the vesting of the SARs relating to the Third Allocation:

- Over a four-year cycle the total normalised attributable profit must exceed that of the previous four-year cycle.

(c) General

In the event that these performance criteria are not met prior to the vesting of the SARs, the portion of allocated SARs eligible for vesting will be forfeited. In addition, all SARs allocated as part of the Third Allocation and all subsequent allocations which have vested, must be exercised by the Executive on or before the seventh anniversary of the relevant allocation date relating to such allocation of SARs.

Salient features of the Fourth Allocation

(a) Vesting

The SARs allocated as part of the Fourth Allocation will vest in full after the expiry of three years from 1 July 2012.

(b) Performance criteria

As set out in the Remuneration Report on page 61 of this Integrated Annual Report.

(c) General

In the event that the above performance criteria are not met prior to the vesting of the SARs, the portion of allocated SARs eligible for vesting will be forfeited. In addition, all SARs allocated relating to the Fourth Allocation and all subsequent allocations, which have vested must be exercised by the Executive on or before the seventh anniversary of the relevant allocation date relating to such allocation of SARs.

	Number of SARs allocated	Allocation date	Allocation price	Total SARs vested as at 30 June 2014	Total SARs exercised as at 30 June 2014
Fifth allocation					
Executive Directors					
JH Vorster	879 589	1 July 2013	R16,83	Nil	Nil
LJ Botha	452 775	1 July 2013	R16,83	Nil	Nil
CP Lerm	332 135	1 July 2013	R16,83	Nil	Nil
Other Executives					
H Lubbe	332 135	1 July 2013	R16,83	Nil	Nil
JHF Botes	332 135	1 July 2013	R16,83	Nil	Nil
ER Bosch	332 135	1 July 2013	R16,83	Nil	Nil
MM Palmeiro	380 159	1 July 2013	R16,83	Nil	Nil

Sixth allocation

Executive Directors					
JH Vorster	906 510	30 June 2014	R17,31	Nil	Nil
LJ Botha	466 633	30 June 2014	R17,31	Nil	Nil
CP Lerm	342 300	30 June 2014	R17,31	Nil	Nil
Other Executives					
H Lubbe	342 301	30 June 2014	R17,31	Nil	Nil
JHF Botes	342 301	30 June 2014	R17,31	Nil	Nil
ER Bosch	342 301	30 June 2014	R17,31	Nil	Nil
MM Palmeiro	391 795	30 June 2014	R17,31	Nil	Nil

Salient features of the Fifth Allocation

(a) Vesting

The SARs allocated as part of the Fifth Allocation will vest in full after the expiry of three years from 1 July 2013.

(b) Performance criteria

As set out in the Remuneration Report on page 61 of this Integrated Annual Report.

(c) General

In the event that the above performance criteria are not met prior to the vesting of the SARs, the portion of allocated SARs eligible for vesting will be forfeited. In addition, all SARs allocated relating to the Fifth Allocation and all subsequent allocations, which have vested must be exercised by the Executive on or before the seventh anniversary of the relevant allocation date relating to such allocation of SARs.

Salient features of the Sixth Allocation

(a) Vesting

The SARs allocated as part of the Sixth Allocation will vest in full after the expiry of three years from 30 June 2014. The Remuneration Committee has resolved that all SARs will in future be allocated on 30 June of each year to enable the executives or other participants to accept the allocation prior to the commencement of the company's closed period relating to its financial year end which commences on 30 June.

(b) Performance criteria

As set out in the Remuneration Report on page 61 of this Integrated Annual Report.

(c) General

In the event that the above performance criteria are not met prior to the vesting of the SARs, the portion of allocated SARs eligible for vesting will be forfeited. In addition, all SARs allocated relating to the Sixth Allocation and all subsequent allocations, which have vested must be exercised by the Executive on or before the seventh anniversary of the relevant allocation date relating to such allocation of SARs.

Salient features of the First Allocations to newly appointed executives

An allocation was made to ER Bosch and MM Palmeiro who were appointed by the Group as Executives with effect from 1 June 2012 and 1 October 2012, respectively:

	Number of SARs allocated	Allocation date	Allocation price	Total SARs vested as at 30 June 2014	Total SARs exercised as at 30 June 2014
Executive Directors					
ER Bosch	953 620	1 June 2012	R13,50	Nil	Nil
MM Palmeiro	925 500	1 October 2012	R15,15	Nil	Nil

(a) Vesting

The SARs allocated as part of this allocation will vest in three equal tranches on the expiry of three, four and five years from 1 June 2012 and 1 October 2012, respectively.

(b) Performance criteria

No performance criteria have to be met prior to the vesting of the SARs relating to this allocation.

(c) General

The primary purpose of the allocation to ER Bosch and MM Palmeiro is to serve as a retention mechanism, therefore no performance criteria have to be met prior to the vesting date.

Hedging of SARs

The Third Allocation of SARs has been hedged. Refer to note 14.2 and 31 of the annual financial statements on page 189 for further details.

Employment contracts for Executives

The notice period for termination of the contract of employment of Executives is six months.

Approach to Non-executive Directors' remuneration

It is the Group's policy to identify, attract and retain Non-executive Directors who can add value to Clover. For this reason, non-executive fees are competitive and in the upper quartile. Attendance fees are only paid for actual committee meetings attended.

The Chairman of the Board, Werner Büchner, and the Lead Independent Director, Tom Wixley will not receive additional remuneration should they serve on any sub-committee of the Board, since they receive a fixed annual fee.

The fees payable to Non-executive Directors for the 2015 financial year will be proposed for consideration and approval at the 2014 Annual General Meeting to be held on 28 November 2014.

Total remuneration and benefits payable to Directors and prescribed officers

The Board considered the requirements of the Companies Act with regard to the disclosure of the remuneration of Directors and prescribed officers. After careful consideration it was concluded that all members of the Executive Committee are deemed to be prescribed officers.

A complete table setting out the total remuneration of directors and Prescribed officer can be found in note 32.1 to the Annual Financial Statements on page 191 to 192 of this Integrated Annual Report.

Interest of Directors and other Executives of the Company in ordinary share capital

A complete table setting out the interest of Directors and prescribed officers of the Company in the ordinary share capital can be found in note 32.3 to the Annual Financial Statements on page 195 of this Integrated Annual Report.

LEGACY SCHEME SARs ISSUES

Salient features of the Initial Allocation

Clover's Management Participated Capital Restructuring Exercise (MPCRE) which was approved by shareholders on 31 May 2010, changed the nature of the Group's preference shares from profit-sharing instruments to pure debt instruments carrying rights to a guaranteed dividend only.

This impacted on the value of the preference shares by eliminating any value upside. Consequently, an award of preference shares to Clover's employees in terms of its preference share incentive scheme no longer incentivised employees or aligned their interests with those of ordinary shareholders.

As a result, shareholders approved the adoption of the Clover Share Appreciation Rights Plan (2010) (SAR Scheme) on 31 May 2010. The SAR Scheme was subsequently amended on 4 November 2010 and 10 November 2011.

	Number of SARs allocated	Allocation date	Allocation price	Total # SARs vested as at 30 June 2014	Total # SARs exercised as at 30 June 2014	Total # ordinary shares issued to settle SARs exercised as at 30 June 2014
Executive Directors						
JH Vorster	4 587 200	31 May 2010	R4,67	3 058 133	Nil	Nil
HB Roode***	2 616 762	31 May 2010	R4,67	2 616 762	2 616 762	1 911 191
LJ Botha	2 443 140	31 May 2010	R4,67	1 628 760	Nil	Nil
CP Lerm	2 454 758	31 May 2010	R4,67	1 636 505	818 253	610 563
Other Executives						
H Lubbe	2 027 236	31 May 2010	R4,67	1 351 491	675 745	504 144
JHF Botes*	1 370 904	31 May 2010	R4,67	913 936	456 968	340 924

* The Board recommended to shareholders that 500 000 ordinary shares be issued at a subscription price of R4,67 to Dr. JHF Botes in exchange for which 500 000 SARs will be cancelled. Shareholders approved the aforementioned issue of ordinary shares to Dr. JHF Botes on 4 November 2010 and the 500 000 SARs were cancelled accordingly.

** As a result of the subdivision of the ordinary shares on a two-for-one basis during the listing process, the number of SARs allocated was doubled accordingly.

*** The Group Remuneration Committee resolved during the 2012 financial year (in accordance with paragraph 6.1.1.5 of the rules governing the SARs Scheme) that all SARs allocated to HB Roode during the Group's MPCRE (known as the initial allocation) will vest on 30 June 2013 (irrespective of whether the vesting dates thereof have been reached). It is recorded that HB Roode retired due to medical reasons on 30 June 2013. On 1 July 2014 all the remaining SARs on the above scheme was exercised by HB Roode.

(a) Vesting

The SARs allocated as part of the Initial Allocation will vest in three equal tranches on the expiry of three, four and five years from 31 May 2010.

(b) Performance criteria

In terms of the Initial Allocation, no performance criteria have to be met prior to the vesting of the SARs.

(c) General

The SARs relating to the Initial Allocation was allocated to Executives as part of the MPCRE of the Group and in accordance with the SAR Scheme. The Initial Allocation will not be taken into consideration when determining future SARs allocations to Executives.

Salient features of the Second Allocation

The Second Allocation was made in lieu of bonuses payable to the Executives relating to the disposal of Clover's 45% shareholding in Danone Clover (Proprietary) Limited.

	Number of SARs allocated**	Allocation date	Allocation price	Total SARs vested as at 30 June 2014	Total SARs exercised as at 30 June 2014
Executive Directors					
JH Vorster	800 000	18 August 2010	R0,00	800 000	800 000
HB Roode	400 000	18 August 2010	R0,00	400 000	400 000*
LJ Botha	400 000	18 August 2010	R0,00	400 000	213 333
CP Lerm (Dr.)	133 336	18 August 2010	R0,00	133 336	133 336
Other Executives					
H Lubbe	133 332	18 August 2010	R0,00	133 332	133 332
JHF Botes (Dr.)	133 332	18 August 2010	R0,00	133 332	133 332

* From the 400 000, 133 334 was forfeited.

- (a) **Vesting**
 The SARs allocated as part of the Second Allocation will vest in three equal tranches on the expiry of one, two and three years from 18 August 2010.
- (b) **Performance criteria**
 No performance criteria have to be met prior to the vesting of the SARs relating to the Second Allocation.
- (c) **General**
 Certain of the Executives exercised the SARs that vested on 18 August 2011 and 18 August 2012 in relation to the Second Allocation. The Group Remuneration Committee decided that all SARs exercised to date with regard to the Second Allocation will be settled in cash.

Loans to Executives

As part of the MPCRE (described in more detail under Legacy Scheme Issues) on 31 May 2010 (and on 4 November 2010 with regard to Dr. JHF Botes), respectively, the Executives subscribed and shareholders of the Company approved the allotment and issue to the Executives of 9 350 000 (on 31 May 2010) and 250 000 (on 4 November 2010 with regard to Dr. JHF Botes) ordinary shares at a subscription price of R9,34 per share, with a portion of the subscription price being lent to the Executives. However, the aforementioned allotment and issue sets out the position prior to the subdivision of shares approved on 4 November 2010.

Full details relating to the MPCRE are available on www.clover.co.za.

The salient features of the loan and cession agreements entered into between the executives and the Company are set out below:

- As security for the indebtedness, the Executives have ceded to the Company the rights (defined as being all rights, title and interest in and to the proceeds) in respect of the ordinary shares (issued to them as referred to above) and the

preference shares acquired through the Clover preference shares scheme in respect of the proceeds thereof (defined as being dividends, special distributions, redemption proceeds and any proceeds as a result of a disposal or sale of either the ordinary and/or preference shares referred to above, or any part thereof);

- Interest shall accrue on the outstanding balance of the loan amount at an interest rate equal to 90% of the prevailing prime interest rate charged by Absa Bank Limited;
- If an Executive leaves the employ of the Company for any reason whatsoever, he/she shall be obliged to repay the loan amount and interest or the balance thereof, within two months after termination of his employment; and
- If an Executive dies, the loan amount and interest or the balance thereof, shall be repaid to the Company within six months after his/her death.

It should be noted that the aforementioned loan agreements have been amended to make provision for a final repayment date of the respective loans linked to the normal retirement date for each of the Executives.

	Loan amount			
	30 June 2011	30 June 2012	30 June 2013	30 June 2014
Executive Directors				
JH Vorster	25 509 496	25 822 256	25 537 461	14 238 292
CP Lerm	12 037 292	11 717 994	6 773 944	Nil
LJ Botha	5 635 941	5 330 249	Nil	Nil
Other Executives				
H Lubbe	1 000 606	929 989	Nil	Nil
JHF Botes	2 411 574	2 452 661	2 536 148	2 572 487
Total	46 594 909	46 255 149	34 847 553	16 810 779

The value of the ordinary shares forming the basis of the loan and cession agreements referred to previously is well in excess of R130 million.

