

REPORT ON REMUNERATION

This Report on Remuneration covers the period 1 July 2013 to 30 June 2014 and has been compiled in accordance with the recommendations on remuneration contained in the King Report on Governance for South Africa 2009 (King III).

It should be read in conjunction with Notes 14.2, 17, 28.4, 31, 32 and 33 to the annual financial statements included in this Integrated Annual Report which contain various statutory disclosures with regards to Clover's remuneration.

Supplementary information to the Report on Remuneration is furthermore contained in the Company's letter of appointment, disciplinary code, Ethics Policy, applicable employment legislation (specifically the Basic Conditions of Employment Act and Labour Relations Act) as well as the Company's short-term and long-term incentive scheme rules.

Shareholders' attention is drawn to the notice of the Annual General Meeting of shareholders, available on www.clover.co.za.

INTRODUCTION: LETTER TO SHAREHOLDERS

Dear Shareholder,

Sustainability is increasingly becoming a focal point for businesses across the globe. Corporates and shareholders are realising its strategic value and the long-term impact it will have on a company's valuation – not only from capital markets but also consumers, employees and the public in general.

Given this context, an increasingly important pillar of sustainability is attracting and retaining the appropriate level of skills and incentivising these for delivery against strategy. Especially in South Africa, there has been a particular focus on the absolute remuneration of executives and the pay-gap level compared to workers on the shop floor.

Despite regulation, industry benchmarking and stakeholder engagement initiatives, finding a balance between attracting the right calibre leadership to evolve the business and appropriately incentivising them is very difficult.

Clover's approach to remuneration

Because of a potential quagmire of interests, Clover's approach to remuneration is a simple one where structure follows strategy. The Board of Directors, appointed by shareholders, has set in place a long-term plan for Clover to achieve its corporate strategy and deliver on its main value drivers, or strategic pillars. (These are discussed in more depth on page 10 of this Integrated Annual Report.)

Executive management is tasked with making proposals to achieve the strategy. Once approved by the Board, it is the executive management and staff's task to implement and drive these campaigns through various formal, measurable structures.

An integral part of optimising these structures to the benefit of Clover is remuneration, as recommended by the Remuneration Committee and approved by the Board of Directors. And of course the interests of key staff members should be aligned with those of shareholders to generate a sustainable return on investment in the long term.

During the year under review, the Remuneration Committee focused on how to better align Clover's remuneration model with its longer term corporate objectives and how to better balance pay and performance.

PwC benchmarking

The Remuneration Committee consulted with PricewaterhouseCoopers to review, benchmark and make recommendations in respect of the short-term and long-term incentive plans ("STI" and "LTI" plans respectively) and specifically the targets for these.

Details of the proposed enhancement of the STI and LTI plans as well as amendments to the targets of the Share Appreciation Rights ("SAR" Scheme or "SARs") will be discussed in more detail in our approach to executive remuneration, discussed later on in this report.

Managing for long-term growth

Clover has been operating since 1898 – that's a 116 years of continuous evolution. Although shorter term financial measures are being introduced, the argument to manage for long-term growth remains resilient and that is what the Board intends to keep on doing.

I trust that you will notice some positive changes in how we balance long-term growth aspirations and generating a sustainable, healthy return on investment for shareholders. Any suggestions to improve our remuneration policies can be forwarded to Clover's Company Secretary, Jacques van Heerden at jacques.vanheerden@clover.co.za, who will table these suggestions at the appropriate meeting of the Remuneration Committee.

As Chairman of the Remuneration Committee, I will be available at the Annual General Meeting to respond to any questions raised by shareholders in regards to this report.

Finally, I thank my fellow committee members and the Board of Directors in general for their support and council during the year.



Dr. S Booysen

Chairman: Remuneration Committee

15 September 2014

