A CLOSER LOOK AT REMUNERATION POLICY

1. OVERVIEW AND PHILOSOPHY

Our remuneration philosophy promotes the Group's entrepreneurial culture in a decentralised environment with the aim of achieving sustainable growth within all businesses. Our philosophy emphasises the fundamental value of all our 105 000 employees and their role in attaining sustainable growth through fair and balanced remuneration practice.

The board defines remuneration philosophy and aligns business strategy and objectives with the overall goal of creating shareholder value. To ensure fair and responsible remuneration practices, we seek a balance between employee and shareholder interests while supporting entrepreneurial drive. We simultaneously strive to maintain a balance between risk and reward.

Deliberations of the remuneration committee are informed by performance reviews from individual, divisional and Group perspectives.

Key principles that shape our policy are:

- a critical success factor for the Group is its ability to attract, retain and motivate the talent required to achieve operational and strategic objectives. Both short- and long-term incentives are used to this end.

- delivery-specific short-term incentives are viewed as strong drivers of performance. A significant portion of senior management’s reward is variable and is determined by the achievement of realistic profit targets together with an individual's personal contribution to the growth and development of their immediate business, the applicable division and wider Group. When warranted by exceptional circumstances, special bonuses may be considered as additional awards.

- as a consequence of the Group’s dynamic and fast-moving nature, management are often redeployed to take on new challenges and address poor performing divisions. In such cases, subjective criteria may need to be applied when making an evaluation.

- long-term incentives align the objectives of management and shareholders for a sustained period.
2. **POLICY**

The committee implements the board’s remuneration policy to ensure:

2.1. salary structures and policies as well as cash and share-based incentives motivate superior performance and are linked to realistic performance objectives that support sustainable long-term business growth;

2.2. stakeholders are able to make an informed assessment of reward practices and governance processes

2.3. compliance with all applicable laws and regulatory codes

3. **GOVERNANCE**

**Board responsibility**

The board carries ultimate responsibility for remuneration policy. The committee operates in accordance with a board-approved mandate. The board may, when required, refer matters for shareholder approval; for example, new and amended share-based incentive schemes and non-executive board and committee fees. During the year, the board accepted the recommendations made by the committee.

In terms of the recommendations set out in the King III report on governance, remuneration policy is submitted to shareholders for a non-binding vote.

**The remuneration committee**

An independent non-executive director presides. Full details of attendance are set out on page 83 of our annual integrated report.

The committee:

3.1. reviews Group remuneration philosophy and policy

3.2. reviews the recommendations of management on fee proposals for the Group chairman and non-executive directors and determines, in conjunction with the board, the final proposals to be submitted to shareholders for approval

3.3. determines all the remuneration parameters for the chief executive and executive directors

3.4. agrees the principles for senior management increases and cash incentives in both South African and off-shore operations

3.5. agrees incentive scheme allocations and awards for executive directors and all option allocations for senior management

3.6. settles long-term incentive allocations and awards for executive directors and other qualifying senior managers

The chief executive and financial director attend meetings by invitation. Other members of executive management can be invited when appropriate.
No individual, irrespective of position, is present when their performance is evaluated and their remuneration is discussed.

To determine the remuneration of executive and non-executive directors and certain senior executives, the committee reviews relevant market and peer data and considers performance reviews. To retain flexibility and ensure fairness when directing human capital to those areas of the Group requiring focused attention, subjective performance assessments may sometimes be required when evaluating employee contributions.

The committee assesses market practice relating to share-based incentive plans and considers market-related information in its review of board and committee fees. The board reviews committee proposals and, where required, submits them to shareholders for approval at the annual general meeting.

4.  EXTERNAL ADVISORS

The committee utilises the services of PricewaterhouseCoopers (PWC) as independent advisors on an ad hoc basis. During the year, PWC supplied market data and advice on market practice and governance and provided performance analyses on certain CSP performance measures.

5.  COMPOSITION

NON-EXECUTIVE DIRECTORS

Terms of service

Non-executive directors are appointed by the shareholders at the AGM. Interim board appointments are permitted between AGMs. Appointments are made in accordance with Group policy. Interim appointees retire at the next AGM, when they may make themselves available for re-election. Non-executive directors are required to retire on the third anniversary of their appointment and may offer themselves for re-election. As appropriate, the board, through the nominations committee, proposes their re-election to shareholders. There is no limit on the number of times a non-executive director may seek re-election.

Non-executive directors’ remuneration

Group policy is to pay competitively for the role while recognising the required time commitment. Fees are benchmarked against a comparator group of JSE-listed companies. No contractual arrangements are entered into to compensate for loss of office.

Non-executive directors do not receive short-term incentives nor do they participate in any long-term incentive schemes except where non-executive directors previously held executive office and they remain entitled to unvested benefits arising from their period of employment. The company does not provide pension contributions to non-executive directors. Management reviews non-executive directors’ fees annually. After
discussions with the committee, recommendations are made to the board, which in turn proposes fees for approval by shareholders at the AGM.

Full details of the non-executive directors’ fees for the year ended June 30 2012 are shown on page 84 of the annual integrated report. Details of the proposed non-executive directors’ fees for the year ended June 30 2013 are shown on page 11 of the notice of annual general meeting 2012.

EXECUTIVE DIRECTORS

Executive directors receive a remuneration package shaped by a total-cost-to-company philosophy (including basic remuneration and retirement/medical and other benefits – all on a defined contribution basis) and, like other senior management, qualify for short- and long-term incentives. Executive directors participate in the Long-Term Incentive Plan (‘CSP’) which is driven by performance criteria. For their part, senior management participate in the Group option scheme.

Remuneration package makeup:

The table below summarises the main components of the reward package for executive directors.

<table>
<thead>
<tr>
<th>Objective &amp; Practice</th>
<th>Award size and performance conditions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Base package (CTC)</strong></td>
<td><strong>Performance period: n/a</strong></td>
</tr>
<tr>
<td>• to attract and retain the best talent</td>
<td>• level of skill and experience, scope of responsibilities and competitiveness of the total remuneration package are taken into account when determining the appropriate level of base package</td>
</tr>
<tr>
<td>• base packages are reviewed annually and set on 1 July</td>
<td></td>
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</tbody>
</table>
### Short-Term Incentive Plan
- to motivate employees and incentivise delivery of performance over the one-year operating cycle.
- bonus levels and the appropriateness of measures and weightings are reviewed annually to ensure they continue to support our strategy.
- the annual bonus is paid in cash in September each year for performance over the previous financial year.

### Performance period: one year
- performance over the financial year is measured against ‘stretch’ financial performance targets incorporating:
  - trading profit targets
  - HEPS growth and ROFE achieved against prior year’s performance and budgets, and
  - leadership
- target bonus is 100% of base package
- maximum bonus greater than 100% of base package only for exceptional performance, limited to 150% of base package
- special cash bonuses may be awarded for exceptional performance where circumstances warrant it.

### Long-Term Incentive Plan (‘CSP’)
- to motivate and incentivise delivery of sustained performance over the long term.
- award levels and the framework for determining vesting are in place to ensure continued support of Group strategy.
- long-term incentive awards consist of performance shares which generally vest three years later based on Group performance across a range of performance criteria.

### Performance period: three years
- performance over three financial years is measured against targets for the performance period.
- vesting is determined on a matrix of four measures as follows:
  - HEPS growth as the performance measure;
  - relative TSR as the external performance measure
  - returns on funds employed (ROFE) as a performance measure
  - BBEEE status of the Group as a performance measure
- awards vest to the extent that performance conditions are satisfied, three years from the beginning of the performance period.

As Bidvest operates businesses of various sizes in different international geographies and industries, the remuneration of executive directors varies according to local...
conditions. Details of each executive director’s remuneration are fully disclosed in our annual integrated report (refer to page 83).

No employees receive remuneration in excess of any executive directors as disclosed in our annual report and therefore no further information is provided on this issue.

Executive directors are permitted to participate as a non-executive director on one other public company board with the express permission of the Group chief executive and nominations committee. This excludes directorships where the Group holds a strategic investment in that public company. Details of such external directorships are disclosed to the board. Fees paid to such directors accrue to the Group and not to the individuals concerned.

**Terms of service**

The minimum terms and conditions applied to South African executive directors are governed by legislation. The notice period for these directors is one month. Terms of service for executive directors outside of South Africa are governed by labour legislation in their local jurisdiction and the terms of their employment contracts.

In exceptional situations of termination of executive directors services, the committee assisted by labour law legal advisers, oversees the settlement of terms.

**Remuneration for the year ended June 30 2012**

Full details of the executive directors’ remuneration (including short-term incentives) for the year ended June 2012 as shown on page 83 of the annual integrated report.

**Directors’ interests in the shares of the company**

Full detail of the directors’ interests in the company at June 30 2012 is shown on pages 78-79 of the annual integrated report.

**Share options**

No options were granted to directors during the year. Full detail of the directors’ options in the company at June 30 2012 is shown on pages 78-79 of the annual integrated report.

**6. LONG-TERM INCENTIVE PLAN**

**History**

At the 2008 AGM, shareholders approved a conditional share plan scheme (CSP) to replace the then current share option plan. Under the CSP, awards are made as conditional share awards (a conditional right to receive shares) or as quanto stock units (a conditional right to a future cash bonus).  

Issued date: October 2012
Vesting of shares or cash is subject to the achievement of specified performance conditions. Group performance conditions, each with different weightings, have been imposed. The performance period is three years, coinciding with the Group’s financial year.

After performance conditions have been tested and the number of awards to be settled is determined, the shares or cash will be delivered according to a vesting schedule.

Awards made under the CSP scheme are limited to a maximum of 1% of the share capital at the date of the awards. The total award that may be allocated to any one individual may not exceed 10% of the total awards made in that year.

**Details of the CSP**

**FIRST AWARD 2009**

The first award under the current CSP was made in the 2009 financial year and vested after June 2011. The extent to which awards were vested depended on two performance conditions:

- underlying financial performance as measured by growth in HEPS; and
- relative TSR against a peer group median

**HEPS**

HEPS performance is based on a three-year HEPS real growth figure for the Group in excess of inflation, adjusted for foreign exchange movements. The definition of HEPS is contained in the Group annual financial statements.

HEPS targets are set by reference to the company’s three-year plan and market expectations. The remuneration committee considers the targets to be critical to the company’s long-term success and its ability to maximise shareholder value, and to be in line with the strategic goals of the company. In addition, the remuneration committee considers these targets to be sufficiently demanding with significant ‘stretch’, ensuring only outstanding performance will be rewarded with a maximum payout.

**TSR out-performance of a peer group median**

The Group is measured against a number of appropriate peers within the industrial space in South Africa. Accordingly, the out-performance of the peer group is felt to be the most appropriate TSR measure.

The peer group selected for the TSR performance condition for the three-year performance period awards to June 30 2011 comprises:

<table>
<thead>
<tr>
<th>Murray &amp; Roberts</th>
<th>SAB Miller</th>
<th>Tiger Brands</th>
<th>Sappi</th>
<th>Medi Clinic</th>
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</thead>
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<tr>
<td>Foschini</td>
<td>Pick 'n Pay Stores</td>
<td>Shoprite</td>
<td>Imperial Holdings</td>
<td>Aspen</td>
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<td>Naspers</td>
<td>MTN</td>
<td>Woolworths</td>
<td>Truworths</td>
<td>Steinhoff</td>
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SECOND AWARD 2012

The second award under the current CSP was made in the 2012 financial year and vests after June 2014. The extent to which awards are vested depended on four performance conditions:

- underlying financial performance as measured by growth in HEPS
- relative TSR against a peer group median
- returns on funds employed; and
- BBEEE scorecard attained by the Group

HEPS

HEPS performance is based on a three-year HEPS real growth figure in excess of inflation for the Group, adjusted for the impact of the sale of MIAL in October 2011. The definition of HEPS is contained in the Group annual financial statements.

The HEPS targets are set by reference to the company’s three-year plan and market expectations. The remuneration committee considers the targets to be critical to the company's long-term success and its ability to maximise shareholder value, and to be in line with the strategic goals of the company. In addition, the remuneration committee considers these targets to be sufficiently demanding with significant ‘stretch’, ensuring only outstanding performance will be rewarded with a maximum payout.

As the JSE Limited does not allow forward-looking statements regarding forecasts without significant regulatory compliance, specific HEPS targets are not shown in the remuneration policy.

TSR out-performance of a peer group median

With regards to the service and foodservice businesses, the Group is measured against a number of appropriate peers within the industrial space in South Africa and internationally. Accordingly, the out-performance of the peer group is felt to be the most appropriate TSR measure.

The peer group selected for the TSR performance condition for the for the three-year performance period awards to June 30 2014 comprises:

| Murray & Roberts | SAB Miller | Tiger Brands | Sappi | Medi Clinic |
Return on funds employed (ROFE)
The average ROFE of the Group as measured over the financial periods ending June 2012, 2013 and 2014 is calculated for each financial period on a monthly average over 15 months measured against targets set.

Black Economic Empowerment (BEE)

The BEE accreditation level achieved by the Group is certified by a reputable BEE verification agency (based on the BBEEE Codes as existing at 1 July 2011) and measured against targets set.

7. Directors’ interests in contracts

During the financial year, none of the current directors had a material interest in any contract of significance to which the company or any of its subsidiaries was a party.