

2011 SARA CONFERENCE

Setting the scene

- Introduction



Bidvest Sens announcement.

ANNOUNCEMENT IN RESPECT OF SALARY INCREASE OF SG PRETORIUS
Shareholders are referred to the questions raised by Mr Theo Botha at the annual general meeting on November 17 2009 with regards to the salary increase granted to Mr SG Pretorius for the 2009 financial year. The matter has been fully investigated and Bidvest reports that Mr Pretorius was in fact granted a 6% salary increase by the Group Remuneration Committee and not the 35% as disclosed in the 2009 annual financial statements. This arose as a result of an administrative error in McCarthy`s which has now been corrected. Bidvest regrets any inconvenience and embarrassment this may have caused to shareholders.



Standard Bank

Remuneration policy;

- Transparency on remuneration designs and processes is to be maintained with employees and increasingly with shareholders.
- Stakeholders must be enabled to make a reasonable assessment of reward practices and associated governance processes.



Remuneration philosophy

In accordance with the recommendations of King III in South Africa, JD Group has formulated a holistic remuneration philosophy, the key elements of which are summarised below.

The Group's remuneration philosophy is designed to attract and retain talented people who are required to implement the overall strategy and create value for shareholders. The Group makes every effort to remunerate its staff and directors fairly and equitably.

→ Executive remuneration

The remuneration strategy for executives is based on principles of retention of key individuals and critical skills, to drive performance in order to achieve the Group's strategic targets. The alignment of performance and shareholders' interests is driven through a combination of guaranteed pay together with short and long-term incentives. A significant portion of executives' total potential remuneration is performance related in order to drive the correct behaviour and to optimise business performance. Total guaranteed pay, which includes benefits, is subject to an annual review by the Remuneration Committee. The targeted pay position for guaranteed total package is aimed between the median and upper quartile when benchmarked against major South African retail and non-retail companies, and is adjusted according to individual performance and responsibility.



- ▶ Incentive bonus
- ▶ Variable remuneration consists of an annual performance bonus linked to a performance rating of financial and operational objectives which are set and agreed at the beginning of the financial year. The larger part of the bonus accrues in respect of the achievement of financial objectives. The financial and operational weightings reflect both group and individual objectives. The bonuses payable to the key executives, being the group chief executive officer's direct reports, and other staff are deliberated on and agreed by the group chief executive officer and the Avusa chairman. The agreed bonus proposals, together with the Avusa chairman's proposal regarding the group chief executive officer's bonus, are then referred to the committee which considers the bonuses for approval. The incentive bonus is settled in cash. The committee continues to be satisfied that the performance targets are challenging and promote the company's business strategy.



- ▶ With effect from 1 April 2011, executive bonuses in respect of financial objectives will only become payable if financial performance of at least 75% is achieved. Executive bonuses will no longer be capped.
- ▶ Mr Chairman can we turn to page 123, it states that executive bonuses will no longer be capped, are we saying that bonuses weren't capped previously?
- ▶ Mr C in the minutes of last year's AGM Mr Brand our Remuneration chairman stated quite clearly to one of my questions that the bonuses were not capped so I'm a little confused?
- ▶ Quote from the minutes "Mr Botha enquired whether there was a maximum on bonuses. Mr Brand replied that there was not".

Remuneration disclosure

- King III Principle 2.26: Companies should disclose the remuneration of each individual director and certain senior executives.
 - 180 - companies should provide full disclosure of each individual executive and non-executive director's remuneration



- ***It would appear as if many listed companies will not be adhering to this principle, reason being confidentiality.***



Remuneration disclosure

- King III Principle 2.26: Companies should disclose the remuneration of each individual director and certain senior executives.
 - *180 - ... similar information should be provided for the three most highly paid employees who are not directors in the company.*



- ***Remuneration and benefits paid and short term incentives approved for the 2011 financial year are set out in the table below:***

R000s	Salary	Pens Fnd	Other	ST Inct's	Total
Emp 1	626	81	12,306	1,670	14,684
Emp 2	6,063			4,158	10,221
Emp 3	510	66	8,535		9,112
TOTAL	7,199	148	20,841	5,828	34,016



PIC 2011 Annual Report page 98

Short-term employee benefits

Short-term incentives (STI) are bonuses paid of R33.5 million. Bonuses are recognised and paid once approved by the PIC Board in terms of the accounting policy. There is a one year time lag between the services rendered by the employee and the bonus paid as disclosed in the annual financial statements.

There is no constructive obligation on the company to pay bonuses. The decision to pay is elective and reviewed annually by the Board taking into consideration the financial sustainability and going concern of the company.

<u>Names</u>	<u>Basic salary</u>	<u>Pension</u>	<u>Medical</u>	<u>Bonus*</u>	<u>Total</u>
Total	5 251 083	328 619	125 017	4 590 968	10 295 687

** Short-term incentive bonus paid in 2010/11 for 2009/10 performance*

Is this disclosure acceptable?



PIC does not practise good governance it preaches
Business Day headlines 17 October 2011. By T Cohen.

If the PIC evaluated its own standards it would score very badly, MP says

October 14 2011 The Star by A Crotty

On non-disclosure of a remuneration policy Deon Botha agreed that the PIC's policy should have been included. "We will... include a remuneration policy in next year's annual report."

Questions & answers....

Thank you for listening

Any questions?