The Chief Investment Officer
Aeon Investment Management (Pty) Ltd
4th Floor
MontClare Place
Cnrs Campground & Main Roads
Claremont
Cape Town
7708

17 November 2015

FOR ATTENTION: Mr Asief Mohamed

TRANSMITTED ELECTRONICALLY

Dear Mr Mohamed

LETTER ADDRESSED TO SOVEREIGN FOOD INVESTMENTS LIMITED DATED 4 SEPTEMBER 2015

We refer to your letter dated 4 September 2015 ("**Letter**") addressed to the board of directors ("**Board**") of Sovereign Food Investments Limited ("**Sovereign**").

The Board wishes to thank you for having taken the time to send a detailed letter setting out your concerns. Sovereign, the Board and its senior management ("**Management**") are appreciative of shareholder feedback and it is our collective intention to maintain and promote good shareholder relations.

At the outset the Board wishes to state that it recognises that the historical Management incentive schemes and certain processes related thereto, including shareholder communication, were implemented in an a manner that caused great dissatisfaction amongst Sovereign's shareholders ("**Shareholders**").

The Board took the expressions of dissatisfaction from Shareholders and the key suggestions from and commercial objectives of Shareholders (collectively, "**Shareholder Feedback**") very seriously and immediately set about to address the areas of dissatisfaction in an open, constructive and professional manner, with a view to achieve, *inter alia*, the following objectives:

(a) demonstrate to Shareholders that the Board does not consider itself to be operating in a vacuum, i.e. with no regard to Shareholder concerns;
(b) remedy the areas of dissatisfaction, to Shareholders' satisfaction and subject to Shareholders' approval;

(c) consult pro-actively (within the relevant legal and regulatory constraints) with key institutional Shareholders during the course of seeking, constructing, finalising and implementing a proposed holistic solution that addresses shareholder concerns and incorporates Shareholder Feedback (the "**Solution**");

(d) upon announcement of the Solution, engage pro-actively with the remainder of the Shareholders that Sovereign was unable to consult with prior to announcement (as a result of both practical and legal constraints);

(e) continue to rebuild and promote investor confidence in the Board, Management and Sovereign; and

(f) pro-actively and unconditionally (from the Board's perspective) introduce innovative and pro-active measures demonstrating the Board's absolute commitment to strengthening good governance and to reduce the corporate running costs (which was a specific Shareholder concern), ultimately with the singular objective of enhancing Shareholder returns and investor confidence.

As you are aware, there is a long history and some relevant background and / or contributing factors that played a role in how Sovereign arrived in this position. The Board however does not wish to dwell on the past or to use the past as an excuse in any way. We will therefore not elaborate on historical aspects and focus positively on dealing with the substance of your letter.

STEPS TAKEN BY THE BOARD

Having duly considered Shareholder Feedback, in addition to the requirement to introduce a sustainable, long-term black economic empowerment ("**BEE**") shareholding in Sovereign ("**BEE Shareholding**"), which the Board had identified as a key objective some time ago and was already pro-actively pursuing at the time of receiving the Shareholder Feedback, the Board established some key objectives in respect of the Solution, namely:

1. Permanently abandon the historic long-term and short-term incentive schemes applicable to Management ("**Termination of Historical Incentive Schemes**").
2. Amendment of historical employment terms of Management, including remuneration practices, to remove certain contractual benefits accruing to Management in this regard ("**Contractual Amendments**").
3. Align Management's interests with those of Shareholders, by ensuring that Management become shareholders ("**Management Equity Holding**"), importantly, with a real cash investment by Management ("**Management Cash Investment**").
4. Pro-actively reduce the cost of the JSE listing by unilaterally and unconditionally (from the Board's perspective, subject to the passing of the requisite Shareholder resolution in terms of the Companies Act) reducing the fees of non-executive directors and by agreeing to maintain these fees for a three year period ("**Non-executive Director Fee Reduction**").
5. Introducing pro-active changes to the Board, specifically with a view to reduce Board costs and to refresh the composition of the Board ("**Board Changes**").
6. Return a significant amount of capital to Shareholders ("**Shareholder Capital Return**").
7. Pro-actively and sustainably increase the effectiveness, transparency and pro-active manner of Shareholder communication and disclosure of company information ("**Better Disclosure Practices**"), in excess of the minimum statutory and regulatory requirements.
8. Ensure that future incentives to Management will be completely aligned with seeking higher Shareholder returns, both from a capital appreciation (i.e. share price increase) and an actual return (i.e. dividends received) perspective ("**Incentive Alignment**").
9. Lock in Management for a significant period of time, to ensure operational stability (specifically in view of the historical events surrounding previous management instability and related decision-making, which was an important contributing factor to how Sovereign arrived at the historical incentive schemes) ("**Management Lock-in**"), without doing so at a significant cost to Shareholders.

10. Achieve all of the above in the context of introducing the BEE Shareholding and without necessarily increasing Shareholder dilution.

In order to achieve the above objectives, the Board appointed corporate and legal advisors to assist Sovereign in developing the Solution. The Solution was pro-actively discussed and developed with direct input from Sovereign's four largest institutional shareholders, collectively holding more than 50% of Sovereign's issued share capital. These Shareholders confirmed their approval by providing Sovereign with irrevocable undertakings to vote in favour of the Solution ("**Irrevocables**") and same were obtained prior to Sovereign proceeding any further with the Solution.

In this regard, the Board respectfully points out that it is virtually impossible to meet every Shareholder's specific investment and transaction criteria and the Board, via its professional advisors, sought to obtain a consensus view of broad support that would satisfy Shareholder concerns and addressed the points that arose from Shareholder Feedback.

The Solution was publicly announced on SENS on 12 October 2015 ("**Announcement**").

The Board believes the Solution, as more fully set out in the Announcement, achieves each of the following key objectives:

1. *Termination of Historical Incentive Schemes*. It is worth noting that Management even agreed to terminate their current year incentive scheme participation, i.e. prior to (but subject to) Shareholders having approved the Solution. The Board believes this is a strong indication of Management's willingness to demonstrate to Shareholders that they are committed to act in the best interests of the Company and Shareholders, despite contractual rights operating in their favour. From a cash flow perspective, the termination of the long-term incentive scheme and the 30% aggregate and individual limits on the new short-term incentive scheme will not only prevent a distorted payment to Management in future (such as was the case during FY15), but will serve to preserve cash and enhance future dividend flows to Shareholders.
2. *Contractual Amendments*. Management agreed pro-actively to accept a number of Contractual Amendments, confirming a positive and pro-active response to Shareholder Feedback.
3. *Management Equity Holding* and *Management Cash Investment*. It is important to note that the quantum of the Management Cash Investment significantly exceeds the net (i.e. after tax) remuneration received by Management during FY2015. In other words, Management is reinvesting, on terms extremely favourable to Sovereign and Shareholders (including a share issue at a premium to market), more funds than what they received from bonus payments during the course of FY15. In addition, as is more fully set out in the Announcement, the Management Cash Investment (which is in addition to a share investment by Management) is directly linked to Management's ability to earn any future long-term incentive benefits. Sovereign believes this may be the first time where management of a South African listed entity do not stand to receive any share options or similar incentives while having put actual / real capital at risk, and for a seven year term and furthermore in support of a BEE transaction. The Board firmly believes this is not only a very innovative manner of ensuring Management's commitment, but it simultaneously places Management in exactly the same position as Shareholders, importantly without Management having the ability to at any time dispose (or even encumber) their Sovereign shares (including the fully paid up shares to be acquired). The Management Cash Investment is strictly controlled by provisions not allowing any such encumbrances, in support of the seven year BEE transaction and to provide stability and certainty to Shareholders.

4. *Non-executive Director Fee Reduction*. The Board took the unusual step, despite having obtained the statutory Shareholder approval in respect of director emoluments, to unilaterally announce a dramatic reduction in non-executive director fees. This was done in a pro-active, transparent manner and was fully disclosed in the Announcement. The Board thereby demonstrated its willingness to adjust to different circumstances and to take Shareholder Feedback (including as set out in your Letter) into account. Furthermore, the Board took the unusual step to establish a fixed annual fee increase limit, for a period in excess of the statutory requirement / general practice (i.e. for three years, as opposed to two). The Board also believes this demonstrates not only good governance, but a transparent manner of giving Shareholders ongoing and sustainable certainty regarding directors' fees.
5. *Board Changes*. The Board reduced the number of directorships by four (following the voluntary resignation of two non-executive and two executive directors). This reduces the number of executives serving on the Board to two, one of which (i.e. the Finance Director) is a JSE requirement. The Board believes this will serve to increase the independence of the Board going forward. Furthermore, the directors that have stepped down have been Board members for approximately eight years. The resignation of these directors, coupled with the impending retirement of Mr Davies (a long-serving Board member), means that by March 2016 Sovereign will not have any non-executive directors that have served on the Board in excess of approximately five and a half years (John Bester and I were appointed in late 2010). The Board believes this confirms the Board's commitment to strengthen its governance and independence, whilst ensuring a smooth handover and maintaining the appropriate level of stability during this transition period.
6. *Shareholder Capital Return*. The Board has proposed an innovative and constructive manner of a very substantial capital return (in the region of 10% of Sovereign's entire current market capitalisation), on a basis that allows Shareholders an election to sell (more or less or none) of their shares, prior to invoking a scheme of arrangement, which scheme treats all Shareholders the same, as set out in more detail in the Announcement.
7. *Better Disclosure Practices*. The Board commenced this by engaging pro-actively with key institutional Shareholders even prior to proposing the Solution to Shareholders. The Board respectfully believes that pro-active engagement with Shareholders precedes disclosure, provided that Shareholder views are taken on board and no changes are made without Shareholders' knowledge. The clarity of disclosure is reflected in the very detailed Irrevocables which Sovereign obtained from the top four institutional Shareholders. The Board believes this detailed and pro-active process was the first (but very important) step in remedying disclosure practices that, whilst adhering to the statutory and regulatory minimum requirements, were clearly commercially inadequate from an investor perspective, as expressed in your Letter and echoed in general Shareholder Feedback. The Board respectfully asks to be given an opportunity to demonstrate this new approach to Aeon Investment Management (Pty) Ltd ("**Aeon**") and other Shareholders going forward.
8. *Incentive Alignment*. The Board believes this has been achieved with the Solution, per the Announcement. The Board respectfully emphasises the innovative and unique elements to the Solution, demonstrating Management's absolute commitment to Sovereign with their own investment, which is restricted for seven years.
9. *Management Lock-in*. This has been achieved in a manner not costing Sovereign any cash outlay (e.g. through restraint of trade payments or the like) and in fact has been combined with the Management Cash Investment, again in a unique and beneficial (to Sovereign and Shareholders) manner.
10. *BEE Shareholding*. The Board believes a sustainable long-term BEE Shareholding will be achieved via implementation of the Solution, whilst minimising Shareholder dilution (including as a result of the approximately 10% share repurchase to be implemented upfront).

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As you can see from this response, the Board does not wish to defend or argue the historical incentive practices and has taken decisive and pro-active steps to avoid future Shareholder dissatisfaction, whilst taking into account and addressing all the core principles of dissatisfaction expressed via Shareholder Feedback.

In this regard, the Board is pleased to confirm that it has received tremendous additional support from other Shareholders post the Announcement of the Solution, including in the form of further Irrevocables and informal expressions of support, representing material shareholdings in Sovereign.

The Board is realistic in stating that it probably has not achieved every single Shareholder's objectives, but we believe we have done the right thing for the broad Shareholder group (and, of course, for Sovereign) in order to make Sovereign an attractive investment for current and potential investors.

For purposes of completeness, we have answered each of your questions raised in your Letter in the attached Annexure 1. We understand that you wrote the Letter at a time when you had not had sight of the Solution / Announcement and we sincerely hope that the Solution and the ancillary steps taken by the Board, and the Board's continuation of these steps, will appease Aeon (by having addressed most, if not all, of Aeon's concerns and matters of dissatisfaction) and will allow Aeon to continue to be invested in Sovereign. We also attach some further supporting information in Annexure 2, which we trust you may find helpful in your further deliberations.

The Board always welcomes constructive feedback from Shareholders and we look forward to developing and nurturing a relationship of trust with Aeon.

Yours faithfully

Tom Pritchard
Chairman of the Board
(not signed, transmitted electronically)

Annexure 1

Question 1:

Please also disclose the amounts of bonuses awarded to managers who were not directors.

Answer 1:

Please note that the information set out in the table below (continuing on the next page) ("Information") **is not in the public domain** (strictly speaking, shareholders are **not entitled to receive this level of information** as it falls outside of the accounting, regulatory and statutory disclosure requirements). This information is not only strictly confidential, it also constitutes **highly sensitive trade secret information that belongs to SOV**. In order to demonstrate good faith, SOV has authorised the disclosure of this information (and in the detail set out below), specifically and only to Aeon and Aeon's Chief Investment Officer, Mr Asief Mohamed, on the basis set out below.

Please note that this information **may not be shared with any competitor or any other third party** (including the press or any other SOV shareholder, including any beneficial shareholder on whose behalf Aeon acts as investment manager on any mandate) in any way whatsoever, directly or indirectly, and may not be distributed, reproduced or otherwise utilised in any manner, without the prior written consent of SOV.

SOV reserves its right to take any such steps as may be necessary to protect this information and by accepting the information, Aeon and Mr Mohamed (jointly and severally) indemnify SOV against any costs, losses or the like which may arise from the dissemination of this information to any other third party as a result of the disclosure to Aeon/Mr Mohamed.

Question 2:

Please indicate the date of the board meeting that the decision was made to change the bonus thresholds for management.

Answer 2:

4 February 2014

Question 3:

(a) Can you please provide the date of the board of directors meeting that these share options allocations have been awarded and on what basis.
(b) What are the strike prices and what targets have to be achieved for these share options to vest?
(c) Should all this detail not have been disclosed in the February 2015 annual report in terms of disclosure regulations and accounting reporting standards?
(d) Are enough treasure shares held to cover the cost of these share options?

Answer 3:

(a) Note: the items pertaining to Question 3 do not constitute share options (per question 3(a) above). It is a cash settled scheme where the cash settlement (if any) is calculated on the basis set out in the integrated report ("IR") and also summarised below. As such, there is also not a "granting" in the ordinary course of share options – the "granting" (of the right to receive a potential cash payment) arose from the various individual employment contract of most (four) ExCo members (for two of the six ExCo members, it is done as a policy, i.e. mirroring the employment contracts of the other ExCo members) and it is therefore a contractual vesting that occurs.

As a result of this being a cash settled scheme, it is not subject to the JSE Listings Requirements pertaining to options and the announcement of options.

We set out below the sequence of the implementation of this scheme.

1 Mar 2011	Proposal presented to the Board for revised Exec packages. Referred for further investigation
28 April 2011	Approved but agreements in process of finalisation
13 July 2011	Noted that executive remuneration packages finalised and would be discussed with shareholders.

Note: Mr Charles Davies discussed the revised remuneration packages with the major shareholders at the time (approximately July 2011)

(b) There is no strike price, as it is not a share option scheme, refer also above. It is a phantom scheme that is cash settled and does not involve any actual SOV shares. The quantum of the award is based on growth in HEPS over a three year rolling period.

(c) The "rights" are disclosed on page 44 of the FY15 IR. Further disclosure is detailed on page 41 and in the Executive Remuneration Policy (page 87 of the IR). This includes an explanation re each incentive scheme.

(d) No treasury shares are used to pay out the incentives. This is strictly a cash settled scheme and the executives are required to use the cash to buy SOV shares in the open market, which they must retain for a minimum of one year. Please note the JSE has investigated this scheme and it was found that SOV was not in breach of any of the JSE's Listings Requirements. The Board however has endeavoured to avoid potential confusion in future and believes the current proposal to shareholders (which would result in the complete termination of this scheme) also addresses potential uncertainty.

Question 4:

Can you please give us an indication of what the equivalent calculation is for Sovereign Foods for each of the last five financial years?

Answer 4:

Please note the *pro forma* analysis provided below has not been audited. A change in CEO also occurred during this period (FY12). The remuneration of the previous CEO was excluded from the table below (including a severance payment made to the previous CEO). For consistency, the current CEO's compensation for FY12 was included in the analysis below.

For ease of reference, extracts from the FY12 to FY15 financial reports are provided below.

Description	FY2011	FY2012	FY2013	FY2014	FY2015
Compensation of CEO - FY2015 Shot and Long Term Bonuses	R3,327,000	R2,889,000	R3,291,000	R4,097,000	R3,510,000 R6,869,000
Median compensation of employee	R166,185	R163,097	R195,691	R213,123	R240,496
Ratio - excluding FY15 Bonuses - including FY15 Bonuses	20.0	17.7	16.8	19.2	14.6 43.2

FY15 extract

28 February 2015	Salary R'000	Performance-related bonus R'000	Provident fund contributions R'000	Travel, car and entertainment allowance R'000	Total R'000
C Coombes	2 729	–	505	276	3 510
GG Walter	2 107	–	211	–	2 318
BJ van Rensburg	1 573	–	189	171	1 933
GL Coley	1 544	–	154	–	1 698
Total	7 953	–	1 059	447	9 459

Directors' and prescribed officers' short-term and long-term incentives accrued

	2015			2014		
	Short-term incentive R'000	Long-term incentive R'000	Total R'000	Short-term incentive R'000	Long-term incentive R'000	Total R'000
Directors						
C Coombes	2 796	4 073	6 869	–	–	–
GG Walter	2 160	2 565	4 725	–	–	–
BJ van Rensburg	1 620	1 813	3 433	–	–	–
GL Coley	1 620	–	1 620	–	–	–

Details of directors' and prescribed officers' long-term incentive awards

In terms of the LTIS, the following "rights" were granted to directors and prescribed officers effective 28 February 2015:

	Vesting on 1 March 2015	Vesting on 1 March 2016	Vesting on 1 March 2017
Directors			
C Coombes	1 205 958	1 380 633	1 849 473
GG Walter	761 905	745 556	950 780
BJ van Rensburg	538 484	554 393	707 005
GL Coley	–	–	590 219
Prescibed officers			
E du Preez	664 550	655 483	835 923
T Shongwe	457 143	548 875	699 969
Total	3 632 040	3 884 940	5 633 379

The rights vesting on 1 March 2015 have been reduced from the 4 234 244 reported in the 2014 Integrated Report to the 3 632 040 reflected above to take into account the restated profit numbers for 2012 as reflected in the 2013 Integrated Report.

FY14 extract

28 February 2014	Salary R'000	Performance-related bonus[1] R'000	Provident fund contributions R'000	Travel, car and entertainment allowance R'000	Medical benefits R'000	Total R'000
C Coombes	2 598	789	481	229	–	4 097
GG Walter	2 003	543	200	–	–	2 746
BJ van Rensburg	1 490	459	179	171	–	2 299
GL Coley	979	–	98	–	–	1 077
Total	7 070	1 791	958	400	–	10 219

Details of directors' and prescribed officers' long-term incentive awards

In terms of the LTIS, the following "rights" were granted to directors and prescribed officers effective 28 February 2014:

	Vesting on 1 March 2015	Vesting on 1 March 2016
Directors		
C Coombes	1 410 573	1 380 633
GG Walter	838 231	745 556
BJ van Rensburg	627 766	554 393
Prescibed officers		
E du Preez	774 735	655 483
T Shongwe	532 939	548 875
Total	4 234 244	3 884 940

No options in terms of The Sovereign Food Investments Limited 2007 Share Plan, no shares in terms of the Employee Share Ownership Scheme and no rights in terms of the LTIS have been granted to non-executive directors.

FY13 extract

28 February 2013	Salary R'000	Performance related bonus[1] R'000	Provident fund contributions R'000	Travel, car and entertainment allowance R'000	Medical benefits R'000	Lump sum payment R'000	2013 Total R'000
CP Davies[2]	195	–	–	–	–	–	195
C Coombes	2 554	–	417	229	91	–	3 291
GG Walter	1 872	900[3]	180	–	–	–	2 952
BJ van Rensburg	1 374	–	158	171	21	–	1 724
Total	5 995	900	755	400	112	–	8 162

Details of directors' and prescribed officers' Long-term Incentive Awards

In terms of the LTIS, the following "rights" were granted to directors and prescribed officers effective 28 February 2013.

	Vesting on 1 March 2013	Vesting on 1 March 2014	Vesting on 1 March 2015
Directors			
C Coombes	600 000	1 404 681	1 410 573
GG Walter	200 000	884 521	888 231
BJ van Rensburg	125 000	625 144	627 766
Prescibed officers			
E du Preez	200 000	648 649	774 735
T Shongwe	–	–	532 939
Total	1 125 000	3 562 995	4 234 244

No options in terms of The Sovereign Food Investments Limited 2007 Share Plan, no shares in terms of the Employee Share Ownership Scheme and no rights in terms of the LTIS have been granted to independent non-executive directors.

FY12 extract

Executive directors

29 February 2012	Salary R'000	Performance related bonus[1] R'000	Provident fund contributions R'000	Travel, car and entertainment allowance R'000	Medical benefits R'000	Lump sum payment R'000	2012 Total R'000
CP Davies[2]	390	–	–	–	–	–	390
C Coombes	1 906	303	318	261	101	–	2 889
GG Walter	1 800	89	162	–	–	–	2 051
BJ van Rensburg	1 272	178	129	166	37	–	1 782
MJB Davis[3]	1 254	392	201	86	85	8 429	10 447
Total	6 622	962	810	513	223	8 429	17 559

28 February 2011	Salary R'000	Performance related bonus[1] R'000	Provident fund contributions R'000	Travel, car and entertainment allowance R'000	Medical benefits R'000	Lump sum payment R'000	2011 Total R'000
C Coombes	2 001	–	244	186	90	–	2 521
GG Walter	1 990	–	149	–	–	–	2 139
BJ van Rensburg	1 346	–	113	101	32	–	1 592
MJB Davis	2 648	–	317	206	156	–	3 327
Total	7 985	–	823	493	278	–	9 579

In terms of the LTIS, the following "rights" were granted effective 1 March 2011:

	Vesting on 1 March 2012	Vesting on 1 March 2013	Vesting on 1 March 2014
Directors			
C Coombes	600 000	600 000	1 404 681
GG Walter	200 000	200 000	884 521
BJ van Rensburg	125 000	125 000	625 144
Prescibed officers			
E du Preez	200 000	200 000	645 649
Total	1 125 000	1 125 000	3 562 995

No comparative figures have been provided as no rights were granted in terms of the LTIS as at 28 February 2011.
No options in terms of The Sovereign Food Investments Limited 2007 Share Plan and no rights in terms of the LTIS have been granted to non-executive directors.

Note to Aeon re bonus and share option costs (refer to the bottom of page 1 / top of page 2 of the Letter)

There appears to be a misconception that the FY15 bonus and share option costs amounted to R51 million.

The R37m costs include the Long Term Incentive bonus scheme cost of R14 million (i.e. the total costs amounted to R37m, not R51m).

The FY15 Profit Before Tax (excluding the cost of the Long Term Incentive Scheme) is therefore R122m.

SOV takes note of this misconception and will ensure more pragmatic disclosure is made in future, i.e. to avoid such misunderstandings.

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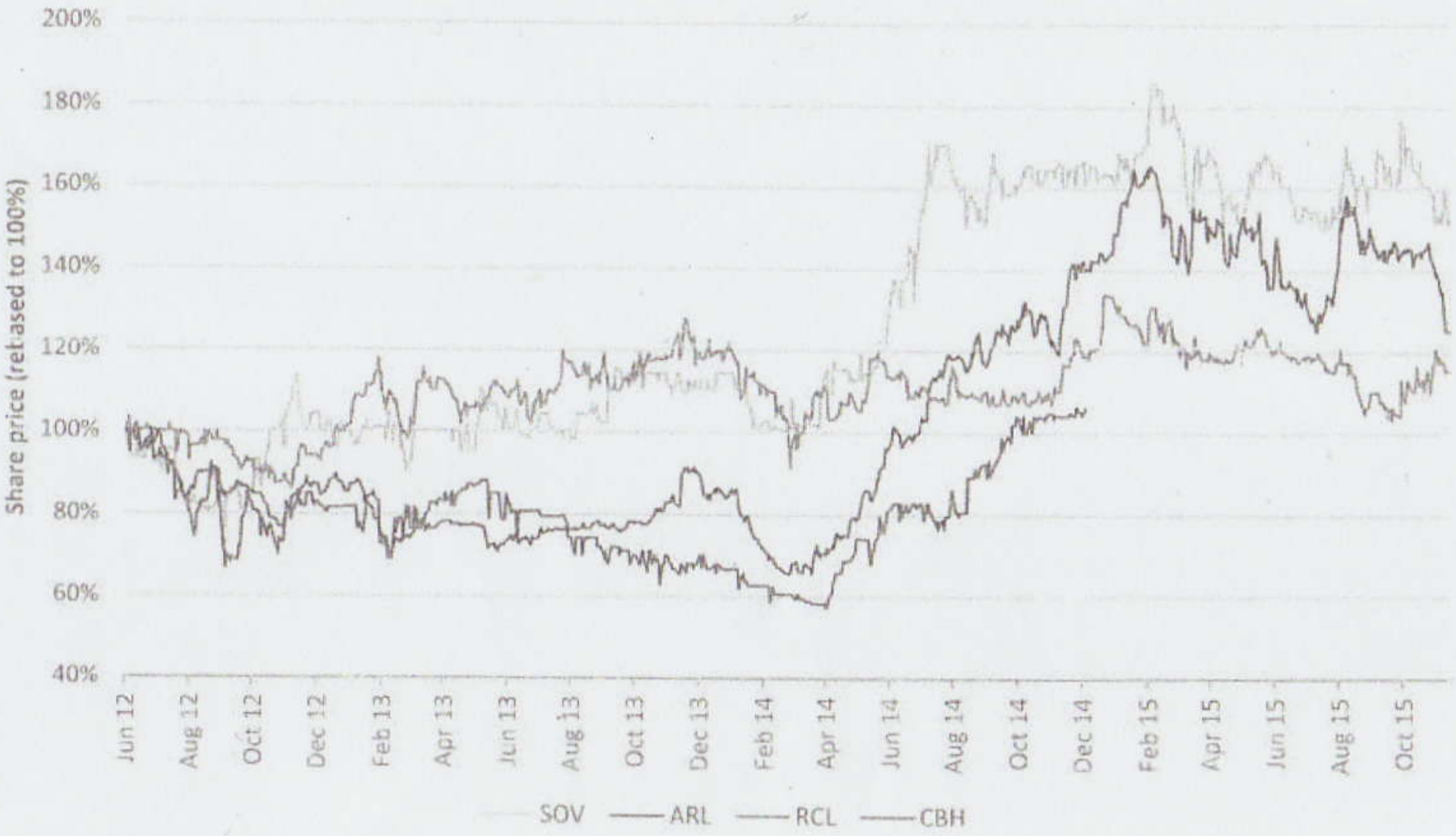
Annexure 2

Response to Aeon Investment Managers

November 2015

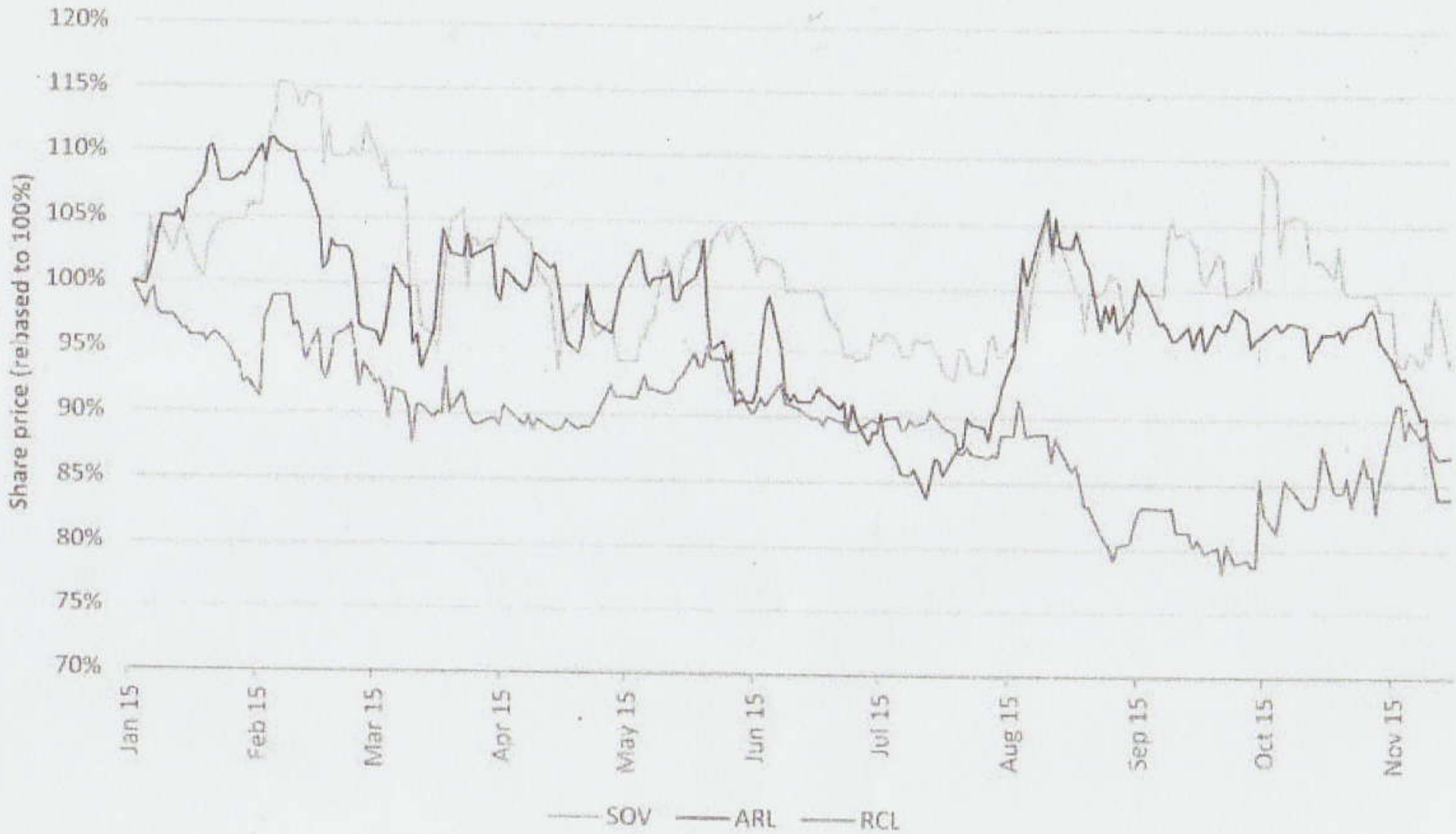
SOV relative share price performance | Since June 2012 (appointment of new SOV CEO)



Note: CBH delisted in December 2014.

Source: INET BFA, 16 November 2015.

SOV relative share price performance | Year-to-date



Source: INET BFA, 16 November 2015.

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SOV New NED fee policy | Illustrative Saving

2015 Actual fees Paid to Non-Executive Directors ("**NED**") (all amounts in R'000)			
Director	Board Member	For Meetings	Total
CP Davies	745	461	**1 206**
JA Bester	279	240	**519**
Prof MP Madi	261	226	**487**
LM Nyhonyha	279	224	**503**
T Pritchard	279	110	**389**
Total	**1 843**	**1 261**	**3 104**

Illustrative effect of proposed New NED fees and Board restructuring on 2015 expenses (all amounts in R'000)			
Director	Board Member	For Meetings	Total
CP Davies	300	75	**375**
JA Bester	200	40	**240**
Prof MP Madi (resigned)	n/a	n/a	n/a
LM Nyhonyha (resigned)	n/a	n/a	n/a
T Pritchard	200	40	**240**
Total	**700**	**155**	**855**
Annual difference/saving (illustrative)	**1 143**	**1 106**	**2 249**
Percentage difference/saving (illustrative)	**62%**	**88%**	**72%**

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SOV New NED fees compared to Astral and Sector

Description	SOV New NED fees	Astral FY14 fees	Sector average
Total NED fees (R'000)	855	2 506	2 859
SOV relative to Benchmark:	-	34%	30%
Chairman fee (R'000)	375	583	604
SOV relative to Benchmark:	-	64%	62%
NED average (excluding Chairman) (R'000)	240	323	326
SOV relative to Benchmark:	-	74%	74%

- The column "SOV New NED fees" represents (for illustrative purposes) what Sovereign's Non-Executive Directors ("**NED**") fees would have been, had the new executive remuneration policy and board restructuring been implemented at the beginning of the 2015 financial year (refer previous slide).
- The sector average was calculated with reference to the following companies (the closest reported financial year end was utilised for purposes of this analysis):
  - RCL Foods Limited;
  - Afgri Limited;
  - Zeder Investment Limited;
  - Spar Group Limited; and
  - Rhodes Food Group Holdings Limited.

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SOV New NED fees compared to IOD Benchmarks

Description	SOV New NED fees	IOD Benchmark 1	IOD Benchmark 2
Total NED Fees (R'000)	855	1 767	2 368
SOV relative to Benchmark:	-	48%	32%
Chairman (R'000)	375	462	841
SOV relative to Benchmark:	-	81%	45%
NED average (excluding Chairman) (R'000)	240	326	382
SOV relative to Benchmark:	-	74%	63%

- The columns "**IOD Benchmark 1**" and "**IOD Benchmark 2**" represent fees in respect of companies that have a market capitalisation in the R160m - R747m range and the R758m - R2 713m range, respectively, as disclosed in the Institute of Directors' ("**IOD**") fees guide, 3rd Edition (adjusted for an annual inflation rate of 7%).
- Sovereign's market capitalisation currently falls in the upper end of the R160m - R747m range (i.e. IOD Benchmark 1).

The SOV New NED fee policy illustrates
a significant future cost saving relative
to peer entities (both by size and by sector).