

REMUNERATION REPORT

For the year ended 30 June 2015

REMUNERATION REPORT

REMUNERATION AND NOMINATIONS COMMITTEE

The Remuneration and Nominations Committee operates under the delegated authority of the Board and consists of four non-executive directors and meets at least twice a year. Mr NP Mageza is the Chairman of the committee as it pertains to issues of remuneration and Mr RV Smither is the Chairman of the committee as it pertains to issues of nomination. The other members during the year were Messrs JJ Durand and GM Steyn.

The Chief Executive Officer and Group HR Officer attend meetings of the Remuneration and Nominations Committee as permanent invitees but are excluded from the review of their own remuneration.

With respect to remuneration matters, the Remuneration and Nominations Committee is responsible for;

- assessing and approving the remuneration strategy for the Group;
- determining short- and long-term incentive pay structures for Group executives;
- positioning of senior executive pay levels relative to market benchmarks;
- reviewing and recommending to the Board the remuneration of executive directors;
- assessing and authorising specific reward proposals for the Group's executive directors and management;
- providing guidance on evaluating the performance of executive directors;
- reviewing and approving general proposals for salary adjustments in the Group;
- approving the overall cost of remuneration increases awarded;
- Approving principles on which short-term incentives for all staff are based;
- approving all awards pursuant to the RCL Foods Share Appreciation Rights Scheme and the Conditional Share Plan;
- approving annual performance bonuses; and
- reviewing the executive succession plan.

A schedule setting out directors' remuneration and equity interests appears in note 32 of the annual financial statements on pages 76 to 81, available on our website www.rclfoods.com.



In applying agreed remuneration policies, the Remuneration and Nominations Committee is committed to the principles of accountability and transparency and to ensuring that the reward arrangements are linked to Group performance, and are market related and support the business strategies.

REWARD PHILOSOPHY

The RCL FOODS reward philosophy states its aspirations and the over-arching intent that guides its strategy:

- RCL FOODS seeks to remunerate and reward employees in a way that supports the achievement of the organisation's strategy and goals. It seeks to reward outputs and results rather than input and effort;
- RCL FOODS aims to attract, retain and develop valuable employees of the right caliber, with the intent to create career progression and growth through learning, development opportunities and challenging jobs;
- RCL FOODS aims to reward performance and innovation, recognising those who deliver outstanding work whilst consistently demonstrating its core values;
- RCL FOODS wishes to engage its employees to such a degree that they willingly choose to work for RCL FOODS rather than other organisations; and
- RCL FOODS will deliver market related remuneration and benefits.

GUARANTEED REMUNERATION

Guaranteed remuneration is set with reference to the scope and nature of an individual's role, performance and experience. Packages are benchmarked to the market to ensure relevance and competitiveness.

Employees receive guaranteed packages which include membership of one of the Group's approved medical aid schemes. In addition employees have the choice of joining either a provident or pension fund that provides retirement, death and disability cover as well as funeral benefits.

ANNUAL PERFORMANCE BONUS

Managers, senior managers and directors are eligible to participate in an annual performance bonus scheme. The scheme aims to reward the achievement of agreed Group and Divisional financial targets as well as personal performance targets/KPI's.

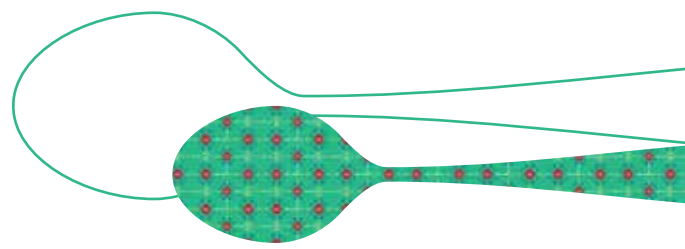
LONG-TERM INCENTIVE PLANS

Executive directors and selected senior employees currently participate in three long-term incentive plans designed to recognise their contribution to the Group by enabling them to participate in the growth and the value of the Group.

These schemes are:

- RCL FOODS Share Incentive Scheme (RSIS);
- RCL FOODS Share Appreciation Rights Scheme (SARS); and
- Conditional Share Plan (CSP).





All other South African based Group employees, who do not participate in one of the schemes mentioned above, participate in the growth and the value of the Group through the Employee Share Ownership Programme.

RCL FOODS SHARE INCENTIVE SCHEME (RSIS)

The RSIS was previously the only plan in place but developments in the regulatory environment and the change in practice, both internationally and locally, with regard to incentive schemes necessitated a review of the RSIS by the Board.

As a result, the Board recommended the adoption of a new Rainbow Share Appreciation Rights Scheme (RSARS), based on equity-settled share appreciation rights.

The Remuneration and Nominations Committee has therefore not issued any further share options in respect of the RSIS since adoption of the RSARS. The existing RSIS will remain in place for share options granted and offers made under that scheme until February 2016 at which point all awards will have been exercised.

RCL FOODS SHARE APPRECIATION RIGHTS SCHEME (RSARS)

The adoption of the RSARS was approved by shareholders on 31 July 2009. The salient features of the RSARS were included in the 2009 annual report.

The new RSARS provides executive directors and selected employees with conditional rights to receive RCL Foods ordinary shares, referred to as Share Appreciation Rights (SAR).

Within the limits imposed by the company's shareholders and the JSE Limited, the Remuneration and Nominations Committee approves and awards SAR on an annual basis, as well as periodically when either an employee is promoted or a new appointment is made to an appropriate management position.

Recipients of SAR become entitled to RCL Foods shares having a value equal to the increase in the market value of a number of notional RCL Foods shares.

CONDITIONAL SHARE PLAN (CSP)

An additional long-term incentive plan, the CSP, was approved by shareholders on 20 November 2012, and the salient features of the CSP were included in the 2012 annual report. The CSP operates in conjunction with the current Share Appreciation Rights Scheme. The company only uses the CSP to make ad hoc allocations as, and when, deemed necessary and in exceptional circumstances.

Under the CSP, participants will receive a conditional award of shares on the award date. Provided that they remain in the employment of the company over the vesting period, shares will be settled to the participants on the vesting date. Participants will have no shareholder or dividend rights before the vesting date.

EMPLOYEE SHARE OWNERSHIP PROGRAMME

In an effort to recognise the contribution of all employees within the Group and to engender a culture of ownership and commitment, the business made a decision to create a vehicle through which a portion of RCL Foods BEE shares are held in trust for the benefit of all qualifying employees. The RCL FOODS Employee Share Trust came into effect on 1 July 2014.

The Employee Share Ownership Programme replaces the previous Employee Share Ownership Programme which was unwound due to unsatisfactory performance and lack of resultant value.

Participation in the new scheme is extended to all permanent employees of the Group based in South Africa. Executives and managers participating in one of the above schemes are excluded from participating in RCL FOODS Employee Share Trust. All participating employees have been allocated the same number of units, irrespective of seniority or position in the Group. Each unit represents a potential future RCL FOODS shareholding.

The scheme has a seven-year transaction term and delivery of any resultant value will be effected in year eight (50% of value) and year nine (remaining 50% of value).

POLICY ON DIRECTORS' FEES AND REMUNERATION

The directors are appointed to the Board to bring competencies and experience appropriate to achieving the Group's objectives.

EXECUTIVE DIRECTORS

The current employment agreements of executive directors outline the components of their remuneration. At present, remuneration is divided into two components: a fixed component and a variable component comprising an annual performance bonus and long-term incentives in the form of the RSARS or CSP, ensuring that a portion of their package is linked to the achievement of improved business performance.

DIRECTORS' SERVICE CONTRACTS

There are no fixed-term service contracts for executive or non-executive directors.

NON-EXECUTIVE DIRECTORS

The Remuneration and Nominations Committee determines the remuneration of non-executive directors.

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