



RCL FOODS LIMITED  
**SUSTAINABLE  
BUSINESS REPORT**  
FOR THE YEAR ENDED JUNE  
**2020**



# About the report

## Scope and boundary

### Reporting approach

This report is part of our annual suite of reports and covers the 12 months from July 2019 to June 2020. The information reported covers all activities of RCL FOODS and our two divisions, Food and Logistics, for the stated periods which are considered relevant to our stakeholders.

The Sustainability Reporting Guidelines developed by the Global Reporting Initiative (GRI), the recommendations of King IV, as well as the criteria of the Sustainability Reporting Index (SRI) of the JSE Limited, have been used to compile this report. These criteria have been used for guidance only, with the reporting predominantly focusing on issues that are specifically material to RCL FOODS' business and stakeholder base.

The target audience for this report is all stakeholders with an interest in the activities of RCL FOODS, with particular emphasis on shareholders, customers, consumers, employees and suppliers.

The report should be read in conjunction with the 2020 Abridged Integrated Annual Report which provides an overview of our strategy and performance.

### Ensuring accuracy and credibility of our results

We have implemented a number of management systems, some of which are independently verified, as a platform for managing our business' economic, social and environmental practices as indicated in the pages that follow.

Although our sustainability performance and reporting have not been independently assured for the year, a significant portion of the information in this report is independently verified through compliance structures such as the International Standards Organisation (ISO), the Carbon Disclosure Project and others. The Board has relied on internal assurance providers with regard to the reliability of sustainability reporting in the Abridged Integrated Annual Report.

**We value feedback and welcome any questions or comments regarding this Report. These can be emailed to the Company Secretary, John Maher, at [john.maher@rclfoods.com](mailto:john.maher@rclfoods.com)**

## Usability features



This icon signifies that related information is available online at [www.rclfoods.com](http://www.rclfoods.com)



Directs readers to the page in the Abridged Integrated Annual Report with more details



Directs readers to the page in the Sustainable Business Report with more details



Directs readers to our Sustainable Business Framework with more details

## Related reports

This Sustainable Business Report forms part of, and should be read in conjunction with, a suite of reports available online on our website, namely:



**Abridged Integrated Annual Report**



**Corporate Governance Report**



**Remuneration Report**



**Annual Financial Statements**



**King IV Application Register**

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# Message from the CEO



“Planting the seeds of a more sustainable business before COVID-19 helped us to remain resilient during the crisis. This will play a key role in creating a ‘new normal’ and securing our future.”

**Miles Dally**  
Chief Executive Officer

**Since the beginning of 2020, our world has undergone change with a speed and scale that has profoundly altered life as we know it. There is no more ‘business as usual’ to return to once the COVID-19 pandemic is over; the new normal is here to stay and we will need to see and do things differently to survive and thrive into the future.**

Creating a secure future for our company is something we have been working on for a long time already, but at no time has the reality of rapid change and the need for concerted action been clearer than it has this year. COVID-19 has brought into sharp focus how vulnerable societies and economies are to rapid, large-scale change. While RCL FOODS has been able to weather the storm relatively well, with minimal disruption to our core operations, the virus has impacted every area of our business and changed the lives of all our stakeholders – including those who have lost loved ones, employees who have had to adjust to a very different way of working, and communities that are facing the worst hunger crisis in 20 years. Being able to employ people and keep South Africans fed has reinforced the centrality of our business to the wellbeing of our nation – a responsibility we don’t take lightly, making it all the more important for us to ensure our sustainability from a human, economic and environmental point of view.

I am proud to say that the work we have been doing over the last few years to proactively drive sustainable business has been critical in helping us manage the crisis. This extends across all areas of our Sustainable Business Framework, and I will touch on these briefly below. At the heart of it is our people, whose ability to see and do things differently has not only enabled them to adapt to a ‘new normal’ almost overnight, but is central to reimagining the way we will work in the future.

## Nourishing people

As an essential goods and service provider, we have been privileged to be able to help sustain South Africans through the crisis, producing and distributing over 1 500 tons each of flour and sugar, 700 000 loaves of bread, 500 tons of chicken, 270 tons of pet food and 97 tons of mayonnaise on a daily basis during the level 5 lockdown. Through our DO MORE FOUNDATION’s established network of social feeding and Early Childhood Development (ECD) partners, we have also been able to make a substantial contribution to delivering food to vulnerable communities affected by the lockdown. By the end of June, over 3,5 million meals had been delivered and we had helped the DO MORE FOUNDATION launch its own branded porridge for donation purposes. In response to President Ramaphosa’s call to support the Solidarity Fund, our senior management team also contributed personally to the national COVID-19 response, donating nearly R5,0 million via salary deductions in April, May and June.

With the COVID-19 pandemic accelerating shifts that were already starting to happen, and further highlighting weaknesses in the current food system, we are working to map and understand the ‘new world’ in which shoppers and consumers are operating. At the same time we continue to shape a more sustainable food system through two new ventures: The Hatchery which we established in partnership with Remgro, and the LIVEKINDLY co., a plant-based foods company which we invested in earlier in 2020. The Hatchery is South Africa’s first dedicated AgriFood Tech investment vehicle and aims to shape a healthier and more sustainable future of food for Southern Africa by investing in disruptive businesses across the food value chain. While the venture is still in its early stages, we look forward to

the positive impact that new global technologies and businesses will have in step-changing our local food system. The LIVEKINDLY co. aspires to transform the global food system by rapidly creating a plant-based food “ecosystem” of scale, which extends from farm to fork and has global reach. As their chosen route-to-market partner in Africa, we aim to meet evolving consumer needs and provide sustainable protein for a diverse and growing population. We are very excited about the potential of this global opportunity to enhance our diverse portfolio.

## Enriching communities

Our ability to continue operating and supporting our communities in the way we have during COVID-19 has been driven by extraordinary commitment, unity and adaptability on the part of our employees. Our longstanding focus on creating an RCL FOODS with more inspired employees, and more economically and socially developed communities, has contributed to this. We were able to rapidly and effectively roll out enhanced COVID-19 safety measures in all our operations and were praised by the Departments of Health and Labour for our exemplary efforts.

With rapid, frequent and widespread communication becoming more critical than ever, we leveraged our recently-introduced mobile app, *Let’s Talk*, to communicate frequently with up to 12 500 employees at once – a major achievement which has not only enhanced safety but built morale and engagement. With 3 000 people working remotely, our ability to hold meetings and leadership engagement sessions online played a great role in keeping us ‘virtually’ connected. Being able to meet virtually and work remotely via technology is a significant opportunity for us to shape a ‘new normal’ that is more flexible and better for the environment too.

Despite the lockdown affecting some of the learning and development initiatives we had planned, it brought a whole new focus to working in teams and valuing people. Against the backdrop of the unfolding Black Lives Matter movement, it was fitting that we were able to continue with an online version of the Diversity & Inclusivity Circle Conversations which we had started in 2019, as a way of reflecting on what we can do to create a more diverse and inclusive workplace for all of our employees.

We have also continued to drive social and economic transformation in our communities, improving our B-BBEE score to a level 3. By participating in the Youth Employment Service (Y.E.S.) Programme in 2019 we were able to provide over 330 unemployed youth with 12-month work experience contracts and have

now employed 55 on a permanent basis. We currently derive 32% of our total sugarcane supply from black-owned farming enterprises and we are constantly working to maximise the impact of our inter-connected business models in our joint ventures with land claimant communities, our long-term land reform partnerships and our small-scale grower relationships. Our DO MORE FOUNDATION continues to collaboratively drive sustainable social transformation in impoverished communities near our Nkomazi, Hammarsdale and Worcester operations, with its new enterprise development initiative in Hammarsdale providing a promising springboard for young entrepreneurs.

With COVID-19 underscoring the extent to which everybody is ‘in this together’, an incredible amount of goodwill has been generated which has enabled us to create more cohesive relationships and achieve more through collaboration – both within and beyond the organisation. A key highlight has been the closer working relationships we are forming with Government in many areas, from social outreach via the DO MORE FOUNDATION, to health and safety liaison with the Departments of Health and Labour, to managing industry impacts and sustainability in consultation with the Department of Trade and Industry. Acknowledging that the level of frustration across our communities is going to increase in the short to medium term, meaningful collaborations will be critical to meeting the challenge going forward.

## Sustaining resources

Amidst ongoing power interruptions and the recent introduction of the carbon tax, our ambitions to become energy self-sufficient and to eliminate coal use in our operations have been a key focus in the environmental sustainability space this year. With coal being a major contributor to our carbon footprint, we have begun investigating biomass as an alternative heating fuel in some of our chicken houses in the Western Cape, with promising results. In terms of our energy ambition, we continue to work towards increasing our renewable energy generation. Despite a commissioning delay due to COVID-19 restrictions, our new Waste-to-Value (W2V) plant in Rustenburg was able to start generating its first energy just before the end of June, using waste from our chicken processing plant and farms. This will supply 65% of the energy requirements of our Chicken Processing and Animal Feed site, increasing our groupwide energy self-sufficiency by approximately 22%. We also anticipate significant energy savings as a result of newly-approved solar and LED lighting projects. With even larger municipalities coming under increasing

pressure from an energy supply perspective, we continue to explore various possible ways to reduce our risk exposure, including working with Eskom's demand-side planning team to reduce our power demand where possible during extreme pressure periods in the system. Collaboration is likely to be key not only in resolving the energy challenge going forward, but other ambitions within our sustainability agenda.

Another overarching principle in this space is the circular economy, where value is retained in the system instead of going to waste. This underpins not only our W2V model but our food waste and packaging waste management aspirations. To prevent food waste from having to be landfilled in the Western Cape, our Vector Logistics Division is channelling it into the agriprotein market. In the packaging space, where much of our plastic is already recyclable, we look forward to stimulating the circular economy even further as we progress on our packaging transformation journey. A key highlight this year was our signing of the South African Plastics Pact. This commits us to eliminating the plastics we don't need (maintaining food safety as a priority), while innovating to ensure that our plastics conform to strict recycling benchmarks, and circulating all the plastic items we use to keep them in the economy and out of the environment. We look forward to moving the needle in this area in collaboration with our suppliers, other producers and our larger retail customers.

On the water side, we continue to drive water-saving initiatives and practices across the business. Sugar continues to invest in water-smart irrigation technology and to implement green (no burn) harvesting which enables a thick layer of leaves to remain on the fields as mulch. Combined water saving initiatives have increased water use efficiency in Sugar agriculture by 9.3% since 2017. We also conducted a water assessment at our Pretoria West Flour Mill and our Randfontein Grocery plant, in order to understand their current water landscape better and devise appropriate management strategies.

## The future is in our hands

As we have been reminded often by Government during the last few months, what happens in the future depends to a large extent on what we do today. Planting the seeds of a more sustainable business before COVID-19 helped us to remain resilient during the crisis. Along with the insights we have gained during the past few months, these will play a key role in creating a 'new normal' and securing our future.

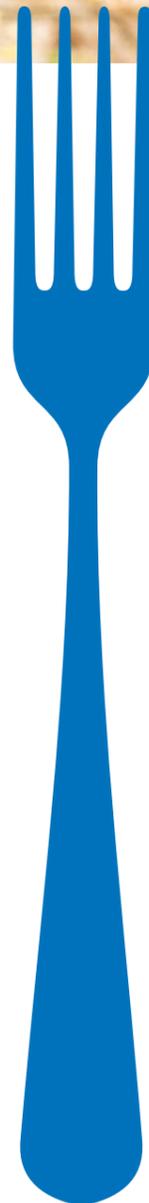
One ray of light in the dark cloud of COVID-19 has been society's realisation that we are tougher and more resilient than we think - or in the words of the famous quote popularly attributed to Darwin, "it's not the strongest of the species that survive, nor the most intelligent, but the one that is most adaptable to change". If we accept that tomorrow's world may be quite different to the one we knew in February, we can prepare ourselves to take advantage of the opportunities it could bring - like finding better ways of working and interacting, better ways of meeting our consumers' needs and better ways of caring for the environment.

**Miles Dally**  
Chief Executive Officer



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# Our business overview

RCL FOODS is a leading South African food manufacturer that produces a wide range of branded and private label food products in various categories, ranging from staples to value-added high-end speciality offerings, which we distribute to our retail and food service customers through Vector Logistics, our own route-to-market supply chain specialist.

With R8,4 billion in market capitalisation and more than 20 000 employees, we are one of the top 100 companies listed on the JSE. Driven by Our Ambition and Our Passion, and guided by Our Values, our strategy is about creating the future Our Way.

## Our Passion

### More Food to More People, More Often

We believe in doing more ... with a single-minded passion to provide More Food to More People, More Often. We believe that by nourishing people whilst sustaining our resources, everyone wins. Communities will be enriched, employees inspired and our customers and shareholders will enjoy the benefits.

## Our Ambition

### To build a profitable business by creating food brands that matter

The key to our strategy is to build brands that people love – brands that make an impact on their lives and cater to their needs.

## Our Strategic Thrusts

### Our Passion and Ambition are enabled by six strategic thrusts:

- Grow through strong brands
- Partner with strategic customers
- Extend our leading value chain
- Inspire great people
- Expand into the rest of Africa
- Drive sustainable business

## Our Values

### Four powerful values drive the way we do business:

- Respect for people
- Uncompromising integrity
- Seeing and doing things differently
- Act responsibly

## Our Way

### Inspired by Our Passion and Our Values

Our unique RCL FOODS culture is at the heart of our strategy, brought to life in Our Way – the key behaviours that inspire the way we work and create value.

- MORE IMPACT
- MORE OPEN
- MORE CURIOUS
- MORE BRAVE
- MORE SPEED
- MORE YOU

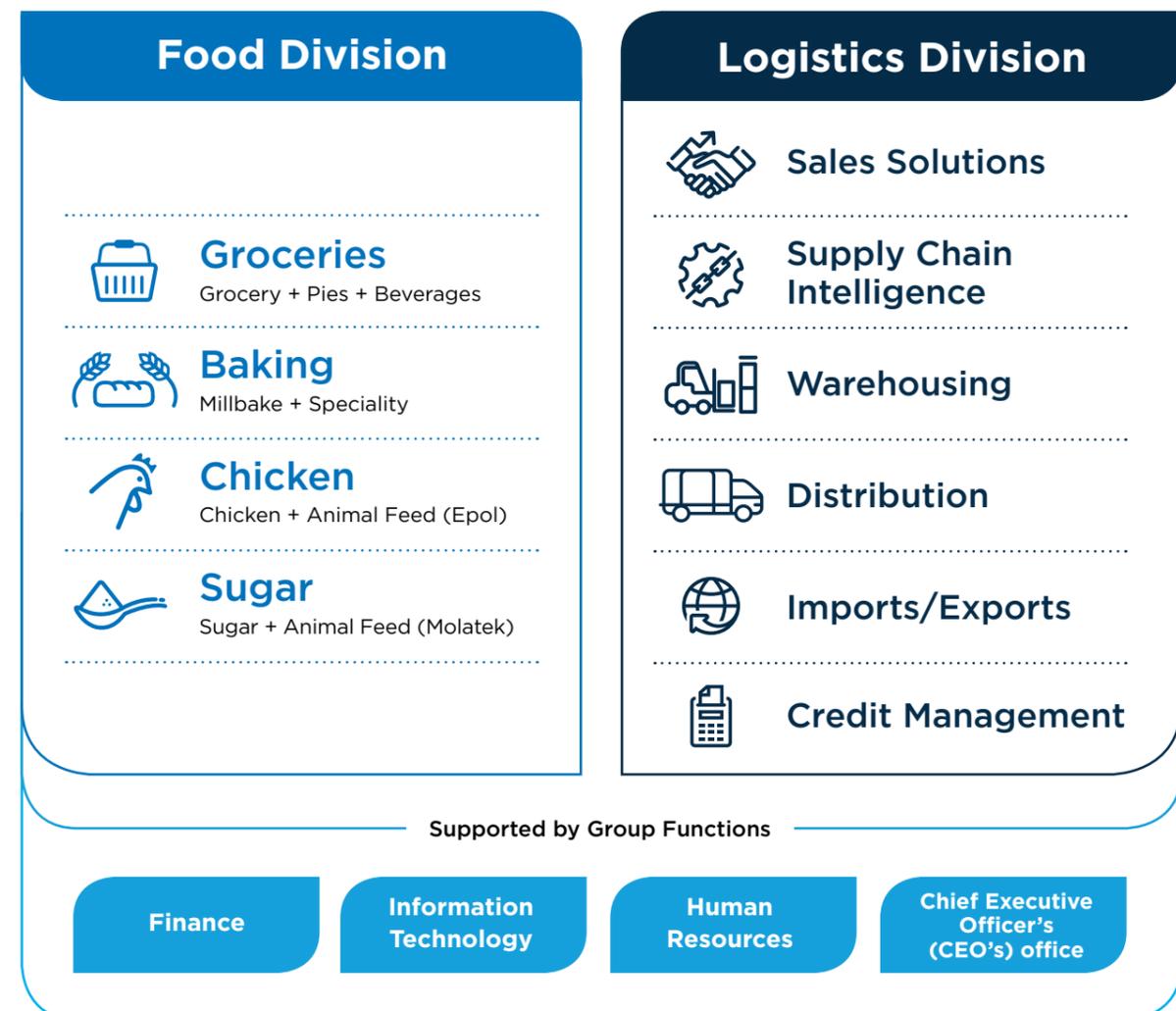
# Our structure

In line with our strategy to create a single, integrated RCL FOODS united by a common Passion, Ambition and culture (Our Way), we transformed from four separate businesses (TSB Sugar, Rainbow Chicken, Foodcorp and Vector Logistics) into one company in 2015. This consisted of three divisions (Consumer, Sugar & Milling and Logistics), supported by common Group functions. This structure served us well as we bedded down a common RCL FOODS identity while driving synergies across the business and expanding into new categories.

**In the 2020 financial year we took the next step in our evolution into a truly integrated “ONE RCL FOODS”** by restructuring our Consumer and Sugar & Milling Divisions into a single Food Division.



**With our simpler, more focused two-division structure – Food and Logistics –** we aim to drive further synergies and optimisation across the company whilst leveraging our “ONEness” to bring More Food To More People, More Often.



# Our approach to sustainability

As the manufacturer of a large and diverse basket of food products, we are responsible for a complex value chain that spans from raw material production to the consumption of our products, and includes the communities in which we operate. Within this ecosystem, we need to manage the impacts of our business, supply chain, communities and environment on each other in such a way that we remain sustainable as a business. **It is for this reason that "Drive Sustainable Business" is incorporated as one of our six Strategic Thrusts, underpinning everything we do.**

To deliver against this key strategic thrust, we asked ourselves in 2016 what we needed to see and do differently to ensure that RCL FOODS is able to continue providing More Food to More People, More Often in decades to come. Based on insights from the Global Reporting Initiative (GRI), various legislation, stakeholder surveys, peer reviews, business intelligence, market surveys and media reports, **we crafted a sustainable business vision for RCL FOODS – to secure the future for our business, while establishing a competitive advantage in a fast-changing world – and we developed our Sustainable Business Framework.**

The three pillars of our Sustainable Business Framework are NOURISHING PEOPLE, ENRICHING COMMUNITIES and SUSTAINING RESOURCES, acknowledging our interlinked business, social and environmental agenda. **This framework, shown on the next page, sets out our ambitions in each area and is the foundation of our Sustainable Business Drive.** The rest of this report unpacks our progress under each of the elements of our Sustainable Business Drive, with numbering providing easy reference back to the framework.

To capture our overall progress during the year and aid navigation of the report, we have included a summary of our sustainable impact in 2020 on page 12 and 13.

## Our Governance of Sustainability

The Board of RCL FOODS has overall responsibility for RCL FOODS' sustainable development, and a director is responsible for championing our Sustainable Business Drive within the organisation. Both the Risk Committee and the Social & Ethics Committee assist in monitoring all aspects of our sustainability initiatives, including the health and safety, economic, environmental and social impacts of our business. Their oversight role enables risks and opportunities to be identified proactively and in an integrated way, in line with the provisions of the Risk Charter.



A beneficiary of our DO MORE FOUNDATION's food security project in Hammarisdale

# Our sustainable business framework

**Our sustainable business drive** is about **creating the future**. Underpinned by **our passion**, it sets out **our response** to the most critical social and environmental challenges we face. Our sustainable business drive enables us to **secure the future** for our business, whilst establishing **competitive advantage** in a fast-changing world.

<p><b>① Nourishing people</b> More nutritionally creative solutions</p>	<p><b>② Enriching communities</b> More socially creative solutions</p>	<p><b>③ Sustaining resources</b> More environmentally creative solutions</p>
<p><b>1.1 MORE NUTRITIOUS PRODUCTS</b> We will provide more nourishing food, better value and greater choice to all people – educating our consumers on the benefits of a balanced diet. <b>Ambition</b> To lead the promotion of nutrition with innovative product solutions in the context of a balanced diet.</p>	<p><b>2.1 MORE INSPIRED EMPLOYEES</b> We will build a unique organisation where work is safe, fun, meaningful and enriching in a way that unlocks the potential and creativity of our more than 20 000 people. <b>Ambition</b> To become THE place to work by building a compelling RCL FOODS culture.</p>	<p><b>3.1 MORE ENERGY SELF-SUFFICIENT OPERATIONS</b> We will invest in energy self-sufficient operations and support the generation of renewable resources at a rate greater than we consume them. <b>Ambition</b> To become an energy self-sufficient business.</p>
<p><b>1.2 MORE NUTRITIONAL THOUGHT LEADERSHIP</b> We will strive to become a trusted source of influence in food policies, regulation and food labelling development. <b>Ambition</b> To lead the promotion of nutrition through influencing policy development.</p>	<p><b>2.2 MORE ECONOMICALLY DEVELOPED COMMUNITIES</b> We will drive an inclusive business agenda through land reform and new inter-connected business models. <b>Ambition</b> To become THE trusted business partner for economic development in the communities in which we operate.</p>	<p><b>3.2 MORE WATER-SMART OPERATIONS</b> We will invest in water-smart operations and influence local government and other key stakeholders for collective solutions in the higher risk areas. <b>Ambition</b> To become a water-smart business that continually seeks new ways to reduce, reuse and "create" water.</p>
<p><b>1.3 MORE BASIC NUTRITION FOR CHILDREN</b> We will drive awareness of the basic nutrition challenges for children through collaborative multi-stakeholder partnerships aimed at addressing nutritional stunting. <b>Ambition</b> To lead the promotion of nutrition for children through collective action against stunting.</p>	<p><b>2.3 MORE SOCIALLY DEVELOPED COMMUNITIES</b> We will drive social upliftment of our communities through a dialogue approach – understanding their needs and partnering with like-minded organisations to find solutions. <b>Ambition</b> To become THE respected business partner for social development in the communities in which we operate.</p>	<p><b>3.3 MORE WASTE-FREE OPERATIONS</b> We will invest in new business opportunities that turn our waste into value (through circular economy principles), and minimise our waste to landfill. <b>Ambition</b> To become a waste-free business that continually seeks new ways to turn waste into value.</p>

**UNDERPINNED BY NEW DISRUPTIVE MODELS**  
**ACHIEVED AND SUSTAINED BY STRONG WIN-WIN MULTI-STAKEHOLDER PARTNERSHIPS**

# Our sustainable impact in 2020



## 1 Nourishing people

### 1.1 More Nutritious Products

- Invested in the LIVEKINDLY co. to drive provision of affordable plant-based protein in Africa
- The Hatchery has progressed towards being able to invest in game-changing AgriFood Tech businesses to help drive a more sustainable future of food
- Reduced sodium in our chilled processed meats, freezer-to-fryer and baked products in 2019

### 1.2 More Nutritional Thought Leadership

- Actively contributed to the Poultry Sector and Sugar Industry Master Plans

### 1.3 More Basic Nutrition for Children

Delivered through our DO MORE FOUNDATION:

- A record-breaking World Food Day Campaign in 2019
- 130 000 nutritional snacks per month to help young children learn
- Over 3,5 million meals to vulnerable communities affected by the COVID-19 lockdown
- A DO MORE FOUNDATION first: its own branded porridge at R1 a meal

## 2 Enriching communities

### 2.1 More Inspired Employees

- Achieved Top Employer certification, improved to a level 3 B-BBEE score and made progress in diversity and employment equity initiatives
- R31,8 million invested in training nearly 10 000 employees
- 330 youths placed in 12-month work experience contracts as part of the Government's Youth Employment Service (Y.E.S.) Programme
- Rigorous efforts to ensure the safety of our employees during the COVID-19 pandemic
- Recognised by the AgriSETA for the high standard of our various skills development initiatives in our Sugar business unit

### 2.2 More Economically Developed Communities

- 32% of our total sugarcane supply came from our large-scale community-based joint ventures (CBJVs), small-scale growers (SSGs) and long-term land reform partnerships
- SSGs generated approximately R350 million in turnover
- Akwandze Agricultural Finance (AAF), in partnership with The Jobs Fund, facilitated the development of nearly 500 hectares of communally-owned land under sugarcane, creating 158 new permanent jobs and 102 short-term jobs

### 2.3 More Socially Developed Communities

Impoverished communities near our operations were uplifted through three collaborative social development initiatives led by the DO MORE FOUNDATION:

- Hammarsdale (KwaZulu-Natal): Six new enterprises established, benefiting 37 youth entrepreneurs
- Worcester (Western Cape): ECD centres assisted to qualify for subsidies and progress made in creating integrated ECD policy
- Nkomazi (Mpumalanga): Independent research report confirms success of collaborative "Leave No Young Child Behind" Early Childhood Development (ECD) initiative, and 1 144 farmers recruited into Abalimi Phambili smallholder vegetable farmer support programme

## 3 Sustaining resources

### 3.1 More Energy Self-sufficient Operations

- 26% energy self-sufficient due to sugar co-generation, Waste-to-Value (W2V) and solar projects
- Completed construction of Rustenburg W2V plant
- Commenced 511 kW solar project at our Vector Peninsula logistics hub

### 3.2 More Water-smart Operations

- Conducted a Water Risk Profiling and Strategy study at two major sites
- Continued water-saving initiatives in Sugar, resulting in 9.3% saving since 2017

### 3.3 More Waste-free Operations

- Production waste from poultry farms is being diverted from landfill to a composting facility, thereby reducing waste by more than 1 000 tons during the year
- Joined the SA Plastics Pact and committed to taking action on problematic or unnecessary plastic packaging by either redesigning, innovating or finding ways to reuse it

# Our DO MORE FOUNDATION



## Doing more together to create better tomorrows

Three years ago we created the DO MORE FOUNDATION as a separate Non-Profit Organisation (NPO) to enable us to increase the impact of our corporate social investment by partnering with other organisations to DO MORE.

We wanted to bring about meaningful, sustainable change in the impoverished communities where we operate and beyond, and we knew that this was only possible through well-coordinated collective action by a range of key stakeholders: Government, Non-Governmental Organisations (NGOs), business and communities themselves.

The Foundation was formed around three key focus areas:



... to not only address acute needs but empower communities to break out of the poverty cycle.

Young children are at the centre of the DO MORE FOUNDATION's strategy, since every child uplifted means better prospects for a household, and ultimately the community itself. The Foundation's approach to sustaining change and maximising project potential is to act as a catalyst for collaborative initiatives aligned to national imperatives – such as integrated Early Childhood Development (ECD) – and to guide and coordinate their combined activities by working as a 'backbone organisation'.

Looking back over the last three years, the expanded scope and impact of the DO MORE FOUNDATION's activities clearly show the benefit of our 'CSI unusual' approach.



Nutritional snack time at an ECD centre

## Three years in, we are doing more together



Youth enterprise development in Hammarsdale

### Community initiatives in Nkomazi, Hammarsdale and Worcester are bringing about real change through multi-stakeholder partnerships

- **LEAVE NO YOUNG CHILD BEHIND:** Young children in Nkomazi's two poorest wards are benefiting from improved ECD services – including better nutrition, early learning & stimulation, health inputs and other key services.

[Read more on page 32.](#)

- **#DOMORE4HAMMARSDALE:** The Hammarsdale community in KwaZulu-Natal is benefiting from improved food security and economic prospects through our food gardens and economic linkages projects. Young entrepreneurs are being launched through the Street Business School and our enterprise development initiative.

[Read more on page 31 and 33.](#)

- **WORCESTER - A PLACE WHERE YOUNG CHILDREN FLOURISH:** Through the Worcester Young Child Forum we are mobilising multiple stakeholders to co-create an environment that is conducive to healthy early childhood development.

[Read more on page 31.](#)

### Large-scale national initiatives are growing in scale due to our expanding partnership network

- **WORLD FOOD DAY** is an annual campaign that drives awareness and action to end hunger and nutritional stunting. Over 2 500 employees from RCL FOODS and other corporate partners made 107 418 sandwiches for young children in an hour, breaking a world record.

[Read more on page 20.](#)

- **MANDELA DAY** gives individuals and organisations the opportunity to DO MORE through community feeding and practical assistance. In 2019, 14 400 meals were prepared and 183 mini-projects were carried out by RCL FOODS employees and 10 external partners.

- **130 000 NUTRITIONAL SNACKS**, consisting of Monati porridge and Yum Yum peanut butter, are provided monthly to young children at ECD centres and playgroups in six provinces, helping them learn.

- **REPURPOSE FOR PURPOSE** is a project providing free ECD learning material to ECD centres across South Africa. The expert-approved content is printed on excess white board and distributed with training to over 120 000 young children across seven provinces.

- **#DOMOREFEEDING** is a dedicated COVID-19 relief effort that has leveraged the power of partnerships to provide food and parent support to the millions of people affected by the COVID-19 lockdown.

» Over 3,5 million meals were provided to ease hunger among vulnerable children and their families by the end of our financial year in June.

[Read more on page 20.](#)

» Through partnerships with UNICEF, the Department of Social Development and the National ECD Alliance, the Foundation provided information to help parents and caregivers cope with being at home and to stimulate young children during the lockdown.



Learning through play at an ECD centre

Our sustainable impact unpacked

# Nourishing people



South Africa is a society in transition. As the middle class grows and transforms, poverty levels continue to rise, with one in four people being unable to afford enough food to meet their basic needs.<sup>1</sup> The widening gap between rich and poor means that on one hand, there is an increasing demand for foods that satisfy more affluent tastes and include more meat, and on the other, a demand for affordable, high-energy, filling foods – which are often low in nutrients. Across the spectrum, time-poor consumers are also attracted to convenience foods that are quicker to prepare but tend to be higher in fat, salt and sugar. This ‘nutrition transition’ and the Westernisation of diets are responsible for rising levels of malnutrition (undernutrition and overnutrition) and associated health impacts, and is placing unsustainable pressure on environmental resources as the population expands. Addressing hunger and promoting good health and wellbeing are a key priority both for South Africa and globally, in line with the United Nations Sustainable Development Goals 2 and 3.

As a leading food manufacturer in South Africa, RCL FOODS has a presence in many households via our diverse basket of brands. Our aim is to shape South Africa’s nutritional landscape for the better by nourishing people more sustainably according to their needs in three areas: More Nutritious Products, More Nutritional Thought Leadership and More Basic Nutrition for Children.



<sup>1</sup> <http://www.statssa.gov.za/?p=10334> Poverty on the rise in South Africa

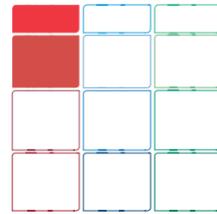
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# 1.1

## More nutritious products

Our ambition is to lead the promotion of nutrition with innovative product solutions in the context of a balanced diet.



South Africa suffers from a double burden of malnutrition. On the one hand, over half our population experiences hunger or is at risk of experiencing it.<sup>2</sup> On the other hand, 68% of women and 31% of men are overweight or obese.<sup>3</sup> Both undernutrition and overnutrition are risk factors for non-communicable diseases which are placing an increasing burden on public health systems and the economy.

We seek to meet the changing needs of our consumers through our broad basket of products which range from staples to value-added products. We acknowledge the role that we can play in strengthening the nutritional profile of both our products and our overall portfolio. Having reduced sodium in our chilled processed meats, freezer-to-fryer and baked products in 2019, we are now considering key needs and opportunities as a next step.



**68%**  
of women  
and  
**31%**  
of men  
are overweight  
or obese

## Disrupting the food landscape for a more sustainable future

From a portfolio perspective we have taken a significant step to enhance our nutritional relevance and sustainability. In the context of increasing consumer demand for healthy, sustainable, affordable, tasty and responsibly-sourced alternatives to traditional protein sources, we **ventured into the plant-based protein category via our strategic investment in a minority shareholding in the LIVEKINDLY co.** in January 2020. We believe our unique farm-to-fork capability and established market presence would position us well to help build a robust plant-based ecosystem in South Africa - from agriculture through to go-to-market brands and infrastructure.

Another important step we have taken towards securing food for the future is **our establishment of The Hatchery in partnership with Remgro.** The need for a more sustainable food system in South Africa, coupled with the rapid innovation occurring in the global AgriFood Tech sector, created a significant gap for strategic investment in the future of food in Southern Africa, and The Hatchery was created as an independent entity in January 2019.

**As South Africa's first dedicated AgriFood Tech investment vehicle, The Hatchery's mission is to "shape a healthier and more sustainable future of food for Southern Africa" by investing in disruptive businesses across the food value chain.** Having established itself with the appropriate profile and attributes, The Hatchery is now well positioned to invest in game-changing AgriFood Tech businesses as well as key business enablers that cut across the food value chain, such as logistics and the circular economy (e.g. water, packaging and waste). In this way The Hatchery aims to bring global businesses and/or technologies to our region that will positively impact on the sustainability of the Southern African food value chain, our own business included.



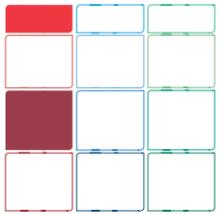
<sup>2</sup> South African National Health and Nutrition Examination Survey (SANHANES-1), 2014

<sup>3</sup> Stats SA. South Africa Demographic and Health Survey, 2016

# 1.2

## More nutritional thought leadership

Our ambition is to lead the promotion of nutrition through influencing policy development.



A key developmental challenge for South Africa is to provide its growing population with adequate amounts of safe, nutritious and sustainably grown food. Creating appropriate and timeous policy to support this is crucial, with input from multiple stakeholders to ensure that policies are relevant and workable.

A key area of focus has been the sustainability of the local chicken and sugar industries, and we are pleased that our intensive engagement with Government and other industry players has contributed to the finalisation of the Poultry Sector Master Plan and the Sugar Industry Master Plan.

Within our business we are working to better understand the South African food landscape and identify ways in which we can provide strong corporate leadership to address nutrition challenges in the food system.



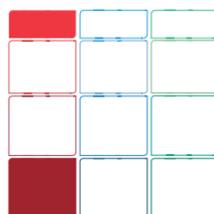
**Finalisation  
of the Poultry  
Sector Master  
Plan and the  
Sugar Industry  
Master Plan**



# 1.3

## More basic nutrition for children

Our ambition is to lead the promotion of nutrition for children through collective action against stunting.



At least 2,5 million young children in South Africa are currently living below the food poverty line, resulting in a staggering 27% being stunted<sup>4</sup> (short for their age) and likely to experience impaired physical and cognitive development. This has serious implications for their future health and economic prospects.

As a food company, RCL FOODS has an important role to play in promoting improved nutrition in this vulnerable group, as part of the integrated approach to early childhood development adopted by our DO MORE FOUNDATION.

As the Foundation's lead nutrition partner, we play a key role in its annual **World Food Day campaign** (which resulted in last year's world record of 107 418 peanut butter sandwiches being made for young children in one hour) and in the **provision of a daily nutritional snack of Monati porridge and Yum Yum peanut butter** to young children at ECD centres and playgroups in six provinces.

### Easing hunger during the COVID-19 lockdown

The COVID-19 lockdown raised the prospect of a nationwide hunger crisis in 2020, both due to families losing incomes and children no longer receiving a daily meal at school. The DO MORE FOUNDATION responded by launching a collaborative COVID-19 #DoMoreFeeding relief initiative which, through funds raised externally and our own contributions, resulted in **513 tons of food - the equivalent of 3,5 million meals** - being donated to vulnerable communities in nine provinces by the end of June 2020.

A key highlight of our involvement in the initiative has been the launch of a special **DO MORE FOUNDATION-branded fortified sorghum porridge for donation purposes only. Through the production of this porridge we are able to provide a meal for one rand (1 meal = 1 rand = 100g porridge)** and we are excited about the potential of this product to impact not just hunger but also nutritional deficiencies in young children.



Rural grandmothers receive the newly-launched DO MORE FOUNDATION instant sorghum porridge from Kingsley Holgate's team



**2,5 million** young children in South Africa are currently living below the food poverty line

**107 418** peanut butter sandwiches made for young children in one hour



**3,5 million** meals donated for COVID-19 relief

## Case study

### Investing in the future of food with the LIVEKINDLY co.

Climate change, population growth, chronic hunger, obesity and a related rise in non-communicable diseases mean that food producers need to find more sustainable ways of nourishing people. One that is gaining recognition worldwide is a plant-based diet, considered to be "kind" to both people and the environment. Identifying plant-based protein as a key strategic investment, we ventured into this fast-growing category with our recent acquisition of a minority shareholding in the LIVEKINDLY co.

The LIVEKINDLY co. was founded by Blue Horizon AG, a leading plant-based investor, and is a visionary new US-based company that aims to transform the global food system by rapidly creating a plant-based food "ecosystem" of scale, that extends from farm to fork and has global reach. To do so, the LIVEKINDLY co. is building a strategic portfolio of brands which so far include LIVEKINDLY Media, LikeMeat, Oumph! and the well-known South African brand, the Fry Family Food Co.

Key to its strategy is entering into strategic partnerships with established platforms like RCL FOODS that seek to embrace plant-based options.

We believe our unique farm-to-fork capability and established market presence position us well to help build a robust plant-based ecosystem in South Africa - from agriculture through to go-to-market brands and infrastructure.

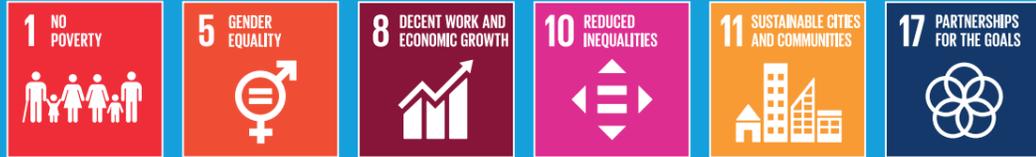
The plant-based protein industry is still at an early stage in South Africa, but improvements in the affordability, taste and texture of plant-based alternatives are expected to grow the category into a meaningful market in both retail and food service channels.

Offering plant-based options alongside traditional (chicken) protein will meet our desire to provide our diverse consumer population with more choice, while also preparing us to meet future protein needs in a sustainable way.

**Our unique farm-to-fork capability and established market presence position us well to help build a robust plant-based ecosystem in South Africa**



# Enriching communities



As a direct employer of more than 20 000 people and a business partner to numerous contract growers and secondary businesses across our supply chain, we play a key role in sustaining the livelihoods of millions of South Africans. In a context of persistently high unemployment and socio-economic inequality, we are working to secure the future for our company and country by driving positive transformation in our people and communities, in line with Goals 1, 5, 8 and 10 of the Sustainable Development Goals.

Within our organisation, this means investing in our employees' development and creating an inclusive and rewarding work environment. Beyond our business, it means promoting Broad-Based Black Economic Empowerment (B-BBEE) through our procurement policies and our Supplier and Enterprise Development partnerships, stimulating community economic development through inter-connected business models, and creating meaningful change in communities through our corporate social investment, led by the DO MORE FOUNDATION. Partnership is key to our approach to developing sustainable communities, in line with Sustainable Development Goals 11 and 17.



Y.E.S. candidates with Charmaine Boshoff, HR Executive: Learning, at RCL FOODS' national office in Durban

## 2.1

### More inspired employees

Our ambition is to become "THE place to work" by building a compelling RCL FOODS culture.

Our employees are our single greatest asset: through them we are able to deliver on Our Passion and achieve our growth ambitions. For this reason, we are committed to developing our people, building authentic leaders, and creating a unique culture where individuals are valued and work is safe, meaningful and enriching. As part of our commitment to inspiring great people, we seek to continually engage and develop our employees through the use of innovative HR practices, such as the use of digital platforms for recruitment, employee communication and even personal development.

**Our four key focus areas are:**

- Culture and Diversity
- Develop Leaders and Grow Talent
- Collaborative Employee Relations and Engagement
- Employee Health, Safety and Wellness



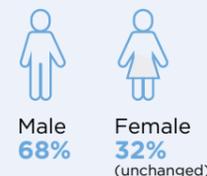
We are committed to **developing our people, building authentic leaders,** and creating a unique culture

### Culture and Diversity

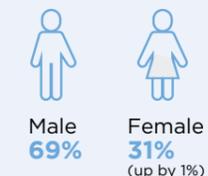
- We have **achieved our 2020 diversity targets, with particularly good progress at management level** where 60% of employees are now ACI\* or female, versus a target of 55%.
- Our **B-BBEE score** improved from a **level 4 to a level 3 for the first time.**
- As a participant in the Y.E.S. programme in 2019, we **placed over 330 young people in newly created 12-month fixed-term contract work experience opportunities** across our business. Of these, 55 have since been placed in permanent positions (a 16.6% absorption rate) and one has been selected for our Management Trainee Programme which focuses on building future leaders.
- We completed the first year of our new **Basadi Bereka (Women at Work) programme, which aims to accelerate the development of key female talent** in the lower and middle levels of the organisation. On the strength of this initiative, we received a bronze award for Investing in Young Women in the Gender Mainstreaming Awards.
- We launched a **series of Diversity & Inclusivity "Conversation Circles"** around how to create a more **diverse and inclusive culture** at work.
- Our **employer brand gained strong traction** - we were certified a **Top Employer** by the Top Employer Institute, and received **three recruitment awards** at the 2019 South African LinkedIn Talent Awards and the South African Graduate Employee Association (SAGEA) Awards.

### Group Employment Equity breakdown

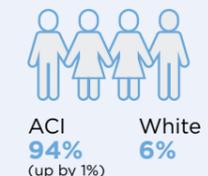
TOTAL RCL FOODS BY GENDER:



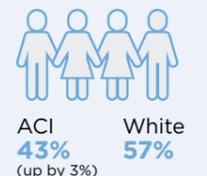
MANAGEMENT BY GENDER:



TOTAL RCL FOODS BY ACI\*:



MANAGEMENT BY ACI\*:



\* ACI: African, Coloured, Indian

### Develop Leaders and Grow Talent

- **R31,8 million was invested in training nearly 10 000 employees**, of which 90% were ACI.
- We continued to **upskill our workforce** and build operational capabilities via **via South African Qualifications Authority (SAQA) accredited learnerships and apprenticeships**.
- We drove **professional skills development** in critical business areas through our new **functional learning academies**.
- We **grew industry skills** through our Supreme Siyabhaka Baking Academy for young ACI bakers and our Sugar learnership for people living with disabilities.
- We were **commended by the Agriculture Sector Education Training Authority (AgriSETA)** for the high standard of our various Sugar Academy skills development initiatives.
- We continued to grow our current and future leaders through our various **leadership development programmes**.
- We made **various online platforms** including LinkedIn Learning available to our employees to provide “on-demand” learning solutions. Virtual platforms played a key role in maintaining learning & development and employee wellness during the COVID-19 lockdown.

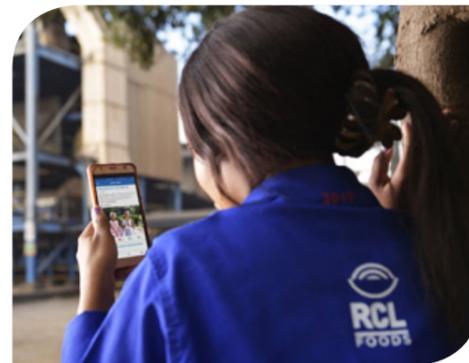


RCL FOODS partners with the AgriSETA

### Collaborative Employee Relations and Engagement

Currently, **75% of our workforce is represented by the various bargaining units in our business**, through which the recognised trade unions negotiate salaries and conditions of employment. We have signed multi-year wage agreements with unions across most of our business units, helping to keep employee industrial action to a minimum.

Our newly introduced **Let's Talk mobile app** has played a critical role in managing the current COVID-19 crisis. Use of the app is voluntary and free, with the business covering the data costs. App messages are **supported by our other internal channels** such as site posters and the intranet, ensuring that all employees are reached whether registered on the app or not.



A Sugar employee engages with our Let's Talk app

### Employee Health, Safety and Wellness

We continued to promote our employees' health, safety and wellness through a range of programmes and support initiatives.

**During the COVID-19 lockdown our clinics have played an essential role** in providing support and advice to the operational, SHEQ and HR teams, as well as assisting with screening protocols and monitoring vulnerable individuals.

**Excluding provision of dedicated transport** enabling employees to travel safely to and from work, a total of **R52,7 million was spent on Cleaning, Health & Safety and Medical Supplies & Services** to keep our people safe during the COVID-19 pandemic.



Chicken Processing employees observe COVID-19 safety protocols

### Case study

#### Keeping our employees safe during COVID-19

In continuing to operate as an essential service provider throughout the COVID-19 pandemic, our top priority has been to keep our employees safe by putting preventative measures in place to minimise their risk of exposure to the virus. This meant enhancing our existing stringent workplace safety controls in consultation with the National Institute for Communicable Diseases (NICD) and the Department of Health and developing our own risk-based approach. To lead this process, a cross-disciplinary COVID-19 task team was formed, led by Chief Ethics and Compliance Officer, Deena Naicker.

Prior to the commencement of the lockdown, the team led the business in identifying which employees were in critical on-site roles, and which employees could work remotely. Approximately 3 000 made a rapid transition to remote working, using Microsoft Teams and Zoom to replace face-to-face meetings.

Meanwhile, a risk rating was developed for on-site staff, based on the degree of social distancing permitted by their role, as well as their personal health risks (such as chronic illnesses known to worsen the effects of COVID-19).

Enhanced safety controls were put in place to protect employees in the medium- and high-risk categories, while key prevention measures were implemented at all sites – such as screening on entry (temperature and symptom checks, as well as travel history), social distancing protocols (such as separating work areas by at least 1,5 metres where possible, installing safety screens where possible, reducing meeting

room capacity to 50%, zoning work spaces and canteens to limit movement, and providing personal protective equipment (PPE) where social distancing is not feasible), enhanced cleaning and sanitation protocols, ventilation, travel restrictions, and frequent multi-channel communication to educate and share updates. To de-densify work spaces, we also split shifts or extended the working week from five to six days, and provided dedicated employee transportation where required.

Clinic services were increased and have played a key role in supporting the operational, risk and HR functions by providing guidance on COVID-19 entrance screening, use of masks and PPE. Shifting their focus from primarily occupational health to primary healthcare, the clinics have played a significant role in helping to monitor and define the risk levels of vulnerable employees, such as those over 60 or suffering from underlying health conditions (co-morbidities) that put them at greater risk should they contract the virus. Employees were asked to voluntarily declare their co-morbidities so that we could put risk-mitigating measures in place for them.

Our control measures and employees' understanding of them have been recognised by both the Health and Labour departments, and this has played a key role in ensuring our continued operation throughout the crisis. As economic activity resumes and national infections climb, vigilance in implementing all protocols remains critical.

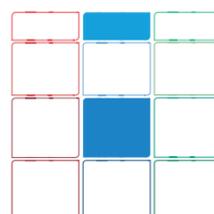
#### Risk rating applied to staff and key functions

High	Medium	Low
<ul style="list-style-type: none"> <li>• Clinics (mobile and permanent)</li> <li>• Clinic doctors, nurses and support staff</li> <li>• Employees who live in the same household as healthcare workers</li> <li>• Vulnerable employees, such as those over the age of 60 or suffering from co-morbidities such as diabetes, high blood pressure and compromised immunity</li> </ul>	<ul style="list-style-type: none"> <li>• Vector Logistics trade marketers and Baking drivers and van assistants</li> <li>• Debtors, creditors and call centre employees</li> <li>• Staff using public transport</li> <li>• On-site shops and canteens</li> <li>• Contractors, visitors and deliveries</li> <li>• Production and packing lines</li> <li>• Security check points and where employees congregate</li> </ul>	<ul style="list-style-type: none"> <li>• Workers who have minimal occupational contact with other co-workers and the public</li> </ul>

## 2.2

### More economically developed communities

Our ambition is to become “THE trusted business partner” for economic development in the communities in which we operate.



Relationships are key to our long-term sustainability

Small-scale growers (SSGs), community-based joint ventures and long-term land reform partners are an integral part of our supply chain, and mutually-supportive relationships are key to our long-term sustainability.

By promoting sustainable farming programmes and inter-connected business models, we are empowering our communities to improve their agricultural practices, increase their competitiveness and enhance their livelihoods – thereby creating shared value.

#### Community-Based Joint Ventures (CBJVs)

Between 2007 and 2012 we sold the majority of our Nkomazi agricultural operations in settlement of land claims in the region. After establishing partnership agreements with the claimant communities, three CBJVs were established, which lease back the agricultural land assets at market rates from these communities. This has resulted in significant benefits to both parties. The communities receive income from the high-potential agricultural assets they own, along with study and enterprise development opportunities through RCL FOODS and the CBJV companies, while RCL FOODS benefits from a sustainable sugarcane supply to our Malalane and Komati mills.

#### 2020 Achievements:

- Continued implementation of the optimised drought recovery strategy resulted in **delivery of more than 1 million tons of sugarcane from over 10 300 hectares of irrigated land.**
- **167 beneficiaries from the three land claimant communities** were directly employed.
- **26 companies owned by beneficiaries** from the above communities were awarded **contracts totaling R77,5 million in procurement spend**, as part of RCL FOODS’ enterprise development efforts.
- **R43 million in lease payments** was received by the land claimant communities.
- **Six qualifying students were identified and received bursaries** to study in the fields of Agriculture, Engineering and Finance.
- **Community development projects totaling R257 000** were implemented in land claimant communities.



#### Small-Scale Growers (SSGs)

Nearly 1 200 SSGs occupy the communal areas of Nkomazi, farming approximately 9 500 hectares of irrigated cane on farms averaging around eight hectares in size. Together, they provide approximately 16% of the sugarcane supplied to our Nkomazi mills. To maintain our Nkomazi cane supply and protect the livelihoods of SSGs and their families, we are committed to ensuring the long-term sustainability of their farming enterprises. We do this through two joint venture services companies – Akwandze Agricultural Finance and TSGRO – which we operate in partnership with the SSGs to provide them with affordable financial and farming support.



SSGs provide approximately **16% of the cane supplied to our Nkomazi mills**

#### 2020 Achievements:

- SSGs generated approximately **R350 million in turnover** through the supply of approximately **590 000 tons of cane** to our two sugar mills in Nkomazi.

#### Development Finance – Akwandze Agricultural Finance (AAF)

AAF is a joint venture between RCL FOODS and Nkomazi small-scale sugarcane growers that provides these farmers with access to unsecured credit at reduced interest rates. AAF was established in 2006 with R20 million capital. Of this, R10 million was contributed by the growers and RCL FOODS’ Sugar business unit in a 50/50 partnership, and the other R10 million was donated by the South African Sugar Association (SASA). The company managed to leverage a number of different funds to support land reform and small-scale farmers, resulting in a current AAF loanbook of R300 million which underpins the production of two million tons of cane (approximately 14% of the industry’s cane volume). SSGs, B-BBEE joint ventures and commercial growers currently make up 30%, 59% and 11% respectively of the current loanbook by value. Since its inception, AAF has invested over R2,8 billion into SSGs and B-BBEE joint venture companies in the form of loans and retention savings.



AAF provides SSGs with **access to unsecured credit** at reduced interest rates

#### 2020 Achievements:

- **The 1 200 SSGs reinvested more than R165 million into their own operations** through retention savings and new loans.
- **AAF loaned R87 million** to four B-BBEE joint venture companies and **R34 million** to over 300 SSGs.
- **In partnership with The Jobs Fund, AAF funded the development of nearly 500 additional hectares** of communally-owned land under sugarcane, creating an additional 158 full-time permanent jobs and 102 short-term jobs for SSGs. This is part of a four-year blended funding project which aims to increase smallholders’ sugarcane area by 1 270 hectares through a combination of new expansions and the redevelopment of dormant fields, targeting 975 new farm jobs. The AAF has so far redeveloped 906 hectares and created 335 full-time permanent jobs and 220 short-term jobs.



## Farming and Business Support Services – TSGRO

TSGRO was formed in 2014 when our Sugar business unit entered a joint venture with the 1 200 SSGs farming on communal land in Nkomazi. The company provides farming and business support services to these small growers to help maximise their production and returns, ensuring long-term sustainability. In addition to improving farm productivity, TSGRO also sets up enterprise development opportunities for SSGs to become contractors.



TSGRO provides **farming and business support services** to SSGs

### 2020 Achievements:

- **630 SSGs and seven cooperatives with 456 members accessed TSGRO’s Bulk Water Supply (BWS) service**, a user pay service that repairs, maintains, services and protects irrigation infrastructure on an ongoing basis.
  - » In 2020, 6 637 hectares of land were maintained by the BWS service – an increase of 236 hectares.
  - » BWS has played a critical role in stabilising SSG irrigation and driving the increase in productivity from 74 tons per hectare in 2018 to 81 tons per hectare in 2020.
- **All 1 200 SSGs benefited from an ongoing free extension service** that includes sugarcane agronomy, better management practices, and planning tools for management and budgeting.
- **315 farmers utilised TSGRO’s basic accounting and bookkeeping services** to ensure good governance.
- **37 SSGs opted to utilise TSGRO’s complete farm management service.**

## Long-Term Land Reform Partnerships

In addition to our community joint ventures on private land and our partnerships with SSGs on communal land, we have developed long-standing partnerships with 12 land reform beneficiaries farming on both private and communally-owned land. These partnerships were originally established in 2012 when the Department of Rural Development and Land Reform (DRDLR) appointed our Sugar business unit to mentor 12 distressed land reform beneficiaries in Nkomazi and Pongola for a five-year period, as part of the Recapitalisation and Development Programme (RADP). Under our mentorship, the farmers’ business plans were approved and the DRDLR released R65 million to fund the rehabilitation of infrastructure and plant sugarcane on farms that had not been economically active for some time. Leveraging our Sugar business’ existing partnership with the Land Bank, we were able to facilitate the restructuring of these growers’ existing Land Bank debts from R17 million to just over R3 million. Eleven of the projects have been concluded and only one recapitalisation project is still in process using RADP funding.

Although our contracted mentorship has come to an end, our Sugar business unit is still providing mentorship support to all 12 farmers who continue to supply cane to our mills. In addition to cane growing, certain of these farmers have diversified their farming operations to other crops and some have also started off-farm business ventures.

Nyubela & Sons Farming Cooperative (see case study) is one of the success stories arising from this long-term mentorship partnership with RCL FOODS.



This tripartite partnership between RCL FOODS, the DRDLR and the growers has resulted in **over 1 300 hectares of sugarcane being planted and more than 430 hectares of irrigation infrastructure being rehabilitated** to date



Providing **mentorship support to all 12 farmers** who continue to supply cane to our mills

### 2020 Achievements:

- **Over 98 000 tons of sugarcane from over 1 300 hectares of irrigated land** were supplied by the 12 farms to our Nkomazi and Pongola mills.
- Nyubela & Sons Farming Cooperative **expanded its cane farming operations by 10 hectares.**

## Case study

### Nyubela & Sons Agricultural Farming Cooperative – revitalised through partnership

Five thousand tons of the cane supplied to our Malalane mill each year come from Nyubela & Sons Agricultural Farming Cooperative – a medium-sized sugarcane farm originally established in the late 1990s by brothers George and John Sambo. After a promising first few years during which it supplied cane to RCL FOODS, the farm collapsed in 2009 as yields were decimated by drought and other agronomic factors. By this time John had passed away, leaving his portion of the farm to his daughter Afah. With a massive Land Bank loan still to repay, George and Afah turned to the RADP – and so the turnaround began.

They formed a cooperative with six members and, in partnership with RCL FOODS, developed a business plan for RADP funding. Through two tranches of RADP funding totaling R3,8 million, the cooperative was able to revitalise 43 hectares of sugarcane, with accompanying irrigation infrastructure in place. RCL FOODS also secured a reduction in their Land Bank debt and the cooperative is on a much more secure footing.

TSGRO is contracted to manage the farm, and George continues to work hard as part of the cooperative which now consists of two men and two women. Since re-establishing the farm, the members have increased their farming skills and business acumen, assisted by both TSGRO and AAF, and were recently able to expand the farm by a further 10 hectares.

Commenting on the turnaround, George believes that it is proof that the tripartite partnership between RCL FOODS, the DRDLR and Nyubela & Sons is working. Like “seed in the ground”, as he puts it, the partnership has given the farm a second chance to flourish and George is committed to stewarding it well. In this way he is not just securing his and his family’s future, but supporting community businesses that supply the farm with goods and services such as cane cutting and haulage, irrigation spares, fertiliser and pesticides.

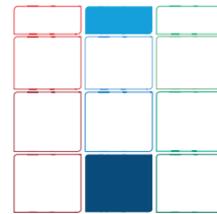


George Sambo, Chairman of Nyubela & Sons Cooperative (middle) with Evans Mashego, Senior Agribusiness Advisor from the South African Cane Growers' Association (left) and Lucas Lukhele, TSGRO's Farm Manager (right)

## 2.3

### More socially developed communities

Our ambition is to become “THE respected business partner” for social development in the communities in which we operate.



Meaningful change through **collaborative social development initiatives**

As the main employer in some of South Africa’s most vulnerable communities, we value the opportunity to help facilitate meaningful change through social development initiatives aimed at breaking the poverty cycle, with a focus on young children. This work is carried out via our DO MORE FOUNDATION (see page 14 and 15) which acts as a catalyst for collaborative, multi-stakeholder initiatives in three impoverished communities around our operations: Hammarsdale in KwaZulu-Natal, Worcester in the Western Cape and Nkomazi district in Mpumalanga. Given the complex socio-economic issues faced by these communities, the DO MORE FOUNDATION’s partnership approach has allowed us to harness the skills, passion and support of a network of stakeholders – including government departments, municipalities, NGOs and other businesses – that is delivering integrated, sustainable interventions to “create better tomorrows” for our young children.



Young children at a food garden in Hammarsdale

### Hammarsdale – #DoMore4Hammarsdale

#DoMore4Hammarsdale is a collaborative partnership between our DO MORE FOUNDATION, government departments, the private sector, community members and the Lima Rural Development Foundation, which focuses on alleviating food and economic insecurity in the community around our KwaZulu-Natal chicken plants. As with our other community development initiatives, the success of #DoMore4Hammarsdale lies in its collaborative nature which has attracted wide buy-in from existing and new stakeholders and increased support from government departments.



**Alleviating food and economic insecurity** in the community around our **KwaZulu-Natal chicken plants**

#### 2020 Achievements:

- **The Food Gardens project continued to improve food security and provide income.**
  - » **Communal gardeners generated R393 000 from vegetable sales**, benefiting 161 plot holders and 933 indirect beneficiaries.
  - » **Over 1 300 young children benefited from vegetables** grown at their ECD centres.
- **The collaborative Enterprise Development initiative has taken off well.**
  - » Entrepreneurship training is provided to **local farmers, women entrepreneurs and other local prospective business owners.**
  - » To date **six enterprises (sewing, beadwork, glass work, baking, hair/nail salon, egg production) have been established, benefiting 37 newly-established entrepreneurs.** All six enterprises have managed to attract further support in terms of technical skills training, start-up capital grant funding and off-take agreements.

### Worcester – A Place Where Young Children Flourish

The community around our Worcester Chicken and Speciality plants is under threat from rising rates of poverty, crime and drug use. This has a negative impact on families, relationships and the healthy development of young children in the area. To help strengthen families and stimulate positive early learning, we sponsor a weekly #LovePlayTalk radio programme and monthly ECD workshops for ECD teachers and principals from the community. In 2019 the Foundation established the Breede Valley Young Child Forum which is mobilising a variety of stakeholders to co-create an environment conducive to healthy early childhood development.



Helping create an **environment that is conducive to healthy early childhood development**

#### 2020 Achievements:

- **A corporate partner donated R120 000** to help improve local ECD provision and co-hosted a **CEO business breakfast** to inspire the private sector to embrace and contribute towards the Forum’s vision of Worcester as “a place where young children flourish”.
- The Foundation is **collaborating with government departments and the private sector to assist ECD centres** to restore their Department of Social Development (DSD) subsidies by improving their compliance in areas like infrastructure and fire safety.
- A multi-stakeholder task team is working on **developing an integrated ECD policy for the Breede Valley municipality.**



Women watering seedlings at a community garden in Hammarsdale

## Nkomazi – Leave No Young Child Behind

The collaborative “Leave No Young Child Behind” initiative was established in 2015 to help drive a significant improvement in the wellbeing of young children in the two poorest wards of the Nkomazi municipality where our Malalane sugar mill is located. Its aim is to drive implementation of the ambitious 2015 National Integrated ECD Policy – which envisages every young South African child having access to key essential services by 2030 – through collaborative, multi-stakeholder, public-private partnerships.

**In 2019 an independent research report highlighted the role of this collaborative initiative in catalysing meaningful progress in seven strategic service areas targeted by the National Integrated ECD Policy.** This includes sponsoring training and supportive messaging; securing Wards 16 and 19 as a pilot site for the Grow Great Campaign’s Zero Stunting Initiative; securing Community Works Programme participants to facilitate an impactful parenting programme for the Department of Social Development (DSD); facilitating distribution of SASSA’s Zero Hunger food packs to malnourished children; facilitating applications for Child Support Grants; developing a Resource Directory and integrated referral system to help families access the required services for their young children; and most notably of all, **driving a marked improvement in access to early learning programmes and facilities as well as improvements in the quality of the infrastructure and services offered.** The report concluded that “while Leave No Young Child Behind is still a young partnership, it demonstrates the **significant benefits for children when different stakeholders coordinate their efforts** and gives life to the goals of the National Integrated ECD Policy”.



Helping drive a significant improvement in the wellbeing of young children

## Nkomazi Smallholder Vegetable Farmer Support Programme

To help Nkomazi’s smallholder vegetable farmers to compete in the marketplace, we established the Smallholder Vegetable Farmer Support Programme (also known as Abalimi Phambili, which means “farmers forward”) in partnership with Lima Rural Development Foundation in 2015. Funding for the project was secured through a 50/50 partnership with The Jobs Fund. Through this programme, farmers receive training in farming skills and gain better access to markets, services and inputs such as seed and fertiliser. By improving the quality of their products, they can access larger formal and informal markets and in turn improve their income and create jobs, while benefiting from increased food security. In an effort to create sustainable farming businesses, part of the funding is used as revolving credit funding to enable production loans to be given to qualifying farmers.



Helping Nkomazi’s smallholder vegetable farmers to compete in the marketplace

### 2020 Achievements:

- **1 144 individual growers have been recruited** into the programme to date.
- **R763 000** has been loaned to the farmers since inception.
- **R66 000 was generated during the year from vegetable sales.** Income was lower this year, largely as a result of COVID-19 impacting farmers’ access to markets.

## Case study

### Enterprise Development – a springboard for young entrepreneurs

The DO MORE FOUNDATION’s new Enterprise Development initiative in Hammarsdale is beginning to gain momentum, providing marginalised and unemployed people the opportunity to gain skills and become entrepreneurs. Two early success stories from the initiative are the Owethu Umqhele Cooperative Sewing Initiative and the Moonlight Bakery Cooperative, both born out of the DO MORE FOUNDATION’s Street Business School in 2019.

Owethu Umqhele Cooperative Sewing Initiative is made up of a diverse group of 13 youth from Hammarsdale, most of them previously unemployed. Eleven are women and two are men who were recruited from E Deaf. They were assisted in registering as a cooperative in order to access formal markets and other business opportunities, and were provided a start-up grant through the DO MORE FOUNDATION which they used to fund 10 industrial sewing machines, training, storage equipment and rental subsidy until December 2019. The business has since taken off with great speed, producing a range of handcrafted items including the iconic DoMoreBags, which are made using repurposed branding material and sold via the DO MORE FOUNDATION’s online shop and our own staff shops. The cooperative has also supplied bags to a chain of curio shops in China, provided bags for local and overseas conferences,

and created 2 000 pencil case bags for RCL FOODS. To diversify their product offering, they are now also sewing for a local brand called Ekamu ([www.ekamu.co.za](http://www.ekamu.co.za)). During this reporting period, sewing has generated an income of approximately R158 000 from DO MORE FOUNDATION sales and R13 000 from private sales, which have impacted an average of three people in a household.

Another success story is the five-member Moonlight Bakery Cooperative. Using funds provided by a local corporate via the DO MORE FOUNDATION, they set up an industrial bakery which was soon supplying baked goods to a local petrol station, tuck shops, 37 ECD centres and the general public. Before the lockdown, the bakery was achieving average weekly sales of R5 000 and paying all its own overhead and running expenses, including renting premises. The business unfortunately had to close its doors during the lockdown, but the team continues to be mentored and hopes to restart soon.

The Enterprise Development initiative has been noticed by a number of non-profit organisations, corporates and government departments, to the extent that it has been requested to document the models and processes unfolding in Hammarsdale as a pilot for rolling out similar partnership projects across the country.



A member of the Moonlight Bakery Cooperative with a fresh batch of buns

# Sustaining resources



As a large food-manufacturing business with a complex national supply chain, we have an extensive environmental footprint that spans from raw material production to the consumption of our products. Increasing scarcity of natural resources, coupled with the impact of climate change and the need to feed a growing population, require us to see and do things differently so that we can keep providing More Food to More People, More Often in the long term. Incorporating the principles of the circular economy, we are investigating and implementing creative solutions aimed at reducing our use of fossil-fuel based energy and fresh water, minimising the waste we send to landfills, and creating “new” value from waste we generate. We also place an emphasis on responsible management of the resources we employ in order to avoid pollution of the environment. Goals 6, 11, 12 and 13 of the Sustainable Development Goals intersect with our work in this space.

## How we plan to step-change our environmental impact

	Energy	Water	Waste
<b>Our Ambition</b>	To become an <b>energy self-sufficient* business</b> by supporting the generation of renewable resources	To become a <b>water-smart business</b> by seeking new ways to reuse, reduce and “create” water in our operations	To become a <b>waste-free business</b> by minimising our waste to landfill and exploring ways to turn waste into value
<b>Our Targets</b>	<p><b>50% electricity self-sufficiency</b> by 2025</p> <p><b>50% coal reduction</b> by 2025</p>	<p><b>50% water reduction</b> in Chicken Processing by 2025</p> <p><b>30% improvement in water use efficiency</b> for sugar production by 2023</p> <p><b>60% water reduction</b> in logistics warehousing by 2025</p>	<p><b>Zero waste to landfill</b> by 2025 at our operations</p> <p><b>100% of plastic packaging</b> to be reusable, recyclable, or compostable</p> <p><b>30% average post-consumer recycled (PCR) content</b> across all plastics packaging</p>

\* Energy self-sufficiency refers to the difference between total energy consumed in a year and the amount we produce through our own generation. Since most of our own generation comes from the by-products of our processing activities, the amount can fluctuate year-on-year depending on processing volumes – as was the case in 2020.

## 3.1

### More energy self-sufficient operations

Our ambition is to become an energy self-sufficient business.

Electricity forms a critical input to our agriculture, processing and distribution chain. Both planned load shedding and unplanned power supply interruptions due to external infrastructural failures pose a risk, not just to staff and equipment but to sustainable, affordable food supply. We are committed to being a part of the solution to alleviate the current pressure on our national electricity supply by becoming self-sufficient and ultimately exporting power to the national grid. Our Energy Roadmap identifies practical, quantifiable opportunities to achieve energy self-sufficiency, ensure price certainty and secure long-term energy supply to our business.

We have identified three focus areas that will enable us to achieve our future electricity requirement: electricity co-generation at our Sugar mills, Waste-to-Value (W2V) and Solar. Our approach is to first work towards self-sufficiency in a business unit, then in the wider business, and finally to export excess energy through a trading platform.



We are committed to **becoming self-sufficient** and ultimately **exporting power to the national grid**

### Our three types of renewable energy generation



SUGAR CO-GENERATION OF ELECTRICITY



WASTE-TO-VALUE



SOLAR

### Our three-phase implementation



Solar panels at Vector Logistics' Peninsula site

## Our progress towards energy self-sufficiency in 2020

We produced approximately 26% of the electricity we required in 2020. Our Sugar business unit produces most of its own electricity and we are expanding W2V and solar-based energy generation. Once fully commissioned, our W2V energy plant in Rustenburg will increase our self-sufficiency by approximately 22%.

### Sugar Co-Generation of Electricity

Bagasse, an energy-dense residual by-product of sugar production, is used to create renewable energy at our sugar mills. The electricity generated not only powers our sugar manufacturing process but is also sold externally. Co-generation began at our Komati mill in 1994 and at our Malalane mill in 2003.

Co-generated electricity supplied 88.8% of our sugar mills' electricity requirements in 2020. Electricity co-generation decreased by 15% due to lower sugarcane yields than in the previous year, resulting in lower sugar production and less bagasse available for co-generation. We exported 21 743 gigawatt hours (GWh) of electricity to Eskom, a decrease of 18% from the prior year due to lower availability of bagasse.

CO-GENERATION ELECTRICITY CONSUMED AND EXPORTED (GWh)



### Waste-to-Value

Following the success of our Worcester W2V plant in producing renewable energy from poultry waste through a joint venture with GreenCreate, we commenced construction of a second W2V plant at our Rustenburg Chicken Processing and Animal Feed sites in October 2018, with planned construction completion in the first half of the 2020 financial year. Unforeseen delays led to the project taking longer to complete, and its **first power was produced on 20 June**. Since the relevant specialists are currently unable to travel from overseas, the plant is being commissioned remotely and will be ramped up to full capacity in the new financial year.

### Solar (rooftop solar)

After piloting our first rooftop solar project at our National Office, we investigated additional sites for the installation of similar plants. After analysing consumption profiles, solar yields and roof design, we approved three solar installations in the Baking business unit for the 2020 financial year. These projects will be completed once roof remedial work is finalised. Meanwhile, we look forward to our first solar project in our Logistics Division coming on line.

In 2020:

- Our National Office solar power plant produced 218 223 kWh of electricity, which has provided 10.4% of the building's power consumption.
- A 511 kW rooftop solar installation was commenced at our Vector Logistics Peninsula site, which will supply 11% of its electricity needs and reduce the depot's annual carbon footprint by the equivalent of 706 tons of carbon dioxide (CO<sub>2</sub>).
- Preparation is under way for a similar 480 kW solar installation at our Sunbake bakery in Nelspruit, which will save nearly 700 kWh of electricity per annum.

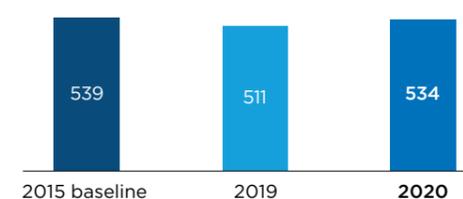
## Our 2020 Energy Consumption

### Electricity

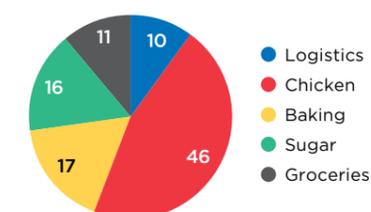
In tandem with generating renewable energy, we are also working to reduce our energy use in our operations. Part of this involves measuring and managing our electricity usage, and implementing reduction and optimisation initiatives. In 2020 our Eskom electricity use increased 4.5% compared to last year, mainly owing to the addition of warehousing operations and a reduction in co-generated electricity.

- Our Food Division recorded a 3.1% increase due to lower co-generation.
- Our Vector Logistics Division recorded a 18.7% increase, acquiring three new sites.

GROUP CONSUMPTION (GWh)



BUSINESS UNIT CONSUMPTION (% of total)



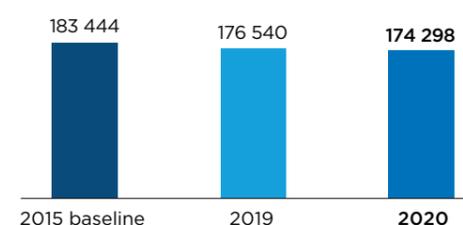
### Coal

We use coal for various heating purposes at our poultry farms, our grocery and beverage plants, and our animal feed, flour and sugar mills. By implementing industry standard boiler management practices and annual boiler inspections we ensure that our equipment operates safely and efficiently.

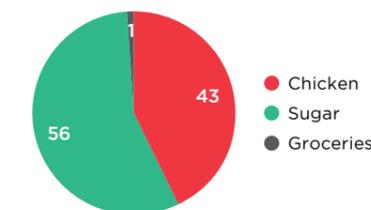
Our coal consumption decreased by 1.3%, due to lower throughput in our Sugar business unit.

As part of our Zero Coal ambition, we are exploring the possibility of using biomass instead of coal to heat poultry houses. A commercial-scale trial is underway in the Western Cape where three poultry houses have been converted from coal to biomass-fuelled heaters. The biomass consists of wood from a long-term alien species removal project in the Breede Valley area. A desktop feasibility study shows that biomass is a cost-effective and reliable substitute for coal in broiler house heating, and our trial has achieved promising results. This will have a positive and immediate environmental and management impact - making our current operation more efficient, competitive and internationally aligned.

GROUP CONSUMPTION (Tons)



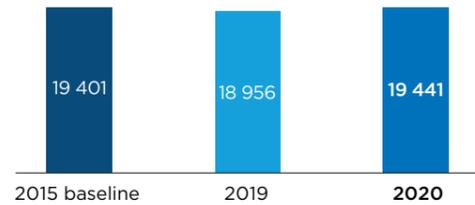
BUSINESS UNIT CONSUMPTION (% of total)



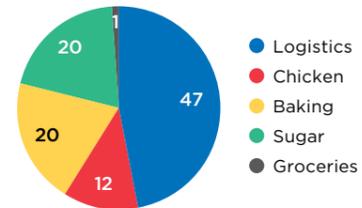
### Diesel

Our total diesel consumption increased by 2.8% (including third party transport providers) mainly due to the additional transport requirements resulting from new business take-ons in the Logistics Division.

GROUP CONSUMPTION (kℓ)



BUSINESS UNIT CONSUMPTION (% of total)



Water recycling tanks for water saving

## 3.2

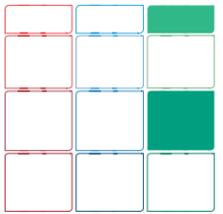
### More water-smart operations

Our ambition is to become a more water-smart business that continually seeks new ways to reduce, reuse and “create water”.

As a food company our greatest priority is to ensure food safety and the wholesomeness of our products. Water plays a critical role in maintaining the cleanliness of our facilities and quality potable water is essential for the production of the quality foods we are known for. At the same time, we recognise the need to conserve our scarce, shared natural water resources since water withdrawals are expected to exceed water renewals by 2025 in South Africa (as estimated by the World Wide Fund for Nature). There is a significant short-term risk due to the country’s natural water scarcity, rapidly increasing demand, and inadequate planning and maintenance among the country’s water service authorities and providers.

In response, we have initiated a number of water-saving, reuse and education initiatives in our business. These include the work done by water committees, team member education and quality inspections, and the introduction and maintenance of reuse systems, reservoir systems and wastewater treatment systems.

To better understand and manage the water risk in our manufacturing operations, we conducted a Water Risk Profiling and Strategy study at our Grocery facility in Randfontein and our Flour Mill in Pretoria. The study considered the wider water context in which the two operations are situated; the management of water on the sites; and the consequential impact of this on the operation’s operating cost and production in the short, medium and long term. We have studied the findings of the inquiry and our next step will be to prioritise and implement strategic recommendations, and then to conduct similar investigations at other sites.



We have initiated a number of water-saving, reuse and education initiatives in our business

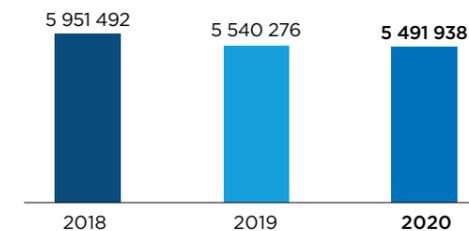
### Our 2020 Water Consumption

#### Municipal Water

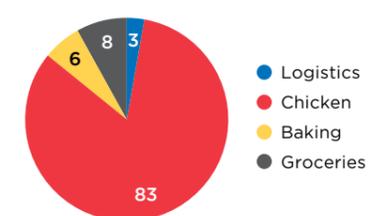
Our municipal water consumption reduced by 0.9%, due to increased focus on water-saving initiatives throughout the company.

- Our Food Division’s water consumption reduced by 1.5% due to efficiencies in poultry farming. There has been a cumulative 17% water reduction in the Food Division since 2017.
- Our Vector Logistics Division’s water consumption increased by 13% due to the addition of new logistics sites. Since 2017 water use has increased 13% due to network expansion.

GROUP CONSUMPTION (kℓ)



BUSINESS UNIT CONSUMPTION (% of total)



### Raw Water (sugarcane agriculture)

- Overall **raw water usage decreased 8.6% in 2020** owing to a decrease in sugar production for the year and good irrigation management.
- We **continued to implement a number of raw water savings and efficiency initiatives**. These include converting drag line irrigation systems to drip irrigation; implementing green (no burn) harvesting which allows the cane leaves to remain on the fields as a protective mulch; introducing technologies to enable more targeted centre pivot irrigation; and the use of capacitance probes which measure the level of moisture in the soil and allow for better irrigation planning.
- **From 2017 to the present, we have achieved a 9.3% efficiency improvement in water consumption in Sugar.**



Mechanised sugarcane harvesting in Malalane

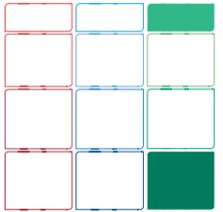
## 3.3

### More waste-free operations

Our ambition is to become a waste-free business that continually seeks new ways to turn waste into value.

We ensure that all our waste is carefully managed in our operations and at licensed waste disposal facilities. In order to minimise our waste to landfill and maximise opportunities to derive value from it, we analyse all types of waste material generated and assess options for possible reuse or disposal. We apply the waste management hierarchy to ensure that we use or dispose of all waste in the most environmentally responsible way.

**Over the last few years we have made strides in growing our understanding of the potential opportunities presented by waste in all its forms.** We have refined and implemented business models that will **maximise our W2V prospects** at two key sites, and we continue to work towards reducing the amount of waste that is sent to landfills.



We have **refined and implemented business models** that will maximise our **W2V prospects** at **two** key sites

### Our 2020 Waste Performance

- **72% of our waste was converted** into fertiliser or used as energy.
- **1% of our waste was diverted from landfill** into recycling streams.
- 27% of our waste was landfilled, largely due to take-on of new customers in Vector Logistics.
- **74 tons** of production waste from the Spreads business were **diverted to a biodiesel producer**, thereby reducing waste sent to landfill.
- **Production waste from poultry farms** is being diverted from landfill to a composting facility, thereby reducing waste by more than 1 000 tons during the year.
- We continued to **optimise waste contracts and align them** across sites.
- We **continued investigating innovative processes and strategic partnerships** to divert waste from landfill into alternative value streams.
- We **joined the SA Plastics Pact** in 2020 and are working on metrics and reporting.



Our new Waste-to-Value plant in Rustenburg

## Our Approach to Packaging

Packaging is used to contain, protect, preserve, transport, differentiate and sell our products, and plays a key role in communicating with and educating consumers. While good quality packaging is essential to protect our products, we understand the need to reduce the pre- and post-consumer environmental impact of our packaging. For this reason, we strive for best-purpose packaging that holistically balances food waste versus packaging waste, while still providing our consumers affordable food offerings.

To this end, we have introduced Design for Recycling Principles in our packaging design to ensure packaging waste is kept out of the environment. Statements such as “Care for the environment. Dispose of packaging responsibly” are included on our packaging and some products now feature retailer-approved On-Pack Recycling Labels (OPRLs) and Material Identification Codes (MICs).

**We have formulated a Sustainable Packaging Strategy to 2025 in which we commit to:**

- **Eliminate** the plastics we don't need – by identifying and developing alternatives to problematic items, and reducing unnecessary weight where possible while maintaining food safety as a priority;
- **Innovate** to ensure that the plastics we use are reusable or 100% recyclable, and that 70% of those plastics are actually recycled; and
- **Circulate** all the plastic items we use to keep them in the economy and out of the environment, which includes an average 30% PCR (post-consumer recycled) inclusion across all packaging.

**Our Plastics Packaging Roadmap articulates the steps in our journey towards these ambitions.** The next step is for us to complete a company-wide packaging footprint to track our progress towards achievement of our ambitions.

We have also signed the **South African Plastics Pact** and have joined PETCO in order to support the development of infrastructure for the polyethylene terephthalate (PET) recycling industry.



## Case study

### RCL FOODS joins the South African Plastics Pact

While plastic packaging plays a key role in building brands and preserving products, it has been acknowledged as a leading contributor to land and marine pollution. The South African government aims to achieve a plastics-free environment by 2030, and most major food manufacturers and retailers have put plans in place to reduce their plastic waste and keep plastics in use for longer through reuse and recycling initiatives.

A global Plastics Pact initiative has been started to help create a circular economy for plastic by championing the “eliminate-innovate-circulate” model proposed by the Ellen MacArthur Foundation. In January 2020 a South African version of the Plastics Pact was launched and RCL FOODS became one of its first local signatories.

The South African Plastics Pact commits signatories across the plastics value chain to taking action on problematic or unnecessary plastic packaging by either redesigning, innovating or finding ways to reuse it.

The importance of the pact for us is the platform it aims to provide to stimulate industry-wide innovation, dialogue and collaboration at a pre-competitive level. We believe that collaboration can play a key role in addressing many of the barriers to large-scale change that currently exist in this area. Through our involvement in the initiative, we anticipate gaining a better understanding of the plastics packaging regulatory environment and its associated risks, and working with industry stakeholders and our strategic packaging suppliers to move packaging into a circular economy where its value is retained.

### Current members of the South African Plastics Pact, led by Green Cape

#### Founding members



#### Full members





A soil moisture probe in a sugarcane field



# Our carbon disclosure review

We conducted our 2019 Carbon Disclosure Review internally and our results were verified by an external assurance specialist. This was our fourth carbon footprint review since our baseline assessment in 2015, which was the first full year in which data was available for all our divisions as a single company.

## Quality Assurance of our Carbon Footprint Assessment

We reported on our review findings using the standard international methodology for Greenhouse Gas (GHG) corporate accounting and reporting, namely the World Business Council for Sustainable Development/World Resources Institute GHG Protocol for Corporate Accounting Standards. We then commissioned an independent party to perform a gap analysis of our Carbon Footprint Inventory and verify the statements we made about our GHG emissions. This verification process assessed the alignment of our procedures and methodologies to the above protocol, as well as the technical correctness of the quantification procedures/methodologies of our GHG Inventory.

The GHG Protocol requires businesses to report on both direct emissions and indirect emissions resulting from purchased electricity. All other indirect emissions can be reported on a voluntary basis.

## Our 2020 Carbon Footprint

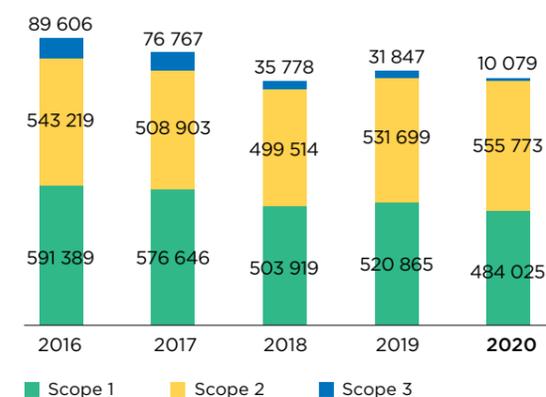
Our 2020 CO<sub>2</sub>e (carbon dioxide equivalent) for scope 1, 2 and 3 emissions **was 1 049 877 tons - a 3% decrease mainly due to lower coal usage.**

- Our Scope 1 greenhouse gas emissions (direct emissions from our operations) were 484 025 tons CO<sub>2</sub>e.
- Our Scope 2 emissions (indirect emissions from use of purchased electricity) were 555 773 tons CO<sub>2</sub>e.
- Our Scope 3 emissions (upstream and downstream emissions in the value chain) were 10 079 tons CO<sub>2</sub>e.

## Carbon Disclosure Project (CDP) Climate Change survey

The CDP runs an annual survey of the world's leading businesses in terms of their management of climate change impacts, water security and forests. The South African CDP surveys the top 100 JSE-listed companies. RCL FOODS achieved a B rating this year, along with Pioneer Foods, Remgro and Distell. This was the highest score in the South African Food & Beverage sector.

CARBON FOOTPRINT BY SCOPE IN TONS OF CO<sub>2</sub>e



Company name	Score: Climate change
Pioneer Foods	B
Remgro	B
RCL Foods Limited	B
Distell Group Holdings	B
Tiger Brands	C

# Our carbon disclosure review



Lucerne planted next to a sugarcane field in Malalane

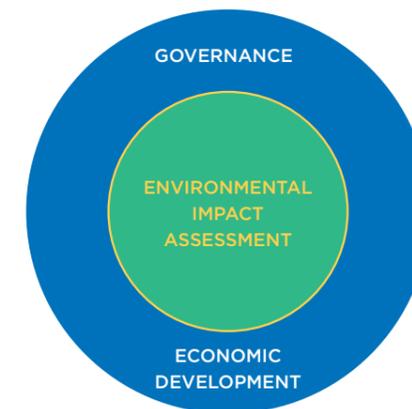


# Our approach to environmental sustainability

In order to keep providing More Food to More People, More Often, we know we need to safeguard our environment by using natural resources effectively and limiting the negative impacts of our operations and those of our suppliers. Our efforts in this regard are governed by our Group Environmental Policy which promotes shared responsibility and accountability amongst our stakeholders, including employees and suppliers. This policy applies across all operations and functions linked to our business, including situations where employees and contractors work off-site. The environmental policy is available to RCL FOODS employees on our intranet.

## Environmental Impact Assessments

When considering potential facility upgrades or new investments, we carry out Environmental Impact Assessments (EIAs) where required by the Department of Agriculture, Land Reform and Rural Development (DALRRD) and the Department of Environment, Forestry and Fisheries (DEFF). These enable us to carefully consider the proposed investments' impact on the local environment by including comments and input from affected parties and other interested stakeholders. The construction of such projects is conducted according to an Environmental Management Plan which assists in minimising negative environmental impacts.



## Our Approach to Environmental Air Quality

We have an established protocol in place for managing environmental air quality across our business. This ensures that the environment is safeguarded by providing reasonable measures to protect and enhance air quality and prevent air pollution and ecological degradation. Given the impact of vehicle emissions on the environment, we maintain and replace all vehicles on a regular basis to minimise both emissions and fuel wastage.

Our approach to environmental sustainability



# Environmental and social review

	Unit of measure	June 2020	June 2019
<b>Environmental performance indicators</b>			
Water consumption	Mℓ	5 491	5 739
Energy consumption:			
- electricity (Eskom)	GWh	534	511
- electricity (own generation)	GWh	183	207
- coal	tons	174 298	176 540
- gas	kℓ	3 134	3 356
- diesel	kℓ	19 441	18 957
Recycled waste products:			
- cardboard waste (includes paper)	tons	8 101	3 314
- plastic waste	tons	574	429
- scrap metal and timber	tons	403	567
- treated water discharged to municipality	kℓ	2 613 418	2 523 503
- treated water as a percentage of total water consumption	%	48	44
Non-compliance, prosecution and fines	R'000	824	1 659
<b>Social performance indicators</b>			
Full-time employees		20 823	21 046
Net full-time (decrease)/increase		(223)	465
Bargaining unit employees	%	75	75
Training expenditure	Rm	31,8	44,4
Disabling incident frequency rate:			
Groceries		1,11	1,07
Chicken		1,47	1,26
Sugar		1,22	1,22
Baking		1,61	0,92
Vector Logistics		0,85	1,04
Number of working days lost through strike action		65	2

## Our performance indicators

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# Our value-added statement

	%	June 2020	%	June 2019
Revenue		27 803 611		25 887 506
Paid suppliers		25 232 227		19 527 669
Value added by operations		2 571 384		6 359 837
Dividend received		69 197		50 208
Finance income		53 457		48 585
<b>Total value added</b>		<b>6 924 004</b>		6 458 630
Applied as follows:				
To pay employees				
Salaries, wages and benefits	71.4	4 945 116	72.3	4 677 156
To pay providers of capital	10.5	729 937	10.4	673 811
Interest paid	7.3	508 186	5.0	325 201
Dividend paid	3.2	221 751	5.4	348 610
Tax (credit)/expense	(1.3)	(90 626)	0.1	5 860
Re-invested in the business	19.3	1 339 577	17.2	1 111 604
Depreciation, amortisation and impairment	35.3	2 441 834	24.1	1 554 986
Retained (loss)/earnings	(15.9)	(1 102 257)	(6.9)	(443 382)
	<b>100.0</b>	<b>6 924 004</b>	<b>100.0</b>	<b>6 458 630</b>
VAT		731 585		
Skills Development Levy		36 086		

# Our training spend statement

Training indicator	African	Coloured	Indian	White	Total 2020	Total* 2019
Training budget					<b>R36 387 427</b>	R43 667 506
Training spend					<b>R31 807 414</b>	R44 398 199
Total hours of training	<b>247 229</b>	<b>22 666</b>	<b>12 339</b>	<b>27 014</b>	<b>309 248</b>	534 836
Average hours of training per employee	<b>33.38</b>	<b>23.68</b>	<b>24.48</b>	<b>28.32</b>	<b>31.49</b>	52.59
Number of employees trained	<b>7 406</b>	<b>957</b>	<b>504</b>	<b>954</b>	<b>9 821</b>	10 169
Number of employees on learnerships	<b>221</b>	<b>17</b>	<b>6</b>	<b>3</b>	<b>247</b>	518
Number of employees on apprenticeships	<b>78</b>	<b>4</b>	<b>1</b>	<b>3</b>	<b>86</b>	72
Number of learners on AET - ACI breakdown	<b>12</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12</b>	31
Number of interns	<b>76</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>76</b>	89
SETA statistics (grants received)						
- Mandatory grants					<b>R7 152 671</b>	R9 833 256
- Discretionary grants					<b>R8 451 190</b>	R10 129 412
SARS tax rebates					<b>R37 626 545</b>	R35 389 215

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