



Notice to shareholders

RCL FOODS LIMITED

Incorporated in the Republic of South Africa

Registration number: 1966/004972/06

Share code: RCL

ISIN: ZAE000179438

(“RCL FOODS” or “the Company” or “the Group”)

Notice is hereby given that the 54th Annual General Meeting of shareholders of RCL Foods Limited will be held at Ten The Boulevard, Westway Office Park, Westville, KwaZulu-Natal on Friday, 13 November 2020 at 08:30am to consider and, if deemed fit, to pass the following ordinary and special resolutions with or without modification and to transact such other business as may be transacted at an Annual General Meeting.

In terms of section 59(1)(a) of the South African Companies Act, No. 71 of 2008, as amended, (“the Companies Act”) the record date for the purpose of determining which shareholders of the Company are entitled to receive notice of the Annual General Meeting is Friday, 18 September 2020. In terms of section 59(1)(b) of the Companies Act, the record date for the purpose of determining which shareholders of the Company are entitled to participate in and vote at the Annual General Meeting is Friday, 6 November 2020. Accordingly, the last day to trade in order to be registered in the register of members of the Company and therefore be eligible to participate in and vote at the Annual General Meeting is Tuesday, 3 November 2020.

As a result of the continuing uncertainty around restrictions placed on public gatherings, and the social distancing requirements relating to the COVID-19 pandemic, which may continue to be in force as at the date of the Annual General Meeting, it may be necessary to hold the Annual General Meeting entirely by electronic means. In such case, full details regarding electronic participation and voting in the Annual General Meeting will be published on SENS in the week prior to the date of the Annual General Meeting. Shareholders are therefore advised to monitor the Company’s announcements.

Ordinary resolutions

1. Adoption of annual financial statements

Ordinary resolution number 1

Resolved that the audited annual financial statements of the Company and the Group, including the Report of the Directors, Report of the Audit Committee and Independent Auditor’s Report, for the year ended June 2020 be received and adopted.

2. Election and re-election of directors

Ordinary resolution number 2.1

Resolved that Mr GCJ Tielenius Kruythoff, having been appointed since the last Annual General Meeting, be elected as a non-executive director of the Company.

Ordinary resolution number 2.2

Resolved that Mr HJ Carse, who retires by rotation in accordance with the Memorandum of Incorporation of the Company and who, being eligible, has offered himself for re-election, be re-elected as a non-executive director of the Company.

Ordinary resolution number 2.3

Resolved that Mrs CJ Hess, who retires by rotation in accordance with the Memorandum of Incorporation of the Company and who, being eligible, has offered herself for re-election, be re-elected as a non-executive director of the Company.

Ordinary resolution number 2.4

Resolved that Mr NP Mageza, who retires by rotation in accordance with the Memorandum of Incorporation of the Company and who, being eligible, has offered himself for re-election, be re-elected as a non-executive director of the Company.

Ordinary resolution number 2.5

Resolved that Mrs MM Nhlanhla, who retires by rotation in accordance with the Memorandum of Incorporation of the Company and who, being eligible, has offered herself for re-election, be re-elected as a non-executive director of the Company.



Notice to shareholders continued

2. Election and re-election of directors continued

Ordinary resolution number 2.6

Resolved that Mr GM Steyn, who retires by rotation in accordance with the Memorandum of Incorporation of the Company and who, being eligible, has offered himself for re-election, be re-elected as a non-executive director of the Company.



Biographical details of the above directors can be found on pages 56 and 57 of this Abridged Integrated Annual Report, of which this notice forms part.

3. Re-appointment of external auditors

Ordinary resolution number 3

Resolved that the re-appointment of PricewaterhouseCoopers Incorporated as the Company's auditors, as nominated by the Company's Audit Committee, be approved. In accordance with the tenure and rotation requirements, the individual registered auditor who will undertake the audit during the financial year ending June 2021 is Mr Rodney Klute.

4. Election of members of the Audit Committee

Ordinary resolution number 4.1

Resolved that, subject to re-election under ordinary resolution 2.3, Mrs CJ Hess, an independent non-executive director of the Company, be elected as a member of the Audit Committee until the next Annual General Meeting.

Ordinary resolution number 4.2

Resolved that, subject to re-election under ordinary resolution 2.4, Mr NP Mageza, an independent non-executive director of the Company, be elected as a member of the Audit Committee until the next Annual General Meeting.

Ordinary resolution number 4.3

Resolved that, Mr DTV Msibi, an independent non-executive director of the Company, be elected as a member of the Audit Committee until the next Annual General Meeting.

Ordinary resolution number 4.4.

Resolved that, subject to re-election under ordinary resolution 2.6, Mr GM Steyn, an independent non-executive director of the Company, be elected as a member of the Audit Committee until the next Annual General Meeting.

5. General authority to place 10% of the unissued ordinary shares under the control of the directors

Ordinary resolution number 5

Resolved that the unissued ordinary shares in the authorised share capital of the Company be placed under the control of the directors who are hereby authorised, as a general authority in terms of the Company's Memorandum of Incorporation, to issue such shares at such times and upon such terms and conditions as they in their sole discretion may determine, subject to the provisions of the Companies Act, the Memorandum of Incorporation and the Listings Requirements of the JSE Limited ("JSE") to the extent applicable, provided that this approval shall be valid only until the next Annual General Meeting of the Company and that the aggregate number of ordinary shares to be allotted and issued in terms of this ordinary resolution number 5 is limited to 10% of the number of the unissued ordinary shares in the authorised share capital of the Company at the date of this Notice of Annual General Meeting (being 104 099 561 ordinary shares).

Explanation

Clause 6.7 of the Memorandum of Incorporation provides that the Board may resolve to issue authorised shares, but only to the extent that such issue has been approved by the shareholders in general meeting, either by way of a general or specific authority. The purpose of Ordinary Resolution Number 5 is to provide such general authority, which shall remain subject to the provisions of and all limitations contained in the Companies Act, the Memorandum of Incorporation and the Listings Requirements, to the extent applicable. The authority in terms of Ordinary Resolution Number 5 cannot be used to issue shares for cash as contemplated in the Listings Requirements.

6. Enabling resolution

Ordinary resolution number 6

Resolved that any director of the Company and/or the Company Secretary be and is hereby authorised to do all such things and sign all such documents as may be necessary for or incidental to the implementation of special resolutions numbers 1 to 3.

7. Non-binding advisory vote in respect of the Remuneration Policy

Ordinary resolution number 7

 Resolved that the Remuneration Policy, as described in the Remuneration Report on pages 3 and 4, available on our website at www.rclfoods.com/financial-results-and-reports-2020, is hereby approved by way of a non-binding advisory vote, as recommended in the King IV Report on Corporate Governance for South Africa 2016, commonly referred to as King IV.

8. Non-binding advisory vote in respect of the Remuneration Implementation Report

Ordinary resolution number 8

 Resolved that the Implementation Report contained in the Remuneration Report on pages 4 to 7, available on our website at www.rclfoods.com/financial-results-and-reports-2020, is hereby approved by way of a non-binding advisory vote, as recommended in the King IV Report on Corporate Governance for South Africa 2016, commonly referred to as King IV.

Special resolutions

1. Financial assistance in terms of sections 44 and 45 of the Companies Act, 2008

Special resolution number 1

Resolved as a special resolution that the Board may, subject to sections 44 and 45 of the Companies Act, the Memorandum of Incorporation of RCL FOODS and the JSE Listings Requirements, authorise RCL FOODS to provide direct or indirect financial assistance as contemplated by sections 44 and 45 of the Companies Act:

- (i) by way of loan, guarantee, the provision of security or otherwise to any person for the purpose of, or in connection with, the subscription for any option, or any securities, issued or to be issued by RCL FOODS, or any related or inter-related company, or for the purchase of any securities of RCL FOODS, or any related or inter-related company; and/or
- (ii) to a director or prescribed officer of RCL FOODS or of a related or inter-related company, or to a related or inter-related company or corporation, or to a member of a related or inter-related corporation, or to a person related to any such company, corporation, director, prescribed officer or member,

provided that no such financial assistance may be provided at any time in terms of this authority after the expiry of two years from the date of the adoption of this special resolution.

Explanation

On a regular basis, and in the ordinary course of business, the Company provides loan financing, guarantees, and other support to the related and inter-related companies/legal entities in the Group.

Sections 44 and 45 of the Companies Act empower the board of a company to provide direct or indirect financial assistance to a related or inter-related company or corporation pursuant to a special resolution of the shareholders of the Company adopted within the previous two years.

The reason for and effect of special resolution number 1 is to grant the directors of the company the authority to cause the Company to provide financial assistance to any company or other legal entity which is related or inter-related to the Company, in accordance with the Companies Act. This authority is necessary to enable the Company to provide financial assistance in appropriate circumstances. The financial assistance will be provided where the board of directors of the Company is satisfied that immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test, and that the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company. In the circumstances and in order to, inter alia, ensure that the Company's subsidiaries and other related and inter-related companies and corporations have access to financing, it is necessary to obtain the approval of shareholders, as set out in special resolution number 1.

Notice to shareholders continued

2. Approval of non-executive directors' remuneration

Special resolution number 2

Resolved as a special resolution that, unless otherwise determined by the Company in a general meeting, the annual fees (excluding VAT where applicable), payable by the Company to its non-executive directors with effect from 1 October 2020, remain unchanged, and be approved as follows:

	Rand
Board	
Chairperson	339 290
Members	339 290
Audit Committee	
Chairperson	283 227
Members	142 311
Remuneration and Nominations Committee	
Chairperson	167 425
Members	104 640
Risk Committee	
Chairperson	167 425
Members	104 640
Social and Ethics Committee	
Chairperson	119 988
Members	72 551

Explanation

Section 66(9) of the Companies Act requires that a company may pay remuneration to its directors for their services as directors only in accordance with a special resolution approved by the shareholders within the previous two years.

The reason for and effect of special resolution number 2 is to grant the Company the authority to pay fees to its non-executive directors for their services as directors.

3. General authority to repurchase shares

Special resolution number 3

Resolved as a special resolution that the Board be and is hereby authorised, by way of a renewable general authority in terms of the provisions of the JSE Listings Requirements, to approve the purchase by the Company of its own ordinary shares, or to approve the purchase of ordinary shares in the Company by any subsidiary of the Company, in terms of section 48 of the Companies Act from time to time on such terms and conditions and in such amounts as the Board may determine, provided that:

1. this general authority shall be valid until the Company's next Annual General Meeting or for 15 months from the date of passing of this resolution, whichever period is shorter;
2. the ordinary shares be purchased through the order book operated by the JSE Limited trading system and done without any prior understanding or arrangement between the Company and/or the relevant subsidiary and the counterparty (reported trades are prohibited);
3. an announcement complying with paragraph 11.27 of the JSE Listings Requirements be made by the Company (i) when the Company and/or its subsidiaries have cumulatively repurchased 3% of the ordinary shares in issue as at the time when this general authority was given (the initial number) and (ii) for each 3% in the aggregate of the initial number of the ordinary shares acquired thereafter by the Company and/or its subsidiaries;
4. the repurchase by the Company of its own ordinary shares shall not in the aggregate in any one financial year exceed 10% of the Company's issued ordinary share capital of that class as at the beginning of the financial year, provided that the acquisition of ordinary shares as treasury shares by the subsidiaries of the Company shall not be effected to the extent that in aggregate more than 10% of the number of issued ordinary shares of the Company at the relevant times are held by or for the benefit of the subsidiaries of the Company taken together;

5. repurchases must not be made at a price more than 10% above the weighted average of the market value of the ordinary shares for the five business days immediately preceding the date on which the transaction is effected;
6. at any point in time the Company may only appoint one agent to effect any repurchase on the Company's behalf or on behalf of any subsidiary of the Company;
7. the Company and its subsidiaries will not repurchase ordinary shares during a prohibited period (as defined in the JSE Listings Requirements) unless they have in place a repurchase programme where the dates and quantities of the shares to be traded during the relevant period are fixed (not subject to any variation) and it has been submitted to the JSE in writing prior to the commencement of the prohibited period;
8. a resolution has been passed by the Board that it has authorised the repurchase, that the Company and its subsidiaries have passed the solvency and liquidity test contemplated in the Companies Act, and that since the test was performed there have been no material changes to the financial position of the Group; and
9. such repurchases will be subject to the applicable provisions of the Companies Act, the Memorandum of Incorporation, the Listings Requirements and the Exchange Control Regulations 1961.

Statement of the board's intention

The Board has no specific intention at present to use this authority to repurchase any of the Company's shares, however, the Board is of the opinion that this authority should be in place should it become appropriate, in their opinion, to undertake a share repurchase in the future.

Statement by the directors

The Company's directors undertake that they will not implement any such repurchases unless:

1. the Company and the Group will be able, in the ordinary course of business, to pay its debts for a period of 12 months after the date of the repurchase;
2. the assets of the Company and the Group will exceed their liabilities for a period of 12 months after the date of the repurchase. For this purpose, the assets and liabilities are recognised and measured in accordance with the accounting policies used in the latest audited consolidated financial statements;
3. the Company and the Group will have adequate share capital and reserves for ordinary business purposes for a period of 12 months after the date of the repurchase; and
4. the working capital of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of the repurchase.

Additional information

For the purposes of considering this special resolution number 3 and in compliance and in terms of paragraph 11.26 of the JSE Listings Requirements, the information listed below has been included in the integrated annual report (of which this notice forms part) in the places indicated:

1. Major shareholders of the Company – page 89 of the integrated annual report;
2. Share capital of the Company – page 88 of the integrated annual report;

There has been no material change in the financial or trading position of the Company and the Group that has occurred since the end of the last financial period for which either audited Annual Financial Statements or unaudited interim reports have been published.

The directors, whose names are set out on pages 56 and 57 of the integrated annual report, collectively and individually, accept full responsibility for the accuracy of the information contained in this special resolution number 3 and certify that, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in relation to this special resolution number 3 false or misleading, and that they have made all reasonable enquiries in this regard and that this special resolution number 3 contains all information required by law and the JSE Listings Requirements.

Explanation

The purpose of special resolution number 3 is to grant the Board a general authority to approve the repurchase by the Company or its subsidiaries of its own ordinary shares on the terms and conditions and in such amounts to be determined from time to time by the Board, subject to the terms of this special resolution number 3.



Notice to shareholders continued

Approvals required for resolutions

Ordinary resolutions numbers 1 to 6 contained in this notice require the approval of more than 50% (fifty percent) of the voting rights exercised on the resolution by members present or represented by proxy at the Annual General Meeting.

Ordinary resolutions numbers 7 and 8 are required to be endorsed, through a non-binding advisory vote, by members present or represented by proxy at the Annual General Meeting. In the event of the resolutions being voted against by 25% or more of the votes exercised on them, the Company shall engage with members as to the reasons therefor, as set out in the Remuneration Report.

Special resolutions numbers 1 to 3 contained in this notice require the approval of more than 75% (seventy-five percent) of the voting rights exercised on the resolutions by members present or represented by proxy at the Annual General Meeting.

Attendance and voting by members or proxies

Ordinary members who have not dematerialised their ordinary shares or who have dematerialised their ordinary shares with own name registration, are entitled to attend and to vote at the meeting. Any such member may appoint a proxy/proxies to attend, speak and vote in their stead (on a poll) at the meeting. A proxy need not be a member of the Company. Forms of proxy should be completed and returned to the transfer secretaries Computershare Investor Services Proprietary Limited at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, or posted to Private Bag X9000, Saxonwold, 2132, to be received by 08:30am on Wednesday, 11 November 2020 for administrative purposes, or alternatively handed to the Company Secretary of the Company or the Chairperson of the Annual General Meeting prior to its commencement at 08:30am on Friday, 13 November 2020.

Any shares held by a share trust or scheme will not have their votes at the Annual General Meeting taken into account for the purposes of resolutions proposed in terms of the JSE Listings Requirements. In terms of section 48(2)(b)(ii) of the Companies Act, no voting rights may attach to any shares held in treasury.

On a show of hands, every member of the Company present in person or represented by proxy shall have one vote only. On a poll, every member of the Company shall have one vote for every share held in the Company by such member.

Ordinary members who have dematerialised their ordinary shares other than with “own name” registration, should contact their Central Securities Depository Participant (CSDP) or broker in the manner and time stipulated in their agreement:

- to furnish them with their voting instructions; or
- in the event that they wish to attend the meeting, to obtain the necessary authority to do so.

Shareholders or their proxies may participate, but not vote, by electronic communication in all or part of the meeting and, if they wish to do so:

- must contact the Company Secretary (by email at the address: John.Maher@rclfoods.com) by no later than 08:30am on Friday, 6 November 2020 in order to facilitate participation; and
- the electronic communication is at the expense of the shareholders or proxy.

Proof of identification required

The Companies Act requires that any person who wishes to attend or participate in a shareholders' meeting must present reasonably satisfactory identification at the meeting. Any shareholder or proxy who intends to attend or participate at the Annual General Meeting must be able to present reasonably satisfactory identification at the meeting for such shareholder or proxy to attend and participate at the meeting. A green bar-coded identification document issued by the South African Department of Home Affairs, a driver's licence or a valid passport will be accepted as sufficient identification.

JMJ Maher
Company Secretary

28 August 2020

Registered office

Ten The Boulevard
Westway Office Park
Westville
3629