



SUSTAINABLE BUSINESS DRIVE 2020



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.**

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 Hammarsdale

Our sustainable business drive

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.



① Nourishing people More nutritionally creative solutions

1.1 MORE NUTRITIOUS PRODUCTS
We will provide more nourishing food, better value and greater choice to all people – educating our consumers on the benefits of a balanced diet.

1.2 MORE NUTRITIONAL THOUGHT LEADERSHIP
We will strive to become a trusted source of influence in food policies, regulation and food labelling development.

1.3 MORE BASIC NUTRITION FOR CHILDREN
We will drive awareness of the basic nutrition challenges for children through collaborative multi-stakeholder partnerships aimed at addressing nutritional stunting.

② Enriching communities More socially creative solutions

2.1 MORE INSPIRED EMPLOYEES
We will build a unique organisation where work is safe, fun, meaningful and enriching in a way that unlocks the potential and creativity of more than 20 000 people.

2.2 MORE ECONOMICALLY DEVELOPED COMMUNITIES
We will drive an inclusive business agenda through land reform and new inter-connected business models.

2.3 MORE SOCIALLY DEVELOPED COMMUNITIES
We will drive social upliftment of our communities through a dialogue approach – understanding their needs and partnering with like-minded organisations to find solutions.

③ Sustaining resources More environmentally creative solutions

3.1 MORE ENERGY SELF-SUFFICIENT OPERATIONS
We will invest in energy self-sufficient operations and support the generation of renewable resources at a rate greater than we consume them.

3.2 MORE WATER-SMART OPERATIONS
We will invest in water-smart operations and influence local government and other key stakeholders for collective solutions in the higher risk areas.

3.3 MORE WASTE-FREE OPERATIONS
We will invest in new business opportunities that turn our waste into value (through circular economy principles), and minimise our waste to landfill.

UNDERPINNED BY NEW DISRUPTIVE MODELS

ACHIEVED AND SUSTAINED BY STRONG WIN-WIN MULTI-STAKEHOLDER PARTNERSHIPS

Nourishing people



1.1 MORE NUTRITIOUS PRODUCTS

OUR AMBITION:

To lead the promotion of nutrition with innovative product solutions in the context of a balanced diet.

We seek to meet consumers' changing needs through our broad basket of products, ranging from staples to value-added foods.

- Having reduced sodium in our chilled processed meats, freezer-to-fryer and baked products in 2019, our focus in 2020 has been on creating a future-ready portfolio that includes plant-based foods.
- Through our investment in a minority shareholding in the LIVEKINDLY co., we plan to drive the provision of affordable plant-based protein in Africa.
- We are also looking to help create a more sustainable future for food through The Hatchery, which we founded in 2019 with Remgro to invest in game-changing AgriFood Tech businesses and key business enablers across the food value chain.



1.2 MORE NUTRITIONAL THOUGHT LEADERSHIP

OUR AMBITION:

To lead the promotion of nutrition through influencing policy development.

Providing our growing population with adequate amounts of safe, nutritious and sustainably grown food is a key challenge for South Africa. In this context, safeguarding the sustainability of the local poultry and sugar industries is also vital.

- Our intensive engagement with Government and other industry players contributed to the master plans for the poultry sector and sugar industry being finalised during the year.
- Within our business, we are working to better understand the South African food landscape and identify ways of providing strong corporate leadership to address nutrition challenges in the food system.



1.3 MORE BASIC NUTRITION FOR CHILDREN

OUR AMBITION:

To lead the promotion of nutrition for children through collective action against stunting.

Through our DO MORE FOUNDATION we are catalysing collaborative partnerships to reduce the incidence of stunting in young children. We are also an implementation partner in the Grow Great national campaign. Recent highlights include:

- Awareness and action around nutritional stunting during our 2019 World Food Day campaign – where we made a record-breaking 107 418 peanut butter sandwiches in one hour for young children
- Monthly provision of 130 000 nutritional snacks (Monati porridge + Yum Yum peanut butter to young children at early childhood development (ECD) centres and playgroups)
- Delivery of over 3,5 million meals to vulnerable children and families affected by the COVID-19 lockdown
- Launch of the DO MORE FOUNDATION's own branded porridge for donation purposes



Enriching communities



2.1 MORE INSPIRED EMPLOYEES

OUR AMBITION:

To become THE place to work by building a compelling RCL FOODS culture.

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. Recent highlights were:

- Participating in Government's Youth Employment Service (Y.E.S.) Programme and providing over 330 young people with 12-month work experience contracts, taking us from a level 4 to a level 3 B-BBEE score in 2019
- Exceeding our 2020 Employment Equity targets and driving initiatives to create a more diverse and inclusive business
- Investing R31,8 million in training nearly 10 000 employees
- Ensuring the safety of our employees during the COVID-19 pandemic
- Being certified a Top Employer and being recognised by the AgriSETA for our skills development in Sugar



2.2 MORE ECONOMICALLY DEVELOPED COMMUNITIES

OUR AMBITION:

To become THE trusted business partner for economic development in the communities in which we operate.

We are leading the transformation agenda in our sugar operations through three key initiatives which provide approximately a third of our total cane supply:



COMMUNITY-BASED JOINT VENTURES

We have three cane-growing joint ventures with land restitution communities in Mpumalanga's Nkomazi region, producing around a million tons of cane for our mills each year. These communities receive market-related lease income, as well as employment, enterprise development and learning opportunities, in return for the use of their land.

SMALL-SCALE GROWERS (SSGs)

Approximately 16% of our Nkomazi cane supply comes from 1 200 SSGs farming on communal land, assisted by farming and financial support services provided through Akwandze Agricultural Finance and TSGRO – two joint venture services companies we operate in partnership with the growers.

LONG-TERM LAND REFORM PARTNERSHIPS

We have developed long-standing partnerships with 12 land reform beneficiaries that we have been mentoring since 2012 as part of the Department of Rural Development and Land Reform's Recapitalisation and Development Programme (RADP). They supply around 100 000 tons of cane to our Nkomazi and Pongola mills each year.

2.3 MORE SOCIALLY DEVELOPED COMMUNITIES

OUR AMBITION:

To become THE respected business partner for social development in the communities in which we operate.

We aim to facilitate meaningful change in impoverished communities near our operations 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. Some of our recent achievements include:

- Being recognised for the success of the "Leave No Young Child Behind" initiative in Nkomazi, according to a recent independent research report
- Assisting 1 144 farmers through the Abalimi Phambili smallholder vegetable farmer support programme in Nkomazi
- Helping ECD centres in Worcester to qualify for subsidies, and working with stakeholders towards an integrated ECD policy for the area
- Establishing 6 enterprises in Hammarsdale, benefiting 37 youth entrepreneurs

Sustaining resources



3.1 MORE ENERGY SELF-SUFFICIENT OPERATIONS

OUR AMBITION:

To become an energy self-sufficient business by supporting the generation of renewable resources.

By 2025 we aim to be 50% electricity self-sufficient, and to have reduced our coal use by 50%.

To achieve our future electricity requirement, we are concentrating on renewable electricity generation through co-generation at our Sugar mills, Waste-to-Value (W2V) and Solar. We were already 26% energy self-sufficient in 2020, and have just completed a second W2V plant which will increase this by an additional 22%. Our 2020 carbon footprint was 3% lower than in 2019, mainly due to decreased coal usage.



3.2 MORE WATER-SMART OPERATIONS

OUR AMBITION:

To become a water-smart business by seeking new ways to reuse, reduce and “create” water in our operations.

We are working to become more water-smart by reducing usage by 50% in our chicken processing operations and 60% in our logistics warehousing operations by 2025 – while also achieving a 30% improvement in our water use efficiency in our sugar agriculture operations by 2023. To this end we have initiated a number of water-saving, reuse and education initiatives across our business, and recently conducted a Water Risk Profiling and Strategy study at two major sites.

Since 2017 we have achieved a 17% reduction in municipal water use in our Food Division and a 9.3% efficiency increase in our raw water use in sugar agriculture.



3.3 MORE WASTE-FREE OPERATIONS

OUR AMBITION:

To become a waste-free business by minimising our waste to landfill and exploring ways to turn waste into value.

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 two waste-to-value plants in operation, and we are working to reduce the waste we send to landfill by recycling it or diverting it into alternative value streams (such as fertiliser, biofuel, agri-protein and compost production).

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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:

DO MORE
for young children

DO MORE
to support youth

DO MORE
to ease hunger

... 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.



Three years in, we are doing more together

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.
- **#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.
- **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.



Youth enterprise development in Hammarsdale

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 in 2019.
- **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 by October 2020 to ease hunger among families affected by the COVID-19 lockdown.
 - » 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.

Value we create

The value we created for our stakeholders in 2020

For our Communities



R9,0 million in corporate social investment via the **DO MORE FOUNDATION**

Over **8 million*** meals donated in 2020 through the DO MORE FOUNDATION

** in the 12 months to June 2020*

Small-scale growers generated R350 million in turnover from supplying cane to our mills

R43 million in lease payments received by beneficiaries from three partnering land claimant communities

For our Consumers



Over 30 much-loved South African brands



10 category-leading brands



* Freezer to Fryer category
** Core sugars
*** Horse Feed

We kept South Africans fed during the COVID-19 pandemic – delivering 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 DAILY during level 5 lockdown

An opportunity to help feed the hungry through the DO MORE FOUNDATION's #GiveltUp COVID-19 relief initiative

For our Customers



Produced fit-for-purpose private label brands for major customers in seven categories

12 former ICL* principals taken into our Logistics network

** Imperial Logistics South Africa Group Proprietary Limited's cold chain business*

Successfully incorporated **Siqalo Foods** into our platform

Strong volume growth for Chicken, Sugar, Bread, Peanut Butter, Maize Flour and Pet Food (branded and private label)

For our Employees



R31,8 million spent on training nearly 10 000 people

3 000 staff members enabled to work from home during lockdown

R52,7 million* spent directly on keeping our employees safe during the COVID-19 pandemic

** Relates only to Cleaning, Health & Safety and Medical supplies and services for our employees*

A chance for employees to **DO MORE** for vulnerable communities via **monthly payroll contributions** and active participation in DO MORE FOUNDATION activities

For our Environment



First power produced by our new **Waste-to-Value** plant in Rustenburg

Water use in our Sugar business has **reduced by 9.3% since 2017**

We have committed to **step-change our plastic packaging by 2025** to reduce waste and promote recycling

3% reduction in our carbon footprint in 2020

For our Government



R47,9 million paid in income tax and **R731,6 million** paid in VAT

Public-private partnerships help implement Government policy for **Early Childhood Development** and **land reform**

Supported Government's call for **participation in the Y.E.S.* Programme** and for **contributions to the Solidarity Fund**

** Youth Employment Service*

Engagement with Government in development of Poultry Sector and Sugar Industry Master Plans

For our Investors



We paid **R221,8 million in dividends** in 2020

We paid **R257,7 million in interest** in 2020

For our Suppliers



41% of Chicken supplied through **contract growers**

Nearly **1,7 million tons of sugarcane (32%)** supplied to our mills through **small-scale farmers, community joint ventures and long-term land reform partnerships**

R77,5 million in contracts awarded to companies owned by **land reform beneficiaries** from our community-based joint ventures

R7,2 billion spent on **procurement through B-BBEE**

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