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RCL FOODS LIMITED

ABRIDGED INTEGRATED ANNUAL REPORT

FOR THE YEAR ENDED JUNE

2021

OUR PASSION

ABOUT THE REPORT

BOUNDARY AND SCOPE

The aim of this Abridged Integrated Annual Report is to provide stakeholders with a balanced and holistic view of both the financial and environmental, social and governance (ESG) impacts of RCL Foods Limited (RCL FOODS or the Group) to enable them to obtain a better understanding of its long-term prospects. The report also includes the financial performance of RCL FOODS' joint ventures and associates. It covers the performance for the year ended June 2021 and provides an overview of operations of the Group with relevant comparatives to the previous period.

MATERIAL ASPECTS AND COMPARABILITY

Materiality has been applied to qualitative and quantitative disclosures contained in this report. An item is considered material if it could influence the decisions of our business and its stakeholders. There have been no significant changes to the content and scope of this report from prior years, apart from a change to the focus of the strategic progress section from 52 to 61. To enhance the comparability of information, certain comparative figures may have been restated and these have been noted as such.

ASSURANCE AND APPROVAL

The Board acknowledges its responsibility for the content of RCL FOODS' Integrated Annual Report. The Board has contributed to the identification of matters that are material to RCL FOODS and these matters have been used to select relevant information to be addressed in the report. Management has prepared and verified the information in the report, ensuring an accurate, balanced, and comprehensive overview of the organisation. The information has been verified by a combination of internal and external assurance providers. Details of the assurance element and providers are set out on 8 to 13 of the Annual Financial Statements, available on our website at www.rclfoods.com/financial-results-and-reports-2021. The report has been reviewed by the RCL FOODS Audit Committee and Board who have assessed the content of this report and believe that the 2021 Integrated Annual Report is presented in accordance with the <IR> Framework, that it addresses all material issues and fairly presents the integrated performance of the Group. The Board has authorised the release of this report at the RCL FOODS Board meeting held on 3 September 2021.

RCL FOODS values feedback and therefore welcomes any questions or comments regarding this report. These can be emailed to the Company Secretary, John Maher, at john.maher@rclfoods.com. Stakeholders are also directed to the Group's website for this report and other relevant additional supporting reports, Board committee charters and compliance information.

RELATED REPORTS

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

- SUSTAINABLE BUSINESS REPORT
- ANNUAL FINANCIAL STATEMENTS
- CORPORATE GOVERNANCE REPORT
- REMUNERATION REPORT
- KING IV APPLICATION REGISTER

REPORTING GUIDELINES

IFRS

INSTITUTE OF DIRECTORS SOUTHERN AFRICA

INTEGRATED REPORTING <IR>

THE GLOBAL GOALS For Sustainable Development

JSE

NAVIGATING THE REPORT

ICON REFERENCES

Our capitals

- Financial capital
- Human capital
- Intellectual capital
- Manufactured capital
- Natural capital
- Social and relationship capital

Our stakeholders

- Communities
- Consumers
- Customers
- Employees
- Government
- Investors and funders
- Media
- Suppliers

Further reading

- Signifies that related information is available online at 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 the page in the Corporate Governance Report with more details

Shareholders are reminded that they are entitled to a hard copy of this report on request. This can be obtained by contacting the Company Secretary on +27 87 362 8501 or at john.maher@rclfoods.com

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OUR BUSINESS AT A GLANCE

OUR BUSINESS AT A GLANCE

WHO WE ARE

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.

Vector Logistics is our route-to-market supply chain specialist.

WE OPERATE THROUGH:

MORE THAN **280 Operations**

OVER **30 Brands**

MORE THAN **20 000 Employees**

OUR DO MORE FOUNDATION

PRODUCING:

- **290 000** tons of chicken products
- **760 000** tons of sugar
- **349 000** tons of flour
- **55 million** litres of beverages
- **208 million** loaves of bread
- **96 million** jars of mayonnaise
- **24 million** jars of peanut butter
- **34 million** units of Speciality products
- **30 million** bags of pet food
- **1,3 million** tons of animal feed

ACROSS OUR THREE DIVISIONS:

	FOOD	CHICKEN	VECTOR LOGISTICS
DIVISION	REVENUE CONTRIBUTION: **R19,8 billion** EMPLOYEES: **8 627**	REVENUE CONTRIBUTION: **R10,3 billion** EMPLOYEES: **6 130**	REVENUE CONTRIBUTION: **R3,2 billion** EMPLOYEES: **5 354**
BUSINESS UNITS	**GROCERIES** (Grocery, Pies, Beverages) **BAKING** (Milling, Bread, Buns & Rolls (BBR), Speciality) **SUGAR** (Sugar, Molatek Animal Feed)	**CHICKEN** (includes Epol Animal Feed)	**SALES SOLUTIONS** **SUPPLY CHAIN INTELLIGENCE** **WAREHOUSING** **DISTRIBUTION** **IMPORTS/EXPORTS** **CREDIT MANAGEMENT**

Supported by our Integrated Business Services Organisation

OUR BUSINESS AT A GLANCE

VALUE WE CREATE

OUR 2021 FINANCIAL HIGHLIGHTS

REVENUE	EBITDA	UNDERLYING* EBITDA	HEADLINE EARNINGS	UNDERLYING* HEADLINE EARNINGS	HEADLINE EARNINGS PER SHARE	UNDERLYING* HEADLINE EARNINGS PER SHARE	TOTAL DIVIDEND PER SHARE
R31,7 BILLION	R2 409,1 MILLION	R2 530,4 MILLION	R958,1 MILLION	R1 045,5 MILLION	107,9 CENTS	117,7 CENTS	45,0 CENTS
↑ 14.0%	↑ 47.3%	↑ 45.8%	↑ 736.0%	↑ 170.9%	↑ 723.7%	↑ 166.9%	↑ 80.0%

** The underlying view of the results excludes material once-offs and accounting adjustments related to the direct cost impact of COVID-19 in the current and prior year and the gain on bargain purchase arising from the acquisition of the Imperial Logistics South Africa Proprietary Limited's cold chain business (ICL) in Vector Logistics in the prior year. The underlying results constitute pro-forma financial information in terms of the JSE Listings Requirements.*

VALUE WE CREATED FOR OUR STAKEHOLDERS IN 2021

FOR OUR COMMUNITIES

- **R7,8 million** in corporate social investment via the **DO MORE FOUNDATION**
- **Nearly 7 million meals donated in 2021** alone through the **DO MORE FOUNDATION**
- Small-scale growers generated R370 million in turnover from cane supplied to our mills
- **R42 million in lease payments** received by three partnering land claim beneficiary communities

FOR OUR CONSUMERS

- **Over 30 much-loved South African brands in over 20 categories**
- **Innovation and affordable offerings to support consumers in tough economic times**
- Fully certified for food safety

9 MARKET LEADING BRANDS

Nola, Number 1 Mageu, Ouma, Rainbow Simply Chicken*, Monati, Bobtail, Canine Cuisine, Catmor, Epol**

FOR OUR CUSTOMERS

- Produce 100 private label brands in 23 categories
- **Vector Logistics** becomes SA's largest frozen logistics player
- **Launched Vicky the Vector Bot** to help serve customers even better
- **Strong volume growth** in the Pet Food and Baking categories

* Freezer to Fryer category
** Horse Feed category

FOR OUR EMPLOYEES

- **R32,6 million** spent on training **9 250 people**
- Nearly **3 000 staff members** enabled to work from home during COVID-19 lockdown
- **R52 million** spent on keeping our employees safe during the COVID-19 pandemic

DO MORE FOUNDATION: A CHANCE FOR **EMPLOYEES TO DO MORE FOR VULNERABLE COMMUNITIES** VIA MONTHLY PAYROLL CONTRIBUTIONS AND ACTIVE PARTICIPATION IN DO MORE FOUNDATION ACTIVITIES

FOR OUR GOVERNMENT

- **R335,1 million** paid in income tax and **R528,5 million** paid in VAT
- **Public-private partnerships** help implement government policy for Early Childhood Development and land reform
- Engagement with government and industry to implement Poultry and Sugar Industry Master Plans
- **Collaboration with government to ensure food security during the pandemic and social unrest**

FOR OUR INVESTORS AND FUNDERS

- We paid **R225,3 million** in dividends in 2021
- We paid **R253,6 million** in finance costs in 2021
- We declared a total dividend of **45,0 cents** per share

FOR OUR SUPPLIERS

- **51%** of Chicken supplied through contract growers
- **Over 1,6 million tons of cane** supplied to our mills through small-scale farmers, community joint ventures and land reform partnerships
- **R98 million** in contracts awarded to companies owned by land reform beneficiaries from our community joint ventures
- **R11,8 billion** spent on B-BBEE procurement

OUR BUSINESS AT A GLANCE

WHAT DRIVES US

OUR PASSION

More Food to More People, More Often

OUR AMBITION

To build a profitable business by creating food brands that matter

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.

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 VALUES

Four powerful values drive the way we do business

- RESPECT FOR PEOPLE
- UNCOMPROMISING INTEGRITY
- SEEING AND DOING THINGS DIFFERENTLY
- ACT RESPONSIBLY

OUR WAY

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

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.

OUR BRANDS

We are brand builders with over 30 household brands, many of which are market leaders in their respective categories. These span from much-loved South African classics generating over R1 billion in annual revenue, to newer ones with growing relevance. Our basket of brands enables us to meet the diverse and evolving needs of consumers across the market. In line with Our Ambition of building a profitable business by creating food brands that matter, we are constantly investing in our diverse portfolio of strong brands in order to increase our market share in existing categories and to extend these brands into adjacent and new categories.

R1 BILLION PLUS

Supreme Flour, Rainbow, Nola, Sunbake, Selati, Epol

R400 MILLION – R1 BILLION

Yum Yum, Pieman's, Molatek, Bobtail, Number 1 Mageu

R100 – R400 MILLION

Rainbow Simply Chicken, Catmor, Driehoek Feeds, Ultra Pet, Monati, Optimizor, Ouma

R100 MILLION & UNDER

Cobb, Canine Cuisine, 5 Star, Feline Cuisine, Mnandi Amahewu, Dogmor, Bonzo, Farmer Brown, Equus, Selati Sweetener, Tafelberg, Safari

OUR BUSINESS AT A GLANCE

OUR BRAND HIGHLIGHTS

OPTIMIZOR

Optimises its "More Protein for Active Dogs" positioning

Optimizor has tails (and tongues) wagging in the non-grocer channel with its high-quality offering that combines high-quality poultry protein, rice and VitaCARE to support strong muscles and promote a healthy immune system. After putting up a great performance last year, Optimizor grew another 58% in 2021.

Selati supports 1 200 small-scale cane growers in rural Nkomazi

Oumph!

Plant-based protein sales in South Africa grew 22% in LIVEKINDLY Collective Africa's first month of operation, with Like Meat and Oumph! joining Fry's on the freezer shelf.

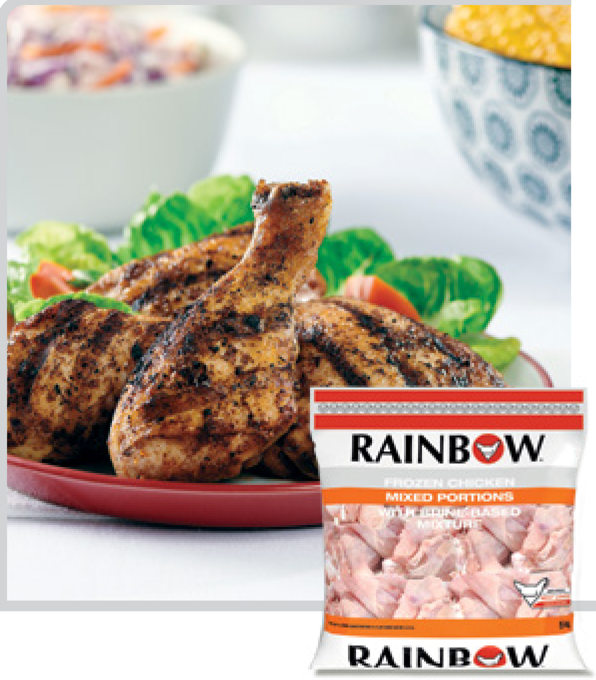
SUNBAKE

Nothing fresher under the sun

Sunbake made a "fresh" impact in 2021 with the launch of its strategic repositioning – "Nothing Fresher Under the Sun". With bold new packaging and communication assets to support it, Sunbake flighted its first-ever TV commercial and engaged with fans on social media – to the delight of three community schools that received a Sunbake classroom and 10 000 children who each received a new pair of school shoes.

RAINBOW

THE TASTE YOU CAN TRUST



For more than 60 years Rainbow has been at the heart of South African family meals, supporting consumers through thick and thin. Last year it was a Rainbow Chicken meal that was served to one million people to alleviate hunger for Mandela Day ... and fresh, tender and flavourful Rainbow Chicken has been in more sishebos, braais and roasts during the pandemic.

But it wasn't always like that. Since dumped imports started to impact on local industry sales, there hasn't been quite as much Rainbow Chicken in supermarkets. Even before lockdown we knew we wanted to change that. When the Quick-Service Restaurants (QSRs) closed during the initial lockdown, it provided a platform to rebuild our retail volumes... and that's just what we've been doing ever since, reaching homes and hearts as "Rainbow – the TASTE YOU CAN TRUST".

Simply Chicken grew 16% in the Chilled Processed Meats category

PIEMAN'S

Making a (box) meal of it...

The new Pieman's Big Deal Pie – a larger pie-in-a-box for the grab-and-go market – made such a splash that two million pies were sold at garage forecourts in its first three months.

catmor loves cats

Growing in leaps and meows

Our multi-tiered cat food portfolio ensured we delivered more food to more cats, more often in 2021! Our Ultra Cat veterinary brand, our Feline Cuisine premium brand and our Catmor economy brand all reached new all-time share highs, with Catmor's new 2in1 range doubling its sales and Feline Cuisine climbing up to number two spot for the first time.

Yum Yum maintained its market share in a declining market

Retail source: IRI SA, Total Defined Market MAT June '21

OUR BUSINESS AT A GLANCE

OUR HISTORY

The businesses that form RCL FOODS share deep South African roots, dating back over 120 years.

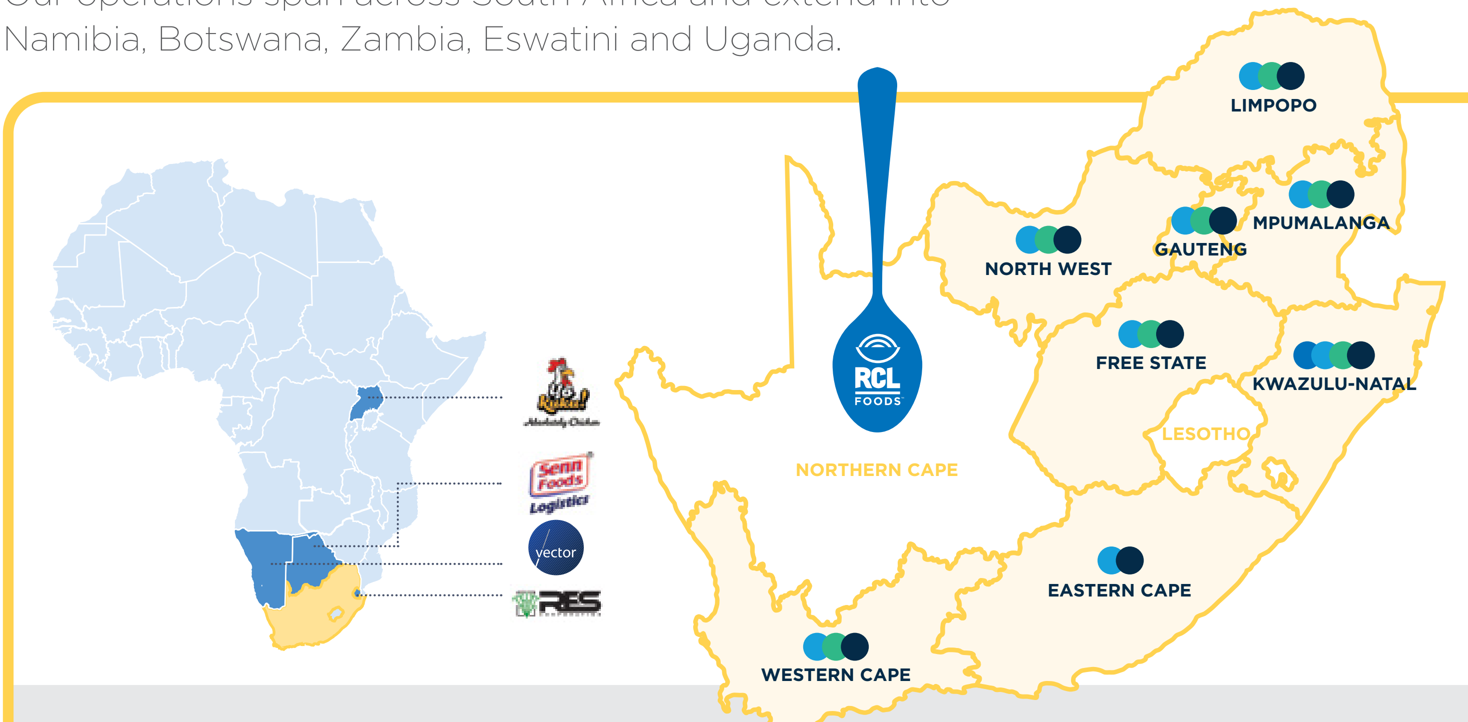
1891	A small family-owned flour mill was established in Pretoria. Today it is the centre of our Milling operation.
1916	Our first animal feed mill was built. Today we are one of the leading manufacturers of animal feeds.
1960	Rainbow Chicken started its operation on a humble farm in Hammarsdale, with its first processing plant being commissioned soon after.
1965	Our first sugar mill began processing sugar cane in Malalane. Today we are one of the three biggest sugar producers in South Africa.

Through strong strategic acquisitions, we have become one of South Africa's largest food manufacturers.

1989	Rainbow Chicken Limited was listed on the JSE.
2004	Vector Logistics was acquired with the strategic intent of controlling and optimising the outbound supply chain.
2013	Foodcorp, one of South Africa's largest food producers, was acquired. Our company name changed from Rainbow Chicken Limited to RCL FOODS Limited.
2014	The leading sugar producer, TSB Sugar RSA and TSB Sugar International, was acquired. A 49% share of Senn Foods Logistics in Botswana was acquired. A new Broad-based Black Economic Empowerment (B-BBEE) transaction was implemented.
2016	A 33.5% stake in Ugandan poultry producer, HMH Rainbow Limited, was acquired.
2018	A 50% stake in Matzonox, a Waste-to-Value operation, was acquired.
2019	Driehoek Voere, a producer of game, ruminant and horse feeds, was acquired. A 45% stake in L&A Logistics Limited, a distribution operation based in Zambia, was acquired.
2020	A minority shareholding in LIVEKINDLY Collective was acquired. Vector Logistics acquired certain key assets of Imperial Logistics South Africa Group Proprietary Limited's cold chain business (ICL).
2021	We partnered with LIVEKINDLY Collective to establish LIVEKINDLY Collective Africa. Our stake in L&A Logistics Limited was increased to 85%.

OUR FOOTPRINT

Our operations span across South Africa and extend into Namibia, Botswana, Zambia, Eswatini and Uganda.



KWAZULU-NATAL

- 1 RCL FOODS National Office
- 1 Baking Depot (BBR)
- 2 Chicken Processing Plants
- 27 Chicken Farms Owned
- 1 Chicken Farms Contracted
- 1 Animal Feed Mill
- 1 Sugar Mill
- 3 Vector Plant Based Cold Stores (PBCS)
- 3 Vector Distribution Sites

WESTERN CAPE

- 1 Speciality Plant
- 2 Chicken Processing Plants
- 35 Chicken Farms Owned
- 31 Chicken Farms Contracted
- 1 Animal Feed Mill
- 2 Vector PBCS
- 2 Vector Distribution Sites

GAUTENG

- 1 Grocery Mega Plant
- 17 Chicken Farms
- 1 Animal Feed Mill
- 1 Pie Factory
- 1 Beverage Plant
- 2 Speciality Plants
- 1 Flour Mill
- 2 Bakeries (BBR)
- 3 Baking Depots (BBR)
- 3 Vector Distribution Sites
- 6 Vector PBCS
- 1 Vector Office

LIMPOPO

- 2 Bakeries (BBR)
- 6 Bakery Depots (BBR)
- 1 Animal Feed Facility
- 1 Vector Distribution Site

FREE STATE

- 2 Baking Depots (BBR)
- 1 Chicken Processing Plant
- 1 Vector Distribution Site
- 1 Vector PBCS

MPUMALANGA

- 9 Chicken Farms Owned
- 2 Bakeries (BBR)
- 6 Bakery Depots (BBR)
- 1 Animal Feed Mill
- 2 Sugar Mills
- 1 Vector Distribution Site
- 2 Sugar Farms Owned
- 7 Sugar Farms Contracted

NORTH WEST

- 1 Bakery (BBR)
- 2 Baking Depots (BBR)
- 1 Chicken Processing Plant
- 31 Chicken Farms Owned
- 20 Chicken Farms Contracted
- 1 Animal Feed Mill
- 1 Vector PBCS

EASTERN CAPE

- 6 Chicken Farms Owned
- 1 Animal Feed Mill
- 1 Grocery Plant – Ouma Rusks
- 3 Vector Distribution Sites

OUR BUSINESS AT A GLANCE

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.

NOURISHING PEOPLE 1

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.

Ambition:
To lead the promotion of nutrition with innovative product solutions in the context 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.

Ambition:
To lead the promotion of nutrition through influencing policy 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.

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

ENRICHING COMMUNITIES 2

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 our more than 20 000 people.

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

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

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

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.

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

SUSTAINING RESOURCES 3

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.

Ambition:
To become an energy self-sufficient business.

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.

Ambition:
To become a water-smart business that continually seeks new ways to reduce, reuse and "create" water.

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.

Ambition:
To become a waste-free business that continually seeks new ways to turn waste into value.

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

For more information, please refer to the Sustainable Business Report, available at www.rclfoods.com/financial-results-and-reports-2021

OUR SUSTAINABLE BUSINESS DRIVE IN ACTION

1 NOURISHING PEOPLE

Since its launch during the lockdown, a total of 272 tons of sorghum-based DO MORE Porridge have been delivered to needy children and their families nationwide. The porridge is now served daily in 1 043 ECD centres countrywide.

Nourishing SA's most vulnerable communities during the pandemic and beyond

The closure of schools and Early Childhood Development centres (ECD centres) due to the COVID-19 lockdown – leaving nearly 10 million children without a daily meal, not to mention vital early learning stimulation – was a watershed moment for our DO MORE FOUNDATION. Already providing daily nutritional snacks to thousands of vulnerable young children at ECD centres, it had set its sights on developing its own branded porridge... and when the lockdown occurred, that was needed quickly.

In partnership with RCL FOODS, the Foundation launched the now-iconic DO MORE Porridge (affectionately known in the community as the "blue porridge") in July 2020. As with all the Foundation's initiatives, strong multi-stakeholder partnerships have supported the rollout of DO MORE Porridge every mile of the journey – from the creative collaboration of RCL FOODS' own operational, marketing and logistics teams, to the generosity of funders, to the energetic commitment of the 118 organisations distributing the food to needy children and families nationwide. Among the latter is the Kingsley Holgate Foundation which, having carried out the first DO MORE Porridge deliveries in KwaZulu-Natal in mid-2020, went on to deliver 27 000 bags of porridge (270 000 meals) to South Africa's most outlying communities during the month-long Mzansi Edge expedition later in the year.

A key success factor in the Foundation's COVID-19 response has been its ability to rally its network of partners around a common vision – and then to execute its plans effectively. Having set up a dedicated COVID-19 relief fund to source food at cost price from RCL FOODS, the Foundation launched a widely-shared #GiveItUp campaign that saw businesses, media agencies, radio stations and proudly South African brands to "give up" their profits and/or advertising space to encourage individuals and organisations to contribute to the fund.

This played a key role in the DO MORE FOUNDATION being able to distribute nearly 10,5 million meals across all nine provinces from March 2020 to June 2021. Of these, a million meals were served in honour of Mandela Day alone, for which RCL FOODS provided the 100 400 kilograms of chicken that were made into hot meals at over 100 soup kitchens.

Alongside this hive of feeding activity, the Foundation also leveraged its partnerships to maintain early learning. An online "parenting resource hub" was developed to help parents and caregivers stimulate young children; cognitive development resources were distributed directly to homes; and funds were raised to provide PPE starter kits that helped 215 ECD centres to reopen safely. Today the parenting and early learning resources continue to support healthy cognitive development, and DO MORE Porridge is served on a daily basis to 20 000 young children at ECD centres, assuring them of at least one nutritious meal a day.

OUR SUSTAINABLE BUSINESS DRIVE IN ACTION CONTINUED

2 ENRICHING COMMUNITIES

When the lockdown stopped us from having our Diversity and Inclusivity Circle Conversations face to face, we gathered through our computer screens – and the discussions brought us closer to each other while working remotely.

Enriching human connections during the pandemic

Keeping our people safe during COVID-19 means more than just protecting their physical safety – it's about psychological safety too. Global statistics show that up to 45% of adults are feeling adverse mental health impacts[1] and up to 70% of adults feel it is the most stressful period in their careers[2]. For many people, connection with colleagues can provide an important buffer to their feelings of social isolation and disconnection. Interestingly, research in Hong Kong after the 2003 SARS outbreak found that increased social connectedness offset the negative mental health impacts of the pandemic. With stress rising among our employees as they adjusted to the "new normal" of COVID-19 – including remote working for those that could – we have been working to drive virtual human connections and create psychological safety wherever we can.

For those 3 000 employees working remotely, technology allowed us to have regular online team check-ins and to engage in virtual conversations around operational and culture issues.

Among these was the introduction of bi-monthly Zoom webinars led by our CEO and his executive team which are open to all employees and allow for information sharing and two-way conversation on key issues. Another is the online continuation of our Diversity and Inclusivity Circle Conversations, which remain high on our agenda despite our physical separation. Participating in a Conversation Circle cultivates the skills of listening, empathy, compassion, understanding, respect, vulnerability and courage – all vital for building a connected, supportive community. More than 200 of these have taken place this year alone, including 14 women's circles following our virtual Women's Day event.

Also driving connection and inclusion is our *Let's Talk* mobile app which now reaches almost 13 000 employees with updates and relevant information on various topics.

Apart from leveraging "connection" opportunities to support each other and strengthen our team, we have also been tackling mental wellbeing head-on, running several mental wellness workshops to build emotional resilience and securing a free counselling service for employees. #StrongerTogether.

[1] *Centres for Disease Control*
[2] *World Economic Forum*

3 SUSTAINING RESOURCES

We have initiated a number of projects focusing on different areas, such as improving recyclability rates, procuring from sustainable sources, including post-consumer materials in transit packaging like pallets, labelling (OPRLs).

Sustaining resources by relooking at plastic waste

Every day tons of plastic waste makes its way into the environment where it lives for hundreds of years, polluting land and water and threatening all forms of life.

A large part of this is due to the disposal of single-use plastics which make up half of all plastic produced. In order to stem the rising tide of plastic and other waste, South Africa has introduced mandatory Extended Producer Responsibility (EPR) which makes producers of food and goods responsible for the treatment and disposal of certain waste types. Among other things, this means that producers will have to pay EPR levies per ton of every type of plastic and packaging material that they put into the South African market. Understanding and responding to the new regulations requires a whole new level of adaptation, innovation and collaboration across the food industry – and that is exactly what the last few months have been about.

Since June 2020 RCL FOODS has attended and contributed to a plethora of working forums aimed at providing constructive feedback to the Department of Forestry, Fisheries and Environment (DFFE) on revisions required to finalise a realistic set of regulations around the management of waste in South Africa. This engagement, together with our South African Plastics Pact membership as an enabling platform, has positioned us to respond proactively to the new EPR regulations legislated on 5 May 2021, with a view to complying with their requirements by 5 November 2021.

As a business we are now far clearer on the impact of our packaging portfolio on the environment. We have initiated a number of projects focusing on improving recyclability rates, procuring from sustainable sources, including post-consumer materials in transit packaging like pallets, and on-pack recycle labelling (OPRLs). We have also increased engagement with our waste service providers and packaging convertors to support us in our efforts.

The task ahead to reach the EPR Regulations' collection, recycling and Post-Consumer Recyclant (PCR) inclusion targets in the next five years will require robust collaboration between all industry stakeholders, as well as internally via our cross-functional teams supported by our 12-member Packaging Forum. In doing so we will make a positive impact on reducing the 111 million tons of plastics, packaging, electrical and lighting waste generated in South Africa each year – not to mention further supporting the R24,3 billion "waste economy" which provides income for over 100 000 formal and informal workers.

HOW WE OPERATE

HOW WE OPERATE

OUR OPERATING CONTEXT

As a food business spanning the entire food value chain – from agriculture to supermarket shelf – we are impacted by a number of local and global issues, events and trends. These present both challenges and opportunities for the way we generate value for our stakeholders.

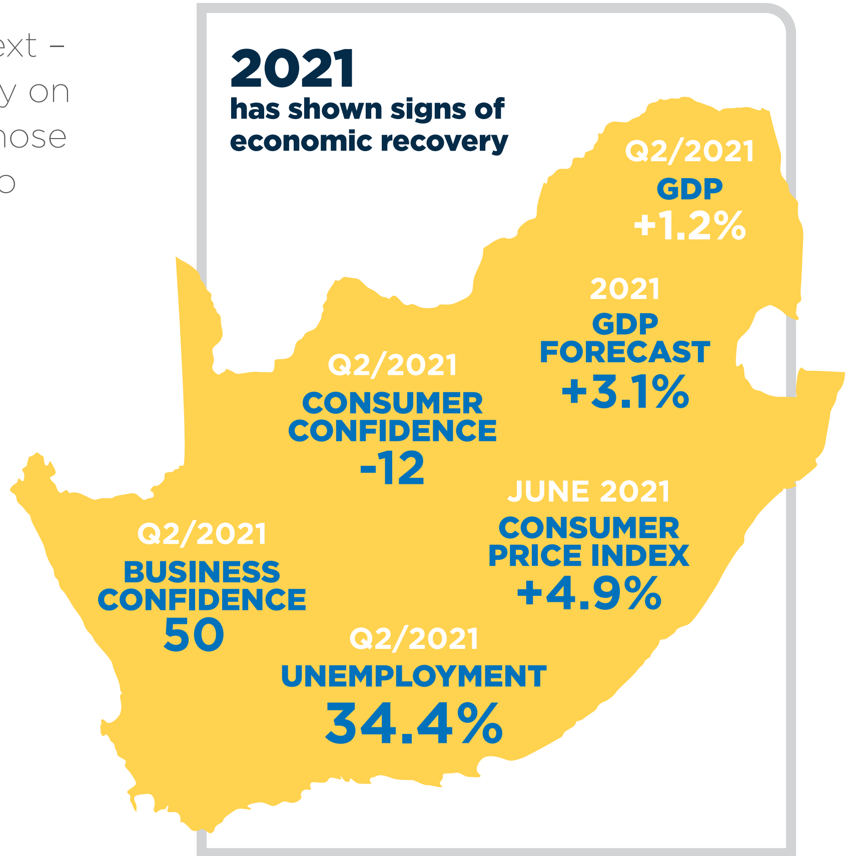
Remaining relevant and resilient amidst such change requires an ability to "see and do things differently" where needed, while remaining focused on our long-term strategy.

Below we summarise the key features of our operating context – both those impacting materially on our performance in 2021 and those shaping consumer demand into the future.

DEMANDING ECONOMIC CONDITIONS

South Africa was, and continues to be, significantly impacted by the COVID-19 pandemic. The 2021 financial year has shown signs of economic recovery, albeit off a significantly compromised base, as local and global trade begins to normalise. The International Monetary Fund (IMF) expects the South African GDP to grow 3.1% in 2021. While a 15-point[1] rise in business confidence from the first to the second quarter of 2021 is encouraging, uncertainty remains as to the long-term impact of the various lockdown restrictions. Unemployment reached an all-time high of 34.4% in the second quarter. While consumer inflation eased to 4.9% in June after recording a 30-month high of 5.2% in May, rising prices – especially for food and fuel – place significant pressure on an already cash-strapped consumer.[2]

More detail on the key macroeconomic factors impacting our business in 2021 can be found in the CFO's report from 76.



[1] *According to the First National Bank/Bureau for Economic Research (BER) Consumer Confidence Index (CCI) and the Rand Merchant Bank/BER Business Confidence Index (BCI)*

[2] *Multiple sources: Stats SA | BER*

PRESSURE ON FOOD SYSTEMS

Increasing amounts of food will be required to feed the growing world population; yet large-scale food production is already responsible for increasing biodiversity loss, deforestation, soil degradation, water scarcity and greenhouse gas emissions. Alongside this, current food systems are also unsustainable from a health perspective, contributing to a rise in non-communicable diseases, particularly diabetes, hypertension and heart disease. With these and obesity being risk factors for severe COVID-19, the pandemic has highlighted the key role of diet in maintaining a healthy population.

The government has begun to enact certain food regulations in an attempt to limit exposure to high levels of sugar and salt. These include the introduction of the Health Promotion Levy, new brining regulations, limitations on salt and sugar in foodstuffs and increased food labelling requirements. As a leading food manufacturer in South Africa, we need to keep abreast of these developments, engage with regulators, provide thought leadership where appropriate, and ensure compliance whilst managing the impacts on our business. As our population grows, our challenge is to provide a balanced basket of safe, affordable, high-quality, nutritious food that meets consumers' changing needs.

FOOD SECURITY THREATS

South Africa produces more than enough food[3] to feed its population, yet one in five households has inadequate or severely inadequate access to food as a result of poverty, largely due to unemployment. In the last few years this has been exacerbated by rising food prices linked to input cost hikes (mainly related to international fuel and grain price spikes), as well as exchange rate volatility and ongoing drought conditions in parts of the country. While the "dumping" of surplus poultry and sugar in the local market has moderated somewhat due to import tariff revisions, these sectors remain under pressure, with further implications for employment and food security. The poultry and sugar master plans are a step in the right direction from an industry protection and diversification perspective, although the pace of change remains slow.

Against this challenging economic backdrop, amplified by the COVID-19 pandemic, it is clear that food insecurity will remain a challenge for the foreseeable future. RCL FOODS continues to work with small-scale sugar cane growers to improve their sustainability, while reaching out via our DO MORE FOUNDATION to meet the acute nutritional needs of vulnerable young children and families.

For more information refer to 17 and to our Sustainable Business Report, available at www.rclfoods.com/financial-results-and-reports-2021

[3] *Stats SA. General Household Survey, 2018*

OUR OPERATING CONTEXT CONTINUED

THE "NEW NORMAL" IN SHOPPER BEHAVIOUR IS EXPECTED TO CONTINUE.

TRADING DOWN
OR LESS CONSUMPTION

RISE OF PRIVATE LABEL
VALUE AND QUALITY

GROWTH OF ONLINE
TRUST AND CONTINUED USE

PACK FORMAT SWITCH
TO LARGER OR SMALLER PACKS – LSM DEPENDENT

CHANNEL SHIFT
SHOPPING CLOSER TO HOME
LESS FEET IN HYPER FORMATS

SNACKING ON THE UP
AND SMALL INDULGENCES

IN HOME CONSUMPTION
AT-HOME SCRATCH COOKING, BAKING AND FAMILY ENTERTAINMENT

LOCAL IS LEKKER
SUPPORT MY FELLOW SOUTH AFRICANS WHEN I PURCHASE

INDEX
APPLICABLE TO **ALL LSMs**
HIGHER LSM PREVALENCE
LOWER LSM PREVALENCE

CHANGING CONSUMER BEHAVIOUR

We have noticed a number of trends emerging amongst South African consumers in recent years, all of which have been amplified during the COVID-19 pandemic. The most obvious is a growing emphasis on value, with price and affordability becoming a key factor for the majority of consumers. Another market-wide trend is a growing demand for convenience as consumers become more time-poor. Linked to this is a rapid rise in online shopping among higher LSM groups, who are also showing an increased preference for foods perceived to be "healthier" for people and the environment, and for locally produced foods with more transparent supply chains[4]. Our market research indicates that this kind of awareness is no longer just limited to upper LSM groups, although affordability can be an obstacle from a purchasing perspective.

COVID-19 has impacted significantly on what shoppers purchase and how they do so, and this is likely to continue. The growing demand for products linked to convenience, health and hygiene presents an opportunity for us to meet those evolving needs, whilst leveraging innovation, economies of scale and education to take new food categories to the bulk of the market. One example is plant-based foods, which have great potential as a sustainable answer to global nutrition trends, changing consumer needs and the perennial problem of hunger and malnutrition.

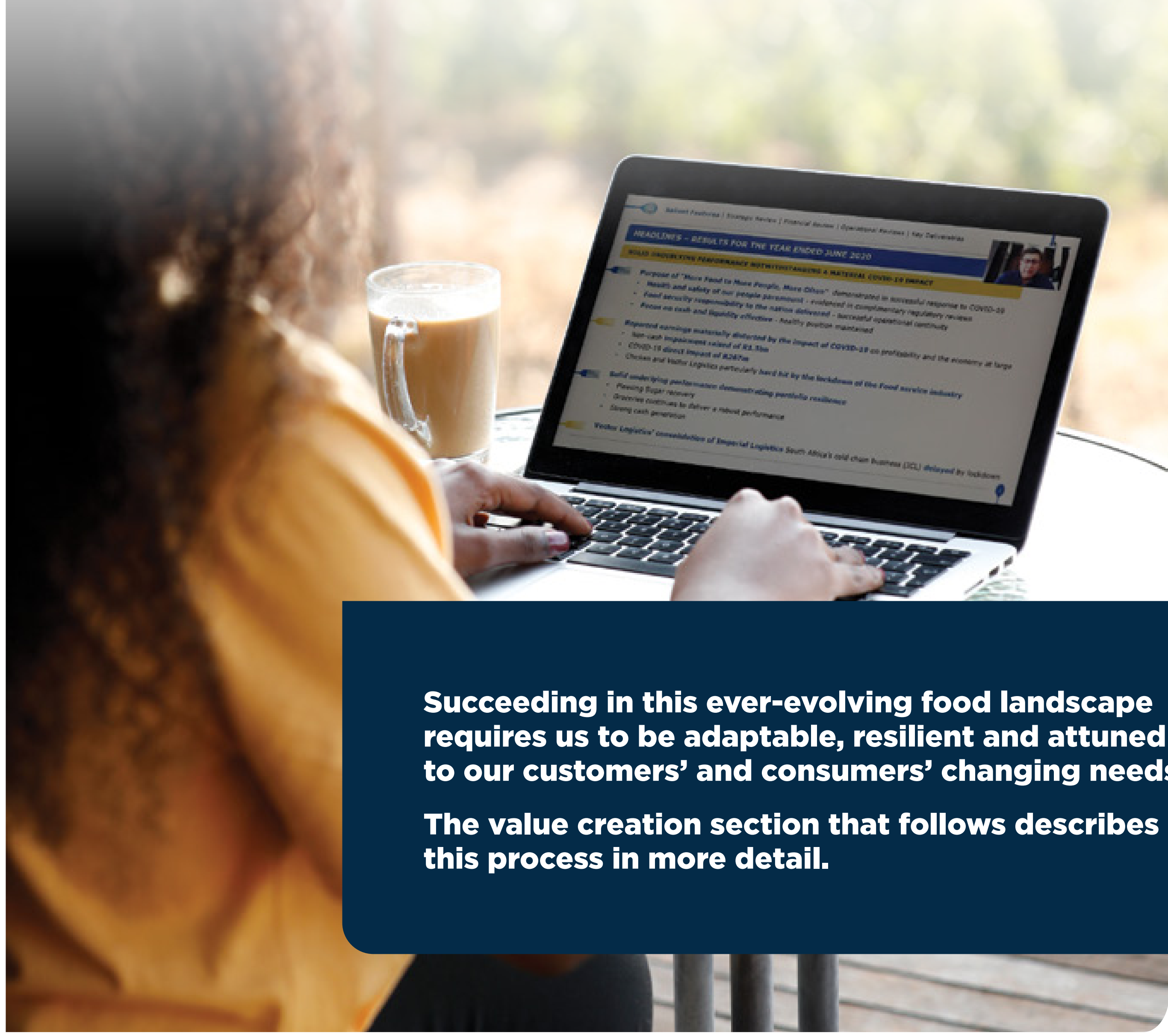
[4] *Multiple sources: IRI and others*

DIGITAL TRANSFORMATION

Changing consumer demand, increasing regulation, complex supply chains, competition from new competitors and new ways of shopping and working are just some features of the "normal" landscape for food companies, requiring them to constantly transform if they wish to remain viable and relevant. When the COVID-19 pandemic intensified and accelerated these factors, it was companies that had integrated digital into their business transformation processes that responded most successfully to the crisis[5]. For instance, those that had already digitised their workforce fared much better in managing "remote working", while those that were able to collect and analyse point-of-sale data were better able to respond to changing shopper habits and trends.

Deloitte's 2020 *Digital Disruption Index* for South Africa found that companies were increasingly investing in digital tools and ways of working including Cloud, data analytics and cyber security in order to create a unique customer experience, deliver innovative products and services and reduce costs. Digitally-transformed companies in the food industry benefit from streamlined processes, reduced time to market, improved efficiency and future-fit operations – even while they manage the cyber security and system downtime risks that accompany digital.

[5] *Deloitte Digital, 2020. Digital Disruption Index – South Africa. Being digital: aligning strategy, workforce and technology*



Succeeding in this ever-evolving food landscape requires us to be adaptable, resilient and attuned to our customers' and consumers' changing needs.

The value creation section that follows describes this process in more detail.

HOW WE OPERATE

OUR VALUE CREATION MODEL

We create value for our stakeholders through the integrated use of our six capitals to manufacture, distribute and sell a wide range of branded and private label food products in the retail, wholesale and food service channels.

Our dynamic operating context means that we have to manage a constantly evolving set of risks and opportunities to ensure that we keep providing **More Food to More People, More Often,** to the benefit of all our stakeholders.

OUR CAPITAL INPUTS

Our capital inputs are the resources and relationships we rely on to create value

Refer to 28

FINANCIAL
Our assets, net debt and shareholders' interest, which we manage to sustain the ongoing financial demands of our operations and provide capital for future growth

HUMAN
Our skilled, experienced and motivated people that enable our business growth and value creation

INTELLECTUAL
Our organisational knowledge, systems, procedures and intangibles associated with the brands developed

MANUFACTURED
The physical infrastructure available to us for use in the production and distribution of our products

NATURAL
The natural resources our operations depend on, with the ambition of becoming Energy self-sufficient, Water-smart and Waste-free

SOCIAL AND RELATIONSHIP
Our ongoing relationships with stakeholders to strengthen our network, create shared value and reinforce our licence to operate

OUR ACTIVITIES

DIVISIONAL DELIVERY

FOOD DIVISION | **CHICKEN DIVISION** | **VECTOR LOGISTICS**

SUPPORTED BY AN INTEGRATED FUNCTIONAL PLATFORM

- Finance
- Marketing
- Human Resources
- Information Technology
- Commercial
- Supply Chain
- Customer (retail and wholesale)
- Food Partners (food service)

UNDERPINNED BY OUR CULTURE

Our Way | Our Values
Our Ambition | Our Passion

GUIDED BY OUR SUSTAINABLE BUSINESS DRIVE

1. NOURISHING PEOPLE — More **NUTRITIONALLY** creative solutions
2. ENRICHING COMMUNITIES — More **SOCIALLY** creative solutions
3. SUSTAINING RESOURCES — More **ENVIRONMENTALLY** creative solutions

Refer to our Sustainable Business Report, available at www.rclfoods.com/financialresults-and-reports-2021

OUR EXTERNAL OPERATING CONTEXT

Our external operating environment presents us with challenges and opportunities for the way we generate value for our stakeholders

Refer to 22

OUR BUSINESS OUTPUTS

More than 30 brands and numerous private label products

Strong customer partnerships in retail, wholesale and food service channels

Industry-leading route-to-market solutions provided by Vector Logistics

OUR CAPITAL OUTCOMES, TRADE-OFFS & STAKEHOLDERS IMPACTED

Refer to 28

VALUE CREATED FOR OUR STAKEHOLDERS

Refer to 8 and 33

OUR MATERIAL RISKS

We continue to assess and manage our evolving risk universe

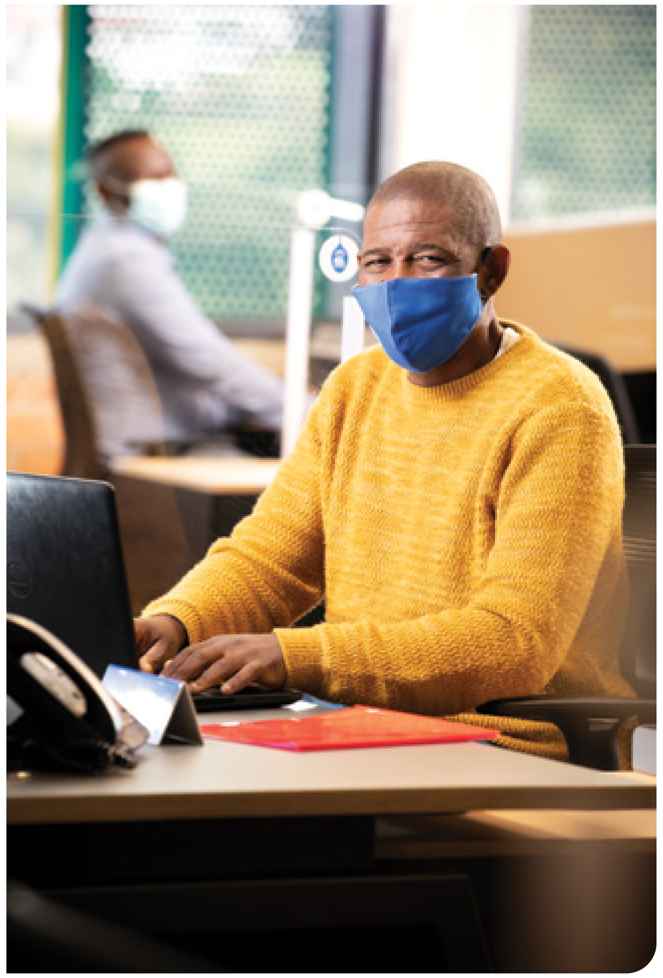
Refer to 42

HOW WE OPERATE

OUR CAPITAL INPUTS, OUTCOMES, TRADE-OFFS AND STAKEHOLDERS IMPACTED

Value creation is not a simple or linear process, especially given our dynamic operating context, our complex and geographically dispersed supply chain, and the evolving risks, opportunities, challenges and advantages arising from these. Business activities must make responsible use of the six capitals in order to preserve their ability to contribute to ongoing value creation. This sometimes involves trade-offs between capitals and stakeholder interests in order to deliver on business objectives, and the impact of this must be carefully managed. A summary of our capital inputs and outcomes is included below, as well as the stakeholders impacted and the key trade-offs made to ensure delivery against our goals.

For more detailed information on our human, natural and social and relationship capital inputs and outcomes, please refer to Our Sustainable Business Report, available at www.rclfoods.com/financialresults-and-reports-2021



ICON REFERENCES

Our capitals

- Financial capital
- Human capital
- Intellectual capital
- Manufactured capital
- Natural capital
- Social and relationship capital

Our stakeholders

- Communities
- Consumers
- Customers
- Employees
- Government
- Investors and funders
- Media
- Suppliers

RESOURCES USED TO CREATE VALUE / OUTCOMES OF OUR CAPITAL UTILISATION AND STAKEHOLDERS IMPACTED

FINANCIAL CAPITAL

Our assets, net debt and shareholders' interest, which we manage to sustain the ongoing financial demands of our operations and provide capital for future growth.

- Market Capitalisation R8,9 billion
- Funding facilities available of R5,25 billion of which R2,45 billion was utilised.

- R1,5 billion operating profit before depreciation, amortisation and impairment
- R1,6 billion cash generated by operations
- Return on invested capital 8.5%, up 13.3 percentage points
- Net borrowings to shareholders' equity (gearing): 41.0%
- R858,1 million headline earnings
- R225,3 million dividends paid to shareholders
- Invested in 49% shareholding in LIVEKINDLY Collective Africa (LKCA)

RISKS AND OPPORTUNITIES IN SECURING THESE INPUTS:

Access to external financial capital is affected by our financial performance, investor sentiment, the status of the food industry and the local and global economy. In a challenging trading environment, we retain a strong balance sheet, a relatively low gearing ratio and a healthy cash generation.

TRADE-OFFS:

Following the mothballing of the sugar refinery at our Pongola mill in the 2019 financial year due to the oversupplied market, the mill is saving on fixed costs and is able to crush significantly more cane. It does, however, reduce the total volume of refined sugar exports.

CAPITALS ENHANCED:

CAPITALS DEPLETED:

HUMAN CAPITAL

Our skilled, experienced and motivated people that enable our business growth and value creation.

- A diverse workforce of 20 547 permanent and 757 temporary employees
- A strong leadership team driving a unique, high-performance culture
- Industry-leading employee practices
- R32,6 million invested in training and development
- R52 million spent on keeping employees safe from COVID-19

- R5,3 billion paid in wages and benefits
- 9 250 people upskilled and trained
- 67% of middle management is in the employment equity category (African/Coloured/Indian/Female/Differently abled)
- Received Top Employer certification for the second year running
- Nearly 3 000 employees assisted to work from home
- 19 fatalities due to COVID-19 (since start of pandemic)
- 392 temporary jobs converted to permanent ones
- 90 retrenchments (unrelated to COVID-19)

RISKS AND OPPORTUNITIES IN SECURING THESE INPUTS:

Attracting and retaining top skills and diverse talent requires a strong focus on external talent attraction and internal talent management, enabled by the creation of a compelling culture and conducive work environment.

TRADE-OFFS:

Due to the complexities of managing a large cohort of new participants during a pandemic, we did not participate in the YES programme during the year, which impacted our youth empowerment and cost us one B-BBEE level. We are however proud to have contributed to the DO MORE FOUNDATION's youth enterprise development projects in Hammarsdale.

CAPITALS ENHANCED:

CAPITALS DEPLETED:

HOW WE OPERATE

OUR CAPITAL INPUTS, OUTCOMES, TRADE-OFFS AND STAKEHOLDERS IMPACTED CONTINUED

INTELLECTUAL CAPITAL

RESOURCES USED TO CREATE VALUE

Our organisational knowledge, systems, procedures and intangibles associated with our value creation activities.

- 100% of manufacturing sites FSSC 22 000/ ISO 18001 certified for food safety
- R21,5 million invested in IT infrastructure to optimise resources and unlock business value
- RCL FOODS' integrated functional platform

OUTCOMES OF OUR CAPITAL UTILISATION AND STAKEHOLDERS IMPACTED

- Formation of LIVEKINDLY Collective Africa in partnership with LIVEKINDLY Collective, with the RCL FOODS platform representing a key intellectual property (IP) contribution
- Retained market leadership in nine brands
- Provided safe, high quality products and services
- Collaboration with industry and government to address poultry and sugar industry sustainability
- COVID-19 safety awareness via Sunbake packaging
- Early Childhood Development (ECD) learning materials provided to ECD centres via the DO MORE FOUNDATION, along with digital support materials for parents/caregivers

RISKS AND OPPORTUNITIES IN SECURING THESE INPUTS:

Our ability to retain, generate and enhance intellectual capital is connected to our attraction and retention of appropriate skills and diverse talent; our creation of an innovation-driven, high-performance culture; and our investment in employee skills development, Research and Development (R&D) and our brands themselves. Potential constraints include financial resources and competition from other employers for talent.

MANUFACTURED CAPITAL

RESOURCES USED TO CREATE VALUE

The physical infrastructure and equipment available to us for use in the production and distribution of our products.

- Over 280 operations in South and Southern Africa
- These include Groceries operations; bakeries; sugar, flour and animal feed mills; rearing, laying and broiler farms and hatcheries; chicken processing plants; bulk cold storage sites; and warehousing and distribution assets
- Renewable energy infrastructure in the form of two Waste-to-Value plants, two co-generation sites, and three rooftop solar installations
- R921,3 million capital investment in fixed and intangible assets

OUTCOMES OF OUR CAPITAL UTILISATION AND STAKEHOLDERS IMPACTED

- Consolidated our Beverages Fresh and Ultra-High Temperature (UHT) plants, yielding savings
- Pies manufacturing plant expansion
- ICL and Vector network integration nearing completion
- Produced in 2021:
  - 290 000 tons of chicken products
  - 760 000 tons of sugar
  - 349 000 tons of flour
  - 55 million litres of beverages
  - 208 million loaves of bread
  - 96 million jars of mayonnaise
  - 24 million jars of peanut butter
  - 34 million units of Speciality products
  - 30 million bags of pet food
  - 1,3 million tons of animal feed

RISKS AND OPPORTUNITIES IN SECURING THESE INPUTS:

Securing the necessary manufactured inputs depends on the availability of financial capital for the acquisition, maintenance and/ or replacement of property, plant and equipment, as well as the effective management of key risks.

TRADE-OFFS:

Capital investment limited during the pandemic to preserve cash and liquidity.

CAPITALS ENHANCED:

CAPITALS DEPLETED:

NATURAL CAPITAL

RESOURCES USED TO CREATE VALUE

Our natural resource use is guided by our ambition to become Energy self-sufficient, Water-smart and Waste-free.

- 178 GWh renewable energy generated, of which 13 GWh was exported.
- 686 GWh total electricity used
- 175 534 tons coal used
- 27 294 kℓ diesel used
- 5 412 megalitres (Mℓ) municipal water used

OUTCOMES OF OUR CAPITAL UTILISATION AND STAKEHOLDERS IMPACTED

- 2% less electricity used
- Our sugar co-generation, Waste to Value (W2V) and solar plants provided 160 GWh of clean electricity for our own consumption
- We were 23% electricity self-sufficient
- 2.4% more coal used
- 4.4% less diesel used
- 1.4% less municipal water used
- 5 493 tons of paper, cardboard, plastic, metal and wood waste recycled, creating jobs in the recycling industry

RISKS AND OPPORTUNITIES IN SECURING THESE INPUTS:

Our operations are dependent on quality potable water supplies as well as electricity from the national grid, both of which can be unreliable. Expanding our renewable energy generation and water reuse initiatives, while conserving water and energy where possible, provide opportunities to reduce our reliance on scarce natural resources and lessen our environmental impact.

TRADE-OFFS:

Lower availability of feedstock impacted electricity co-generation in Sugar, resulting in us using more coal at our mills.

CAPITALS ENHANCED:

CAPITALS DEPLETED:

SOCIAL AND RELATIONSHIP CAPITAL

RESOURCES USED TO CREATE VALUE

The ongoing relationships we have with stakeholders to strengthen our network, create shared value and reinforce our licence to operate.

- Regular engagement with key stakeholders to identify needs and address issues of concern
- Compelling RCL FOODS culture, committed to driving diversity and inclusivity
- Collaborative partnerships with community-based suppliers
- Proactive employee relations management
- DO MORE FOUNDATION-led partnerships with government and non-governmental organisations (NGOs) to DO MORE for young children, youth and to ease hunger

OUTCOMES OF OUR CAPITAL UTILISATION AND STAKEHOLDERS IMPACTED

- R7,8 million invested in community social development via the DO MORE FOUNDATION
- 1 200 small-scale growers generated R370 million turnover through the supply of 570 000 tons of sugarcane to our mills
- R11,8 billion spent on goods and services from B-BBEE suppliers
- R335,1 million tax paid
- R528,5 million paid in VAT
- R34,1 million skills development levy paid

RISKS AND OPPORTUNITIES IN SECURING THESE INPUTS:

Managing the interests of multiple stakeholders can sometimes result in difficult decisions being taken that have the potential to impact on relationships. Wherever possible we seek to collaborate with our stakeholders in order to drive win-win solutions.

TRADE-OFFS:

When schools were closed during the lockdown and the DO MORE FOUNDATION was unable to deliver its normal nutritional and learning support to early childhood development (ECD) centres, it mounted a national COVID-19 feeding initiative which saw seven million meals provided directly to vulnerable children and their families during the 2021 financial year, and resulted in the launch of its own branded DO MORE Porridge.

CAPITALS ENHANCED:

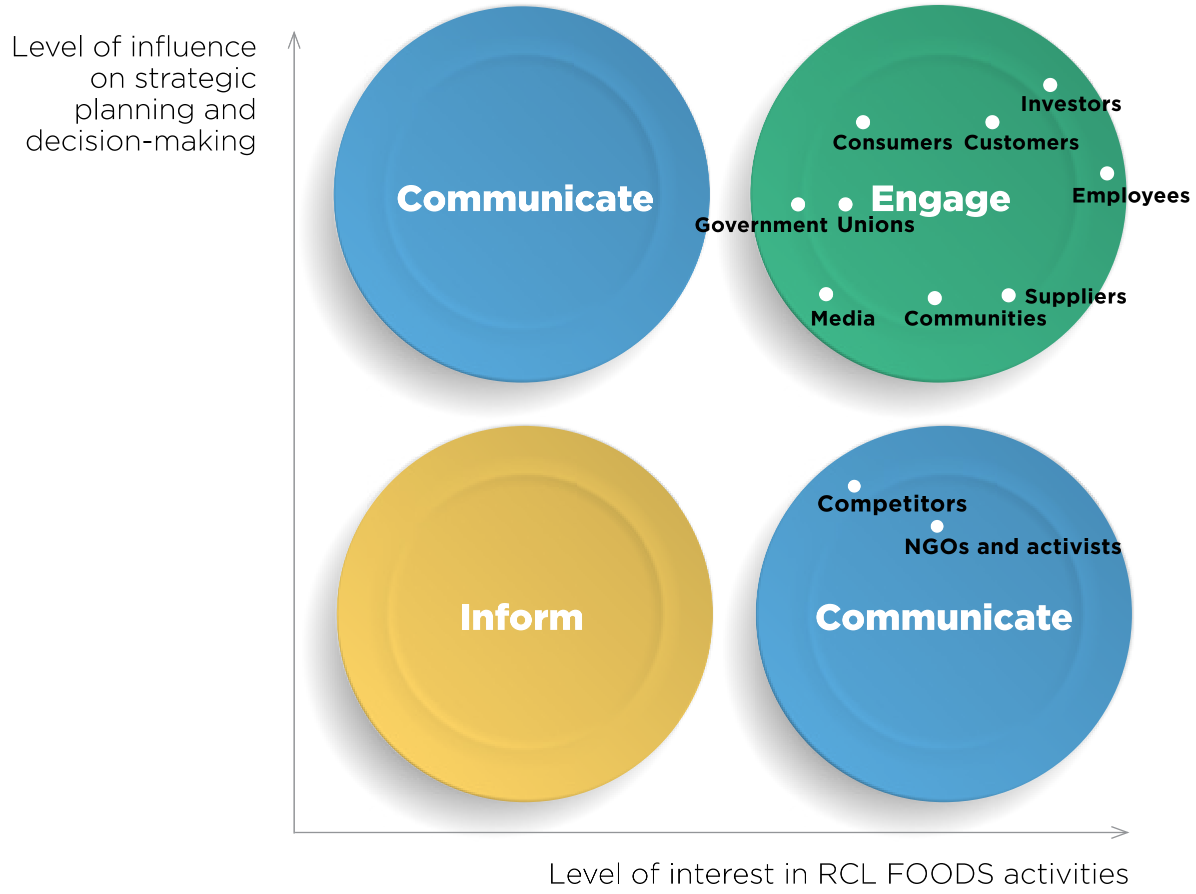
CAPITALS DEPLETED:

HOW WE OPERATE

OUR STAKEHOLDER ENGAGEMENT

People are at the heart of our business, and we believe that building a sustainable future depends on establishing and growing strong stakeholder partnerships that deliver shared value. For this reason our stakeholder engagement framework emphasises positive relationship building, and where possible we follow a partnership approach in driving business solutions.

To this end, we aim to ensure constructive and co-operative engagements characterised by openness and transparency; mutual respect; interaction that is regular, structured, supportive and responsive; and a focus on outcomes linked to business-critical aspects and national priorities.



Our stakeholder universe includes a broad range of stakeholders with an interest in our business, products, activities and initiatives, as well as those on whom our business has an impact.

Whilst we consider the entire universe of stakeholders in our engagement planning, we focus our reporting on key stakeholders.

The following section provides a brief overview of these key stakeholders and the value we create for them.

OUR STAKEHOLDER ENGAGEMENT CONTINUED

HOW WE CREATE VALUE	HOW WE ENGAGE	KEY ISSUES	OUR RESPONSE	QUALITY OF THE RELATIONSHIP
COMMUNITIES				
We strive to uplift the largely resource-poor communities around our operations by creating meaningful value through: • Investing in social and economic development initiatives that positively impact their lives, with a focus on Early Childhood Development (ECD), enterprise development (ED) and hunger alleviation • Programmes that aim to engage, uplift and capacitate various stakeholders (parents and caregivers, ECD practitioners, the local and provincial public sector, the private sector and communities) to better meet the rights and needs of young children • Actively empowering ED programmes to sustain themselves by enabling them to contribute to our value chain where possible, or by linking them to other economic opportunities	• Social development initiatives facilitated by our non-profit organisation (NPO), the DO MORE FOUNDATION • Community-based joint ventures (CBJVs) with land claim beneficiary communities and ED partnerships with small-scale farmers, contract growers and community enterprises • Collaborative partnerships with NGOs, NPOs, government departments, community leaders and other businesses • Provision of support services and training to growers and farmers • Regular CBJV board meetings and partnership meetings • Direct engagements via meetings and training, and indirect engagement via our social partners driving project implementation	• Unemployment, especially among youth • Need for skills transfer • Need for enterprise development • Food insecurity for families, exacerbated by COVID-19 • Community ECD support • Community nutrition and collaborative solutions • Need for expertise with regard to ECD and ED issues • Although the DO MORE FOUNDATION has national programmes in the form of nutrition support, early learning and parenting support, it can only support four community development projects because of capacity constraints	• Providing food to families and particularly young children • Providing early learning support to young children • Providing parenting and caregiver support to care for young children • Implementing multi-stakeholder social and economic development initiatives in the Worcester, Nkomazi, Hammarsdale and Pongola communities • Inspiring suppliers, customers and other stakeholders to partner with us and contribute to the various DO MORE FOUNDATION projects • Empowering our sugar grower communities through sustainable farming programmes and inter-connected business models	We have a good relationship with the communities around our operations, evidenced by their recognition of the DO MORE FOUNDATION's impact on community social development and RCL FOODS' impact on economic development in our grower communities
CONSUMERS				
We strive to create value for our consumers by building brand trust through: • Providing a growing portfolio of leading food brands that meet their changing needs • Keeping abreast of changes in consumer trends, habits and behaviour • Providing our consumers with safe, high-quality food products supported by international quality and food safety standards in all our facilities • Continuing to provide a broad range of affordably-priced, staple food products and competitively-priced household brands • Embedding International Standards Organisation (ISO) principles into our integrated management systems across the supply chain • Complying with relevant regulatory requirements • Providing consumers with opportunities to make a positive difference in their families and community	• 24-hour RCL FOODS Consumer Care Line • Multiple media platforms • Our website: www.rclfoods.com	• Product quality and food safety • Product affordability • Product convenience • Compliance with issues regulated by government (e.g. labelling, salt, sugar, plastics reduction and recycling) • Support for social development	• Continuously strengthening our food safety and quality assurance in line with international best practice • Innovating to offer greater convenience within our product ranges • Continuing to provide a broad range of affordably-priced, staple food products and competitively-priced household brands • Complying with relevant regulatory requirements • Constructively engaging with regulators to positively influence standard setting • Leveraging the growing reputation of the DO MORE FOUNDATION to inspire consumers (and companies they represent) to support our large-scale social development initiatives e.g. the #GiveItUp campaign for COVID-19	We have a positive relationship with consumers, as evidenced by our growing market shares, positive engagement with our brands and DO MORE FOUNDATION on our social media platforms and a declining number of consumer complaints in 2021, coupled with speedy resolution of valid complaints

HOW WE OPERATE

OUR STAKEHOLDER ENGAGEMENT CONTINUED

HOW WE CREATE VALUE	HOW WE ENGAGE	KEY ISSUES	OUR RESPONSE	QUALITY OF THE RELATIONSHIP
CUSTOMERS				
We strive to meet our customers' needs by partnering with them to provide growth opportunities that further their business objectives.	• Our Chief Customer Officer and dedicated customer executives meet periodically with our retail, wholesale and food service customers' senior leaders • Joint strategic business planning sessions • Dedicated sales interface team that uses "best in class" service methodologies	• Product quality and food safety • Revenue growth and profitability • Responsiveness of RCL FOODS • Tailored sales solutions • Mutually beneficial partnerships	• A single sales force interface that drives common ways of working across all Food Division customer teams with "best in class" service methodologies • Leveraging our enhanced capabilities to provide our food service customers with a growing and profitable portfolio of solutions • Providing technical expertise and support in the animal feed and industrial flour sectors • Expanding our basket to offer a broader range of product solutions • Selective provision of private label brands in certain categories	We have an excellent relationship with our customers as a whole, and have been commended on our effective communication during the pandemic and the recent social unrest
EMPLOYEES				
We are committed to engaging the hearts and minds of our more than 20 000 people by creating value through: • Employment and growth opportunities • Actively prioritising diversity and inclusivity • Investing in training and development to build a high-performance culture • Ensuring employee health and safety in the workplace • Actively driving transparent, open and meaningful engagement with employee representative forums • Investing in effective communication channels to connect with our people wherever they are • Through the DO MORE FOUNDATION, providing a channel for RCL FOODS employees to contribute to the upliftment of vulnerable communities via monthly payroll deductions, participation in the Foundation's various annual campaigns, and recognising those who regularly volunteer in their communities	• Daily communication through our digital communication channels • Regular management updates via live and virtual presentations and other channels • Employee satisfaction and feedback surveys • Tailored skills development and training • Ongoing engagement with employee representative forums • Employee tip-off hotline • Our DO MORE HEROES – on-site "cheerleaders" for DO MORE FOUNDATION programmes and events • Wellness days enabling employees to engage with various service providers • Occupational healthcare clinics at our main operating sites and mobile clinics for outlying sites	• Career development and growth • Education and training • Diversity, equal opportunities and inclusivity in the workplace • Constructive employee relations and engagement • Employee health, safety and wellness • Remuneration and benefits • Making a difference in the community	• Building a community of inspirational and productive people with a common passion • To facilitate our growth ambition and make RCL FOODS "THE place to work", we are focusing our efforts on four key areas: – Develop leaders and grow talent – Culture and diversity (creating a more diverse and inclusive RCL FOODS) – Collaborative employee relations and engagement – Employee health, safety and wellness • Implementing our "Total Rewards" strategy to ensure competitive remuneration • Connecting with nearly 13 000 employees via our mobile communication app, *Let's Talk* • Employee involvement events and initiatives through the DO MORE FOUNDATION • Annual DO MORE HEROES Conference held to engage with heroes' feedback, plan together and acknowledge their support	We have a generally positive relationship with our employees, as evidenced by a low industrial action rate, declining staff turnover, and increased employee engagement with our employee mobile app

HOW WE OPERATE

OUR STAKEHOLDER ENGAGEMENT CONTINUED

HOW WE CREATE VALUE	HOW WE ENGAGE	KEY ISSUES	OUR RESPONSE	QUALITY OF THE RELATIONSHIP
GOVERNMENT				
We are committed to supporting government in achieving the goals of the National Development Plan (NDP), including food security, by: • Contributing to fiscal revenue • Supporting the transformation agenda • Operating our business ethically and ensuring good governance practices • Advancing government's social and economic development agenda through Corporate Social Investment (CSI) initiatives and economic partnerships in impoverished communities where we operate	• Direct engagement on key issues • Joint planning sessions • Meetings with local government • Participating in industry structures • Periodic reporting in the form of annual and interim reports	• Future sustainability of the poultry and sugar industries • Alignment on industry growth and development plans • Sustainable land reform • Industry transformation • Ongoing compliance with regulatory framework • Employment creation and transformation • Food security	• Active monitoring of all compliance requirements and engagement with government to understand any proposed changes *Refer to 64 for more information* • Ongoing input towards implementation of the Poultry Sector and Sugar Industry Master Plans *Refer to Chairman's Report on 64 for more information* • Ensuring transformation in our mill areas through sustainable land reform and community economic development • Collaborating with government to implement the National Integrated ECD Policy in six wards of Nkomazi • Engagement with government to ensure food security	Our relationship with government has strengthened through the pandemic and is becoming more collaborative due to the need to ensure food security and social stability
INVESTORS AND FUNDERS				
We strive to provide our investors and funders with value through: • Consistent financial returns in the form of dividends and share price growth • Effective management of our financial resources and appropriate capital allocation decisions • Strict compliance with debt covenants and repayment schedules • Regular engagement and balanced disclosure to keep investors and funders informed of our progress	• Periodic investor briefings and site visits • Regular engagement with investors, analysts and fund managers which includes strategy updates • Direct engagement with shareholders on proposed resolutions prior to annual and extraordinary general meetings • Annual General Meeting • Dedicated investor section at www.rclfoods.com	• The need for improved and more sustainable returns • The RCL FOODS strategic portfolio review and its implications • The turnaround of the Chicken business and the end goal for the Chicken Division • Good Environmental, Social and Governance (ESG) performance • The need for regulatory intervention in the Poultry and Sugar industries and whether the Master Plans are durable solutions • The opportunity in plant-based foods • High commodity costs • Implications of the strategic review on the capital structure and funding requirements • Cash flow management • Impact of the pandemic and social unrest	• Communicated the outcome of the strategic portfolio review in the annual results and investor events, as well as in the CEO Report on 68 • Created a stand-alone Chicken Division whose results are reported as a separate segment, providing clarity to investors on its progress • Established LIVEKINDLY Collective Africa (LKCA) in partnership with LIVEKINDLY Collective – a significant opportunity for RCL FOODS • Increased our solar and Waste-to-Value energy generation by 509% and 182% respectively • Ongoing engagement with government and industry to improve the sustainability of the local Poultry and Sugar industries via the respective Master Plan structures • Maintained a strong focus on cash and liquidity management during the COVID-19 pandemic to ensure the sustainability of our business • Active engagement with government and industry to deal with issues of food security during the pandemic and the recent social unrest • Rapid and proactive response to the impacts of the social unrest on our business • Hedging instruments employed to manage exposure to raw material and currency fluctuations • Balance sheet impact of proposed strategic actions is carefully assessed as part of the business case	We have a mutually beneficial relationship with robust and healthy engagement

HOW WE OPERATE

OUR STAKEHOLDER ENGAGEMENT CONTINUED

HOW WE CREATE VALUE	HOW WE ENGAGE	KEY ISSUES	OUR RESPONSE	QUALITY OF THE RELATIONSHIP
MEDIA				
We see the media as a partner in relaying relevant information to our broader stakeholder community.	• Press releases • Advertising • Face-to-face, telephonic and webcast engagement • Interviews with the CEO, CFO and other key executives • Product launches • Our website: www.rclfoods.com • DO MORE FOUNDATION website: www.domore.org.za	• RCL FOODS' operational and financial performance • Current industry issues • Current consumer issues • CSI initiatives • Environmental sustainability initiatives	• Enhanced media engagement through our Corporate Brand department • All queries responded to within a specified period • Access to the CEO and CFO for editors and journalists • Increased participation in industry-related issues • Via the DO MORE FOUNDATION, sponsorship of positive parenting radio programmes	Over time we have built up a relationship of mutual trust with most media entities as we strive to respond to requests for information transparently and without undue delay
SUPPLIERS				
Currently RCL FOODS has 8 720 active vendors across the Group, and we target to contract manage 85% of the value we spend. These suppliers supply us with over 340 sourcing categories across our business and are key to our value chain. Category management allows the business to deal with the "best in class" suppliers who use the latest technology and have a responsible environmental footprint. Category management allows us to better understand our supplier markets, identify potential risks and help design strategies to mitigate business risk. We strive to create value for our suppliers by promoting enterprise development through the responsible purchase of goods and services from B-BBEE accredited suppliers.	Regular supplier review meetings and analysis allow us to give suppliers feedback on how they are performing against our key service level agreements regarding on-time delivery and product quality. We exchange valuable category information that enables us to manage risk, cost, wastage and ensure continuous improvement.	• Understanding the key supplier markets and where they source their inputs helps identify potential opportunities and risks • Creating a win-win partnership with our suppliers, during difficult economic conditions • Certain spend categories lack local accredited suppliers of certain key ingredients and materials in the South African market, hence reliance on non-accredited and/or international suppliers • Ability to guarantee supply to RCL FOODS in terms of meeting the minimum requirements of food safety • Local and international disruption of the material supply chain due to pandemics or supply issues at local or international level	• Implementing co-created sourcing strategies that can unlock opportunities, reduce risk and identify substitute materials • Strong partnership-based supplier relationships allowing the business to identify potential product improvements, improve efficiency throughout the supply chain and reduce total cost delivered • Continued support to develop domestic farmers through our inter-connected business models • Focusing on trying to grow the opportunity for Qualifying Small Enterprise (QSE) and Exempt Micro Enterprise (EME) suppliers within the overall supply chain • R11,8 billion spent with B-BBEE compliant suppliers in the 2021 financial year	On the whole our supplier relationships are strong and collaborative

HOW WE OPERATE

OUR MATERIAL RISKS

We operate in a highly dynamic environment in which our risks and opportunities are constantly evolving. We identify and evaluate these on a continuous basis using the Enterprise Risk Management (ERM) process which is fundamental to our business activities. Our risks are managed in line with the RCL FOODS Risk Methodology and oversight is provided by our Board's Risk Committee. The Board recognises that our risk management processes are effective, both in continuously assessing risks and opportunities, and in ensuring that they are managed in line with business strategy.

KEY INSIGHTS

While the COVID-19 pandemic has impacted our business, customers, suppliers and consumers, we have collectively adjusted to a "new normal" in which we continue to minimise COVID-19 risks while also seeking to maximise growth opportunities arising from changed ways of living and working.

The latter includes the opportunity to:

- permanently introduce a hybrid working model that combines remote and office-based work to allow for more flexibility for employees and smarter office resource utilisation;
- develop affordable solutions for cash-strapped consumers;
- leverage digital technology to create a more connected and insight-driven business;
- grow awareness of plant-based options as a sustainable protein alternative;
- expand our nutritional provision to vulnerable young children through the delivery of nutritionally enhanced DO MORE Porridge;
- implement funding solutions to make our community-based sugar joint ventures more self-sufficient in the long term.

The risks below have been identified through our ERM process as being most material in terms of their potential impact on our business performance and strategic progress. These were derived from a series of interviews and workshops with senior leadership and agreed upon by the Risk Committee, and are prioritised on an inherent basis (i.e. according to the likelihood and impact of each risk prior to management controls being implemented). Economic risks continue to dominate in a context of weak growth exacerbated by the effects of the hard lockdown in 2020, combined with exchange rate fluctuations, food price inflation and changing consumer behaviours. The strong rally in international commodity prices over the year led to commodity price fluctuations being identified as the largest and most likely risk facing the business.

The violent unrest experienced in KwaZulu-Natal and Gauteng during July highlighted the social and economic risks currently faced by companies in South Africa as high levels of poverty and unemployment, increasing frustration with the protracted lockdown regulations and poor service delivery make disruptive events more likely. The events further highlighted the critical role food producers and logistics providers play in ensuring food security for the country. While a handful of our sites were directly impacted, we were able to effectively manage the situation so as to mitigate any long-term impact on our facilities in the affected regions.

OUR KEY RISKS

1	Commodity price fluctuations	(2020: 4)
2	Pricing pressure	(unchanged)
3	Reduced demand	(2020: 1)
4	Business interruption – supply chain	(2020: 5)
5	Food and product safety	(2020: 8)
6	Societal risks and industrial action	(2020: 7)
7	Business interruption – health and safety	(2020: 5)
8	Information technology security and support	(2020: 11)
9	Climate change	(unchanged)
10	Non-compliance with laws and regulations	(unchanged)

Please refer to page 2 of this report for icon references

Refer to the Corporate Governance Report, available at www.rclfoods.com/financial-results-and-reports-2021

1 COMMODITY PRICE FLUCTUATIONS

The cost of our products is affected by the cost of the underlying commodities and raw materials required for their production. Our exposure to commodity pricing risk is increased by currency fluctuations linked to political uncertainty, changes in global and local market conditions, and adverse climate conditions.

Risks

- Volatility of raw material prices due to exchange rate fluctuations
- Volatility of raw material prices due to supply and demand movements locally and globally
- Unavailability of raw materials in the local market

Risk response strategies and opportunities

- Clear procurement strategy in place, guided by the Group Procurement Policy
- Monthly meetings of Commodity Procurement Committee to review strategy, prices and mandates
- Monthly comparison of raw material prices against SAFEX market prices and competitors
- Annual internal review performed on commodity procurement processes
- Strong governance and risk management principles applied and entrenched within business processes
- Opportunities constantly investigated for local supply of raw materials to reduce reliance on imports

For detail on commodity price activity, refer to the CFO's report from 76

Stakeholders

Capitals

2 PRICING PRESSURE

Our ability to recover high commodity input costs is constrained by a weak economy characterised by high levels of unemployment and low levels of discretionary household income. Lower demand from cash-strapped consumers and continued high import volumes, particularly of chicken, add to the margin pressure in certain categories.

Risks

- Oversupply of chicken in the local market due to imports and the reduction in demand due to COVID-19
- Significant global increases in commodity input costs
- Global oversupply of sugar
- Exposure to sugar price variations (i.e. world sugar price volatility)
- Ongoing impact of the Health Promotion Levy (HPL) (also known as Sugar Tax) reducing demand

Risk response strategies and opportunities

- Continued focus on the revised business model for the Chicken business which is targeted at fixing agricultural operations, improving competitiveness, re-establishing the Rainbow brand and focusing more from a regional demand and profitability perspective
- Building our brands through innovation and marketing initiatives
- Diversification and forward integration of flour and sugar to reduce our exposure to market fluctuations
- Strong drive of industry transformation agenda with South African Poultry Association (SAPA) and South African Sugar Association (SASA)
- Revised Dollar-Based Reference and tariff protection granted by the Department of Trade, Industry and Competition (DTIC)
- Emphasis on cost reductions, operational effectiveness and increasing cost competitiveness
- Robust strategic planning that positions us to proactively address pricing pressure risks
- Establishing solid partnerships with key customers
- New acquisition opportunities enabling an extension of product range into new categories
- Ongoing engagement with government to find appropriate solutions for all stakeholders

Stakeholders

Capitals

HOW WE OPERATE

OUR MATERIAL RISKS CONTINUED

3 REDUCED DEMAND (CUSTOMER AND CONSUMER)

Reduced household disposable income of consumers amidst the pandemic, resulting in increased pressure on consumer spending, have increased the risk of lower demand by consumers and customers in certain food categories. At the same time, there is increased pressure to deliver products and services against heightened customer expectations. RCL FOODS also has to continually manage the risk of consumers shifting their preferences to competitor products.

Risks

The following existing risks have been amplified by the COVID-19 pandemic:

- Decrease in demand from key customers
- Loss of key customers due to customer pressures/ changes in operating environment
- Increased competition resulting in declining market share of product categories
- Changing consumer buying behaviours attributed to lower household disposable income

Risk response strategies and opportunities

- Strong focus on rebuilding volumes in channels and categories impacted by the lockdown
- Continuous monitoring of external market trends and collation of consumer and customer insights to develop category and brand strategies
- Continuous investment in research and development (R&D) and product/brand development
- Building and maintaining trading relationships across all customers
- Development of joint engagement plans with key customers that include innovation development and customer service objectives
- Group marketing and sales capabilities
- Innovation and value-added launches to drive and enable growth and differentiation
- Establishing, monitoring and enhancing relationships between our brands, customers and consumers to ensure value creation for all stakeholders

Stakeholders

Capitals

4 BUSINESS INTERRUPTION – SUPPLY CHAIN

The outbreak of Highly Pathogenic Avian Influenza (HPAI) within South Africa has the potential to negatively impact our ability to service our customers and could have a material financial impact on the Group. While RCL FOODS has been able to successfully mitigate the potential impact of COVID-19 on its supply chain (including physical disruptions, labour shortages, third party raw material supply shortages and industrial action), these risks remain elevated while the pandemic continues. Our supply chain is also exposed to heightened risks related to social unrest and electricity/water supply interruptions.

Risks

- Significant increase in absenteeism of employees due to COVID-19 infections
- Supply disruption due to shortage of raw material supply
- Fire in plant/warehouse
- Disease outbreak impacting our chicken flock
- Business interruption due to failure in critical equipment
- Labour unrest, prolonged strike action
- Energy and water shortages

Risk response strategies and opportunities

- Implementation of established COVID-19 safety protocols and continued focus on supply chain continuity
- Alternative labour arrangements in place
- Continuous engagement with customers and suppliers
- Close engagement with external risk assessors and insurers to ensure that all facilities have adequate fire detection and prevention measures in place
- Adherence to good farming practices and extensive precautionary measures to ensure chicken flock health
- Implementation of enhanced HPAI biosecurity procedures
- Business continuity and disaster recovery plans in place to deal with major incidents or crises
- Strike action plans in place
- Continued focus on forging strong relationships with the unions in our different business units
- Internal and/or external certification of key Group suppliers, with regular monitoring of quality of material
- Business continuity plans in place for key suppliers

Stakeholders

Capitals

5 FOOD AND PRODUCT SAFETY

Food safety is of paramount importance in our business and we adopt a proactive approach in ensuring that food safety standards are met. Consumer expectations, changes in food safety standards and manufacturing processes mean that this is an ever-evolving risk and will always remain an area of focus throughout the organisation.

Risks

- Products could potentially be subjected to food or product hazards if not managed within the supply chain
- Failure to meet food safety and quality standards could lead to reputational damage, product liability claims, product recalls, and heightened expectations and oversight from key stakeholders

Risk response strategies and opportunities

- Robust, comprehensive product quality processes and controls in place
- All food production sites either FSSC 22000 or ISO 22000 certified
- Food safety risks identified using the Hazard Analysis Critical Control Point (HACCP) methodology and managed through the implementation of pre-requisite programmes relevant to the scope of certifications
- Regular audits performed by Group Safety, Health, Environment and Quality (SHEQ), internal audit, independent risk consultants, customers and independent standards authorities
- Cleaning and hygiene procedures entrenched in business processes
- Procedures in place to prevent product cross-contamination
- Pathogen testing of products and processing environments
- Well-established withdrawal and recall procedures
- Investment in new technology and equipment to further enhance our food safety
- Ongoing food safety culture and awareness initiatives/training

Stakeholders

Capitals

6 SOCIETAL RISKS AND INDUSTRIAL ACTION

Harmful acts, compromised continuity of operations due to employee strikes, and societal protests and turbulence in the wider external community all pose a risk to the health and safety of our employees, our productivity and potentially our supply chain.

Risks

- Industrial action
- Community disruption
- Criminal activity harming employees and company assets (e.g. looting, arson and hijackings)

Risk response strategies and opportunities

- Maintaining good relationships with local communities, governments, customers and employees
- Monitoring the evolving public environment to identify potential political, reputational or security threats
- Continual engagements and relationship building with trade unions
- Minimising the business interruption impact through legal processes, with a co-ordinated and sustainable community engagement strategy underway

Stakeholders

Capitals

HOW WE OPERATE

OUR MATERIAL RISKS CONTINUED

7
BUSINESS INTERRUPTION – HEALTH AND SAFETY

The COVID-19 outbreak has exposed the Group to significantly increased health and safety risks. These could impact on its supply chain network, specifically in terms of labour shortages, and could negatively impact our ability to service our customers, which could has financial impacts. This risk, whilst still a major one, has decreased since the beginning of the pandemic as our understanding of the virus and mitigation strategies have grown, including the increasing availability of vaccines.

Risks

- Significant increase in absenteeism of employees due to COVID-19 infections
- Supply chain disruption due to shortage of labour
- Lower productivity, impacting business performance
- Fatalities

Risk response strategies and opportunities

- Implementation of established COVID-19 safety protocols and continued focus on supply chain continuity
- Facilitating vaccination of as many employees as possible
- Alternative labour arrangements in place
- Continuous engagement with customers and suppliers
- Increased budget allocation for enhanced Cleaning, Health & Safety and Medical related to COVID-19 risk management

Stakeholders

Capitals

8
INFORMATION TECHNOLOGY SECURITY AND SUPPORT

Growing reliance on technology is accompanied by a number of operational, security and strategic risks for businesses. The opportunities created by embracing new technologies and new ways of doing business (such as Automation, Artificial Intelligence, Block Chain, Cloud Computing, Internet of Things) also create additional risks related to information security and continuity.

Risks

- Lack of remote access and support
- Critical system downtime
- Cyber attacks
- Unauthorised access and misuse of sensitive information

Risk response strategies and opportunities

- Our IT infrastructure is safeguarded through a robust and effective IT General Control (ITGC) environment which covers all the layers of the IT infrastructure. Support for IT services is provided by a team of in-house and outsourced resources. Assurance over the controls and processes are obtained through various reviews performed by both internal and external experts.
- Key fraud prevention controls and security at RCL FOODS include:
  - Segregation of duties
  - Network security
  - Antivirus and malware protection
  - Email security
  - Data classification and retention
  - Use of reputable service providers
  - Secure configuration
  - Incident management
  - Managing user privileges
  - Threat and vulnerability assessments
  - Information security maturity assessments
  - Ongoing training and awareness-raising regarding information security
  - Disaster recovery plans and backup strategies
  - External assurance of ITGCs performed for applicable business units
  - Insurance cover in place to offset potential losses from cyber risk incidents

Stakeholders

Capitals

9
CLIMATE CHANGE

The complex global challenges and uncertainties related to climate change and resource scarcity could affect the ability of the Group to achieve its strategic objectives. The Group considers it critical to monitor and respond to the related issues of climate change and sustainability through a dedicated Sustainability team, in order to mitigate future environmental threats.

Risks

We consider key climate-related risks including:

- Water supply constraints due to climate change, exacerbated by lack of municipal investment in water infrastructure
- Reliance on fossil fuel-based power elevating climate change risks as well as regulatory (e.g. carbon tax) and supply chain interruption risks (e.g. load shedding)

Risk response strategies and opportunities

- A dedicated Sustainability team at Group level proactively drives our sustainability agenda, focusing largely on energy, water and waste
- Inclusion of Sustainability in our Group strategy, with progress monitored by the Group Executives and Risk Committee
- Robust strategic planning to ensure our operations are resilient against energy and water shortages
- Implementation of energy and water efficiency and conservation projects
- Energy self-generation via solar, Waste-to-Value (W2V) and co-generation initiatives
- Detailed review of water reliance and resiliency is being performed at key sites. This review identifies the level of reliance on municipal infrastructure and the water catchment area for the site which will be used to build long term plans for sustainability
- Where practical, generators have been installed to provide emergency power

SBR For further details, refer to the Sustainable Business Report available at www.rclfoods.com/financial-results-and-reports-2021

Stakeholders

Capitals

10
NON-COMPLIANCE WITH LAWS AND REGULATIONS

The Group operates in a complex and evolving regulatory and compliance environment. Failure to manage compliance may affect our reputation and result in fines and penalties. RCL FOODS is aware of its obligation to achieve and maintain compliance, and to have programmes, assurance activities and other initiatives in place to support this.

Risks

- Non-compliance with legislation and regulations, resulting in fines and penalties
- Possible reputational damage to our brands and the RCL FOODS corporate brand

Risk response strategies and opportunities

- Identification of the Environmental and SHEQ compliance universe to ensure that all sites are fully compliant, and to remediate any gaps identified
- Establishment of COVID-19 compliance policies and procedures
- RCL FOODS Compliance Framework in place to enable accountability for, prioritisation of and compliance with key legislation
- RCL FOODS Regulatory Universe established
- Ongoing provision of targeted training and awareness across the business
- Appropriate policies, systems, procedures and reporting
- Appointment of skilled technical resources and consultation with subject matter experts
- Combined assurance strategy whereby audits are performed by various internal and external independent bodies on various aspects of food and safety compliance, accounting, tax etc.
- Dedicated director responsible for communication and correspondence with the media

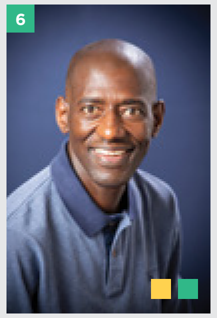
Stakeholders

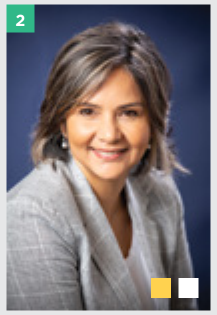
Capitals

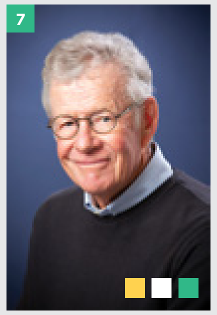
HOW WE OPERATE

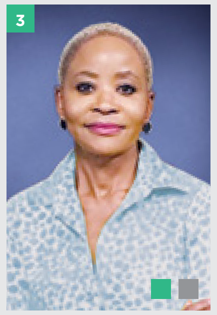
OUR LEADERS

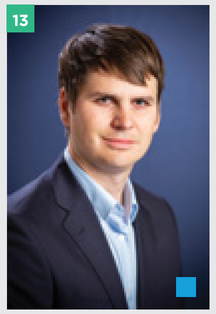
- AUDIT COMMITTEE (CJ HESS, CHAIRPERSON)
- REMUNERATION AND NOMINATIONS COMMITTEE (NP MAGEZA, CHAIRPERSON)
- RISK COMMITTEE (GC ZONDI, CHAIRPERSON)
- SOCIAL AND ETHICS COMMITTEE (GC ZONDI, CHAIRPERSON)
- ALTERNATE TO JJ DURAND

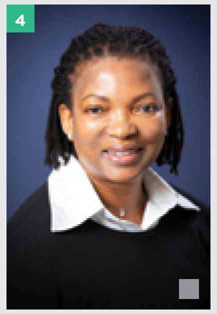


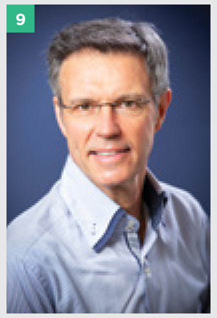












NON-EXECUTIVE DIRECTORS

1 JJ (Jannie) Durand (54)

Non-executive Chairman

BAcc (Hons), MPhil (Oxon), CA(SA)

Appointed: June 2012

Directorships: Chief Executive Officer of Remgro Limited and currently a director of a number of companies including Distell Group Limited, and Rand Merchant Investment Holdings Limited, where he serves as Chairman, and Mediclinic International Limited where he serves as a non-executive director.

Jannie is a Chartered Accountant and was previously the Chief Investment Officer of Remgro Limited. He was also previously the Financial Director and Chief Executive Officer of VenFin Limited. Prior to his appointment as Chairman, Jannie served as a non-executive director of RCL FOODS from March 2010.

2 CJ (Cindy) Hess (45)

Independent non-executive director

BCom (UWC), PGDA (UCT), CA(SA)

Appointed: February 2018

Directorships: Life Healthcare Group Holdings Limited, Truworths International Limited

Cindy is a qualified Chartered Accountant and has served as Chief Financial Officer at Media24 Holdings Proprietary Limited, Pioneer Food Group Holdings Proprietary Limited and Sea Harvest Holdings Proprietary Limited (now Sea Harvest Group Limited). She started her career at KPMG in 1999 and has since held executive positions at Woolworths Limited and within the Transnet Group. She is currently a director on the boards of Life Healthcare Group Holdings Limited and Truworths International Limited and recently concluded her term as the Deputy Chair of the Council of the University of the Western Cape.

3 PM (Penny) Moumakwa (57)

Independent non-executive director

MBChB, MAP (Wits), GMP (Harvard)

Appointed: January 2019

Directorships: Mohau Equity Partners, Growthpoint Healthcare Properties Properties, Clicks Group and Wits Donald Gordon Medical Centre

Penny is the Chief Executive Officer and Founder of Mohau Equity Partners, a long-term investment vehicle, in partnership with Discovery.

Previously she worked in multiple senior executive roles within Discovery and served on the Central Executive committee as well as on the board of Discovery Health. She also worked as the CEO of the Board of Healthcare Funders as well as served as the deputy chairperson of the Board. Penny currently serves as a non-executive director on several boards: Clicks Group, Wits Donald Gordon Medical Centre and Growthpoint Health. Penny is also chairperson of Witkoppen Health and Welfare clinic. She is a medical doctor by qualification and has qualifications from a number of business schools including Harvard, Columbia, Wits and the University of Michigan.

4 MM (Manana) Nhlanhla (69)

Independent non-executive director

BSc, MA (Information Science)

Appointed: July 2005

Directorships: Mion Holdings and all its subsidiaries, Vunani Fund Managers Proprietary Limited and Prospect Resources Proprietary Limited.

Manana's experience covers 10 years of university lectureship in Information Science, serving on various boards as non-executive director and currently as executive chairperson of Mion Holdings, a company she co-founded in 2003, based in KwaZulu-Natal.

5 NP (Peter) Mageza (66)

Independent non-executive director

ACCA (UK)

Appointed: September 2009

Directorships: Anglo American Platinum Limited, Remgro Limited and SAPPI Limited.

Peter was formerly the Chief Operations Officer of the Absa Group. He is a Chartered Certified Accountant and a Fellow of The Association of Chartered Certified Accountants (ACCA) UK. He has gained extensive experience through holding various executive positions in the audit, financial services and the transport and logistics sectors.

6 DTV (Derrick) Msibi (52)

Independent non-executive director

BBusSc (Hons), BCom (Hons), MCom, CA(SA)

Appointed: August 2013

Directorships: STANLIB Asset Management Proprietary Limited, STANLIB Wealth Proprietary Limited, STANLIB Collective Investments Proprietary Limited, Real People Investment Holdings Proprietary Limited, Real People Assurance Company Limited and Bakwena Platinum Concessionaire Company Proprietary Limited.

Derrick is currently Chief Executive Officer of STANLIB Asset Management and Executive for the Asset Management Cluster of Liberty Group Holdings Limited. He previously served as the managing director of Investment Solutions (now known as Alexander Forbes Investments), the investment services arm of the Alexander Forbes Group from 2009 to 2017. He was also joint head/leader of the Institutional Business Cluster of the Alexander Forbes Group. Derrick, a chartered accountant, serves on the boards and committees of entities forming the Asset Management Cluster of the Liberty Group. He is an independent investment committee member of Trinitas Private Equity Fund and a board member of TSIBA Education, a scholarship-only tertiary institution registered with the Department of Higher Education.

7 RV (Roy) Smither (76)

Formerly lead independent non-executive director

CA(SA)

Appointed: December 2008 **Retired:** November 2020

Roy has a wealth of corporate experience, having served as a director and Chief Executive Officer of the ICS Group from 1987 to 1998 and as an executive director of Tiger Brands from 1998 to 2006. After leaving Tiger Brands he also served as a director on the board of many listed companies.

8 GM (George) Steyn (62)

Lead independent non-executive director

BA (Law) LLB

Appointed: August 2013

Directorships: Du Toit Group Proprietary Limited (Chairman) and Kaap Agri Limited (Chairman).

George has extensive experience in the retail sector, having joined the Pepkor Group in 1986 and has served as an executive director of Pep Retail Limited and Pepkor Retail Limited from 1991 to 2005 and as Managing Director from 2005 to 2011. He served as a non-executive director of Pepkor Retail Limited until 2015. George also farms in the Karoo and is actively involved in the broader community and serves as Chairman of Stellenbosch University Council.

9 HJ (Hein) Carse (60)

Non-executive director

M Eng (US), MBA (UP)

Appointed: February 2013

Directorships: Air Products SA Proprietary Limited, eMedia Investments Proprietary Limited, Seacom Limited, Historical Homes of South Africa Limited.

Hein joined Rupert International in 1996 and continued to serve the Remgro Group as an investment executive, first of VenFin Limited and then Remgro Limited. He has gained extensive knowledge through holding positions on various boards and committees during his career.

10 PR (Pieter) Louw (52)

Non-executive director

CA(SA)

Appointed: December 2008

Directorships: Various wholly-owned subsidiaries within the Remgro Group and Distell Group Holdings Limited.

Pieter is a Chartered Accountant who qualified with PricewaterhouseCoopers Inc. in Stellenbosch, before joining the Remgro Group in 2001. He is currently Head of Corporate Finance.

11 GCJ (Kees) Tielenius Kruythoff (53)*

Non-executive director

Business Economics (Erasmus University, Rotterdam, Netherlands)

Appointed: 22 April 2020

Directorships: Chairman and Chief Executive Officer for LIVEKINDLY Collective, Chairman of MrGreenAfrica, Distell Group.

Kees is a uniquely global leader with extensive experience in brand building, strategic direction and performance management, and strategically repositioning businesses for growth. He was previously General Manager of Unilever South Africa, General Manager of Unilever Brazil, President of Unilever North America, and more recently, President of Unilever Home Care Division.

*Dutch

12 GC (Gcina) Zondi (48)

Non-executive director

BCompt (Hons), AGA (SA)

Appointed: July 2008

Directorships: Imbewu Capital Partners, Isegen South Africa, Container Conversions, Icon Construction, International Facilities Services (SA), NPC-Intercement and Hulamin Limited.

Gcina is the founding chief executive and shareholder of Imbewu Capital Partners. He is a qualified General Accountant and is an associate of the South African Institute of Chartered Accountants. He has more than 21 years' experience in the private equity industry, of which six years were spent with Nedbank Capital Private Equity as a Private Equity Manager. Prior to joining Nedbank, Gcina completed his articles of clerkship at KPMG Durban and worked for Hulamin Limited in the finance division for two and a half years prior to joining KPMG.

13 PJ (Paul) Neethling (36)

Alternate non-executive director

BCom (Hons)

Appointed: June 2019

Directorships: Paul is a director of Remgro Limited.

He served as an investment executive at Remgro Management Services and has a BCom (Hons) in Financial and Investment Management. He also serves as a director on various agricultural, wine and distribution businesses.

EXECUTIVE DIRECTORS

14 M (Miles) Dally (64)

Executive director – Chief Executive Officer

BCom

Appointed: February 2003

Directorships: RCL Foods Limited and its subsidiary companies, LIVEKINDLY Collective Africa and The Hatchery Group.

Miles has over 30 years' experience in the consumer goods industry and served as Group Managing Director of Robertsons Holdings Proprietary Limited from 1995 to 2002. After the unbundling of Robertsons Holdings he accepted the position of Chief Executive Officer at RCL Foods Limited. Miles has previously served as the Non-executive Chairman of SC Johnson and Son South Africa (Pty) Ltd as well as on the boards of the Consumer Goods Council of South Africa (CGCSA) and Umhlanga College.

15 RH (Rob) Field (50)

Executive director – Chief Financial Officer

CA(SA)

Appointed: July 2004

Directorships: RCL Foods Limited and its subsidiary companies.

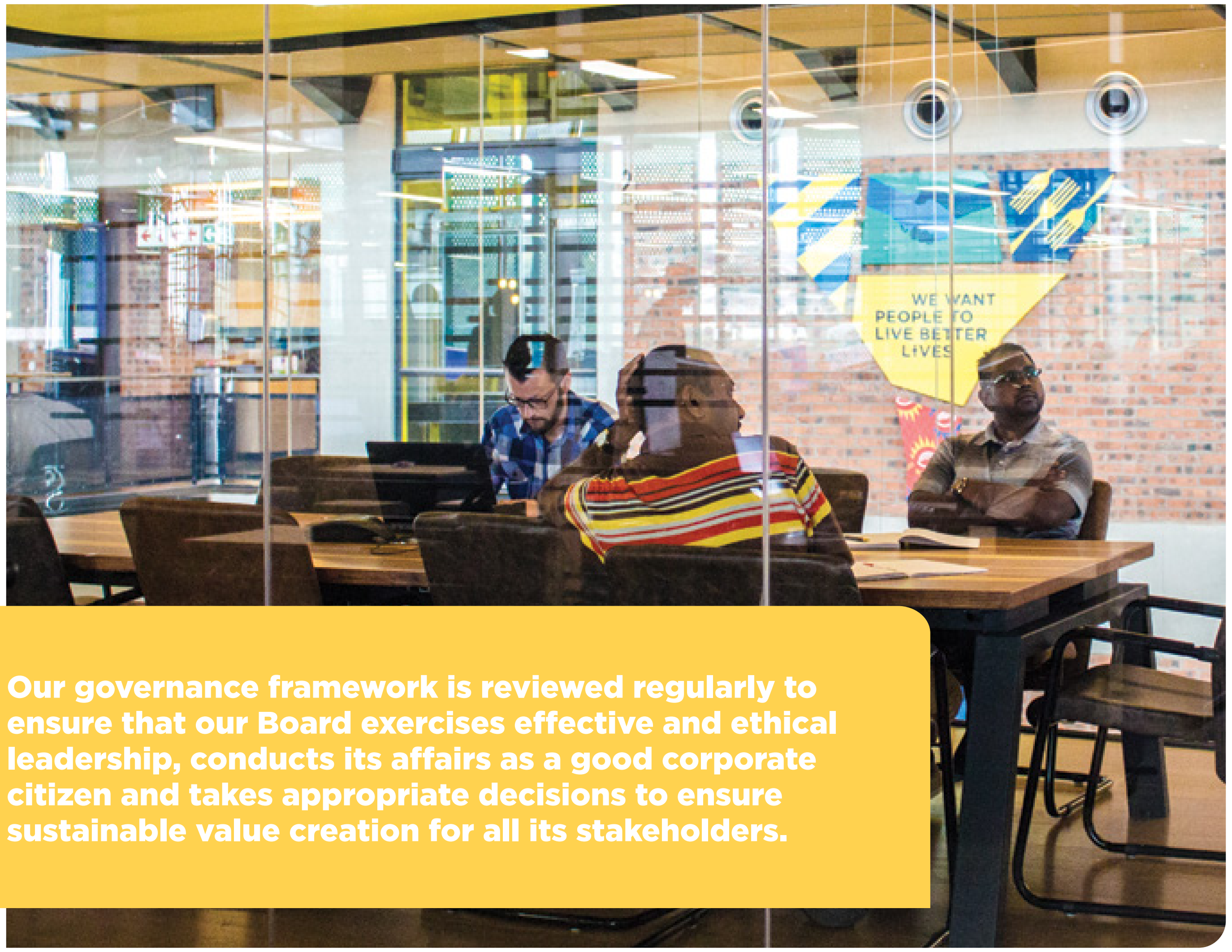
Rob is a Chartered Accountant who qualified with Deloitte & Touche in Durban. Prior to joining Rainbow in May 2003, he spent four years as Commercial Director of Robertsons Homecare Proprietary Limited.

HOW WE OPERATE

OUR CORPORATE GOVERNANCE

We are committed to the highest standards of corporate governance, principles and practices as set out in the King IV Code of Corporate Governance (King IV). We advocate the ethical attributes of integrity, competence, responsibility, fairness and transparency.

Our Board is tasked with ensuring that these values and characteristics are embodied within our business through ethical, effective leadership. The same is expected of the Board. It is held accountable through an annual evaluation to assess its effectiveness and that of its sub-committees and individual members. For the period under review, the Board is of the opinion that RCL FOODS has operated in accordance with the requirements of King IV. It is further satisfied that it has met the requirements of the Companies Act of South Africa and the JSE Listings Requirements and has fulfilled its responsibilities in accordance with its approved Board Charter. The Board confirms the Group's compliance with the Companies Act and the Company's Memorandum of Incorporation for the reporting period.



Our governance framework is reviewed regularly to ensure that our Board exercises effective and ethical leadership, conducts its affairs as a good corporate citizen and takes appropriate decisions to ensure sustainable value creation for all its stakeholders.

RCL FOODS Board

gives strategic direction to RCL FOODS, whilst retaining full and effective control over the Group and monitoring executive management in implementing plans and strategies. The roles and responsibilities of the Board are set out in a formal Board Charter, which is reviewed annually. In discharging its duties, the Board has delegated certain functions to its sub-committees.

- Audit Committee
- Social and Ethics Committee
- Remuneration and Nominations Committee
- Risk Committee

OUR GOVERNANCE FRAMEWORK

RCL FOODS' governance framework consists of the Board, its sub-committees and various related structures and compliance processes. Together they ensure that the four governance outcomes espoused in King IV – ethical culture, effective control, legitimacy and good performance – are achieved across all aspects of the Group. The composition of the Board and its committees is in line with King IV requirements. There is a clear balance of power within the Board and its sub-committees to ensure that no individual has undue decision-making powers. Each committee has its own terms of reference which set out its roles and responsibilities, as approved by the Board. In the case of the Risk Committee and the Social and Ethics Committee, where the Chairman is not independent, other Committee directors take responsibility for ensuring that the Chairman encourages proper deliberation on all matters requiring the Committee's attention. The composition of the Board and its committees is considered by the Remuneration and Nominations Committee, taking into account experience, skills, applicable regulations and committee mandates.

Our governance framework is reviewed regularly to ensure that our Board exercises effective and ethical leadership, conducts its affairs as a good corporate citizen and takes appropriate decisions to ensure sustainable value creation for all its stakeholders.

MANAGING OUR BUSINESS SUSTAINABLY – ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) FOCUS

The Board, via the Social and Ethics Committee mandate, drives the advancement of economic and ESG oversight and transparency through key performance indicators and ongoing engagement with a diverse range of stakeholders. Sustainability is a key element of RCL FOODS' strategy, and ESG risks and opportunities are taken into account in both strategic planning and execution. Examples of proactive ESG initiatives contributing to RCL FOODS' long-term sustainability are our renewable energy projects, our DO MORE FOUNDATION and our investment in LIVEKINDLY Collective Africa.

The Group's material ESG issues are identified based on an assessment of how we create value, the impact of the external operating context on value creation, the material interests of our stakeholders, and the principal risks facing the Group. ESG matters are addressed as part of an ongoing, structured approach to risk management, and are strongly embedded in the Group's strategy of driving sustainable business.

At an operational level, effective management systems are in place to mitigate ESG risks and respond to sustainability opportunities across the Group. The Group has adopted a combined assurance approach to monitoring and managing ESG risks and opportunities, including but not limited to internal audit site reviews, independent environmental audits and ISO 14001 environmental management system audits at applicable sites.

OUR STRATEGIC RESPONSE

The Group acknowledges that there are areas within its mandate that are evolving, and management's responses will need to adapt to changes in the ESG agenda. An independent ESG transparency assessment was performed in 2020 against a series of economic, governance, labour, health and safety, CSI and standard disclosure indicators.

Whilst the principles of sustainability reporting have been a core part of our business, the Group seeks to enhance ESG reporting with regard to health and safety and corporate citizenship to its stakeholders. All material ESG matters can be found in the Abridged Integrated Annual Report and Sustainable Business Report.

In order to mount an effective strategic response to the dynamic market and industry in which it operates, the Group makes every effort to proactively engage with government and other stakeholders to identify and anticipate stakeholder trends and needs, as well as changes in legislation and regulations.

For more information on the Board and its sub-committees' roles and responsibilities, refer to the Governance section of our website at www.rclfoods.com/governance. Details of the Group's Corporate Governance structures and activities for the period under review are included in the Corporate Governance Report, available on our website at www.rclfoods.com/financial-results-and-reports-2021

OUR STRATEGIC PROGRESS

OUR STRATEGIC PROGRESS

GROUP-WIDE STRATEGIC INITIATIVES

In line with our ambition to "build a profitable business by creating food brands that matter", our journey is currently focused on strategically transforming our business to achieve a stronger, more resilient RCL FOODS that delivers sustainable shareholder value.

This has seen new strategic levers and priorities come to the fore at Group level while our divisions continue to focus on delivering against their agreed medium- to longer-term strategies. To give a clearer view of the current key focus areas in our business, we have chosen to report on our progress against key Group-wide initiatives as well as divisional strategic progress. Please consult our Sustainable Business Report for more information on our efforts to inspire great people and drive sustainable business.

STRATEGIC PORTFOLIO REVIEW

In November 2020 we announced a strategic review to **assess whether our portfolio is optimally configured** in terms of our stated intent to **build a profitable business that delivers sustainable quality of earnings for shareholders.** Rand Merchant Bank (RMB) was appointed to assist with the evaluation and review of strategic options as they relate to the composition of the underlying RCL FOODS basket, and a steering committee consisting of RCL FOODS' senior leadership team, RMB and Deloitte was appointed to run the review process. A key principle was the need to **optimise our portfolio's growth prospects and sharpen its strategic thesis, while preserving the synergies, scale and efficiency benefits** achieved thus far.

We have made substantial progress in this regard. The rigorous review process has confirmed that **the current portfolio is not optimally configured** for its purpose, due to its diversification across different asset classes, namely value-added branded foods (Groceries and Baking) ("FMCG"), poultry (Chicken and grain-based feed), sugar (Sugar and molasses-based feed) and logistics (Vector Logistics). In this context, the Board has accordingly resolved that **a separation of the businesses will ultimately better position the Group to achieve a more consistent quality of earnings** and thus enable shareholder value creation.

Going forward, our intention is to **unlock growth in the FMCG component** of the business through sharper strategic focus and active investment, to identify value creation opportunities and to scale into adjacent and new categories, both organically and through acquisition activity. We **recognise the differentiated strategic advantage provided by our integrated functional capabilities and plan to continue to leverage this** where appropriate.

We believe that our **Chicken, Sugar and Logistics businesses are each attractive exposures in the context of their established market position and medium to long-term outlook,** with good opportunity for future value creation. We envisage seeking an **optimised path for each to operate in a pureplay environment** in order to deliver enhanced value for shareholders, and believe a well-managed separation will better enable these businesses to thrive into the future.

CREATION OF A STAND-ALONE CHICKEN DIVISION

Building a **competitive, sustainable and profitable Chicken business** is a key imperative for RCL FOODS. In 2020 we took a strategic decision at Board level to establish a stand-alone Chicken Division separate from the Food Division, reporting directly to the CEO. This was to enable a **single-minded focus on driving efficiency** and the **strategic and operational execution needed to ensure that Chicken is successful.**

A new management team was appointed to lead the initiative from January 2021 and an appropriately resourced organisational structure has since been put in place to support delivery of the revised Chicken strategy which aims to improve competitiveness by fixing the cost base (particularly in agriculture); to grow our external Feed volume via our Epol brand; to grow the Rainbow and Simply Chicken brands; and to drive a regional demand model to increase profitability and market intimacy.

A separation of this magnitude is a mammoth task, and it is a credit to strong teamwork across the business that **a substantial portion of the migration had already been completed by the end of the 2021 financial year.** With the right people, structure and strategy in place, the business is far better **positioned for recovery and future growth and is making progress in key areas already** (refer to 60).

The remaining work to create an independent entity will be completed within the coming months, with our Transformation Management Office leading the complex process of system separation. **Chicken is expected to be a fully stand-alone legal entity from the second quarter of the 2022 financial year.**

LAUNCH OF LIVEKINDLY COLLECTIVE AFRICA

RCL FOODS has identified plant-based protein as a **key strategic investment focus,** given the need to nourish the growing population in a more sustainable way. The global "alternative protein" market is expanding rapidly, driven by increasing consumer consciousness around health, environmental sustainability and animal welfare, and is expected to grow to around US$370 billion by 2035, compared to a US$1,6 trillion animal meat market. Projections are that the **South African plant-based protein market** could make up **R14 billion of a R208 billion total protein market by 2035.**

In 2020 RCL FOODS strategically invested in a minority shareholding in **LIVEKINDLY Collective (LKC),** a new initiative founded by the leading plant-based investor Blue Horizon. In just over a year the collective has raised US$535 million and is scaling up quickly as it grows its plant-based portfolio. Having been chosen to partner with LKC on the basis of our unique farm-to-fork capabilities, integrated services platform and strong customer relationships, we jointly established **LIVEKINDLY Collective Africa (LKCA)** in May 2021 to **develop the plant-based market in South Africa and Sub-Saharan Africa.** LKCA will sell **Fry's, Oumph!, NO MEAT, Like Meat** and other LKC brands as part of a collective vision to make plant-based living "the new norm" and shift the global food system to a more sustainable one. This dovetails with our own vision to make plant-based protein more accessible to all South Africans (and those in sub-Saharan Africa), providing them with greater choice from a protein perspective, and encouraging more sustainable food choices.

In the first month of LKCA's operation, sales grew by 22% versus the prior year. **Customers have been extremely positive** about the partnership and recognise the unique value that can be unlocked through the power of the RCL FOODS platform and relationships, combined with the deep insight and brand portfolio that LKC brings. We are working on several specific customer collaborations in both the retail and food service arenas, led by the RCL FOODS Customer team, and aim for widespread listing in modern retail by the end of the 2021 calendar year.

the LIVEKINDLY co.

OUR STRATEGIC PROGRESS

GROUP-WIDE STRATEGIC INITIATIVES

CONTINUED

DIGITALLY-ENABLED TRANSFORMATION

As a key enabler within all transformational business processes and initiatives, **digital is core to our strategy and future.** By positioning digital transformation as a "way of doing things" rather than a systems project, we are working to create a digital mindset that integrates with our culture and our values – including "seeing and doing things differently". **Digitisation is enabling processes to operate more efficiently, while data is increasingly being leveraged to generate insights** that can help improve decision-making. Being able to track sales at point of purchase, for instance, allows for better stock management, especially during promotional periods. With the COVID-19 pandemic changing the way consumers purchase, we have **accelerated our digital strategy** to take a more insight-driven approach to the way we market, sell and distribute our products, and have automated key areas of the customer interface to speed up service delivery.

During the lockdown we have **leveraged our employee mobile app,** *Let's Talk,* to connect digitally with almost 13 000 of our staff members, and have utilised the **Microsoft** platforms to maintain and establish regular connections. A particular highlight has been the **large-scale webinars** introduced during the year, at which approximately 800 members of staff and management regularly connect "live" for business updates and question-and-answer sessions. Continued proactive investment in and focus on **cyber security** has remained a key priority during the year to ensure that our systems and platforms are secure.

ORGANISATIONAL EFFECTIVENESS AND EFFICIENCY

We have continued to create a **fit-for-purpose platform to support our strategic transformation.** Our shared functions and services have now been consolidated into a specialist **business services organisation** with its own director. This provides a solid platform from which to more effectively service our business, our LIVEKINDLY Collective Africa associates, and customers such as Siqalo Foods.

We also conducted a **comprehensive review of our supply chain organisation** to enhance operational efficiency, bolster capabilities and drive best practice across RCL FOODS, from manufacturing to research and development (R&D) to Safety, Health, Environment and Quality (SHEQ) management and customer service excellence. To boost our innovation capability we are in the process of **creating an integrated R&D function** which will have its own director, and we have also **appointed a director to head the SHEQ portfolio** for the first time.

By positioning digital transformation as a "way of doing things" rather than a systems project, we are working to create a digital mindset that integrates with our culture and our values – including "seeing and doing things differently."

OUR SUSTAINABLE BUSINESS DRIVE

Notwithstanding the COVID-19 pandemic, we have continued to invest in our people and communities during the year. Our **Diversity and Inclusivity agenda** has been a strong organisational focus, as reported above. Alongside this, we have continued in our efforts to **safeguard our employees** during the pandemic, with digital tools being a key enabler in managing productivity and maintaining connection for those working from home. In line with international trends and best practice, we have been preparing office-based employees (primarily at our National Office) for a **permanent shift to a hybrid working model** that combines remote and office-based work, where possible, to allow for increased flexibility and more effective resource use. We have also **maintained a focus on learning and development** at all levels of the organisation, investing **R32,6 million in training 9 250 employees** over the year. Receiving **Top Employer** certification from the global Top Employer Institute **for the second year in a row** was a key vote of confidence in our efforts to be an employer of choice.

Through our DO MORE FOUNDATION we continue to provide key nutritional support to resource-poor communities around our operations and beyond. We are particularly proud to have **partnered with the Foundation in developing its own branded DO MORE Porridge** to help address the hunger crisis brought on by the hard lockdown in South Africa. For Mandela Day in 2020 we were also privileged to help the Foundation donate **a million hot Rainbow Chicken meals to vulnerable communities** across the country. In addition to the food we provide through the Foundation, we also continue to donate near-to-expiry-date food through FoodForward SA, helping to **ease hunger and prevent food waste** in line with our commitment to the 10x20x30 initiative which we joined in September 2020.

From an **environmental** point of view, we continued to make progress against our energy self-sufficiency and water and waste reduction ambitions. Our **renewable electricity generation from our Waste-to-Value (W2V) plants increased by 182%** as the new Rustenburg W2V plant ramps up, and **our rooftop solar energy output has increased fivefold** with the commissioning of solar systems at our Vector Logistics site in Bellville and our Nelspruit Bakery. Water efficiency remains a key focus in **Sugar Agriculture, which achieved an 8% reduction in raw water use.** We also commenced projects to reduce the use of undesirable plastics in our packaging and to **encourage recycling** as the new mandatory **Extended Producer Responsibility (EPR) regulations** come into effect.

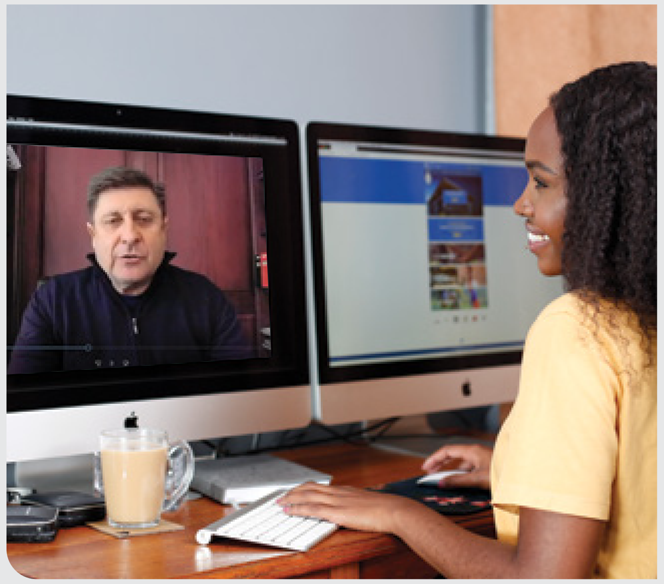
For more information refer to our Sustainable Business Report, available at www.rclfoods.com/financialresults-and-reports-2021

DIVERSITY AND INCLUSIVITY

Creating a diverse and inclusive culture is **key to our strategic transformation journey,** and has been central to our efforts during the year. Internal research in 2019 confirmed that there was a need for greater focus in this area, and in 2020 we launched our first **Diversity and Inclusivity Conversation Circles** to start a dialogue about inclusivity, beginning at the top level of the organisation. These conversations have continued to happen throughout the lockdown on a virtual basis, and have created a platform for employees to engage in **open, safe and honest discussions** where we can listen to and learn from each other.

In parallel, we have also been bringing more focused attention to **increasing diversity through our hiring, promotion and retention strategies,** especially at management level. To support this, we have set stretching **new five-year diversity targets** with an emphasis on changing both race and female representation at senior leadership level. The Diversity and Inclusivity agenda is being championed at senior leadership level and features regularly in internal business updates.

For more information refer to our Sustainable Business Report, available at www.rclfoods.com/financialresults-and-reports-2021



OUR STRATEGIC PROGRESS

FOOD DIVISION STRATEGIC PROGRESS

Within the Food Division, the respective business units (Groceries, Baking and Sugar) continue to deliver against their respective longer-term strategies with the vision of:

- Building on strong brands and expanding into adjacent categories in Groceries;
- Driving growth in the Bread, Buns and Rolls category while forward integrating Milling into adjacent flour-based categories; and
- Creating a sustainable, diversified and profitable Sugar-based business with a focus on maximising performance in areas within its control (i.e. agriculture).

In this way the division aims to strengthen its resilience and drive growth to ensure that it can deliver sustainable value in an evolving operating context.

This has ensured consistent focus and stability in the division while the business advances its broader strategic transformation agenda.

DELIVERING ON OUR STRATEGY IN 2021

GROCERIES

- **Targeted investment behind Pet Food brands** resulted in strong growth in a declining local Pet Food market (refer to 11 to 12).
- **Grew Pies volumes in the forecourt channel,** aided by the launch of the **new "Big Deal"** pie (refer to 11 to 12).
- **We consolidated our UHT Beverages plant volumes** into our Fresh plant in March, enabling improved efficiencies.

BAKING

- We have made **good progress** in positioning our **Gauteng bread bakeries** for growth.
- We strengthened the **Sunbake** brand positioning.
- A **more sustainable demand** has been created in Milling by **increasing the amount of flour we use for our own production** (forward integration).
- **Work began on developing an integrated enterprise resource planning (ERP) solution** to improve visibility and management control in the business unit.

SUGAR

- **Positive margins have been restored** through a shift towards a more profitable sales mix, combined with **cost savings** in Agriculture and the Supply Chain.
- A detailed plan has been put in place to enable our **community-based joint ventures (CBJVs) to become self-sustaining** over time.
- We **continued to engage with government** around the Sugar Industry Master Plan.

PRIORITIES FOR 2022

- **Manage the impact of expected commodity and fuel input cost increases** in a challenging local market.
- **Drive business unit strategies** to achieve sustainable growth.
- **Leverage opportunities** arising from the **LIVEKINDLY Collective Africa** partnership.

OUR STRATEGIC PROGRESS

CHICKEN DIVISION STRATEGIC PROGRESS

In line with our intention to build a competitive, sustainable and profitable Chicken business, we developed a revised strategy in 2020 and took the decision to establish a stand-alone Chicken Division to provide the necessary focus for this.

With the internal separation process substantially complete and a supportive structure in place, the new division is well positioned to deliver on the Chicken strategy.

The strategy focuses on:

- Improving efficiencies in Agriculture and the Supply Chain
- Driving growth through strong brands
- Driving regional responsiveness and market intimacy
- Integrating the supply chain to deliver lower cost

DELIVERING ON OUR STRATEGY IN 2021

- Rainbow **Simply Chicken continues to perform well,** leading in both the Freezer to Fryer category and growing strongly in polony and viennas.
- We conducted a successful **campaign on "Rainbow – THE TASTE YOU CAN TRUST".**
- We successfully launched a new **Rainbow economy polony.**
- We **continued to strengthen relationships** with retail and QSR customers.
- We have **made good progress in establishing our new regional structures**.
- We are making progress in **addressing the current breed performance challenges**.
- We have taken a number of **strategic actions to mitigate the impact of commodity price fluctuations.**
- We have laid a platform for **increased efficiencies in our supply chain.**
- To help create a more sustainable industry, **we continue to support and participate in the Poultry Sector Master Plan,** although its progress has been slow. Stemming the tide of poultry imports and opening up export markets for our chicken remain pressing priorities.

PRIORITIES FOR 2022

- **Bed down our new structure** to create the appropriate focus.
- **Leverage our brands** for growth.
- Grow our **external feed** business.
- Grow our **further processed** and **fully cooked** business.

LOGISTICS DIVISION STRATEGIC PROGRESS

In line with its customer-focused strategy, Vector Logistics became South Africa's largest frozen logistics operator post its acquisition of Imperial Logistics South Africa's cold storage business (ICL) in 2020. Since then, the division has continued on its journey to consolidate duplicated networks and create a single, optimised transport and warehousing network that meets the needs of its retail-optimised secondary distribution service. Digital transformation is key to its strategy, and digital solutions are being created to drive efficiencies and deliver improved insights.

In 2021 the focus was on:

- Delivering on the network consolidation project
- Continuing the digital transformation journey.

DELIVERING ON OUR STRATEGIC PRIORITIES IN 2021

- We have **successfully consolidated the ICL network into the Vector network in the Inland region.**
- **Building expansions** are under way to **increase our frozen and chilled capacity** in Durban, Polokwane, Gqeberha (Port Elizabeth) and Bloemfontein. These are expected to be finalised by March 2022, completing our network consolidation.
- We continued to focus on **cost reduction.**
- We **increased our shareholding in L&A Logistics in Zambia** from 45% to 85% to enhance our **platform into Africa.**
- We are leveraging **digital technology to drive efficiencies in our primary transport business** and have successfully rolled out the Empty Trips digital platform internally.
- We launched **Vicky the Vector Bot,** an automated Chatbot facility on WhatsApp that provides customers with real-time visibility of their order status, enables them to check estimated time of delivery and allows them to engage via an automated chat.

PRIORITIES FOR 2022

- Finalise the **network consolidation.**
- Continue with **transport network optimisation.**
- Continue driving **collaborative efficiency enhancement projects.**

OUR KEY REPORTS AND REVIEWS

OUR KEY REPORTS AND REVIEWS

CHAIRMAN'S REPORT

"RCL FOODS has built a strong foundation of diverse brands supported by a unique organisational culture and compelling vision. It has also demonstrated the ability to adapt to changing realities through targeted innovation, enhanced efficiencies and sheer commitment to its purpose."

Jannie Durand
Non-executive Chairman

After the shock of the COVID-19 pandemic in 2020, combined with further shocks to the South African economy and society in 2021, "business-as-usual" is a thing of the past. Companies that are likely to succeed are those that are willing and able to see and do things differently in order to remain relevant, and who have a compelling vision to inspire them. RCL FOODS has been on such a journey for some time, and the challenges of the past year have not deterred it from moving forward with the intent to create a resilient business that delivers sustainable value to its shareholders.

MARKET CONDITIONS

The COVID-19 pandemic and associated lockdown drove a 7% decline in the South African economy in 2020, the most in seven decades. This contraction exacerbated unemployment levels and increased pressure on customers and consumers in South Africa. Despite four consecutive quarters of positive growth, the South African economy was still 1.4% smaller in the second quarter of the 2021 calendar year than in the second quarter of 2020[1]. Employment has remained well below pre-pandemic levels, with unemployment reaching an all-time high of 34.4% in the second quarter of calendar 2021. This has made it difficult for food producers to successfully increase prices in order to compensate for the significant rally in soft commodity input costs, driven by global crop failures and increased demand from China. Producer price inflation was 7.3% in June, still exceeding Consumer Price Index (CPI) food price inflation of 6.7%.

COVID-19 RESPONSE

RCL FOODS has played a pivotal role in ensuring constant food supply throughout the pandemic, while prioritising the safety of its employees. It has also provided significant support to communities in need, through the DO MORE FOUNDATION's COVID-19 relief efforts and the ongoing donation of food. In September 2020 RCL FOODS joined Pick n Pay as a participant in the international 10x20x30 initiative to halve food loss and waste in the supply chain by 2030, in line with the United Nations' Sustainable Development Goal (SDG) Target 12.3.

[1] *Stats SA. 2021. The economy grows by 1,2% in Q2: 2021. http://www.statssa.gov.za/?p=14660*

EBITDA
R2 409,1 MILLION ↑ **47.3%**

HEPS
107,9 CENTS ↑ **723.7%**

TOTAL DIVIDEND PER SHARE
45,0 CENTS ↑ **80.0%**

I commend the Group's leadership and all employees for the professional manner in which they have safely sustained operations while continuing to make progress on its strategic journey. This is no mean feat for an organisation of its size, considering the degree of support required to enable approximately 3 000 employees to work from home, and to ensure that all site-based employees could continue operating safely through three waves of the pandemic without losing any income.

Throughout the pandemic, RCL FOODS' balance sheet and cash flows have been prudently managed to ensure that that the Group remains well-capitalised and sustainable into the future.

FINANCIAL PERFORMANCE

Despite the ongoing pandemic and challenging economic landscape, RCL FOODS has achieved a significantly improved set of results for the 2021 financial year, with EBITDA increasing 47.3% to R2 409,1 million (2020: R1 636,0 million) and headline earnings increasing 736.0% to R958,1 million (2020: R114,6 million) or 107.9 cents per share (2020: 13.1 cents). While increased demand provided strong tailwinds, the strength of the Group's portfolio and strong delivery against its strategic priorities have played a key role in its progress. Underlying return on invested capital (ROIC) improved 5.0 percentage points to 12.3%.

STRATEGIC REVIEW

As part of its journey to create a more resilient business with more sustainable quality of earnings, RCL FOODS has been relooking at the different value drivers in its business and how to optimise these while preserving the scale, synergy and efficiency benefits it has achieved to date. Considerable opportunity exists for RCL FOODS to leverage its capabilities into adjacent categories in sectors where it already has experience, well-established networks and a strong customer base. The Group's investment in plant-based food alternatives via the LIVEKINDLY Collective is a key strategic venture to develop alternative sources of growth, and its recent joint establishment of the local LIVEKINDLY Collective Africa is a very significant step forward in this regard.

In November 2020, the Board announced that a formal strategic portfolio review was to be undertaken to assess whether the Group's existing portfolio was appropriately structured in terms of its strategic growth ambitions. The rigorous review process has confirmed that it is not optimally configured in this regard, due to RCL FOODS' current aggregated structure which spans very different asset classes (FMCG, poultry, sugar and logistics), and the highly complex value chain associated with it. In this context, the board and management are of the belief that a well-managed de-merger of the value-add branded foods (FMCG), poultry, sugar and logistics components of the business will position them for sustainable value creation in a more pureplay environment. The Group has furthermore stated a strong intention to actively invest in growing and scaling the FMCG component to enhance shareholder value. More detail on the outcome of the strategic review can be found on 69 of the CEO's report.

Also in November 2020, Chicken was established as a separate division to enable a dedicated focus on creating a successful and competitive Chicken business. The separation of the Chicken business is proceeding well and the new management team have made progress in addressing key strategic priorities. Another strategic imperative is the completion of the network integration following Vector Logistics' acquisition of Imperial Logistics South Africa Proprietary Limited's cold chain business (ICL). Despite building delays, good progress has been made. More detail is provided in the CEO's report on 68 and the divisional review on 60 and 61.

OUR KEY REPORTS AND REVIEWS

CHAIRMAN'S REPORT CONTINUED

The RCL FOODS B-BBEE schemes vest during the 2022 financial year. Unfortunately these schemes are currently underwater; however the strategic review includes this as a critical workstream.

REGULATORY ENVIRONMENT

The COVID-19 pandemic has further emphasised the need for close collaboration between business and government, not only to ensure public health and safety, but to address food security issues. RCL FOODS continues to engage with the Department of Trade, Industry and Competition (DTIC) to unlock barriers to trade and address the ongoing challenge of cheap imports – especially dumped chicken imports whose tonnages still exceed those of the largest local producer. Both the chicken and sugar industries are vital to the country in terms of providing food security and large-scale employment, especially in poverty-stricken rural areas. While progress on the collaborative master plans for both industries has been slow, RCL FOODS continues to support and actively participate in its development as key interventions to improve local sustainability.

DIVIDEND DECLARATION

The board of directors has declared a final gross cash dividend (number 93) of 30,0 cents per share, which brings the total dividend for the year ended June 2021 to 45,0 cents per share (2020: 25,0 cents).

BOARD MATTERS

Shareholders are advised that Mr RV Smither retired from the Board, including the positions of lead independent non-executive director and chairman of the Audit Committee, with effect from 13 November 2020. Following Mr Smither's departure, the changes below were made to important functions of independent non-executive directors with effect from 13 November 2020:

- Mr GM Steyn was appointed as lead independent non-executive director;
- Mrs CJ Hess was appointed as chairperson of the Audit Committee; and
- Mr DTV Msibi was appointed as a member of the Remuneration and Nominations Committee.

During the year, the Board provided prudent oversight to the management team, being sensitive to the short- to medium-term pressures created by the pandemic whilst remaining mindful of long-term trends and aspirations. We have focused on the commercial needs of the business while ensuring that the Group acts responsibly towards all stakeholders. The directors are intimately involved in the strategic review and fully support the process.

For further information on the Board, please read the Corporate Governance section from 50 to 51 of this report, and the Corporate Governance Report available on our website at www.rclfoods.com/financial-results-and-reports-2021.

PROSPECTS

There is considerable uncertainty surrounding the outlook amidst the third wave of COVID-19 infections, slow vaccination progress and the fallout of the recent violent unrest in the country. The lockdown measures implemented in late June 2021 will put additional pressure on the already struggling restaurant sector, irrespective of government relief efforts. The social unrest in KwaZulu-Natal and Gauteng will impact further on unemployment, further weakening consumer demand while businesses struggle to recover from losses incurred. It was encouraging to see communities coming together to clear and repair damaged neighbourhoods following the social unrest. RCL FOODS is committed to this country and will continue to play its role in seeing South Africa come through these challenging times stronger as a nation. It is now time to stand together as a country and move forward for the benefit of all our people.

RCL FOODS has built a strong foundation of diverse brands supported by a unique organisational culture and compelling vision. It has also demonstrated the ability to adapt to changing realities through targeted innovation, enhanced efficiencies and sheer commitment to its purpose. Combined with its relatively low gearing ratio, strong balance sheet and healthy cash generation, the business is well placed to navigate the challenges ahead while continuing on its growth journey.

ACKNOWLEDGEMENTS

I would like to express my sympathy to all those who have lost loved ones in the past year. My thanks to all RCL FOODS' employees who have ensured that the business continued to serve South Africa during these extraordinary times and under very difficult circumstances. You have helped to keep South Africa moving forward. I would also like to pay tribute to our executive team for their leadership and exemplary management of the Group. Sincere appreciation is also extended to our Board members for their valued guidance and sound judgement during the year.

I would also specifically like to thank Mr RV Smither for his invaluable contribution towards RCL FOODS over the 12 years that he has faithfully served as a member of the Board and various committees. It has been a privilege working alongside someone of Mr Smither's calibre.

Finally, to our shareholders and customers, thank you for your continued support and interest in our Group.

JJ Durand
Non-executive Chairman

CEO'S REPORT

"In a difficult and rapidly evolving environment, I am pleased with the manner in which RCL FOODS has continued to deliver on its purpose of More Food to More People, More Often whilst growing profitability and laying the foundation for a more sustainable quality of earnings into the future."

Miles Dally
Chief Executive Officer

REVENUE
R31,7 BILLION ↑ **14.0%**

EBITDA
R2 409,1 MILLION ↑ **47.3%**

HEPS
107,9 CENTS ↑ **723.7%**

RCL FOODS is proud to present a good set of results for the year ended June 2021, with headline earnings rising 736.0% to R958,1 million (2020: R114,6 million) due to an excellent performance in the Sugar and Baking business units and continued strong delivery in Groceries. Vector Logistics also produced a pleasing set of underlying results, driven by higher revenue and improved efficiencies arising from progress made in its network consolidation.

If there is one thing that the events of the last 18 months have taught us in South Africa and globally, it is to expect the unexpected and to make every effort to strengthen our resilience and ongoing relevance in a changing world. Having sustained some significant COVID-19-related impacts on our business in 2020, most notably in Chicken, our approach in 2021 has been to focus on the factors within our control in order to rebuild lost volumes, reset our operations for growth, and continue our strategic journey to create a more resilient, future-ready RCL FOODS. With change being the only constant in a difficult and rapidly evolving environment, I am pleased with the manner in which RCL FOODS has continued to deliver on its purpose of More Food to More People, More Often whilst growing profitability and laying the foundation for a more sustainable quality of earnings into the future.

Before sharing key highlights of our broader strategic journey, I would like to touch briefly on the COVID-19 pandemic that was a key part of our operating context in 2021.

RESPONDING TO COVID-19 REALITIES

The four priorities that drove our response in 2020 have remained paramount this year: protecting our employees; maintaining food production; managing cash and liquidity; and supporting the communities we operate in. With robust processes in place on all fronts, we have broadened our focus towards new ways of operating in line with the "new normal". These include strategically responding to changes in consumer behaviour that were brought on or accelerated by COVID-19, and are likely to continue for the foreseeable future. These include reduced out-of-home consumption, less frequent shopping trips, trading down within (or out of) categories, increased online shopping and greater awareness of "healthier" options. Our response includes driving further investment in value offerings, collaborating even more closely with customers to drive category growth, leveraging e-commerce to reach shoppers and expanding into the plant-based foods category.

Costs related to additional cold storage for excess chicken volumes made up a large portion of the direct COVID-specific costs of R121,3 million for the period. As this has resolved and Quick Service Restaurants (QSRs) have reopened, direct COVID-19 costs have declined significantly in the latter half of the year.

We are proud to have been able to maintain full employment, with no jobs being lost as a result of COVID-19 impacts, and we have also continued to support almost 3 000 employees to work effectively from home, when required. The loss of life and livelihoods caused by COVID-19 is of deep concern to us, and we particularly sympathise with the families of our employees who have succumbed to the virus.

STRATEGIC PROGRESS

In line with our ambition to "build a profitable business by creating food brands that matter", our journey is currently focused on strategically transforming our business to achieve a stronger, more resilient RCL FOODS that delivers sustainable shareholder value. Key steps towards this have been the creation of a consolidated Food Division with a sharpened strategic focus; the creation of a stand-alone Chicken Division to ensure a competitive, profitable and sustainable Chicken business; our investment into the plant-based foods category; and a strategic review of our overall portfolio. Strategic portfolio review.

Strategic Portfolio Review

In November 2020, we announced a strategic review to assess whether our portfolio is optimally configured in terms of our stated intent to build a profitable business that delivers sustainable quality of earnings for shareholders. Rand Merchant Bank (RMB) was appointed to assist with the evaluation and review of strategic options as they relate to the composition of the underlying RCL FOODS basket, and a Steering Committee consisting of the RCL FOODS senior leadership team, RMB and Deloitte was appointed to run the review process. A key guiding principle was the need to optimise our portfolio's growth prospects and sharpen its strategic thesis, while preserving the synergies, scale and efficiency benefits achieved thus far.

I am pleased to report that we have made substantial progress in this regard. The rigorous review process has confirmed that our current portfolio is not optimally configured for sustainable value creation in line with our strategic ambitions going forward, owing to the extent of its diversification across different asset classes, i.e. value-add branded foods (Groceries and Baking) ("FMCG"), poultry (Chicken and grain-based feed), sugar (Sugar and molasses-based feed) and logistics (Vector Logistics). In this context, the Board has resolved that a separation of the businesses will ultimately better position the Group to achieve a more consistent quality of earnings and thus enable shareholder value creation.

Our intention is clear – to unlock growth in the FMCG component of the business through sharper strategic focus and active investment, to identify value creation opportunities and to scale into adjacent and new categories, both organically and through acquisition activity, and are currently actively evaluating opportunities in this regard. As passionate brand builders, we recognise our differentiated strategic advantage in terms of the integrated functional capabilities we have built, and we plan to continue to leverage this where appropriate.

Furthermore, a dedicated focus on Chicken, Sugar and Vector Logistics will clear the path for more sustainable growth in each of these assets. We continue to believe that our Chicken, Sugar

OUR KEY REPORTS AND REVIEWS

CEO'S REPORT CONTINUED

and Vector Logistics businesses are each attractive exposures in the context of their established market position and medium- to long-term outlook, with good opportunity for future value creation. We envisage seeking an optimised path for each to operate in a pureplay environment in order to deliver enhanced value for shareholders, and believe a well-managed separation will better enable these businesses to thrive into the future.

The Board is currently evaluating how the managed separation can be most optimally achieved, bearing in mind the efficient operating platform that has been created in the Company and the opportunity to continue to leverage that across the various businesses, while also being mindful of the prospect of further rescaling opportunities that may present themselves. This will be a carefully-considered process over the next 12 months. We will continue to apprise shareholders of further material developments in the implementation of specific initiatives arising from the outcomes of the strategic review.

Stand-alone Chicken Division progressed

In line with our stated intent to ensure a competitive, profitable and sustainable Chicken business, a decision was taken in November 2020 to establish Chicken as a stand-alone division within RCL FOODS, reporting directly to the Chief Executive Officer. This was to enable focused implementation of the revised Chicken strategy which aims to improve competitiveness by fixing the cost base (particularly in agriculture), re-establishing the Rainbow brand and driving a regional demand model to increase profitability and market intimacy.

A new management team was appointed to lead the initiative from January 2021 and an appropriately resourced organisational structure has since been put in place to support delivery. Since the start of the 2021 financial year, the Chicken Division has been operating as a stand-alone entity, while still utilising certain shared services on the RCL FOODS platform, and is now more optimally positioned for recovery and future growth. The division is expected to be a fully independent legal entity from the second quarter of the 2022 financial year. For more information please read 61.

LIVEKINDLY Collective Africa established

Having identified plant-based protein as a key strategic investment to nourish the growing population in a more sustainable way, RCL FOODS invested in a minority shareholding in the newly-established LIVEKINDLY Collective (LKC) in 2020. Founded by the leading plant-based investor Blue Horizon, LKC aims to make plant-based living the new norm and shift the global food system to a more sustainable one. Under the leadership of former Unilever Global executive team member Kees Kruythoff, LKC has acquired a growing number of plant-based brands and raised US$535 million in just over a year – the single fastest and biggest private plant-based fundraise to date.

Driven by consumer concerns around health, environmental sustainability and animal welfare, the expanding global "alternative protein" market is expected to grow to around US$370 billion by 2035, compared to a US$1,6 trillion meat market. Projections are that the plant-based protein market in South Africa could make up R14 billion of a R208 billion total protein market by 2035.

In May 2021, RCL FOODS and LKC jointly established LIVEKINDLY Collective Africa (LKCA) to develop the plant-based market in South Africa and Sub-Saharan Africa, leveraging LKC's strong brand and technology intellectual property and RCL FOODS' go-to-market capability, integrated services platform and excellent customer relationships. LKCA will be responsible for bringing all the collective's brands to the local market, including Fry's, Oumph!, NO MEAT, Like Meat and others. Being chosen to partner with a highly pedigreed, globally connected entity like LKC represents a very significant opportunity for RCL FOODS to make plant-based protein more accessible and affordable to people in South Africa and beyond.

Integration of the ICL business

Having become South Africa's largest frozen distribution provider through its acquisition of the ICL business in late 2019, our Logistics Division (Vector Logistics) has been on a journey to create a single, consolidated, customer-focused network. While completion of its network integration has been set back by building delays during the year, the process should be finalised in the next few months.

At the same time, Vector Logistics is leveraging its collaborative culture and digital capabilities to drive efficiency improvements with customers. It is also leveraging digital transformation opportunities to drive efficiencies and unlock new business models, and has rolled out the Empty Trips digital freight matching platform internally.

Driving growth through our branded product portfolio

We continue to provide More Food to More People, More Often through our diversified basket of brands in multiple product categories, supported by clear growth strategies. In a constrained consumer environment, many of our brands grew volumes and market share in their respective categories and nine brands successfully defended their market-leading positions. Product extensions and innovations in chicken polony and pies were also successfully launched in recent months.

Staying abreast of changing consumer needs and preferences has helped us to remain relevant by catering to a growing emphasis on value, convenience and online availability. Our tiered Pet Food portfolio was a case in point, growing market share across multiple brands and categories and driving strong growth in e-commerce. In Cat Food, Catmor, Feline Cuisine and Ultra Cat all reached historic market share highs in the economy, premium and veterinary categories respectively. Catmor's new 2in1 range doubled its sales and Feline Cuisine climbed to number two spot for the first time.

Digitally-enabled transformation

As a key enabler of all our business transformation processes and initiatives, digital is core to the RCL FOODS strategy and future. In order to respond to changing shopper habits, we have accelerated our digital strategy to take a more insight-driven approach to the way we market, sell and distribute our products. We have also automated key areas of the customer interface to speed up service delivery. E-commerce via Takealot and customer platforms has shown good growth during the year. Within our business, our digital employee interfaces are playing a vital role in improving communication and connection between teams and between management and employees. Our data-free employee mobile app, *Let's Talk*, now has almost 13 000 users, while our large-scale webinars are connecting approximately 800 members of staff and management for "live" business updates every few weeks.

Doing business sustainably

Energy security has been in the spotlight during the year amidst regular bouts of load shedding. We supplied 24% of our electricity needs from self-generated sources in 2021, including sugar co-generation, Waste-to-Value (W2V) and rooftop solar. Electricity generation from W2V (biogas) increased 182% with the first-phase commissioning of the new Rustenburg W2V plant, while solar generation increased 509% due to new installations at Vector Logistics' Peninsula hub and our Nelspruit bakery. Water efficiency remains a key focus, and we continue to make good progress in the Sugar Agriculture space. In the area of waste reduction, a number of projects have been initiated to enable RCL FOODS to adhere to the requirements of the now mandatory Extended Producer Responsibility (EPR) regulations (and levies) for plastics, while maintaining food safety as a priority. In addition to our efforts to increase recycling of our packaging and incorporate a higher proportion of recycled material, we are investigating ways of reducing our use of non-recyclable or hard-to-recycle plastics.

Since the start of the lockdown, our DO MORE FOUNDATION has provided almost 10,5 million meals to alleviate hunger for vulnerable communities, with a focus on young children.

Supporting our communities has never been more vital, and we were proud to partner with our DO MORE FOUNDATION in developing its own branded DO MORE Porridge for donation purposes, to help address the hunger crisis brought on by the hard lockdown. Another highlight was the Foundation's "Million Meals for Mandela Day" campaign in July 2020, which resulted in over 100 soup kitchens serving hot Rainbow Chicken meals to vulnerable communities countrywide. We also continue to donate near-to-expiry-date food through FoodForward SA, helping to ease hunger and prevent food loss and waste in line with our commitment to the 10x20x30 initiative which we joined in September 2020.

Creating a diverse and inclusive culture is key to building a healthy business for the future. Through our "Diversity and Inclusivity Conversation Circles" we are creating a safe space for employees to engage in open, honest conversations to build an inclusive culture that values all forms of diversity. We have also been bringing more focused attention to increasing diversity through our hiring, promotion and retention strategies, especially at management level. We have set stretching new five-year diversity targets in this space and are committed to reaching them as part of our strategy to build a relevant, future-fit business.

REVIEW OF OPERATIONS

Food Division

The Food Division delivered a strong result, with a record performance in Sugar, which benefited from higher demand, strong cost control and improved sales mix, as well as a significantly improved Baking result and pleasing growth in Groceries.

Groceries

		June 2021	June 2020	% change
Revenue	(Rm)	**5 522,0**	4 984,2	10.8
EBITDA	(Rm)	**557,8**	522,4	6.8
EBITDA margin	(%)	**10.1**	10.5	(0.4)ppts
Underlying EBITDA	(Rm)	**562,4**	535,9	4.9
Underlying EBITDA margin	(%)	**10.2**	10.8	(0.6)ppts

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CEO'S REPORT CONTINUED

Groceries revenue of R5 522,0 million increased 10.8% on the prior year (2020: R4 984,2 million), driven by a good recovery in Pies volumes and higher prices in Grocery in response to commodity input cost pressure. Underlying EBITDA rose 4.9% to R562,4 million (2020: R535,9 million), mainly as a result of a strong performance in Pet Food and cost savings in Beverages. Underlying margin declined to 10.2% (2020: 10.8%) due to the impact of rising commodity costs which were only partially offset by price increases. The net direct cost of COVID-19 was R4,5 million (2020: R13,4 million).

Culinary brands remained resilient in 2021. Nola Mayonnaise continued to grow in a competitive market, taking number one spot. The oil segment delivered an exceptional result driven by higher selling prices and a favourable procurement position for sunflower seed relative to imported oil. Yum Yum Peanut Butter volumes and market share held steady during the year despite fierce local competition, aggressive pricing and continued competition from imported peanut butter, which has a lower import duty than raw peanuts. Ouma Rusks retained market leadership due to strong seasonal sales.

Our Pet Food brands continued to perform well, maintaining their category leadership and growing market share despite tough market conditions. The Cat Food category delivered particularly pleasing volume and value growth, with strong volume share gains in the Ultra Cat veterinary brand and the Feline Cuisine and Catmor premium and economy supermarket brands. In Dog Food, Canine Cuisine grew 8.7% in the premium supermarket segment while Optimizor grew 58% in volume and gained an additional 7.5% share of the co-op channel.

In the Pies operating unit, we successfully launched the Pieman's Big Deal pie in the forecourt channel and a private label brand extension in retail. These were the first two innovations produced at the Group's new pies plant which was completed in July 2020 as part of the Pies recovery and growth strategy. While retail volumes are rebuilding gradually post the lockdown, margins remain under pressure due to rising commodity costs.

Beverage volumes are also increasing slowly in the wake of the lockdown. The main driver of Beverages' improved result was efficiencies arising from the consolidation of its ultra-high temperature (UHT) capability into its fresh plant in March 2021.

Sales and market shares on Catmor, Feline Cuisine and Ultra Cat reached new all-time highs.

Baking

		June 2021	June 2020	% change
Revenue	(Rm)	**5 849,0**	5 195,1	12.6
EBITDA	(Rm)	**520,6**	371,7	40.0
EBITDA margin	(%)	**8.9**	7.2	1.7ppts
Underlying EBITDA	(Rm)	**529,9**	396,1	33.8
Underlying EBITDA margin	(%)	**9.1**	7.6	1.5ppts

34 million units of Speciality products sold during the year.

Baking delivered an excellent result across all operating units. Revenue of R5 849,0 million improved 12.6% on the prior year (2020: R5 195,1 million) driven by increased in-home consumption and a more favourable sales mix. Underlying EBITDA rose 33.8% to R529,9 million at a margin of 9.1% (2020: R396,1 million at a margin of 7.6%). The net direct cost of COVID-19 was R9,3 million (2020: R24,4 million).

Aided by higher volumes in the Bread, Buns & Rolls and Speciality operating units, the strong performance in the Baking business unit was underpinned by focused strategic execution leading to a successful turnaround in the Gauteng bakeries and a more favourable sales mix in the Milling operating unit. Rising commodity input costs were partially offset by an early bread price increase and production efficiencies, supporting improved margins across all operating units.

A material investment in the Polokwane bakery during the year is positioning the Bread, Buns & Rolls category for growth in line with the Baking strategy.

Despite lower volumes, the Milling operating unit's performance has improved considerably by shifting (forward integrating) more of its flour into internal Bread, Buns & Rolls production, as well as reducing stock losses and improving efficiencies.

The Speciality operating unit continued to deliver strong results, boosted by volume growth in breads and speciality cakes.

Sugar (including Molatek Animal Feed)

		June 2021	June 2020	% change
Revenue	(Rm)	**8 397,7**	7 621,8	10.2
EBITDA	(Rm)	**900,4**	354,9	153.7
EBITDA margin	(%)	**10.7**	4.7	6.0ppts
Underlying EBITDA	(Rm)	**907,5**	371,6	144.2
Underlying EBITDA margin	(%)	**10.8**	4.9	5.9ppts

Sugar reported a record performance, with revenue climbing 10.2% to R8 397,7 million (2020: R7 621,8 million) and underlying EBITDA increasing 144.2% to R907,5 million at a margin of 10.8% (2020: R371,6 million at a margin of 4.9%). The net direct cost of COVID-19 was R7,2 million (2020: R16,7 million).

Sugar's record result was mainly driven by increased consumer demand amidst the ongoing COVID-19 lockdown, tight cost control and a successful shift in its sales mix towards higher-priced local market sales. Increased local sugar demand and a shrinking industry crop have created a more favourable supply-demand balance with a positive knock-on effect for local sugar prices. A higher world sugar price has also impacted positively on export revenue.

While favourable industry factors provided an advantage for Sugar during the year, internal cost management and margin restoration initiatives have been critical in improving profitability in a volatile category. With a focus on "controlling our controllables", efforts to identify and unlock cost savings in the supply chain and in agriculture have delivered exceptional results, further supported by excellent factory performance.

Progress was also made in addressing funding challenges for Sugar's three sugar cane-grower companies, which are 50% owned CBJVs with land claim beneficiaries. A debt restructuring solution has been put in place; however further work is required in this space to ensure future sustainability.

Molatek performed in line with the previous year, with an improvement in volumes offset by an adverse sales mix.

SUGAR INDUSTRY MASTER PLAN

The Sugar Industry Master Plan, signed by government and industry stakeholders in November 2020, seeks to improve the sustainability of the South African sugar industry by increasing consumption of locally-produced versus imported sugar, providing adequate protection against dumping from international sugar-producing countries, and diversifying the sugarcane value chain to enable the production of a wider range of globally-competitive sugarcane-based products.

RCL FOODS supports the Master Plan and is contributing actively to implementation efforts. So far, industrial users and retailers have committed to a minimum offtake of local sugar, and government and industry players have embarked on a concerted "Buy local" campaign to encourage South Africans to buy local sugar products. Despite the multi-stakeholder task teams meeting regularly, progress on the industry restructure has been slow. The year-long conditional exemption granted by the Competition Commission expired on 21 June 2021 and the South African Sugar Association (SASA) has requested an extension to enable engagement to continue.

Chicken Division (including Epol Animal Feed)

		June 2021	June 2020	% change
Revenue	(Rm)	**10 335,9**	8 813,6	17.3
EBITDA	(Rm)	**5,2**	28,2	(81.6)
EBITDA margin	(%)	**0.1**	0.3	(0.2)ppts
Underlying EBITDA	(Rm)	**98,8**	197,8	(50.1)
Underlying EBITDA margin	(%)	**1.0**	2.2	(1.2)ppts

Chicken performance was significantly behind the prior year. Despite revenue increasing 17.3% to R10 335,9 million (2020: R8 813,6 million), underlying EBITDA dropped 50.1% to R98,8 million at a margin of 1.0% (2020: R197,8 million at a margin of 2.2%). Extra storage costs and supply chain relief measures materially impacted results by R112,4 million (2020: R169,6 million) – the largest portion of the direct COVID-19 costs adjusted out of the underlying Group numbers. This was partially offset by insurance proceeds of R18,8 million.

The underlying result was mainly impacted by continuing breed performance challenges, significant raw material cost increases and the lingering impacts of the initial COVID-19 lockdown, compounded by Avian Influenza (AI) and, to a lesser extent, industry-wide challenges with Salmonella Enteritis (SE) impacts.

The underperformance of the current breed is due to genetic challenges at grandparent level, leading to sub-standard egg numbers and poor hatchability at parent level. This is being addressed as a key priority and the benefits of the management interventions taken will start to flow through from the 2022 financial year.

The substantial rally in commodity prices during the year has had a negative impact on input costs in both Chicken agriculture and Epol Animal Feed. To support its maize procurement, the business has partnered with a leading international grain and oil seed provider that offers a one-stop solution backed by a wealth of market knowledge and pricing insight. To counter exposure to rising raw material costs, a less energy-dense feed has been implemented in Chicken agriculture and is being monitored to ensure an optimal feed specification.

CEO'S REPORT CONTINUED

Simply Chicken remains market leader in the freezer-to-fryer category.

The prevalence and control of first SE and then AI have posed an added challenge across the South African poultry industry. While the implementation of further control measures has added to costs and supply chain pressure, the risks are being effectively managed and contracted demand has been met.

While the COVID-19 pandemic continues to affect consumers and the market as a whole, its impact has moderated somewhat since the first half of the year when the Chicken Division had to manage large volumes of excess stock due to the sudden closure of the food service sector. A positive spinoff is that retail and wholesale relationships have been reactivated through the temporary redirection of excess chicken volumes away from food service, and this will be a crucial growth driver going forward.

Rejuvenating the Rainbow brand is a key focus of the Chicken strategy and the business has actively invested behind this during the year, with encouraging results. The newly launched Rainbow economy polony has been well received, and the Simply Chicken value-added brand maintained its lead in the freezer-to-fryer category while gaining market share in chilled processed meats.

The business has also set its sights on growing its Epol Animal Feed business into a significant player in the external market, leveraging the strength of the brand to grow volumes and dilute costs.

Underpinning delivery of the business' various efficiency and growth initiatives is its decentralised model which entails managing the elements of the value chain (feed, breed, agriculture, processing, distribution and sales) on a regional basis to ensure lowest cost production and optimal responsiveness.

POULTRY SECTOR MASTER PLAN

Chicken continues to support and actively participate in the Poultry Sector Master Plan which was co-created by government and the private sector. Although significant change is yet to materialise, the Master Plan has the potential to support domestic poultry growth, expansion and investment. Currently, chicken imports still exceed the volumes produced by the largest South African chicken company and it is hoped that the Master Plan will assist with curtailing dumped imports, promoting domestic production and opening markets for exports of South African chicken.

Vector Logistics

		June 2021	June 2020	% change
Revenue	(Rm)	**3 153,6**	2 589,4	21.8
EBITDA	(Rm)	**282,9**	244,3	15.8
EBITDA margin	(%)	**9.0**	9.4	(0.4)ppts
Underlying EBITDA	(Rm)	**289,6**	119,4	142.6
Underlying EBITDA margin	(%)	**9.2**	4.6	4.6ppts

Vector Logistics had a significantly better year, with revenue increasing 21.8% to R3 153,6 million (2020: R2 589,4 million) mainly as a result of ICL's former principals being included on a full-year basis, compared to seven months in the prior period. Underlying EBITDA improved 142.6% to R289,6 million at a margin of 9.2% (2020: R119,4 million at a margin of 4.6%) as the consolidation of the Vector Logistics and ICL networks reduced the cost base significantly. Included in the prior year result was a net gain on bargain purchase arising on the ICL acquisition of R167,5 million. The direct cost of COVID-19 was R7,1 million (2020: R42,6 million).

After being significantly impacted by the sudden closure of the food service sector during the hard lockdown, Vector Logistics has seen an improvement in its food service volumes, although these are not yet at pre-COVID-19 levels. Over and above the revenue from ICL's former principals mentioned above, new revenue was generated through additional bulk storage provided to principals due to COVID-19 lockdown impacts, along with increased distribution into retail. New business gained by Vector Trade Marketing early in the period also contributed to improved revenue.

During the year, Vector Logistics acquired an additional 40.0% of L&A Logistics in Zambia, which increases its holding in the company to 85.0%. This further strengthens its platform into Africa via its operations in Zambia, Namibia and Botswana. The current year result includes an accounting gain on the deemed disposal of the 45.0% investment of R16,4 million.

EMPLOYEE SHARE OWNERSHIP SCHEME

The current B-BBEE schemes, of which the Employee Share Ownership Scheme is the majority participant, were implemented in January 2014 and will vest in the 2022 financial year. These schemes are currently underwater and as part of the Group's announced strategic review, it is considering various options for these schemes. These will be announced in due course.

PROSPECTS

The ongoing economic and social impacts of the COVID-19 pandemic, combined with the fallout of the recent devastating social unrest in KwaZulu-Natal and Gauteng in July 2021, will put significant strain on the South African economy in coming months. Indications are that a large contraction in the third quarter could counter gains made during the year and prolong the country's economic recovery period. Collaboration between business and government, as already shown during the pandemic and continued through the unrest, will be vital in restoring stability and rebuilding the economy.

Against this backdrop, the significant commodity price surge is expected to continue. This will put strong emphasis on cost recoveries, which may constrain volumes. Crop estimates in South Africa for the next season are however acceptable, which should assist to protect margins over the medium term. The Group is committed to efficiency across the value chain to offset downside risk.

Focus, simplicity, agility and relevant innovation will be key to navigating the road ahead. Our Food business is well positioned, with a clear strategic focus and growth aspiration. Key priorities for the coming year include driving further cost efficiencies across all business units, delivering innovations in Grocery, achieving volume growth in Baking, improving volumes in Pies and Beverages, and accelerating execution in terms of the opportunities posed by the LIVEKINDLY Collective Africa initiative.

Acknowledging that the plant-based food market is still in its infancy in the region, market development underpinned by consumer education is critical to grow the plant-based protein category. A key focus of the initiative will be on partnering with retail and food service customers and engaging with consumers to delight them with the products and support them in including more plant-based protein in their diet. LIVEKINDLY Collective Africa is also exploring opportunities to make its offering more affordable.

A number of exciting new Pet Food innovations are in development for launch in the new financial year, which will further strengthen our category thought leadership status.

Sugar's momentum is expected to continue into the next financial year. It is, however, highly unlikely that the business unit will deliver a result of the same magnitude again, given the unusually favourable combination of external factors amplifying its results. Good progress in improving efficiencies and margins have set it on a more sustainable path and these will be a continued major focus area in the next year, along with support for the implementation of the Sugar Industry Master Plan.

In the Chicken Division, progress has been made to date in addressing the agriculture cost base, and the new management team will accelerate its cost-saving and growth initiatives to restore profitability. These should start to deliver benefits in the 2022 financial year.

The logistics industry as a whole is experiencing margin pressure amidst rising fuel prices, heightened security concerns and the ongoing impacts of COVID-19, among other factors. Innovation and collaboration are central to Vector Logistics' value proposition and are key enablers in its customer-focused recovery strategy – with a critical deliverable being the finalisation of its network consolidation project.

At a Group level, we will continue with our plans to unlock value in our portfolio by executing on the strategic outcomes emanating from the portfolio review in a well-considered manner. The next phase in our journey will see us building sustainable shareholder value in scaling strategic components of our business while preserving what makes RCL FOODS unique: our people; our culture; our integrated platform; our compelling brands; and our strong history as a great food business.

M Dally
Chief Executive Officer

OUR KEY REPORTS AND REVIEWS

CFO'S REPORT

"RCL FOODS' revenue for the year ended June 2021 increased 14.0% to R31,7 billion. The increase was largely driven by increased Sugar revenue due to higher local market share, higher Vector revenue resulting from the take-on of new customers from the ICL acquisition (full year versus seven months in the prior year) and an improvement in Chicken following the negative impact of COVID-19 and lockdown on the last quarter of the 2020 financial year."

Rob Field
Chief Financial Officer

EBITDA
R2 409,1 MILLION ↑ **47.3%**

HEADLINE EARNINGS
R958,1 MILLION ↑ **736.0%**

HEPS
107,9 CENTS ↑ **723.7%**

OVERVIEW OF MARKET CONDITIONS

The past 12 months have seen the global economy thrust into unchartered territory as the COVID-19 pandemic took a firm hold. The pandemic saw the global economy dive into a deep recession, spiking unemployment and debt levels, ultimately worsening inequality. Collective governmental action involved almost US$12 trillion in fiscal actions and US$7,5 trillion in monetary actions. Many nations are faced with a difficult journey to restore their economies.

The monetary policy stance across major developed nations was mostly accommodative with interest rates held at near zero, the effect being rising inflation prints, particularly in the United States of America (USA). The USA Federal Reserve expressed their comfort with the USA inflationary environment, having instead been focused on the USA unemployment situation as a priority. In South Africa, the South African Reserve Bank (SARB) have maintained interest rates at 3.75% over the period in review, all to mitigate against the massive decline in economic growth over 2020 and to support households and economic growth locally. South Africa's GDP print for 2020 came in at negative 6.96% due to the havoc wreaked by the COVID-19 pandemic. The economy over the periods January to March 2021 and April to June 2021, grew by 1.0% and by 1.2% respectively, on a quarter on quarter basis. Strict lockdown measures have had a severe impact on the South African economy, with many small businesses closing, and medium to larger businesses downsizing to manage overheads. Massive levels of social inequality have also been an important consideration in the evolution of managing the pandemic over the past year. The unemployment rate sits at a record high of 34.4% for the second the quarter of 2021, with levels of youth unemployment concerningly higher. While social grants have been welcomed in alleviating some of the pressure on society's most vulnerable over the past year, much still remains to be done to tackle poverty.

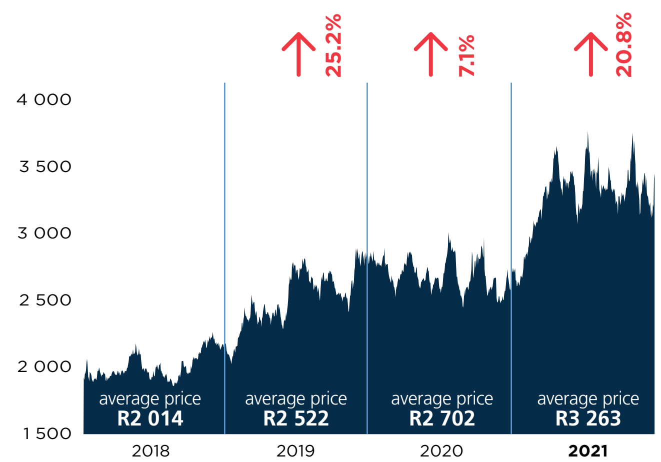
Key features of this reporting period have been the significant increase in soft commodity and oil prices, impacting input costs in many of RCL FOODS' categories. In addition, the Rand has maintained its status as one of the most liquid and volatile currencies in the world.

KEY COMMODITIES

Maize (corn)

Corn prices on the Chicago Board of Trade (CBOT) started off low during July 2020 (US$3,20 per bushel or US$126 per ton). During September 2020 it was apparent that China started to ramp up purchases from the USA and prices started to increase steadily. During February 2021 it was trading around US$5,40 per bushel (US$213 per ton), an increase of 69% from July 2020. During April 2021 Brazil started to experience dry conditions over their corn producing area. This, together with the increased purchases from China and concerns about the new corn growing season in the USA caused the corn price to rally further to peak at US$7,72 per bushel (US$304 per ton) during early May 2021. The total increase from July 2020 to May 2021 therefore amounts to US$178 per ton or 140%. The corn price subsequently declined to the most recent price of US$6,58 per bushel or US$259 per ton.

SAFEX YELLOW MAIZE (R/ton)



Source: Reuters

The price increases in local maize as traded on SAFEX were not as severe as seen in the USA market due to the combination of a stronger Rand and a big anticipated local maize crop of around 16,4 million tons.

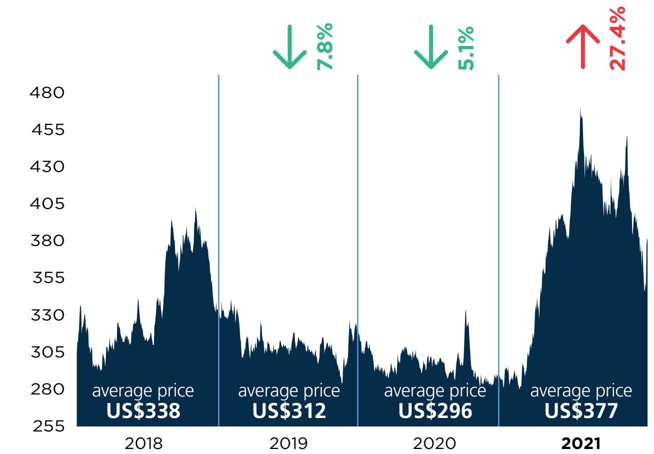
During July 2020, local yellow maize traded around R2 600 per ton. The rally in USA corn prices drove the price higher to R3 700 per ton during January 2021. These prices drifted lower from then to trade at the most recent level of R3 100 per ton. Local maize prices are trading closer to export parity hence the export programme of maize picking up since May 2021.

The average SAFEX yellow maize price for this reporting period was R3 263 per ton compared to the previous period of R2 702 per ton, an increase of R561 per ton (20.8%).

OUR KEY REPORTS AND REVIEWS

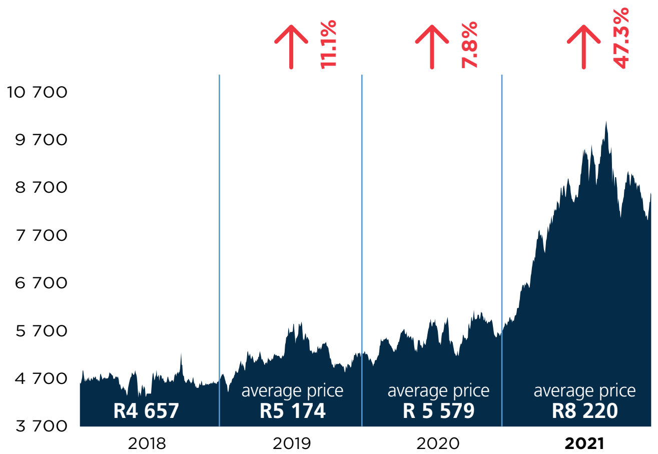
CFO'S REPORT CONTINUED

CME SOYBEAN MEAL (US$/ton)



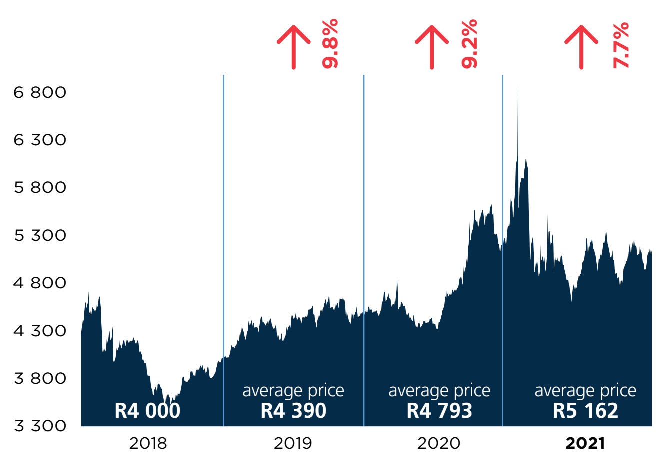
Source: Reuters

SAFEX SEED (R/ton)



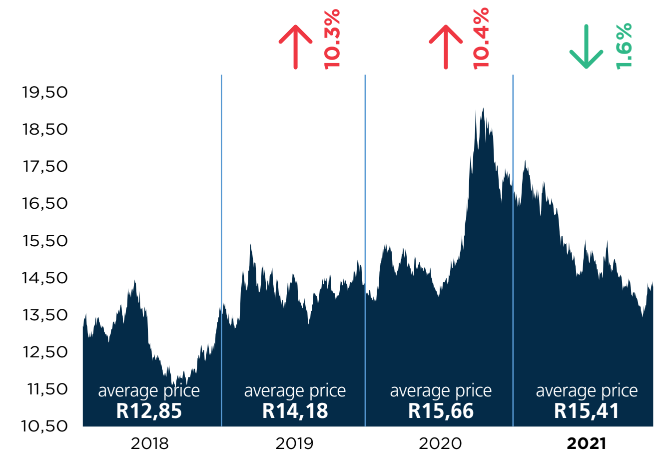
Source: Reuters

SAFEX WHEAT (R/ton)



Source: Reuters

EXCHANGE RATE (R/US$)



Source: Reuters

Soybean meal

Soya meal prices followed a similar pattern to corn, starting at low levels (US$290 per short ton), peaking during January 2021 (US$471 per short ton) and subsequently declining to the year-end level of US$380 per short ton. Price driving factors were the same as for corn, namely increased Chinese demand and South American weather issues. The average price for this period is US$377 per short ton compared to the previous period of US$296 per short ton, an increase of US$81 per short ton (27.4%).

Local soybean production experienced an excellent production year with the expected crop size to be 1,9 million tons compared to the previous production season of 1,8 million tons. Our Inland mills procured local soybean meal and we foresee the consumption of local soybean meal increasing into the future.

Sunflower seed

The area planted to sunflower seed in South Africa remains in decline, particularly since the 2016/17 season, as the crop continues its status as a "cash crop". Historically sunflower seed is grown in more marginal areas with lower inputs due to its greater tolerance to such conditions. Genetic improvements in maize and soy have negated some of these benefits and under more ideal conditions these crops give better opportunity for greater returns, thus contributing to the decline in area planted to sunflower seed. The 2020/21 season produced 786 000 tons of sunflower seed off 500 000 hectares which, together with an opening stock of 135 000 tons, gave a domestic supply of over 920 000 tons. In contrast the 2021/22 season opened with just 62 000 tons stock and with a disappointing area planted of only 478 000 hectares and projected crop of around 700 000 tons, which will result in domestic supply well short of demand. South Africa will thus increase reliance on importation of both sunflower oil and oilcake for the 2021/22 season giving support to local prices.

On the international market, prices for sunflower oil in Europe surged from $800 per ton to over $1 700 per ton in the June 2020 to June 2021 period on the back of poor crops in the Ukraine and Russia (together producing ±60% of world sunflower seed crop). The significant rise in the price of imported sunflower oil (South Africa is a net importer) supported local crush volumes and thus sunflower seed prices with the local seed price climbing from around R 6 000 per ton in June 2020 to peak at over R 10 000 per ton in March 2021. Prospects for record sunflower crops in both the Ukraine and Russia in the forthcoming harvest (September) have seen a recent collapse in the European sunflower oil prices. This has resulted in a substantial pull back in local sunflower seed prices as it has become more profitable to import sunflower oil at current local sunflower seed prices. However, local sunflower seed prices may well remain supported by the shortfall in domestic supplies, particularly given the high early season crush demand prior to the collapse in the international sunflower oil prices.

The average SAFEX sunseed price for this reporting period was R8 220 per ton compared to the previous period of R5 579 per ton, an increase of R2 641 per ton (47.3%).

* *Season opening stocks to use ratio represents the closing stocks for that commodity divided by its annual consumption.*

Wheat

Local wheat prices on SAFEX were extremely volatile during the past year, primarily due to firstly, the weakening of the Rand and then, the strengthening of the Rand, which directly impacts the derived import parity price of local wheat. Spot SAFEX wheat prices made a short-term low during harvest at R4 600 per ton on 9 December 2020 but recorded a dramatic new record high price of R6 900 per ton on 14 August 2020 mainly because of the delayed Black Sea imports and the very short supply of local wheat still available in the market. This move represents a large 50% swing in wheat prices from the high to the low during the period under review.

Wheat tariffs have also fluctuated during the past year from a high of R832.07 per ton in September 2020 to a Zero tariff in March and April 2021, when US No. 2 Hard Red Winter wheat in the US Gulf (FOB) surged above the US$279 per ton protection level. There were five wheat tariff changes during the financial year with wheat tariffs continuing to severely impact local prices, especially as the triggering period and the actual promulgation into law is often unpredictable. It was, however, pleasing to the industry that the last two promulgations of the wheat tariffs were within the recommended four to six weeks after triggering. These regulated import tariffs are derived from US Hard Red Winter wheat prices in the US Gulf and are applied on all imports.

South Africa remains a net importer of wheat despite the larger local crop of 2,12 million tons this past year, which means that local prices are mostly import parity based and derived from a similar grade of wheat imported with prices converted from US Dollars into Rands. Of the total local wheat usage an estimated 41% or 1,5 million tons of imports are required this season to meet demand. The local crop of 2,12 million tons this past year is 38.1% larger than the previous years' crop of 1,54 million tons and significantly larger than the past five years' average crop size of 1,66 million tons. The local wheat revival efforts by the industry and new grading regulations finally seem to be paying dividends.

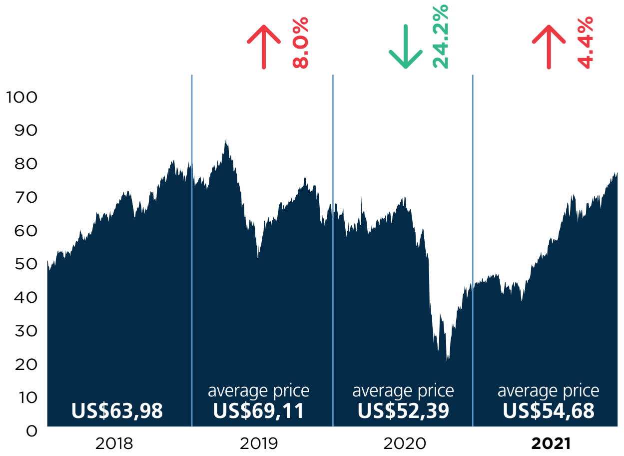
The average SAFEX wheat price for this reporting period was R5 162 per ton compared to the previous period of R4 793 per ton, an increase of R369 per ton (7.7%).

Peanuts

Despite an almost doubling in the area planted to peanuts in South Africa from the record low of 20 000 hectares in the 2019/20 season to around 38 000 hectares for both the 2020/21 and 2021/22 seasons South Africa remains a net importer, following the trend over the last decade. For the 2020/21 season the country imported around 38% of local demand and the 2021/22 season is projected at 30%. This is supporting local prices toward import parity and putting local processors (peanut butter and roasters) at a disadvantage against imported finished goods, as the imported raw peanuts attract a 10% duty whilst the finished goods attract a 1% or less *ad valorem* duty. The industry, under the guidance of the Groundnut Forum and with support from the Bureau for Food and Agricultural Policy (BFAP), have applied to the International Trade Administration Commission (ITAC) for the imposition of higher duties on imported peanut butter and roasted peanuts with the submission currently being reviewed by the Department of Trade, Industry and Competition (DTIC). A leveling of the playing field will go a long way to turning the declining local industry around and creating opportunity for growth and further investment throughout the peanut value chain.

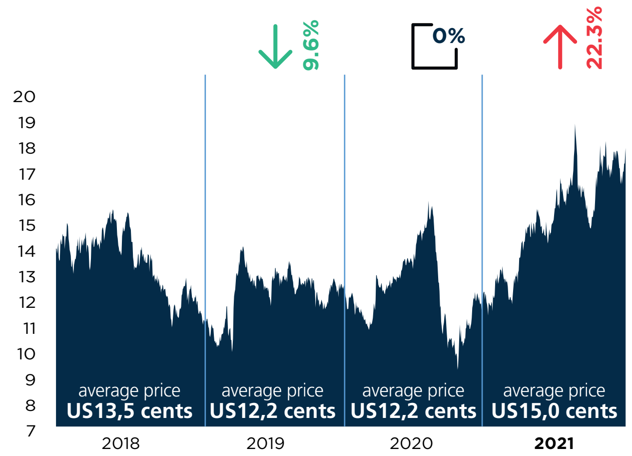
CFO'S REPORT CONTINUED

BRENT CRUDE OIL (US$)



Source: Reuters

SUGAR NO. 11 (US cents/pound)



Source: Reuters

Brent crude oil

Crude oil price action and industry tumult over calendar 2020 can best be described as "one for the books"; prices collapsed in response to the COVID-19 impact on global growth, ructions within OPEC+ were laid bare and a price war between the group and Russia all aided in Brent crude oil prices tanking to US$16 in April 2020 before trading around the US$40 mark in July 2020. Brent crude oil prices traded between US$35 and US$55 over the second half of 2020, with a clear upward trend being confirmed during January 2021 as the global economy got going again, prices settled at almost US$77 in late June 2021. The average ICE Brent Crude price for this reporting period was US$54,68 per barrel compared to the previous period of US$52,39 per barrel, an increase of US$2,29 per barrel (4.4%).

Currency

Emerging market currencies remained typically volatile during the period under review. The USD/ZAR traded at a high of R17,78 and a low of R13,39, a range of R4,39. Much of the initial weakness seen on the Rand was a result of global growth concerns as the second wave of COVID-19 infections paralyzed most developed nation economies and brought global trade to a languid pace. However, early into the period, the US Dollar began to weaken primarily on the back of a record influx of Dollars into the USA economy, with interest rates at a little above zero and the Federal Reserve's massive US$700 billion quantitative easing programme gathering steam. The weaker US Dollar, together with healthy exports of commodity raw materials out of South Africa has proved to be a boon for the Rand, this demonstrated by the pair trading below R13,50 towards the end of the reporting period.

Raw sugar (No. 11 ICE)

Raw sugar traded at an average of 14,79 US cents per pound for the period July 2020 to June 2021. Prices opened the year at levels of 12,17 US cents per pound and ended the year at levels of 18,15 US cents per pound. The market was bullish during the period, supported by a commodity friendly macroeconomic environment through higher oil prices and weaker US dollar. Tighter sugar trade flows as a result of the delayed announcement of the Indian export subsidy, coupled with production cuts in Thailand, Russia and the European Union resulted in prices peaking at 18,78 US cents per pound on 22 February 2021. Prices saw strong support despite Brazil's CS record sugar output which was easily absorbed by frontloaded import demand, fuelled by food insecurity concerns as a result of the global pandemic.

The average No. 11 price for this reporting period was 15,0 US cents per pound compared to the previous period of 12,2 US cents per pound, an increase of 2,8 US cents per pound (22.3%).

FINANCIAL REVIEW

FINANCIAL HIGHLIGHTS		June 2021	June 2020	%
Revenue	Rm	**31 687,9**	27 803,6	14.0
EBITDA	Rm	**2 409,1**	1 636,0	47.3
EBITDA margin	%	**7.6**	5.9	1.7ppts
Operating profit	Rm	**1 476,8**	(805,8)	283.3
Operating profit margin	%	**4.7**	(2.9)	7.6ppts
Net finance cost	Rm	**289,1**	454,7	36.4
Headline earnings	Rm	**958,1**	114,6	736.0
Headline earnings per share	cents	**107.9**	13.1	723.7
Capital expenditure (including intangibles)	Rm	**921,3**	811,4	38.5
Return on invested capital	%	**8.5**	(4.8)	13.3ppts
Cash generated by operations	Rm	**1 627,4**	2 571,4	(36.7)

RCL FOODS' revenue for the year ended June 2021 increased 14.0% to R31,7 billion (2020: R27,8 billion). The increase was largely driven by increased Sugar revenue due to higher local market share, higher Vector revenue resulting from the take-on of new customers from the ICL acquisition (full year versus seven months in the prior year) and an improvement in Chicken following the negative impact of COVID-19 and lockdown on the last quarter of the 2020 financial year.

EBITDA improved R773,1 million (47.3%) to R2 409,1 million (2020: R1 636,0 million) at a margin of 7.6% (2020: 5.9%). However, included in this result are material once-off and accounting impacts, such as:

- A R121,3 million net negative impact arising from COVID-19 direct costs incurred (2020: R266,8 million); and
- A net gain on bargain purchase related to the gain arising from the initial accounting for the Vector acquisition of ICL in the prior year, which was considered a "once-off" profit. The total gain on bargain purchase of R277,5 million was offset by costs related to the operation of a duplicated network for the majority of the year.

Excluding the above impacts, underlying EBITDA improved R795,2 million (45.8%) to R2 530,4 million (2020: R1 735,3 million) at a margin of 8.0% (2020: 6.2%).

The underlying EBITDA by business area is reflected in the table below:

	June 2021 Rm	June 2021 margin %	June 2020 Rm	June 2020 margin %	% change	Margin change (ppts)
Underlying EBITDA	**2 530,4**	**8.0**	1 735,3	6.2	45.8	1.8
Food Division	**1 999,8**	**10.3**	1 303,6	7.4	53.4	2.9
Groceries	**562,4**	**10.2**	535,9	10.8	4.9	(0.6)
Baking	**529,9**	**9.1**	396,1	7.6	33.8	1.5
Sugar	**907,5**	**10.8**	371,6	4.9	144.2	5.9
Chicken Division	**98,8**	**1.0**	197,8	2.2	(50.1)	(1.2)
Vector Logistics	**289,6**	**9.2**	119,4	4.6	142.6	4.6
Group	**142,3**		114,5		24.3	

The improvement in the Group's underlying EBITDA was mainly driven by gains in Sugar (up R535,9 million), Vector Logistics (up R170,2 million) and Baking (R133,8 million), partially offset by declines in Chicken (down R99,0 million).

The Food Division delivered a very strong result, with a record performance in Sugar, which benefited from higher demand, strong cost control and improved sales mix, as well as a significantly improved Baking result and pleasing growth in Groceries. The Food Division underlying EBITDA of R1 999,8 million was up 53.4% on the comparative period (2020: R1 303,6 million). All business units continued to benefit from increased in-home consumption and associated higher demand for pantry essentials. Our "on-the-go" Pies and Beverages operating units, heavily impacted in the prior year by the pandemic and reduced out-of-home consumption, are slowly rebuilding volumes. A focus on internal cost control and progress against key strategic imperatives supported the division's positive overall result. Demand has begun to stabilise in recent months with the special COVID-19 grant coming to an end amidst continuing high unemployment and commodity price pressure.

OUR KEY REPORTS AND REVIEWS

CFO'S REPORT CONTINUED

Chicken Division's performance was significantly behind the prior year. Underlying EBITDA dropped 50.1% to R98,8 million (2020: R197,8 million). Extra storage costs and supply chain relief measures materially impacted results by R112,4 million (2020: R169,6 million) – the largest portion of the direct COVID-19 costs adjusted out of the underlying Group numbers. This was partially offset by insurance proceeds of R18,8 million. The underlying result was mainly impacted by continuing breed performance challenges, significant raw material cost increases and the lingering impacts of the initial COVID-19 lockdown, compounded by Avian Influenza (AI) and, to a lesser extent, industrywide challenges with Salmonella Enteritis (SE).

Vector Logistics had a significantly better year, with underlying EBITDA increasing 142.6% to R289,6 million (2020: R119,4 million) as the consolidation of the Vector Logistics and ICL networks reduced the cost base significantly. After being significantly impacted by the sudden closure of the food service sector during the hard lockdown, Vector Logistics has seen an improvement in its food service volumes, although these are not yet at pre-COVID-19 levels.

RCL FOODS' underlying headline earnings for the year ended June 2021 increased by 170.9% to R1 045,5 million.

FINANCE COSTS

Net finance costs decreased by R165,6 million (36.4%) on the prior year due mainly to lower interest rates in the current year and well-managed working capital balances during the year, coupled with a positive R3,0 million fair value adjustment on the Group's interest rate collar hedges (2020: negative R89,8 million).

Net finance costs paid for the period of R216,6 million was R72,5 million lower than net finance costs expensed in the income statement mainly due to the non-cash leases interest charge (R135,0 million) and the unrealised portion of the fair value adjustment on the interest rate collar hedge (R62,5 million gain).

EQUITY ACCOUNTED INVESTMENTS

For a description of the main business operations of our joint ventures and associates refer to notes 3 and 4 of the consolidated financial statements, available on our website at www.rclfoods.com/financial-results-and-reports-2021.

ASSOCIATES

Royal Eswatini Sugar Corporation (RES) (Eswatini)

RCL FOODS' share of RES's after-tax results for the year ended June 2021 was up 8.4% to R128,7 million (2020: R118,7 million). The current year improvement was due to higher sugar selling prices as well as strong ethanol sales arising out the demand for alcohol-based sanitiser products.

HMH Rainbow (HMH) (Uganda)

HMH's after-tax contribution was a profit of R5,8 million (2020: R1,8 million loss) mainly due an asset revaluation that was recognised in the current year.

LIVEKINDLY Collective Africa (LKCA) (South Africa)

During the year RCL FOODS and LIVEKINDLY Collective established a local initiative, LIVEKINDLY Collective Africa. RCL FOODS' acquired 49.999% of the issued share capital of LKCA on 1 May 2021 for R155,9 million. The share of profits for the current year was R0,3 million.

L&A Logistics (L&A) (Zambia)

In February 2021, Vector Logistics increased its shareholding in L&A from 45.0% to 85.0%. This investment resulted in L&A being controlled by Vector Logistics from the effective date of 23 February 2021 and L&A's results are accordingly consolidated from this date. The current year share of profits of R0,7 million was R0,8 million lower than last year (2020: R1,5 million) mainly driven by the prior year including a full year result as well as the impact of foreign exchange losses due to the weakening of the Zambian Kwacha against the rand and the US Dollar.

JOINT VENTURES

Akwandze Agricultural Finance (Akwandze) (South Africa)

Akwandze's equity accounted share of after-tax losses was R25,4 million for the 12 months to June 2021 (2020: profit of R3,1 million). The decrease in Akwandze's after-tax profits was mainly driven by losses due an identified fraud, the insurance recovery for which is anticipated but only in the 2022 financial year. Other negative impacts included the exit of a lending arrangement with the Land Bank resulting in a smaller lending book, an increase in the provision for expected credit losses due to the prevailing economic climate and fewer loans from the cane-growers due to their improved profitability as a result of higher RV prices.

Mananga Sugar Packers (Mananga) (Eswatini)

The Mananga investment contributed an equity share of after-tax profit of R27,3 million for the 12 months to June 2021 (2020: R24,9 million). The improved performance was largely due to improved sales margins.

Senn Foods Logistics (Senn) (Botswana)

Senn experienced a challenging year due to the negative impact of COVID-19 on many of its key customers, particularly in the Quick Service Restaurant and food service channels. Whilst distribution costs were well-managed, revenue and margins came under significant pressure which impacted on profitability. Its after-tax contribution of R9,5 million was R8,7 million down on prior year (2020: R18,2 million).

TAXATION

The Group's effective tax rate, excluding joint ventures and associates, was 27.1% (2020: 13.4%). The current year tax rate was impacted by a gain recognised on the deemed disposal of the 45% investment in L&A Logistics following an additional investment resulting in it being recognised as a subsidiary. This deemed disposal has no tax consequences. The utilisation of unrecognised deferred tax assets for profits made during the year in our 50% owned sugar cane-grower companies (R8,2 million tax impact) has also affected the tax rate. Excluding the above items, the effective tax rate was 28.4%.

The 2020 effective tax rate was materially impacted by the impairment of goodwill which has no tax consequences (R167,4 million impact), the net gain on bargain purchase on the ICL acquisition, deferred tax assets not recognised in our 50% owned sugar cane-grower companies (R25,3 million tax impact) and a release of the deferred tax asset raised in previous years for future tax deductions on the Group's employee share schemes relating to unexercised share appreciation rights (SARs) and conditional shares (CSPs) awarded to employees (R43,1 million tax impact).

STATEMENT OF FINANCIAL POSITION

Key statement of financial position items are highlighted below.

Non-current assets

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment increased by R274,5 million, driven by capital expenditure totalling R899,7 million for the year, partially offset by depreciation charges of R595,6 million.

Capital expenditure (including intangibles of R21,5 million) for the year ended June 2021 was R921,3 million (2020: R811,4 million). The only significant spend items were:

- Replacements within the Vector Logistics fleet (R74,0 million);
- Replacement of certain production lines at the Pretoria West bakery (R22,5 million); and
- Electricity generation spend within Sugar (R21,9 million).

The remaining spend consists of various smaller items which are individually less than R20,0 million.

An amount of R514,0 million (2020: R325,8 million) has been contracted and committed, but not spent, whilst a further R394,8 million (2020: R279,1 million) has been approved but not contracted. Major items included in these amounts relate to:

- Expansion of the bread, buns and rolls production lines (R186,0 million);
- Planned replacements within the Vector Logistics fleet (R39,6 million); and
- The expansion of Vector Logistics' Thekweni chiller (R32,6 million).

RIGHT-OF-USE ASSETS

Right-of-use assets decreased by R278,5 million from June 2020. The decrease was mainly driven by the early exit of a leased property which reduced the right-of-use assets balance by R104,6 million, and depreciation of R229,4 million. This was partially offset by additions of R75,7 million.

INVESTMENT IN ASSOCIATES AND JOINT VENTURES

Investment in associates increased by R177,0 million driven mainly by profits capitalised in the Royal Eswatini Sugar Corporation of R128,7 million and the investment in LIVEKINDLY Collective Africa of R155,9 million, partially offset by the deemed disposal of the investment in L&A Logistics Limited of R59,4 million and dividends received from RES of R71,6 million.

INVESTMENT IN FINANCIAL ASSET

Investment in financial asset increased by R77,1 million over the comparative period mainly driven by the fair value revaluation at year-end. The investment relates to the Group's minority shareholding in the LIVEKINDLY Collective and is denominated in US Dollar.

OUR KEY REPORTS AND REVIEWS

CFO'S REPORT CONTINUED

Current assets and current liabilities

Net working capital (including biological assets) has increased by R693,4 million over the comparative period and from 10.0% to 11.0% as a percentage of revenue.

Inventory increased by R190,7 million to R3 171,4 million largely due to normalised sugar inventory levels relative to the prior year, coupled with an increase in commodity raw material pricing feeding into product valuations. This was marginally offset by a decrease in year-on-year chicken stock levels mainly due to the clearing of the stock-build which resulted from the lockdown in the last quarter of the 2020 financial year.

Biological assets increased by R150,3 million to R955,3 million mainly due to higher volumes in Chicken. The prior year was impacted by a down placement due to COVID-19 and the national lockdown.

Trade and other receivables decreased by R538,0 million and from 21.5% to 17.1% of revenue, whilst trade and other payables decreased by R890,4 million and from 25.1% to 19.2% of revenue. The gross decrease in both of these lines was largely driven by the timing of the year-end cut-off. The current financial year cut-off was 4 July 2021, whilst the prior year cut-off was 28 June 2020. As a result, debtors' receipts were collected, and creditors were paid before year-end cut-off in the current year. On a net basis, trade and other receivables and trade and other payables decreased by R352,4 million.

Cash on hand, net of overdrafts, decreased by R133,1 million to R897,0 million. The decrease was largely due to the normalisation of working capital levels in the current year as well as timing of the period end cut-off.

Long and short-term interest-bearing liabilities

Total interest-bearing liabilities of R2 965,0 million are R244,7 million higher than last year with the increase mainly due to additional external funding being obtained in the Group's sugar cane-grower companies in the current year of R350,0 million which was used to repay internal funding.

Lease liabilities

Lease liabilities of R1 415,0 million are R230,2 million lower than last year mainly due to repayments made during the year of R299,0 million and the early exit of the property lease which reduced total lease liabilities by R123,3 million, partially offset by interest capitalised of R135,0 million.

Other non-current liabilities

Deferred tax liabilities of R1 051,6 million (2020: R1 034,6 million) arises from numerous temporary differences across the Group.

The post-retirement medical obligation of R106,9 million (2020: R101,3 million) arises from the actuarial valuation of the Group's potential liability resulting from post-retirement medical aid contributions in respect of current and future retirees. This liability is unfunded. The obligation of the Group to pay medical aid benefits after retirement is no longer part of the conditions of employment of the Group.

CASH FLOW AND WORKING CAPITAL

Cash generated by operations decreased by R944,0 million (36.7%) to R1 627,4 million, largely due to the increase in working capital. As mentioned earlier, both trade receivables and trade payables were impacted by the timing of year-end cut-off in the current year versus the prior year.

The cash conversion ratio decreased to 68% (2020: 157%). Included in the non-cash items of R557,3 million are add-backs of depreciation, amortisation and impairment charges of R932,3 million and non-cash IFRS 2 and BEE charges of R92,5 million. These were offset by deductions of positive fair value adjustments on biological assets within the Chicken and Sugar business units of R23,2 million and R254,7 million respectively, as well as a fair value adjustment recognised on the investment in the LIVEKINDLY Collective of R98,4 million. Within the Sugar business unit, the entire biological assets balance is capitalised using a fair value adjustment, with the realisation of the prior year's biological assets expensed through cost of sales and reflected under working capital movements (R261,4 million), resulting in a net R6,7 million decrease in Sugar biological assets for the year.

Cash outflows from investing activities increased by R224,3 million to R1 042,8 million in the current year. Material items included within investing activities relate to capital expenditure (including intangibles) of R921,3 million (2020: R811,4 million), the investment in LIVEKINDLY Collective Africa of R155,9 million and proceeds on disposal of fixed assets and assets held-for-sale of R41,8 million (2020: R17,1 million).

The net cash outflow from financing activities of R36,5 million relates mainly to payments on lease liabilities which was partially offset by loans received in our sugar cane-grower companies.

SUMMARISED CASH FLOW INFORMATION (Rm)	June 2021	June 2020
Opening balance*	**1 030,0**	(110,4)
Operating profit adjusted for non-cash flow items	**2 034,1**	1 252,1
Working capital changes	**(406,7)**	1 319,3
Net finance costs paid	**(216,6)**	(257,7)
Tax paid	**(335,1)**	(47,9)
Dividends paid	**(225,3)**	(221,8)
Dividends received	**96,0**	69,2
Capital expenditure (including intangibles)	**(921,3)**	(811,4)
Proceeds on sale of property, plant and equipment	**37,2**	6,8
Proceeds on disposal of assets held-for-sale	**4,7**	10,3
Acquisition of businesses	**(4,5)**	110,0
Investment in financial asset		(114,2)
Acquisition of associate	**(155,9)**	
Interest-bearing liabilities	**(36,5)**	(154,3)
Other	**(2,8)**	(20,0)
Exchange rate translation	**(0,2)**	
Closing balance*	**897,0**	1 030,0

* Net of overdrafts

Return on invested capital

Return on invested capital (ROIC) remains a key metric used by the Group to measure its efficiency and effectiveness of capital allocation. ROIC is calculated using a rolling 12-month net operating profit after tax (including share of profits/losses of associates and joint ventures) divided by invested capital. The Group monitors ROIC at a divisional level and is used in allocating resources between business units as part of the annual business planning process, in order to optimise the use of funding and maximise returns to shareholders. Group ROIC improved 13.3% from negative 4.8% in 2020 to 8.5% in 2021. ROIC for the prior year was materially impacted by the impairments recognised. In addition to the reported ROIC, an underlying view is presented below. The underlying view of ROIC excludes the material impact of once-offs and accounting adjustments as well as Foodcorp acquisition purchase price allocation for intangible assets, property, plant and equipment balances and related amortisation, depreciation and tax.

Underlying Group ROIC improved 5.0% from 7.3% in 2020 to 12.3% in 2021. The Food Division delivered an excellent return of 27.0% and Vector Logistics' improvement was pleasing. These helped offset Chicken Division's poor performance.

UNDERLYING ROIC (%)	June 2021 Reported	June 2021 Underlying	June 2020 Reported	June 2020 Underlying	% change Reported	% change Underlying
Group	**8.5**	**12.3**	(4.8)	7.3	13.3ppts	5.0ppts
Food Division	**14.3**	**27.0**	(1.6)	11.2	15.9ppts	15.8ppts
Chicken Division	**(6.0)**	**(6.9)**	(14.3)	4.0	8.3ppts	(10.9)ppts
Vector Logistics	**3.8**	**4.1**	(36.8)	(11.9)	40.6ppts	16.0ppts

CFO'S REPORT CONTINUED

ACCOUNTING POLICIES

The Group's accounting policies are governed by International Financial Reporting Standards (IFRS). Guidance has been obtained from the International Financial Reporting Interpretations Committee (IFRIC) and circulars.

The Group maintains the view that the standards set the minimum requirements for financial reporting. The financial statements in this abridged integrated annual report have been prepared with the aim of exposing the reader to a detailed view of the results, using a simplified approach, in the hope of facilitating a deeper and more informed understanding of the Group's performance.

PRESENTATION DATE OF RESULTS

The Group reports its results on the retail calendar of trading weeks which treats each financial year as an exact 52-week period, incorporating trade from Monday to Sunday each week. This treatment effectively results in the loss of a day (or two in a leap year) per calendar year. These days are brought to account approximately every six years by including a 53rd week.

This change has improved efficiency over the year-end close period by eliminating the need for manual adjustments outside of the accounting system and reducing audit time.

The financial statements and results for 2021 are presented for the 371-day period ended 4 July 2021, compared to a 364-day period in the previous financial year which ended on 28 June 2020.

CASH DIVIDEND DECLARATION

It is the Board's intention to continue paying dividends, subject to the Group's underlying profit delivery.

The directors have resolved to declare a final gross cash dividend (number 93) of 30,0 cents per share bringing the total dividend declared for the year ended June 2021 to 45,0 cents per share (2020: 25,0 cents). Dividend tax will amount to 6,0 cents per share and consequently shareholders, who are not exempt from dividend tax, will receive a net dividend amount of 24,0 cents per share.

FINANCIAL STRATEGY

Having established itself as a diversified business of scale with a broad portfolio of brands, the Group has been on a journey to create a more resilient, future-fit business with more sustainable quality of earnings. In 2019 it consolidated its Consumer and Sugar & Milling divisions into a single Food Division to enable sharpened focus, increased synergies and optimised resource allocation. In parallel, it leveraged its shared services platform to enable it to service external customers such as Siqalo Foods and more recently the LIVEKINDLY Collective Africa initiative.

In November 2020, we announced a strategic review to assess whether our portfolio is optimally configured in terms of our stated intent to build a profitable business that delivers sustainable quality of earnings for shareholders. We are pleased to report that we have made substantial progress in this regard. The rigorous review process has confirmed that our current portfolio is not optimally configured for sustainable value creation in line with our strategic ambitions going forward, owing to the extent of its diversification across different asset classes, i.e. value-add branded foods (Groceries and Baking) ("FMCG"), poultry (Chicken and grain-based feed), sugar (Sugar and molasses based feed) and logistics (Vector Logistics). In this context, the Board has resolved that a separation of the businesses will ultimately better position the Group to achieve a more consistent quality of earnings and thus enable shareholder value creation.

For further details on the outcome of the strategic review, please refer to the CEO's report on 68

A strategic decision was taken in November 2020 to separate the Chicken business from the integrated Food Division to enable a dedicated focus on achieving a more competitive, profitable and sustainable performance in Chicken, aided by a greater level of autonomy within the larger Group structure. A separation of this magnitude is a complex task from a people, processes and systems perspective, and a substantial portion of the migration was completed by the end of the 2021 financial year, with final legal separation expected by the second quarter of the 2022 financial year. The division continues to utilise parts of the shared services platform, which has itself been refined to create a fit-for-purpose, director-led Business Services Organisation (BSO) to support the Group's strategic transformation. The inclusion of both centralised finance services and business unit finance brings the BSO closer to the operational level of the business and will aid with better internal strategic alignment and reporting efficiency. The establishment of a central BSO will also enable and accelerate an ongoing programme of continuous improvement leveraging relevant technology and best practice to deliver synergy efficiencies and optimise service delivery across a range of transactional and operational processes.

INFORMATION SECURITY

The risks relating to a loss of data and leaking of sensitive information remains a key area of focus for the Group as cyber-attacks become increasingly common across the globe. These risks have the potential to cause material financial and reputation damage to many companies. The Group is committed to protecting the interests of its investors and stakeholders and ensuring it fully complies with the provisions of the Protection of Personal Information Act. As a Group we are aware of the importance of safeguarding our information and currently have in place well-designed information systems and policies to control our data.

In response to the heightened level of information security risk, the Group established a project team, which has been in place since 2017, to perform a holistic review and assessment of information security risk across the Group. The approach used ensures that business users are made aware of all the risks associated with all the information they collate, change, store, share and manage. This culminated in a formal Group-wide information security policy, encompassing our information security approach and strategy and ensures compliance with the Protection of Personal Information Act.

The Group did not identify any material information security breaches in the current financial period. Cyber insurance cover has been renewed and is available in the event of a financial loss resulting from an information security breach subject to the terms of the policy.

INSURANCE

The Group applies an umbrella approach to insurance and aims to insure all Group companies under the same insurance structure.

The Group strategy is to keep insurance to a minimum without exposing the Group's assets or profitability to unacceptable financial loss which could materially affect either trading results or cash flow. RCL FOODS' balance sheet has allowed more scope to self-insure predictable losses and less material risks which are not administratively cost effective to transfer to insurers. An assessment of the Group's risk bearing capacity is performed annually to identify opportunities to increase our self-insurance levels, in conjunction with our robust risk management programme that is in place. It is our intention to methodically increase these self-insurance levels over time to manage the absolute total cost of insurance to an optimal level.

The increased scale of the Group's assets has also allowed the underwriting to be broadened to include international insurance markets. A balanced placement of underwriting between local and international underwriters is considered to be more cost effective over the long term, as it protects the Group should any market experience excessive claims. The value of this strategy has been seen in the latest renewal period with a more balanced local/international split of placement which lowered the average cost of insurance and ensure that there was sufficient capacity from the insurers to place the full insurance programme.

The major insurance event in the 2021 financial year related to COVID-19. The claim for specific COVID-19 direct costs has been confirmed by our insurers and an amount of R24,1 million has been recognised as insurance proceeds in the current financial year. This amount is expected to be received in the first quarter of the 2022 financial year. No further insurance recoveries were received in the current year in respect of the losses that stemmed from Listeriosis in the 2018 financial year, however discussions with our legal advisors and insurers are on-going.

The Group has comprehensive risk management processes in place and continues to work in conjunction with insurers in maintaining acceptable levels of insurance cover. Increased awareness around the tip-offs anonymous line and fraud indicators is being driven through Group-wide communications.

Refer to 42 of this report for a discussion over our material risks and responses.

EMPLOYEE SHARE OWNERSHIP SCHEME

The current B-BBEE schemes, of which the Employee Share Ownership Scheme is the majority participant, were implemented in January 2014 and will vest in the 2022 financial year. These schemes are currently underwater and as part of the Group's announced strategic review, it is considering various options for these schemes which will be announced in due course.

CFO'S REPORT CONTINUED

CENTRAL TREASURY AND DEBT REFINANCE

The inheritance of significant debt levels through the Foodcorp acquisition led to an increased focus on gearing and cash flow management and the subsequent establishment of a centralised treasury function. The treasury function is the Group's single point of reference with funders and is tasked with minimising the cost of funding across the Group.

The objective of the centralised treasury function is to:

- Ensure that sufficient cash resources are available to meet working capital requirements across the Group;
- Ensure that excess cash is pooled and invested optimally;
- Reduce risk related to changes in interest rates through the use of hedging;
- Determine and implement an optimal level of debt financing; and
- Minimise transaction and interest costs.

In order to optimise the achievement of the above objectives, the Group currently utilises the cash and treasury management system Kyriba. Kyriba has provided a central repository for the recording of daily cash requirements and foreign currency transactions across the Group. Kyriba has improved controls over the monitoring of cash requirements and optimal use of foreign currency instruments across the Group, whilst also driving more efficient reporting in these areas.

Our debt history

The Group acquired R5,5 billion in Euro-Denominated debt through the Foodcorp acquisition in 2013. In the 2015 financial year, the Euro debt was replaced with a R4,5 billion bridging loan, before being replaced with a R3,35 billion long-term term-funded debt package. During the 2018 financial year, the Group repaid the revolving credit facility portion of the debt package of R498,0 million from available cash resources. In the 2019 financial year, the Group restructured its term-funded debt package to take advantage of favourable capital market conditions.

The restructuring resulted in the previous remaining package of R2 852,0 million being replaced with a R2 350,0 million debt package. The R502,0 million reduction in the debt package was settled from cash resources. The current debt package has a five-year term expiring in December 2023, with interest at a rate of three-month JIBAR plus a margin of between 1.5% and 1.55%. The first capital payment on the new debt package is due in December 2021. In the 2019 financial year, the Group entered into a collar structure for R1 762,5 million of the total debt package to hedge interest rate variability, effective from 1 April 2019 to 31 March 2022.

A summary of the remaining construct of the term-funded debt package is illustrated below.

Term		Value Rm	Year 1* (Dec 2019)	Year 2 (Dec 2020)	Year 3 (Dec 2021)	Year 4** (Dec 2022)	Year 5 (Dec 2023)
5 year		837,50					
	RCF	837,50					
4 year		281,25					
	RCF	281,25					
3 year		56,25					
	RCF	56,25					
Total		2 350					
Hedged			75%	75%	79%	75%	0%

Hedged 3 month JIBAR (collar with a 7.0% floor and 8.5% cap)

Unhedged

Partial hedge (50%)

* *Hedged commences 1 April 2019*

** *Hedge ends 31 March 2022*

Key covenants on the current debt package are net interest-bearing senior debt/adjusted EBITDA cover ratio of less than 3.0 and a senior interest cover ratio of greater than 3.5. All covenants have been met in the 2021 financial year.

CONCLUSION

The strong foundations laid in the business have meant another crisis has been weathered amidst a challenging business environment, with the business's resilience demonstrated in significantly improved profitability and strength of balance sheet. This bodes well for the future.

R Field
Chief Financial Officer

RECONCILIATION BETWEEN REPORTED AND UNDERLYING RESULTS

The underlying view of results which is considered *pro forma* financial information in terms of the JSE Listings Requirements, has been presented for illustrative purposes only, to provide users with relevant information and measures used by the Group to assess performance for the period under review. The underlying adjustments have been extracted from the Group's accounting records and is the responsibility of its board of directors. The underlying view of results is a non-IFRS measure and therefore may not fairly present the Group's financial position, changes in equity, results of operations or cash flows for the periods presented. This *pro forma* financial information has been reported on by the Group's auditors, being PricewaterhouseCoopers Inc., and their independent reporting accountant's report is available for inspection at the Group's registered offices and on the RCL FOODS website, www.rclfoods.com/financial-results-and-reports-2021/.

June 2021 (Rm)	Reported results	COVID-19 direct costs	Underlying results
EBITDA	2 409,1	121,3	2 530,4
Food Division	1 978,8	21,0	1 999,8
Groceries	557,8	4,5	562,4
Baking	520,6	9,3	529,9
Sugar	900,4	7,2	907,5
Chicken Division	5,2	93,6	98,8
Vector Logistics	282,9	6,7	289,6
Group	142,3		142,3
EPS (cents)	111,8	9,8	121,6
Headline earnings	958,1	87,3	1 045,5
HEPS (cents)	107,9	9,8	117,7

June 2020 (Rm)	Reported results	COVID-19 direct costs	Cash-generating unit impairments	Gain on bargain purchase	Underlying results
EBITDA	1 636,0	266,8		(167,5)	1 735,3
Food Division	1 249,1	54,5			1 303,6
Groceries	522,4	13,4			535,9
Baking	371,7	24,4			396,1
Sugar	354,9	16,7			371,6
Chicken Division	28,2	169,6			197,8
Vector Logistics	244,3	42,6		(167,5)	119,4
Group	114,5				114,5
EPS (cents)	(103,0)	21,9	142,7	(19,1)	42,5
Headline earnings	114,6	192,1		79,2	385,9
HEPS (cents)	13,1	21,9		9,0	44,0

RECONCILIATION BETWEEN REPORTED AND UNDERLYING RESULTS CONTINUED

Reported information has been extracted without adjustment from the consolidated annual financial statements for the year ended June 2021.

- COVID-19 relates to the negative impact arising from COVID-19 direct costs incurred and excludes any revenue impact. This is disclosed net of insurance proceeds received in the current year. Direct costs associated with COVID-19 include, but are not limited to, additional casual labour and overtime costs arising as a result of lockdown capacity constraints; amounts spent on personal, protective equipment for our employees; transportation of employees to and from home to ensure staff safety, which has now ceased; deep cleaning costs incurred as a result of COVID-19; additional storage due to stock-builds; and the supply chain relief driven by excess stock levels.
- Cash-generating unit impairments relate to impairments processed in the prior year largely due to a lower forecast of growth into the future and the lingering impact of COVID-19 throughout the business.
- Gain on bargain purchase relates to the gain arising from the initial accounting for the Vector Logistics acquisition of ICL and is considered a "once-off" profit.

The headline earnings impact of the underlying adjustments in the table above differs from EBITDA mainly due to the impact of taxation and certain elements of the gain on bargain purchase being headline earnings exclusions.

DEFINITIONS AND RATIOS

SHAREHOLDER RATIOS

Earnings per share

Profit for the year attributable to equity holders of the Company divided by weighted average ordinary shares in issue

Diluted earnings per share

Profit for the year attributable to equity holders of the Company divided by diluted weighted average ordinary shares in issue

Headline earnings per share

Headline earnings divided by weighted average ordinary shares in issue

Dividend cover

Headline earnings per share divided by dividends per share

Net asset value per share

Total equity divided by ordinary shares in issue at year-end

RESULTS RATIOS

EBITDA margin

EBITDA expressed as a percentage of revenue

Operating profit margin

Operating profit expressed as a percentage of revenue

Return on net assets

Profit before tax, expressed as a percentage of net assets

Net asset turnover

Revenue divided by net assets

Return on invested capital

Net operating profit (EBIT) after tax plus equity accounted profits divided by invested capital

STATEMENT OF FINANCIAL POSITION

Total assets

Non-current and current assets

Total liabilities

Non-current and current liabilities

Net assets

Total assets less total liabilities

Invested capital

Total equity and interest-bearing liabilities less non-operating assets, cash and investments in joint ventures and associates

INCOME STATEMENT

Operating profit before depreciation, amortisation and impairment (EBITDA)

Operating profit before depreciation, amortisation and impairment is earnings before depreciation, amortisation, impairments of property, plant and equipment and intangible assets, interest and tax

Operating profit (EBIT)

Operating profit is earnings before interest and tax

Return on equity

Profit attributable to equity holders of the Company expressed as a percentage of average total equity

SHARE INFORMATION

PE ratio

Market share price at year-end divided by headline earnings per share

DEBT RATIOS

Net senior debt

Total unsubordinated debt less cash and cash equivalents

Senior leverage ratio

Net senior debt divided by pre-IFRS 9 EBITDA adjusted for amounts attributable to non-controlling interests, asset revaluations, profits or losses on disposals of property, plant and equipment and the impact of the implementation of IFRS 16 Leases

Senior interest cover ratio

Pre-IFRS 9 EBITDA adjusted for amounts attributable to non-controlling interests, asset revaluations, profits or losses on disposals of property, plant and equipment and the impact of the implementation of IFRS 16 Leases

Senior net finance charges

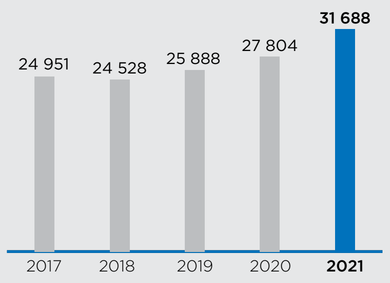
Finance charges on unsubordinated debt less interest income

Gearing ratio

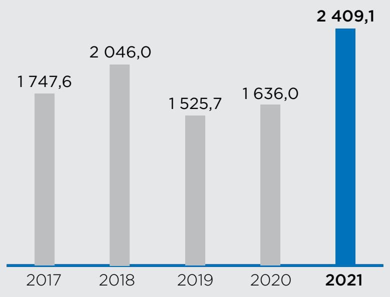
Total interest-bearing liabilities as a percentage of total equity

OUR FIVE-YEAR REVIEW

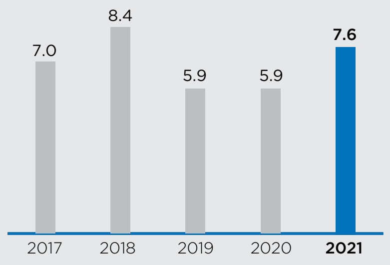
REVENUE (R million)



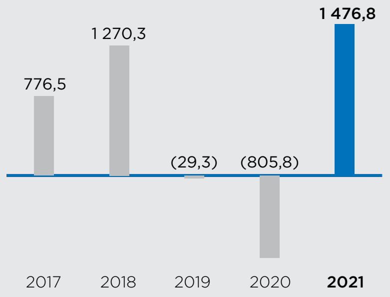
EBITDA (R million)



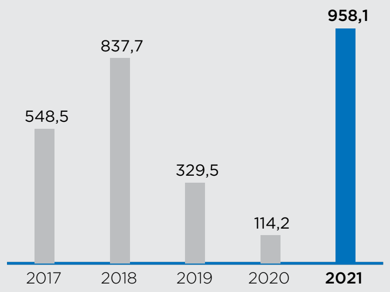
EBITDA MARGIN (%)



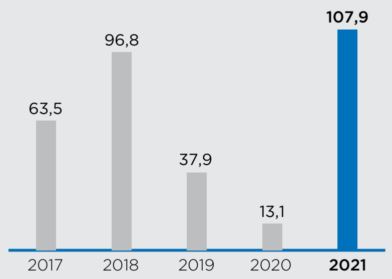
EBIT (R million)



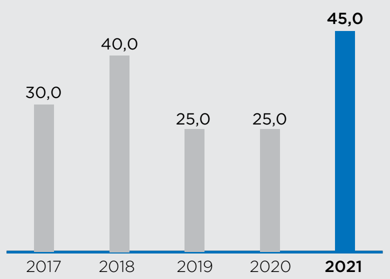
HEADLINE EARNINGS*
attributable to equity holders of the Company
(R million)



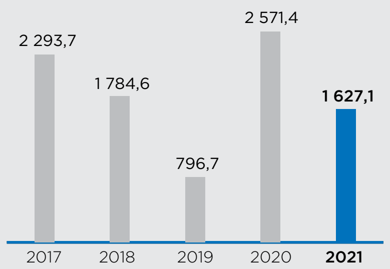
HEADLINE EARNINGS PER SHARE*
attributable to equity holders of the Company
(cents)



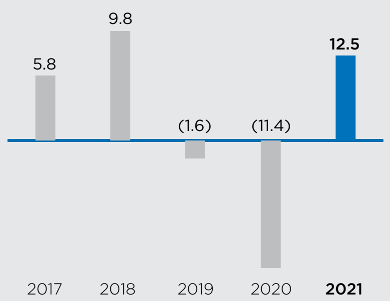
DIVIDENDS PER SHARE (cents)



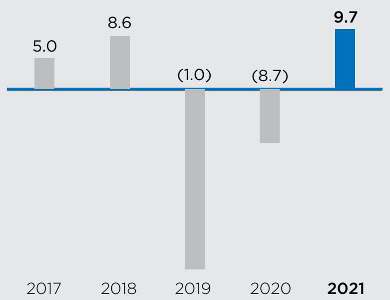
CASH GENERATED BY OPERATIONS (R million)



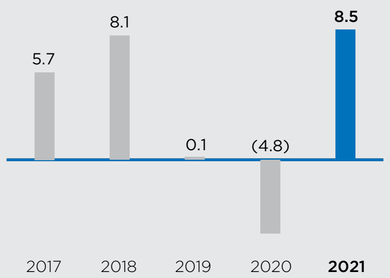
RETURN ON NET ASSETS (%)



RETURN ON EQUITY (%)



RETURN ON INVESTED CAPITAL** (%)



* *Headline earnings and headline earnings per share for the 2020 financial year have been restated to align with the requirements of Circular 1/2021 which is effective for the year ended June 2021.*
** *Comparative return on invested capital has been restated to align with current definition.*

	2021 R'000	2020 R'000	2019 R'000	2018 R'000	2017 R'000
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION					
ASSETS					
Property, plant and equipment and right-of-use assets	**6 665 072**	6 669 077	5 566 523	5 922 829	5 720 285
Intangible assets	**3 659 965**	3 677 055	4 639 232	4 695 990	4 881 405
Investment in joint ventures	**287 828**	310 309	288 241	248 570	227 366
Investment in associates	**853 866**	676 856	612 918	526 437	513 323
Deferred income tax asset	**99 742**	86 428	71 400	28 448	6 876
Loans receivable	**49 375**	66 964	91 561	35 920	1 555
Trade and other receivables	**24 597**	23 060	127 025	58 010	12 788
Investment in financial asset	**214 138**	137 039			
Current assets	**10 553 423**	10 839 788	9 009 968	9 475 093	8 144 716
Total assets	**22 408 006**	22 486 576	20 406 868	20 991 297	19 508 314
EQUITY AND LIABILITIES					
Equity	**10 693 667**	9 821 976	10 834 026	11 179 703	10 386 753
Deferred income				22	141
Interest-bearing liabilities	**3 525 331**	3 959 958	2 639 363	1 965 983	3 078 822
Deferred income tax liabilities	**1 051 565**	1 034 622	1 211 607	1 253 584	1 248 056
Retirement benefit obligations	**106 900**	101 269	126 590	135 072	136 668
Trade and other payables	**461**	3 059	6 326	6 410	3 157
Current liabilities	**7 030 086**	7 565 692	5 588 956	6 450 523	4 654 717
Total equity and liabilities	**22 408 006**	22 486 576	20 406 868	20 991 297	19 508 314
CONSOLIDATED INCOME STATEMENTS					
Revenue	**31 687 850**	27 803 611	25 887 506	24 527 961	24 950 655
Operating profit before depreciation, amortisation and impairment* (EBITDA)	**2 409 135**	1 636 037	1 525 659	2 045 984	1 747 633
Depreciation, amortisation and impairment*	**(932 330)**	(2 441 834)	(1 554 986)	(775 640)	(971 125)
Operating profit/(loss)	**1 476 805**	(805 797)	(29 327)	1 270 344	776 508
Finance costs	**(326 161)**	(508 186)	(325 201)	(315 104)	(373 741)
Finance income	**37 053**	53 457	48 585	62 624	40 999
Share of profits of joint ventures	**11 331**	46 267	43 318	28 268	48 577
Share of profits of associates	**135 553**	118 338	84 523	51 834	109 516
Impairment of associate		(18 897)			
Profit/(loss) before tax	**1 334 581**	(1 114 818)	(178 102)	1 097 966	601 859
Income tax (expense)/credit	**(338 824)**	155 780	(5 860)	(219 589)	(125 552)
Profit/(loss) for the year	**995 757**	(959 038)	(183 962)	878 377	476 307
Profit/(loss) for the year attributable to:					
Equity holders of the Company	**992 909**	(901 396)	(110 541)	922 439	515 657
Non-controlling interests	**2 848**	(57 642)	(73 421)	(44 062)	(39 350)

* *Impairments relate only to impairments of property, plant and equipment, goodwill and intangible assets.*

OUR KEY REPORTS AND REVIEWS

OUR FIVE-YEAR REVIEW CONTINUED

		2021	2020	2019	2018	2017
KEY STATISTICS						
Earnings per share	cents	**111,8**	(103,0)	(12,7)	106,6	59,7
Diluted earnings per share	cents	**111,7**	(102,9)	(12,5)	104,1	59,2
Headline earnings per share*	cents	**107,9**	13,1	37,9	96,8	63,5
Dividends per share	cents	**45,0**	25,0	25,0	40,0	30,0
Dividend cover	times	**2,4**	0,5	1,5	2,4	2,1
Cash generated by operations	R million	**1 627**	2 571	797	1 785	2 294
Capital expenditure (excluding intangibles)	R million	**900**	785	1 131	815	793
Net assets	R million	**10 694**	9 822	10 834	11 180	10 387
Net asset value per share	cents	**1 203,9**	1 105,8	1 245,1	1 289,0	1 201,0
RESULTS RATIOS						
EBITDA margin	%	**7.6**	5.9	5.9	8.4	7.0
Operating profit margin	%	**4.7**	(2.9)	(0.1)	5.2	3.1
Return on net assets	%	**12.5**	(11.4)	(1.6)	9.8	5.8
Net asset turnover	times	**3.0**	2.8	2.4	2.2	2.4
Return on equity	%	**9.7**	(8.7)	(1.0)	8.6	5.0
Return on invested capital**	%	**8.5**	(4.8)	0.1	8.1	5.7
DEBT RATIOS						
Senior leverage ratio	times	**1.0**	1.6	2.3	1.1	1.4
Senior interest cover ratio	times	**10.2**	4.7	4.8	7.4	5.0
Gearing ratio		**41.0**	44.4	26.0	29.1	31.8
SHARE INFORMATION						
Number of ordinary shares						
– weighted average in issue***	‘000	**888 246**	875 497	868 897	865 649	864 167
– diluted weighted average in issue***	‘000	**889 274**	876 172	883 210	886 486	870 908
– at year-end (statutory, includes BEE shares)	‘000	**959 004**	959 004	940 902	938 087	935 566
– at year-end (for accounting purposes)***	‘000	**888 246**	888 246	870 143	867 328	864 807

* *Headline earnings and headline earnings per share for the 2020 financial year have been restated to align with the requirements of Circular 1/2021 which is effective for the year ended June 2021.*

** *Comparative return on invested capital has been restated to align with current definition.*

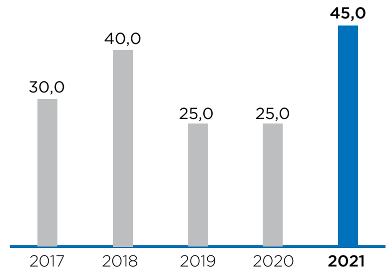
*** *Excludes shares issued in terms of the BEE schemes, refer to note 32 of the consolidated financial statements.*

For further details pertaining to shareholder information refer to note 11 of the consolidated financial statements.

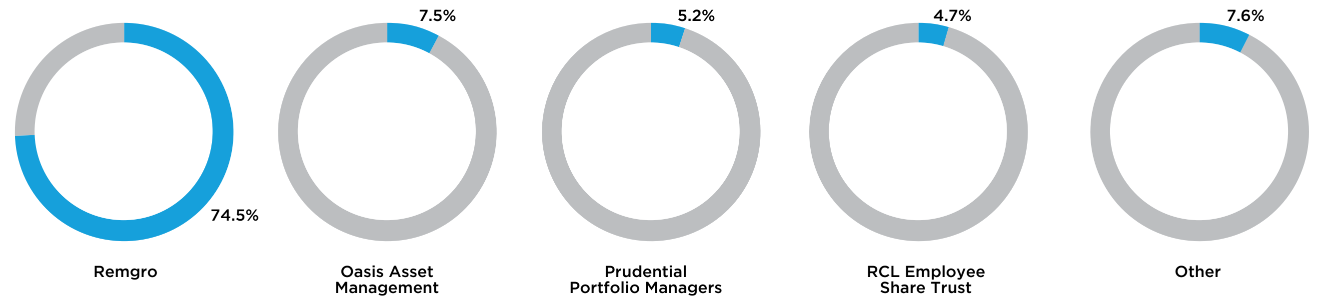
SHARE INFORMATION

RCL FOODS SHARE PRICE (cents)

DIVIDENDS PER SHARE (cents)



SHAREHOLDERS (%)



STOCK EXCHANGE PERFORMANCE

12 MONTHS		2021	2020
Share price			
– lowest	cents	**562**	810
– highest	cents	**1 099**	1 300
– at year-end	cents	**931**	880
Number of shares traded	million	**63,4**	19,8
Value traded	R million	**475,3**	194,0
Number of shares in issue at year-end	‘000	**959 004**	959 004
PE ratio at year-end	ratio	**8.6**	23.2
Market capitalisation	R billion	**8,9**	8,4

LISTING INFORMATION

JSE share code:	RCL
Sector:	Consumer Goods – Food & beverages
Subsector:	Food Producers

REPORTING DATES

Interim results	March 2022
Year-end results	September 2022
Annual report published	September 2022
Annual general meeting	November 2022

OUR KEY REPORTS AND REVIEWS

ENVIRONMENTAL AND SOCIAL REVIEW

	Unit of measure	June 2021	June 2020*
Environmental performance indicators			
Water consumption (municipal)	Mℓ	**5 412**	5 490
Energy consumption:			
– electricity (Eskom)	GWh	**526**	536
– electricity (own-generated consumption)	GWh	**160**	159
– coal	tons	**175 533**	171 419
– gas	tons	**4 989**	5 015
– diesel	kℓ	**27 294**	28 548
Recycled waste products:			
– cardboard waste (includes paper)	tons	**4 213**	5 925
– plastic waste	tons	**617**	574
– scrap metal and timber	tons	**663**	403
– treated water discharged to municipality	Mℓ	**2 699**	2 550
– treated water as a percentage of total water consumption	%	**50**	46
Non-compliance, prosecution and fines	R'000	**7 648**	824
Social performance indicators			
Total employees (permanent and temporary)		**21 304**	20 823
Net full-time (decrease)/increase		**481**	(223)
Bargaining unit employees	%	**75**	75
Training spend:			
– Training spend	Rm	**32,6**	31,8
– Total hours of training		**234 670**	309 248
– Average hours per employee		**25**	31
Disabling injury frequency rate**:			
– Groceries		**1,13**	1,11
– Baking		**1,06**	1,61
– Sugar		**0,68**	1,22
– Chicken		**1,55**	1,47
– Vector Logistics		**0,99**	0,85
Number of working days lost through strike action or work stoppages		**203**	0
Corporate Social Investment spend	Rm	**7,8**	9

* Certain prior year figures have been restated to align with current year definitions
** Any injury resulting in lost time of 1 to 14 days

ABRIDGED FINANCIAL STATEMENTS

RCL FOODS LIMITED

Ten The Boulevard
Westway Office Park
Westville
3629

Dear shareholder,

Kindly note that the information contained in this printed version of the Abridged Integrated Annual Report represents a summary of the information contained in the full Integrated Annual Report published on the RCL FOODS website at www.rclfoods.com/financial-results-and-reports-2021/ on 27 September 2021.

Any investment decisions by investors and/or shareholders should be based on a consideration of the full Integrated Annual Report as a whole and shareholders are encouraged to review the full Integrated Annual Report which is available for viewing on the Company's website set out above.

Investors and/or shareholders may request copies of the full Integrated Annual Report by contacting the Company Secretary at john.maher@rclfoods.com or on 087 362 8501.

Yours faithfully

JJ Durand
Non-executive Chairman

REPORT OF THE AUDIT COMMITTEE

for the year ended June 2021

This report sets out how the Audit Committee discharged its responsibilities during the financial year ended June 2021 as required in terms of section 94 of the Companies Act of South Africa (the Companies Act).

MANDATE AND TERMS OF REFERENCE

The responsibilities of the Audit Committee are incorporated into the Committee's charter which is reviewed annually and approved by the Board. The Committee has conducted its affairs in compliance with this charter and has discharged its responsibilities contained therein.

A copy of the charter can be found on our website at www.rclfoods.com/governance/corporate-governance/governance-documents

AUDIT COMMITTEE MEMBERSHIP AND RESOURCES

The Audit Committee consists of five independent non-executive directors, with the previous Chairperson Mr RV Smither having retired on 13 November 2020, the membership changed to four and one ex-officio member, Mr GC Zondi. Mrs CJ Hess was appointed Chairperson on 13 November 2020. All members of the Committee have the requisite financial knowledge and commercial skills and experience to contribute effectively to committee deliberations.

The Committee met seven times during the year as per the Audit Committee charter. A representative of the Chairman of the Board, Chief Executive Officer (CEO), Chief Financial Officer (CFO), Internal Audit Director (IAD) and representatives from the external auditors attend meetings by invitation. Other members of the Board and management team attend as required. The Committee meets separately with the external and internal auditors at least once a year without management present, to ensure that all relevant matters have been identified and discussed without undue influence.

MEMBERS		Appointed	22/07/2020	20/08/2020	27/08/2020	09/11/2020	09/12/2020	25/02/2021	24/06/2021
RV Smither*	CA(SA)	December 2008	Present	Present	Present	Present	Retired	Retired	Retired
CJ Hess**^	BCom, PGDA, CA(SA)	June 2018	Present	Present	Present	Present	Present	Present	Present
NP Mageza	ACCA(UK)	September 2009	Present	Present	Present	Present	Present	Present	Present
DTV Msibi	BBusSc, BCom (Hons), MCom, CA(SA)	August 2013	Present	Apology	Present	Present	Present	Present	Present
GM Steyn	BA (LLB)	March 2019	Present	Present	Present	Present	Present	Present	Present
GC Zondi#	BCompt (Hons), AGA (SA)	July 2018	Present	Present	Present	Present	Present	Present	Present

* *Retired 13 November 2020.*
** *Appointed Chairperson 13 November 2020.*
^ *Committee Chairperson.*
\# *Ex officio member*

ABRIDGED FINANCIAL STATEMENTS

REPORT OF THE AUDIT COMMITTEE CONTINUED

for the year ended June 2021

ELECTION OF COMMITTEE MEMBERS

In terms of section 94(2) of the Companies Act, it was resolved at the Annual General Meeting held on 13 November 2020 that, CJ Hess, NP Mageza, DTV Msibi and GM Steyn be re-appointed as members of the Audit Committee until the next Annual General Meeting on 16 November 2021.

ROLES AND RESPONSIBILITIES

The Audit Committee's roles and responsibilities include its statutory duties per the Companies Act and the responsibilities assigned to it by the Board. The Audit Committee fulfils an oversight role regarding financial reporting risks, internal financial controls, fraud risk and information technology (IT) risks as they relate to financial reporting.

The Audit Committee has discharged its key responsibilities as follows:

- Reviewed the interim results, year-end financial statements, sustainability disclosure and Integrated Annual Report, culminating in a recommendation to the Board. In the course of its review, the Committee:
  - Took appropriate steps to ensure that the financial statements are prepared in accordance with International Financial Reporting Standards (IFRS);
  - Considered and, when appropriate, made recommendations on financial statements, accounting practices and internal financial controls;
  - Ensured that the Company and its subsidiaries have established appropriate financial reporting procedures and that those procedures are operating effectively;
  - Took into consideration the process of proactive monitoring of financial statements for compliance with IFRS in terms of the JSE proactive monitoring report;
- Confirmed the Internal Audit charter, audit plan and delegation of authority;
- Evaluated the effectiveness of controls and governance processes and satisfied itself about the adequacy and effectiveness of the Group's system of internal financial controls;
- Reviewed the appropriateness of the combined assurance model in addressing all significant risks facing the Group;
- Considered and recommended to the Board the appointment and retention of external auditors;
- Approved the audit fees and engagement terms of the external auditors; and
- Determined the nature and extent of allowable non-audit services and approved the terms for the provision of non-audit services by the external auditors.

The role of the Audit Committee applies to all the divisions of the Group.

EXPERTISE AND EXPERIENCE OF THE CFO AND FINANCE FUNCTION

The Audit Committee performed an assessment of the CFO, Robert Field, and the Finance function. Based on the 2021 assessment, the Audit Committee is satisfied that Robert Field and his management team have the appropriate expertise and experience to service the Group's Finance function. It further considered and satisfied itself of the overall appropriateness of the expertise and adequacy of resources of the Group's Finance function. The Annual Financial Statements were compiled under the supervision of Robert Field, CA(SA).

EXTERNAL AUDIT

PricewaterhouseCoopers Inc. (PwC) are the incumbent auditors for all the Group companies. The Committee continually monitors the independence and objectivity of the external auditors, and satisfied itself with the ethical requirements regarding independence and PwC was considered independent with respect to the Group as required by the Codes endorsed and administered by the Independent Regulatory Board for Auditors and the South African Institute of Chartered Accountants. The Committee has satisfied itself that the external auditors' appointment of Rodney Klute complies with the JSE Listings Requirements and that the designated registered auditor is within their tenure and rotation requirements.

The Committee has reviewed the audit process and has satisfied itself with the performance of the external auditors.

During the period, PwC provided certain non-audit services, including tax services and agreed-upon procedures compliance audits. Total fees incurred during the 2021 financial year to PwC were R23,6 million of which R2,4 million related to non-audit services.

The Group has defined levels of authority which require final approval for all non-audit services by the Audit Committee.

The Audit Committee has nominated, for election at the Annual General Meeting, PwC as the external audit firm responsible for performing the functions of auditor for the 2022 financial year. The Audit Committee has requested the information detailed in section 22.15(h) of the JSE Listings Requirements from PwC. The Audit Committee has satisfied itself that the audit firm and the designated auditor are accredited as such on the JSE list of auditors and has considered the information provided by PwC in terms of section 22.15(h) of the JSE Listings Requirements in its assessment.

INTERNAL AUDIT

The Audit Committee is responsible for ensuring that the RCL FOODS' Internal Audit function is independent and has the necessary resources and authority to enable it to discharge its duties.

Internal Audit comprises a dedicated team of appropriately qualified and technically experienced personnel. Where necessary, certain audits are outsourced to consultants with appropriate skills and technical expertise. The activities of the Internal Audit function are co-ordinated by the Internal Audit Director (IAD). To ensure independence, the IAD reports functionally to the Audit Committee and, only from an administrative perspective, to the CEO. The Committee reviewed the performance of the IAD and was satisfied that he has the necessary expertise and experience to fulfil this role and that he had performed appropriately during the year under review.

INTERNAL FINANCIAL CONTROLS

The Committee is satisfied that the Group's system of internal financial controls is effective and forms a basis for the preparation of reliable financial statements, which is based on the review of the design, implementation and effectiveness of the Group's system of internal financial controls conducted by the Internal Audit function during the year under review, and reports made by the independent external auditors on the results of their audit and management reports. No findings have come to the attention of the Committee to indicate that any material breakdown in internal controls has occurred during the past financial year.

GOING CONCERN ASSESSMENT

The Audit Committee reviewed a documented assessment by management of the going concern premise of the Company and Group before concluding to the Board that the Company and Group will be a going concern in the foreseeable future.

CJ Hess
Audit Committee Chairperson
3 September 2021

ABRIDGED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at

	4 July 2021 R'000	28 June 2020 R'000
ASSETS		
Non-current assets		
Property, plant and equipment	**5 559 851**	5 285 323
Right-of-use asset	**1 105 221**	1 383 754
Intangible assets	**1 667 018**	1 737 932
Investment in joint ventures	**287 828**	310 309
Investment in associates	**853 866**	676 856
Deferred income tax asset	**99 742**	86 428
Loans receivable	**49 375**	66 964
Trade and other receivables	**24 597**	23 060
Investment in financial asset	**214 138**	137 039
Goodwill	**1 992 947**	1 939 123
	11 854 583	11 646 788
Current assets		
Inventories	**3 171 386**	2 980 665
Biological assets	**955 343**	805 088
Trade and other receivables	**5 427 265**	5 965 279
Derivative financial instruments	**62 979**	9 723
Tax receivable	**32 503**	44 358
Loan receivable		2 500
Cash and cash equivalents	**896 969**	1 030 041
	10 546 445	10 837 654
Assets of disposal group classified as held-for-sale	**6 978**	2 134
Total assets	**22 408 006**	22 486 576
EQUITY		
Capital and reserves	**10 693 667**	9 821 976
LIABILITIES		
Non-current liabilities		
Interest-bearing liabilities	**2 274 763**	2 477 189
Lease liabilities	**1 250 568**	1 482 769
Deferred income tax liabilities	**1 051 561**	1 034 622
Retirement benefit obligations	**106 900**	101 269
Trade and other payables	**461**	3 059
	4 684 253	5 098 908
Current liabilities		
Trade and other payables	**6 083 071**	6 973 515
Deferred income	**2 078**	2 741
Interest-bearing liabilities	**690 210**	243 036
Lease liabilities	**164 481**	162 509
Derivative financial instruments	**41 090**	124 811
Current income tax liabilities	**49 156**	59 080
	7 030 086	7 565 692
Total liabilities	**11 714 339**	12 664 600
Total equity and liabilities	**22 408 006**	22 486 576

CONSOLIDATED INCOME STATEMENT

for the year ended June 2021

		June 2021 R'000	June 2020 R'000
Revenue		**31 687 850**	27 803 611
Operating profit before depreciation, amortisation and impairment (EBITDA)[1]		**2 409 135**	1 636 037
Depreciation, amortisation and impairment[2]		**(932 330)**	(2 441 834)
Operating profit/(loss)		**1 476 805**	(805 797)
Finance costs		**(326 161)**	(508 186)
Finance income		**37 053**	53 457
Share of profits of joint ventures		**11 331**	46 267
Share of profits of associates		**135 553**	118 338
Impairment of associate			(18 897)
Profit/(Loss) before tax		**1 334 581**	(1 114 818)
Income tax (expense)/credit		**(338 824)**	155 780
Profit/(Loss) for the period		**995 757**	(959 038)
Attributable to:			
Equity holders of the Company		**992 909**	(901 396)
Non-controlling interests		**2 848**	(57 642)
HEADLINE EARNINGS			
Profit/(Loss) for the year attributable to equity holders of the Company		**992 909**	(901 396)
(Profit)/Loss on disposal of property, plant and equipment		**(18 225)**	257
Bargain purchase gain			(246 740)
Insurance proceeds		**(1 234)**	(5 871)
Impairments of fixed assets and intangibles		**7 070**	1 249 463
Gain on deemed disposal of L&A		**(16 396)**	
Change in ownership of associate		**(2 298)**	
Profit on disposal of property, plant and equipment included in equity accounted earnings of associates		**(247)**	
Net impairments included in equity accounted earnings of associates		**(1 858)**	
Gain on bargain purchase included in equity accounted earnings of associates		**(1 582)**	
Impairments of associate			18 897
Headline earnings*		**958 139**	114 610
Earnings per share attributable to equity holders of the Company			
Basic earnings per share	(cents)	**111,8**	(103,0)
Basic earnings per share – diluted	(cents)	**111,7**	(102,9)
Headline earnings per share*	(cents)	**107,9**	13,1
Headline earnings per share – diluted*	(cents)	**107,7**	13,1

[1] *Includes expected credit losses recognised on loans receivable and trade and other receivables of R24,1 million (2020: R77,2 million).*
[2] *Impairments relate only to impairments of property, plant and equipment, goodwill and intangible assets.*
* *Headline earnings for the 2020 financial year have been restated to align with the requirements of Circular 1/2021 which is effective for the year ended June 2021.*

ABRIDGED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended June 2021

	June 2021 R'000	June 2020 R'000
Profit/(Loss) for the period	**995 757**	(959 038)
Other comprehensive income		
Items that will not be reclassified to profit and loss		
Remeasurement of retirement medical obligations – net of tax	**185**	18 982
Share of associates other comprehensive income	**543**	408
Items that may be reclassified subsequently to profit and loss		
Currency translation differences	**(12 279)**	11 389
Other comprehensive income for the year – net of tax	**(11 551)**	30 779
Total comprehensive income for the year	**984 206**	(928 259)
Total comprehensive income for the year attributable to:		
Equity holders of the Company	**981 358**	(870 617)
Non-controlling interests	**2 848**	(57 642)
	984 206	(928 259)

CONSOLIDATED CASH FLOW INFORMATION

for the year ended June 2021

	June 2021 R'000	June 2020 R'000
Operating profit/(loss)	**1 476 805**	(805 797)
Non-cash items	**557 306**	2 057 895
Operating profit before working capital requirements	**2 034 111**	1 252 098
Working capital requirements		
Movement in inventories	**(176 336)**	127 903
Movement in biological assets	**127 612**	344 961
Movement in trade and other receivables	**550 872**	(1 259 192)
Movement in trade and other payable	**(908 834)**	2 105 614
Cash generated by operations	**1 627 425**	2 571 384
Net finance cost	**(216 592)**	(257 724)
Tax paid	**(335 127)**	(47 852)
Cash available from operating activities	**1 075 706**	2 265 808
Dividend received	**96 046**	69 197
Dividend paid	**(225 316)**	(221 751)
Cash outflows from investing activities		
Replacement property, plant and equipment	**(579 145)**	(375 152)
Expansion property, plant and equipment	**(320 582)**	(410 239)
Intangible asset additions	**(21 546)**	(25 991)
Acquisition of businesses	**(4 528)**	110 000
Investment in financial asset		(114 196)
Acquisition of associate	**(155 949)**	
Advances of interest-bearing loans	**(5 969)**	(10 737)
Advances of non-interest-bearing loans	**(5 274)**	(9 234)
Receipts from loans	**8 393**	
Proceeds on disposal of non-current assets held-for-sale	**4 650**	10 311
Proceeds on disposal of property, plant and equipment and intangible assets	**37 169**	6 769
Net cash outflow from investing activities	**(1 042 781)**	(818 469)
Cash outflows from financing activities		
Repayment of interest-bearing liabilities	**(421 775)**	(265 013)
Advances of interest-bearing liabilities	**385 246**	110 647
Net cash outflow from financing activities	**(36 529)**	(154 366)
Net movement in cash and cash equivalents	**(132 874)**	1 140 419
Cash and cash equivalents at the beginning of the year	**1 030 041**	(110 378)
Exchange rate translation	**(198)**	
Cash and cash equivalents at the end of the year	**896 969**	1 030 041

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended June 2021

	Attributable to equity holders of the Company							
	Stated capital R'000	Share-based payments R'000	Other reserves R'000	Common control reserve R'000	Retained earnings R'000	Controlling interest total R'000	Non-controlling interest R'000	Total R'000
Balance at 1 July 2019	10 134 574	729 273	(169)	(1 919 832)	1 886 781	10 830 627	3 399	10 834 026
Loss for the period					(901 396)	(901 396)	(57 642)	(959 038)
Other comprehensive income for the period			11 389		19 390	30 779		30 779
BEE share-based payments charge		17 600				17 600		17 600
Employee share award scheme								
• value of employee services		120 359				120 359		120 359
• equity component of deferred tax on share-based payments		1				1		1
• exercise of employee share awards	183 505	(183 505)						
Ordinary dividend paid					(220 251)	(220 251)	(1 500)	(221 751)
Balance at 29 June 2020	10 318 079	683 728	11 220	(1 919 832)	784 524	9 877 719	(55 743)	9 821 976
Profit for the period					**992 909**	**992 909**	**2 848**	**995 757**
Other comprehensive income for the period			**(12 279)**		**728**	**(11 551)**		**(11 551)**
BEE share-based payments charge		**17 600**				**17 600**		**17 600**
Employee share award scheme								
• value of employee services		**74 897**				**74 897**		**74 897**
• equity component of deferred tax on share-based payments		**(2)**				**(2)**		**(2)**
Shareholder loans converted to equity							**17 701**	**17 701**
Acquisition of business							**2 605**	**2 605**
Ordinary dividend paid					**(222 066)**	**(222 066)**	**(3 250)**	**(225 316)**
Balance at 4 July 2021	**10 318 079**	**776 223**	**(1 059)**	**(1 919 832)**	**1 556 095**	**10 729 506**	**(35 839)**	**10 693 667**

SUPPLEMENTARY INFORMATION

		June 2021 R'000	June 2020 R'000
Capital expenditure contracted and committed		**513 988**	325 800
Capital expenditure approved but not contracted		**394 781**	279 079
Additions due to replacement of property, plant and equipment		**(579 145)**	(375 152)
Additions due to expansion of property, plant and equipment		**(320 582)**	(410 239)
Intangible asset additions		**(21 546)**	(25 991)
Amount expensed as write-down to net realisable value		**20 273**	69 014
Statistics			
Statutory ordinary shares in issue (includes BEE shares)	(000's)	**959 004**	959 004
Ordinary shares in issue for accounting purposes	(000's)	**888 246**	888 246
Weighted average ordinary shares in issue	(000's)	**888 246**	875 497
Diluted weighted average ordinary shares in issue	(000's)	**889 274**	876 172
Net asset value per share	(cents)	**1 203,9**	1 105,8
Ordinary dividends per share:			
Interim dividend paid	(cents)	**15,0**	15,0
Final dividend declared	(cents)	**30,0**	10,0
Total dividends	(cents)	**45,0**	25,0

SEGMENTAL ANALYSIS

for the year ended June 2021

	June 2021 R'000	June 2020 R'000
Revenue from contracts with customers	**31 687 850**	27 803 611
Food Division	**19 768 620**	17 801 120
Groceries	**5 521 971**	4 984 240
Baking	**5 848 982**	5 195 089
Sugar	**8 397 667**	7 621 791
Chicken Division	**10 335 889**	8 813 581
Vector Logistics	**3 153 570**	2 589 368
Group#	**194 728**	166 188
Sales between segments:		
Groceries sales to Baking	**(356)**	(747)
Groceries sales to Sugar	**(14 824)**	(7 170)
Groceries sales to Chicken	**(194 367)**	(103 369)
Baking sales to Groceries	**(151 431)**	(123 830)
Baking sales to Sugar	**(1 253)**	
Baking sales to Chicken	**(113 523)**	(106 229)
Sugar sales to Groceries	**(82 214)**	(70 100)
Sugar sales to Baking	**(67 746)**	(59 676)
Sugar sales to Chicken	**(1 609)**	(2 257)
Chicken sales to Groceries	**(24 451)**	(14 176)
Vector Logistics sales to Groceries	**(249 267)**	(273 519)
Vector Logistics sales to Baking	**(16 739)**	(19 461)
Vector Logistics sales to Sugar	**(31 288)**	(34 075)
Vector Logistics sales to Chicken	**(773 327)**	(731 544)
Group sales to Chicken	**(42 562)**	(20 493)
Operating profit before depreciation, amortisation and impairment^ (EBITDA)	**2 409 135**	1 636 037
Food Division	**1 978 790**	1 249 096
Groceries	**557 843**	522 415
Baking	**520 586**	371 745
Sugar	**900 361**	354 936
Chicken Division	**5 199**	28 200
Vector Logistics	**282 859**	244 266
Group[z]	**142 287**	114 475
Depreciation and amortisation	**(922 511)**	(935 551)
Impairments^	**(9 819)**	(1 506 283)
Operating profit/(loss)	**1 476 805**	(805 797)
Food Division	**1 542 894**	71 908
Groceries	**434 355**	99 842
Baking	**352 539**	(184 112)
Sugar	**756 000**	156 178
Chicken Division	**(194 845)**	(560 540)
Vector Logistics	**72 832**	(366 524)
Group[z]	**55 924**	49 359

 # Group revenue relates to management fees for shared services.
^ Impairments relate only to impairments of property, plant and equipment and intangible assets.
z Includes the operating costs of RCL Foods Limited, RCL Group Services Proprietary Limited and Matzonox Proprietary Limited, losses/gains on the Group's self-insurance arrangement and profit from management fees earned on shared services functions for Siqalo Proprietary Limited.

SEGMENTAL ANALYSIS CONTINUED

for the year ended June 2021

	June 2021 R'000	June 2020 R'000
Finance costs	**(326 161)**	(508 186)
Finance income	**37 053**	53 457
Share of profits of joint ventures	**11 331**	46 267
Sugar	**1 832**	28 087
Vector Logistics	**9 499**	18 180
Share of profits/(loss) of associates	**135 553**	118 338
Sugar	**128 697**	118 744
Ugandan Operation and LKCA*	**6 150**	(1 861)
Vector Logistics	**706**	1 455
Impairment of Ugandan Operation		(18 897)
Profit/(loss) before tax	**1 334 581**	(1 114 818)
ASSETS		
Groceries	**4 353 071**	4 497 593
Baking	**3 645 596**	3 821 745
Sugar	**4 434 385**	4 263 020
Chicken	**4 210 125**	4 242 863
Vector Logistics	**5 391 247**	5 835 607
Unallocated Group assets**	**1 628 703**	1 811 929
Ugandan operation	**41 474**	37 464
LKCA*	**156 289**	
Set-off of inter-segment balances	**(1 452 884)**	(2 023 645)
Total per statement of financial position	**22 408 006**	22 486 576
LIABILITIES		
Groceries	**1 270 546**	1 332 062
Baking	**1 033 555**	1 114 381
Sugar	**1 650 210**	1 672 192
Chicken	**1 560 554**	1 788 261
Vector Logistics	**4 606 620**	5 712 356
Unallocated Group liabilities**	**3 045 738**	3 068 993
Set-off of inter-segment balances	**(1 452 884)**	(2 023 645)
Total per statement of financial position	**11 714 339**	12 664 600

** LKCA was acquired in May 2021 and its results have been equity accounted from acquisition date.*
*** Includes assets and liabilities of the Group's shared services and treasury companies, Matzonox Proprietary Limited and consolidation entries.*

ABRIDGED FINANCIAL STATEMENTS

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS

for the year ended June 2021

1. BASIS OF PREPARATION

The Abridged Consolidated Annual Financial Statements have been extracted from the Audited Annual Financial Statements for the year ended June 2021, available at www.rclfoods.com/financial-results-and-reports-2021/. The Annual Financial Statements were audited by PricewaterhouseCoopers Inc., who expressed an unqualified opinion thereon. The Abridged Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the information required by IAS 34 (Interim Financial Reporting), IFRIC interpretations, SAICA financial reporting guides and in compliance with the Companies Act of South Africa and the Listings Requirements of the JSE Limited, under the supervision of the Chief Financial Officer, Robert Field CA(SA). The accounting policies comply with IFRS and have been consistently applied to all years presented.

RCL FOODS has reported on the retail calendar of trading weeks which treats each financial year as an exact 52-week period, incorporating trade from Monday to Sunday each week. This treatment effectively results in the loss of a day (or two in a leap year) per calendar year. These days are brought to account approximately every six years by including a 53rd week. The financial statements and results for 2021 are presented for the 371-day period ended 4 July 2021, compared to a 364-day period in the previous financial year which ended on 28 June 2020.

2. DIRECTORS' EMOLUMENTS

	Basic salary R'000	Pension contribution R'000	Bonus* R'000	Other benefits** R'000	Total R'000
2021					
M Dally	**9 508**	**577**		**963**	**11 048**
RH Field	**4 858**	**525**		**598**	**5 981**
	14 366	**1 102**		**1 561**	**17 029**
2020					
M Dally	8 633	570	2 350	198	11 751
RH Field	4 380	518	985	255	6 138
	13 013	1 088	3 335	453	17 889

* *No bonus payments were made in 2021 relating to the 2020 financial year. An amount of R18,0 million has been accrued for the 2021 financial year.*

** *Other benefits include Company contributions to disability insurance, medical aid and UIF.*

Non-executives (for services as a director)	2021 R'000	2020 R'000
HJ Carse[1]	**390**	353
JJ Durand[1]	**511**	471
CJ Hess	**777**	612
PR Louw[1]	**390**	353
NP Mageza	**746**	704
PM Moumakwa	**516**	481
DTV Msibi	**548**	447
MM Nhlanhla	**412**	407
RV Smither[2]	**308**	821
GM Steyn	**795**	752
GCJ Tielenius Kruythoff	**339**	65
GC Zondi[3]	**884**	840
Total	**6 616**	6 306

[1] *Paid to Remgro Management Services Limited.*

[2] *RV Smither retired on 13 November 2020.*

[3] *Paid to Imbewu Capital Partners Consultancy Proprietary Limited.*

2. DIRECTORS' EMOLUMENTS CONTINUED

INTERESTS OF DIRECTORS OF THE COMPANY IN SHARE APPRECIATION RIGHTS AWARDED IN TERMS OF THE RCL FOODS SHARE APPRECIATION RIGHTS SCHEME

Share appreciation rights awarded to executive directors and unexpired or unexercised as at June 2021 are as follows:

	Award price post rights issue Rand	Rights at June 2020	Rights awarded during the year	Rights forfeited during the year	Rights at June 2021	Fair value of rights awarded* R'000	Rights exercisable at June 2021
M Dally	16,54	1 240 943		(1 240 943)			
	15,93	1 014 820			1 014 820	2 760	1 014 820
	15,92	540 869			540 869	1 698	540 869
	14,05	1 962 930			1 962 930	6 007	1 295 533
	15,36	1 284 422			1 284 422	4 367	423 859
	16,97	1 153 718			1 153 718	5 053	
	9,93	2 189 069			2 189 069	5 188	
	8,55		2 168 330		2 168 330	4 749	
		9 386 771	2 168 330	(1 240 943)	10 314 158	29 822	3 275 081
RH Field	16,54	621 765		(621 765)			
	15,93	559 397			559 397	1 522	559 397
	15,92	319 448			319 448	1 003	319 448
	14,05	1 087 325			1 087 325	3 327	717 634
	15,36	669 653			669 653	2 277	220 985
	16,97	620 061			620 061	2 716	
	9,93	1 217 339			1 217 339	2 885	
	8,55		1 188 869		1 188 869	2 604	
		5 094 988	1 188 869	(621 765)	5 662 092	16 334	1 817 464
Total		14 481 759	3 357 199	(1 862 708)	15 976 250	46 156	5 092 545

* *Fair value of rights awarded represents the total fair value of rights outstanding at the end of the year. This cost will be expensed over the right's vesting period.*

ABRIDGED FINANCIAL STATEMENTS

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2021

2. DIRECTORS' EMOLUMENTS CONTINUED

INTERESTS OF DIRECTORS OF THE COMPANY IN SHARE APPRECIATION RIGHTS AWARDED IN TERMS OF THE RCL FOODS SHARE APPRECIATION RIGHTS SCHEME

Share appreciation rights awarded to executive directors and unexpired or unexercised as at June 2020 are as follows:

	Award price post rights issue Rand	Rights at June 2019	Rights awarded during the year	Rights forfeited during the year	Rights at June 2020	Fair value of rights awarded* R'000	Rights exercisable at June 2020
M Dally	16,54	1 240 943			1 240 943	4 054	1 240 943
	15,93	1 014 820			1 014 820	2 760	1 014 820
	15,92	540 869			540 869	1 698	356 973
	14,05	1 962 930			1 962 930	6 007	647 766
	15,36	1 284 422			1 284 422	4 367	
	16,97	1 153 718			1 153 718	5 053	
	9,93		2 189 069		2 189 069	5 188	
		7 197 702	2 189 069		9 386 771	29 127	3 260 502
RH Field	13,20	250 919		(250 919)			
	16,54	621 765			621 765	2 031	621 765
	15,93	559 397			559 397	1 522	559 397
	15,92	319 448			319 448	1 003	210 835
	14,05	1 087 325			1 087 325	3 327	358 817
	15,36	669 653			669 653	2 277	
	16,97	620 061			620 061	2 716	
	9,93		1 217 339		1 217 339	2 885	
		4 128 568	1 217 339	(250 919)	5 094 988	15 761	1 750 814
Total		11 326 270	3 406 408	(250 919)	14 481 759	44 888	5 011 316

* *Fair value of rights awarded represents the total fair value of rights outstanding at the end of the year. This cost will be expensed over the right's vesting period.*

INTERESTS OF DIRECTORS OF THE COMPANY IN CONDITIONAL SHARES AWARDED IN TERMS OF THE RCL FOODS CONDITIONAL SHARE PLAN.

	Conditional shares at June 2019	Conditional shares exercised during the year	Gain on conditional shares settled R'000
June 2020			
M Dally	3 620 565	(3 620 565)	39 247
RH Field	1 448 226	(1 448 226)	13 787
Total	5 068 791	(5 068 791)	53 034

2. DIRECTORS' EMOLUMENTS CONTINUED

INTERESTS OF DIRECTORS OF THE COMPANY IN STATED CAPITAL

The aggregate beneficial holdings as at June of those directors of the Company holding issued ordinary shares are detailed below:

	2021 Direct beneficial	2021 Indirect beneficial	2020 Direct beneficial	2020 Indirect beneficial
Executive directors				
M Dally	**3 194 457**		2 994 457	
RH Field	**1 675 030**	**28 013**	1 525 030	28 013
Non-executive directors				
NP Mageza		**386**		386
MN Nhlanhla*		**229 559**		229 559
GC Zondi*		**667 252**		667 252
	4 869 487	**925 210**	4 519 487	925 210

* *Assumes 100% vesting in terms of BEE transaction.*

There has been no change in the interest of the directors in the stated capital of the Company since the end of the financial year to the date of this report.

The above interests of directors represents the aggregate interests of directors. No interest is held by a director's associate.

DIRECTORS' EMOLUMENTS PAID BY REMGRO LIMITED

	Fees R'000	Salaries R'000	Retirement fund R'000	Other benefits** R'000	Total R'000
June 2021					
Executive					
HJ Carse		**2 426**	**481**	**349**	**3 256**
JJ Durand	**390**	**11 596**	**2 377**	**441**	**14 804**
PR Louw		**2 912**	**578**	**411**	**3 901**
Subtotal	**390**	**16 934**	**3 436**	**1 201**	**21 961**
Independent non-executive					
NP Mageza	**678**				**678**
Subtotal	**678**				**678**
Total	**1 068**	**16 934**	**3 436**	**1 201**	**22 639**
June 2020					
Executive					
HJ Carse		2 426	481	305	3 212
JJ Durand	390	10 751	2 194	398	13 733
PR Louw		2 688	529	411	3 628
Subtotal	390	15 865	3 204	1 114	20 573
Independent non-executive					
NP Mageza	603				603
Subtotal	603				603
Total	993	15 865	3 204	1 114	21 176

** *Other benefits include medical aid contributions and vehicle benefits.*

ABRIDGED FINANCIAL STATEMENTS

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2021

2. DIRECTORS' EMOLUMENTS CONTINUED

VARIABLE PAY – LONG-TERM INCENTIVE PLANS

REMGRO EQUITY SETTLED SHARE APPRECIATION RIGHT SCHEME (SARS) – 2021

Participant	Balance of SARs accepted as at June 2020	SARs accepted during the period	Offer date	Offer price rand	Balance of SARs accepted as at June 2021	Fair value of SARs granted* R'000
Executive						
HJ Carse	7 546			94,22	7 546	206
	11 767			127,40	11 767	174
	17 775			164,57	17 775	154
	8 273			170,38	8 273	67
	9 988			125,95	9 988	150
	16 972			118,86	16 972	317
	5 915			112,38	5 915	177
		14 494	05/12/2020	93,82	14 494	575
		14 502	05/12/2020	93,82	14 502	600
JJ Durand	271 258			94,22	271 258	7 408
	93 128			127,40	93 128	1 374
	108 468			164,57	108 468	938
	192 676			170,38	192 676	1 553
	150 872			125,95	150 872	2 267
	132 309			118,86	132 309	2 468
	87 135			112,38	87 135	2 601
		235 427	05/12/2020	93,82	235 427	9 339
		235 454	05/12/2020	93,82	235 454	9 737
PR Louw	22 646			94,22	22 646	618
	12 944			127,40	12 944	191
	5 952			164,57	5 952	51
	9 497			170,38	9 497	77
	91 120			125,95	91 120	1 369
	20 301			118,86	20 301	379
	17 881			112,38	17 881	534
		46 428	05/12/2020	93,82	46 428	1 842
		46 448	05/12/2020	93,82	46 448	1 921
Total	1 294 423	592 753			1 887 176	47 087

* *Fair value of rights awarded represents the total fair value of all rights outstanding at the end of the year. This cost is expensed over the rights' vesting period.*

2. DIRECTORS' EMOLUMENTS CONTINUED

REMGRO EQUITY SETTLED SHARE APPRECIATION RIGHT SCHEME (SARS) – 2020

Participant	Balance of SARs accepted as at June 2019	SARs accepted during the period	Offer date	Offer price rand	Balance of SARs accepted as at June 2020	Fair value of SARs granted* R'000
Executive						
HJ Carse	7 546			94,22	7 546	96
	11 767			127,40	11 767	33
	17 775			164,57	17 775	76
	8 273			170,38	8 273	38
	9 988			125,95	9 988	137
	16 972			118,86	16 972	294
	5 915			112,38	5 915	126
JJ Durand	271 258			94,22	271 258	3 439
	93 128			127,40	93 128	262
	108 468			164,59	108 468	463
	192 676			170,38	192 676	888
	150 872			125,95	150 872	2 076
	132 309			118,86	132 309	2 290
	87 135			112,38	87 135	1 851
PR Louw	22 646			94,22	22 646	287
	12 944			127,40	12 944	36
	5 952			164,59	5 952	25
	9 497			170,38	9 497	44
	91 120			125,95	91 120	1 254
	20 301			118,86	20 301	351
	17 881			112,38	17 881	380
	1 294 423				1 294 423	14 446

* *Fair value of rights awarded represents the total fair value of all rights outstanding at the end of the year. This cost is expensed over the rights' vesting period.*

ABRIDGED FINANCIAL STATEMENTS

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2021

2. DIRECTORS' EMOLUMENTS CONTINUED

REMGRO EQUITY SETTLED CONDITIONAL SHARE PLAN (CSPs) – 2021

Participant	Balance of CSPs accepted as at June 2020	CSPs accepted during the period[1]	Offer date	Offer price Rand	Balance of CSPs accepted as at June 2021	Fair value of CSPs[2] R'000
Executive						
H Carse	8 154			205,07	8 154	895
		31 658	05/12/2020	93,82	31 658	3 327
JJ Durand	120 107			205,07	120 107	13 177
		566 553	05/12/2020	93,82	566 553	59 866
PR Louw	24 648			205,07	24 648	2 704
		100 864	05/12/2020	93,82	100 864	10 595
Total	152 909	699 075			851 984	90 564

REMGRO EQUITY SETTLED CONDITIONAL SHARE PLAN (CSPs) – 2020

Participant	Balance of CSPs accepted as at June 2019	CSPs accepted during the period[1]	Offer date[1]	Offer price Rand	Balance of CSPs accepted as at June 2020	Fair value of CSPs[2] R'000
Executive						
H Carse	5 915	2 239		205,07	8 154	173
JJ Durand	87 135	32 972		205,07	120 107	2 551
PR Louw	17 881	6 767		205,07	24 648	524
Total	110 931	41 978			152 909	3 248

[1] *As a result of RMB Holdings unbundling, additional CSPs were allocated during the year over a period.*
[2] *Fair value of rights awarded represents the total fair value of all rights outstanding at the end of the year. This cost is expensed over the rights' vesting period.*

3. FINANCE COSTS

	2021 R'000	2020 R'000
Interest – financial institutions	136 936	294 914
Fair value adjustment on interest rate collar option	(3 036)	89 798
Transaction costs on term-funded debt	1 462	1 028
Interest – Holding company, joint ventures and associates	27 552	3 557
Interest on lease liabilities*	119 248	115 126
Interest – other	43 999	28 270
	326 161	532 693
Less: amounts capitalised on qualifying assets		(24 507)
Total	326 161	508 186

* *Relates only to liabilities taken on due to the implementation of IFRS 16.*

4. INTEREST-BEARING LIABILITIES

	2021 R'000	2020 R'000
Long-term		
Institutional borrowings	29 984	32 497
Loan from Facility for Investments in Renewable Small Transactions (RF) Proprietary Limited	73 023	76 383
Lease liabilities	1 250 568	1 482 769
Term-funded debt package	2 012 500	2 350 000
Loan from Ingwenyama Simhulu Trust		13 610
Loan from Siphumelele Tenbosch Trust	7 476	3 699
Loan from Matsamo Communal Property Association	1 780	1 000
Loans from Akwandze Agricultural Finance Proprietary Limited	150 000	
	3 525 331	3 959 958
Short-term		
Institutional borrowings	2 511	2 511
Current portion of term-funded debt package	337 500	
Lease liabilities	164 481	162 509
Loan from Facility for Investments in Renewable Small Transactions (RF) Proprietary Limited	3 362	3 267
Loan from Green Create W2V SA Proprietary Limited	102 600	76 000
Current portion of long-term loan from Akwandze Agricultural Finance Proprietary Limited	33 366	1 919
Short-term loans from Akwandze Agricultural Finance Proprietary Limited	210 871	159 339
	854 691	405 545

INSTITUTIONAL BORROWINGS

Institutional borrowings are loans from Futuregrowth Asset Management Proprietary Limited with a carrying value in non-current liabilities of R30,0 million (2020: R32,45 million) and an amount of R2,5 million included in short-term institutional borrowings (2020: R2,5 million). These loans were used to fund new contract grower operations in the Chicken business unit. These loans bear interest at the three-month JIBAR with a margin of between 1.5% and 4.25% per annum (2020: 1.5% and 4.25% per annum). The outstanding loan together with the accrued interest is required to be repaid in instalments based on the contract growers operating cycle at intervals of between 40 and 50 days between payments.

The carrying amount of institutional borrowings approximates its fair value.

LOAN FROM GREEN CREATE W2V SA PROPRIETARY LIMITED

Green Create W2V SA Proprietary Limited is a 50% shareholder in Matzonox Proprietary Limited which houses the Group's Waste-to-Value operations. Green Create W2V SA Proprietary Limited has provided finance related to the construction of a Waste-to-Value plant in Rustenburg. Borrowings with a carrying value of R102,6 million (2020: R76,0 million) are included in current liabilities. The loan is unsecured. Interest accrues at the prime rate plus 5% per annum. The loan is repayable by February 2022. The funding to Matzonox Proprietary Limited has been provided in equal proportions by Green Create W2V SA Proprietary Limited and RCL FOODS. The Group's portion of the funding (R102,6 million) has been eliminated on consolidation.

ABRIDGED FINANCIAL STATEMENTS

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2021

4. INTEREST-BEARING LIABILITIES CONTINUED

LOAN FROM FACILITY FOR INVESTMENTS IN RENEWABLE SMALL TRANSACTIONS (RF) PROPRIETARY LIMITED

During the previous financial year a loan from Facility for Investments in Renewable Small Transactions (RF) Proprietary Limited (FIRST) was obtained in Matzonox Proprietary Limited. FIRST is a debt funding platform created through a partnership between international development funding and a South African commercial bank to unlock funding for small renewable projects.

This loan accrues interest at three-month JIBAR plus 4.08%. The loan is repayable quarterly over a ten-year term.

The loan is secured by:

- A notarial bond registered over the Worcester Waste-to-Value Plant;
- Certain bank accounts held with First National Bank (Debt-service and Maintenance Reserve Accounts); and
- The shares held by shareholders in Matzonox Proprietary Limited.

The carrying amount of the loan approximates its fair value.

TERM-FUNDED DEBT PACKAGE

During the 2019 financial year, the Group restructured its term-funded debt package. The restructuring resulted in the existing loan of R2,85 billion being replaced with a R2,35 billion debt package.

The debt package has a five-year term expiring in December 2023, with interest at a rate of three-month JIBAR plus a margin of between 1.5% and 1.55%.

The details of the loans and the effective interest rate for the year is shown below:

	Amount R'000	Term years	Effective interest rate %
Type			
Facility A	**1 175 000**	**5 years**	**5.33**
Facility B	**1 175 000**	**5 years**	**4.95**
Total	**2 350 000**		

The loan profile for each financial year-ended is as follows:

Financial year-ending	Capital repayments R'000	Balance
4 July 2021		**2 350 000**
3 July 2022	**(337 500)**	**2 012 500**
2 July 2023	**(787 500)**	**1 225 000**
30 June 2024	**(1 225 000)**	

The term-funded debt package requires that the Group comply with the following financial covenants:

	2021 R'000	2020 R'000
Senior leverage ratio	**<3.00:1**	<3.00:1
Senior interest cover ratio	**>3.50:1**	>3.50:1

4. INTEREST-BEARING LIABILITIES CONTINUED

In the event of default on the term-funded debt package, the applicable interest rate will be increased by 2.0% until the default no longer exists. The terms of the term-funded debt package require lender pre-approval for the following – but not limited to – specified events:

- Any acquisition that does not have a positive 12-month EBITDA or cash flow and the purchase price is less than R500,0 million;
- Any loan or financial support to a community-based joint venture (as defined) as well as Akwandze is in excess of R1 350,0 million during the term of the debt package;
- More than three dividends paid in a financial year;
- Entering into acquisitions and the payment of dividends requires the Group to meet the financial covenants specified in the term-funded debt package agreement both immediately after the proposed transaction and on a look-forward basis for the next interim and year-end reporting date after the proposed transaction; and
- In addition, there are various transactions in the normal course of business which require that the Group remain within the specified financial covenants.

For the year ended June 2021, the Group was within the limits of its financial covenants.

The obligations in respect of the debt package discussed above, have been guaranteed by each of Foodcorp Proprietary Limited, RCL FOODS Treasury Proprietary Limited, RCL FOODS Sugar & Milling Proprietary Limited, RCL FOODS Consumer Proprietary Limited, Rainbow Farms Investments Proprietary Limited, RCL Group Services Proprietary Limited and Vector Logistics Proprietary Limited.

The above loans of the term-funded debt package are unsecured.

The fair value of the term-funded debt package at June 2021 amounted to R2,35 billion (2020: R2,34 billion). The fair value is calculated by discounting the future cash flows over the period of the loan and is within level 2 of the fair value hierarchy. The discount rate is based on the South African Sovereign Zero-Coupon Swap Curve with the contractual margin charged by the lenders as a credit spread.

LOANS FROM INGWENYAMA SIMHULU TRUST

Ingwenyama Simhulu Trust owns 50% of the shares in Libuyile Farming Services Proprietary Limited. Ingwenyama Simhulu Trust owns the land which Libuyile Farming Services Proprietary Limited leases for its farming activities. Libuyile Farming Services Proprietary Limited is a 50% held subsidiary of the Group, which farms sugarcane, banana and citrus. Libuyile Farming Services Proprietary Limited obtained an R8 million shareholder loan from Ingwenyama Simhulu Trust during the 2016 financial year. No interest is payable within the first three years. A rate of 4% interest will be charged from years three to five. A prime less 1% interest will be charged after year five. During the current financial period a resolution was taken by the board to convert the shareholder loan into equity. Accrued interest capitalised to the loan amounts to R0,4 million (2020: R0,3 million).

Libuyile Farming Services Proprietary Limited obtained a R3,0 million shareholder loan from Ingwenyama Simhulu Trust during the 2019 financial year. No interest is payable within the first two years. A rate of 3% interest will be charged from years three to four. An interest rate of 5% will be charged after year four. During the current financial period a resolution was taken by the board to convert the shareholder loan into equity.

Libuyile Farming Services Proprietary Limited obtained a R2,3 million shareholder loan from Ingwenyama Simhulu Trust during the 2020 financial year. No interest is payable within the first two years. A rate of 3% interest will be charged from years three to four. An interest rate of 5% will be charged after year four. During the current financial period a resolution was taken by the board to convert the shareholder loan into equity.

Libuyile Farming Services Proprietary Limited obtained a R4,6m shareholder loan from Ingwenyama Simhulu Trust during the 2021 financial year. No interest is payable within the first two years. A rate of 3% interest will be charged from years three to four. An interest rate of 5% will be charged after year four. During the current financial period a resolution was taken by the board to convert the shareholder loan into equity.

The funding to Libuyile Farming Services Proprietary Limited has been provided in equal proportions by Ingwenyama Simhulu Trust and the RCL FOODS Group. The Group's portion of the funding (R17,7 million) has been converted into equity per a board resolution and has been eliminated on consolidation. The carrying amount of these loans approximate their fair values.

ABRIDGED FINANCIAL STATEMENTS

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2021

4. INTEREST-BEARING LIABILITIES CONTINUED

LOAN FROM SIPHUMELELE TENBOSCH TRUST

Mgubho Farming Services Proprietary Limited is a 50% held subsidiary of the Group, which farms sugarcane. Siphumelele Tenbosch Trust own the land which Mgubho Farming Services Proprietary Limited leases for its farming activities. Mgubho Farming Services Proprietary Limited obtained a R1,9 million shareholder loan from Siphumelele Tenbosch Trust during the 2019 financial year. No interest is payable within the first two years. A rate of 3% interest will be charged from years three to four. An interest rate of 5% will be charged after year four. The loan will be repaid when the gearing of Mgubho Farming Services Proprietary Limited is below 50%.

Mgubho Farming Services Proprietary Limited obtained a R1,9 million shareholder loan from Siphumelele Tenbosch Trust during the 2020 financial year. No interest is payable within the first two years. A rate of 3% interest will be charged from years three to four. An interest rate of 5% will be charged after year four. The loan will be repaid when the gearing of Mgubho Farming Services Proprietary Limited is below 50%.

The funding to Mgubho Farming Services Proprietary Limited has been provided in equal proportions by Siphumelele Tenbosch Trust and the RCL FOODS Group. The Group's portion of the funding (R7,8 million) has been eliminated on consolidation. The carrying amount of these loans approximate their fair values.

LOAN FROM MATSAMO COMMUNAL PROPERTY ASSOCIATION

Sivunosetfu Proprietary Limited is a 50% held subsidiary of the Group, which farms sugarcane and litchis. Matsamo Communal Property Association own the land which Sivunosetfu Proprietary Limited leases for its farming activities.

Sivunosetfu Proprietary Limited obtained a R0,5 million shareholder loan from Matsamo Communal Property Association during the 2019 financial year. No interest is payable within the first two years. A rate of 3% interest will be charged from years three to four. An interest rate of 5% will be charged after year four. The loan will be repaid when the gearing of Sivunosetfu Proprietary Limited is below 50%.

Sivunosetfu Proprietary Limited obtained a R0,5 million shareholder loan from Matsamo Communal Property Association during the 2020 financial year. No interest is payable within the first two years. A rate of 3% interest will be charged from years three to four. An interest rate of 5% will be charged after year four. The loan will be repaid when the gearing of Sivunosetfu Proprietary Limited is below 50%.

Sivunosetfu Proprietary Limited obtained a R0,8 million shareholder loan from Matsamo Communal Property Association during the 2020 financial year. No interest is payable within the first two years. A rate of 3% interest will be charged from years three to four. An interest rate of 5% will be charged after year four. The loan will be repaid when the gearing of Sivunosetfu Proprietary Limited is below 50%.

The funding to Sivunosetfu Proprietary Limited has been provided in equal proportions by Matsamo Communal Property Association and RCL FOODS. The Group's portion of the funding (R1,8 million) has been eliminated on consolidation. The carrying amount of these loans approximate their fair values.

LOANS FROM AKWANDZE AGRICULTURAL FINANCE PROPRIETARY LIMITED

Akwandze Agricultural Finance Proprietary Limited is a joint venture of the Group. Akwandze Agricultural Finance Proprietary Limited provides production finance and management services to sugar cane-growers. Certain funding has been channelled through the Group to small-scale growers. The short-term loan amounting to R60,9 million (2020: R19,3 million) from Akwandze Agricultural Finance Proprietary Limited is unsecured, payable on demand and bears interest at a rate of 3.55% (2020: 5.6%) per annum.

The carrying amount of these loans approximates their fair values.

5. RELATED PARTY TRANSACTIONS

Related party relationships exist between RCL Foods Limited, its subsidiaries, associates, joint ventures and Remgro Limited and its subsidiaries, associates and joint ventures. Remgro Management Services Limited provides treasury services to the Group.

The ultimate controlling party of the Group is Remgro Limited.

GROUP

As detailed in note 1 to the Company Financial Statements included in the Annual Financial Statements for the year ended June 2021, available at www.rclfoods.com/financial-results-and-reports-2021/ the Group has concluded certain lending transactions with these related parties.

In addition the following transactions were concluded:

	2021 R'000	2020 R'000
Transactions and balances with ultimate holding company		
Interest paid		20 238
Administration and other fees paid	**24 723**	24 239
Service fees received	**4 408**	4 354
Other expenses paid	**545**	1 350
Amounts owing to the holding company included in trade and other payables	**2 547**	5 051
Amounts owing by the holding company included in trade and other receivables	**1 259**	2 543
Directors' fees	**1 291**	1 177
Transactions and balances with subsidiaries of the ultimate holding company		
Sales	**539 147**	260 341
Purchases	**139**	56
Interest paid		14 649
Amounts owing to subsidiaries of the holding company included in trade and other receivables	**67 634**	89 416
Amounts owing by subsidiaries of the holding company included in trade and other payables	**385 876**	545 809
Transactions and balances with associates of the ultimate holding company*		
Purchases	**110 467**	184 785
Sales	**4 961**	1 987
Bank charges paid		5 537
Bank balances included in cash and cash equivalents		64 603
Interest paid		119 720
Interest received		3 439
Amounts owing to associates of the holding company included in trade and other payables	**7 804**	42 723
Amounts owing by associates of the holding company included in trade and other receivables	**287**	585
Commitment, settlement and facility fees paid		877
Derivative balance with associates of the holding company		66 928
Fair value adjustment included in finance costs		53 918
Amounts owing included in short-term interest-bearing liabilities		3 266
Amounts owing included in long-term interest-bearing liabilities		1 016 384

* *Rand Merchant Investment Holdings was unbundled at the start of the financial year and is therefore no longer part of the ultimate holding company's investments.*

ABRIDGED FINANCIAL STATEMENTS

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS CONTINUED

for the year ended June 2021

5. RELATED PARTY TRANSACTIONS CONTINUED

	2021 R'000	2020 R'000
Transactions and balances with associates and joint ventures within the Group		
Interest paid	**20 462**	14 849
Interest received	**2 553**	
Management fees received	**1 448**	1 448
Service fees paid	**12 257**	9 032
Dividends received	**96 046**	69 197
Sales	**118 222**	128 006
Purchases	**1 435 927**	1 488 719
Amounts owing by associates and joint ventures within the Group included in receivables	**15 942**	18 789
Amounts owing to associates and joint ventures within the Group included in interest-bearing liabilities	**244 237**	161 258
Amounts owing to associates and joint ventures within the Group included in payables	**126 625**	152 214
Key management of RCL Foods Limited		
In terms of IAS24 "Related Party Disclosures", key management are considered to be related parties.		
Executive management and the senior leadership team are classified as key management.		
The following transactions were carried out with key management individuals within the Group:		
– short-term	**518 554**	464 256
– post-employment benefits	**44 881**	39 864
– termination benefits	**10 772**	7 746
– share-based payments	**74 897**	120 359
Total	**649 104**	632 225

6. IMPAIRMENTS

During the 2020 financial year, total net impairments of R1 506,3 million were recognised across the Group. R593,2 million of the impairment related to items of property, plant and equipment. COVID-19 significantly impacted the profitability of the Chicken and Sugar businesses in the prior period, therefore impairment assessments for these CGUs were performed, in addition to the annual impairment tests conducted on CGU's containing goodwill and other indefinite useful life assets.

The total impairments recognised in the prior period across the Group of R1 506,3 million by CGUs were as follows:

2020	Property, plant and equipment R'000	Trademarks R'000	Goodwill R'000	Software R'000	Total R'000
Pies	(3 121)		(114 074)		(117 195)
Speciality			(73 877)		(73 877)
Beverages	(47 062)		(122 558)		(169 620)
Chicken	(346 259)				(346 259)
Sugar	(52 641)				(52 641)
Sweetener	(13 939)			(14)	(13 953)
Milling	832	(315 141)			(314 309)
Vector Logistics	(130 985)		(287 444)		(418 429)
	(593 175)	(315 141)	(597 953)	(14)	(1 506 283)

The above CGUs were assessed for impairment, or any reversals thereof, in the current financial year. Based on the assessments performed, no further impairments nor reversals of impairments were required in the current financial year.

7. SUBSEQUENT EVENTS

Subsequent to year-end certain KwaZulu-Natal-based sites in the Chicken and Vector Logistics business units were impacted by civil unrest and resultant looting and vandalism of property.

As the event occurred after the 2021 financial year-end cut-off it is considered to be a non-adjusting subsequent event in accordance with IAS 10, "Events after the Reporting Period".

The estimated impact on key financial statement line items is as follows:

	Decrease R'000
Property, plant and equipment, and infrastructure	**(4 275)**
Inventory	**(23 520)**
Biological assets	**(18 031)**
	(45 826)

The impact of the civil unrest on business continuity has been considered in the going concern assessment.

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 55th Annual General Meeting of shareholders of RCL Foods Limited will be held at Ten The Boulevard, Westway Office Park, Westville, KwaZulu-Natal on Tuesday, 16 November 2021 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, 17 September 2021. 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, 5 November 2021. 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, 2 November 2021.

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 no later than the week prior to the date of the Annual General Meeting. Shareholders are therefore advised to monitor the Company's SENS 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 2021 be received and adopted.

2. ELECTION AND RE-ELECTION OF DIRECTORS

ORDINARY RESOLUTION NUMBER 2.1

Resolved that Mr JJ Durand, 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 2.2

Resolved that Mr PJ Neethling, 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 an alternate non-executive director to Mr JJ Durand, of the Company.

ORDINARY RESOLUTION NUMBER 2.3

Resolved that Mr PR Louw, 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 2.4

Resolved that Dr PM Moumakwa, 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 2.5

Resolved that Mr DTV Msibi, 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 2.6

Resolved that Mr GC Zondi, 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 48 to 49 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 2022 is Mr Rodney Klute.

4. ELECTION OF MEMBERS OF THE AUDIT COMMITTEE

ORDINARY RESOLUTION NUMBER 4.1

Resolved that, 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, 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, subject to re-election under ordinary resolution 2.5, 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, 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 104 791 691 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 a 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 JSE 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 JSE 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.

NOTICE TO SHAREHOLDERS CONTINUED

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-2021/, 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 5 to 9, available on our website at www.rclfoods.com/financial-results-and-reports-2021/, 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.

9. NON-BINDING ADVISORY VOTE IN RESPECT OF THE APPOINTMENT OF THE FUTURE AUDIT FIRM

ORDINARY RESOLUTION NUMBER 9

Resolved that the potential appointment of Ernst & Young Inc. ("EY") as the Company's auditor with effect from the commencement of the financial year ending June 2024, should the Audit Committee make the recommendation at the appropriate time, is hereby endorsed, through a non-binding advisory vote.

EXPLANATION

In terms of the rule relating to Mandatory Audit Firm Rotation, published by the Independent Regulatory Board for Auditors in compliance with section 10(1)(a) of the Auditing Profession Act, No 26 of 2005, an audit firm may not serve as the appointed auditor of a public interest entity for more than 10 (ten) consecutive financial years. This rule is applicable in respect of the financial years of companies commencing on or after 1 April 2023.

On 30 June 2023, the existing auditor of the Company, PricewaterhouseCoopers Inc., will have served as the auditor of the Company for more than 10 (ten) consecutive years. In the circumstances, the Audit Committee engaged in a tender process to identify a new audit firm and has recommended the appointment of EY as the new auditor of the Company, for the financial year ending 2024.

The Company wishes to canvass shareholders, to assess whether or not a proposal for the appointment of EY as auditor of the Company, with effect from the financial year ending 2024, would likely carry shareholder support. In the circumstances, the Company has proposed an indicative, non-binding advisory vote regarding the potential future appointment of EY as auditor of the Company. It is important to note that this is a non-binding advisory vote proposed purely to gauge shareholder sentiment and that the ordinary resolution to effect the appointment of EY as auditor of the Company, if ultimately recommended by the Audit Committee at the appropriate time, will only serve and be voted on at the Company's 57th Annual General Meeting.

Subject to the passing of the relevant ordinary resolutions at the Company's Board and Annual General Meetings, respectively, the incumbent external auditor of the Company, PricewaterhouseCoopers Inc., will continue to act as external auditor of the Company for the financial years ending 2022 and 2023 respectively.

SPECIAL RESOLUTIONS

1. FINANCIAL ASSISTANCE IN TERMS OF SECTIONS 44 AND 45 OF THE COMPANIES ACT

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.

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 2021 be approved as follows:

	Current Rands per annum	Proposed Rands per annum
Board		
Chairperson	339 290	**354 558**
Members	339 290	**354 558**
Audit Committee		
Chairperson	283 227	**295 973**
Members	142 311	**148 715**
Remuneration and Nominations Committee		
Chairperson	167 425	**174 959**
Members	104 640	**109 349**
Risk Committee		
Chairperson	167 425	**174 959**
Members	104 640	**109 349**
Social and Ethics Committee		
Chairperson	119 988	**125 388**
Members	72 551	**75 816**

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.

NOTICE TO SHAREHOLDERS CONTINUED

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 JSE 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 annual 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 95 of the Abridged Integrated Annual Report;
2. Share capital of the Company – page 95 of the Abridged 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 48 to 49 of the Abridged 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 to 9 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 Friday, 12 November 2021 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 Tuesday, 16 November 2021.

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, 5 November 2021 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

3 September 2021

Registered office
Ten The Boulevard Westway Office Park Westville, 3629

FORM OF PROXY

RCL FOODS LIMITED

Incorporated in the Republic of South Africa
Registration number: 1966/004972/06
Share code: RCL
ISIN: ZAE000179438
("the Company")

This form of proxy is only for use by:

1. Registered shareholders who have not yet dematerialised their ordinary shares
2. Registered shareholders who have already dematerialised their ordinary shares and registered them in their own name*

* *See explanatory note 3 overleaf*

I/We (name in block letters)

Of (address)

Telephone number Cellphone number:

being a member/members of RCL Foods Limited (registration number: 1966/004972/06)

and the registered holder/s of ordinary shares in the Company, hereby appoint (see instruction 1 overleaf)

1. or failing him/her

2. or failing him/her

3. the Chairperson of the Annual General Meeting,

as my/our proxy to attend, speak and vote for me/us and on my/our behalf or to abstain from voting at the Annual General Meeting of the Company to be held at Ten The Boulevard, Westway Office Park, Westville, KwaZulu-Natal on Tuesday, 16 November 2021 at 08:30am and at any adjournment thereof as follows:

		For	Against	Abstain
ORDINARY RESOLUTIONS				
1.	Adoption of Annual Financial Statements			
2.	Election and re-election of directors			
2.1	Mr JJ Durand			
2.2	Mr PJ Neethling			
2.3	Mr PR Louw			
2.4	Dr PM Moumakwa			
2.5	Mr DTV Msibi			
2.6	Mr GC Zondi			
3.	Re-appointment of external auditors			
4.	Election of members of the Audit Committee			
4.1	Mrs CJ Hess			
4.2	Mr NP Mageza			
4.3	Mr DTV Msibi			
4.4	Mr GM Steyn			
5.	General authority to place 10% of the unissued ordinary shares under the control of the directors			
6.	Enabling resolution			
7.	Non-binding advisory vote in respect of the Remuneration Policy			
8.	Non-binding advisory vote in respect of the Remuneration Implementation Report			
9.	Non-binding advisory vote in respect of the appointment of the future audit firm			
SPECIAL RESOLUTIONS				
1.	Financial assistance in terms of sections 44 and 45 of the Companies Act			
2.	Approval of non-executive directors' remuneration			
3.	General authority to repurchase shares			

(Indicate instructions to proxy by way of a cross in the space provided). Unless otherwise instructed, my/our proxy may vote as he/she thinks fit.

Signed this day of 2021.

Signature

NOTES TO THE FORM OF PROXY

(Please read the notes and instructions overleaf)

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a registered member of the Company. Satisfactory identification must be presented by any person wishing to attend the Annual General Meeting, as set out in the notice.
2. Every member present in person or by proxy and entitled to vote at the Annual General Meeting of the Company shall, on a show of hands, have one vote only, irrespective of the number of shares such member holds. In the event of a poll, each member shall be entitled to one vote in respect of each ordinary share held in the Company by him/her.
3. Members registered in their own name are members who elected not to participate in the Issuer-Sponsored Nominee Programme and who appointed Computershare Custodial Services as their Central Securities Depository Participant (CSDP) with the express instruction that their uncertified shares are to be registered in the electronic sub-register of members in their own names.

INSTRUCTIONS ON SIGNING AND LODGING THE FORM OF PROXY:

1. A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space/s provided overleaf, with or without deleting "the Chairperson of the Annual General Meeting", but any such deletion must be initialled by the member. Should this space be left blank, the proxy will be exercised by the Chairperson of the Annual General Meeting. The person whose name appears first on the form of proxy and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A member's voting instructions to the proxy must be indicated by the insertion of an "X", or the number of votes exercisable by the member, in the appropriate spaces provided overleaf. Failure to do so shall be deemed to authorise the proxy to vote or to abstain from voting at the Annual General Meeting, as he/she thinks fit in respect of all the member's exercisable votes. A member or his/her proxy is not obliged to use all the votes exercisable by him/her or by his/her proxy, but the total number of votes cast, or those in respect of which abstention is recorded, may not exceed the total number of votes exercisable by the member or by his/her proxy.
3. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.
4. To be valid, the completed 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 Friday, 12 November 2021 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 Tuesday, 16 November 2021.
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the transfer secretaries or waived by the Chairperson of the Annual General Meeting.
6. The completion and lodging of this form of proxy shall not preclude the relevant member from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such member wish to do so.
7. The completion of any blank spaces overleaf need not be initialled. Any alterations or corrections to this form of proxy must be initialled by the signatory/ies.
8. The provisions of the Companies Act in relation to the revocation of the appointment of a proxy apply. A member may accordingly revoke a proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of such revocation to the proxy and the Company.
9. The Chairperson of the Annual General Meeting may reject or accept any form of proxy which is completed other than in accordance with these instructions provided that he/she is satisfied as to the manner in which a member wishes to vote.

SHAREHOLDERS' DIARY

Financial year-end	June
Annual general meeting	November
FINANCIAL REPORTS	
Announcement of results for the year	September
Annual financial statements posted	September
Interim report for half year to December	March
FUTURE ORDINARY DIVIDENDS	
Interim dividend	
Declaration	March
Payment	April
Final dividend	
Declaration	September
Payment	November

CORPORATE INFORMATION

Company registration number	1966/004972/06
JSE Share code	RCL
ISIN code	ZAE000179438
Registered office/street address	Ten The Boulevard Westway Office Park Westville 3629
Postal address	PO Box 2734 Westway Office Park Westville 3635
Transfer secretaries	Computershare Investor Services Proprietary Limited Rosebank Towers 15 Biermann Avenue Rosebank 2196
Company secretary	JMJ Maher
Auditors	PricewaterhouseCoopers Incorporated
Listing	JSE Securities Exchange South Africa
Sector	Food Producers
Sponsor	RAND MERCHANT BANK (a division of FirstRand Bank Limited)
Bankers	Absa Bank Limited, FirstRand Bank Limited, Investec Bank Limited, Nedbank Limited and Standard Bank of South Africa Limited
Website	**www.rclfoods.com**

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