



START HERE →

RCL FOODS LIMITED
**SUSTAINABLE
BUSINESS
REPORT**
FOR THE YEAR ENDED JUNE
2021



ABOUT THE REPORT

REPORTING APPROACH

This report is part of our annual suite of reports and covers the 12 months from July 2020 to June 2021. The information reported covers all activities of RCL FOODS and our three divisions, Food, Chicken and Vector Logistics, for the stated periods which are considered relevant to our stakeholders.

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

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

The report should be read in conjunction with the 2021 Abridged Integrated Annual Report which provides an overview of our strategy and performance.

ENSURING ACCURACY AND CREDIBILITY OF OUR RESULTS

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




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

ENHANCING COMPARABILITY AND TRANSPARENCY OF OUR RESULTS

To enhance the comparability and transparency of our reporting, we have included a comprehensive Environmental, Social and Governance (ESG) data table at the end of this report for the first time.

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

USABILITY FEATURES

-  Signifies that related information is available online at www.rclfoods.com
-  Directs readers to the page within the Sustainable Business Report with more details
-  Directs readers to the page in the Abridged Integrated Annual Report with more details



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ABOUT THIS REPORT

MESSAGE FROM THE CEO



“We must keep moving towards our sustainability goals so that we can create a better food system and bring More Food to More People, More Often.”

Miles Dally

Chief Executive Officer

Six years ago I started my introductory message to our Sustainable Business Report with the following words: “There are two kinds of companies: the one that doesn’t see change coming, or ignores it until it’s too late, and the one that sees the change and runs towards it to find new, better ways of doing business. The past is littered with the skeletons of the ‘deniers’, while the ‘disruptors’ are the ones who created the future and whose legacy lives on in our daily lives.”

As true as this was then, it’s even truer and more urgent now. Even though we have known about climate change for years, its impacts are now tangible as weather extremes and natural disasters increase. In the same way, longstanding social frustrations are boiling over into large-scale upheavals that are challenging the status quo and calling for systemic change. The COVID-19 pandemic itself has radically upended the world as we know it, and many have seen it as an opportunity to “reset” and put humanity on a more sustainable path. The bottom line is that we need to see and do things differently – we need to reimagine our future and then take concrete steps to create it.

Something else that has become clearer than ever is that we cannot make a sustainable change on our own. It is only through co-ordinated, collective action on many fronts that we can hope to address complex problems like climate change, environmental degradation, unemployment, malnutrition and food insecurity. Shocks like the pandemic and the recent unrest in South Africa remind us how dependent we are on each other, and a more collaborative mindset is replacing the individualistic “take, make and waste” attitude that fuelled many of the problems we face today.

WHAT DOES THIS HAVE TO DO WITH US, A FOOD COMPANY IN SOUTH AFRICA IN 2021?

First, we need to understand that we are part of a system – or rather many systems – and we affect these systems as much as we are affected by them. Droughts, floods and pandemics affect our operations, and we have to manage our impacts carefully to ensure we don’t contribute to natural resource depletion and human health issues. On a social level the same holds true – just as our employees’ and communities’ wellbeing is crucial to our existence, we have a duty to positively impact them.

Second, we need to relook at our practices – see things differently – to ensure that we are not creating one-sided value and extracting more than we put back. This is the thinking behind concepts like regenerative agriculture, sustainable development and the circular economy, which are necessary to ensure that we can continue operating and feeding people in the future. This is because the natural, economic and social system all influence, and are part of, the food system. As a result, it is no surprise that the food system is currently in such a state of dysfunction, producing too little of the right kind of food and too much of the wrong kind, overnourishing some while others starve, and pushing planetary boundaries beyond safe operating limits.

Third, we need to take action and start *doing* things differently, taking some bold steps to change the narrative and create a more sustainable future. This extends from the way we nourish people to the way we enrich communities and sustain resources – the three pillars of our Sustainable Business Framework. As our 2021 progress shows, not all change occurs at the same pace, and sometimes progress in one area sets back gains in another. Nevertheless, we can and must keep moving towards our sustainability goals so that we can create a better food system and bring More Food to More People, More Often.

A brief synopsis of our most needle-moving work is contained on 10 and 11, and I encourage you to read more about it in the section titled “Our Sustainable Impact Unpacked”. I am particularly excited about work we are doing to make plant-based protein more widely available in South and sub-Saharan Africa in order to create a more sustainable future of food. Coupled with that, our DO MORE FOUNDATION has gone the extra mile this year to create a better future on a human level through the nutritional, early learning and enterprise development support it has provided in vulnerable communities. Equally important is the economic benefit our partnerships with land claimant communities, small-scale growers and land reform beneficiaries have brought to the rural Nkomazi region.

Within our organisation, it has been encouraging to see how the conversation around diversity and inclusivity has gained momentum, supported by our leadership’s commitment to creating a strong, diverse RCL FOODS that is fit for the future. In the same way, we have continued to develop our people and ensure we have the right skills and leadership capacity in place for our next chapter as a business. Supporting our people practically and emotionally during the pandemic has also been a key focus we can be proud of.

Alongside this human-focused work, we have continued to lighten our load on the environment by reducing our dependence on coal-based electricity, saving water and diverting waste from landfills. Key highlights of the year include an increase in our Waste-to-Value and Solar electricity generation, as well as some exciting projects to investigate ways of making our plastic packaging more recyclable and increasing recycling rates.

On that note, thank you to every person and organisation that has partnered with us to make this impact possible. More Food to More People, More Often is a collective journey towards a powerful vision and I look forward to what MORE is to come.

Miles Dally

Chief Executive Officer

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“We need to take action and start doing things differently, taking some bold steps to change the narrative and create a more sustainable future.”
 – *Miles Dally*

OUR SUSTAINABLE BUSINESS DRIVE: EXECUTIVE SUMMARY

OUR BUSINESS OVERVIEW

RCL FOODS is a leading South African food manufacturer that produces a wide range of branded and private label food products in various categories, ranging from staples to value-added high-end speciality offerings.

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

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



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 SUSTAINABLE BUSINESS DRIVE: EXECUTIVE SUMMARY

OUR APPROACH TO SUSTAINABILITY

To manufacture, sell and distribute our large and diverse basket of food products, we operate through a complex value chain that spans from raw material production to the consumption of our products, and includes the communities in which we operate. Managing the impacts of our business, supply chain, communities and environment on each other in a sustainable way is essential to our survival now and in the future. It is for this reason that driving sustainable business is a key Group-wide priority, as set out in our Sustainable Business Framework.

OUR SUSTAINABLE BUSINESS FRAMEWORK

In 2016 we asked ourselves what we needed to see and do differently to ensure that RCL FOODS is able to continue providing More Food to More People, More Often in decades to come. Using insights from the GRI, legislation, stakeholder surveys, peer reviews, business intelligence, market surveys and media reports, **we crafted a sustainable business vision for RCL FOODS – to secure the future for our business, while establishing a competitive advantage in a fast-changing world – and we developed our Sustainable Business Framework.**

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

To capture our overall progress during the year and aid navigation of the report, we have included a summary of our sustainable business impact in 2021 on [10](#) and [11](#).

OUR GOVERNANCE OF SUSTAINABILITY

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



OUR SUSTAINABLE BUSINESS FRAMEWORK

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

NOURISHING PEOPLE

More **NUTRITIONALLY** creative solutions

1

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

More **SOcially** creative solutions

2

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

More **ENVIRONMENTALLY** creative solutions

3

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**

OUR SUSTAINABLE BUSINESS DRIVE: EXECUTIVE SUMMARY

OUR SUSTAINABLE IMPACT IN 2021

1 NOURISHING PEOPLE

1.1 MORE NUTRITIOUS PRODUCTS

- Jointly established **LIVEKINDLY Collective Africa (LKCA)** to make plant-based protein more accessible to more people in South Africa and beyond



1.2 MORE NUTRITIONAL THOUGHT LEADERSHIP

- Taking customers and consumers on a **journey to make plant-based protein “the new norm”**
- Collaborating to advance the Master Plans** for the poultry and sugar industry



More **NUTRITIONALLY** creative solutions

1.3 MORE BASIC NUTRITION FOR CHILDREN

Delivered through our **DO MORE FOUNDATION**:

- 272 tons of nutritious DO MORE Porridge** to vulnerable children and families
- Almost 10,5 million meals to communities** affected by the COVID-19 lockdown since March 2020



2 ENRICHING COMMUNITIES

2.1 MORE INSPIRED EMPLOYEES

- Received a **Top Employer certification** for a second year running
- Held nearly six times as many **Diversity and Inclusivity Conversation Circles** in 2021
- R32,6 million** invested in training **9 250** employees
- Transitioning to an **agile, hybrid working model** mainly at National Office
- No jobs or income lost** among our employees due to COVID-19
- Mental wellness workshops and counselling support** offered to employees during the pandemic

2.2 MORE ECONOMICALLY DEVELOPED COMMUNITIES

- 31% of our total sugarcane supply** came from our large-scale community-based joint ventures (CBJVs), small-scale growers (SSGs) and long-term land reform partnerships

- R98 million in goods and services** procured from enterprises owned by land claim beneficiaries
- In partnership with the AgriSETA, **supported 35 SSGs and five land reform entities through a structured training and mentoring programme** to enhance their sustainability

2.3 MORE SOCIALLY DEVELOPED COMMUNITIES

- 30 youth businesses have been born** out of the DO MORE FOUNDATION's Township Economy initiative in Hammarsdale
- A unique **toy-making enterprise** has been set up in Worcester, with differently-abled youth creating wooden toys for ECD centres using timber offcuts
- Our **“Leave No Young Child Behind” initiative** in Nkomazi is now benefiting 81 ECD programmes – up from 24 in 2020

More **SOCIALLY** creative solutions

3 SUSTAINING RESOURCES

3.1 MORE ENERGY SELF-SUFFICIENT OPERATIONS

- Generated **182% more electricity** from our **Waste-to-Value** (biogas) plants
- Five times more solar power** generated than last year



3.2 MORE WATER-SMART OPERATIONS

- We used **7.5% less water overall**, driven by water savings in Sugar agriculture
- Installed water-efficient irrigation** on our CBJV farms



3.3 MORE WASTE-FREE OPERATIONS

- 90.5% of our waste was converted** into fertiliser or energy, reused or recycled
- We **signed the 10x20x30 initiative** to halve food loss and waste in the supply chain by 2030
- We are **moving the needle** in our **Plastics Packaging Sustainability Strategy**



OUR SUSTAINABLE BUSINESS DRIVE: EXECUTIVE SUMMARY

OUR DO MORE FOUNDATION

A partnership model that is “creating better tomorrows”

In 2017 RCL FOODS established the DO MORE FOUNDATION as a separate non-profit organisation (NPO) to enable us to amplify the impact and sustainability of our corporate social investment in impoverished communities surrounding our operations.

Our experience had shown that challenging social issues like poverty, hunger and social dysfunction require co-ordinated action on many fronts, and are best addressed by combining the resources, experience and insights of all key stakeholders – government, non-governmental organisations (NGOs), business and communities.

The DO MORE FOUNDATION was formed to catalyse and co-ordinate strong multi-stakeholder partnerships in order to drive sustainable change in Early Childhood Development (ECD), youth enterprise development and hunger alleviation. The vision of “creating better tomorrows” for young children runs across all of the Foundation’s programmes – from ECD to food security to enterprise development – and the developmental needs of young children are at the heart of what it does.

The Foundation has launched various National Young Child programmes focusing specifically on nutrition, early learning and parenting support. It also runs geographically-focused 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 in Worcester, Hammarsdale, Pongola and Nkomazi through programmes focusing on ECD, easing hunger and enterprise development.

Community-based impact studies in 2018 and 2019 confirmed that the DO MORE FOUNDATION’s collaborative model was having a positive impact on social outcomes for communities and on co-ordination between role players.

DURING THE COVID-19 PANDEMIC, THE FOUNDATION HAS LEVERAGED ITS NATIONAL AND COMMUNITY-BASED PARTNERSHIPS TO:

- **Mount a nationwide #DoMore Feeding campaign to ease hunger** amongst vulnerable children and families affected by the pandemic (refer to 20).
- **Support parents and caregivers** of young children via an online “parenting resource hub”.
- **Continue providing resources that promote cognitive skills in young children through its Repurpose for Purpose programme.** Quality early learning materials are printed on excess white board by a DO MORE FOUNDATION partner and distributed to under-resourced ECD centres, playgroups, toy libraries and home visiting programmes – along with printed support materials and data-free e-learning training materials for ECD practitioners and other adult facilitators.
- **Drive enterprise development at community level** as part of its Township Economy Programme – with a particular focus on youth.



ENTERPRISING SOLUTIONS THAT #DOMORE FOR YOUNG CHILDREN AND YOUTH

- **#DoMorePlay Toy Programme:** Young children learn best through play, but toys are in short supply at most ECD centres in South Africa. Addressing the twin need to improve ECD resources and boost youth employment, the DO MORE FOUNDATION partnered with the Breede Valley Association for People with Disabilities (BVAPD) to train 20 intellectually-challenged young people in Worcester to create high-quality, durable and affordable wooden toys using donated timber pallet off-cuts. These toys are packed into sturdy wooden kits (also upcycled) for use in ECD centres for various group and individual activities. Sponsoring the production of these kits is an opportunity for businesses to not only support early learning but provide income to the woodworkers and repurpose waste.
- **Ikhwezi Bakery Co-operative:** Affectionately known as the DO MORE Bakery in the Hammarsdale community, this is one of the youth development enterprises born out of the DO MORE FOUNDATION’s Township Economy Programme in 2019. Despite having to close its doors for six months during 2020, the bakery has managed to bounce back and, with support from local business, is now providing affordably-priced bread to local ECD centres – including free bread to the 35 centres who receive no state funding. In collaboration with the DO MORE FOUNDATION, plans are under way to extend the bakery’s product range and extend its market linkages in order to provide even more income generation opportunities for local youth.
- **Owethu Sewing:** While impacted by the COVID-19 lockdown, the Owethu Umqhele Co-operative Sewing Initiative – also a product of the Township Economy Programme – took the opportunity to diversify their product range. In addition to their signature DO MORE BAGS, which are made using leftover branded fabric and sold through the DO MORE FOUNDATION, they now also produce toiletry bags, cushions and face masks. Owethu Sewing produced 19 000 of the 22 000 face masks which RCL FOODS ordered from the DO MORE FOUNDATION in late 2020 (refer to 33), providing short-term employment for an additional 14 young seamstresses from the community. The sewing initiative includes a training programme which has resulted in 45 young women being able to enter formal employment in Hammarsdale.

For more information on the DO MORE FOUNDATION’s social and economic development impact, please refer to the website www.domore.org.za



“creating better tomorrows”



OUR SUSTAINABLE IMPACT UNPACKED



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We are working to grow the alternative protein market by educating customers and consumers on plant-based options, how to cook them, and how to incorporate them into a more sustainable way of eating.

OUR SUSTAINABLE IMPACT UNPACKED

NOURISHING PEOPLE

1

South African society is in transition, with a widening gap between rich and poor. On one hand there is a demand for foods that satisfy more affluent tastes and include more meat, and on the other there is a shift in consumption towards more affordable, filling, high-energy (but often low-nutrient) foods as household income levels decline. Across the spectrum, time-poor consumers are also attracted to convenience foods that are quicker to prepare but tend to be higher in fat, salt and sugar.

This “nutrition transition” and the Westernisation of diets are responsible for rising levels of under- and overnutrition (malnutrition) and associated health issues, while also placing unsustainable pressure on environmental resources as the population grows. Addressing hunger and promoting good health and wellbeing are key priorities both for South Africa and globally, in line with Sustainable Development Goals 2 and 3.

As one of South Africa’s leading food producers, we are present in many households via our diverse basket of brands. We aim to improve South Africa’s nutritional landscape by nourishing people more sustainably according to their needs, focusing on three areas: More Nutritious Products, More Nutritional Thought Leadership and More Basic Nutrition for Children.



1.1 More nutritious products

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



THE GLOBAL “ALTERNATIVE PROTEIN” MARKET IS EXPANDING RAPIDLY, DRIVEN BY INCREASING CONSUMER CONSCIOUSNESS AROUND HEALTH, ENVIRONMENTAL SUSTAINABILITY AND ANIMAL WELFARE.

South Africa suffers from a triple burden of malnutrition due to a combination of undernutrition (underweight, stunting and wasting), overweight and obesity, and micronutrient deficiencies. Over half our population experiences hunger or is at risk of experiencing it¹, with one in four people being unable to afford enough food to meet their basic needs². At the same time, 68% of women and 31% of men are overweight or obese³, often also as a result of poverty which impacts on access to healthy food. Both undernutrition and overnutrition are risk factors for non-communicable diseases which place an increasing burden on public health systems and the economy.

We seek to meet the changing needs of our consumers through our broad basket of products which range from staples to value-added products. We acknowledge the role that we can play in strengthening the nutritional profile of our products and our overall portfolio, while continuing to maintain food quality and safety as priorities.

We have continued to move towards this ambition in the 2021 financial year, with a focus on laying the foundation for positive change:

- In partnership with LIVEKINDLY Collective, we **jointly established LIVEKINDLY Collective Africa (LKCA) 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 more protein options and encouraging more sustainable food choices from a health and environmental point of view.
- In line with our commitment to alleviate hunger and reduce stunting through the DO MORE FOUNDATION, we have continued to provide **DO MORE Porridge** at cost (refer to Section 1.3 below) and are currently **strengthening its nutritional profile further**.
- To **boost our innovation capability** we are in the process of **creating an integrated R&D function** and a **dedicated director** has been appointed to lead it.

the LIVEKINDLY co.

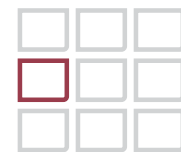
¹ South African National Health and Nutrition Examination Survey (SANHANES-1), 2014

² <http://www.statssa.gov.za/?p=10334> Poverty on the rise in South Africa, 2017

³ Stats SA. South Africa Demographic and Health Survey, 2016

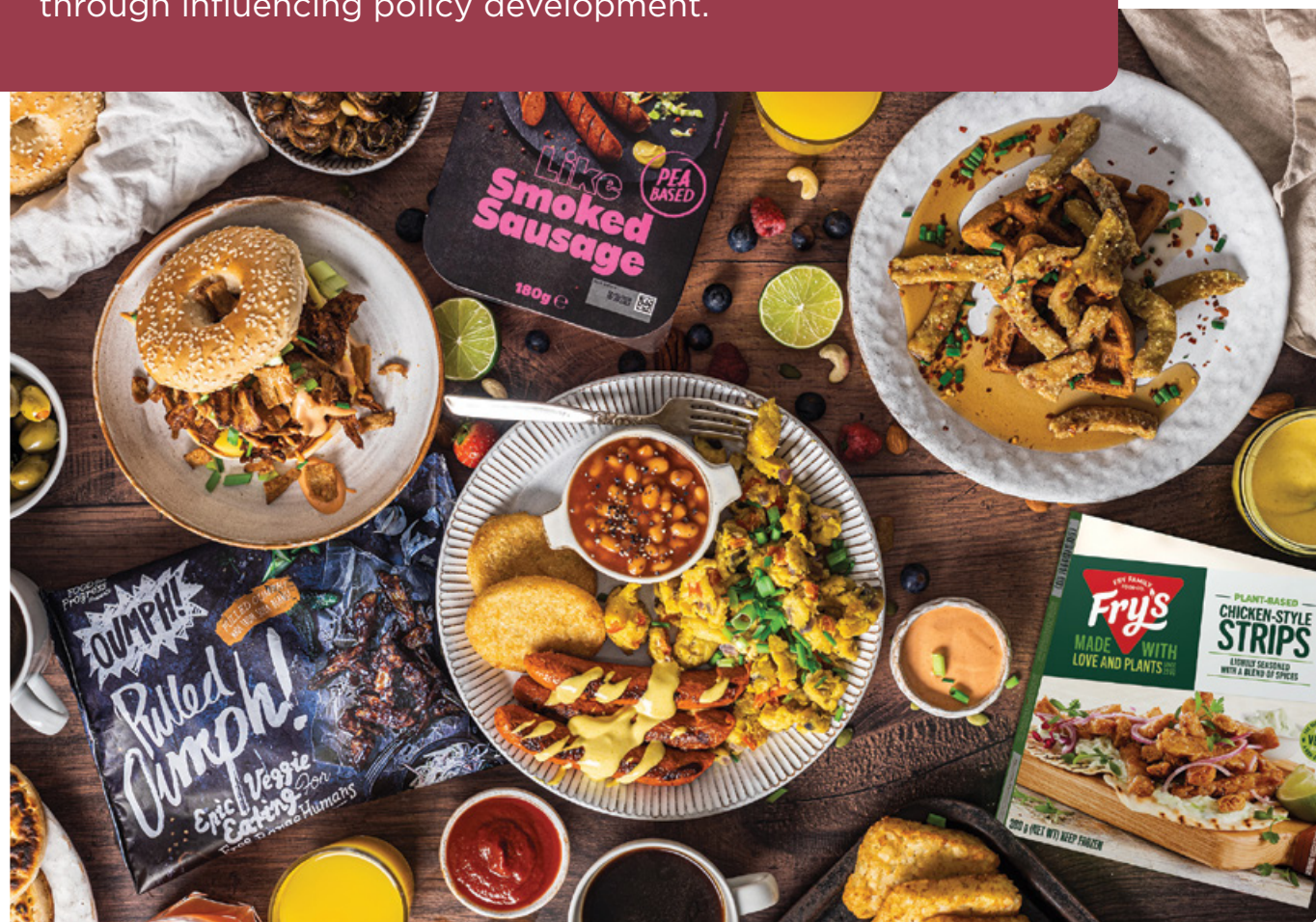
OUR SUSTAINABLE IMPACT UNPACKED

NOURISHING PEOPLE CONTINUED



1.2 More nutritional thought leadership

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

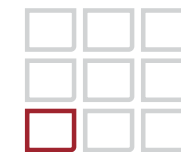


“A FAIR FOOD SYSTEM IS BASED ON THE PRINCIPLES OF EQUITY, DIVERSITY, ECOLOGICAL INTEGRITY, AND ECONOMIC VIABILITY.” – ORAN HESTERMAN

In a context of rising malnutrition and pressure on the environment, the challenge for South Africa is to find ways to provide its growing population with adequate amounts of safe, nutritious, affordable and sustainably grown food. To ensure co-ordinated and lasting impacts, this should be supported by appropriate and timeous policy that is both fit for purpose and workable, based on input from a range of stakeholders.

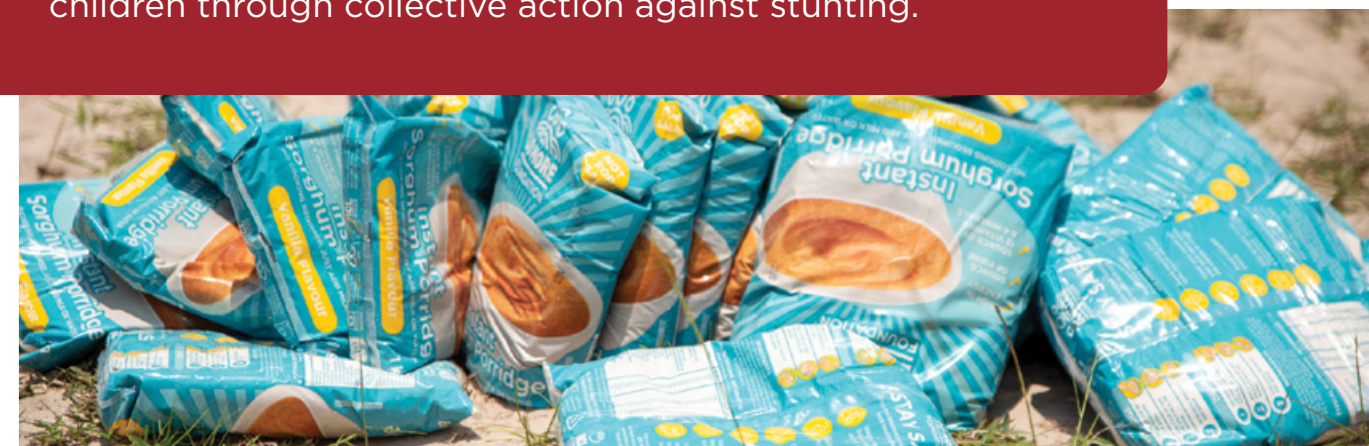
We continue to focus on enhancing the sustainability of the local chicken and sugar industries through our **engagements with government and other industry players to bring the Poultry Sector Master Plan and the Sugar Industry Master Plan** to fruition.

Within our business we believe that plant-based protein has the potential to provide an affordable, low-cholesterol and tasty alternative to meat which could help address malnutrition in all its forms, while providing consumers with enhanced choice. Through our partnership in **LKCA**, we are working to grow the market by **educating customers and consumers on plant-based options, how to cook them, and how to incorporate them into a more sustainable way of eating.**



1.3 More basic nutrition for children

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



“DESPITE ALL THE TECHNOLOGICAL, CULTURAL AND SOCIAL ADVANCES OF THE PAST FEW DECADES, WE HAVE LOST SIGHT OF THIS MOST BASIC FACT: IF CHILDREN EAT POORLY, THEY LIVE POORLY.”

HENRIETTA FORE, EXECUTIVE DIRECTOR OF UNICEF



270 tons
OF DO MORE PORRIDGE
WERE DISTRIBUTED IN 2021,
EQUATING TO 2,7 MILLION MEALS

According to the *2020 Child Gauge*, nearly one in three South African children are currently living below the food poverty line, which means there is not enough household income to meet their basic nutritional needs. As a result there is a rising incidence of stunting, wasting and underweight which affects children's physical and cognitive development and significantly impacts on their health and economic future. Also on the rise is childhood obesity, often driven by a lack of access to affordably priced, nutritionally balanced food.

With stunting levels ranging from 21% to 34% in parts of the country⁴ and wasting, stunting and overweight collectively affecting 38% of children under the age of five⁵ – without factoring in the long-term effects of COVID-19 – there is a clear need for co-ordinated action on multiple fronts.

As the **DO MORE FOUNDATION's** lead nutrition partner, we are making a sustainable difference by enabling vulnerable young children to eat better so that they can grow and learn better, with a **greater chance of breaking out of the poverty cycle.**

Last year we partnered with the Foundation in launching a **DO MORE FOUNDATION-branded fortified sorghum porridge**

specifically for donation purposes. Providing this to the Foundation at cost price means that the Foundation can buy far more with the funds it raises – including from RCL FOODS – and reach more children in the process.

Since its launch in June 2020, DO MORE Porridge has been the **lead vehicle in the DO MORE FOUNDATION's #DoMoreFeeding COVID-19 relief** initiative, helping to ease hunger for vulnerable young children and communities affected by school closures and loss of income.

The porridge is also central to the Foundation's ongoing efforts to combat stunting and improve ECD outcomes. To build a pipeline of future support, **the Foundation ran a #2020Challenge for World Food Day** in October 2020, aimed at encouraging sponsorship of at least R20 per month for 20 months. This has contributed to **DO MORE Porridge now being provided to young children at 1 043 ECD centres across the country.** These include playgroups affiliated to the SmartStart network, as well as ECD centres in Pongola, Nkomazi and Hammarsdale. In Hammarsdale alone, the Foundation has been able to leverage its partnerships to provide over 30 000 meals to young children at 30 ECD centres every month.

⁴ National Department of Health (NDoH), Statistics South Africa (Stats SA), South African Medical Research Council (SAMRC), and ICFDHS. 2016. South Africa Demographic and Health Survey. Pretoria: South Africa

⁵ Sylla, Mariamme. 2020. Too many of SA's children are stunted, wasted or obese, Mail & Guardian, 6 November. Article written in response to Unicef report: The State of the World's Children 2019: Children, Food and Nutrition

OUR SUSTAINABLE IMPACT UNPACKED

NOURISHING PEOPLE CONTINUED

CASE STUDY

NOURISHING SA'S MOST VULNERABLE COMMUNITIES DURING THE PANDEMIC AND BEYOND

The closure of schools and 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 #GiveltUp campaign that saw businesses, media agencies, radio stations and proudly South African brands “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.

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. The porridge is now served daily in 1 043 ECD centres countrywide.



OUR SUSTAINABLE IMPACT UNPACKED

ENRICHING COMMUNITIES

2

Through our direct employment of more than 20 000 people and our partnerships with numerous contract growers and secondary businesses across our supply chain, we play a key role in sustaining livelihoods in South Africa. Acknowledging the need to secure the future of our company while contributing to the creation of a more prosperous, equal and harmonious society, we adopt a transformative approach focused on growing a healthy and sustainable business that creates value for all our stakeholders; building and retaining a pipeline of talented employees; and creating more economically and socially developed communities.

Within our organisation, this means investing in our employees' learning and development while creating a diverse, inclusive and rewarding work environment. Beyond our business, it means promoting Broad-based Black Economic Empowerment (B-BBEE) through our procurement policies and our Supplier and Enterprise Development partnerships, stimulating community economic development through inter-connected business models, and creating meaningful change in communities through our corporate social investment, led by the DO MORE FOUNDATION. In so doing, our work contributes to Goals 1, 4, 5, 8, 10, 11 and 17 of the Sustainable Development Goals.



2.1 More inspired employees

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



DIVERSITY AND INCLUSIVITY CONVERSATION CIRCLES ARE A WAY OF ENGAGING EMPLOYEES IN OPEN, SAFE, HONEST DISCUSSIONS WHERE THEY CAN LISTEN TO AND LEARN FROM EACH OTHER. BY BUILDING UNDERSTANDING OF DIFFERENT EXPERIENCES AND PERSPECTIVES, WE AIM TO BUILD A MORE INCLUSIVE CULTURE WHERE DIVERSITY IS CELEBRATED AND VALUED.

Our single greatest asset is our more than 20 000 employees whose skill, commitment and teamwork are core to our ability to deliver on Our Passion. In order to create an effective and sustainable business where work is safe, meaningful and enriching, we focus on:

- creating a diverse and inclusive organisation with a unique and compelling culture, “Our Way”;
- building authentic leaders and developing a sustainable skills set;
- driving collaborative employee relations and increased engagement; and
- protecting and promoting our employees' health, safety and wellness.

Highlights of our progress in 2021 are described below.

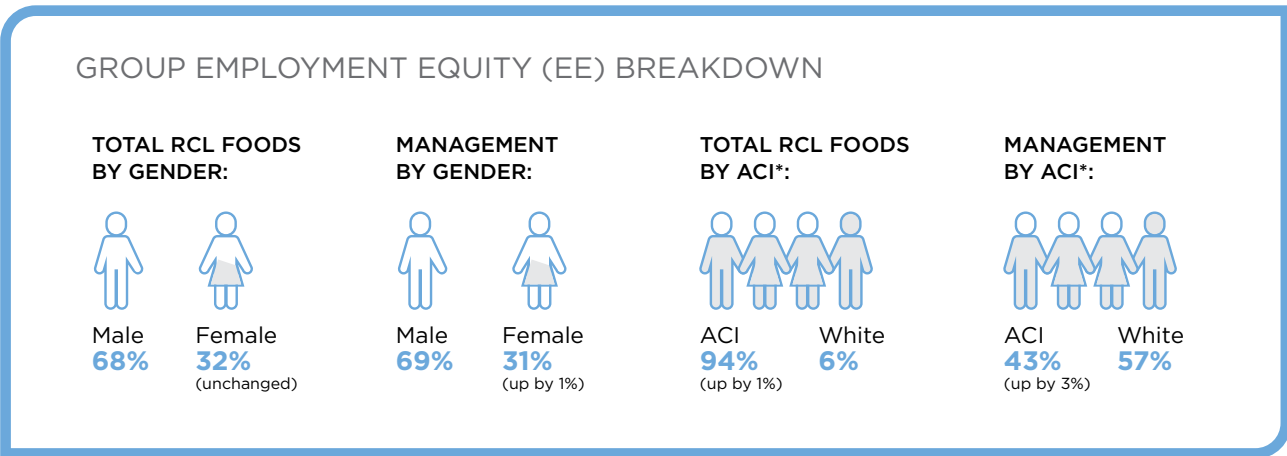
OUR SUSTAINABLE IMPACT UNPACKED

ENRICHING COMMUNITIES CONTINUED

CULTURE AND DIVERSITY

We have **continued to drive our diversity and inclusivity strategy** through Diversity and Inclusivity Conversation Circles, transparent communication on our progress towards greater diversity, and the setting of new five-year targets.

- **255 Conversation Circles have been completed to date**, of which 223 took place in the last year. A total of **1 121 employees** have attended one or more sessions so far.
- **Senior business leaders** are taking the lead in driving the strategy via a **communications plan to reinforce the inclusivity message** and update the business on **progress towards diversity targets**.



* ACI: African, Coloured, Indian

- **Stretching new African, Coloured and Indian (ACI) and EE targets have been set to drive increased transformation at management level by 2025.**
 - **Progress on our diversity journey since 2018** includes a 20% increase in the number of African employees and a 15% increase in Indian employees at management level – with ACI employees occupying 50% of middle management positions, and EE candidates (ACI, women and people with disabilities) occupying 67%. At upper management level, there has been a more modest 18% improvement in EE representation, aided by a 21% increase in women.
 - **The main gaps to be addressed** include a lack of progress in female representation at middle management level, limited ACI representation at upper management level, and limited ACI and EE diversity at top management level.
 - **Our 2025 Employment Equity Plan was submitted** to the Department of Labour in January 2021.

RCL FOODS MANAGEMENT DIVERSITY TARGETS TO 2025

Occupational levels	RCL grades (Bands)	EE 2025 % target	Female 2025 % target
Top management	F	40	25
Senior management	E	50	30
Professionally qualified and experienced specialists and mid management	DU	55	35
Professionally qualified and experienced specialists and mid management	DL	70	45

- **We were certified a Top Employer by the Top Employer Institute** for the second year running.
- We achieved a **Level 4 B-BBEE rating for 2020**, sacrificing one level due to our not participating in the Youth Employment Service (Y.E.S) Programme during the lockdown. Pleasingly, **82 of more than 330 youth from our 2019 Y.E.S intake** have since been placed in **permanent positions** within the business – a retention rate of **over 25%**.

- Our **Basadi Bereka (Women at Work) programme** has established itself as a **feeder scheme for developing key female talent** at the middle level of our Chicken Processing operations. This year it took on a further 49 participants, bringing to 98 the number of female employees who have embarked on a mentorship-driven growth journey.
- To **strengthen awareness around sexual harassment in line with our RCL FOODS Sexual Harassment Policy**, we launched an online learning programme which was attended by 96 employees during the year.
- **We initiated the More Flex project** to develop a fit-for-purpose best practice framework and implementation toolkit to help National Office employees **transition from a fully remote to a hybrid working model**, when lockdown restrictions ease. This will allow for more flexible, “agile” ways of working that combine the benefits of remote and office-based work, in line with progressive global trends.



The agile working model is ready to implement, with a new agile working policy approved and arrangements in place for a transition to hot desk which will be booked via the *Let's Talk* mobile app.

DEVELOP LEADERS AND GROW TALENT

- We **maintained a strong focus on learning and development**, despite some physical constraints on in-person training due to COVID-19 restrictions.
 - **R32,6 million was invested in training 9 250 employees**, of which 87% were ACI.
 - We **delivered a number of programmes virtually** and also made **various online platforms** available to our employees to provide on-demand learning solutions, including LinkedIn Learning, Percipio, GetAbstract and Lesson Desk.
 - We **continue to grow a strong pipeline of ACI talent** through our various talent feeder schemes (see table below). Apart from company-assisted studies, these are all **youth-focused**.

Talent feeder schemes	F2019			F2020			F2021		
	Total	Total ACI	% ACI	Total	Total ACI	% ACI	Total	Total ACI	% ACI
Apprenticeships*	72	71	99	96	93	97	79	79	100
Learnerships*	518	503	97	247	245	99	241	188	78
Bursaries	20	16	80	10	9	90	9	8	89
Company Assisted Studies (CAS)	90	82	91	91	79	87	132	109	83
Graduate Placements	6	6	100	10	10	100	7	7	100
Management Trainees (including Engineers-in-Training)	63	49	78	63	51	81	68	58	85
Internships	80	80	100	39	39	100	69	44	64

* Accredited by the South African Qualifications Authority (SAQA)

OUR SUSTAINABLE IMPACT UNPACKED

ENRICHING COMMUNITIES CONTINUED

- We continued to grow our current and future leaders through our various **leadership development programmes** – our third year of the **Emerging Leaders Development Programme**, a partnership with Nelson Mandela University. This will soon have produced a total of 49 promising young leaders – 78% of them ACI and nearly 50% of them women.
- A virtual **Coaches' Library** supported our management employees with specifically selected coaches to attend to personal development needs arising during the pandemic.
- We provided **Competition Law Compliance Training to 680 employees in under three months** via an e-learning platform. As part of our broader compliance programme, the Competition Act has been identified as a key piece of legislation impacting on all our business activities, including dealings with competitors, customers, suppliers and other third parties.
- **We continued to build industry capability, upskill our workforce and build operational capabilities** via learnerships, apprenticeships and our professional skills academies.
 - One example is our **Siyabhaka Learnership** in the Baking business unit, **a strategic partnership between Food Partners** (our out-of-home food service division) and **key customers**. This focuses on **building future ACI bakers** by giving unemployed youth the opportunity to complete the National Certificate in Flour and Confectionary Baking (National Qualifications Framework level 2 and 3). Two alumni have already been permanently absorbed as Learner Bakers by the Food Partners team, and 15 more learners are currently nearing completion.
 - **In support of the RCL FOODS Supply Chain Strategy**, our Supply Chain Excellence Academy saw **eight members of the executive team attend further development programmes** with the Toyota Wessels Institute for Manufacturing and over 100 employees trained in Operational Leadership and Pragma.

COLLABORATIVE EMPLOYEE RELATIONS AND ENGAGEMENT

- We **leveraged technology to engage with large numbers of employees** during the pandemic, creating a more connected business. This includes the use of the *Let's Talk* employee mobile app, monthly online leadership engagements, and the bi-monthly *Let's Talk Live* webinars led by the CEO and open to all employees. 📄 Refer to the case study for more information.
- **We implemented an extended leave entitlement to allow up to 15 days of negative leave to be taken** to supplement annual or sick leave in the case of employees being unable to work from home or self-isolating due to COVID-19 infection or exposure. As a result of this, no employee missed a single paid day due to COVID-19.
- We completed our review of the variable compensation incentive schemes and finalised the **revised short-term incentive profit share scheme**. The long-term scheme is still in progress.
- The business had **no major industrial action** during the year, notwithstanding a challenging labour environment.
 - Currently, **75% of our employees are represented by the various bargaining units in our business**, through which the recognised trade unions negotiate salaries and conditions of employment. Of these, 40% are not unionised.
 - Union membership declined from 50% to 46% year-on-year.
 - **56% of the bargaining unit negotiated agreements are multi-year**, which has provided our business with certainty and stability.
- **Total employee terminations** (whether due to death, disability, dismissal, resignation, retirement, retrenchment or other factors) **declined 7% from 2020**.
 - While there were 90 retrenchments during the year, these were related to organisational restructuring and not COVID-19.

EMPLOYEE HEALTH, SAFETY AND WELLNESS

We have continued to promote and protect the wellbeing of our employees through strict adherence to health and safety protocols and provision of a range of occupational and personal support initiatives.

- A **director has now been appointed to lead** the Safety, Health, Environment and Risk (SHER) portfolio.
- **We have continued in our efforts to safeguard our employees against COVID-19 infection** through our compulsory protocols around screening, hygiene, social distancing, mask wearing and self-isolation. This has been supported by strong communication to raise awareness and share information.
- RCL FOODS has more than 50 occupational clinic arrangements in place, with clinics focusing primarily on occupational health services. **Throughout the COVID-19 lockdown our clinics have continued to provide support and advice** to the operational, SHEQ and HR teams, as well as assisting with screening protocols and monitoring vulnerable individuals.
- A total of **R52 million was spent on Cleaning, Health & Safety and Medical to keep employees safe** during the COVID-19 pandemic.
- To **improve employee resilience and address anxiety and stress** related to the pandemic:
 - We implemented a series of workshops on **agile leadership and mental wellness**.
 - A **Staying Strong Programme** was delivered to employees to help them build emotional resilience during the pandemic.
 - We made the decision to include the Food Division in the **employee assistance programme** currently offered in Vector Logistics. This will provide employees and their families with counselling assistance and education in a range of different areas to ensure more holistic support.



The business had no major industrial action during the year, notwithstanding a challenging labour environment.



OUR SUSTAINABLE IMPACT UNPACKED

ENRICHING COMMUNITIES CONTINUED

CASE STUDY

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 impacts¹ and up to 70% of adults feel it is the most stressful period in their careers². 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.

“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,” said Food Division HR Director David Scott.

More than 200 of these Circles have taken place this year alone, including 14 women’s circles following our 2020 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



“Miles’ *Let’s Talk Live* sessions have been very successful in terms of engaging large numbers of our employees. They’ve been very transparent as we allow people to ask questions and comment anonymously.”

2.2 More economically developed communities

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



WE ONCE AGAIN SCORED FULL MARKS FOR THE ENTERPRISE AND SUPPLIER DEVELOPMENT ELEMENT OF THE B-BBEE SCORECARD.

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

By promoting sustainable farming programmes and inter-connected business models, we are empowering our communities to improve their agricultural practices, increase their competitiveness and enhance their livelihoods – thereby creating shared value. On the basis of this work we once again scored full marks for the enterprise and supplier development element of the B-BBEE scorecard.

OUR SUSTAINABLE IMPACT UNPACKED

ENRICHING COMMUNITIES CONTINUED

COMMUNITY-BASED JOINT VENTURES (CBJVs)

Between 2007 and 2012 we sold the majority of our Nkomazi agricultural operations in settlement of land claims in the region. After establishing partnership agreements with the claimant communities, three CBJVs were established, which lease back the agricultural land assets at market rates from these communities. This has resulted in significant benefits to both parties. The communities receive income from the high-potential agricultural assets they own, along with study and enterprise development opportunities through RCL FOODS and the CBJV companies, while RCL FOODS benefits from a sustainable cane supply to our Malalane and Komati mills. Highlights of our 2021 financial year were as follows:

- Continued implementation of the optimised farming operations strategy resulted in **delivery of nearly one million tons of sugarcane from over 9 400 hectares of irrigated land.**
- **192 beneficiaries from the three land claimant communities** were directly employed.
- **26 companies owned by beneficiaries** from the above communities were awarded **contracts totalling R98 million in procurement spend**, as part of the CBJVs' enterprise development efforts.
- **R42 million in lease payments** was received by the land claimant communities. This was R18 million higher than 2020 due to higher recoverable value (RV) prices, driven by a significant increase in the local market demand for sugar.
- **Four qualifying students were identified and received bursaries** to study in the fields of Agriculture, Engineering and Finance.
- **Community development projects totaling R300 000** were implemented in land claimant communities.

SMALL-SCALE GROWERS (SSGs)

Nearly 1 200 SSGs occupy the communal areas of Nkomazi, farming approximately 9 500 hectares of irrigated cane on farms averaging around eight hectares in size. Together, they provide approximately 16% of cane supplied to our Nkomazi mills. To maintain our Nkomazi cane supply and protect the livelihoods of SSGs and their families, we are committed to ensuring the long-term sustainability of their farming enterprises. We do this through two joint venture services companies – Akwandze Agricultural Finance and TSGRO – which we operate in partnership with the SSGs to provide them with affordable financial and farming support. During the 2021 financial year:

- SSGs generated approximately **R370 million in turnover** through the supply of **570 000 tons of cane** to our two sugar mills in Nkomazi.
- In partnership with the AgriSETA, we **supported 35 SSGs and five land reform entities through a structured training and mentoring programme to enhance their sustainability.** Representing a combined investment of R5 million, the project aims to improve governance and compliance for the 40 entities and is expected to end in December 2022.

LONG-TERM LAND REFORM PARTNERSHIPS

In addition to our community joint ventures on private land and our partnerships with SSGs on communal land, we partner with a number of land reform beneficiaries farming on both private and communally-owned land. The relationships were originally established from 2012 when the Department of Rural Development and Land Reform (DRDLR) appointed our Sugar business unit to mentor 12 distressed land reform beneficiaries in Nkomazi and Pongola as part of the Recapitalisation and Development Programme (RADP). Under our five-year mentorship, the farmers' business plans were approved and the DRDLR released R65 million to fund the rehabilitation of infrastructure and plant sugarcane on farms that had not been economically active for some time. Leveraging our Sugar business' existing partnership with the Land Bank, we were able to facilitate the restructuring of some of these growers' existing Land Bank debts from R17 million to just over R3 million. Although our contracted mentorship has come to an end, we still support the farmers who **provided 79 000 tons of sugarcane** to our Nkomazi and Pongola mills in the 2021 financial year.

DEVELOPMENT FINANCE – AKWANDZE AGRICULTURAL FINANCE (AAF)

Akwandze Agricultural Finance (AAF) is a joint venture between RCL FOODS and Nkomazi small-scale sugarcane growers that provides these farmers with access to unsecured credit at reduced interest rates. AAF was established in 2006 with R20 million capital. Of this, R10 million was contributed by the growers and RCL FOODS' Sugar business unit in a 50/50 partnership, and the other R10 million was donated by the South African Sugar Association (SASA). The company managed to leverage a number of different funds to support land reform and small-scale farmers, resulting in a current AAF loan book of R610 million which underpins the production of two million tons of cane (approximately 14% of the industry's cane volume). Since its inception, AAF has invested over R3 billion into SSGs and B-BBEE joint venture companies in the form of loans and retention savings. Highlights from the year were:

- **The 1 200 SSGs reinvested nearly R200 million into their own operations** through retention savings and new loans.
- **AAF has entered into a six-year funding partnership with Rand Merchant Bank** which has resulted in the CBJVs securing loans of R350 million.
- **AAF provided R21 million in loans to over 100 SSGs.** The improved RV price has resulted in a much improved financial position for SSGs, resulting in growers requiring fewer loans to sustain their businesses in 2021.

FARMING AND BUSINESS SUPPORT SERVICES (TSGRO)

TSGRO was formed in 2014 when our Sugar business unit entered a joint venture with the 1 200 SSGs farming on communal land in Nkomazi. The company provides farming and business support services to these small growers to help maximise their production and returns, ensuring long-term sustainability. In addition to improving farm productivity, TSGRO also sets up enterprise development opportunities for small-scale growers to become contractors. During the 2021 financial year:

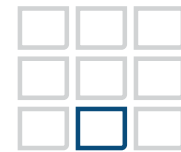
- **630 SSGs and seven co-operatives with 456 members accessed TSGRO's Bulk Water Supply service (BWS),** a user pay service that repairs, maintains, services and protects irrigation infrastructure on an ongoing basis.
 - In 2021, approximately 6 000 hectares of land were maintained by the BWS service.
 - BWS has played a critical role in stabilising SSG irrigation and sustaining production by ensuring reliable bulk water delivery to field's edge.
- **All 1 200 SSGs benefited from an ongoing free extension service** that includes sugarcane agronomy, better management practices, and planning tools for management and budgeting.
- **315 farmers utilised TSGRO's basic accounting and bookkeeping services** to ensure good governance.
- **35 SSGs opted to utilise TSGRO's complete farm management service.**



**Selati supports
1 200 small-
scale growers in
rural Nkomazi.**

OUR SUSTAINABLE IMPACT UNPACKED

ENRICHING COMMUNITIES CONTINUED



2.3 More socially developed communities

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



INVESTING IN THE WELLBEING OF THE COMMUNITIES AROUND OUR OPERATIONS IS KEY TO THE STABILITY OF THE SOCIAL ENVIRONMENT OUR BUSINESS OPERATES IN. ADVANCING GOVERNMENT’S SOCIAL AND ECONOMIC DEVELOPMENT AGENDA THROUGH CSI INITIATIVES AND ECONOMIC PARTNERSHIPS HAS ALSO STRENGTHENED OUR RELATIONSHIP WITH THE GOVERNMENT DEPARTMENTS OF HEALTH, SOCIAL DEVELOPMENT AND EDUCATION.

We have operations in some of the most socially and economically challenged communities in South Africa: Hammarsdale and Pongola in KwaZulu-Natal, Malalane in the Nkomazi district of Mpumalanga, and Worcester in the Western Cape. Each faces a high level of unemployment, rising poverty levels and a host of related social problems.

As a major employer in these areas, we have an opportunity to stimulate social development that can help restore human dignity, empower marginalised communities to undertake their own development, and ultimately break the cycle of poverty. We do this through our DO MORE FOUNDATION which acts as a “backbone organisation” for multi-stakeholder initiatives directed at easing hunger, supporting youth and ECD. (Refer to 12 and 13).

HAMMARSDALE – #DoMore4Hammarsdale

In collaboration with various stakeholders from the private, public and non-profit sectors, the DO MORE FOUNDATION spearheaded the Greater Hammarsdale Community Development Initiative in 2015, which came to be known as #DoMore4Hammarsdale. This initiative aims to empower the Hammarsdale community and restore hope through various enterprise development and Early Childhood Development (ECD) projects in five wards. As with our other community development initiatives, the success of #DoMore4Hammarsdale lies in its strong partnerships which have been key in helping the community navigate the social and economic effects of the COVID-19 pandemic. Our achievements this year included the following:

- **The Food Gardens project proved vital** as vegetables from these gardens were often the only source of affordable nutrition and income for families.
- **Communal gardeners** who were previously assisted by the DO MORE FOUNDATION are now **helping to restore gardens at local ECD centres and are expanding their own operations.**
 - **Four large communal gardens are mentoring 29 ECD centres** to assist them in restarting the gardens they lost during the lockdown.
 - The DO MORE FOUNDATION **continues to assist the communal gardeners with market linkages.** A small drying tunnel was procured and the growers have started processing dried herbs with guidance from the RCL FOODS research and development team.
 - **One innovative youth gardening enterprise recently received a sponsored vertical growing tunnel** at its premises. The tunnel has shortened harvest times, used minimal water and saved on ground space. The garden’s manager has also recently featured in a number of “how-to” videos produced for the Chef’s Association Annual Conference.
- **Through the DO MORE FOUNDATION, a local clothing retailer is sponsoring nutritional support and toy kits** for 30 local ECD centres.
- **The collaborative Enterprise Development initiative** continued to grow.
 - Through its Township Economy Programme, the DO MORE FOUNDATION is enhancing youth entrepreneurship and accelerating youth-owned and managed enterprises in the community. The multi-partner programme provides high-quality business training, mentorship and entrepreneurial support to young women and small businesses run by youth in the Hammarsdale community.
 - So far, **30 small businesses have come out of this programme fully equipped with essential business skills** around registrations, web design, market linkages, business administration, market research, branding, marketing and access to micro-financing. These include the **Ikhwezi Bakery Co-operative** and **Owethu Sewing** (refer to 13).



OUR SUSTAINABLE IMPACT UNPACKED

ENRICHING COMMUNITIES CONTINUED

WORCESTER – “A PLACE WHERE YOUNG CHILDREN FLOURISH”

Our Western Cape Chicken and Speciality plants are located in the Worcester area, where rising rates of poverty, crime and substance abuse are major risks to family life and healthy childhood development. To help strengthen families and stimulate positive early learning, we sponsor a weekly #LovePlayTalk radio programme and monthly ECD workshops for local teachers and principals. The Breede Valley Young Child Forum, a collaborative initiative which the Foundation established in 2019, continues to mobilise its various stakeholders to **co-create an environment in Worcester that is conducive to healthy early childhood development.** In addition:

- The DO MORE FOUNDATION **established the #DoMorePlay toy-making programme** in partnership with the Breede Valley Association for Persons with Disabilities and a corporate partner. The programme is giving **20 differently-abled youth an opportunity to earn an income while making high-quality educational toys for ECD centres.** (Refer to 13).
- **74 ECD centres were assisted** in applying for the Presidential ECD Stimulus Package, and PPE was provided to help with centres' safe re-opening after the lockdown.
- **Monthly educational workshops** for members of the Young Child Forum continued throughout the lockdown.



The #DoMorePlay programme not only gives vulnerable young children an opportunity to learn through play, but it gives marginalised youth a chance to generate an income and turn “waste” into lasting value.

NKOMAZI – “LEAVE NO YOUNG CHILD BEHIND”

The collaborative, multi-stakeholder “Leave No Young Child Behind” initiative was established in 2015 in the two poorest wards of the Nkomazi municipality where our Malalane sugar mill is located. It aims to help improve the wellbeing of young children through the joint implementation of the National Integrated Early Childhood Development Policy, which envisages every young South African child having access to key essential services by 2030. **In 2019 an independent research report found this collaborative initiative to have catalysed meaningful progress in seven strategic service areas targeted by the policy.** Highlights from 2021 include:

- Components of the tried and tested **“Leave No Young Child Behind”** implementation model are in the process of being replicated at other DO MORE FOUNDATION sites such as Pongola.
- **The initiative entered a new phase of growth in 2021,** extending its work to a further six wards comprising 57 ECD programmes. This brings to eight the number of wards it works in, **benefiting a total of 81 ECD programmes.**
- **The DO MORE FOUNDATION has extended its nutritional support** in Nkomazi to unregistered ECD centres, enabling **an additional 500 young children** to receive a daily meal of DO MORE Porridge on weekdays.
- **91 ECD programmes were assisted** to apply for the Presidential ECD Stimulus Package, and PPE was provided to enable their safe reopening after the lockdown.



NKOMAZI SEWING GROUP

A sewing group has been established in Nkomazi, made up mainly of young people. Through the DO MORE FOUNDATION they received a donation of six industrial sewing machines as well as fabric to produce their first 3 000 masks. These were produced at cost and **donated to ECD programmes in the Nkomazi area** to help them re-open after the lockdown.



OUR SUSTAINABLE IMPACT UNPACKED

SUSTAINING RESOURCES

3

As a large food business that spans from farm to fork, we have an extensive environmental footprint. How we manage our environmental impacts and utilise scarce natural resources has a direct impact on our ability to provide More Food to More People, More Often. We strive to see and do things differently in order to reduce our use of non-renewable energy and fresh water, and to minimise the waste we send to landfills by diverting as much as possible into “new” value streams in line with circular economy principles. Our efforts in this space contribute to Goals 6, 11, 12 and 13 of the Sustainable Development Goals.



HOW WE PLAN TO STEP CHANGE OUR ENVIRONMENTAL IMPACT

	ENERGY	WATER	WASTE
Our Ambition	To become an energy self-sufficient* business by supporting the generation of renewable resources	To become a water-smart business by seeking new ways to reuse, reduce and “create” water in our operations	To become a waste-free business by minimising our waste to landfill and exploring ways to turn waste into value
Our Targets	50% electricity self-sufficiency by 2025 50% coal reduction by 2025	50% water reduction in Chicken Processing by 2025 30% improvement in water use efficiency for Sugar Agriculture by 2023 60% water reduction in logistics warehousing by 2025	Zero waste to landfill by 2025 at our operations 100% of plastic packaging to be reusable, recyclable or compostable 70% of recyclable plastic to be recycled 30% average post-consumer resin (PCR) content across all plastics packaging

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

3.1 More energy self-sufficient operations

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



OUR CO-GENERATION, W2V AND SOLAR PROJECTS PROVIDED US WITH A TOTAL OF 160 GWH OF RENEWABLE ENERGY IN 2021.

Electricity is a critical input in our agriculture, processing and distribution chain. Power interruptions – whether in the form of planned load shedding or unplanned external infrastructural failures – pose a risk to staff, equipment and production, with negative consequences for sustainable, affordable food supply. At the same time, we recognise the need to reduce our dependence on unsustainable fossil fuel-based power by reducing our usage and generating renewable energy through our operations.

Our ambition is to become energy self-sufficient and ultimately export power to the national grid.

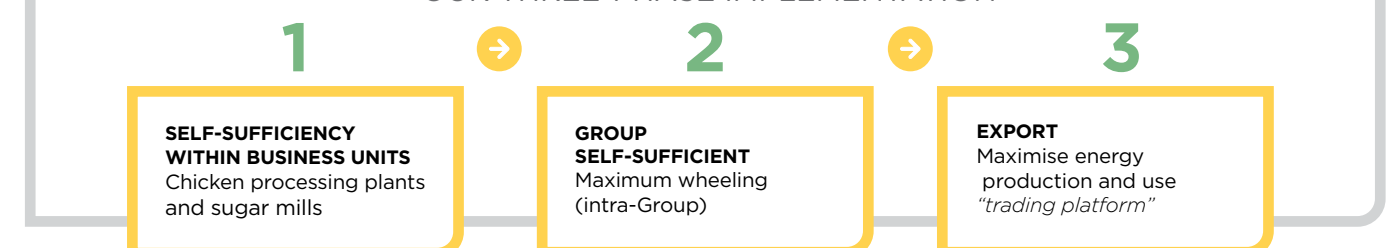
Our Energy Roadmap identifies practical, quantifiable opportunities to achieve energy self-sufficiency, ensure price certainty and secure long-term energy supply to our business.

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

RENEWABLE ENERGY GENERATION



OUR THREE-PHASE IMPLEMENTATION



OUR SUSTAINABLE IMPACT UNPACKED

SUSTAINING RESOURCES CONTINUED

OUR RENEWABLE ENERGY GENERATION IN 2021

CO-GENERATION

Bagasse, an energy-dense by-product of sugar production, is used to create renewable energy at our sugar mills through a process known as co-generation. The electricity generated powers our sugar manufacturing process and a portion is also sold externally.

- **158 GWh of electricity was co-generated** in 2021, a decrease of 9% from the previous year due to lower bagasse availability.
- Of this, **145 GWh was used to supply 88% of the sugar mills' electricity requirements** while **13 GWh was exported** to the Coega Industrial Development Zone via the Eskom grid.

WASTE-TO-VALUE (W2V)

We produced 182% more electricity from our W2V plants due to the newly completed Rustenburg plant coming on line. The plant has yet to reach full capacity owing to a slower than expected ramp-up due to construction delays and unforeseen modifications regarding design changes. Using a biological digestion process to turn poultry waste into biogas and heat energy, our W2V plants **contributed 13.5 GWh of renewable energy in 2021.**

SOLAR

Rooftop solar power generation increased by 509% from 218 223 kWh to 1 329 084 kWh (1.3 GWh) in 2021 due to **new solar PV installations** at our Vector Peninsula hub and Nelspruit Bakery. Between these and our National Office solar installation, they reduce their sites' respective Eskom demand by an annual average of approximately 10% and help to reduce generator usage during load shedding.

OUR 2021 ENERGY PERFORMANCE

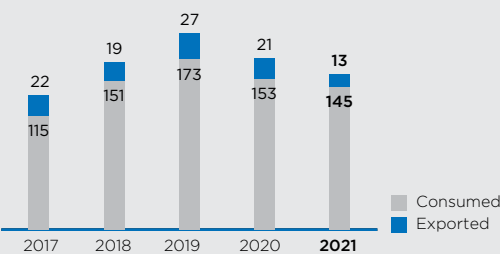
Since our energy usage is directly linked to our agricultural, manufacturing and distribution output and may therefore vary, our main focus is on increasing the efficiency of our energy consumption across our operations. This involves measuring and managing our energy usage and implementing reduction and optimisation initiatives where feasible.

ELECTRICITY

In 2021 our **total purchased (Eskom) electricity use was 2% lower.**

- Our **Food Division used 0.2% less electricity** mainly due to an electricity savings campaign in Sugar.
- Our **Chicken Division used 6% less electricity** due to lower usage in Chicken Agriculture.
- Our Vector Logistics Division used 7% more electricity due to its expanded network.

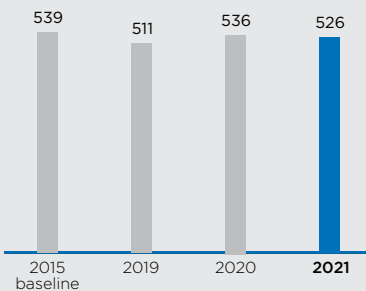
CO-GENERATED ELECTRICITY CONSUMED AND EXPORTED (GWh)



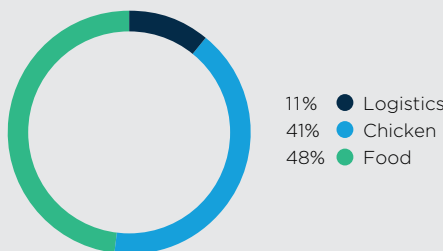
TOTAL ENERGY CONSUMPTION INCLUDING RENEWABLES (GWh)

Purchased (Eskom)	526.0
Co-generation	145.0
W2V	13.5
Solar	1.3
Total	685.8

GROUP CONSUMPTION (GWh)



BUSINESS UNIT CONSUMPTION (GWh)



OUR SUSTAINABLE IMPACT UNPACKED

SUSTAINING RESOURCES CONTINUED

COAL

Coal is used for steam production and heating purposes at our poultry farms, grocery and beverage manufacturing facilities and our animal feed, flour and sugar mills. Through the implementation of industry standard boiler management practices and annual boiler inspections, we ensure that our equipment operates safely and efficiently.

In 2021 our coal consumption increased by 2.4%

- Our Food Division's coal consumption increased by 5.6% due to our sugar mills having less bagasse available which subsequently increased their coal usage.
- Our **Chicken Division's consumption decreased by 2.4%** mainly owing to reduced coal usage in Chicken Agriculture.

DIESEL

In 2021 our total diesel consumption decreased by 4.4% against the restated 2020 total (which factors in diesel outputs previously not accounted for due to an improvement in the reporting process).

- The **Food Division reduced its diesel usage by 5%** mainly owing to lower volumes of sugar cane transported to the mills.
- The **Chicken Division decreased its diesel usage by 2%** due to lower volumes in Chicken Agriculture.
- The **Logistics Division decreased its diesel usage by 5%** mainly due to the consolidation of the Imperial Logistics Cold Chain (ICL) network into the Vector Logistics network.

3.2 More water-smart operations

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

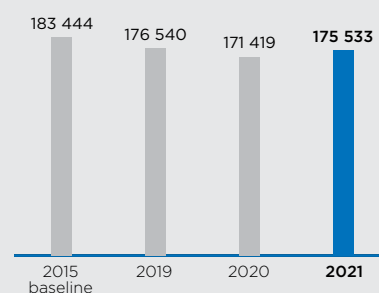


OUR OVERALL WATER USE DECREASED BY 7.5% IN 2021.

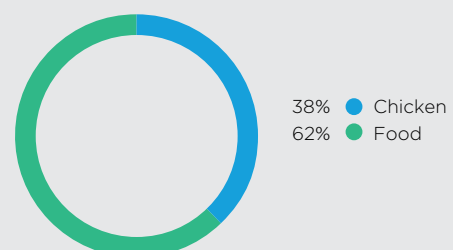
Being a food company, we consider the safety and wholesomeness of our products to be our highest priority. Water plays a critical role in producing the quality foods we sell, in maintaining the cleanliness of our facilities, and is a key input in our agricultural operations. Against this backdrop, we recognise the need to conserve water in view of increasing water scarcity linked to climate change. According to the World Wide Fund for Nature, water withdrawals in South Africa are expected to exceed water renewals by 2025 – five years ahead of the global trend. This poses a significant risk given the current crisis in water service provision driven by inadequate planning and maintenance by the country's water authorities and providers.

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

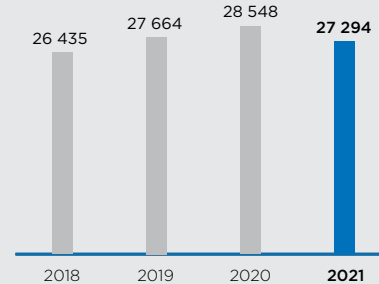
GROUP CONSUMPTION (tons)



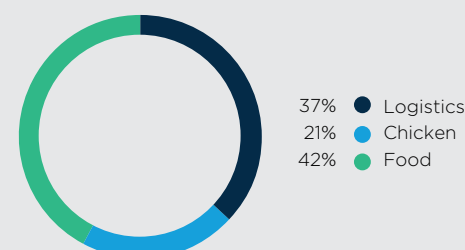
BUSINESS UNIT CONSUMPTION (tons)



GROUP CONSUMPTION (kℓ)



BUSINESS UNIT CONSUMPTION (kℓ)



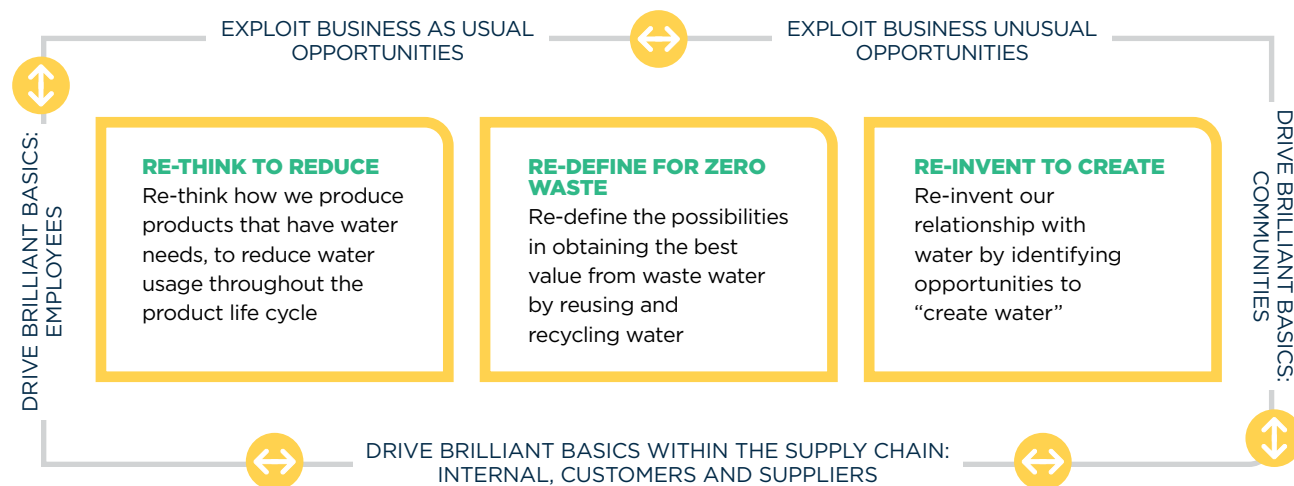
OUR SUSTAINABLE IMPACT UNPACKED

SUSTAINING RESOURCES CONTINUED

DROUGHT-PROOFING OUR SUGAR CANE OPERATIONS

South Africa has been experiencing water shortages since 2015, when delayed rainfalls and decreasing dam levels led to the worst drought in the country since 1982. Drought-proofing our Sugar Cane operations has been a key priority since then, and we have been introducing a combination of water-saving practices to achieve a 30% improvement in water use efficiency by 2023. These include green (no burn) harvesting, which allows leaves to remain on fields as mulch to preserve soil moisture; the use of drones, satellite imagery and soil moisture probes to allow for better irrigation planning; and the progressive conversion of inefficient irrigation systems to sub-surface drip irrigation.

Sub-surface drip irrigation is the most efficient as it delivers the water close to the cane roots, unlike overhead systems which sprinkle it onto the plants and soil from above, resulting in higher water loss due to evaporation. While not all fields can be converted to sub-surface drip for topographical reasons, we have embarked on a programme to replace our most inefficient overhead systems with sub-surface drip irrigation, targeting 80% sub-surface irrigation by 2031. By then we anticipate saving over 3 000 megalitres (Mℓ) per year.



So far **28% of our fields have been converted to sub-surface drip**, with our three cane-growing joint ventures being the focus this year. This means that we are currently **35% of the way to reaching our 2031 target** of 10 000 hectares (80%) under sub-surface drip.

PROGRESS AGAINST OUR IRRIGATION CONVERSION PROGRAMME IN SUGAR AGRICULTURE

Irrigation system	Water efficiency rating	2015 financial year hectares	2021 financial year hectares	2031 financial year (target) hectares
Floppies	6	403	165	0
Sprinklers	5	750	609	93
Draglines	4	2 002	897	0
Pivots	3	5 914	5 636	2 250
Surface drip	2	2 150	1 687	235
Sub-surface drip	1	1 996	3 484	10 002
Total		13 215	12 478	12 580

OUR 2021 WATER CONSUMPTION

MUNICIPAL WATER

To better understand and manage the water risk in our manufacturing operations, we conducted a Water Risk Profiling and Strategy study at our Grocery facility in Randfontein and our Flour Mill in Pretoria in 2019. These studies have allowed the plant to manage the “low hanging fruit” or quick-win opportunities, while budgeting towards more capital intensive projects.

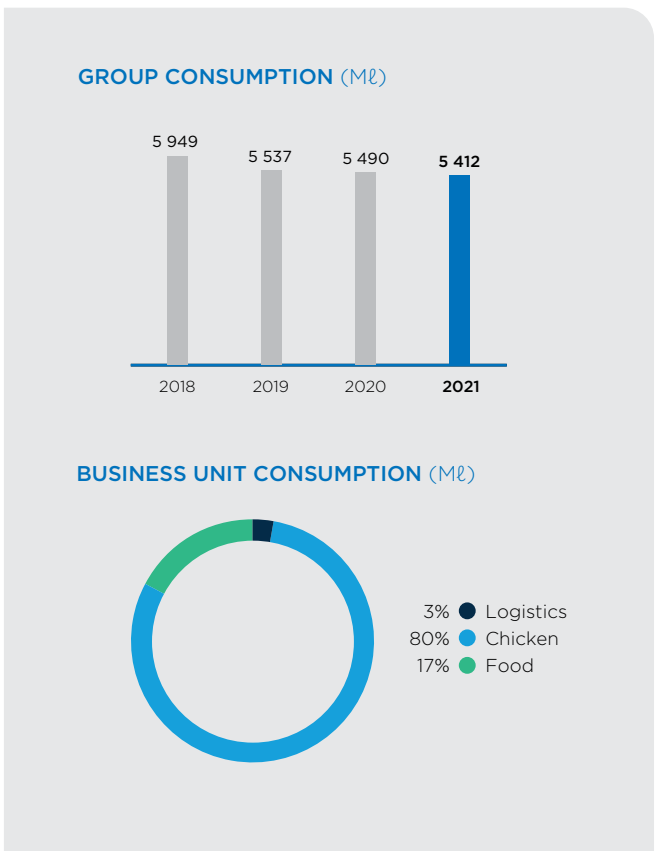
Our municipal water consumption in 2021 reduced by 1.4%.

- Our Food Division's water consumption increased by 5% owing to the implementation of further cleaning protocols in Groceries.
- Our **Chicken Division's water consumption decreased by 3%** due to lower volumes in Chicken Agriculture.
- Our Vector Logistics Division's water consumption increased by 11% due to higher volumes in the warehouse network, equipment refurbishment at Roodepoort, and temporary maintenance-related closure of the municipal grey water line at the Peninsula hub.

RAW WATER

Raw water refers to water from rivers which is used to irrigate our sugar cane crops.

- Overall **raw water usage was 8% lower in 2021** while cane yield remained constant, attesting to good irrigation management.
- We **continued to pursue raw water savings and efficiency initiatives in Sugar Agriculture** and converted nearly 200 hectares to water-efficient irrigation.
- Our raw water use efficiency has been improving by an average of 6.3% per year since 2018**, which means we are on track to reach our 30% target by 2023.



OUR SUSTAINABLE IMPACT UNPACKED

SUSTAINING RESOURCES CONTINUED



3.3 More waste-free operations

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



“WHAT WILL IT TAKE TO TRANSFORM OUR THROWAWAY ECONOMY INTO ONE WHERE WASTE IS ELIMINATED, RESOURCES ARE CIRCULATED, AND NATURE IS REGENERATED?”
- ELLEN MACARTHUR FOUNDATION

South Africa's waste generation continues to increase, and significant volumes of waste are still being diverted to landfill rather than being retained in the circular economy. Producers of products can help protect natural resources and develop green economies by taking the entire product life cycle into account – from raw material extraction through product design and utilisation, and ultimately, recovery and recycling or reuse.

This is the principle behind the Extended Producer Responsibility (EPR) regulations which extend the financial and physical responsibility for a product to the “producer” of that product (such as food companies), which importantly includes the post-consumer stage (waste disposal).

OUR WASTE MANAGEMENT APPROACH

We strive to manage all waste generated by our activities in the most environmentally responsible way possible. Applying the waste management hierarchy, we analyse all types of waste material generated to assess options for possible reduction, reuse, recycling or recovery options. Waste that cannot be channelled back into the circular economy is disposed of at licenced waste disposal facilities.

We have refined and implemented business models that will **maximise our waste-to-value prospects** at two key sites, and we continue to work towards **reducing the amount of waste sent to landfills**.

Having joined the South African Plastics Pact in February last year, we have already **made significant progress towards our 2025 Plastics Packaging Strategy**. A key focus for the year has been on **laying the foundations for RCL FOODS to adhere to the new EPR regulations**, particularly the Extended Producer Responsibility Scheme for Paper, Packaging and Some Single-Use Products (R.1187). Producers are required to submit EPR Schemes to the Department of Forestry, Fisheries and the Environment (DFFE) by 5 November. These will need to outline how the annual collection, recycling and PCR percentage inclusion targets per material type will be achieved, as well as the funding required to do so (i.e. as outlined in the Regulation). Once DFFE approves these schemes, EPR levies will be charged at different rates per ton per material type placed onto the market. Fees will fund closing the gaps that currently prevent industry from achieving the EPR targets.

OUR 2021 WASTE PERFORMANCE

- We **joined the 10x20x30 initiative** to halve food loss and waste in the supply chain by 2030.
- **90% of our waste** was used as **energy, converted into fertiliser or reused**.
- **0.5% of our waste was recycled**.
- 9.5% of our waste was landfilled.
- We **continued investigating innovative processes and strategic partnerships** to divert waste from landfill into alternative value streams.
 - **Production waste from the Speciality and Pies operating units was diverted to pig farmers**, reducing waste sent to landfill as well as saving on waste disposal costs.
 - **Production waste from poultry farms** is being diverted to a **composting facility**, reducing potential landfill waste by more than 105 760 tons.
- We continued to **optimise waste contracts and align them** across sites.
- We continue to **update our packaging design** to include recycling statements such as “Care for the environment. Dispose of packaging responsibly.” We are also increasing the number of products featuring retailer-approved On-Pack Recycling Labels (OPRLs) and Material Identification Codes (MICs).
- We **moved the needle in all three pillars of our Sustainable Packaging Strategy** (see following page).

OUR WASTE MANAGEMENT APPROACH AND FOCUS AREAS



OUR SUSTAINABLE IMPACT UNPACKED

SUSTAINING RESOURCES CONTINUED

OUR SUSTAINABLE PACKAGING JOURNEY

OUR APPROACH TO PACKAGING

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

OUR PLASTICS PACKAGING SUSTAINABILITY STRATEGY

Our **Plastics Packaging Sustainability Strategy to 2025** is based on the principles of the New Plastics Economy as proposed by the Ellen MacArthur Foundation. These are the basis of the global Plastics Pact initiative in which we are participating as a signatory of the South African Plastics Pact (SAPP). The three pillars of our strategy are directly aligned to SAPP, and aim to:

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

Our Plastics Packaging Roadmap articulates the steps in our journey towards these ambitions.

OUR PACKAGING PROGRESS IN 2021

- **We have completed a company-wide packaging footprint calculation tool.** This will allow us to review dashboards showing the tonnages of each type of packaging material we consume, as well as its levels of compliance in terms of our ambitions. Being able to measure our packaging portfolio will enable us to better manage our progress towards achieving the DFFE's legislated targets for EPR collection, recycling and PCR inclusion.
- **We engaged with 80 of our packaging convertors** to share our approach to EPR, identify possible collaboration opportunities and facilitate training on the new EPR Regulations.
- **We are engaging with a number of Producer Responsibility Organisations (PROs)** – including Petco, Polyco, Vinyl Loop, the Polystyrene Association of South Africa (PASA) and Fibre Circle – with regard to formulating EPR schemes that will ensure an increase in collection and recycling of polyethylene terephthalate (PET), polyolefins, polyvinyl chloride (PVC), polystyrene and fibre paperboard packaging.
- **We have initiated projects in each of the three pillars of our Plastics Packaging Sustainability Strategy.** For example, we are:
 - **Eliminating** certain undesirable materials such as PVC and non-recyclable multi-material packaging by **using other materials like PET and converting multi-materials to single materials.** This will equate to an annual reduction of 60 tons of PVC, 90 tons of plastic laminate and six tons of self-adhesive labels.
 - **Innovating** to find **solutions to replace non-recyclable laminate films** used to package our Pet Food products, as well as trialling **compostable meat tray liners** (potentially reducing the amount of non-biodegradable waste sent to landfill by 30 tons).
 - **Circulating** the packaging we produce by **adding OPRLs, responsible disposal instructions and MICs** as new packaging is introduced; **collaborating with our label suppliers** to reclaim all “backing paper” from self-adhesive label rolls; **diverting plastic “write-off” materials** from landfill into end-of-life solutions such as plastic pallets; **designing for recycling** to ensure materials retain their value as far as possible for upcycling; and **actively collaborating with Vinyl Loop** to trial new recycling technology for current labelled PVC clear overwrap that would otherwise go to landfill. All this equates to a potential further 172 tons of material diverted from landfill per annum. We are also collaborating with shrink sleeve suppliers and recyclers to **establish solutions to PET sleeved PET jars, which are currently not recycled.**

CASE STUDY

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 Regulation's collection, recycling and 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.



We have initiated projects in each of the three pillars of our Plastics Packaging Sustainability Strategy.

OUR CARBON DISCLOSURE REVIEW

OUR CARBON DISCLOSURE REVIEW	50
QUALITY ASSURANCE OF OUR CARBON FOOTPRINT ASSESSMENT	50
OUR 2021 CARBON FOOTPRINT	50
CARBON DISCLOSURE PROJECT (CDP) CLIMATE CHANGE SURVEY	50



**We maintained our
CDP score of B for
Climate Change in 2020.**

OUR CARBON DISCLOSURE REVIEW

We conducted our 2020 Carbon Disclosure Review internally and our results were verified by an external assurance specialist. This was our fifth carbon footprint review since our baseline assessment in 2015, which was the first full year in which data was available for all our divisions as a single company.

QUALITY ASSURANCE OF OUR CARBON FOOTPRINT ASSESSMENT

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

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

OUR 2021 CARBON FOOTPRINT

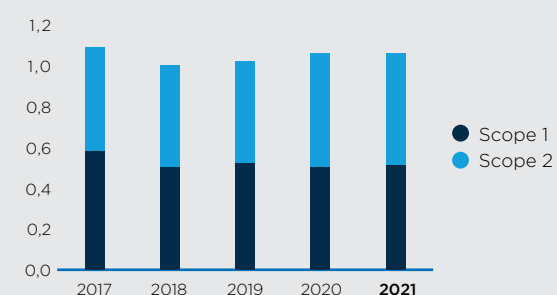
Our 2021 CO₂e (carbon dioxide equivalent) for scope 1 and 2 emissions was 1 056 000 tons.

- Our Scope 1 GHG emissions (direct emissions from our operations) were 509 265 tons CO₂e.
- Our Scope 2 emissions (indirect emissions from use of purchased electricity) were 547 122 tons CO₂e.

CARBON DISCLOSURE PROJECT (CDP) CLIMATE CHANGE SURVEY

The CDP runs an annual survey of the world's leading businesses in terms of their management of climate change impacts, water security and forests. The South African CDP surveys the top 100 JSE-listed companies. RCL FOODS maintained its B rating for Climate Change in 2020 and scored a B- for Water Security. We scored a C for the Forests survey, participating in this section for the first time.

CARBON FOOTPRINT IN MILLION TONS OF CO₂e
(Scope 1 and 2)



OUR APPROACH TO ENVIRONMENTAL SUSTAINABILITY

OUR APPROACH TO ENVIRONMENTAL SUSTAINABILITY

54



We need to safeguard our environment by using natural resources effectively and limiting the negative impacts of our operations and those of our suppliers.

OUR APPROACH TO ENVIRONMENTAL SUSTAINABILITY

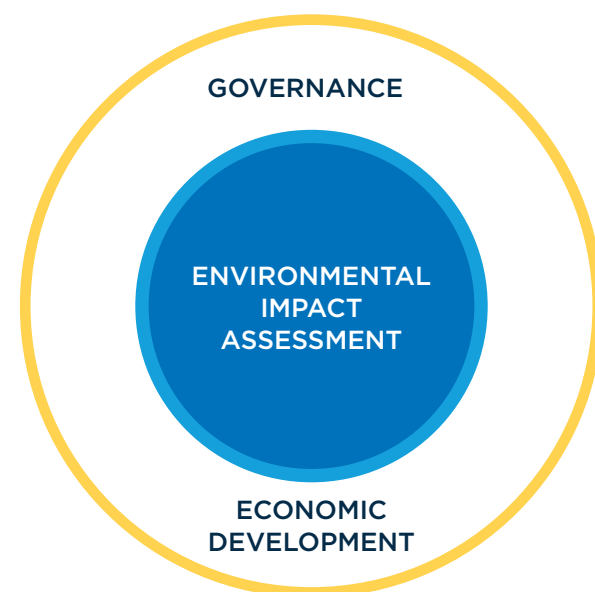
In order to keep providing More Food to More People, More Often, we know we need to safeguard our environment by using natural resources effectively and limiting the negative impacts of our operations and those of our suppliers. Our efforts in this regard are governed by our Group Environmental Policy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

ENVIRONMENTAL IMPACT ASSESSMENTS

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

OUR APPROACH TO ENVIRONMENTAL AIR QUALITY

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



OUR PERFORMANCE INDICATORS

OUR ENVIRONMENTAL
AND SOCIAL REVIEW 58

OUR VALUE-ADDED
SUMMARY 59

OUR ENVIRONMENTAL,
SOCIAL AND
GOVERNANCE
(ESG) DATA 60



“We need to relook at our practices – see things differently – to ensure that we are not creating one-sided value and extracting more than we put back.” – Miles Dally

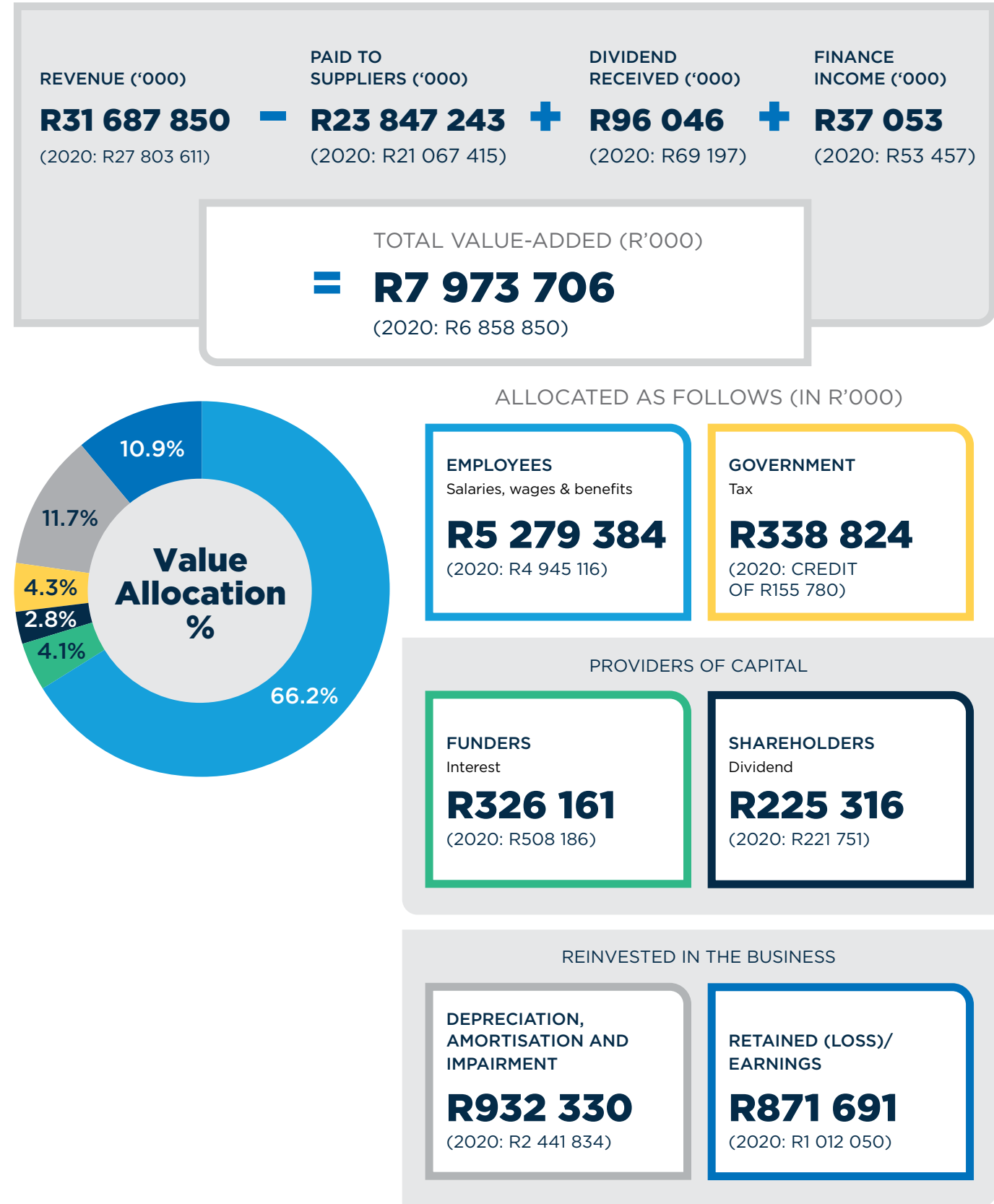
OUR PERFORMANCE INDICATORS

OUR 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 increase/(decrease)		481	(223)
Bargaining unit employees	%	75	75
Training spend:			
- Training budget	Rm	36	36
- Training spend	Rm	32,6	31,8
- Total hours of training		234 670	309 248
- Average hours per employee		25	31
- Number of employees trained		9 251	9 821
- Number of employees on Learnerships		241	247
- Number of employees on Apprenticeships		79	96
- Number of Interns		69	39
- Percentage of Learnership, Apprenticeship and Internship candidates that are ACI	%	81	99
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

OUR VALUE-ADDED SUMMARY



ALLOCATED AS FOLLOWS (IN R'000)

EMPLOYEES

Salaries, wages & benefits

R5 279 384

(2020: R4 945 116)

GOVERNMENT

Tax

R338 824

(2020: CREDIT OF R155 780)

PROVIDERS OF CAPITAL

FUNDERS

Interest

R326 161

(2020: R508 186)

SHAREHOLDERS

Dividend

R225 316

(2020: R221 751)

REINVESTED IN THE BUSINESS

DEPRECIATION, AMORTISATION AND IMPAIRMENT

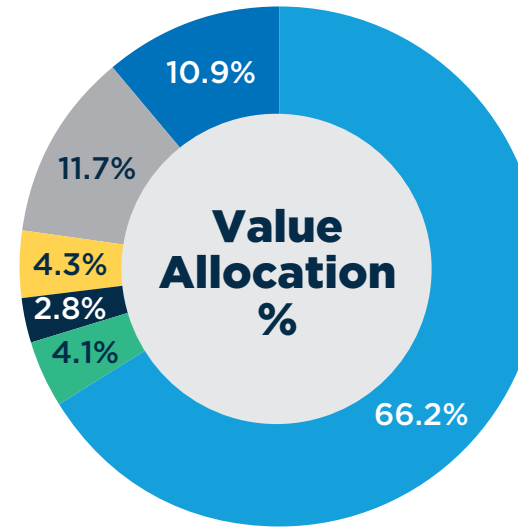
R932 330

(2020: R2 441 834)

RETAINED (LOSS)/ EARNINGS

R871 691

(2020: R1 012 050)



OUR PERFORMANCE INDICATORS

OUR ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) DATA

To enhance the comparability and transparency of our reporting, we have included a comprehensive Environmental, Social and Governance (ESG) data table.

GOVERNANCE	Unit of Measure	2021	2020	2019	2018
Number of Board Members	Number	13	14	13	12
Number of Board Members who are deemed non-Executive	Number	11	12	11	10
Number of Board Members who are deemed Executive	Number	2	2	2	2
Number of Prescribed Officers (Note: Persons who are not already counted as "Executives")	Number	0	0	0	0
Number of Board Members who are deemed "Independent"	Number	7	8	7	6
Number of Board Members who are African, Coloured or Indian (ACI)	Number	5	5	5	4
Number of Board Members who are Women	Number	3	3	3	2
Average Length of Executive Director Service (in years)	Number	17	16	15	14
Average Length of Non-Executive Director Service (in years)	Number	9	8	8	7
Average Length of Director (full Board) Service (in years)	Number	10	9	9	9
Average Age of Directors (in years)	Number	56	57	56	55
Overall Board and Committee Meeting attendance	%	97.2	93.8	92.5	97.1
Length of Current Auditor's service (in years)	Number	17	16	15	14
Independence of Board Chairman	Y/N	No	No	No	No
Publicly available policy on Board Conflicts of Interest and Politically Exposed Persons (PEPs)	Y/N	In Code of Ethics	Yes	Yes	Yes
Public disclosure on any/all Board member conflicts of interest	Y/N	No	No	No	No
Public disclosure on any/all Board members deemed a PEP	Y/N	No	No	No	No
Signed publicly available Climate Related Financial Disclosures, as per TCFD	Y/N	No	No	No	No
Publicly available human rights policy	Y/N	No	No	No	No
ESG included into service level agreements with suppliers	Y/N	Yes	Yes	Yes	Yes
Formal audit of suppliers and contractors for ESG compliance (including human rights)	Y/N	No	No	No	No
Shareholders vote (binding) on executive remuneration	Y/N/P	Non-binding	Non-binding	Non-binding	Non-binding
Shareholders vote (binding) on sustainability-related resolutions	Y/N	No	No	No	No
Public disclosure of voting record on sustainability-related resolutions	Y/N	No	No	No	No

LABOUR (RCL FOODS employees only)	Unit of Measure	2021	2020	2019	2018
Number of Permanent Employees	Number	20 547	19 824	20 210	19 858
Number of Temporary Employees	Number	757	999	836	723
Total Employees	Number	21 304	20 823	21 046	20 581
Percentage of Management (Top and Senior) who are ACI	%	26	25	21	15
Percentage of Management (Top and Senior) who are women	%	8	8	7	8
Percentage of Employees who are ACI	%	94	94	93	93
Percentage of Employees who are women	%	32	32	32	33
Percentage of Employees who are permanent	%	96	95	96	96
Percentage of Employees who belong to a trade union	%	46	50	52	55
Number of Employee Terminations*	Number	1 958	2 114	2 699	2 964
Employee Turnover Rate	%	10.0	10.0	13.0	15.00
Number of Person Hours Worked** - all employees and contractors	Number	41 710 900	40 903 662	41 341 644	40 220 546
Number of Person Days Lost Due to Absenteeism	Number	40 074	37 498	41 306	53 877
Absenteeism Rate***	%	0.8	0.7	0.8	1.0
Number of Person Days Lost Due to Industrial Action (including work stoppages)	Number	203	0	571	4 919
Industrial Action Rate****	%	0.004	0.00	0.01	0.1
Number of Employees Trained	Number	9 251	9 821	10 169	11 792
Percentage of Employees Trained	%	45	50	50	59
Rand value of Employee Training Spend	Rand	32 595 704	31 807 415	44 398 199	39 945 020

* Includes resignation, retirement, retrenchment, dismissal, death, disability or other

** Total employees X 187 hours X 12 months X 86%

*** Percentage of person days lost due to absenteeism

**** Percentage of person days lost due to industrial action

HEALTH AND SAFETY (RCL FOODS employees only)	Unit of Measure	2021	2020	2019
Number of Fatalities (injuries on duty leading to death)	Number	0	1	1
Number of Disabling Injuries (DI)*	Number	370	385	345
Total Number of Reportable Injuries (RI)**	Number	71	91	68
Fatal Injury Frequency Rate (FIFR)	Rate	0	0.003	0.003
Disabling Injury Frequency Rate (DIFR)	Rate	1.14	1.08	1.12
Total Reportable Injury Frequency Rate (TRIFR)	Rate	0.22	0.25	0.27
DIFR and TRIFR target	Rate	1 and 0.5	1 and 0.5	1 and 0.5

* DI: Any injury resulting in lost time of one day to 14 days

** RI: Fatalities, loss of limb, and any injury where employee is unable to work for 14 days

OUR PERFORMANCE INDICATORS

OUR ESG DATA CONTINUED

ENVIRONMENTAL	Unit of Measure	2021	2020	2019	2018
Energy					
Total Petrol Consumption	kilolitres	65 533	56 396	67 191	62 522
Total Diesel Consumption*	kilolitres	27 294	28 548	27 664	26 435
Total Volume of Electricity Purchased	GWh	526	536	511	525
Total Volume of Electricity Self-Generated (produced)	GWh	178	181	203	178
Total Volume of Electricity Self-Generated (consumed)	GWh	160	159	175	158
Total Electricity Consumption (purchased and self-generated)	GWh	686	696	686	684
Total Coal Consumption	Tons	175 534	171 419	176 540	173 455

* Historical diesel figures updated to include all diesel consumption (all owned, third party and hired transport and stationary diesel)

	Unit of Measure	2021	2020	2019	2018
Carbon footprint					
Scope 1	tCO ₂ e	509 265	500 066	520 795	504 235
Scope 2	tCO ₂ e	547 122	557 724	531 699	499 514
Carbon Emissions – Scope 1 and 2	tCO ₂ e	1 056 388	1 057 790	1 052 494	1 003 749
Carbon Efficiency	tCO ₂ e/PHW	0.025	0.026	0.025	0.025

Note: The 2020 figures have been restated owing to delayed reporting due to COVID-19.

	Unit of Measure	2021	2020	2019	2018
Water					
Total Water Consumption (excluding raw water)	Mℓ	6 072	6 190	6 348	6 854
Total Municipal Water Consumption	Mℓ	5 412	5 490	5 537	5 949
Total Borehole Consumption	Mℓ	661	700	811	905
Total Raw Water Consumption	Mℓ	119 145	129 205	141 424	132 399
Total Volume of Water Discharged	Mℓ	2 721	2 550	2 524	2 683
Water Efficiency	m ³ /PHW	3.002	3.310	3.574	3.462

	Unit of Measure	2021	2020	2019	2018
Waste					
Total Volume of Non-Hazardous Waste Sent to Landfill	Tons	81 038	75 303	64 624	95 637
Total Volume of Hazardous Waste Sent to Appropriate Disposal Sites	Tons	359	863	21	2 123
Total Waste from Poultry Farms	Tons	129 756	118 528	125 066	145 885
Total Waste from Sugarcane Farms	Tons	NA	NA	NA	NA
Total Volume of Waste Recycled	Tons	4 037	3 674	2 643	2 274
Percentage of Waste Converted to Energy, Fertiliser or Reused	%	90	90	92	87
Percentage of Waste Recycled	%	0.5	0.5	0.3	0.3
Percentage of Waste Diverted from Landfill	%	90.3	90.6	91.9	87.6
Total Volume of Waste	Tons	835 753	799 619	801 226	773 390
Waste Efficiency	Tons/PHW	0.020	0.020	0.019	0.019

CSI/SED EXPENDITURES	Unit of Measure	2021	2020	2019	2018
Corporate Social Investment (CSI)/Socioeconomic Development (SED) expenditures	Rand	7 808 088	9 000 000	12 300 000	15 400 000
Enterprise Development					
Enterprise Development Spend	Rand	15 686 142	9 918 702	8 247 346	8 709 610
Procurement					
B-BBEE Compliant Spend	Rand	11 823 635 900	7 212 546 991	6 339 678 202	4 133 907 895

