



RCL FOODS LIMITED  
**REMUNERATION  
REPORT**

FOR THE YEAR ENDED JUNE

**2024**

# REMUNERATION REPORT

## CONTENTS

This report sets out RCL FOODS' remuneration policy and implementation thereof for the 2024 financial year and, aligned to the King Report on Corporate Governance (King IV™) recommended practice and the JSE Listings Requirements, is presented in three parts:

PART 1 STATEMENT FROM THE CHAIRPERSON OF THE REMUNERATION COMMITTEE

PART 2 OUR REMUNERATION POLICY AND STRATEGY

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## PART 1: STATEMENT FROM THE CHAIRPERSON OF THE REMUNERATION COMMITTEE

Dear Shareholder,

On behalf of the Board of RCL FOODS, I am pleased to present the Remuneration Report for the year ended June 2024.

This will be the last Remuneration Report I will present as Dr Penny Moumakwa will be taking over the reins as Chairperson of the Remuneration Committee (Committee) going forward. I was appointed as the Chairperson of the Committee on 26 March 2010. As I reflect upon my tenure as Chairperson:

- I have had the privilege of working with two CEOs;
- I have played witness to the growth and evolution of the business, notably through its acquisition and integration of Foodcorp, TSB Sugar, and more recently Sunshine Bakeries;
- It has not only endured but grown through navigating natural disasters such as floods and droughts, having had a significant impact not only on our business, but also our employees;
- It continued to successfully operate and contribute towards feeding the nation during the COVID-19 global pandemic;
- It has successfully managed the sale of Vector Logistics to A.P. Møller Capital and the unbundling of Rainbow; and
- It has also successfully introduced new short-term and long-term incentive schemes, ensuring alignment between the interests of shareholders and management.

I am grateful for the support of, and open and honest engagement with, our shareholders and management.

As RCL FOODS we remain committed to fair and responsible remuneration and seek to continuously review our remuneration policies and practices to ensure that they remain market competitive and fit for purpose, ensuring that they support the delivery of our strategic agenda.

We were pleased to receive strong support for our remuneration policy and Implementation Report from our shareholders at our previous Annual General Meeting (99.58% for the remuneration policy and 97.28% for the Implementation Report). Our policy strives to ensure alignment between the interests of shareholders and management. To this extent, the variable pay aspects of our remuneration are designed to incentivise incremental delivery of stretching results with the ultimate objective of delivering sustainable and market competitive returns.

A major area of this year's focus has been the ongoing effective implementation of the company's short-term incentive (STI) (Management Profit Share Scheme) and long-term incentive (LTI) (Value Creation Plan), with an emphasis on setting stretching but fair return on invested capital (ROIC) targets for the former and enterprise value (EV) growth hurdles in respect of the latter. A benchmark review of both schemes will be undertaken in conjunction with PricewaterhouseCoopers Inc. (PwC) later this year.

In addition, the Committee approved the introduction of a minimum shareholding requirement (MSR) policy for the company's two Executive Directors, namely the CEO and CFO, the purpose of which is to encourage alignment of the interests of Executive Directors with that of the Company's shareholders.

Finally, in terms of the rules of the legacy Share Appreciation Rights (SAR) LTI scheme, the unbundling of Rainbow on 1 July 2024 has required adjustments to the strike prices and numbers of awards under the scheme. This was done to ensure that participants are placed in the same position as they were prior to the unbundling. This exercise has been completed and the Committee has approved all adjusted SAR awards for both RCL FOODS and Rainbow participants. The adjustments are effective 2 September 2024 and will reflect in the 2025 report.

## PART 1 CONTINUED

### EXTERNAL FACTORS THAT INFLUENCED REMUNERATION

RCL FOODS has, and will continue to operate in a very tough economic environment, which is subject to low GDP growth, interest rate hikes and record high commodity prices. This in turn is not only placing financial pressures on our consumers, but also our employees.

From a remuneration perspective, we continue to challenge ourselves to remain fair, relevant and market competitive, while ensuring we focus on providing attractive shareholder returns.

### KEY AREAS OF FOCUS DURING 2024

During the period under review, the key activities and decisions taken have included:

- Approval of the management STI profit share scheme targets and outcomes for the 2024 financial year;
- Approval of the Value Creation Plan (VCP) targets and allocations for the 2024 financial year;
- Ensuring the seamless transition of Vector Logistics to A.P. Møller Capital;
- As a result of the unbundling of Rainbow, ensuring the creation of a remuneration framework and structure to support both Rainbow and RCL FOODS on a sustainable basis and in compliance with all regulatory requirements;
- Approving adjustments to the strike prices and numbers of legacy SAR scheme awards granted to participants to ensure that they were placed in the same position as they were prior to the unbundling of Rainbow;
- Annual review of Directors' and Senior Executives' packages and ensuring their alignment to market;
- Approval of Non-Executive Directors' fees for recommendation to shareholders; and
- Approval of a minimum shareholding requirement policy for Executive Directors.

### CONSULTANTS

During the current financial year, the Group participated in remuneration surveys facilitated by Remchannel and Deloitte.

In addition, the Group undertook the services of PwC to conduct a benchmark review of certain aspects of the Company's STI scheme.

Finally, the Group employed the services of BDO to conduct an independent review of the company's legacy SAR scheme in light of the unbundling of Rainbow, and particularly to make recommendations in respect of adjustments to be made to the awards.

The Committee is satisfied that the consultants engaged were independent and remained objective in providing the services.

### ACHIEVEMENT OF POLICY OBJECTIVES

The Committee is satisfied that the RCL FOODS Remuneration Policy is appropriate and applicable to the Group's objectives and realises its intention to attract, retain and motivate employees. Remuneration disclosures presented in this report have been made in compliance with the Remuneration Policy as approved by shareholders. No known deviations from policy have been made in the current financial year. In the event that the remuneration policy and/or implementation report is voted against by 25% or more of the votes exercised by shareholders on each resolution, RCL FOODS undertakes to invite dissenting shareholders to engage on the issues of concern as soon as reasonably possible following the Annual General Meeting.

### COMPLIANCE

We observe King IV Report on Corporate Governance for South Africa 2016 (King IV) and endeavour to ensure that its governance principles are implemented and sustained within the Group. The principles of fairness and transparency resonate fully with the mandate of the Committee, and as such are a key component of the role we play in guiding and advising the Group.



Mr NP Mageza

Chairperson, Remuneration Committee

# PART 2: OUR REMUNERATION POLICY AND STRATEGY

## INTRODUCTION

We believe our employees are the foundation of our business and that engaged, empowered and motivated employees ensure that our business is resilient and profitable.

## GOVERNANCE

The Committee operates under the delegated authority of the Board and is well-established. It is made up of individuals who have the skills to bring sound business and ethical governance principles to discussions. The Committee fulfills the important functions of ensuring that remuneration is responsible and fair across the Group, and that disclosures are accurate, complete and transparent.

The Committee is made up of five non-executive members and two permanent invitees (who are excluded from discussions pertaining to their own remuneration).

<b>Mr NP Mageza</b> <i>Non-executive Chairperson, Remuneration</i>	<b>Mr GM Steyn</b> <i>Non-executive Chairperson, Nominations</i>
<b>Dr PM Moumakwa</b> <i>Non-executive Director</i>	<b>Mr DTV Msibi</b> <i>Non-executive Director</i>
<b>Mr JJ Durand</b> <i>Non-executive Director</i>	<b>Mr CPF Vosloo</b> <i>Alternate Non-executive Director</i>
<b>Mr PD Cruickshank</b> <i>Chief Executive Officer</i>	<b>Mr DC Scott</b> <i>Chief Human Resources Officer</i>

With effect from 3 September 2024 Mr CPF Vosloo was appointed as a Non-executive Director, and member of the Remuneration and Nominations Committee; Mr NP Mageza retired as a Director, and accordingly as Chairperson of the Remuneration and Nominations Committee and Dr PM Moumakwa was appointed as the Chairperson of the Remuneration and Nominations committee.

Our Remuneration and Nominations Committee is responsible for:

- Assessing and approving the remuneration strategy for the Group;
- Reviewing and approving the STI and LTI pay structures for Group Executives and managers;
- Agreeing the positioning of Group executive pay levels and ensuring that they are comparable to market benchmarks;
- Approving the overall cost of remuneration increases awarded;
- Approving awards pursuant to the RCL FOODS LTI schemes;
- Approving the STI ROIC targets for the forthcoming financial year;
- Reviewing the executive succession plan; and
- Reviewing the talent and performance management practices within the Group.

Our Committee meets at least four times a year, and member attendance is reflected in the table below:

MEMBERS	SCHEDULED MEETING ATTENDANCE	AD HOC MEETING ATTENDANCE
NP Mageza (Chairperson)	4/4	1/1
DTV Msibi	3/4	1/1
JJ Durand	4/4	1/1
PM Moumakwa	3/4	1/1
GM Steyn	4/4	1/1

## PART 2 CONTINUED

### REMUNERATION POLICY

Our remuneration strategy, guiding principles and framework have been developed in the context of the RCL FOODS business strategy, Human Resources strategy and organisational culture.

#### STRATEGY

RCL FOODS seeks to remunerate and reward employees in a way that supports the achievement of the organisation's strategy and goals:

- We seek to reward outputs and results rather than input and effort, and to recognise quality leadership in the face of adversity and challenges;
- We aim to attract, retain and develop valuable employees of the right caliber with the intent of creating career progression and growth through learning, development opportunities and challenging jobs;
- We aim to reward performance and innovation, recognising those who deliver outstanding work while consistently demonstrating our core values;
- We want to engage our employees to such a degree that they willingly choose to work for us rather than other organisations; and
- We will deliver market-related remuneration and benefits.

#### GUIDING PRINCIPLES

ALIGNMENT TO STRATEGIC OBJECTIVES	NON-DISCRIMINATORY PRACTICES	REWARD FOR PERFORMANCE	INTERNAL EQUITY	COMPETITIVENESS	OPENNESS AND TRANSPARENCY
Remuneration strategy and frameworks shall be developed in a manner that is consistent with, supports and reinforces the achievement of RCL FOODS' purpose and strategy.	Remuneration policies and practices will be free from inequitable distinctions based on race, gender, sexual orientation, ethical or social origin.	Remuneration practices that enable and support a high-performance culture through mechanisms that reward both individual and business performance.	Similar roles at the same level will be remunerated within equal and reasonable pay ranges (Equal Pay for Work of Equal Value). We will ensure fair differentiation for job responsibility and will apply reward principles consistently.	We will remunerate at competitive levels that enable the recruitment and retention of high-caliber employees with the right attitude, experience and skills set.	Remuneration management shall be transparent, conducted in good faith and in accordance with appropriate levels of confidentiality.

### LINKING PAY TO OUR STRATEGY AND PERFORMANCE

#### FAIR AND RESPONSIBLE REMUNERATION

King IV™ recommends that companies should ensure that all employees are remunerated fairly, responsibly and transparently.

RCL FOODS applies the principle of fair pay based on the value of the job relative to other jobs of similar value (internal equity). Our Remuneration Policy follows the same fundamental principles across all levels of employees in the Group.

RCL FOODS promotes the elimination of unfair discrimination in respect of remuneration by applying the principle of equal remuneration for work of equal value. Any difference in remuneration will only be unfair discrimination if the differences are directly or indirectly based on race, sex, gender, disability or any other arbitrary ground.

Remuneration decisions are based on merit; we do not discriminate on the grounds of sex, race, religion or belief, disability, age, sexual orientation or gender identity.

We review our internal pay scales on an annual basis and consistently apply them to all our appointments as well as during our annual remuneration review process.

The guidelines for new hire appointments and offers assist Human Resources and line managers to ensure that all offers, both internal and external, are made in an equitable manner.

## PART 2 CONTINUED

### ELEMENTS OF REMUNERATION

COMPONENT	PURPOSE AND LINK TO STRATEGY	OPERATION
<b>Total Guaranteed Pay (TGP)</b>	<ul style="list-style-type: none"> <li>To attract and retain the best talent.</li> </ul>	<ul style="list-style-type: none"> <li>Reviewed annually in July, with increases effective 1 October, and delivered in 12 payments;</li> <li>Reflects the individual's experience, skills and the scope and nature of their role;</li> <li>Internal and external equity; and</li> <li>Provides competitive pay and rewards performance.</li> </ul>
<b>STI</b>	<ul style="list-style-type: none"> <li>Drives a high-performance culture;</li> <li>Motivates and rewards achievement of business targets;</li> <li>Keeps employees focused on the business's defined short-term objectives; and</li> <li>The financial measures are designed to drive our growth strategies while focusing on improving operating efficiencies.</li> </ul>	<ul style="list-style-type: none"> <li>Variable – usually paid in cash in September each year for performance during the prior financial year;</li> <li>Directly linked to business performance; and</li> <li>Annually reviewed to ensure measures and weighting drive the right behaviours and support the business strategy.</li> </ul>
<b>LTI</b>	<ul style="list-style-type: none"> <li>Drives sustainable longer-term performance;</li> <li>Retention of key skills by linking performance to long-term value creation;</li> <li>Encourages loyalty, aligning the interests of Executives to those of the Group and its shareholders; and</li> <li>Wealth creation.</li> </ul>	<ul style="list-style-type: none"> <li>Variable in the form of annual allocations which vest over three years; and</li> <li>Annually reviewed to ensure measures and weighting drive the right behaviours and support the business strategy.</li> </ul>
<b>Retirement funding</b>	<ul style="list-style-type: none"> <li>Provides financial security when an employee retires.</li> </ul>	<ul style="list-style-type: none"> <li>All contributions are included in the TGP;</li> <li>Both pension and provident funds;</li> <li>Financial protection in the event of illness, disability or death; and</li> <li>Flexible contribution rates.</li> </ul>
<b>Flexible benefits</b>	<ul style="list-style-type: none"> <li>Offer employees choices to meet personal needs and position us as an employer of choice; and</li> <li>Integrated approach to drive employee engagement.</li> </ul>	<ul style="list-style-type: none"> <li>Costs included in TGP;</li> <li>Provide employees with benefits suitable to their individual needs;</li> <li>Provide access to quality health and wellness benefits; and</li> <li>Addressing diverse employee needs across differing cultures and age groups.</li> </ul>
<b>Other benefits</b>	<ul style="list-style-type: none"> <li>Position RCL FOODS as an employer of choice.</li> </ul>	<ul style="list-style-type: none"> <li>Access to staff shops including employee discounts;</li> <li>Cellphone allowance;</li> <li>Management are entitled to uncapped annual leave;</li> <li>Maternity and parental leave; and</li> <li>Annual executive health checks.</li> </ul>

## PART 2 CONTINUED

### GUARANTEED REMUNERATION

The Group applies a Total Cost to Company (TCTC) pay approach to senior staff and management and a Basic Pay Plus Benefits pay approach to other levels of staff. Guaranteed remuneration is set with reference to the scope and nature of the individual's role and benchmarked against the market to ensure relevance and competitiveness. Pay scales, aligned to our desired market position, provide guidance to Human Resources and line managers with respect to the positioning of guaranteed remuneration, thus ensuring internal equity and market alignment.

### ANNUAL SALARY REVIEWS

The annual salary review process for non-bargaining unit employees takes place in July, with increases effective from 1 October each year. This process allows for the opportunity to adjust salaries in line with the market and prevailing economic conditions. The budget is proposed by the RCL FOODS Executive based on benchmarking of other organisations and market trends, changes to the national cost of living, business performance and affordability, and is reviewed and approved by the Remuneration Committee.

Individual performance, competitiveness to the market and diversity is considered when allocating increases. Interim increases may be awarded during the year at the discretion of senior management based on promotions, additional scope of role or scarce skills.

### BENEFITS

#### RETIREMENT FUNDS

Membership of one of the Group's approved retirement funds is compulsory for all employees. RCL FOODS has two destination retirement funds, the RCL FOODS Pension Fund and the

RCL FOODS Provident Fund. These closed funds are guided by a company-appointed independent Principal Officer. The funds aim to provide retirement funding, temporary and permanent disability cover, life cover and funeral benefits to employees.

- Employees on TCTC remuneration packages (management) may elect to contribute a variable percentage of their pay as an employer contribution to the fund, with each fund dictating a minimum contribution level.
- Senior staff on TCTC remuneration packages and those on Basic Pay Plus Benefits packages have set employee and employer contribution percentages.

#### MEDICAL AID

Membership of one of the Group's designated medical aid schemes is compulsory for management and voluntary for staff. Employees are strongly encouraged to join a medical aid scheme within their first three months of employment. RCL FOODS recognises that the health and wellness of its employees is paramount in ensuring a sustainable and profitable organisation.

We have therefore partnered with Discovery Health and Makoti Medical Aid to offer employees healthcare options that are appropriate to their affordability. The introduction of Makoti Medical Aid in 2016 has enabled employees who are budget-sensitive to be able to afford private healthcare.

- For employees on TCTC remuneration packages (management and staff), employee and employer contributions to medical aid are part of the TCTC.
- Staff on Basic Pay Plus Benefits packages receive an employer subsidy.

ELEMENT	TYPE OF REMUNERATION	DESCRIPTION	ELIGIBILITY	CHANGES FOR 2025
<b>Total Guaranteed Remuneration</b>	Fixed	<ul style="list-style-type: none"> <li>• TCTC for senior staff and management.</li> <li>• Basic Pay Plus Benefits for other levels of staff.</li> </ul>	All employees	Remains unchanged for 2025.
<b>STI</b>	Variable	Management Profit Share Scheme	CEO, Executives and managers	An independent review of the STI scheme will be conducted during 2025 to ensure market competitiveness and to align shareholder and management interests.
<b>LTI</b>	Variable	Share Appreciation Rights Scheme (SARs) – legacy	Executives	The last allocation of SARs was made in August 2021.
		Conditional Share Plan	Executives	Remains unchanged for 2025.
		Value Creation Plan (VCP) – current annual plan	Executives	The VCP represents the LTI scheme used for annual awards to Executives from 2023 onwards. Given the infancy of the scheme, an independent review of the VCP will also be conducted in 2025 to ensure it is delivering upon its intended purpose and is appropriately benchmarked.

## PART 2 CONTINUED

### SHORT-TERM INCENTIVES

For ease of reference, the salient features and functioning of the RCL FOODS STI (the Management Profit Share Scheme) is tabulated below:

#### ANNUAL PROFIT SHARE SCHEME FOR THE RCL FOODS GROUP (FOR THE 2024 FINANCIAL YEAR) EXCLUDING RAINBOW

ELEMENT	DESCRIPTION
<b>Purpose</b>	<ul style="list-style-type: none"> <li>Ensures transparent remuneration for all eligible employees through a documented and measurable incentive;</li> <li>Entrenches a remuneration philosophy of “pay for performance” which motivates employees toward the achievement of performance targets resulting in variable pay;</li> <li>Drives and rewards superior individual performance, which in turn helps the Group achieve its long-term strategy and performance targets, ensuring line-of-sight between business and individual performance and incentives paid; and</li> <li>Aligns the objectives of all stakeholders and management.</li> </ul>
<b>Overview</b>	STI payments are discretionary and are based on the achievement of financial and strategic measures.
<b>Participation</b>	The CEO, Executives and Managers participate in the annual profit share scheme.
<b>Operation and performance conditions</b>	<p>The STI Scheme operates as follows:</p> <ol style="list-style-type: none"> <li>A preliminary bonus pool is calculated as a percentage (a Rate of Share) of Profit Before Tax, pre-IFRS 9 adjustments on commodity positions, charges related to LTI schemes and bonus cost (PBT).</li> <li>This preliminary bonus pool is modified based on Return on Invested Capital (ROIC) achievement, upward or downward between 80% and a maximum of 120%, based on threshold, target and stretch ROIC performance, to produce a final bonus pool. Linear interpolation applies between levels of ROIC achievement.</li> <li>The final bonus pool is distributed discretely. <ul style="list-style-type: none"> <li>In summary, the formula for calculation of the final bonus pool is as follows: Final bonus pool = [PBT x Rate of Share] x ROIC modifier</li> </ul> </li> </ol> <p>It should be noted that achievement below the threshold ROIC target will suspend the formal bonus pool calculation and any award of bonus will be at the sole discretion of the Committee. It should also be noted that the Rate of Share is pre-approved by the Remuneration Committee.</p>
<b>Individual performance</b>	<p>Individual performance is the determining factor in the distribution of the profit pool among Executives and Managers. Key performance targets and areas of focus are set annually for all participating employees.</p> <p>The successful achievement of targets, business results and the positive demonstration of the Group's values determines the actual profit share allocation awarded to an individual manager.</p> <p>There is no automatic entitlement to the profit share bonus as discretion may be applied by either the Committee or management.</p> <p>For the CEO and Senior Executives, management will recommend the disbursement of the profit share bonus for each employee. The Committee will retain discretion to adjust the recommendation made by management.</p>
<b>Settlement</b>	Payments are made in September each year.



## PART 2 CONTINUED

ELEMENT	DESCRIPTION								
<b>Deferral</b>	<p>The CEO and Executives' profit share bonus payout is subject to deferral of a portion if the calculated STI exceeds an agreed percentage of annual TCTC.</p> <p>The deferred bonus is determined as any part of the profit share bonus which exceeds the percentages in the table below:</p> <table border="1" style="width: 100%; margin-top: 10px;"> <thead> <tr> <th style="background-color: #1a3d4d; color: white;">Authority level</th> <th style="background-color: #1a3d4d; color: white;">% of annual TCTC</th> </tr> </thead> <tbody> <tr> <td>CEO</td> <td style="text-align: center;">170</td> </tr> <tr> <td>Senior Executives<sup>1</sup></td> <td style="text-align: center;">120</td> </tr> <tr> <td>Executives<sup>2</sup></td> <td style="text-align: center;">80</td> </tr> </tbody> </table> <p><sup>1</sup> Senior Executives include officers and divisional Managing Directors.  <sup>2</sup> Executives include divisional operating Directors.</p> <p>In the event that the deferral mechanism is applied, any part of the profit share bonus which exceeds the agreed percentage of annual TCTC will be deferred and paid to the Executive 12 months after the payment of the initial bonus.</p>	Authority level	% of annual TCTC	CEO	170	Senior Executives <sup>1</sup>	120	Executives <sup>2</sup>	80
Authority level	% of annual TCTC								
CEO	170								
Senior Executives <sup>1</sup>	120								
Executives <sup>2</sup>	80								
<b>Settlement condition</b>	<p>Payment of profit share bonuses are subject to the satisfaction of an Operating Free Cash Flow (OFCF) condition. That is, the combined cash cost of settlement of profit share bonuses and VCP awards will not exceed 20% of OFCF of the consolidated Annual Financial Statements of the Group at the time of payment.</p> <p>If the OFCF condition is not met, the profit share bonuses will be proportionally paid up until the limit of the OFCF condition. The remainder will be re-tested during the next financial year and all payments relating to the remaining amounts will be deferred until the OFCF condition is met.</p>								
<b>Termination of employment</b>	<p>The rules of the profit share scheme contain termination provisions that govern payments made to employees who leave the Group's employ either as "good leavers" (no-fault terminations) owing to death, ill-health, disability, injury, retrenchment, retirement or the sale of a subsidiary company or "bad leavers" (fault terminations) owing to resignation or dismissal on grounds of misconduct, poor performance, dishonest behaviour, fraudulent conduct or abscondment.</p> <p>In cases of a "good leaver", the individual's profit share allocation will be pro-rated for the period they were employed by the Company.</p> <p>For "bad leavers", the individual forfeits their right to any share of the profit share pool.</p>								

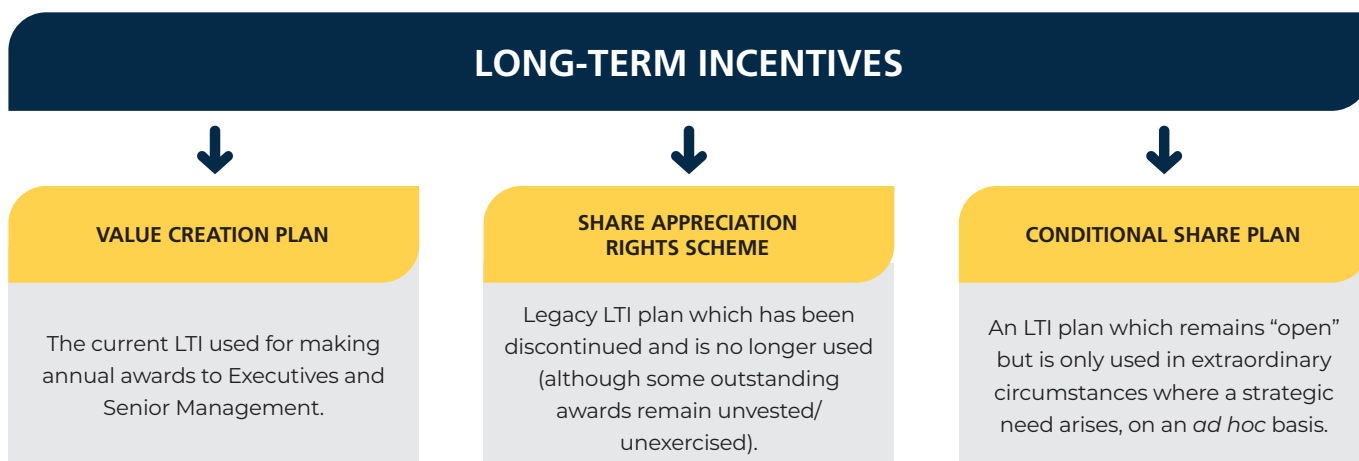
### MANAGEMENT PROFIT SHARE SCHEME FOR RAINBOW

Due to the managed separation of Rainbow from the RCL FOODS Group, Rainbow have their own STI scheme applicable.

Rainbow's scheme differs slightly from the above, where the STI payable is based on performance *versus* the EBIT target in a given financial year. Other governance aspects of the Rainbow STI are identical to RCL FOODS STI, but additional shareholder safeguards and protection mechanisms have also been introduced with the bonus pool cap and discretionary right being granted to the Remuneration Committee to defer up to 50% of any Rainbow STI outcome.

## PART 2 CONTINUED

### LONG-TERM INCENTIVES



### VALUE CREATION PLAN (VCP)

The operation of RCL FOODS' (excluding Rainbow) implemented VCP is tabulated below for ease of reference:

ELEMENT	DESCRIPTION								
<b>Purpose</b>	<p>The VCP aims to incentivise eligible participants to drive particular financial measures linked to value creation, to encourage a long-term focus on sustainable growth and to attract and retain suitably skilled and competent personnel. It is also envisaged that VCP awards may be granted in future to address retention concerns and to drive strategic growth initiatives.</p> <p>As VCP awards are linked to the achievement of a minimum growth hurdle, the structure provides alignment with the King IV™ principle of pay-for-performance, however, to ensure adequate flexibility, the Committee has discretion to apply additional performance conditions that it deems appropriate.</p>								
<b>Overview</b>	<p>The VCP has the following high-level salient features:</p> <ul style="list-style-type: none"> <li>· The VCP tracks growth in intrinsic value (rather than share price movement);</li> <li>· Intrinsic value is quantified as business value (i.e., Headline Earnings (HE) x industry multiple); and</li> <li>· The VCP award will true up and down with the growth/contraction in intrinsic value (i.e., “growth adjustment factor”) over the vesting period and may be subject to specific performance conditions (i.e., such as the satisfaction of a minimum intrinsic value growth hurdle or other deemed appropriate performance criteria – jointly referred to as the “performance adjustment factor”).</li> </ul>								
<b>Participation</b>	Executives and Senior Management, with other employees on a special, <i>ad hoc</i> basis, when required.								
<b>Allocations</b>	<p>VCP allocations are made on an annual basis or when retention/attraction risks apply. Additionally, VCP allocations may be made where the need to drive a strategic growth initiative applies.</p> <p>Allocations are made as a percentage of a participant's TCTC, as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Level of employee</th> <th style="text-align: left;">VCP allocation as a percentage of TCTC</th> </tr> </thead> <tbody> <tr> <td>Executives</td> <td>50% to 100%</td> </tr> <tr> <td>Senior management</td> <td>25% to 50%</td> </tr> <tr> <td>Key talent</td> <td>15% to 25%</td> </tr> </tbody> </table>	Level of employee	VCP allocation as a percentage of TCTC	Executives	50% to 100%	Senior management	25% to 50%	Key talent	15% to 25%
Level of employee	VCP allocation as a percentage of TCTC								
Executives	50% to 100%								
Senior management	25% to 50%								
Key talent	15% to 25%								
<b>Calculation of award outcomes</b>	<p>The calculation of a VCP award takes place in two steps:</p> <ul style="list-style-type: none"> <li>· VCP initial allocation = TCTC x VCP allocation %; then</li> <li>· VCP final award = VCP initial allocation x Performance condition vesting % (i.e., “Performance adjustment factor”) x [1 + intrinsic value growth over the vesting period (i.e., “growth adjustment factor”)]</li> </ul>								

## PART 2 CONTINUED

### VALUE CREATION PLAN (VCP) CONTINUED

ELEMENT	DESCRIPTION
<b>Performance conditions</b>	VCP aims to track intrinsic value growth in RCL FOODS. Headline Earnings (HE) will be used as the performance condition to determine overall Business Value.
<b>Vesting</b>	A vesting period of three years applies. Upon lapsing of the three-year period, and where a participant has remained employed for the duration of the vesting period, and the extent to which performance conditions have been met, the award will vest and the participant will be entitled to settlement to the value of the vested award. In the event that the performance conditions have not been met, the award will not vest and the participant will not be entitled to any settlement. The VCP has a vesting cap of 200% of TCTC for Executives and Prescribed Officers.
<b>Settlement</b>	VCP awards are settled in cash, subject to meeting the specified performance conditions.
<b>Settlement condition</b>	An operating free cash flow condition applies to the settlement of VCP awards.
<b>Settlement cap</b>	The following settlement caps apply: <ul style="list-style-type: none"> <li>· Executives and Prescribed Officers: 3 x TCTC; and</li> <li>· Senior Management: 3 x Award Value</li> </ul>
<b>Termination of employment</b>	<p>The rules of the VCP contain termination provisions that govern payments made to employees who leave the Group's employ either as "good leavers" (no-fault terminations) owing to death, ill-health, disability, injury, retrenchment, retirement or the sale of a subsidiary company or "bad leavers" (fault terminations) owing to resignation or dismissal on grounds of misconduct, poor performance, dishonest behaviour, fraudulent conduct or abscondment, etc.</p> <p>In cases of a "good leavers", the individual's VCP award will vest early, <i>pro-rated</i> for the number of months served in the performance period and the extent to which performance has been achieved by the time of termination of employment. The portion of the award which does not vest will be forfeited.</p> <p>For "bad leavers" the individual forfeits their right to the VCP award.</p>

#### VCP for Rainbow

Rainbow have their own VCP scheme.

The Rainbow scheme differs slightly from that of RCL FOODS; while Rainbow will measure its intrinsic value growth, it will also measure net debt management relative to Rainbow's five-year growth and value restoration business plan.

Other governance aspects of the Rainbow VCP are identical to the RCL FOODS plan described in the table above.

#### SHARE APPRECIATION RIGHTS SCHEME (SARs)

##### (Legacy, outstanding awards, but no longer used)

The SAR scheme provided selected Executives with conditional entitlement to receive RCL FOODS ordinary shares. This structure is being phased out, with the final allocation of SARs awards having been made in August 2021. For details of unvested SARs awards to the Executive Directors, refer to page 14.

#### CONDITIONAL SHARE PLAN (CSP)

##### (Used in *ad hoc* instances)

The Group only uses the CSP to make allocations in circumstances such as the need to appoint or retain key senior Executives, and there are currently no active CSP awards.

In terms of the CSP, participants receive a conditional share award on a given award date. If they remain in the employ of the Group over the vesting periods (usually three years) and meet specified performance criteria (determined at the time of award), RCL FOODS' shares will be settled to the participants upon vesting. Participants will have no shareholder or dividend rights before settlement.

## PART 2 CONTINUED

### DIRECTORS' REMUNERATION

The Directors are appointed to bring competencies and experience appropriate to achieving the Group's objectives and ensuring that the business is aligned to shareholder interests.

All Directors are employed on contracts that can be terminated by mutual agreement with three months' notice. None of the Director's contracts of employment provide for "trigger" payments upon termination of employment, whether in terms of a restraint of trade or otherwise.

### BENCHMARKING

To ensure we apply the right pay mix and competitively remunerate our Directors and Executives, we use industry-specific benchmarks. Fair and competitive rewards are vital to being an employer of choice. The Remuneration Committee sets the remuneration and guaranteed pay (GP) of Directors and Executives by looking at peer group data from other Fast-moving consumer goods (FMCG) companies of similar market capitalisation and revenue.

In addition, RCL FOODS subscribes to remuneration surveys (Remchannel and the Deloitte Top Executive survey). We consolidate the remuneration information to ensure we have a comprehensive view of remuneration across different industries and an understanding of how to appropriately and competitively reward our Directors and Executives.

Benchmarking for Directors in RCL FOODS is done for all elements of targeted remuneration, namely TGP, target STI and target LTI. For Directors, RCL FOODS targets the 75<sup>th</sup> percentile of the market for guaranteed pay and 75<sup>th</sup> percentile of the market for guaranteed pay plus STI. RCL FOODS benchmarks the CEO, CFO and Directors remuneration against industry-specific comparators, information from peer group disclosure and Deloitte's Top Executive remuneration survey.

Accurate benchmarking further reinforces our remuneration principles to attract, retain and motivate Executives of the highest caliber which, in turn:

- Aligns their remuneration with shareholder interests;
- Creates sustainability; and
- Follows best practice in a holistic approach to deliver fair and responsible remuneration.

When determining the salary for a Director or Executive, we consider:

- Job grade: RCL FOODS uses the PwC evaluation system, a global job evaluation system that correlates with all the major job evaluation systems;
- Job-specific competence and skills, and the marketability and scarcity of the skills;
- Industry knowledge and experience; and
- Their contribution to achieving the business's strategy.

### SIGN-ON AND RETENTION BONUSES

Sign-on and retention bonuses are paid only under exceptional circumstances when the skills and competencies of the individual are deemed to be critical to the business. Such payments are approved by the Chief Human Resources Officer (CHRO) and CEO.

### MALUS AND CLAWBACK

The Group introduced a Malus and Clawback policy in July 2020. All long-term and short-term awards allocated to participating Directors on or after 1 July 2020 are subject to malus and clawback conditions. The policy enables the Board and/or Committee to adjust benefits that have been awarded before vesting of the award (malus) or recover benefits after they have already vested or been paid (clawback) in the event that defined trigger events have taken place. Clawback applies for a period of three years from the vesting of a variable remuneration award. The policy is applicable to the CEO and Directors.

No trigger events were discovered during the reporting period and as a result, it was not necessary to apply the policy to the variable remuneration of any of the participating Directors.

### PAYMENTS ON TERMINATION OF OFFICE

RCL FOODS' policy and contracts of employment do not provide for any *ex-gratia* payments to Executive Directors or Prescribed Officers upon termination of office, other than those payments which are prescribed in terms of the provisions of the Labour Relations Act.

### MINIMUM SHAREHOLDING REQUIREMENT

RCL FOODS has introduced a minimum shareholding requirement (MSR) policy for its Executive Directors, namely the CEO and CFO.

The purpose of the MSR policy is to encourage alignment of the interests of Executive Directors with the long-term interests of the Company's shareholders. The policy aims to build an ownership focus and a long-term commitment to the Company by defining minimum levels of ownership of RCL FOODS ordinary shares required to be held and maintained by the Executive Directors.

The CEO is required to accumulate and maintain for the duration of their position, a minimum shareholding equivalent to 200% of their annual Total Guaranteed Pay (TGP), defined as "the total annual guaranteed cost to the company of employing the Executive Director". The CFO is required to accumulate and maintain for the duration of their position, a minimum shareholding equivalent to 100% of their annual TGP.

## PART 2 CONTINUED

The minimum shareholding is to be achieved by the fifth anniversary of the date that the CEO and CFO are appointed to their positions (for new Executive Directors) or from the date of commencement of this policy (for existing Executive Directors).

Once the minimum shareholding requirement (MSR) is reached it must be maintained for the period the Executive Director holds their position.

The shares that count towards the MSR are all ordinary shares in RCL FOODS that the Executive Director owns in their own name or in the name of a relevant personal investment vehicle.

Participants may satisfy their MSR by holding shares outright, which have:

- been purchased with their own after-tax funds;
- vested and exercised in terms of the Company's LTI plans; or
- been acquired on-market for the benefit of the Executive Director *in lieu* of them receiving a prescribed minimum defined cash portion of any annual STI and LTI payment.

To incentivise and timeously support the achievement of the MSR, a prescribed minimum of 20% of the Executive Director participant's gross annual STI and LTI will automatically be settled by means of ordinary shares, which will be purchased for the benefit of the participants. The purchase will take place in consultation with the Executive Director within two months after an STI and/or LTI (as the case may be) has been finally awarded, without reference to the Executive Director, subject only to the JSE's approval in the event that such award occurs during a Prohibited Period.

The prescribed minimum portion of annual STI and LTI payments will only apply up until the point that the Executive Director participants have met the MSR.

For the purposes of calculating whether the MSR has been met, the value of the shareholding will be based on either (a) the initial financial commitment for shares that have been purchased or (b) the market value of the shares at the time when delivered under the Company's LTI scheme, whereby:

- Initial financial commitment is calculated as the original purchase price.
- Market value will be determined with reference to the volume weighted average price (VWAP) of the RCL FOODS share for the five days prior to date of delivery of the shares.

The Remuneration Committee will annually review each Executive Director's shareholding to assess progress towards the achievement of the MSR and compliance with this policy. This review will factor in the value of the shareholding as outlined in the paragraph above and the Executive Director's TGP at the time of the review.

Approval to dispose of shares must be sought from the Chairman of the Board of RCL FOODS, and otherwise in accordance with the RCL FOODS share trading policy.

Any disposal of shares is prohibited where:

- The Executive Director does not satisfy the MSR; or
- Immediately after the disposal, the Executive Director ceases to meet the MSR.

There may be instances where compliance with this policy would cause or contribute towards severe financial hardship or could prevent compliance with an order of the court or meeting of statutory obligations (e.g., tax compliance). In such circumstances an exception to this policy is permitted if approved by the Remuneration Committee in its sole discretion.

### NON-EXECUTIVE DIRECTORS' FEES

The Remuneration and Nominations Committee recommends, for shareholder approval, the fees payable to Non-Executive Directors for their services as Directors. Fees are benchmarked against the market to ensure relevance and competitiveness.

Non-Executive Directors do not have employment contracts with RCL FOODS and do not receive any performance pay (that is, they do not participate in any of RCL FOODS' STI or LTI plans). The Committee recommends the level of fees payable to Non-Executive Directors to the Board on an annual basis. Fees are not dependent on attendance at meetings, but reflect the complexity, risk and amount of preparation required for each role. Non-Executive Directors' fees are benchmarked at median, against a peer group of JSE-listed companies annually.

Refer to page 15 for the fee structure for the next financial year.

# PART 3: IMPLEMENTATION REPORT

## GUARANTEED PAY INCREASES

In order to ensure that RCL FOODS applies the right pay mix and competitively remunerates all its employees, we use industry- and country-specific benchmarks. Fair and competitive rewards are crucial to being able to attract, retain and motivate talent and be an employer of choice. The Committee sets the remuneration of the Directors by looking at peer group data of listed companies of similar size.

In addition to this, RCL FOODS subscribes to remuneration surveys (Remchannel and Deloitte Top Executive surveys). We consolidate this information to ensure that we have a comprehensive view and understanding of remuneration across the industry and how to reward our employees appropriately and competitively.

The Committee approved an overall salary increase mandate of 6.07% for Directors, Managers and non-bargaining unit staff.

## STI OUTCOMES FOR 2024

### RCL FOODS

In line with business performance for the financial year, the Committee approved the payment of STI awards. The details of RCL FOODS' (excluding Rainbow) performance, as well as the STIs payable to Executive Directors and Prescribed Officers are set out below:

- In 2024, Profit Before Tax (PBT) = R2 052,4 million.
- With a Rate of Share of 14%, the preliminary bonus pool (PBT x Rate of Share) was R273,8 million; after applying the ROIC modifier, the final value was adjusted to R314,9 million at the discretion of the Committee having taken into account the once-off costs and interest implications related to the Vector and Rainbow separation processes, the resulting once-off impairment on the right-of-use leased building asset following the separations and the impact of late receipts and payments at reporting end due to 30 June 2024 falling on a non-banking day (Sunday).

Description	Target (100% vesting)	Achieved	ROIC modifier
ROIC (after discretionary adjustments)	13.0%	13.64%	106.5%

The discretionary STIs granted to RCL FOODS' Executive Directors were as follows:

Position	2024 STI	Deferred bonus threshold for position in FY24	STI payable in cash in September 2024	STI deferred
CEO	R10 500 000*	170%	R8 400 000	R840 000
CFO	R5 170 000	120%	R4 653 000	R517 000

\* 20% of the CEO's gross annual STI for the 2024 financial year will automatically be settled by means of ordinary shares, which will be purchased for the benefit of the CEO in line with the Company's minimum shareholding requirement policy.

### RAINBOW

The targets for the current year's STI scheme were exceeded and therefore a bonus will be paid in respect of 2024 financial year, (no bonus was paid for the 2023 financial year).

The details of Rainbow's performance are set out below:

- In 2024, EBIT (for purposes of the STI calculation) = R508,8 million vs EBIT Target of R251,1 million before incentives

The preliminary bonus pool was capped at R69,3 million, plus an additional R4,1 million discretionary spend approved by the Rainbow Remuneration Committee.

## PART 3 CONTINUED

### LTI AWARDS GRANTED (VCP)

#### RCL FOODS

The following are expected payouts in September 2025 on unvested VCP awards, on the assumption that the service vesting conditions are met:

Individual	VCP Expected payout R'000
CEO	5 567
CFO	4 867
<b>Total</b>	<b>10 434</b>

#### RAINBOW

Rainbow performance exceeded target and therefore an accrual was made in the 2024 financial year. The first vesting in terms of the Rainbow VCP will occur at the end of the 2025 financial year.

### TABLE OF LTI AWARDS

The LTI awards, as well as related details, for each Executive Director and prescribed officer are set out below, along with their indicative fair values and number of rights exercisable as at the end of the reporting period.

As a result of the performance of the RCL FOODS share price, none of the awards made to the CEO and CFO were exercised during the 2024 financial year.

	Award price Rand	Rights at June 2023	Rights forfeited during the year	Rights at June 2024	Fair value of rights awarded <sup>1</sup> R'000	Rights exercisable at June 2024
PD Cruickshank	14.05	704 282	(704 282)			
	15.36	366 020		366 020	1 245	366 020
	16.97	323 507		323 507	1 417	323 507
	9.93	2 068 897		2 068 897	4 903	1 365 472
	8.55	714 010		714 010	1 564	235 623
	12.65	2 510 776		2 510 776	11 524	
<b>Subtotal</b>		<b>6 687 492</b>	<b>(704 282)</b>	<b>5 983 210</b>	<b>20 653</b>	<b>2 290 622</b>
RH Field	14.05	1 087 325	(1 087 325)			
	15.36	669 653		669 653	2 277	669 653
	16.97	620 061		620 061	2 716	620 061
	9.93	1 217 339		1 217 339	2 885	803 443
	8.55	1 188 869		1 188 869	2 604	392 326
	12.65	1 095 283		1 095 283	5 027	
<b>Subtotal</b>		<b>5 878 530</b>	<b>(1 087 325)</b>	<b>4 791 205</b>	<b>15 509</b>	<b>2 485 483</b>
<b>Total</b>		<b>12 566 022</b>	<b>(1 791 607)</b>	<b>10 774 415</b>	<b>36 162</b>	<b>4 776 105</b>

<sup>1</sup> Fair value of rights awarded represents the total fair value of rights outstanding at the end of the year. This cost is expensed over the rights' vesting period.

As outlined in Part 1 of this report, the unbundling of Rainbow has required adjustments to the awards in the table above, which are effective 2 September and will be included in the 2025 report.

SAR awards previously granted to Rainbow employees under the RCL FOODS SAR Scheme have been cancelled in the 2025 financial year, and replaced by new awards made under a new Rainbow SAR Scheme linked to the Rainbow Chicken Limited share price.

## PART 3 CONTINUED

### SINGLE FIGURE OF REMUNERATION

The remuneration received or receivable by the Executive Directors and prescribed officers of RCL FOODS during the reporting period is tabulated below as a single figure of remuneration, in line with King IV™'s recommended standards:

Financial year	Title	Name	TGP R'000	STI R'000	Total R'000
2024	CEO	Paul Cruickshank	8 820	10 500	19 320
	CFO	Robert Field	6 429	5 170	11 599
2023	CEO	Paul Cruickshank	8 258	9 620 <sup>1</sup>	17 878
	CFO	Robert Field	6 050	4 350 <sup>1</sup>	10 400

<sup>1</sup> The STI awarded for the 2023 financial year was higher than reported in the 2023 Annual Remuneration Report due to a discretionary STI uplift that was approved by the Remuneration Committee in February 2024 linked to progress made towards recovering the special sugar levy that RCL FOODS was compelled to pay as a result of business rescue proceedings within the industry.

### NON-EXECUTIVE DIRECTORS' (NEDS) REMUNERATION

RCL FOODS annually benchmarks NEDs' remuneration against fees published by a peer group of companies as well as using the PwC Non-Executive Directors Practices and Fees Trends Report. The data used in the report is from PwC's internal resource base and 285 active companies registered on the main board of the Johannesburg Stock Exchange. The report covers general points of relevance, interest and challenges facing boards within South Africa, including topics such as regulatory updates, gender and diversity composition of boards and global remuneration practices.

The Committee agreed that NEDs' fees should increase in line with the overall increase budget for management and staff salaries as this has been the practice over the years. It was therefore agreed that fees would be increased by 6%.

Committee	Number of meetings	Committee role	2024 Retainer (Rs)	2025 Retainer (Rs)
Main Board	5	Chair <sup>1</sup>	396 503	1 212 545*
		Member	396 503	420 293
Audit	4	Chair	330 987	385 931
		Member	166 308	176 286
Risk	3	Chair	195 657	290 355
		Member	122 285	129 622
Social and Ethics	2	Chair	140 221	200 656
		Member	84 785	89 872
Remuneration and Nominations	4	Chair	195 657	290 355
		Member	122 285	129 622

<sup>1</sup> The Remuneration Committee approved that a benchmark review of fees in respect of the Chairman of the Board relative to other Board members will be undertaken during the first half of the 2025 financial year.

\* All inclusive fee (inclusive of participation in any Board committees).

### MINIMUM SHAREHOLDING REQUIREMENT

The table below reflects the shareholding for the Company's Executive Directors as at 30 June 2024.

	CEO	CFO
MSR as a percentage of TGP	200%	100%

	Shares	Shares
Total shareholding in shares at 30 June 2024	447 811	1 675 030
MSR in shares <sup>1</sup>	1 478 626	538 944
Gap to MSR in shares	(1 030 815)	1 136 086

	R	R
Total shareholding in Rands <sup>1</sup>	5 342 385	19 983 108
MSR in Rands	17 640 003	6 429 597
Gap to MSR in Rands <sup>1</sup>	(12 297 618)	13 553 511

<sup>1</sup> Using a five-day VWAP of R11.93 on 30 June 2024.

### SIGN-ON AND RETENTION BONUSES AND PAYMENTS ON TERMINATION OF OFFICE

No sign-on, retention bonuses nor payments upon termination of office were made to any Executive Director or prescribed officer.



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