

2019

**SUSTAINABLE
DEVELOPMENT
REPORT**

Remgro
Limited

SUSTAINABLE DEVELOPMENT REPORT

SUSTAINABILITY HIGHLIGHTS

SUCCESSFUL PARTICIPATION
IN THE

**FTSE/JSE
RESPONSIBLE
INVESTMENT
INDEX**

CONTINUED
PARTICIPATION IN THE

**CARBON
DISCLOSURE
PROJECT (CDP)**

CONTINUED
MEMBERSHIP OF THE

**ETHICS INSTITUTE
OF SOUTH AFRICA**

OBTAINING OUR
LEVEL 7

CONTRIBUTOR STATUS
IN TERMS OF THE

**BBBEE
SCORECARD**

“Our true power does not lie in our sameness, but in our rich diversity: diversity of fauna and flora; people and cultures.”

– Dr Anton Rupert

INTRODUCTION

Remgro's value system incorporates the guidelines for doing business successfully drawn up by its founder, Dr Rupert, nearly 60 years ago. These guidelines include the following:

- **Honesty** – because it lasts the longest
- **Correctness** – because it creates trust with friends and opponents
- **Courtesy** – which means dignity without pride and friendliness without subservience
- **Service** – in every respect to your client, your fellow human being, your country
- **Mutual support** – so that you push others up the ladder of success while climbing yourself, because if you pull others down, you will also fall
- **Trust** – the belief that all will work out well if everyone is doing their duty

Remgro believes that these values incorporate the spirit in which it strives to be a good corporate citizen. From the above it is evident that the three pillars of sustainable development, namely economic, social and environmental sustainability practices, have always been part of Remgro's core values. Remgro intentionally interacts and responds to the opportunities and challenges presented by the dynamic system created by these three pillars and the capitals that Remgro uses, including the financial, manufactured, intellectual, human, social and relationship and environmental capitals and, as part of its oversight function, the Remgro Board is alert to the viability of Remgro with regard to its reliance on the aforementioned capitals.

Remgro is fully committed to managing its business in a sustainable way and upholding the highest standards of ethics and corporate governance practices. While corporate governance, risk and opportunities management and technology and information governance are addressed in the Corporate Governance and Risk and Opportunities Management Reports, the Sustainable Development Report

provides a better understanding of Remgro's efforts on the social and environmental front in order to achieve its key objectives of maximising value creation over the short, medium and long term; while doing business ethically. Refer to the sustainability highlights on the previous page for Remgro's external recognition and achievements during the reporting period in this regard.

EXTERNAL ASSURANCE

We acknowledge the increasing requirements from investors and regulatory and other guidelines, such as the King IV Report on Corporate Governance for South Africa (2016) (King IV) and the integrated reporting guidelines, for the external assurance of selected non-financial information. We further acknowledge our accountability to our stakeholders to present information that is relevant, accurate and reliable. In this regard it should be noted that Remgro follows a combined assurance model, incorporating management, internal audit and external assurance (e.g. BBBEE scorecard verification, Carbon Disclosure Project (CDP) verification), as illustrated in the table below. We believe that these assurance methods provide the necessary assurance over the quality and reliability of the information presented. The different options and levels of external assurance available are continuously being reassessed to determine the way forward on external assurance.

MANAGEMENT'S APPROACH TO SUSTAINABILITY

Remgro's Board is ultimately accountable for the performance of the Company, appreciating that strategy, risk, performance and sustainability are inseparable. In this regard the Board has delegated the general oversight and reporting of sustainability to the Audit and Risk Committee, assisted by the Social and Ethics Committee. The role and function of these committees are dealt with in more detail in the Corporate Governance Report and the Social and Ethics Committee Report on pages 66 and 104 of the Integrated Annual Report respectively.

COMBINED ASSURANCE

ASSURANCE OUTPUT	BUSINESS PROCESSES ASSURED	PROVIDER
Independent external auditor's report	Financial reporting	PricewaterhouseCoopers Inc.
Internal audit reports	Risk-based selection of audit areas	Remgro Risk and Opportunities Management and Internal Audit
Internal risk and opportunities management	All key business risk and opportunities areas	Internal management reviews, assisted by Remgro Risk and Opportunities Management and Internal Audit
BBBEE contributor verification	Broad-based black economic empowerment	AQRate Proprietary Limited
External calculation of carbon footprint	Carbon footprint calculation	Carbon Calculated, assisted by an independent consultant

ETHICS COMPETITION AND COMPLIANCE

ETHICS

The Board believes that ethical behaviour stems from appropriate value systems inherent to the people in the Company's employ as directed and supported by visual ethical leadership and a value-driven corporate culture. Leadership based on ethical foundations results in a culture of ethical and moral behaviour and compliance with laws, rules, codes and standards. The Board therefore retains the responsibility to establish and maintain a culture of honesty, integrity, competence, transparency, fairness, responsibility and accountability in order to position the Company as an investment partner of choice. This is underscored by ethical leadership as ethics cannot be regulated but stems from personal conviction.

In this regard the Company has adopted a Code of Ethics (the code) that provides a framework of ethical practices and business conduct that are applicable to all directors and employees. The code is available to all employees on Remgro's in-house intranet and a copy is provided to all new employees. The code as well as a formal Gifts Policy also provide strict policies regarding gifts, invitations or favours received from suppliers or any other parties. The offering of favours and/or gifts to gain unfair commercial advantages is also strictly prohibited.

The Group furthermore requires ethical behaviour from its suppliers and business partners and ensures that terms of trade and related agreements enforce ethical behaviour along with responsible environmental consumption and compliance with legislation enshrining human rights.

The Audit and Risk Committee monitors compliance with the code and addresses instances of fraud or irregularities. The Group has an effective fraud prevention and detection process and ensures compliance and risk mitigation. No material investigations were concluded during the reporting period.

The Company has implemented an **Ethics hotline** to enable any employee or other stakeholder to report knowledge of perceived and alleged irregular or unethical behaviour in a confidential and controlled environment. The Ethics hotline is managed by an independent third party and is available on a 24-hour basis. During the year under review one minor alleged incident was received through the hotline which was found to be invalid and dealt with successfully. Where calls are received which relate to alleged irregularities at investee companies, such calls are directed to the appropriate governance structures at the respective investee companies via the Remgro representatives serving on the boards of these companies.

COMPETITION

The Group supports and adheres to the relevant competition and anti-trust laws applicable in the various jurisdictions in which the Group operates. During the year under review no enquiries regarding anti-competitive, anti-trust or similar conduct were received which resulted in fines being levied.

COMPLIANCE

During the year under review there were no incidents of material non-compliance with any laws, regulations, accepted standards or codes, and no fines were imposed in this regard.

STAKEHOLDER RELATIONS

Our relationship with all our stakeholders is based on the following values that are entrenched and supported by Remgro's Code of Ethics, and which values assist the effective leadership by the Remgro Board in achieving strategic objectives and positive outcomes over time:

- **Integrity**, in acting ethically beyond mere compliance
- **Competence**, in ensuring due care, skill and diligence are exercised
- **Responsibility**, for the assets and actions of the Company
- **Accountability**, for justifying its decisions and actions to shareholders and other stakeholders
- **Fairness**, in considering the legitimate interest of stakeholders
- **Transparency**, in disclosing information in a manner that enables stakeholders to make informed decisions about the Company's performance and sustainability

Remgro's Board is the ultimate custodian of its corporate reputation and stakeholder relationships. In this regard a formal Stakeholder Policy sets out the approach and strategy of Remgro with respect to stakeholder engagements, ensuring that the approach takes into account appropriate corporate governance guidelines.

Remgro utilises a wide variety of communication methods to ensure that its communication with stakeholders is clear and understandable, as well as transparent, balanced and truthful, and sets out all relevant facts, whether positive or negative. Care is taken to ensure that engagement with stakeholders is, where appropriate, not just one-way communication but constructive, partnership-based engagement. This ensures that all legitimate stakeholder expectations are identified and addressed as far as possible.

Remgro, like other organisations, has an economic impact on our stakeholders through, amongst other things, the generation and distribution of value, the creation of employment opportunities, remunerating our employees fairly and competitively, and our corporate social investment. We continuously manage these matters and engage with our stakeholders on matters relevant to them, as reported on elsewhere in this report.



SHAREHOLDERS AND THE INVESTMENT COMMUNITY

Remgro's primary objective is to maximise value creation and sustainable growth and in this regard particular care is taken to ensure that all shareholders, or classes of shareholders, are treated equitably. Special care is taken to protect minority shareholders from actions by or in the interest of the principal shareholder that may be to their detriment. In this regard the Lead Independent Director acts as chairman during meetings in situations where the independence of the existing Chairman may be potentially conflicted.

Communication with investors is based on the principles of timely, balanced, clear and transparent information. In this regard the investment community has access to the same information as Remgro shareholders. Firm protocols are in place to control the nature, extent and frequency of communication with investors. Shareholders and the investment community are encouraged to attend Remgro's Annual General Meetings where topical matters are discussed openly. Further interactions with institutional investors take

place twice a year at the dial-in interim and final results presentations, where questions can be directed to the Chief Executive Officer (CEO) and Chief Financial Officer (CFO). During the year, Remgro established a new Investor Relations function to improve investor engagement. The investment community is encouraged to contact the investor relations manager directly.

The most recent and historic financial and other information is published on the Company's website at www.remgro.com.

EMPLOYEES

In order for Remgro to be able to achieve its main objectives it is essential to attract and retain employees of the highest calibre. Our employees are treated fairly and remunerated competitively and Remgro strives to afford all staff the opportunity to realise their full potential. During corporate actions special care is taken to ensure that employees belonging to the Remgro Equity Settled Share Appreciation Right Scheme, Share Appreciation Rights (SAR) Plan and Conditional Share Plan (CSP) are not treated more favourably than ordinary shareholders.

As Remgro is an investment holding company with a small staff complement at head office level, communication with employees is kept informal and is conducted through a variety of channels, including email updates, the in-house intranet, Remgro website, information sessions and notice boards. Care is taken that all communication with shareholders is also communicated to employees.

INVESTEE COMPANIES AND OTHER SHAREHOLDERS OF SUCH INVESTEE COMPANIES

Remgro's performance is directly linked to the performance of its underlying investee companies and accordingly communication with those entities and co-shareholders is regarded as very important. Relationships with investee companies are managed principally through board representation, with Remgro directors or senior management acting as non-executive directors on the investee companies' boards. These representatives interact with the directors and senior management of investee companies at investee companies' board meetings and, as and when necessary, representatives of investee companies are encouraged to arrange to meet with Remgro senior management to discuss their business. All dealings with co-shareholders in the investee companies are done fairly in terms of the underlying shareholders' agreements and Remgro strives to add value to these investments.

COMMUNITY

Corporate citizenship, the commitment of a business to contribute to sustainable economic development, endorses the principle that no business exists in isolation but undeniably forms an integral part of the environment in which it operates and to which it owes certain responsibilities.

In its relationship with the community Remgro strives to be a value partner and in this regard its involvement in the community

focuses on eradicating the effects of poverty and investing in young people from disadvantaged communities in the belief that such an investment will provide sound dividends far into the future. Remgro's corporate social investment initiatives and donations are discussed in more detail on pages 9 to 12.

SUPPLIERS AND SERVICE PROVIDERS

Remgro believes in building long-term partnerships with service providers through establishing a relationship of mutual trust and respect. Various criteria play a role in selecting suitable service providers, such as compliance to quality standards, the stability and proven track record of the organisation, BBBEE status and available support network.

As part of ensuring alignment of its service providers with Remgro company values, Remgro has embarked on a process to update Service Level Agreements at head office to reflect its expectations regarding environmental responsibility, compliance with human rights and anti-corruption policies.

As Remgro is an investment holding company its cost structure is constantly measured against that of unit trusts to ensure that its shareholders are not prejudiced. As part of managing corporate costs good relationships are maintained with suppliers and service providers.

SOUTH AFRICAN GOVERNMENT AND REGULATORY BODIES

An open and honest relationship is maintained with the Government and relevant regulatory bodies. In this regard communication is on an ad hoc basis as and when the need arises, and is usually in the form of formal meetings. Regulatory bodies such as National Treasury, the South African Reserve Bank (SARB) and the JSE Limited are kept up to date regarding corporate actions in accordance with all applicable laws and regulations. Annual meetings are held with the SARB in order to keep them up to date regarding Remgro's offshore activities.

FIGURE 1

BBBEE SCORECARD

Element	Indicator	Weighting	Score
Equity ownership	Percentage share of economic benefits	25	16.76
Management control	Percentage black persons in executive management and/or executive board committees	19	7.17
Skills development	Skills development expenditure as a proportion of total payroll	20	20.03
Enterprise and supplier development	Procurement from black-owned and empowered enterprises as a proportion of total assets, as well as the average value of supplier development and enterprise development contributions as a percentage of net profit after tax	40	23.99
Socio-economic development	Corporate social investment for the benefit of black persons	5	5.00
Total score		109	72.95

BROAD-BASED BLACK ECONOMIC EMPOWERMENT (BBBEE)

INTRODUCTION

The Board believes that BBBEE is a social, political and economic imperative and it supports and encourages the Company's subsidiaries, associates and joint venture initiatives in this regard. To the extent that Remgro's subsidiaries, joint ventures and associates implement BBBEE, Remgro's shareholders effectively participate in BBBEE initiatives and the associated benefits and costs thereof.

Remgro measures its BBBEE status against the generic scorecard criteria set by the Department of Trade and Industry. In terms of the latest assessment of Remgro's BBBEE status performed during September 2019, Remgro obtained a score of 72.95 (2018: 66.48), thereby obtaining a level 7 contributor status. The details of the assessment are fully set out in Figure 1 on the previous page and includes the BBBEE initiatives of Remgro's main independent operating subsidiaries, RCL Foods Limited (RCL Foods), Distell Group Holdings Limited (Distell), Siqalo Foods Proprietary Limited (Siqalo Foods) and Wispeco Holdings Proprietary Limited (Wispeco).

EQUITY OWNERSHIP

Verification of BBBEE ownership is governed by the amended Codes of Good Practice on BBBEE, which were gazetted on 11 October 2013 in terms of Section 9(1) of the Broad-Based Black Economic Empowerment Act (No. 53 of 2003).

It should be noted that there is black ownership included in the shareholdings in Remgro held by institutional investors (refer to page 148 of the Integrated Annual Report where Remgro's major shareholders are disclosed). An annual exercise is undertaken to determine and accordingly include the indirect black ownership through these mandated investments. Furthermore, the provisions of Code Series 100, Statement 102 – Recognition of Sale of Assets, as well as the exclusion of foreign operations, are also taken into account.

Remgro's equity ownership score is as follows:

Verified equity ownership score	Target score	30 June 2019	30 June 2018
Voting rights black people	4.00	2.85	2.93
Voting rights black women	2.00	1.65	1.72
Economic interest black people	4.00	2.82	2.98
Economic interest black women	2.00	1.74	1.84
Economic interest of black designated groups	3.00	3.00	3.00
Black new entrants	2.00	–	–
Net value	8.00	4.70	4.98
	25.00	16.76	17.45

Although Remgro's BBBEE score includes the initiatives of RCL Foods, Distell, Siqalo Foods and Wispeco, the discussion

below regarding the other elements of the generic scorecard criteria only relates to the activities at Remgro's head office in Stellenbosch. For more detail regarding the BBBEE initiatives at investee company level, refer to the section "BBBEE at investee companies" below.

MANAGEMENT CONTROL

The Board transformed over time, with five of the 11 non-executive directors (45%) being black persons. On Management Board level, two of the six members are black persons.

EMPLOYMENT EQUITY

Employment equity represents Remgro's most significant transformation challenge. A five-year Employment Equity plan is submitted to the Department of Employment and Labour where Remgro's transformation objectives are set out in detail. Progress against this five-year plan is reported on annually to the Department of Employment and Labour. Although efforts are focused on improving the Company's black representation at management level, low staff turnover and limited organic growth remain limiting factors. More detail regarding employment equity is presented on page 8.

Remgro's summarised employment equity as at 30 June 2019 is presented in Figure 2 on the next page and sets out the distribution by race of permanent employees per occupation level.

SKILLS DEVELOPMENT

Remgro complies with the requirements of the Skills Development Act, No. 97 of 1998 in terms of which a fixed percentage of its payroll is paid as a training levy to the South African Revenue Service. An annual report concerning all the training which has taken place in the Company is also submitted to the relevant SETA.

PREFERENTIAL PROCUREMENT

As Remgro is not an operating company it has a small procurement function and its procurement profile is characterised by a high service component as opposed to materials purchased. Remgro purchases more than half of its goods and services from BBBEE-accredited vendors. The improvement of the preferential procurement score remains a focus area for Remgro.

ENTERPRISE AND SOCIO-ECONOMIC DEVELOPMENT

A considerable amount of time and resources are spent internally on business development and corporate social investment (CSI) initiatives. Further details regarding the Company's CSI initiatives are provided on page 9.

BBBEE AT INVESTEE COMPANIES

Remgro monitors and contributes to its investees' BBBEE performance through its board representation and participation, and facilitation of corporate actions in these investee companies. The BBBEE status of Remgro's investee companies is presented in the "Investment reviews" section on page 40 of the Integrated Annual Report.

“It is therefore imperative to attract, select and retain employees of the highest calibre.”

Further details regarding the BBBEE status of Remgro’s operating subsidiaries are provided in the section dealing with “Sustainability at operating subsidiaries” on page 12.

OUR PEOPLE

EMPLOYEE COMPOSITION

Remgro believes that the quality of its staff represents an important sustainable advantage. Being an investment holding company, it has a relatively small staff complement, with only 184 people being employed as at 30 June 2019 (2018: 182 employees). Refer to Figure 3 where more detail regarding the composition of our employees by race, gender and age is illustrated.

For the year under review Remgro’s employee turnover rate was 5.4%, compared to 6.0% for the comparative year to 30 June 2018. The turnover rates were calculated by using the total number of employees at year-end. By only taking into account resignations (thus avoidable employee turnover), the above numbers reduce to 2.2% for 2019 and 3.3% for 2018.

**FIGURE 2
SUMMARISED EMPLOYMENT EQUITY REPORT (AS AT 30 JUNE 2019)**

Occupational levels	Male				Female				FN		Total
	A	C	I	W	A	C	I	W	M	F	
Top management	1	1	-	4	-	-	-	1	-	-	7
Senior management	-	2	-	12	-	-	-	3	-	-	17
Professionally qualified and experienced specialists and mid-management	-	-	2	20	1	3	-	10	-	-	36
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	3	12	-	12	2	9	1	27	-	-	66
Semi-skilled and discretionary decision-making	21	22	-	1	6	8	-	-	-	-	58
GRAND TOTAL	25	37	2	49	9	20	1	41	-	-	184

A | African C | Coloured I | Indian W | White FN | Foreign Nationals M | Male F | Female

RECRUITMENT AND SELECTION POLICY

In order to ensure that Remgro remains an investment partner of choice it is imperative to attract, select and retain employees of the highest calibre. In this regard the Company at all times endeavours to appoint the best candidate in a position. In an effort to mitigate the transformation challenge, the Company attempts to consider all opportunities presented through staff turnover to appoint suitably qualified and experienced individuals from the designated groups. The Company recruitment and selection process is designed to have no inherent characteristics that could lead to unfair discrimination against employees or applicants based on gender, race, religion or any other factor as defined in employment legislation.

EMPLOYMENT EQUITY

Remgro endorses the principles of the Employment Equity (EE) Act, No. 55 of 1998 and in this regard its employment equity policy strives to offer equal opportunities to all employees and aims at identifying suitable individuals and developing and compensating them in line with their performance, dedication and loyalty. Special attention is given to those groups which, because of historic reasons, may be in a disadvantaged position.

During the previous financial year a process was concluded to revitalise and enhance the consultative EE structures in preparation of the consultation process to develop a new EE plan as required by the Act. The consultation process, through these established structures, ensured a much more inclusive engagement process. Through this inclusive engagement process a new EE plan was developed, approved by the Social and Ethics Committee and submitted to the Department of Employment and Labour.

EMPLOYEE REMUNERATION

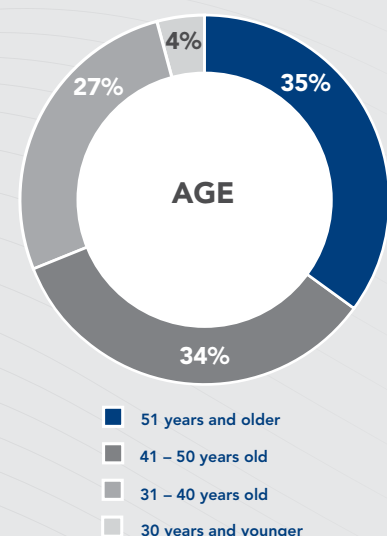
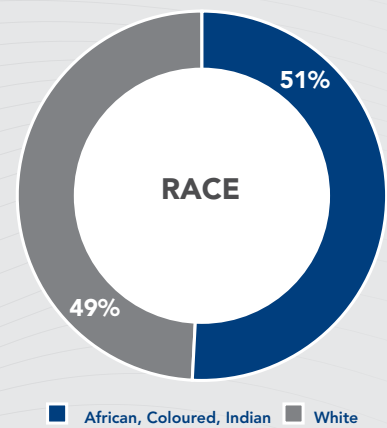
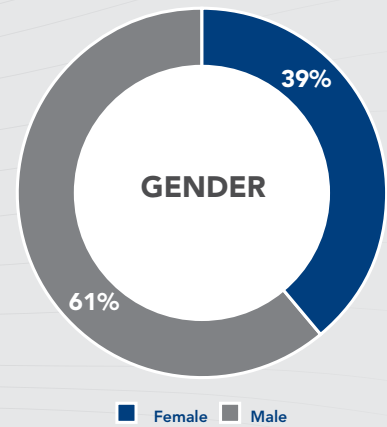
Our objective is to reward our employees fairly and competitively, according to their capabilities, skills, responsibilities and performance levels. The level of salaries we pay is one of a number of elements in our strategy to retain, motivate and, where necessary, recruit high quality people. In addition, Remgro also offers its staff a stimulating working environment. Remgro has a formal Remuneration Policy that sets out the remuneration principles for the organisation as a whole. Refer to the Remuneration Report on page 86 of the Integrated Annual Report where Remgro’s remuneration principles are set out in detail.

Remgro offers retirement benefits to its employees in the form of a defined-benefit (closed fund) and a defined-contribution fund that are administered independently of the finances of the Company. In addition, employees are also offered medical insurance and study assistance.

TRAINING AND SKILLS DEVELOPMENT

The main purpose of training is to equip employees in such a way that they can realise their full potential to benefit the Company and themselves. Due to the specialised nature of Remgro’s workforce resulting from it being an investment holding company, no prescribed training programmes are promoted. Individuals are, however, encouraged to attend training programmes which will better equip them to do their jobs. During the past few years numerous workshops and training sessions on King IV, Anti-corruption practices, the pending Protection of Personal Information legislation and the Competition Act, No. 89 of 1998 were held to ensure that Remgro’s directors and management are equipped to implement and practise sound corporate governance at all levels where they are involved.

FIGURE 3
COMPOSITION OF EMPLOYEES
(AS AT 30 JUNE 2019)



HEALTH AND SAFETY

The Company has a duly constituted Health and Safety Committee, as required by the Occupational Health and Safety Act, No. 85 of 1993. The committee is a subcommittee of the Risk, Opportunities, Technology and Information Governance Committee and ensures that the Company provides and maintains a safe and healthy risk-free environment for staff and visitors by identifying risks and ensuring that controls designed to mitigate these risks are effective and complied with.

HIV/AIDS

From an investment holding company perspective, the risk of HIV/Aids comprises two elements:

GROUP RISK

Given the potential impact of HIV/Aids on the markets, on human capital, cost of employment and on the operational processes of the various businesses invested in, this risk is managed within the governance structures of the various investee companies. The progress of these relevant policies and strategies is monitored against best practice standards.

COMPANY RISK

Remgro has a formal HIV/Aids Policy and is committed to actively manage the pandemic, and the business risks associated with it. The policy makes provision, *inter alia*, for the following:

- Compliance with all legal requirements as far as HIV/Aids is concerned
- No discrimination against employees or potential employees based on their HIV status
- Strict confidentiality of information on the HIV status of employees
- General measures to prevent accidental infection

Remedi Medical Aid Scheme, of which most of Remgro's staff are members, has a management plan for HIV/Aids in which employees may choose to participate.

INVESTING IN THE COMMUNITY

Remgro's corporate social investment (CSI) initiatives and donations programme cover a broad spectrum of society and can be summarised as follows:

- Community development
- Cultural development
- Entrepreneurship, training and education
- Environment
- Healthcare
- Sport development

Remgro aims to maintain a CSI spending of approximately 2.5% of its net free cash flow annually. In this regard, an official CSI committee meets regularly to consider and approve grants to institutions in need. Donations to qualifying institutions are made on an annual basis for a specific period and, although such contributions cover a wide range, there are two noticeable exceptions: political parties and religious

institutions. Remgro respects its employees' choice to participate in these institutions, but does not exercise a choice itself.

During the year under review Remgro's CSI spend amounted to R24 million (2018: R27 million), as set out in the table below.

Summary of CSI spend	Year	Year
	30 June 2019	30 June 2018
	R million	R million
Community development	7	6
Cultural development	3	4
Entrepreneurship, training and education	10	13
Environment	2	2
Healthcare	1	1
Sport development	1	1
	24	27

During the year under review the most notable initiatives Remgro has been involved in, were the following:

COMMUNITY DEVELOPMENT

Strengthen our Society (SOS) – was founded by Remgro, together with the Greater Stellenbosch Development Trust, to broaden the scope of a selected group of charitable organisations in the region. Most community institutions are not lacking leadership or enthusiasm, but they are often hamstrung by a lack of structural capacity which prevents them from breaking through and realising their full potential.

The SOS initiative aims to bridge the gap between interested business enterprises and charitable organisations and endeavours to assist beneficiaries with funding, governance, expert advice, human relations, systems, management and legal matters. A very positive outcome of the SOS programme is the sense of belonging, and of being valued, experienced by participants.

Over the past year SOS capacity building and training activities included:

- proposal writing training
- impact measurement versus monitoring and evaluation training
- compliance and governance training
- child protection policy training
- rendering support and interventions where necessary

Ikamva Labantu – is a non-profit organisation that works throughout Cape Town's township communities towards a society where human rights can be fully actualised. It has a holistic and community-led approach to the sustainable development of impoverished communities, with a focus on early childhood development, the wellbeing of older persons and afterschool initiatives for children. Over the past 19 years, Remgro's partnership with Ikamva Labantu has had a substantial impact on at-risk communities through the provision of

resources, services and support. Through funding Ikamva Labantu, Remgro has helped to strengthen the engine behind many of this organisation's initiatives and projects.

Stellenbosch Community Development Programme (SCDP) trading as Love to Give – aim to assist unemployed people in the Kayamandi community to become financially more self-sufficient. They have a holistic approach in tackling this issue and provide supplementary feeding at three primary schools in the community. Twice a year they do anthropometric screening of all of the learners at these schools, thus monitoring the effectiveness of the nutrition programme as well as identifying the families in crisis. After an assessment of these families, one of the members of the household is admitted to a six month intervention programme, to put beneficiaries into a better financial position. The food parcel allows a breathing space to start imagining a life that could be different without having to worry about the basics of keeping a family fed. Micro-business courses, loans and grants are offered and currently 45 small businesses are being mentored. They facilitate learnerships and offer a wide variety of skills training, a CV writing service, sewing and vegetable gardening. There is a book sharing programme and library for children who cannot afford to go to crèche, a recycling programme and support to 30 home vegetable gardens.

Stellenbosch Feeding in Action (SFA) – provides about 10 000 meals and 1 000 food parcels per week to 5 000 needy people at 45 feeding points. About 25 other organisations, such as Youth Outreach, Stellenbosch Disaster Management and needy crèches, are regularly supported with food supplies and meals to supplement their limited budgets. Food and meals are also provided during emergency situations. SFA adheres to special requests of community organisations for the provision of meals/food supplies for example to holiday school programmes, community projects, and outreaches, as well as food parcels for families in need.

SFA forms part of a newly launched initiative, the "Give Responsibly Campaign". It's a partnership between Stellenbosch Municipality, Heartflow & Stelumthombo and Stellenbosch Night Shelter to encourage the public to support organisations who provide support to the homeless instead of giving money to people on the street. SFA provides meals for the homeless seven days a week at the Bergzicht taxi rank in Stellenbosch.

Child Welfare South Africa (Stellenbosch) – protects, safeguards and promotes the interest of children and their families. The social needs of individuals and families are addressed through the rendering of professional social work services. People from communities are empowered through capacity building programmes and developmental projects. Some 12 900 young people and 8 400 families were reached with programmes focusing on values, social media, bullying, drug abuse and sports practice as an alternative to joining gangs. During the year, 425 community members and their families received training with regard to the Children's Act to interpret parental responsibilities, but also to identify and report alleged child neglect. Twenty-two children between the ages of six and 11 who have never received any form of education, were successfully placed in schools through the intervention of an

in-house home-schooling programme. Fifty-two trained volunteers are deployed in four communities to assist social workers in early intervention of potential child neglect or abuse.

CULTURAL DEVELOPMENT

Field Band Foundation (FBF) – uses the joyful and transformative power of marching bands to prepare self-confident and healthy young people to participate constructively in society. Music matters! There are 23 sites of operation in seven out of nine provinces where a combination of music, performance and life skills education is provided after school for nearly 6 000 young people. This constitutes 46 bands in different communities playing brass and percussion instruments. FBF's strategic theme of three key belongings (belonging to the band, belonging to the world and belonging to the future) summarises the bands' activities and results.

The Cape Whalers Field Band, sponsored by Remgro, operates in one of the most stable regions of the FBF and continues to enjoy the support of several schools in Stellenbosch, Cloeteville and Macassar, which serve as rehearsal venues for the band. The band currently has a membership of 279 youngsters.

ENTREPRENEURSHIP, TRAINING AND EDUCATION

TSiBA – is an accredited non-profit higher education institution offering undergraduate and postgraduate business qualifications. The Business School aims to provide ambitious, purpose driven students who want to take South Africa forward with a world-class and rewarding business education. This is supported by generous tuition scholarships which enable students to contribute towards their tuition at relative levels of affordability. TSiBA Business School's undergraduate students pay only what they can afford, thereby removing financial barriers to tertiary education. Return on investment since inception in 2004 includes over 4 500 annual tuition fee scholarships awarded, a post-graduate employment rate of over 90%, eight Mandela Rhodes Scholars and three Kofi Annan Fellows.

SciMathUS – Over the last 18 years, 1 415 students have completed the SciMathUS programme. With some opting to go to other universities, 78% of these students were registered for undergraduate studies at Stellenbosch University (SU). In 2018, 297 SciMathUS alumni graduated at SU with a first qualification, 94 with a second qualification and 27%, a third qualification. We are very proud of all our students who have excelled in their studies.

Our mandate specifically seeks to assist students from educationally disadvantaged backgrounds to improve their mathematics, physical science or accounting marks and thus to be considered for fields of study with the highest selection criteria.

Drs Gerald Maarman (2013) and Claudia Ntsapi (2007), for example, have reached impeccable heights in their particular fields, with Gerald being a lecturer and research manager at the Desmond Tutu TB Centre and Claudia obtaining her PhD (Neurophysiology) in 2018.

Supporting senior school learners in the Stellenbosch region to prepare for, and access, higher education

SUNCEP (Stellenbosch University's Centre for Pedagogy) runs programmes in mathematics and physical sciences for academically deserving grade 10 to 12 learners throughout South Africa. These programmes are presented by qualified tutors over five-day contact sessions during the July and September school holidays. They aim to strengthen skills in mathematics and sciences, enabling learners to attain adequate marks to access tertiary studies.

In 2018, SUNCEP hosted such a programme in Stellenbosch at Cloeteville Secondary School. Sixty learners from Cloeteville, Kayamandi, Kylemore, Lückhoff, Makupula and Stellenzicht, achieving 60% or more in their year-end mathematics exam, were selected to take part. During both contact sessions, pre- and post-tests in mathematics and physical science were written. In all cases, results improved from pre-test to post-test.

Columba Leadership – offers a values-based leadership programme to high schools. The programme helps to transform the culture of schools and ensures a more conducive learning and development environment. It also helps young people to become resilient young leaders who are more likely to successfully make the transition into employment or further study after they leave school. Columba maintains the partnership with schools over a number of years to ensure that capacity is built amongst school stakeholders to sustain the impact of the leadership programme and to ensure that many young people benefit from this powerful model of values and effective engagement of youth as partners in change.

Community Keepers – provides free, professional individual and group counselling to children, their educators and parents at dedicated school-based offices. Registered and qualified counsellors, social workers and psychologists provide psychosocial support services on par with the private sector, at no cost to the direct beneficiaries. The objective is to promote good mental health that enables a state of wellbeing in which children can realise their potential, cope with the normal stresses of life, and function as productive members of the community. Community Keepers' offices are havens of tranquillity, compassion and knowledge, where children feel safe to seek help. High self-referral rates bear testimony to the trust placed in them, with 40% of junior and 60% of senior school learners being self-referred.

Helpmekaar Bursary Fund (HSF) – for 103 years this fund has been involved in providing Afrikaans-speaking students of all races with the means to further their studies at institutions of higher education. The organisation consists of two entities:

- A Study Fund which makes loans available to prospecting students for the duration of their studies at very favourable interest rates.
- A Study Fund Trust which enables the fund to give bursaries to needy students whose parents cannot afford the interest on their loans whilst they are studying. In 2019, the HSF awarded interest bursaries to 187 students. An additional eight full bursaries and nine half bursaries were also awarded to previously disadvantaged students.

The Click Foundation – the primary focus is the implementation of online English literacy programmes in under-privileged primary schools across South Africa. The programmes offer young learners, through fun and enjoyable activities, the opportunity to work at their own pace and to navigate their learning journey by means of technology. The literacy project supports the Department of Basic Education's policy goal of all children learning to read fluently, and with comprehension, by the end of Grade 3.

The Mandela Rhodes Foundation – a Mandela Rhodes Scholarship is much more than a bursary. It constitutes a unique leadership development opportunity on the African continent. After a rigorous nomination and selection process, young Africans who show academic prowess, as well as demonstrated leadership potential, are elected to the Mandela Rhodes Scholarship programme. They are given the opportunity to complete a postgraduate degree at Honours or Masters Level at a South African university, while simultaneously participating in a customised leadership development programme devised for each participant under the leadership of the scholarship manager. This includes attending three special leadership development workshops per year on the themes of leadership, reconciliation, and entrepreneurship. The Mandela Rhodes Foundation has thus far granted 479 scholarships to recipients from 26 African countries.

SA College for Tourism (SACT) – on 16 November 2018, a total of 85 young women and 34 young men from rural Southern Africa graduated from the SACT: Hospitality Training Division and the college's Herding and Tracker academies, with national certificates respectively in hospitality services, herding livestock as part of a holistic and scientific approach to range land conservation and tracking animals in the wild.

At the time of writing, all herder graduates have been employed as trainers for the Herding for Health Project, a partnership between Peace Parks Foundation and Conservation International. The tracker graduates also find themselves in permanent employment, two in Botswana, where they are involved in a leopard habituating project, and four in Rwanda in a similar project. SACT hospitality training division has placed 62 of its graduates in either paid internships or in full time employment, while 22 are employed by the Drostdy Hotel, a 5-star, wholly owned boutique hotel of SACT, where they receive training for a mid-management qualification.

Says the Executive Director of SACT: "SACT is proud and grateful to share its continued success story with Remgro Limited, whose generosity towards the college and its beneficiaries, all unskilled and unemployed young men and women from rural families with individual annual incomes of less than R36 000, makes this possible".

Schools Project – as part of this CSI initiative, Remgro's Stellenbosch Schools Project aims to create an environment where learners are given the opportunity to develop holistically to reach their full potential. At present, 21 schools in the Stellenbosch area, which forms part of the Cape Winelands district, are involved in the project.

This initiative includes learner support programmes to address literacy, numeracy, life skills, leadership, sport development as well as assistance to teachers in some schools.

Support to school leadership and management includes principal support, capacity building and training for senior management teams and school governing body training.

As part of the above initiative, the Stellenbosch Schools Broadband Initiative (SSBI) has been started by Remgro to roll out broadband access to all the schools in the Stellenbosch municipal area. The aim of the initiative is to act as a catalyst in closing the digital divide that exists in the Stellenbosch area. Each school learner in the area should have an equal opportunity to be exposed to the new digital era. In total, 37 of the approximately 40 schools in the area, including two training centres, have been connected to the network. This includes rural schools in the farming district. The service is superior to the existing commercial offerings and creates an environment conducive to learning and experimenting with technology and digital offerings.

ENVIRONMENT

Peace Parks Foundation (PPF) – PPF was founded in February 1997 by the late Dr Anton Rupert, the late Prince Bernhard of the Netherlands, and the late former president of South Africa, Dr Nelson Mandela. The Peace Parks dream is to reconnect Africa's wild spaces to create a future for man in harmony with nature. In order to achieve this, the Foundation works to renew and preserve large, functional ecosystems that stretch across international boundaries.

Peace Parks engages with governments to secure protected land, and channels investment into development of trans-boundary conservation areas. The organisation implements innovative strategies to restore ecological functionality and protect biodiversity. This includes the translocation and resettlement of thousands of animals in previously decimated wilderness areas, as well as investing significant resources in the reduction of wildlife crime.

The Foundation develops nature-based tourism opportunities to ensure the long-term sustainability of protected areas, and capacitates communities – unlocking opportunities for them to derive equitable benefits from conservation, whilst sustainably utilising the natural resources.

WWF South Africa (WWF-SA) – for over 50 years, WWF-SA has played a key role in conserving our precious natural resources and in finding solutions for environmental issues of national and international importance. However, the challenges have increased rather than diminished and at present South Africa's natural resources are under threat as never before. Climate change, irresponsible mining and fisheries practices, as well as rhino poaching, are just some of the issues WWF-SA is grappling with. Ultimately, conservation is about people and about changing people's behaviour. WWF-SA exists to ensure a future in which people live in harmony with nature.

HEALTHCARE

Organ Donor Foundation of SA – for the past 31 years the Foundation has played a critical role in obtaining life-sustaining

organs for those in need of a transplant. For recipients the availability of organs is often a matter of life or death. During the past year, Remgro again made a contribution to this admirable cause by sponsoring four flights for the transportation of organs. A special word of thanks must go to the staff of the aviation company Falconair for their wonderful support in this regard. They have indirectly contributed to the saving of 13 lives during the past year through their active participation in flying surgical teams and organs for transplant.

SPORT DEVELOPMENT

SA Golf Development Board (SAGDB) – since 1999 the SAGDB has grown a network of coaches and officials who work across the country to develop the game in cities as well as in remote areas. The SAGDB is the development service provider to all 14 golf unions in South Africa. SAGDB has 2 618 active players in the programme, with 46 trainers coaching the players across the country. Coaching sessions are conducted on a weekly basis.

Endurocad SA Endurance Academy – provides a complete solution for elite athletes specialising in the field of endurance running. The programme aims to identify and to holistically develop world-class female athletes in South Africa. The athlete development programme provides high-quality boarding and lodging, professional coaching, race management as well as other services. The career development programme aims to ensure the long-term sustainability of athletes and focuses on educating and empowering young female athletes through skills, life and enterprise development, with a special focus on athletes in the regional group.

Stellenbosch Academy of Sport (SAS) – since establishment in 2012, SAS has been a preferred high-performance training base for many local and international athletes and teams. In addition, SAS has focused on impacting the community through its "Wellness – making Stellenbosch Healthier" CSI programme. The programme uses football, netball and other sport codes to bring youth (and families) together across the ten "doropies" of Stellenbosch to educate them on healthy living and cultural diversity. SAS Wellness Champions are being developed and work with over twenty different schools in maintaining this programme. The Stellenbosch FC (now the first-ever PSL team from the Winelands) also contributes to this programme and has already proven to be a catalyst in building a sustainable football pathway and brand for the Winelands region, through social upliftment and inspiring a healthy community.

SUSTAINABILITY AT OPERATING SUBSIDIARIES

Remgro's four main operating subsidiaries, namely RCL Foods Limited (RCL Foods), Distell Group Holdings Limited (Distell), Siqalo Foods Proprietary Limited (Siqalo Foods) and Wispeco Holdings Proprietary Limited (Wispeco), are operated and managed on a decentralised basis as independent entities with autonomous boards of directors. Only summarised "non-financial" disclosure relating to their governance structures, as well as social and environmental performance is provided in this report, while their financial performance is discussed in more detail in the "Investment reviews" section on page 40 of the Integrated Annual Report.



RCL FOODS

INTRODUCTION

RCL Foods has three divisions: “Consumer” (which houses the Chicken, Grocery, Beverages, Pies and Speciality business units), “Sugar and Milling” (which houses the Sugar, Millbake and Animal Feed business units) and “Logistics” (home of Vector, RCL Foods’ route-to-market specialist which also provides logistics and sales services for third-party customers). Through these divisions, RCL Foods manufactures and distributes a wide range of household brand names: *Selati Sugar; Ouma Rusks; Supreme Flour; Rainbow, Simply Chicken and Farmer Brown Chicken; Piesman’s Pies; Number One, Number One Smooth and Mnandi Mageu; Sunbake Bread; Nola Mayonnaise; Yum Yum Peanut Butter; Monati Mabela (Sorghum); Safari Braaipap, Tafelberg, 5 Star and Al Maize Meal; Bobtail, Dogmor, Canine Cuisine, Ultra Dog, Optimizor and Bonzo Dog Food; Catmor, Feline Cuisine and Ultra Cat Cat Food; Epol, Molatek and Equus Animal Feed; and the Cobb Breed brand.* RCL Foods’ service brands are Vector and Rainbow FoodSolutions. RCL Foods also manufacture a wide range of private label food products for various retail and foodservice customers.

GOVERNANCE, RISK MANAGEMENT AND COMPLIANCE

RCL Foods’ board consists of twelve non-executive directors (seven of whom are independent) and two executive directors. It should be noted that the Chairman of the RCL Foods board, Mr Jannie Durand, is not independent given his role as CEO of Remgro Limited, RCL Foods’ major shareholder. In this regard RCL Foods appointed Mr R V Smither as Lead Independent Director on 30 August 2011, to act as chairman during meetings in situations where the independence of the Chairman may be potentially conflicted.

As RCL Foods is a listed company it has to comply with the JSE Listings Requirements and, to the extent that its recommended practices have been incorporated in the JSE Listings Requirements, the King IV Report on Corporate Governance for South Africa (2016) (King IV). The Social and Ethics Committee of RCL Foods reviews and monitors the company’s performance in areas such as good corporate citizenship, consumer relations, employment equity and labour relations. RCL Foods’ Risk Committee, which is a subcommittee of the board of RCL Foods, is responsible for overseeing the adequacy and overall effectiveness of the group’s risk management function and its implementation by management. It is assisted by an internal audit department that comprises a dedicated team of appropriately qualified and technically experienced personnel.

KEY SUSTAINABILITY AREAS

RCL Foods’ operating context is shaped by various long-term trends that present opportunities, risks, and sometimes both, for the food industry and the way the business generates long-term value for its stakeholders. These include:

- global imbalances in food production, leading to surpluses which are often dumped in unprotected local markets like South Africa’s where the viability of the local chicken and sugar industries is consequently under threat;
- the increasing burden of non-communicable diseases linked to both undernutrition and obesity;
- increasing government regulation of food safety, labelling and ingredients (such as sugar and salt);
- a growing consumer demand for convenience foods and foods perceived to be healthier;
- the increase in online purchasing and digital marketing;
- a highly competitive market characterised by an increase in price wars and the emergence of private labels, impacting branded food manufacturers’ volumes and margins; and
- growing pressure on global food systems due to the current and future impact of food production on the natural environment. Amidst expectations that companies should measure their performance against the triple bottom line of economy, society and environment, consumers are increasingly showing a preference for products that are responsibly sourced and companies that contribute meaningfully to society.

RCL Foods’ response to the key challenges and opportunities it faces is captured in its Sustainable Business Framework, which aims to ensure RCL Foods’ long-term sustainability by addressing three key areas that cut across its value chain: Nourishing People, Enriching Communities and Sustaining Resources. These are actioned via its Sustainable Business Drive, which can be read about in RCL Foods’ 2019 Sustainable Business Report.

Management systems such as ISO, FSSC, OHSAS and SANS have been implemented throughout RCL Foods in order to comply with quality requirements and regulations.

PEOPLE

People are a key focus of RCL Foods’ Sustainable Business Drive through its Enriching Communities pillar which focuses on building a sustainable organisation with inspired, engaged employees and a high-performance culture; economic development of communities that contribute to its value chain to ensure their long-term success; and social development of impoverished communities around its biggest operations. The second and third aspects above are dealt with under the BBBEE and Corporate Social Investment sections of the report below.

In order to build a high-performance culture with satisfied employees, RCL Foods seeks to attract and retain the right talent in the right places, while creating a diverse workforce and an enabling environment for individual growth. Its key focus areas are:

- Developing leaders and growing talent
- Culture and diversity
- Collaborative employee relations and engagement
- Employee health, safety and wellness

Leadership development and talent management programmes are key in creating a skilled, innovative and values-based organisation in line with ‘the RCL Foods way’. In 2019

R44.4 million was invested in training over 10 000 employees, over 90% of which were African, Coloured or Indian. To date, almost 400 leaders have completed the RCL Foods Leadership Development Programme in collaboration with the Gordon Institute of Business Science (GIBS); 33 potential future leaders have entered the RCL Foods Emerging Leaders Development Programme (ELDP), run in conjunction with Nelson Mandela University; and 149 graduates have entered the RCL Foods Management Trainee Programme. An Executive Mentoring Programme has also been developed to offer accelerated, relationship-based development for executives earmarked for critical succession roles.

Over 590 employees are currently registered on SETA-accredited apprenticeships and learnerships focusing on practical (workplace) and theoretical (institutional) skills training in designated trades. Recent new initiatives include: the development of the RCL Foods Learn More Corporate College which aims to create growth opportunities for employees through focused learning programmes that support the RCL Foods business model; the recruitment of 330 black youth on 12-month fixed term contracts as part of the Youth Employment Service (YES) Programme in collaboration with government; the launch of a "Sugar Processing NQF 2" learnership to train 50 permanent mill operators through its accredited Sugar Excellence Learning Academy; and the initiation of a learnership programme that will enable 21 black disabled employees in its Sugar business unit to work towards an NQF Level 3 National Certificate in Business Administration.

RCL Foods' number of full-time employees was 21 046 on 30 June 2019, an increase of 465 from the prior year. RCL Foods remains focused on pursuing the transformation imperative to create a diverse and inclusive workforce that is reflective of its customer base and the society in which it operates. A revised five-year Employment Equity plan leading to 2020 was adopted after the acquisition of Foodcorp and TSB. The composition of RCL Foods' workforce by race, gender and age is illustrated in Figure 4. As part of RCL Foods' employee engagement strategy, a mobile communication platform was launched in 2019 to allow for authentic relationship building through active two-way engagement with employees across the spectrum.

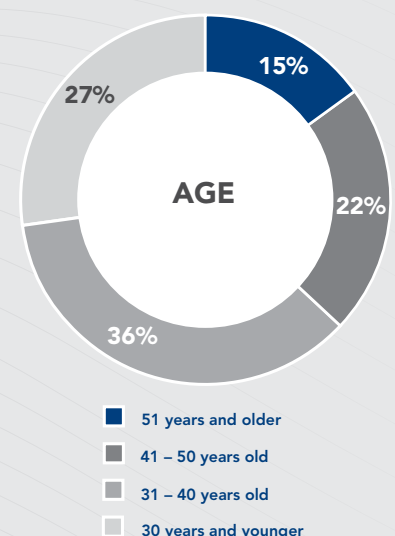
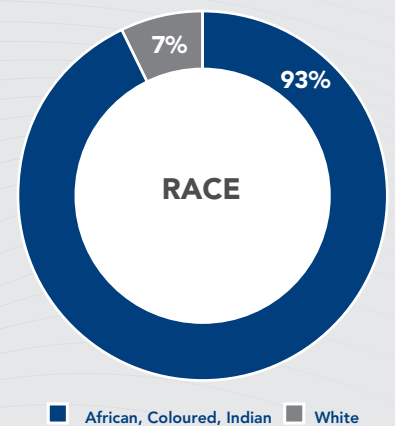
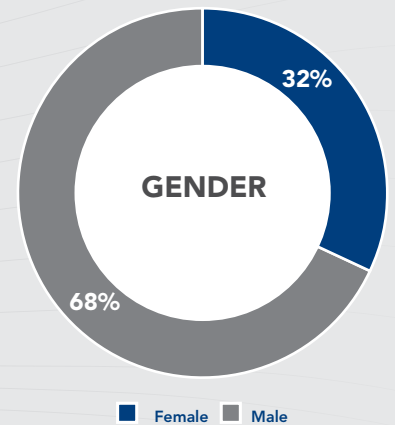
As at 30 June 2019, 75% of RCL Foods' employees are now represented by various bargaining units with which the recognised trade unions negotiate salaries and conditions of employment annually. Multi-year wage agreements have been signed with unions across most business units, helping to keep employee industrial action to a minimum.

RCL Foods is in the process of developing a consolidated strategy for employee health, safety and wellness across the company, incorporating both occupational and primary healthcare. Occupational healthcare is guided by legislation to ensure that employees are monitored, risk exposure is minimised and a safe and healthy workforce environment is in place. Core occupational healthcare service is provided for on all operating sites, with smaller and outlying sites being serviced by mobile clinics on a regular basis. Acknowledging the importance of reliable primary healthcare to employees and their families, RCL Foods has begun rolling out a low-cost medical aid plan and health benefits to shop floor employees. It has also incorporated financial wellness training into its health and wellness programmes.

The company's "disabling incident frequency rate" (DIFFR), which refers to the number of disabling incidents per 200 000 man-hours worked, was as follows in 2019:

- Consumer: 1.2 (2018: 1.2)
- Sugar and Milling: 0.9 (2018: 0.9)
- Logistics: 0.9 (2018: 1.3)

FIGURE 4
RCL FOODS' COMPOSITION OF WORKFORCE (AS AT 30 JUNE 2019)



STAKEHOLDER	KEY ISSUES	RCL FOODS' RESPONSE
Investors	<p>Oversupply in the chicken and sugar markets and related regulatory environments</p> <p>Regulatory impact of sugar import tariffs and tax on sugary beverages</p> <p>Consumer demand</p>	<p>Ongoing engagement with government and industry to find a suitable solution to curb dumping.</p> <p>Moving towards a more balanced and diversified portfolio that incorporates higher-margin added value components.</p> <p>Hedging instruments purchased to manage exposure to raw material and currency fluctuations.</p>
Employees	<p>Career development and growth</p> <p>Education and training</p> <p>Diversity and equal opportunities in the workplace</p> <p>Constructive employee relations and engagement</p> <p>Employee wellness</p> <p>Remuneration and benefits</p>	<p>Continuing to deliver against its "Inspire Great People" strategic thrust, focusing on its commitment to building a community of inspirational and productive people with a common purpose.</p> <p>Five key focus areas have been identified that facilitate its growth ambition and passion:</p> <ul style="list-style-type: none"> • Develop leaders and grow talent • Culture and diversity • Collaborative employee relations and engagement • Employee health, safety and wellness • Implementing its rewards strategy to ensure competitive remuneration.
Communities	<p>Rising social development imbalances in RCL Foods' communities such as nutritional stunting in early childhood development.</p> <p>Low economic development and sustainability in its labour sending communities.</p>	<p>Leading the nutrition agenda in Early Childhood Development (ECD) and zero stunting programmes.</p> <p>Launching social and economic development programmes in three impoverished communities where they operate.</p> <p>Nkomazi: Leave no young child behind (integrated ECD initiative); Abalimi Phambili Smallholder vegetable farmer support programme.</p> <p>Hammarsdale: #DoMore4Hammarsdale (food and economic security programme).</p> <p>Worcester: Implementing a whole-of-society approach to enable Worcester to become a place where young children flourish.</p> <p>Empowering its sugar grower communities through sustainable farming programmes and interconnected business models.</p>
Government	<p>Ongoing compliance with regulatory frameworks</p> <p>Partnerships for joint solutions</p> <p>Employment creation and transformation</p> <p>International trade, level playing field for chicken and sugar industries</p>	<p>Active monitoring of all compliance requirements and engagement with government to understand any proposed changes.</p> <p>Extensive engagement with government to highlight and find solutions to the dumping-related plight of the local chicken and sugar industries.</p> <p>With the support of the Department of Rural Development and Land Reform, its Sugar business unit partnered with small-scale growers in Mpumalanga to produce 646 000 tons of cane during the 2018/19 season.</p> <p>Collaboration with government to implement the National Integrated Early Childhood Development Policy in two wards of Nkomazi.</p>

STAKEHOLDER	KEY ISSUES	RCL FOODS' RESPONSE
Customers (Retailers, Wholesalers, Food Service Industry and Quick Service Restaurants)	Product quality and food safety Growth and profitability Responsiveness Tailored sales solutions Mutually beneficial partnerships	A single sales force interface that drives common ways of working across all customer teams with "best in class" service methodologies. Leveraging its enhanced capabilities to provide its foodservice customers with a growing and profitable portfolio of solutions. Providing technical expertise and support in Animal Feed and Industrial flour sectors. Expanding its basket to offer a broader range of product solutions.
Suppliers	Lack of accredited suppliers of certain key purchased ingredients and materials in the South African market and hence reliance on non-accredited international suppliers Ability to supply RCL Foods in terms of meeting the minimum requirements of food safety	Continued support to develop domestic farmers through interconnected business models. R6.3 billion procurement spend from BBBEE suppliers in 2019.
Consumers	Product quality and food safety Product affordability Product convenience Commitment to and compliance with issues regulated by government (e.g. labelling, salt and sugar)	Consistently investing behind its brands, leading to pleasing market share growth over numerous categories. Continuously strengthening its food safety and quality assurance standards in line with international best practice. Innovating to offer greater convenience within its product ranges. Continuing to provide a broad range of affordably priced, staple food products and competitively priced household brands. Pricing strategies that respect consumer affordability. Embedding International Standards Organisation (ISO) principles into its integrated management systems across the supply chain. Engaging and complying with relevant regulatory requirements.
Media	RCL Foods' operational and financial performance Current industry issues Corporate social investment initiatives Current consumer issues Environmental sustainability initiatives	Enhanced media engagement through our dedicated communications department. All queries responded to within a specified period. Access to the CEO and CFO for editors and journalists. Increased participation in industry-related issues. Sponsorship of radio programmes, conferences and exhibitions in support of key CSI initiatives.

BBBEE

RCL Foods believes that BBBEE is a component of the broader transformation imperative in our country. The company's transformation policy has always been guided by a continuous focus on growing a healthy and sustainable business that creates value for all its stakeholders and contributes to nation building.

RCL Foods' latest BBBEE verification, in terms of the Broad-Based Black Economic Empowerment Act, was completed in September 2018 for the financial year from 1 July 2017 to 30 June 2018. This was done in accordance with the JSE regulations pertaining to the BBBEE Act on the Agriculture Sector Codes. As a group, RCL Foods maintained its Level 4 BEE score for the 2018 financial year, while its Sugar business unit managed to maintain their Level 2 score for a fourth consecutive year. RCL Foods' Ownership pillar gained an additional 8.45 points compared to the previous year, largely driven by improved black ownership at a Remgro level. The flow through principle of the Remgro ownership means that RCL Foods' Ownership score benefited from positive changes in ownership at Remgro level. RCL Foods achieved full scores for the Enterprise Development, Supplier Development and Socio-Economic Development elements of the scorecard. A robust procurement strategy ensures that its suppliers' BEE rating is carefully monitored, in keeping with the new BEE codes. This includes evaluating their black ownership and black women ownership percentages. Where appropriate, preference is also given to Emerging Micro Enterprises (EMEs) and Qualifying Small Enterprises (QSEs) in line with the economic transformation imperative of the BEE codes.

RCL Foods' broad commitment to transformation and development goes beyond compliance with the BBBEE scorecard. It seeks to lead transformation in the communities it works in through a strong focus on community and public-private partnerships. Long-term partnerships with small-scale sugarcane growers, land claim beneficiaries and land reform beneficiaries have enabled the implementation of sustainable farming programmes and interconnected business models that empower cane-growing communities to improve their agricultural practices, enhance their competitiveness and better their livelihoods. During the 2019 financial year over 1.8 million tons of cane were delivered through community partnerships (i.e. large-scale joint ventures (JVs) with land claim beneficiaries, partnerships with small-scale growers, and long-term land reform partnerships), representing 34% of RCL Foods' total cane supply.

Through the JV partnerships, land claim beneficiaries benefited from direct employment of 194 community members, procurement spend of R95 million, lease income of R36 million and community development projects totalling nearly R1 million. Small-scale growers (SSGs) meanwhile generated approximately R340 million turnover from cane sales to RCL Foods, while also benefiting from affordable farming and financial support provided through two community JVs, Akwande Agricultural Finance (AAF) and TSGRO. In 2019 more than R180 million was reinvested by 1 200 SSGs into their own operations through retention savings and new loans through AAF, which has invested over R2.4 billion into SSGs and BEE JV companies since its inception. TSGRO is making an equally

significant impact by maximising production and returns to the growers through, *inter alia*, a bulk water supply (BWS) paid service which has helped stabilise SSG irrigation and drive an increase in average yield from 74 tons per hectare in 2018 to 83 tons per hectare in 2019. Finally, 12 land reform beneficiaries have benefited from a long-standing mentorship arrangement with RCL Foods, originally initiated as part of the Reconstruction and Development Programme Department of Rural Development and Land Reform. Over 1 000 hectares of sugarcane have been planted and more than 430 hectares of irrigation infrastructure have been rehabilitated to date, benefiting nearly 160 land reform beneficiaries in Pongola and Nkomazi.

CORPORATE SOCIAL INVESTMENT (CSI)

As a major employer in some of the most socially and economically challenged communities in South Africa, RCL Foods recognises its responsibility to help stimulate social development by promoting basic nutrition for young children through collective action against stunting; by promoting food security in economically and socially challenged communities; and by empowering youth through job creation, training and skills development. It does this through its non-profit organisation, the "Do More Foundation", which facilitates multi-stakeholder partnerships to drive integrated solutions in three impoverished communities near RCL Foods' operations: Hammarsdale in KwaZulu-Natal, Nkomazi in Mpumalanga, and Worcester in the Western Cape. During 2019 RCL Foods donated 5.3 million meals to impoverished communities through the "Do More Foundation", and provided a healthy daily snack to 9 700 children from early childhood development (ECD) centres and playgroups nationwide, 459 of them from the Foundation's own Leave No Young Child Behind initiative in Nkomazi. Other highlights of this initiative are ECD quality enhancements, provision of parenting support, and the development of an integrated referral system to help families access the required services for their young children. Another collaborative initiative in Nkomazi has helped smallholder vegetable farmer to compete in the marketplace. So far 421 hectares of land have been planted with vegetables, 12 markets have been created for growers to supply vegetables to major retail outlets, 57 cooperatives and 971 individual growers have been recruited into the programme to date and 693 vegetable farmers have been trained – yielding over R3.5 million from vegetable sales and creating 204 jobs in 2019. A further 1.1 million has been generated from livestock farming which was recently introduced as part of the programme.

In KwaZulu-Natal, the collaborative #DoMore4Hammarsdale initiative has increased both food and economic security for vulnerable members of the community, stimulating production and income generation at 21 communal gardens, facilitating business management training and mentorship support, supporting food gardens at ECD centres that feed 2 653 young children, and facilitating a host of economic linkages including a sewing initiative, permanent employment, internships, learnerships and various types of training. The Foundation's recent Sustainable Return On Investment study showed that the #DoMore4Hammarsdale initiative has played a positive role in improving the livelihoods of vulnerable and economically struggling families in Hammarsdale through its collaborative partnership approach.

In the Western Cape, the “Do More Foundation” continues to collaborate with local partners to run a monthly ECD workshop for ECD teachers and principals from the community. Recently, the Foundation went a step further to establish the Worcester Young Child Forum, a monthly multi-stakeholder gathering that meets to collaboratively implement a vision of Worcester as “a place where young children flourish”. On the back of this, corporate support has been obtained for infrastructure upgrades at a number of ECD centres that had lost their subsidies.

Social responsibility expenditure for the year to 30 June 2019 amounted to R12 million (2018: R15 million).

ENVIRONMENT

Refer to RCL Foods’ website at www.rclfoods.com, as well as the “Environment” section on page 28 where the environmental practices of RCL Foods are also incorporated.

RCL Foods’ complete Sustainable Business Report is available on its website at www.rclfoods.com.



DISTELL

INTRODUCTION

Distell is listed on the JSE in the “Beverages Sector”.

Distell is Africa’s leading producer and marketer of wines, spirits, ciders and other ready-to-drink (RTDs) beverages, enjoyed responsibly by people across the world. Its portfolio of brands offers consumers a choice for every occasion and provides unique moments of social enjoyment. The value Distell creates also enriches the lives of its employees, shareholders and the communities in which it operates.

Distell’s purpose: Creating memorable moments, crafting a better future.

THE VALUES AND THE BEHAVIOURS THAT UNDERPIN DISTELL’S VALUES	
CUSTOMER AND CONSUMER FOCUS	Distell is passionate about its customers and consumers. Distell delights its consumers by putting them first. As Distell’s customers grow, it grows. Distell employees think and act like business owners.
EXCELLENCE	Distell is committed to excellence in everything it does. Distell challenges, then commits. Distell is digitally fluent. Distell embraces failing fast, and learning faster.
ONE DISTELL	Distell wins by collaborating with integrity, honesty and respect. They dare to care. They build trust together. Together, Distell employees play to win.

GOVERNANCE, RISK MANAGEMENT AND COMPLIANCE

The Distell board is committed to complying with the requirements of the Companies Act, No. 71 of 2008 (as amended) the JSE Listings Requirements and the King IV Report on Corporate Governance for South Africa (2016) (King IV). It does this through processes and frameworks aimed at ensuring the long-term sustainability of the business and maximising value for shareholders and other key stakeholders, while contributing to national prosperity.

The Distell board consists of nine non-executive (eight of whom are independent) and two executive directors. Mr Jannie Durand is the controlling shareholder’s (Remgro’s) representative on the board and chairman of Distell’s board. Mr Durand is therefore not an independent non-executive director due to his role as CEO of Remgro. In compliance with King IV and the JSE Listings Requirements, and to guard against any perceived conflict of interest, the board annually elects a lead independent director (LID). The current LID is Mr André Parker. The main function of the LID is, *inter alia*, to lead and advise the board when the chairman has a conflict of interest (without detracting from the authority of the chairman). All 16 principles of King IV are adopted and applied by Distell to ensure Leadership, Ethics and Corporate Citizenship.

SOCIAL AND ETHICS COMMITTEE (SEC)

The SEC takes a principles-based approach guided by regulation 43 of the Companies Regulations, 2011 and the 10 principles of the United Nations (UN) Global Compact. The purpose and role of the SEC is to assist the board with discharging its responsibility to:

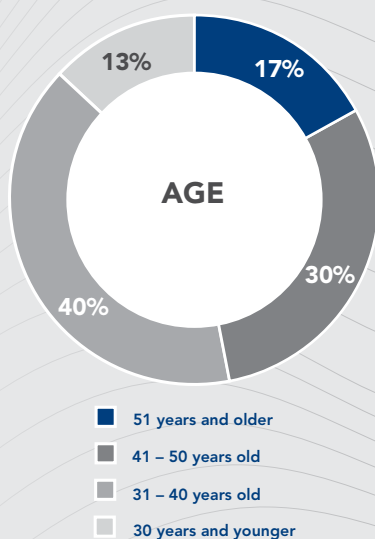
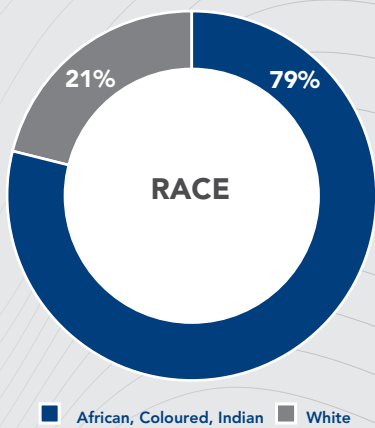
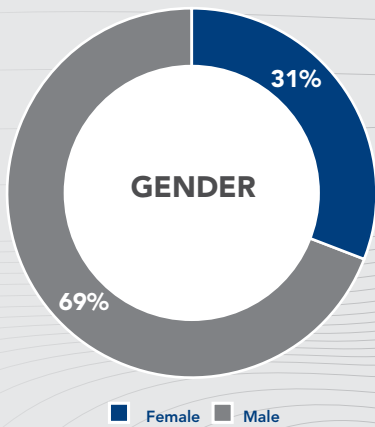
- ensure that Distell’s ethics are managed effectively and provide effective leadership based on an ethical foundation;
- promote and sustain an ethical corporate culture through:
 - endorsing the values documented in Distell’s Code of Ethics and Conduct;
 - monitoring and reporting on the measures taken by Distell to achieve adherence thereof; and
 - ensuring all business conducted by the board and management aligns with Distell’s values.
- ensure that Distell is a responsible corporate citizen by endorsing the values, strategy and conduct which are congruent with being a responsible corporate citizen; and
- advise on and review transformation and empowerment.

ETHICS

Gifts and entertainment

Distell believes in fostering healthy, mutually beneficial relationships with its suppliers, business partners and customers. While giving and receiving gifts can play a role in building these relationships, doing so should never impose improper influences or obligations. Distell’s policy therefore limits the type, nature, extent and value of gifts and entertainment that may be given or accepted.

FIGURE 5
DISTELL'S COMPOSITION OF SOUTH AFRICAN-BASED WORKFORCE (AS AT 30 JUNE 2019)



Ethics hotline

Distell strives to create a culture which facilitates the disclosure of information by employees relating to criminal and other irregular conduct in the workplace in a responsible manner, by providing clear guidelines for the disclosure of such information and protection against reprisals as a result of such disclosure.

The Distell Ethics Line, independently managed by Deloitte’s Tip-Offs Anonymous division, is available to employees in South Africa, Europe, Asia and the rest of Africa and offers a selection of communication channels, which are available 24 hours a day and 365 days a year. Distell undertakes to thoroughly investigate all matters reported and take the necessary legal, civil or disciplinary steps flowing from such investigation.

Management has established a quarterly ethics committee that reviews all reported matters in detail and to ensure appropriate action were taken. Feedback on this forum is submitted to the social and ethics committee for consideration. Additionally, a year-to-date report is discussed at each social and ethics committee meeting.

Awareness training sessions presented during 2019 focused on identified high-risk sites and included training on the Code of Ethics and Conduct, the Conflict of Interest Policy, Gifts and Entertainment Policy, the Distell Ethics Line, fraud awareness and anti-bribery training. Training on the extent and impact of the illicit liquor trade in South Africa was also presented.

CONSUMER HEALTH AND SAFETY

Distell aims to achieve zero quality incidents. Any incidents relating to the bottling process are monitored closely and receive focused attention by management. Highlights for 2019:

- To improve trade quality Distell introduced a working group and steering committee that meet monthly.
- Quality at source initiatives were introduced to reduce the number of rejects and non-conforming quality write-offs.

COMPLIANCE

Distell is committed to implementing best practice social compliance practices on its farms. This is supported by Distell’s partnership with ProCare, a leading emotional wellness company that provides critical psychosocial support to its farm workers and their families.

Distell partnered with ProCare on five of its farms: Papkuilsfontein, Nederburg, Plaisir de Merle, Groenhof and JC Le Roux. ProCare also undertook a needs assessment on these farms to identify opportunities to do more and increase the level of support Distell provides. The results of this needs assessment were shared with internal and external stakeholders (including union members and relevant industry bodies).

The strength of this partnership was acknowledged at the 2019 Nedbank Vinpro Information Day, an industry-led event that looks at how South Africa’s wine and brandy industries can be more sustainable, profitable and competitive. Distell’s partnership with ProCare was featured as a best practice example of value-enhancing social compliance. It further supports its commitment to comply fully with the Wine and Agricultural Ethical Trading Association (WIETA) Code of Conduct.

SUSTAINABILITY

Distell took steps to further integrate sustainability into its strategy and management routines and align its progress with global best practice.

Distell strengthened its involvement with the UN Global Compact by increasing its level of engagement from a signatory to a participant. This now enables Distell to engage with the UN Global Compact at a global level as well as nationally.

Distell continued to align its business activities and programmes with the Sustainable Development Goals (SDGs) – this included identifying targets and key performance measures to track its contribution to the world's biggest sustainable development challenges. Distell's efforts were acknowledged by industry leaders, with Distell featured as a best-practice example in South Africa's Voluntary National Review of private sector support of the SDGs. This is a testament to its commitment to find business-led solutions to global challenges that are responsive to the needs of markets, communities and consumers, in South Africa and around the world.

Generally, good governance remains a focus and Distell's Sustainability Council continues to play an important role to ensure alignment between its business strategy and

sustainability efforts. As an outcome of this, Distell continued the robust implementation of its sustainability strategy during the year and is in the process of setting challenging sustainability targets to take the business forward to 2025.

PEOPLE

Distell's South African-based number of full-time employees decreased by 83 to 4 067 on 30 June 2019. Overall, Distell's headcount has evolved as a result of improvements to its operating model and the exiting of non-core activities, which is in line with its growth aspirations.

Distell's employees are critical in enabling it to shape the future and craft a legacy. Distell is committed to creating a positive and safe work environment with opportunities for career development. Distell is further committed to growing its future leaders and investing in training programmes that include internships, learnerships, skills programmes, apprenticeships and adult basic education.

Distell is currently re-evaluating its Employee Volunteer Proposition (EVP) and will launch a project in the upcoming financial year to align their value proposition to a future-fit Distell. This will include a specific focus on millennials and centennials. Distell will also launch an EVP survey to determine the key value drivers that should be implemented at Distell to deliver a refreshed and rewarding experience for all employees.

STAKEHOLDER	OUR APPROACH
Employees	<ul style="list-style-type: none"> Distell's employees are at the heart of its business and are responsible for its continued growth. One of Distell's goals is to create a diverse and safe work environment for its employees, which is free of harassment or discrimination. A culture of respect, trust and mutual understanding is fostered through open, two-way communication. Work-life balance is highly encouraged as part of the employee wellness programme.
Suppliers	<ul style="list-style-type: none"> Distell's continued success is highly depended on its suppliers who provide the raw materials and services used in the production and marketing of its top quality alcoholic products. Distell's suppliers can be assured of ethical behaviour and practices at all times; commitments fully met and on time including long-term and mutually beneficial relationships with Distell. Suppliers benefit from a development programme which assists them with accessing developmental loans from financial institutions.
Strategic partners	<ul style="list-style-type: none"> Distell supports various strategic partnerships along its value chain, particularly in Africa, where the business partners to establish local manufacturing and route-to-market platforms. Distell's growth strategy relies on opportunities for mutually beneficial relationships that are long term in nature and respectful in character.
NGOs and communities	<ul style="list-style-type: none"> Distell actively participates and invests in the many communities in which the company operates. Distell recognises the importance of earning acceptance in the host communities and believes that communities should be better off because of Distell's presence. Distell's CSI strategy is focused on sustainable economic initiatives that create positive and long lasting socio-economic impact for host communities. These include job creation, skills training, and empowering women. Distell has also identified the arts as a catalyst for individual and social empowerment that supports community upliftment.

STAKEHOLDER	OUR APPROACH
Government	<ul style="list-style-type: none"> • Distell engages with all levels and spheres of government, including national and regional governments as well as government agencies such as regulators. • Distell believes that strong relations between government and the private sector are good for the development and growth of South Africa and society as a whole. • Distell supports government's broader developmental goals as contained in the National Development Plan and the country's transformation goals and efforts, which are aimed at creating opportunities to reduce poverty and inequality, and in particular, gender inequality. • This is guided by Distell's integrated BBBEE strategy and innovative approach to enterprise and supplier development. • Distell also creates value and maintains its licence to operate by complying with legislation.
Investors	<ul style="list-style-type: none"> • As providers of financial capital, investors have a vested interest in Distell and Distell wants to keep them informed about its financial performance and sustainability. • Distell builds investor confidence by demonstrating that the company adheres to the highest standards of corporate governance and that Distell is a company that creates value and return on investment for all its stakeholders.
Trade customers	<ul style="list-style-type: none"> • Distell's trade customers (including wholesalers, retailers, tavern owners, etc.) are the interface between the business and its consumers. • Distell's engagement with trade customers focuses on demand trends to ensure supply consistency and facilitates a thorough understanding of its brand portfolio.
Consumers	<ul style="list-style-type: none"> • Consumers are central to Distell's existence and are also the cornerstone of its success. • Distell engages its consumers regularly on various media channels to understand their needs so that Distell can continuously improve their experiences. • For its part, Distell has a wide portfolio of brands that are priced along the price continuum for every mixed-gender drinking occasion. • Distell also understands its responsibility to promote responsible drinking and remains consumer focused by offering value, quality and innovative products. • Distell encourages engagement across traditional and digital channels and values consumer feedback on its product offerings.
Environment	<ul style="list-style-type: none"> • Distell knows that to continue to grow over the long term it must strive to be sustainable, take care of the environment and tackle the causes and impacts of climate change. • Distell's environmental policy, supported by a dedicated organisation, focuses on both environmental stewardship and acting on climate change.
Industry bodies	<ul style="list-style-type: none"> • Distell is represented on several industry bodies, including Business Unity South Africa, Business Leadership South Africa and the South African Liquor Brand owners Association. • Through these bodies, Distell engages on matters relating to, among others, promoting responsible drinking, supplier and enterprise development, industry regulation, social compliance and matters of environmental concern. • As a member of these bodies, Distell is also able to respond as an industry to global and local social, political and regulatory changes.
Media	<ul style="list-style-type: none"> • Included in this group are journalists, editors and publishers from various media houses and publications across South Africa. • Media enquiries are fielded via email, telephone or face-to-face meetings. • Distell has good relations with the key media that covers Distell. • Given its role as the eyes and ears of the community, Distell hosts regular engagements with the media to maintain relations and also to share the Distell narrative.

DISTELL'S CULTURE CHANGE JOURNEY

Distell continues to implement a culture change roadmap to align employees with its values and successfully embed and deliver on key success drivers. The executive management team understands the crucial role it plays and continued to make great progress during the year to workshop and agree on the behaviours and actions needed to drive this journey from the top and lead by example. Distell developed a change management toolkit in 2018 to help employees transition smoothly and respond to change. This toolkit also serves as an additional resource to standardise change management processes and practices at Distell.

BBBEE

Distell obtained a level 3 status for 2019. This was thanks to leader-led strategy implementation, as well as business units and functions taking ownership of the various scorecard elements.

Ownership

The Distell Development Trust (the Trust) is an important contributor to Distell's BBBEE score. As the Trust is required to operate as a B-BOS (Broad-based Ownership Scheme), it contributes toward the ownership element. The BBBEE points are awarded provided the Trust fulfils its mandate. This is assessed independently by an Independent Competent Person's Report.

Throughout the year, members of the committee engaged the BBBEE Commission to proactively gauge the Commissioner on the topic of broad-based ownership to ensure alignment between the BBBEE Act and the Trust Deed. The management of additional risks and opportunities will remain an area of focus in the new financial year.

Preferential procurement

Procurement is tracked and monitored on a monthly basis. This includes a breakdown of preferential procurement spend per business unit and service function to identify opportunities for the development of new and existing empowered suppliers across Distell. Distell increased its preferential procurement score from 15 to 16 points out of a maximum of 25. Distell also increased the number of black-owned and black women-owned enterprises in its supply chain.

Skills development

High-potential employees are supported to fast-track and accelerate their career development through various training and development interventions. Highlights for 2019:

- Of the 11 employees enrolled in Distell's Accelerated Development Programme, 10 are African, Coloured and Indian employees and three are female employees.
- 99% of all learnerships, 100% of all internships and 82% of leaderships were awarded to African, Coloured and Indian employees.
- A comprehensive list of high-potential African, Indian and Coloured talent was identified during Distell's Global Talent Review in January 2019. All identified employees have clear career paths and development plans in place to accelerate their progression within Distell.

Distell's talent management strategy is supported by SuccessFactors – a web-based, innovative solution that provides visible alignment between Distell's succession and

talent management processes. The learning module of SuccessFactors went live in October 2018. This module enables eLearning across the organisation and will provide a comprehensive, centralised learning and development platform for Distell's employees.

Employment equity

Distell's revised National Employment Equity Plan 2017–2022 was rolled out across all business functions. This plan remains its primary strategy to attain set transformation and diversity targets and address government's national transformation goals.

The plan prompted Distell to reflect on actions and soft behaviours required to embed an all-inclusive culture throughout its transformation journey. This includes, for example, investing in employee assistance programmes, including a bursary scheme and learnerships aimed at disabled learners. These investments affirm the value Distell places on its employees.

Over the past 12 months Distell has made the following progress against its employment equity targets for appointments and promotions within the business:

Percentage of PDIs* – top and senior management	2017	2018	2019	2022 Target
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Appointments	64%	69%	56%	75%
Promotions	50%	56%	54%	75%

Percentage of PDIs* – middle management	2017	2018	2019	2022 Target
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Appointments	78%	89%	81%	90%
Promotions	45%	78%	87%	90%

Percentage of PDIs* – junior management	2017	2018	2019	2022 Target
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Appointments	90%	95%	92%	95%
Promotions	88%	89%	93%	95%

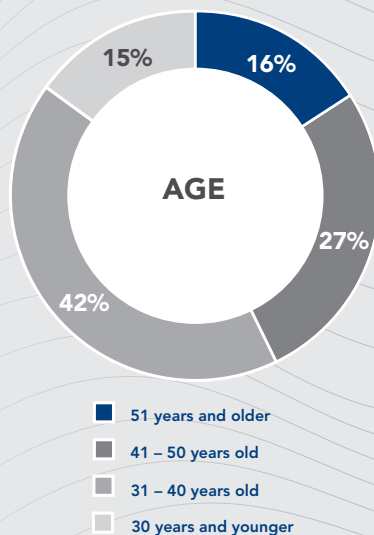
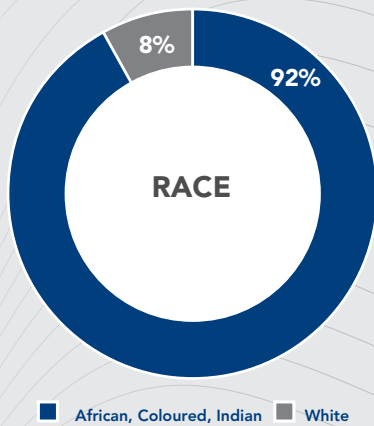
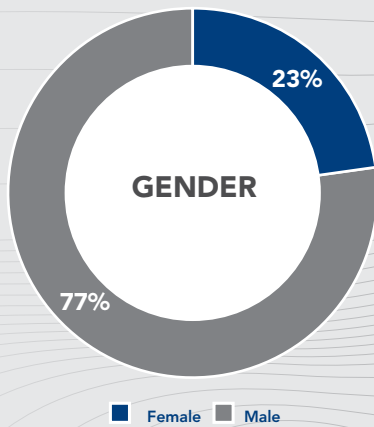
* PDI = previously disadvantaged individual

The oversight of targets and performance against targets for top management will remain an area of focus in the new financial year.

ENVIRONMENT

Distell understands its long-term sustainability is intrinsically linked to the natural resources Distell depends on, from farm to consumer and back again. Distell must therefore ensure its supply chain practices are efficient, agile and protect the environment – while meeting its customers' requirements in full. Distell carefully manages its supply chain to ensure Distell deliver reliably, responsibly and sustainably and at the right quality. Distell monitors its performance against sustainability targets for 2020 related to water, electricity, fossil-fuel based energy usage and waste water discharged.

FIGURE 6
SIQALO'S COMPOSITION OF WORKFORCE
(AS AT 30 JUNE 2019)



QUALITY

Quality is a critical component to ensure Distell delivers superior products and packaging. This includes:

- working with procurement to establish quality requirements for external suppliers;
- ensuring that Distell’s manufacturing and production processes meet international and national quality standards for each product type; and
- establishing and maintaining quality controls.

Distell conducts on-site audits and, where necessary, assists suppliers to improve their production processes to ensure consistent quality. This ultimately ensures Distell functions as effectively as possible to stay ahead of its competitors.

Distell’s quality scorecard is carefully monitored and its performance against targets is reported to the Sustainability Council and to the SEC. All targets were met in 2019, with the exception of non-conforming quality write-offs. This is despite a 35% decrease in costs compared to 2018.

Distell’s complete Sustainability Report is available on its website at www.distell.co.za.



SIQALO FOODS

INTRODUCTION

Siqalo Foods is a business that has been part of South Africa’s rich history for almost 70 years. Growing from this heritage, it embraces tomorrow and the opportunities it holds – “Siqalo” means “new beginnings”. Siqalo Foods was launched in 2018 when Remgro completed the purchase of the Spreads business from Unilever South Africa Holdings Proprietary Limited (Unilever). The business is a wholly owned subsidiary of Remgro and is the leading manufacturer of spreads in Southern Africa and houses some of South Africa’s most loved brands like *Rama*, *Stork*, *Flora* and *Rondo*.

GOVERNANCE, RISK MANAGEMENT AND COMPLIANCE

Siqalo Foods’ board of directors currently consists of two Remgro representatives who are also responsible to ensure that the business adopts and implements Remgro’s policies, processes and procedures to warrant that good corporate governance and sustainability practices are executed. Siqalo Foods reports directly into the Remgro Social and Ethics Committee as well as the Audit and Risk Committee of Remgro through its Board of Directors. Remgro’s internal audit division is ultimately responsible for all internal audit matters at Siqalo Foods with the assistance of RCL Foods’ internal audit and reports directly into Remgro’s Audit and Risk Committee.

RCL Foods is appointed by Siqalo Foods to manage all aspects of Siqalo Foods’ day-to-day business operations. The management services agreement between Siqalo Foods and RCL Foods states that RCL Foods will provide independent assurance that Siqalo’s risk management, governance and internal control processes are operating efficiently in relation to the services provided by RCL Foods.

STAKEHOLDER CONCERNS	RISK MANAGEMENT APPROACH
Product quality	<p>Dedicated quality controllers are appointed and allocated to each production shift to ensure the highest quality standards are adhered to</p> <p>Monthly quality meetings are held to discuss any concerns or problem areas and to implement corrective measures</p> <p>On-site batch testing facility with dedicated staff to guarantee that quality standards are upheld on all finished goods</p>
Safety	<p>Dedicated safety officers are identified and employed throughout the plant</p> <p>Regular safety inspections are performed and analysed by senior plant management on a monthly basis</p>
Customers	<p>Continue to grow mutually beneficial partnerships to drive growth and profitability for all stakeholders and the category at large</p> <p>Leverage of RCL Foods “best in class” service methodologies to drive common ways of working across all customer teams</p>
Consumers	<p>Ongoing focus to guarantee the highest product quality and food safety at affordable prices</p> <p>Commitment to and compliance with regulations instituted by government and regulatory boards to ensure production of safe and nutritional products</p>
Employees	<p>Retaining and developing key talent during the acquisition transition was the key focus in the organisation.</p> <p>Introducing new talent to accelerate employment equity and cultural transformation.</p> <p>Managing terms and conditions in line with section 197 requirements while developing market-related tools such as total cost to company structures, where appropriate</p> <p>Continuing to stabilise industrial relations environment at shopfloor level.</p> <p>Maintaining strong shop floor structures including engagement forums through various worker representative committees.</p> <p>Developing “beliefs” that shape the values, vision and actions for Siqalo Foods.</p> <p>Continuing to focus on employee health, safety and wellness</p>
Environmental impact	<p>The continuous monitoring of the production plant’s impact on the environment with regards to pollution, waste management and energy efficiencies and commitment to sustainable sourcing practices</p>

KEY SUSTAINABILITY AREAS, RISKS AND OPPORTUNITIES

Stakeholder concerns at Siqualo Foods mainly involve areas such as product quality, safety, customers, consumers, employees and environmental issues. Page 24 contains a summary of how Siqualo Foods addresses these issues.

PEOPLE

2019 ACHIEVEMENTS

Since taking over the business from Unilever, the key focus for the year has been maintaining business continuity. This meant driving stability and getting the baseline right. The retention of key employees with critical skills and business knowledge has been essential to maintaining business momentum during transition and securing the base for growth. In addition, most employees were trained on the new business processes that took effect on transition and on the new system set up and operations. Significant focus were placed on change resilience training.

The focus for 2020 will be on core skills development to deliver the required employment equity plan. 16 employees are currently registered on the SETA-accredited apprenticeship programme focusing on practical (workplace) and theoretical (institutional) skills training in Millwright trade to acquire much needed experience to progress in their careers.

EMPLOYEE ENGAGEMENT/EMPLOYEE RELATIONS STABILITY

Siqualo Foods settled wage negotiations with the union agreeing on a 7.5% increase in June 2019 and an additional 0.5% increase effective January 2020. The sound relationship with the unionised employees is being secured through formal monthly co-operative engagements.

A mobile communication platform called "Let's Talk" was launched at the Boksburg site. The app allows for electronic communication and engagement with all employees - keeping them informed about the business and other important initiatives. Further, leadership and team effectiveness sessions to improve engagement, collaboration and alignment, have been conducted.

CULTURE, DIVERSITY AND INCLUSION

Building a new culture has been another key focus area – as reflected in Siqualo Foods' Belief statements and Vision. A five-year Employment Equity Plan is in place to promote equal opportunities and fair treatment for all employees. 50% of Siqualo Foods Management is made up of African, Coloured and Indian employees.

EMPLOYEE HEALTH, SAFETY AND WELLNESS

Siqualo Foods is committed to promoting employee health, safety and wellness. The occupational healthcare efforts are aimed at ensuring that employees are monitored, and their exposure to risk is kept to a minimum. A core occupational and primary healthcare service is provided to employees at the Boksburg site.

BBBEE

Because Siqualo Foods is a new company that started operating on 2 July 2018 the business did a self-declaration for BBBEE purposes and obtained a Level 4 status. The business believes in the social, political and economic importance of BBBEE and remains committed to institute the correct procedures and practices in the forthcoming months to ensure compliance with the criteria set by the Department of Trade and Industry and therefore to help drive transformation in our country.

CORPORATE SOCIAL INVESTMENT (CSI)

Siqualo Foods' CSI programme mainly involves the support to the Rama Good Breakfast Schools Programme. Established in 2017 based on a white paper that revealed that school aged children that regularly skipped breakfast struggle to concentrate in class, thus affecting school performance. Currently one in five children in South Africa do not consume breakfast and of those that do, a large majority are not eating what is deemed to be a nutritious breakfast. The programme was established with the objective of making a nutritious breakfast a daily reality for all South African children. This year the project reached over 350 000 children across 360 participating schools in KwaZulu-Natal and the Eastern Cape. Learners also showed a 15% improvement in awareness of the definition of breakfast and the importance thereof. An improvement of 21% was measured with regards to their awareness of types of food and food groups that make up a good breakfast and the impact thereof on your body. In the next year the project will expand into Gauteng with a goal of reaching 360 schools and 500 000 children.

ENVIRONMENT

Refer to the "Environment" section on page 28 where the environmental practices of Siqualo Foods are also incorporated.

For more detail regarding Siqualo Foods, refer to its website at www.siqualofoods.com.

WISPECO
Aluminium

WISPECO

INTRODUCTION

Wispeco is a wholly owned subsidiary of Remgro and has become one of South Africa's leading aluminium suppliers. Its main business is the manufacturing and distribution of extruded aluminium profiles used mainly in the building, engineering and durable goods sectors. Currently, the company is the largest supplier of aluminium to the architectural market and leads the way with development of architectural aluminium products to meet market needs.

STAKEHOLDER CONCERNS	WHAT WE DO
Product quality	Appointment of dedicated quality controllers on each production line to ensure production within defined tolerance levels and specifications. Monthly quality meetings where quality trends are monitored and problem areas identified and resolved. Extrusions produced according to BS-EN755, finishing produced according to SANS1796 and SANS999.
Safety	Dedicated safety officer supported by safety officers on plant level. Monthly safety inspection reports for submission to monthly safety meetings.
Raw material procurement	High-quality virgin billet procurement from four dedicated sources around the globe. Extensive procurement of second-hand aluminium which is sorted to remove impurities and blended with virgin material to correct metallurgical composition to specification.
Customer service	In line with its vision of "One-Day-Delivery", the company is able to activate spare capacity and overtime shifts in all operational units on short notice to deal with any peaks in order intake. Shift systems allow for a large degree of flexibility in terms of labour availability and production capacity. Flexible production scheduling allows for urgent orders and special requests from customers to be included in daily production schedules.
Environmental impact	The continuous monitoring and controlling of effluent waste streams from the company's anodising and powder coating plants to ensure compliance to required discharge limits. The continuous monitoring of energy usage to ensure maximum efficiency and to identify opportunities for energy usage reduction.

GOVERNANCE, RISK MANAGEMENT AND COMPLIANCE

Wispeco's board of directors currently consists of four directors of whom one is independent. Remgro currently has two representatives on Wispeco's board and as part of their duties they ensure that sound corporate governance and sustainability practices are followed through the adoption and implementation of Remgro's policies, processes and procedures. Wispeco's Social and Ethics Committee meets twice a year.

Wispeco's Audit Committee consists of three non-executive members and, in terms of the Companies Act, No. 71 of 2008, it is considered a duly constituted Audit Committee, which reports directly to the Wispeco board. The Remgro Audit and Risk Committee satisfied itself that this committee functions independently. Remgro's internal audit division is responsible for all internal audit work at Wispeco and in this regard assists the Wispeco board to maintain a comprehensive risk management system.

KEY SUSTAINABILITY AREAS, RISKS AND OPPORTUNITIES

Stakeholder concerns at Wispeco mainly involve areas such as product quality, safety, raw material procurement, customer service and environmental issues. The table above provides a summary of the ways in which Wispeco addresses these issues.

Low-cost imported copies of its products represent the main risk area to the long-term sustainability of Wispeco's manu-

facturing business. This, however, presented the company with the opportunity to improve its production efficiencies and develop competitive pricing structures.

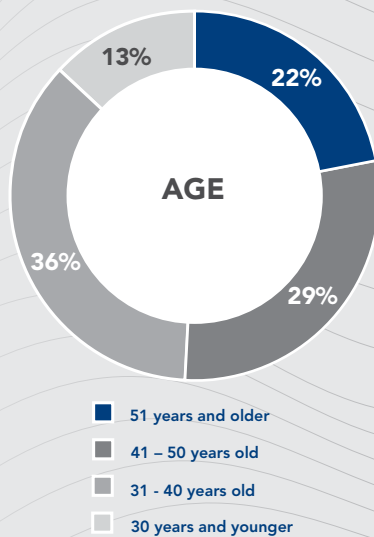
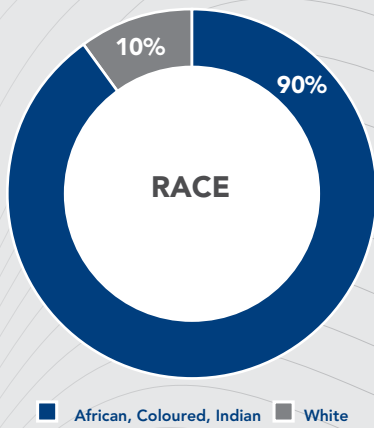
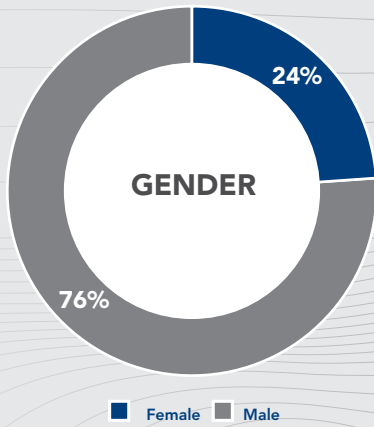
PEOPLE

The remuneration rates of unionised employees (representing approximately 80% of the permanent workforce of Wispeco) is determined in terms of the Main Agreement negotiated annually by the Metal and Engineering Industries Bargaining Council and the unions. The current settlement agreement has been concluded for the three years ending 30 June 2020.

Employment equity within Wispeco is managed through an Employment Equity Committee that meets on a monthly basis and provides input on the finalisation of the annual labour plan submitted to the Department of Labour. The goals set for the 2018 reporting period were all successfully completed. The focus is on promotion of the Employment Equity policy, which is to accelerate the appointment and retention of black, female employees. Refer to Figure 7 on the next page where details regarding the composition of Wispeco's workforce by race, gender and age are illustrated.

Wispeco management recognises its responsibility towards health and safety, as well as improving the working environment of its staff. In this regard, Wispeco has a dedicated Safety Officer that is responsible for the management of its health and safety programme. Each site also has a dedicated safety representative, which conducts monthly safety inspections.

FIGURE 7
WISPECO'S COMPOSITION
OF WORKFORCE
(AS AT 30 JUNE 2019)



During the year ended 30 June 2019, Wispeco had 20 minor injuries, which were treatable at the in-house clinic (2018: 19 injuries). Reportable cases in terms of the Compensation for Occupational Injuries and Diseases Act, No. 130 of 1993, amounted to 14 during the year under review (2018: 16 cases). The company has contracted an independent consultant to audit its health and safety processes with specific emphasis on issues such as noise and dust measurements and the wearing of protective clothing. The next health and safety audit is due in October 2019.

Awareness in respect of HIV/Aids within Wispeco is promoted mainly through training programmes, supported by 19 Peer Group Educators at Wispeco's head office. The Peer Group Educators provide informal support and guidance to the affected employees and their families. The company also supports the Government's Antiretroviral (ARV) programme and ensures the confidentiality of all employees' HIV status. A qualified medical practitioner also visits the in-house clinic once a week to assist with issues that are more complex.

A well-established Training Committee within Wispeco is responsible for identifying the training needs of staff and for the development of training programmes, which enable staff to maintain and develop the required skills in order for the company to remain competitive in the market. These initiatives include formal training programmes in the form of learnerships for leadership development, as well as technical training in the form of apprenticeships. Although leadership development initiatives are continuing, the focus of the skills development plan has shifted to the shop floor. The main objective is a workforce with a shared language in terms of continuous improvement, quality, productivity and safety. Wispeco aims to enable all employees to participate in improvement initiatives and working towards a sustainable future. During the previous financial year Wispeco commenced with various learnership programmes hosted in Alrode and in Cape Town. There are 45 learners completing a Production Technology (NQF Level 2) qualification, 26 learners completing a Certificate in Management (NQF level 3) and 18 learners completing a Certificate in Management: Process Manufacturing (NQF level 4). Wispeco also provides experiential learning opportunities for young engineers to assist them in obtaining their engineering qualifications. Wispeco currently hosts nine experiential learners in various production departments.

The company also has a proud record of training people with disabilities, with formal technical training for the deaf having been provided for the past 10 years. In this regard, the 2018 group of 13 deaf students from previously disadvantaged communities completed the aluminium fabrication learnership while the 2019 group is progressing well. As in previous years, the MERSETA has ring-fenced discretionary grant funding for Wispeco for this group of deaf learners. Wispeco expanded the learnership programme by embarking on a pilot project in partnership with V.N. Naik School for the deaf in KwaZulu-Natal. The learnership is equivalent to the NQF 2 learnership for the deaf students in Alrode and the nine students, who enrolled in January 2017, successfully completed the qualification during the previous financial year. A new group of nine students started the learnership in KwaZulu-Natal and are progressing well. Wispeco aims to train but also to assist in finding employment opportunities for these students and ensure successful integration into the workplace. Wispeco has assisted a total of 36 people with disabilities, who completed their learnerships, to find employment opportunities.

Training expenditure for 2019 amounted to over R13 million (2018: R17 million).

BBBEE

Wispeco’s latest BBBEE verification was concluded during March 2019 and a Level 4 status was achieved. This equates to a 100% procurement recognition and a total of 80.32 points on the generic scorecard (2018: Level 7, 62.77 points). During the current verification, Wispeco anticipates to achieve a Level 5 status based on the 2019 financial figures. Wispeco plans to commence with the YES initiative in the near future which will enhance the B-BBEE status to Level 4 with the potential to reach Level 3 in future. The elements of skills development, enterprise development and socio-economic development continue to be a priority to Wispeco.

CORPORATE SOCIAL INVESTMENT (CSI)

Wispeco’s CSI programme mainly involves training in the fabrication and installation of architectural products. The training initiative enables trainees to perform an income-generating activity. This practical training is facilitated by experienced trainers in technical training centres situated in Cape Town, Durban and at the company’s head office in Johannesburg. During the past year approximately 921 people (2018: 857) were trained at a cost of R3 million. Training includes both introductory programmes as well as advanced product-specific curricula. Another aspect of Wispeco’s CSI programme is the SpazAL franchises. The SpazAL initiative aims to empower young black entrepreneurs to start and successfully run aluminium fabrication businesses in rural areas around the country. There are currently nine active SpazALs operating in the Gauteng and Limpopo and Durban areas. Since the programme started in 2006, these SpazALs have collectively purchased more than R17 million worth of aluminium and hardware products from Wispeco. In 2018, the support for the SpazAL initiative continued with donations of equipment, sliding doors and mentoring services to the value of R637 000. Ongoing support and education from Wispeco will continue in order to ensure survival and prosperity of the SpazALs.

ENVIRONMENT

Refer to the “Environment” section below where the environment practices of Wispeco are also incorporated.

For more detail regarding Wispeco, refer to its website at www.wispeco.co.za.

ENVIRONMENT

Remgro and its investee companies generate an impact on the environment in the manufacturing and delivery of their products and services. As such, Remgro is critically dependent on healthy and functioning ecosystem services that allow it to prosper and create value for its customers, employees, communities and shareholders. These services include clean and plentiful water, delivery of reliable energy, and the receiving of waste by-product. To this end, Remgro acknowledges and tries to minimise its impact through focused environmental management and the setting of appropriate targets while, also, investigating creative solutions that can have a net social and environmental benefit.

At the forefront of Remgro’s response is the Remgro Safety, Health and Environmental Management Policy, which covers Remgro Management Services Limited (RMS – the service company), RCL Foods, Sigalo Foods, Distell and Wispeco. The policy defines the scope, boundaries and management structure of Remgro’s environmental duty. The Remgro Board is ultimately responsible for the implementation of the policy, but delegates its responsibilities to the Risk, Opportunities, Technology and Information Governance Committee (a subcommittee of the Audit and Risk Committee) and the Social and Ethics Committee that reviews and recommends the approval of environmental procedures implemented and maintained by RMS.

FIGURE 8
REMGRO'S GHG EMISSIONS
(tCO₂e)

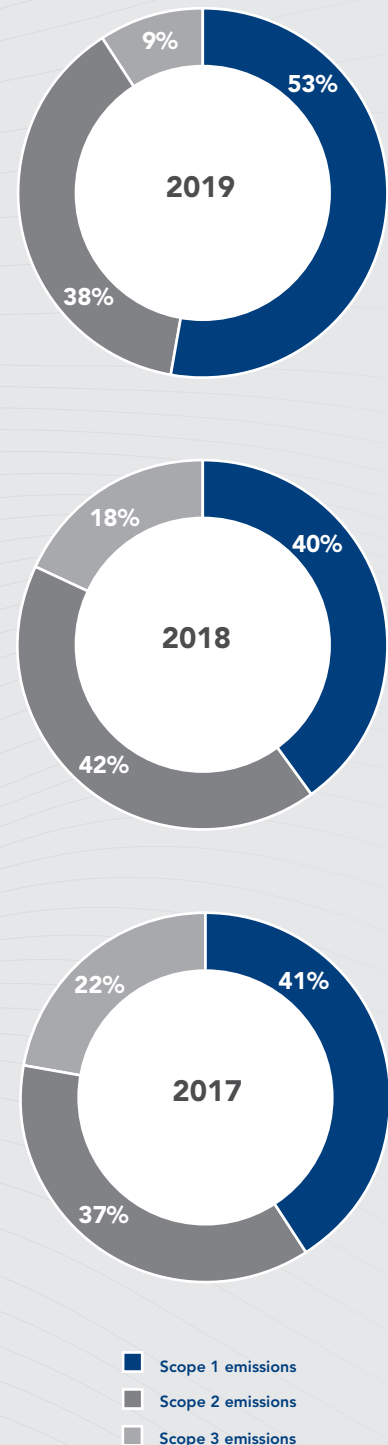
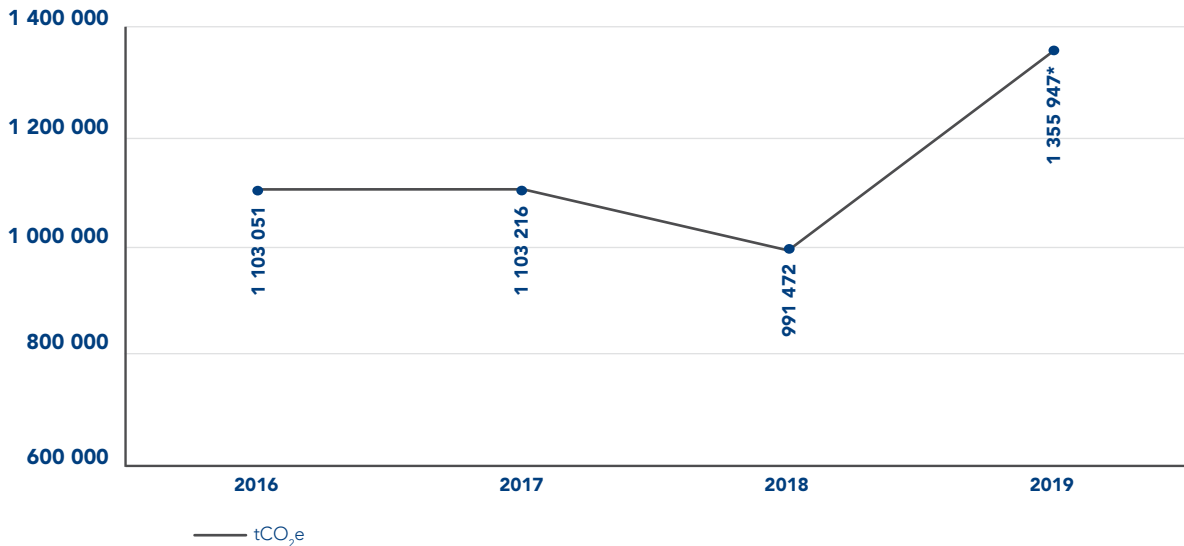


FIGURE 9

TOTAL REMGRO GHG EMISSIONS (SCOPE 1, 2, 3 AND NON-KYOTO GASES)



* Siqalo Foods included for the first time.

With regard to RCL Foods, Siqalo Foods, Distell and Wispeco, it is the responsibility of Remgro's representatives on the boards of these companies to obtain assurance regarding the effectiveness and efficiency of their respective environmental management processes. As a central function, Remgro conducts annual environmental risk reviews on its investee companies and incorporates environmental performance into its various risk management frameworks.

Carbon emissions and climate change, energy, water and waste continue to be the most important environmental issues to Remgro's investee companies and each business closely monitors these environmental aspects and reports on them to the Remgro Board. RCL Foods and Distell, as listed entities on the JSE, produce their own sustainability reports in which they provide detailed information of their environmental performance. Appropriate targets for environmental impact are set by the investee companies themselves in relation to their sectors and their own geographic and environmental realities.

From an environmental performance perspective, Remgro reports the environmental figures of those investee companies in which it has an equity interest of greater than 50%. This is guided by current environmental reporting practices and includes RMS, RCL Foods, Siqalo Foods and Wispeco. In terms of the Remgro carbon footprint and in accordance with the Greenhouse Gas (GHG) Protocol, the "equity share" approach is adopted, where carbon emissions are apportioned to Remgro in alignment with its equity ownership of the subsidiary, hence: RMS – 100%; Wispeco – 100%; Siqalo Foods – 100%; and, RCL Foods – 72%. Remgro is cognisant of new reporting guidelines for investment houses being developed by the GHG Protocol. When these are in place, Remgro will adopt best practice relevant to its operations.

HIGHLIGHTS OF THE 2019 ENVIRONMENTAL PERFORMANCE

- Maintained an 'A-' rating on the 2018 CDP (Carbon Disclosure Project) Climate Change submission, placing Remgro in the top percentile of South African companies. The CDP is an investor-led initiative in terms of which the top 100 listed companies on the JSE disclose their carbon emission profiles and climate change mitigation and adaptation strategies.
- Incorporation of first full year of environmental figures from Siqalo Foods
- Continued implementation of renewable energy initiatives, especially within RCL Foods
- Reduction in waste to landfill volumes
- Increase in recycled waste volumes

CARBON EMISSIONS AND CLIMATE CHANGE

For the second year running, Remgro was awarded an "A-" score in the annual CDP questionnaire submission, placing it among the top companies globally. The CDP is an investor-led initiative requesting companies to disclose their carbon emission profiles, climate change strategies and management and, also, requesting companies to outline risks and opportunities that climate change presents to them in the near, medium and long-term futures.

Critical issues for Remgro investee companies included availability of potable water. Despite the fact that the national drought was broken in South Africa, local infrastructure issues continue to be an operational challenge in many areas. The implications of a carbon tax in South Africa, which was introduced in June 2019, is also being closely monitored. This followed the requirement to submit greenhouse gas emissions in accordance with the National Atmospheric Emission

Inventory System (NAEIS) that was introduced into South Africa in 2018.

A Remgro carbon footprint, inclusive of RMS, Wispeco, Siqalo Foods and the equity share portion of RCL Foods is commissioned every year. This report is verified through an independent third-party assurance process. Due to the inclusion, for the first time, of Siqalo Foods, the total Remgro emissions have significantly increased. Siqalo accounts for 347 578 tCO₂e (tonnes carbon dioxide emissions equivalent) out of a Remgro total of 1 355 947 tCO₂e. In terms of emission intensity, recorded as emissions per full-time employee, there has been an increase of some 24% as a result of the inclusion of Siqalo Foods for the first time, as well as the increase in production at RCL Foods post the recovery from the drought.

In terms of the GHG Protocol, carbon emissions can be analysed according to the following categories:

- **Scope 1** – direct emissions from equipment owned by Remgro, e.g. factories and vehicle fleets of RMS, RCL Foods, Siqalo Foods and Wispeco.
- **Scope 2** – indirect emissions from the consumption of purchased electricity.
- **Scope 3** – indirect emissions from third-party suppliers, e.g. business travel, office paper, third-party transport, etc.
- **Outside of Scope** – emissions associated with the burning of bagasse and generation of biogas, as well as non-Kyoto GHG gases, e.g. freon, which is used in air-conditioning and refrigeration equipment.

ENERGY

Energy efficiency and the adoption of low carbon (clean) energy continues to drive Remgro's efforts to gain energy security, reduce costs and lower GHG emissions.

Remgro coordinates a forum amongst its investee companies, where the focus is on electrical power security and economics.

This Group Power Initiative serves to inform and encourage investee companies to optimise energy efficiency. The initiative enables investee companies to minimise future power costs and reduce the impact of potential power outages. Accordingly, the Group Power Initiative continues to fund structures that support an increasing number of rooftop Solar PV installations across the Group. The impacts of these projects, in terms of job creation and carbon abatement, are reported by the respective investee companies. Ongoing work will see the introduction of power from other renewable energy sources over the next few years.

RCL Foods has adopted a three-phase "Energy Roadmap" that focuses on energy self-sufficiency in its individual business units, then at the RCL Foods group level as a whole and, finally, exporting excess energy through appropriate trading platforms. To date, the company is generating 35% of its total energy usage, with a target of increasing this energy self-sufficiency to 50% by 2025.

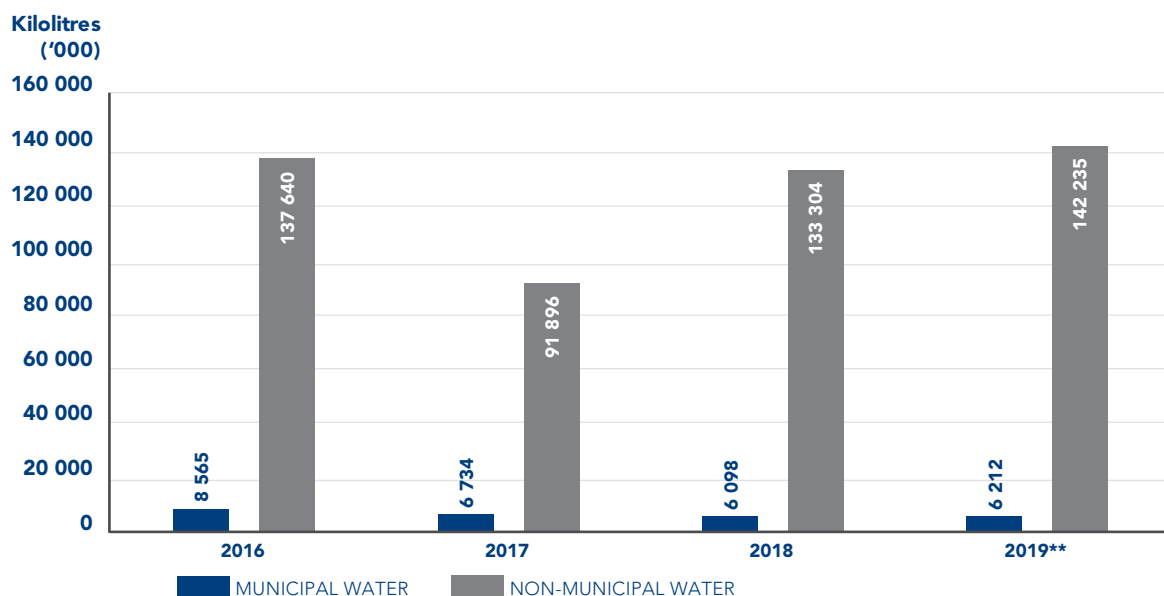
In 2017 RCL Foods commissioned and implemented the largest waste-to-energy project in Africa at its Worcester chicken plant. This technology is now being deployed into RCL Foods' Rustenburg chicken processing and animal feed sites. By converting post-process waste water and litter from the poultry sites, the project will generate 65% of the sites' electricity needs, 100% of the animal mill's steam requirements and 100% of the sites' non-potable water needs. The R300 million project is expected to be completed by November 2019.

The capturing of solar energy through rooftop solar PV has also been extended during 2019 by RCL Foods, with three new projects being approved for 2020 to add to the existing project at its head office in Durban, which generates 10% of the site's electricity.

Due to the breaking of prevailing drought conditions in 2017 and 2018, the burning of bagasse (a by-product of sugarcane) to generate on-site renewable electricity has increased by 18%.

FIGURE 10

TOTAL WATER CONSUMPTION 2016 – 2019*



* The water consumption reflects 100% of the consumption by all subsidiaries.

** Siqalo Foods included for the first time.

92% of RCL Foods' sugar mills electricity is co-generated through this process and the exportation of renewable electricity into the national electricity grid has increased 42% from these sources. Some 27 GWh (gigawatt hours) was exported to Eskom during the 2019 financial year.

All these energy initiatives feed into RCL Foods' objective of reducing energy consumption to meet its absolute carbon reduction target of 10% by 2020, using 2015 as a base year. This target has been set in alignment with the South African government's target to reduce national GHG emissions by 34% by 2020 from 2009, against a "business as usual" scenario.

Vector Logistics (the logistics division of RCL Foods) has invested in new fuel-efficient truck fleets that have greatly reduced diesel consumption, while also installing an on-site 46 000 litre diesel bowser at its Cape Town branch which has reduced time and energy in having to refuel at off-site locations.

Wispeco has been working with the South African Department of Trade and Industry's National Cleaner Production Centre to audit its energy use patterns and identify projects to reduce consumption. This is an ongoing initiative and so far, power factor corrections have been made to reduce electricity demand.

Remgro's electricity consumption from the national grid increased from 559 377 MWh in 2018 to 606 107 MWh in 2019 as a result of increased production at RCL Foods and the incorporation for the first time of Siqalo Foods into environmental measurement and reporting. Electricity consumed from renewable sources also increased from 159 603 MWh in 2018 to 183 375 MWh in 2019, all being generated in various RCL Foods operations. The increase in total electricity consumption is due to the recovery in the sugar industry following the end, in large parts of the country, of the drought that significantly affected production in 2016-18.

WATER

Even though the national drought of 2016-18 and the Western Cape water crisis of 2018 have passed, water remains a critical area of focus for Remgro investee companies, especially those involved in the growing and processing of food products.

RCL Foods achieved a 6.7% reduction in all water usage during 2019 while increasing productivity. The Worcester Waste to Value project treats 2 600 kilolitres of effluent per day, 90% of which is reused in the plant. The Rustenburg waste to value project (due to be operational in November 2019) is designed to meet 100% of the site's non-potable water demand.

Within RCL Foods' sugar business, a 20% reduction in water usage was achieved in 2019 by replacing irrigation systems from dragline to drip irrigation techniques, and a 5% reduction in water loss was achieved due to layers of brown leaf trash being left on the fields, creating protective mulches.

These initiatives are within range of RCL Foods' water reduction targets of: 50% reduction in chicken processing by 2025; 30% reduction in irrigation water in its sugar operations by 2023; and, 60% reduction in logistics warehousing by 2025.

Remgro's total municipal water consumption has marginally increased from 6 098 582 kilolitres in 2018 to 6 212 275 kilolitres in 2019. This is despite the inclusion of Siqalo Foods for the first time, which accounted for 509 865 kilolitres on its own. Non-potable water (from rivers and boreholes) has increased from 133 304 348 kilolitres in 2018 to 142 235 058 kilolitres in 2019 as a result of improved production activity within RCL Foods' sugar business.

WASTE MANAGEMENT

Globally, there is growing attention on the impact of waste on the environment. This has placed strong focus on packaging of food and goods and the type of packaging materials used.

As landfill sites in South Africa are fast reaching maximum capacity, increased waste costs can also be expected. This, in addition to the GHG emissions associated with landfill sites, provide motivation for stringent waste management practices requiring both a reduction in waste generated and an increase in the amount of waste recycled, which will reduce pressure on landfill sites.

At Remgro head office all plastic drink water bottles have been replaced by glass bottles.

RCL Foods has put in place a target of "zero waste to landfill" by 2025. At present all 100% of operational sites are measuring and reporting their waste, and the company converts 92% of its waste into fertiliser or energy (Worcester waste to value project), 2% of waste is diverted from landfill into cardboard, plastic, metal and other recycled waste streams, leaving 6% of waste currently being landfilled.

Additional initiatives within RCL Foods include the shredding and compacting of empty tetrapak cartons at its Pretoria beverages plant, which diverts 8 tonnes of waste from landfill and, also, promoting the concept of agriprotein. RCL Foods is joining a growing number of food producers, supermarkets and farmers who are turning food waste into agriprotein a high quality protein feed for commercial farmers that is made from the larvae of flies that have been fed on food waste (waste which would normally have been treated and disposed of on a landfill).

Wispeco continues to remelt used aluminium as a primary raw material – a practice that results in net carbon and energy efficiencies.

	RCL Foods	Siqalo Foods	Wispeco
2019			
Waste to landfill	47 935 t	35 t	818 t
Recycled waste	13 162 t	1 114 t	9 t
2018			
Waste to landfill	122 968 t	–	2 434 t
Recycled waste	2 623 t	–	46 t

COMPLIANCE

No Remgro subsidiary received any significant fines during the 2019 financial year.

ENVIRONMENTAL INDICATORS

Emissions, effluents and waste ⁽¹⁾	2019	2018	2017	2016	Units
Total direct and indirect GHG emissions					
Scope 1 – Direct emissions	677 529	375 793	434 343	435 110	tCO ₂ e
Scope 2 – Indirect emissions	479 834	387 326	387 783	427 178	tCO ₂ e
Scope 3 – Indirect emissions ⁽²⁾	113 047	170 559	235 247	177 640	tCO ₂ e
Other relevant indirect GHG emissions ⁽³⁾	65 537	57 794	45 843	63 123	tCO ₂ e

⁽¹⁾ The numbers referred to above include Remgro's equity portion of RCL Foods (72%), Wispeco (100%), RMS (100%) and, for the first time, Siqalo Foods (100%), which accounts for the significant increase from 2018.

⁽²⁾ Decrease in supply chain emissions is largely the result of decreased fuel use in RCL Foods' outsourced logistics, due to lower product output in its consumer division, and lower volume of waste to landfill by RCL Foods and Wispeco.

⁽³⁾ Increase in emissions from 2017 to 2018 due to increased burning of bagasse resulting from the availability of higher sugarcane stocks following the end of the drought of 2016/17.

Energy ⁽¹⁾	2019	2018	Units
Direct energy consumption by primary source			
Diesel	19 543	17 060	kilolitres
Aviation fuel	933	877	kilolitres
Natural gas	9 554	6 479	tonnes
LPG	3 802	3 939	kilolitres
Coal	287 614	173 455	tonnes
Paraffin	2 621	2 545	kilolitres
Heavy furnace oil	663	622	kilolitres
Carbon dioxide	1 733	1 390	tonnes
Indirect energy consumption by primary source			
Electricity (non-renewable)	606 106 930	559 376 926	kWh
Electricity (renewable)	183 374 927	159 602 712	kWh
Water⁽¹⁾			
Total water withdrawal at source	6 212 275	6 098 582	kilolitres
Raw water (borehole, river, dams)	142 235 058	133 304 348	kilolitres

⁽¹⁾ The numbers referred to above include 100% of RCL Foods, Wispeco, RMS and, for the first time, Siqalo Foods, which accounts for the significant increase from 2018.

FEEDBACK

We welcome any feedback on Remgro's sustainable development practices and this report. In this regard please contact:

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