



Integrated Annual
Report 2018

TIGER BRANDS



**We nourish and
nurture more lives
every day**



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For further information within this report



Visit our website: www.tigerbrands.com for additional information

We nourish and nurture more lives every day

Tiger Brands is one of Africa's largest, listed manufacturers of fast-moving consumer goods (FMCG). Our core business is manufacturing, marketing and distributing everyday branded food to middle-income consumers. We also distribute leading brands in the home, personal care and baby sectors.

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About Tiger Brands



TIGER BRANDS



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Purpose

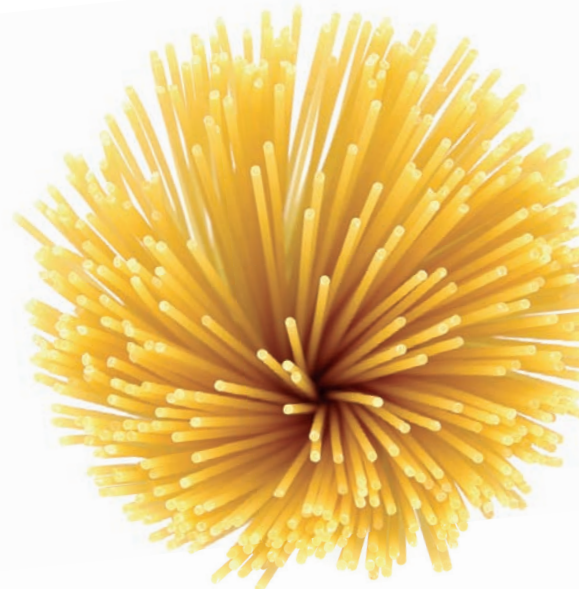
We nourish and nurture more lives every day.

Vision

Deliver top-tier financial results and be recognised by all stakeholders as the best fast-moving consumer goods (FMCG) company in South Africa and most desirable growth company on the continent. We attract the best talent and are recognised as a great place to work.

Operating model

Our operating model focuses on the consumer, reigniting innovation and leveraging our scale as one Tiger Team – resulting in an agile, lean organisation that responds quickly and is aided by simple ways of working. A key enabler will be improved processes and enhanced systems.



About this report

This integrated report analyses Tiger Brands' performance for the year to 30 September 2018 (review period), in the context of our external environment. It also illustrates our focus on ensuring our strategy and governance structures support our prospects for creating value over the short, medium and long term. Covering the review period, this is our primary report to all stakeholders. It should be read in conjunction with the supplementary sustainability report and annual financial statements, published on our website, www.tigerbrands.com.

In preparing our integrated and sustainability reports, we were guided by the International Integrated Reporting Council (IIRC) framework and GRI Standards, as well as recommendations in the King Report on Corporate Governance for South Africa (King IV™*).

The scope and reporting boundaries, as well as frameworks guiding content and independent assurance, are detailed on page 104.



Determining materiality

We start with issues in the prior year, the group risk register and views of our executive committee. These are combined with issues arising from a detailed assessment of our operating environment and stakeholder engagement, and clustered into logical themes, in line with our strategy, to provide a concise view of our material matters (with detailed disclosure in our online sustainability report, where relevant).

Approval

The audit committee and board acknowledge their joint responsibility for ensuring the integrity of the integrated report. After applying our collective minds, we believe this report addresses all material matters, and offers a balanced view of Tiger Brands' strategy and how it relates to the group's ability to create value in the short, medium and long term. The report adequately addresses the use of and impact on our capitals, as well as the way in which their availability affects our strategy and business model.

Khotso Mokhele
Chairman





21 November 2018

Emma Mashilwane
Chairman – Audit committee



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Material matters for the review period

 <p>Weak macro-economic environment</p>	 <p>Business continuity</p>	 <p>Human resources and skills</p>	 <p>Food security safety and quality; security of supply</p>
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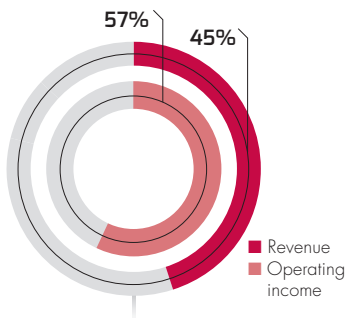
Combined assurance

Business process	Nature of assurance	Assurance provider	In this report
Annual financial statements	External audit	Ernst & Young Inc.	The scope of this audit covers information in the annual financial statements and does not extend to any financial or operating indicators in the integrated report
Risk management and internal controls	Internal audit	In-house supplemented by co-sourced service providers	Risk management, page 24 Audit committee report, page 69
Environmental risk assessments	External audit	Marsh Proprietary Limited	Pages 52 to 58
Social responsibility and sustainability	External audit		The group reports annually on its carbon emissions under the global CDP, with the completeness of data validated in this submission. www.cdp.net
			Similar to the assurance provided for group risks, management will consider appropriate assurance for sustainability reporting as well as the acceptable level of coverage by external assurance providers in FY19.
			In future, we will also report on the United Nations Sustainable Development Goals (SDGs) once we have mapped them for our entire value chain, and have the data to support reporting.
BBBEE	External verification	EmpowerLogic Proprietary Limited	Transformation, page 56

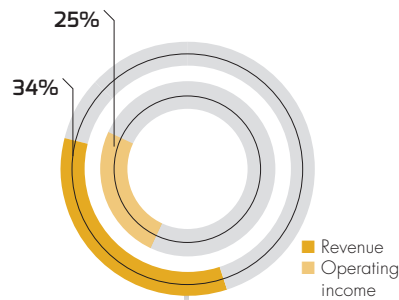
Group profile

Tiger Brands is Africa's leading manufacturer and distributor of fast-moving consumer goods (FMCG).

Grains Consumer brands – food



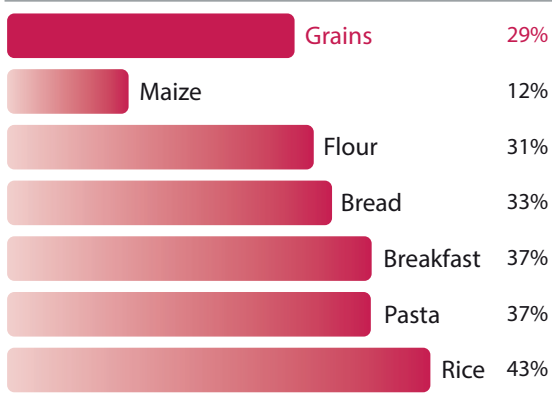
Revenue R12,8 billion*
Operating income R1,9 billion*



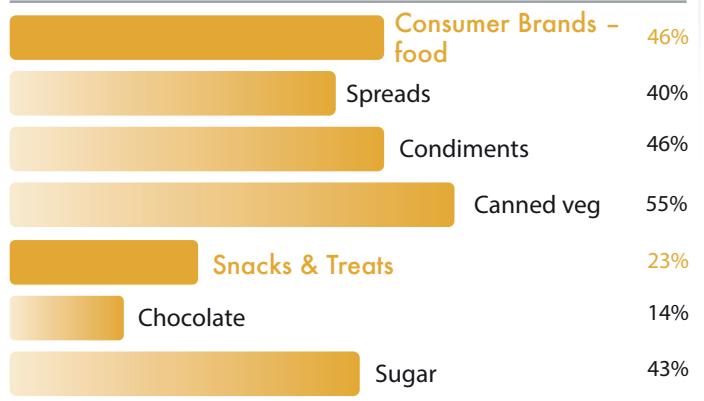
Revenue R9,7 billion*
Operating income R828 million*

Milling and baking	Other grains	Groceries	Snacks & treats	Beverages	Value Added Meat Products (VAMP)
Bread Milling: – Flour – Maize – Sorghum* <i>*Includes Breakfast and Beverages</i>	Pasta Breakfast Rice	Ingredients Condiments Spreads	Sugar Chocolate	Concentrates Sports drinks Ready-to-drink	Ready-to-cook Ready-to-eat Canned processed meat

Market share



Market share



Number 1 brands



Number 2 brand



Number 1 brands

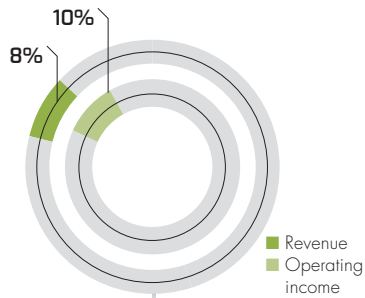


Number 2 brand



Market share: Nielsen volume share 12 month moving as at September 2018
* From continuing operations.

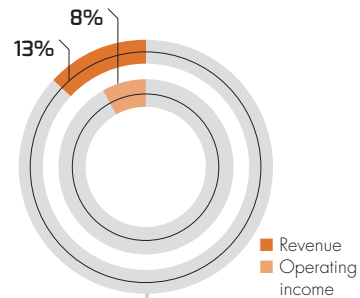
Home, Personal Care & Baby



Revenue R2,2 billion*

Operating income R341 million*

Exports & International



Revenue R3,8 billion*

Operating income R270 million*

Home Care	Personal Care	Baby	Exports	International
Sanitary cleaners Insecticides	Camphor cream & lotions Hair care	Nutrition Baby wellbeing	Davita Jolly Jus Benny Other Tiger Brands products	Chococam Deli

Market share

Home care	42%
Pest	73%
Personal care	6%
Camphor cream and lotions	85%
Baby	29%
Wellbeing	12%
Nutrition	59%
Homogenised baby food	88%


Our core business is providing everyday branded food to large and growing emerging markets through a unified customer sales team and integrated supply chain that leverages the group's scale. We target best-in-class profitability, underpinned by a cost-conscious culture as well as environmental, social and governance principles to drive shared value creation.

We have leading positions in most categories and our iconic brands are well-entrenched with consumers in South Africa, as illustrated by the percentage share of market.

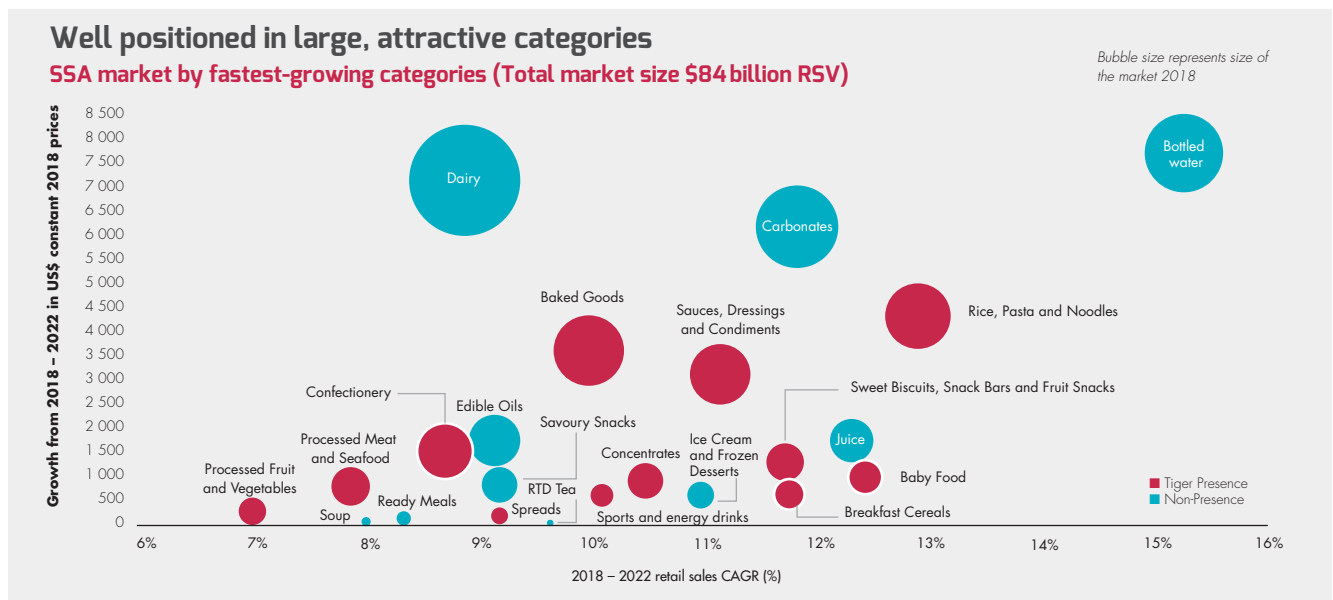
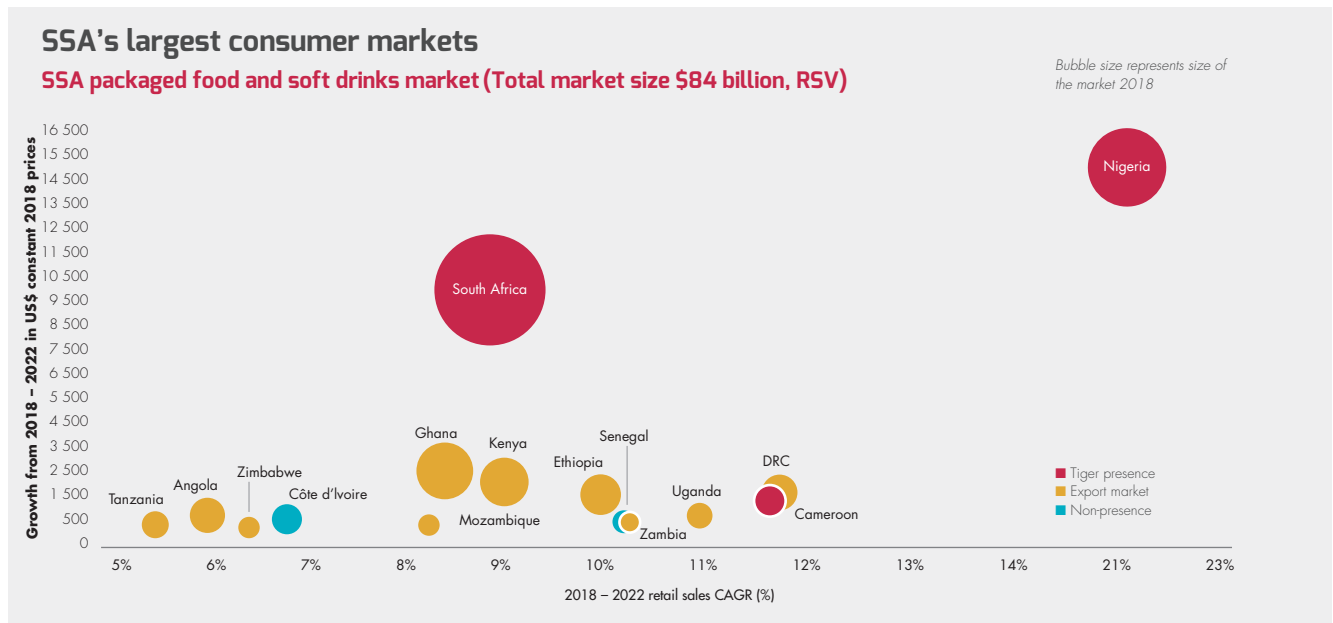
Number 1 brands



* From continuing operations.

 Read more on pages 42 to 51.

Tiger Brands is active in sub-Saharan Africa’s (SSA) largest consumer markets, and well positioned in large attractive categories. Beyond our core market, South Africa, we have built a sizeable exports business for our products throughout Africa, and we have operations in Nigeria and Cameroon. The Africa strategy approved this year builds on our core competencies and existing markets.




Source: Euromonitor data; Top 15 categories of packaged food & soft drinks by market size; All SSA countries; RSV – Retail sales value

Our success is underpinned by the strength of our brands and continuous improvement initiatives. We invest significantly in our core brands, backed by consumer and shopper research that provides comprehensive insights into our chosen categories and markets. We also hold meaningful minority interests in associate companies.

- › South Africa: JSE-listed Oceana Group Limited (42,1%) (fishing)
- › Chile: Empresas Carozzi (24,4%) (FMCG)
- › Nigeria: UAC Foods Limited (49,0%) (FMCG)
- › Zimbabwe: JSE-listed National Foods Holdings Limited (37,4%) (FMCG)





2018 performance

We assess our performance against key metrics under each strategic pillar.

 Read more about our strategy on page 20.

The metrics below indicate our performance against each strategic pillar and are aligned with the short-term incentives for employees in management and above (see remuneration report page 74).



Strategic pillar									
DRIVE GROWTH 			BE EFFICIENT 			GREAT PEOPLE 		SUSTAINABLE FUTURE 	
Drive growth Be efficient			Great people			Sustainable future			
KPI	2018	2017	KPI*	2018	2017	KPI*	2018	2017	
Total HEPS (cents)	1 589	2 161	Safety (lost-time injury frequency rate)	0,27	0,30	BBBEE implementation	3	3	
Earnings before interest and tax (R billion)*†	3 321	4 634				Indications are that the group will temporarily drop to level 8 given the minimum requirements for priority elements (ownership, skills development, enterprise and supplier development). A broader group transformation strategy is being developed to achieve level 4 status by FY22.			
Volume growth*†	(5,8%)	(3,1%)							
12-month rolling average net working capital (days)*†	89,1	87,9							
Continuous improvement savings	R707 million	R505 million							

* Before IFRS 2 charges, impairments and abnormal items.
† From continuing operations.

Our business model

❑ The business model is underpinned by four strategic drivers (see page 20) as well as the group's strong brands, manufacturing capability and distribution reach, which arguably gives our group a sustainable competitive advantage. By successfully executing this business model, we create value for all our stakeholders.

Our capitals

Financial capital



- › Funding received from providers of capital and financial resources available to the group

Manufactured capital



- › The physical infrastructure used to convert raw materials and ingredients into high-quality food, home and personal care products in branded packaging; inbound/outbound logistics – we receive imported and locally produced raw materials, ingredients and packaging from suppliers and distribute finished products via third-party transport and leased fleet to customers.

Natural capital



- › Natural resources consumed to convert raw materials

Human capital



- › Employees' skills, capabilities, development and experience
- › Remuneration practices and recruitment strategy

Intellectual capital



- › Company knowledge, systems, processes, intellectual property such as formulations, and, most importantly, brands

Social and relationship capital



- › Stakeholder relationships and engagement, corporate reputation and values
- › Governance and safety systems

Input by capital

- › Equity financing: **R17,3 billion**
- › Borrowing: **R991 million**
- › **Low gearing** levels and strong cash generating capabilities

- › Cost of sales: **R19,2 billion**
- › Sales and distribution: **R3,7 billion**
- › Other operating expenses: **R1,5 billion**
- › Production facilities: **44 manufacturing facilities**
- › Capital expenditure: **R720 million**

- › **Raw materials**
- › **Energy**
- › **Fuel**
- › **Water**

- › **Board of directors** with a diverse range of corporate leadership and industry expertise
- › **Twelve** executive committee members
- › **Capabilities** have been enhanced in key disciplines

- › Marketing investment: **R845 million**
- › Innovation, R&D: **5,3% of net sales**

- › **Maintain positive** relationships with stakeholders including government, regulators, investors, suppliers, service providers and customers and invest in the well-being of our communities through corporate social investment initiatives

❑ Read more on pages 18 and 19 and in our sustainability report.

Key external impacts

Exchange rates Commodity prices and demand/supply dynamics Security of raw materials supply



Profit formula

The group's value-creating business model is focused on producing, marketing and distributing food, home and personal care products. We generate profit by procuring raw materials and ingredients and convert these as efficiently as possible into high-quality food, home and personal care products; seal them into branded packaging; and distribute to consumers through a network of customers that includes retailers, wholesalers and the general trade. Our purpose is to nourish and nurture more lives every day.

Our revenues

The majority of our revenue is generated in South Africa from grains – food, home, personal care and baby, with the balance from exports as well as our international businesses in Cameroon and Nigeria. Tiger Brands has defined its core as the manufacturing, marketing and distribution of everyday branded food to middle-income consumers. Key revenue differentiators include the group's overall market-leading position and the number 1 or 2 position of most of our brands, increased marketing investment to ensure our brands remain relevant and top of mind, our far-reaching distribution capabilities and the relationships with our customers.

Our costs

Our aim is to achieve sustainable savings based on targeted spending, clear policies and compliance. We have an established cost-conscious culture and a proven track record of procurement savings and supply chain efficiencies. In addition, we are focused on optimising indirect costs to deliver savings in sales activities as well as general and administrative costs. Key cost differentiators include our ability to leverage a centralised procurement hub as well as the standardisation and simplification of processes, systems and practices.

Outcomes and trade-offs

Our business activities affect our capitals. Our aim is to ensure that trade-offs have a positive effect overall. Given the challenges we faced in FY18, we created little value for shareholders, but we did create value for employees, particularly those in our value added meat products unit who have benefited from focused training and are now working in a world-class facility.







We invested in our social and relationship capital through stakeholder engagement, particularly with government and regulators, as well as shareholders, through joint business planning with our customers, and through our corporate social investment initiatives. Significant investments in our manufactured and intellectual capitals were balanced with acceptable reductions in natural capital for sustainable growth.

Our business model continued



← Our activities

Outcomes and trade-offs

 <p>Financial capital</p>	<ul style="list-style-type: none"> > Continued access to financial capital through investor and financial market confidence > Net interest paid R55 million > Dividends paid R1,9 billion <ul style="list-style-type: none"> > Dividend policy: 1,75x cover (based on HEPS) from FY19 > Revenue R28,5 billion > Interest cover 59x
 <p>Manufactured capital</p>	<ul style="list-style-type: none"> > R12 billion spent with BBBEE-verified suppliers including R2 billion with black-owned enterprises <ul style="list-style-type: none"> > Ongoing investment in the group's manufacturing architecture, distribution capability and technology to promote and sustain growth
 <p>Natural capital</p>	<ul style="list-style-type: none"> > Depleting natural resources through our supply chain and operations > Water consumption down 19,3% <ul style="list-style-type: none"> > Significant water savings from facilities in the water-stressed Western Cape > CO₂ emissions down 4,17% (intensity trend)
 <p>Human capital</p>	<ul style="list-style-type: none"> > Creating employment, developing employees through skills training and workplace experience, promoting fair labour practices > Capabilities appointed in line with new operating model > One fatality in a route-to-market incident > Lost-time injury frequency rate on target at 0,27 <ul style="list-style-type: none"> > Management trainee programme ranked second in SAGEA awards (SA Graduate and Employee Associate) > Fair labour practices – nil reported cases of unfair practices (this was after year end) > Black Managers Trust II terminated in December 2017 in line with our plan. On termination, R575 million (pre-tax) was paid to employees
 <p>Intellectual capital</p>	<ul style="list-style-type: none"> > Developing new and streamlining existing business processes and systems, maintaining our market-leading brand portfolio > Tiger Brands has a 100% penetration in South Africa. Every household buys at least one Tiger Brands product > In the categories we compete in, we have 26% volume share and improved brand equity for most key brands > Top three in 80% of categories we compete in; 41% are number 1 brands > Innovation 5,3% of revenue <ul style="list-style-type: none"> > Increasing marketing investment by outspending our competitors as measured by share of voice > 100% compliance to current sodium targets > 11% reduction in sugar across the portfolio in past five years > 25% of net sales from wholegrain, fibre-rich grains, vegetables and fruit
 <p>Social and relationship capital</p>	<ul style="list-style-type: none"> > Total socio-economic development (SED) spend of R32 million <ul style="list-style-type: none"> > Over 200 engagements with shareholders, investors and analysts > The Thusani Trust provides bursaries for the children of qualifying black employees; 381 students have graduated since 2007

Actions to enhance/mitigate outcomes in 2018

Read more

- › Operating income* **R3,3 billion**
- › Cash generated from operations **R3,3 billion**
- › Return on equity **18,6%**

- › On-shelf availability **97%**
- › Continuous improvement – **R707 million**

- › Incinerated **4 500 tons** of processed meat products due to Listeria outbreak
- › **156 tons** of non-recyclable packaging reduction since FY15

- › Invested **R61 million** or 1,8% of total payroll on training
- › Recognised by Top Employers Institute as a **Top Employer 2019** for excellence in employee conditions

- › Leading the industry in modern food-labelling practices in South Africa through **Eat Well Live Well** initiative to empower consumers to make more informed decisions about their dietary intake
- › **5% of net sales fortified voluntarily** with micronutrient enrichment
- › The group has **5 brands** generating in excess of **R1 billion** in net invoiced sales and **10 brands** in excess of **R500 million**

- › Tiger Brands Foundation provides breakfast meals to **67 500 learners** across the country. By September 2018, over **65 million** breakfasts had been served
- › Responsible **supply chain** practices
- › Considered **investor feedback** and addressed in remuneration policy
- › Black Managers Trust

- › Long-term strategy remains compelling and relevant
- › Identified priorities to facilitate focused execution
- › Clear Africa strategy, building on what we have in South Africa
- › Embed operating model through revitalised ways of working

- › Prudent and diligent approach to capex approvals
- › Focus on appropriate business restructuring


- › Assessed the impact of climate change and the drought in the Western Cape on our operations and supply of raw materials and implemented mitigating measures to ensure continuity of production and supply
- › Energy efficiency and water-saving initiatives continued, and we support the new Energy Efficiency Accord in South Africa. We have mitigating plans in place to ensure continued production in spite of an unstable electricity grid
- › We have enhanced waste reduction and are in the process of implementing the relevant legislation
- › We continue to optimise packaging by light weighting where possible

- › Strengthened, experienced executive team
- › Key skills gaps addressed
- › Structure capability and new process embedded
- › Centralised R&D function established and fully resourced
- › Detailed plans on career development
- › Establish long-term human capital planning

- › Health and wellness underpins our R&D to ensure our brands remain relevant and make a meaningful contribution to the health challenges affecting our communities. Focus is to provide affordable everyday nutrition
- › IT investment
- › Centralised reporting platforms being implemented


- › Relationship with Stellenbosch University (Food Safety Centre)
- › Supplier development fund

 CEO & CFO's reports – pages 34 to 41.


 Annual financial statements


 Strategy section – page 20.


 CEO report – page 34.


 Overview of non-financial performance – page 52.


 Sustainability report


 Overview of non-financial performance – page 52.


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 Sustainability report


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 Sustainability report

* Before IFRS 2 charges impairments and abnormal items.

Turning outputs into competitive advantage

Collectively, various outputs (marketing investment, innovation, minimising environmental impact) are transformed into a key outcome for an FMCG company – leading brands. Our strategy is to have the first or second-placed brand in our chosen categories.

Sunday Times Top Brands 2018

In the 20th year of this leading survey, KOO again ranked as the top brand overall, ahead of several global brands and mirroring its position in the first survey in 1998. Over the years, KOO has entrenched its reputation for quality, convenience and value – a preferred food brand on consumers’ tables since 1940. In a competitive consumer market, which has seen brands appear and disappear, KOO’s sustainability and strength is evident in its status as an integral part of South African consumers’ lives. Key to this brand strength is its ability to remain relevant with generations of consumers. For example, in today’s market, nutrition is key for many shoppers and KOO’s ability to deliver nutritious meals that are quality-assured and offer good value has been a vital ingredient in its ongoing success. The brand also resonates with consumers on an emotional level – evoking memories of family favourites – as proved by its recent ‘share your favourite KOO recipe’ campaign which elicited thousands of entries from its 257 000 followers on Facebook.

Tastic was ranked number 1 essential food for the second consecutive year, while Tastic and All Gold Tomato Sauce were in the top 10 most-loved South African brands. Similar to KOO, our Tastic and All Gold ranges are firmly entrenched in South Africa’s hearts and shopping baskets. This was recently illustrated by the excellent response when Albany and Tastic commissioned special Heritage Day product packaging, designed by famed local artist Esther Mahlangu. More than a mere advertising tactic, this promotional strategy enhanced the brand equity of both Albany and Tastic, while showcasing a uniquely South African artist.

Sunday Times TOP BRANDS



Our brands also feature prominently in their categories:

2018 Sunday Times Top Brands Awards.

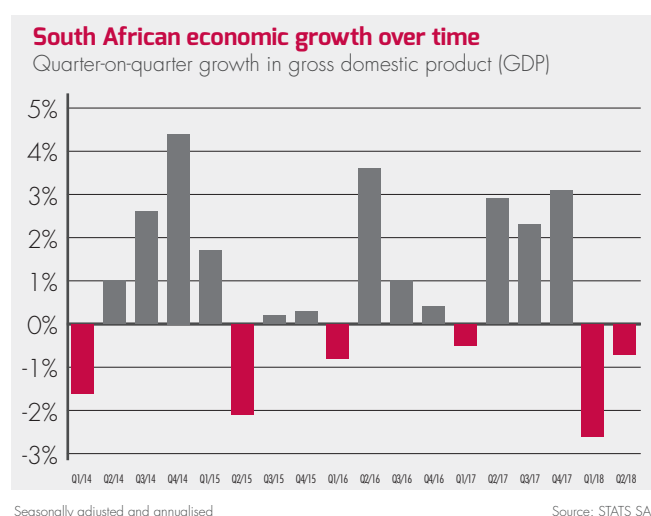
TINNED FOODS	ESSENTIAL FOODS	CONDIMENTS & SAUCES	FRUIT-BASED DRINKS	ENERGY DRINKS
Koo No 1 All Gold No 3 Hugo's No 7	Tastic No 1 Albany No 2 Fatti's & Moni's No 4 Ace No 7 Aunt Caroline No 9	All Gold Tomato Sauce No 1 Crosse & Blackwell Mayonnaise No 2 Mrs Ball's Chutney No 4	Oros No 1 Halls No 5	Energade No 4

In the review period, our operating environment has had a markedly greater impact on our performance. Given the number of issues outside our control, we have had to focus carefully on balancing the trade-off between addressing each issue effectively and preserving our own capitals.

Macro landscape

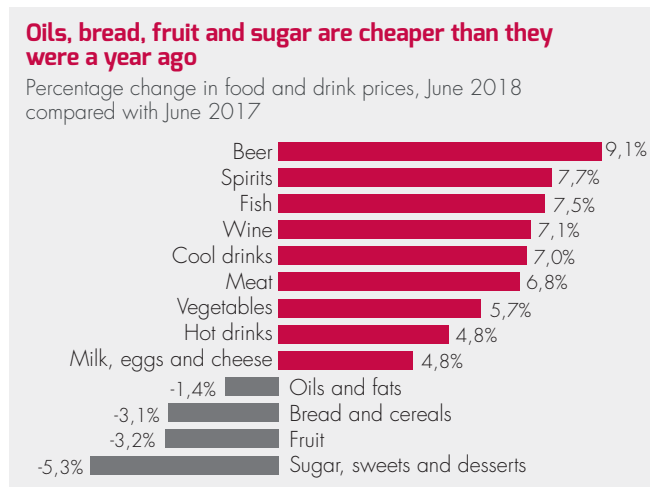
Minimal economic growth in South Africa, and rand volatility during the year, has meant a steady decline in consumers' discretionary spend (compounded by higher VAT, fuel and utility costs). In response, we are managing our input and operating costs to ensure affordable prices for consumers.

The South African economy slipped into recession in the second quarter of 2018, shown below. The country's last recession was during the 2008 – 2009 global financial crisis with three consecutive quarters of economic decline.



Despite the VAT increase, food inflation continues to fall

Annual food inflation continues to slow despite April's rise in value added tax (VAT) from 14% to 15%, with some food items being cheaper than they were a year ago.



The VAT increase will take time to filter through to the inflation rate, as will the rise in fuel prices. But motorists are already feeling the impact – with petrol prices up 9% over the past year, fuel and meat show the highest year-on-year price increases.

Higher inflation as taxes take a toll

South Africa's consumer inflation rate jumped to 4,9% in September after a seven-year low of 3,8% in March. Much of the increase reflects price rises in product groups that attract specific taxes – alcohol, fuel and sugary drinks.

Impact of drought

The protracted drought in the Western Cape obviously affected the supply of fruit and vegetables, although much of the produce from that area is designated for export markets. To manage the impact on our operations, we focused on reducing water consumption, and securing alternative sources of supply (see case study in our sustainability report on the website).

COMPETITIVE POSITIONING

- › Tiger Brands retained the lead in packaged food in 2018, with a 26% volume share. While we lost share in the review period, we made good progress in new product launches to address expressed consumer needs for convenience, healthier foods and affordable pack sizes.
- › The breadth and diversity of our portfolio enables the group to address the full range of consumers' shopping needs, particularly those in the middle-income bracket (living standards measure 5 – 8).
- › The quality of our brands appeals to all consumer groups. As acknowledged premium brands, they are trusted and many are considered heritage brands. This means consumers are prepared to pay slightly more for the quality they know they will receive.

Retail landscape

The economic environment has resulted in retailers becoming more focused and assertive in executing their strategies.

We are monitoring a number of trends among retailers:

- › Transforming data into insights for more meaningful solutions
- › Retailers are differentiating formats across their group, eg from small convenience stores to large one-stop stores and discounters
- › Enhancing their agility to respond to changing shopper dynamics and support sustainable growth, for example increasing their own category penetration through private-label products.

We are working closely with our customers on mutually beneficial solutions that ensure our products are competitive while meeting their need to attract consumers to their stores. Through our joint business-planning initiatives, we are demonstrating our expertise in growing categories, revising our assortment based on understanding the shopper in each store format, improving our price-pack architecture to increase availability and build effective partnerships.

In the year ahead, we will focus on embedding appropriate technology that enhances monitoring the return on investment of our promotional activity while effectively meeting the needs of our customers. We will also implement channel-specific category management methodologies focused on differentiated sales, assortment and relevant innovation.

Our ultimate aim is to be a preferred supplier – for our product range, innovation, capabilities and execution. We believe we have the resources and expertise to achieve this aim.

Our stakeholders

Sustainable relationships with key stakeholders are essential to our long-term growth. Accordingly, shareholders, employees, consumers, customers and suppliers are all part of the chain that creates value.

In addition, we believe in creating shared value, specifically in areas where our operations intersect with society. As such, we have concentrated on developing long-term and sustainable relationships with communities through projects that allow us to bring our purpose to life. We do this by creating value not just for shareholders but for society through nurturing and nourishing lives every day. We have reviewed our socio-economic development approach to ensure we can create the most value and make the most difference.

We also depend on broader society to provide a conducive operating environment, and a consumer and talent base that we can reliably draw from in future. As such, stakeholders in our broader socio-economic environment – law-makers, regulators, industry groups, the media and communities – all hold a stake in our licence to operate but, more so, the freedom to operate. No licence will ensure our operating rights without the extended relationships and partnerships with our stakeholder community.

Stakeholder relations at Tiger Brands is, therefore, a strategic function. It is focused on constructive engagement to build

positive reputational capital for the group to underpin our growth and sustainability.

Our aim is to maintain our social licence to operate and protect the reputation of Tiger Brands as a trusted, strategic partner.

Our FY17 stakeholder engagement survey provided a baseline understanding of how stakeholders perceive our engagement with them. This aligns with our strategic goal of increased stakeholder inclusivity, and meets the requirements of King IV.









Based on results from the survey (detailed in our prior report), we have developed stakeholder engagement training for internal issue owners. This began rolling out in October 2018. We have worked with key production sites such as King Korn in Potchefstroom, Tiger Milling in Hennenman and Albany Bakery in Secunda to develop stakeholder engagement plans, enhance stakeholder inclusivity, and co-create shared value with communities around us. In 2019, we will focus on rolling out our stakeholder engagement plans to the rest of our operations, and developing long-term relationships with key stakeholders nationally and in our operating areas.

Key elements of our stakeholder relations strategy include:










Stakeholder issues in 2018

Key issues in 2018	Our response	Read more
Customers (retailers/wholesalers)	<p>Increased competition amid muted consumer demand</p> <p>Developing joint business plans and growth workshops with key accounts to implement relevant customer marketing campaigns and grow market share</p> <p>Driving in-store activation, on-shelf availability and distribution in modern and general trade to improve execution and overall availability</p> <p>Building relevant pack-price architecture and category management plans to improve ranging and assortment by chain/format to differentiate Tiger Brands and increase penetration and consumption</p> <p>Collaborating with key customers on shopper campaigns, data and insight gathering, customer service excellence and CSI opportunities</p>	<p> P 13.</p>

Key issues in 2018	Our response	Read more
Employees		
<p>New operating model and organisational redesign</p> <p>Performance and rewards</p> <p>Talent and career development</p> <p>Teamwork and collaboration</p> <p>Enhanced internal communications</p>	<p>Regular, high-impact employee engagement sessions, one-on-one consultations and the recruitment of an in-house change management specialist</p> <p>The revised operating model and corresponding people strategy has directly considered and addressed these issues. Monitoring of existing and new issues has been included in updated HR processes, eg pulse (satisfaction) survey and a dedicated employee relations centre of excellence</p>	<p> P 55.</p>
<p>Wage negotiations</p>	<p>Wage negotiations were settled while regular regional leadership engagements will be introduced</p>	<p> P 56.</p>
Consumers		
<p>Product affordability</p>	<p>Mitigate inflationary pressures through cost-saving initiatives and operational efficiencies</p> <p>Smaller pack sizes and/or alternative, more affordable packaging formats – strong pipeline of innovation. New packs launched in Benny, Jungle, Morvite, Maize, Oros ready-to-drink</p>	<p> P 38.</p>
<p>Value proposition</p>	<p>Ensure our product quality meets consumer expectations and the brand represents value</p>	<p> P 12.</p>
<p>Health and wellness</p>	<p>Proactive communication on health benefits and claims such as fortified products, eg Ace, Jungle and Morvite; preservative-free products, eg All Gold tomato sauce, sugar and salt reduction</p>	<p> P 84 and 43.</p>
<p>Listeria and food safety</p>	<p>Founding member of the Centre for Food Safety and relaunch of Enterprise, accompanied by public education on food safety</p>	<p> P 30 to 37 (SD report).</p>
Community		
<p>Food security and related nutrition issues</p>	<p>Maintain strong partnerships with governments and developmental agencies to support initiatives that promote nutrition, health and education, and contribute to the development of local communities and eradication of poverty</p>	<p> P 56.</p>
<p>Increased demand for support with enterprise development and assistance in getting community members – particularly the youth – to be economically active</p>	<p>Conduct social return on investment (SROI) review to assess the impact of our development initiatives</p> <p>We emphasise community enterprise development programmes which are designed purposefully, where possible, to foster a seamless transition to formal enterprise and supplier development programmes (ESD). This in turn supports the transition from philanthropy to community development to entrepreneurship. In addition to this new approach from 2019, we will also conduct social mapping to ensure solutions are holistic and respond to community needs and realities</p>	<p> P 56.</p>

Our stakeholders continued

Key issues in 2018	Our response	Read more
Investors		
Lacklustre macroeconomic outlook	Confirmed the strategy approved in 2017 as sound and relevant	 P 20.
Impact of aggressive competition and increased promotional activity on sector profitability	Articulated strategic progress to date and plans to address gaps Embed the operating model through revitalised ways of working	 P 20 to 21, 55.
Limited progress on strategy execution	Narrowed priorities to facilitate focused execution; dedicated resource to drive strategic portfolio decisions	 P 20 to 21.
Remuneration	Considered investor feedback and addressed in remuneration policy	 P 74 to 100.
Listeria outbreak	Kept market abreast of developments through SENS announcements and engagements. Conducted over 200 engagements (calls, individual meetings, conference attendance and results presentations)	 P 30 to 37 (SD report).
Succession pipeline	Prioritising the development of leadership capability and capacity to inspire winning performance	 P 55.
Government		
Regulations on sodium reduction; proposed tax on sugar-sweetened beverages	Complying with all relevant regulations; actively participating in dialogue before legislation is promulgated	 See our sustainability report.
Promoting awareness of nutrition education	Keeping abreast of emerging issues	
Food security	Active partnerships to promote agri-sector development and greater inclusion of smallholder farmers	
Growth and development of local agricultural sector	Nutrition education programme with the Department of Basic Education In-school breakfast programme in partnership with Tiger Brands Foundation	
Media		
Media management focus	Appointed a senior media and PR manager to deepen and broaden our engagement with the media and implement the media strategy	
Increase access to management and information	Dedicated media and consumer section on the website for major issues such as Listeria	
Strong emphasis on proactive and reactive media relations	Enhanced one-on-one media engagements – CEO, CFO interactions with key media	
Swift response to media enquiries	Manage all enquiries within deadline	
Fair treatment of consumers	Answer all media and social media queries on all consumer-related enquiries within timeframes	
Increased focus on newsroom interactions	Greater access to spokespeople and Executive committee members for editors and journalists	
Social media engagement	Increased Tiger Brands' social media presence and engagement on Facebook and Twitter with media and consumers	
Media governance	Strengthened media governance and protocols when dealing with journalists and media houses Approvals and media protocols now built into the media strategy to ensure swift responses	
Media analysis	Enhanced media monitoring and analysis ensure that reputational risks are identified and dealt with timeously, and proactive approaches to emerging opportunities are maximised	

Key issues in 2018	Our response	Read more
Suppliers		
Volatility of the rand against major currencies	Group-wide savings programme intensified to dilute impact of currency-related cost increases	
Industrial pollution restrictions in China continue to affect raw material availability for flavours and other chemicals	Collaboration with strategic suppliers to secure requirements and contain cost increases	
Significant increases in global paper pulp pricing impact the cost of paper packaging	Augmenting supplies by identifying new global supply sources and alternative ingredients for recipes	
White fly pestilence had a significant impact on the availability and price of fresh tomatoes	Leveraged relationships with large-scale commercial farmers and international sources to secure quantities required	
Adverse domestic weather conditions affected crops such as groundnuts, tomatoes and fruit	Approved hedging policy governs price protection and sales and operations planning secures supply	
Potential threat of El-Niño weather conditions		
Availability of oats supply constrained by drought in EU and Australia	Activated international sourcing to augment raw material shortages	
Introduction of sugar tax and higher duties significantly increased cost of using sugar across several categories	Continued to play a leading role in appealing for moderated duties to safeguard the impact to consumers and managed sugar cover ahead of price increases by the local sugar industry Reformulated key beverage brands to reduce sugar content	
Listeria in the value added meat products business	Validated that our suppliers/farmers have complied with requisite food safety/hygiene standards Leveraged trusted relationships with pig farmers to manage the risk of cost increases on start-up	



See pages 53 to 57 and our sustainability report.

Our material matters

Determining materiality

Using the prior year's issues and the group risk register as a starting point, individual or group sessions were held with exco members. Their views were combined with issues arising from a detailed assessment of our operating environment and feedback from all stakeholder engagements, and then clustered into logical themes, in line with the group's strategy, to provide a concise representation of the issues Tiger Brands faces in this report. Where relevant, further details appear in our online sustainability report.

Strategic objective	Topic	Issue	Related risk (page 24)	Our response
<p>DRIVE GROWTH Clear strategies to win in each category, channel and customer</p>	<p>A weak macro-economic environment</p>	<ul style="list-style-type: none"> › Increased regulation › Higher reliance on the private sector to deliver national infrastructure and services › Exchange rate volatility › High unemployment in a low-growth environment affects consumers' propensity to spend › Increase in value added tax › Record fuel prices impacting consumers' disposable income › Increasingly competitive landscape among customers (including changing store formats and private label) and manufacturer restraint on pricing in an attempt to minimise consumer inflation and maximise volumes › Low innovation rate inhibiting our ability to address unmet consumer needs and emerging trends; while anticipating potential legislation/ regulation 	<ul style="list-style-type: none"> › Operating environment › Failure to successfully execute business transformation programmes › Inability to react to intensifying competition › Failure to respond to changing consumer preferences 	<ul style="list-style-type: none"> › Our markets and operating environment › Chief executive officer's review › Our business model › Our competitive advantages and market position › Operational review

Strategic objective	Topic	Issue	Related risk (page 24)	Our response
<p>BE EFFICIENT Efficiency in all we do, cost effective and an advantaged integrated supply chain</p>	<p>Business continuity</p>	<ul style="list-style-type: none"> › Security of natural resources and raw materials › Exposure to cyber threat › Disruptive technologies › Compliance with new laws and regulations › Unstable social environment <ul style="list-style-type: none"> » Strikes » Xenophobia › Political environment and impact on labour <ul style="list-style-type: none"> » Unstable working environment » Infighting on shop floor between unions › Fragmented union representation 	<ul style="list-style-type: none"> › Cybercrime and information security › Business continuity vulnerabilities › Data and information risk › Regulatory non-compliance › Fraud, theft, corruption and crime › Ageing infrastructure › Industrial action 	<ul style="list-style-type: none"> › Chief financial officer's review › Risk management
<p>GREAT PEOPLE A great place to work and winning culture that energises consumer-obsessed agile people</p>	<p>Human resources and skills</p>	<ul style="list-style-type: none"> › Safety › Security › Attraction › Developing and retaining critical skills; developing core capabilities development; skills pipeline; employee relations; social impact › Impact of automation on jobs › BBBEE compliance 	<ul style="list-style-type: none"> › Threats to employee security › Inability to attract and retain critical skills › Occupational health and safety 	<ul style="list-style-type: none"> › Remuneration report
<p>SUSTAINABLE FUTURE Sustainable environment, communities and company</p>	<p>Food security safety and quality; security of supply</p>	<ul style="list-style-type: none"> › Listeria › Maintaining superior quality › Increased regulation › Uncertain policy on land expropriation › BBBEE compliance › Climate change › Drought in South Africa › Changes in legislation › Carbon tax › Our response to climate-change challenges <ul style="list-style-type: none"> » Effect on sourcing raw materials › Waste Act <ul style="list-style-type: none"> » Food waste legislation and initiatives 	<ul style="list-style-type: none"> › Food safety and product quality › Inability to be cost competitive › Environmental risks › Occupational health and safety 	<ul style="list-style-type: none"> › Supplementary sustainability report

Our strategy

Achieving our true potential by 2022

In 2017, a thorough strategic review was conducted and the board approved a strategy for sustainable profitable growth. Supported by four strategic pillars, namely drive growth, be efficient, great people and sustainable future, it ensures focus on areas that will help Tiger Brands achieve its true potential.



Management and the board conducted a further review in FY18 and believe the strategy to be compelling and relevant. To achieve our purpose, we are concentrating on four focus areas. Our progress, challenges and priorities for FY19 are summarised below:

Focus areas	Drive growth	Be efficient	Great people	Sustainable future
Objectives	Clear strategies to win in each category, channel and customer	Efficiency in all we do, cost-effective and an advantaged integrated supply chain	A great place to work and winning culture that energises consumer-obsessed agile people	Sustainable planet, communities and company
Progress in FY18	Focused execution			
	<ul style="list-style-type: none"> Consumer insights, media and strategic pricing capabilities in place; innovation operating model resourced Improved availability and optimal pricing strategies in key categories Distorted marketing investment to key brands, and focused working spend Innovation ahead of budget and tracking upwards Improved customer relationship and service 	<ul style="list-style-type: none"> Integrated supply chain implemented across group Total continuous improvement savings of R707 million Good progress on shop-floor development First wave of shared services (HR + finance) implemented IT roadmap and capability in place; IT investment prioritised Procurement forum established to govern key purchase decisions 	<ul style="list-style-type: none"> New operating model implemented Savings in line with budget New capabilities appointed Critical vacancies in management filled Group-wide talent review process conducted 	<ul style="list-style-type: none"> Introduced a supplementary sustainability report covering broader ESG-related topics Enterprise and supplier development (ESD) office operational Financial and non-financial support, agronomics and agrarian support as well as business mentorship

Focus areas	Drive growth	Be efficient	Great people	Sustainable future
Challenges	<ul style="list-style-type: none"> › Managing volume, margin and market share › Meaningful innovation › Growth of private label › Listeria crisis 	<ul style="list-style-type: none"> › Drive supply-chain efficiency and unlock cash 	<ul style="list-style-type: none"> › Embed operating model › Enhance speed of execution › Drive One Tiger culture 	<ul style="list-style-type: none"> › Employee safety and security › Climate change (changes in weather patterns, drought in production areas and the impact on sourcing raw materials, changes in legislation, carbon tax) › Adequate pipeline of critical skills › Increased regulation › Policy on land expropriation › BBBEE compliance
Priorities FY19	<ul style="list-style-type: none"> › Availability and fair share › Optimal pricing strategy › Optimal pack sizes/format › Meet consumer needs and trends › Disproportionate investment in key brands 	<ul style="list-style-type: none"> › Agile and dynamic supply chain › Continuous improvement savings › Significant IT investment › Further improve group quality, safety and security standards › Prudent and diligent approach to capex approvals 	<ul style="list-style-type: none"> › Talent: embed standardised framework with targeted strategies › Leadership: develop executive succession plan › Great place to work: transformation, review rewards strategy 	<ul style="list-style-type: none"> › BBBEE: level 4 by FY22 › Enterprise supplier development: increase procurement opportunities for black-owned enterprises through ESD fund and capacity building, supplier compliance, import replacement › Socio-economic development: align with national priorities › Sustainability: ethical sourcing and human rights policies approved, meet improvement targets for energy, water, waste, packaging; environmentally friendly packaging

Our measures of success

Key performance indicators *	2022 target disclosed	FY18	FY17	FY16	Progress
Net sales (R billion)	Category growth +1 – 2%	28,5	31,3	30,6	🎯
Gross margin (%)	+150 – 180 bps	32,5	33,4	31,8	🎯
Marketing investment (% of net sales)	+100 – 160 bps	3,0	2,5	2,5	🎯
Operating margin (before IFRS 2 charges) (%)	+100 – 160 bps	11,7	14,8	13,7	🎯
Return on average net assets (%)	>35%	26,6	35,3	30,4	🎯

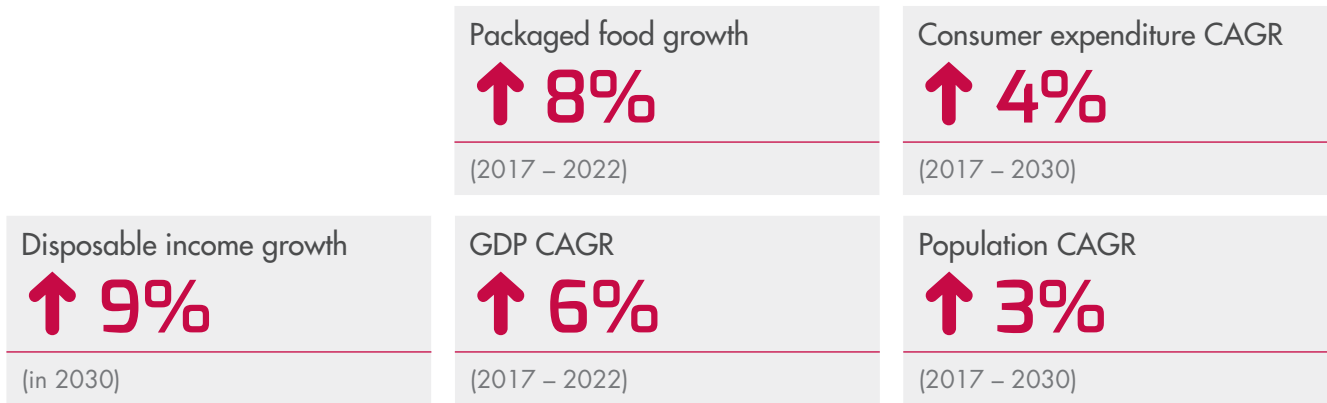
* From continuing operations.

🎯 Met 🟡 Partially met 🚫 Not met

Africa strategy

Tiger Brands has an established presence in Africa, as do several of our key customers. Learning from past lessons, and following comprehensive fact-based analysis, the board has approved an Africa strategy that builds on what we have and complements our strategy in South Africa.

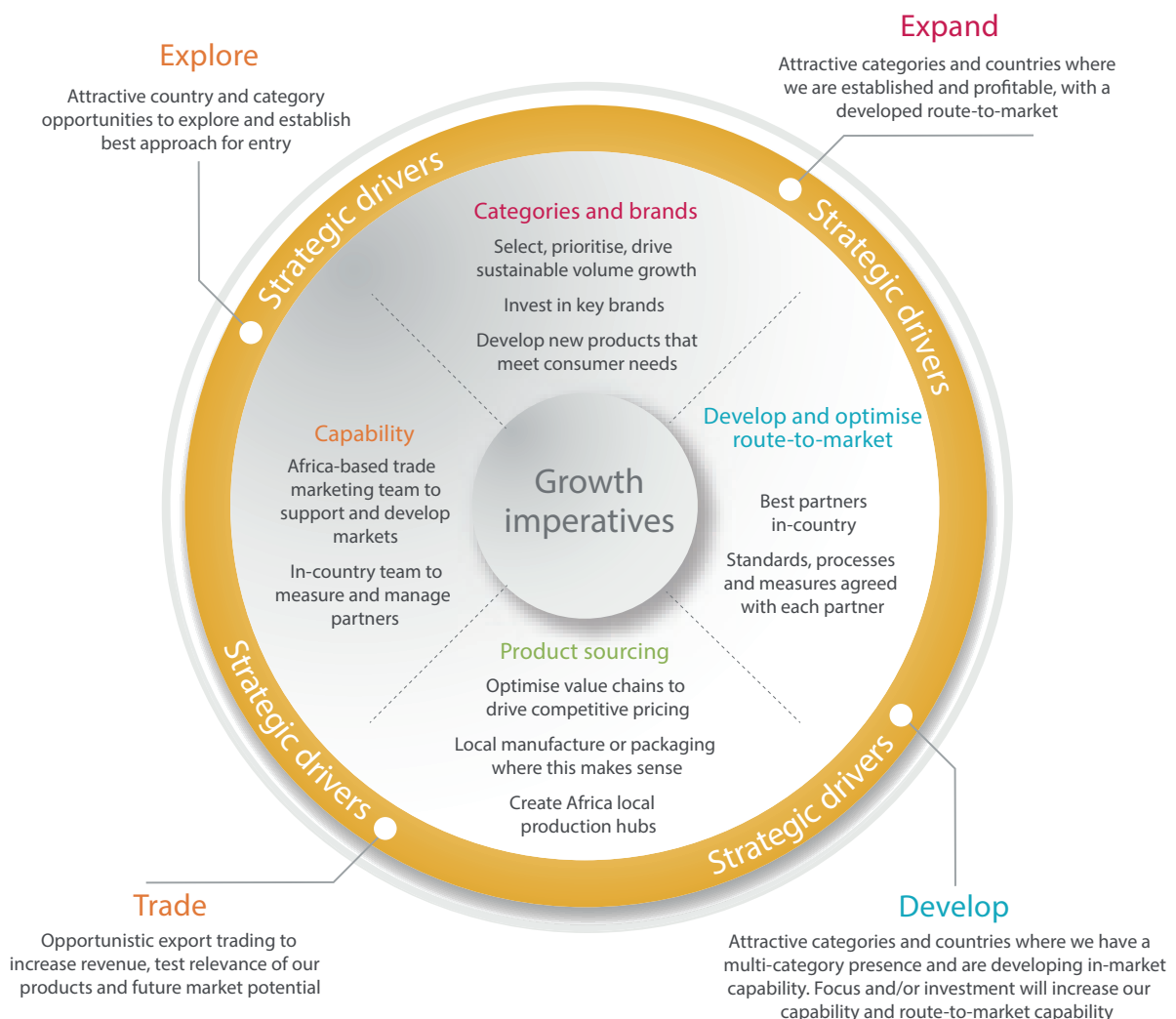
Strong growth projected in the medium to long term driven by sub-Saharan countries



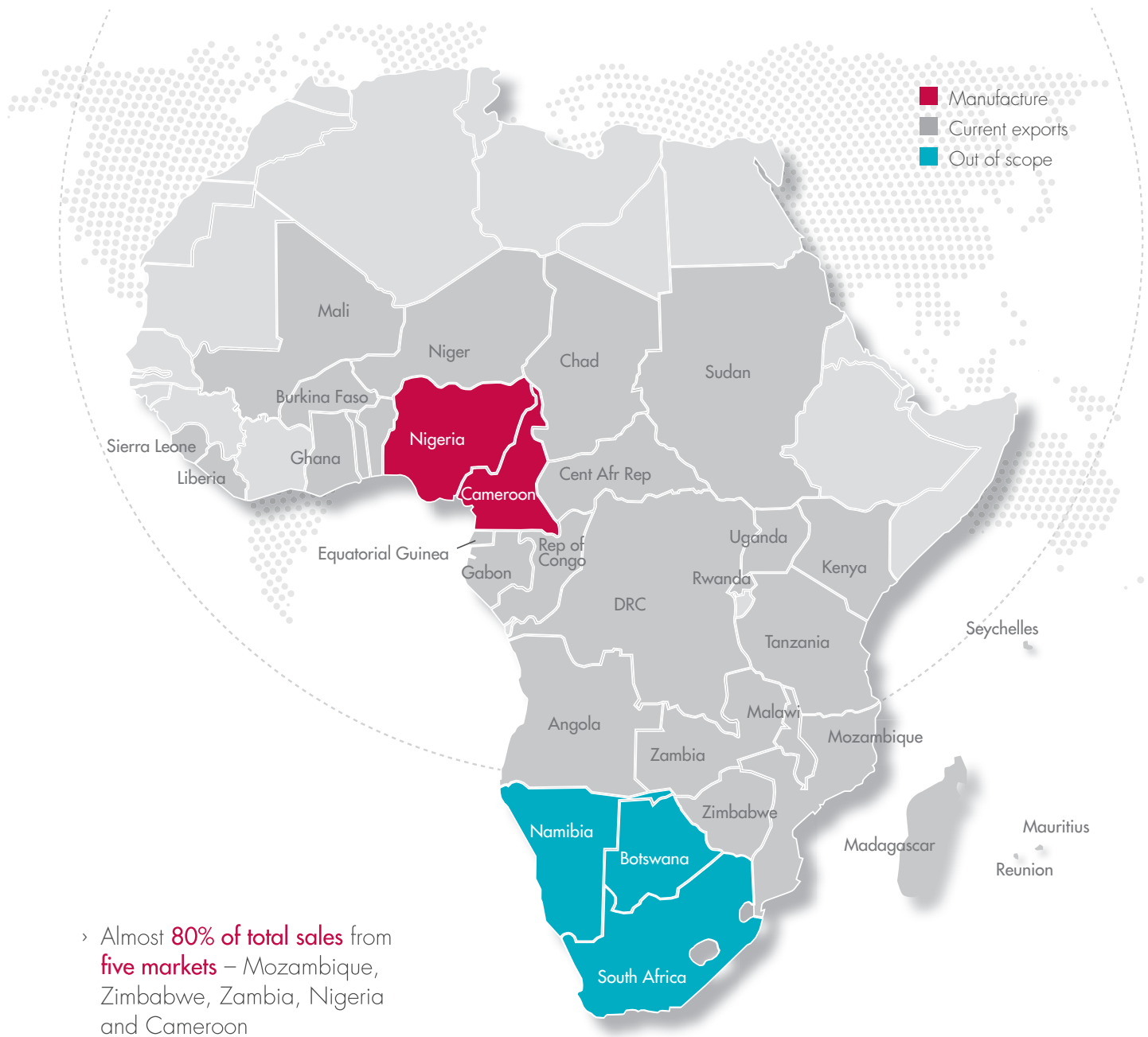
Source: Euromonitor

Our analysis shows that growth in African markets is possible, but requires a focused strategy and excellent execution. Given our core competencies, we will concentrate on the retail packaged food market (defined as fresh, packaged and prepared foods for home preparation and consumption), which Euromonitor expects to grow by 27% into a US\$1 billion market in the next five years.

Based on a clear understanding of the opportunities and the risks in this sizeable market, we have identified four growth imperatives with clear strategic drivers:




We currently sell our products into 26 markets in Africa



› Almost **80% of total sales** from **five markets** – Mozambique, Zimbabwe, Zambia, Nigeria and Cameroon

Risk management

Effective risk management is fundamental to our business activities and supports our strategic goals.

 Read more about our strategic goals on page 20.

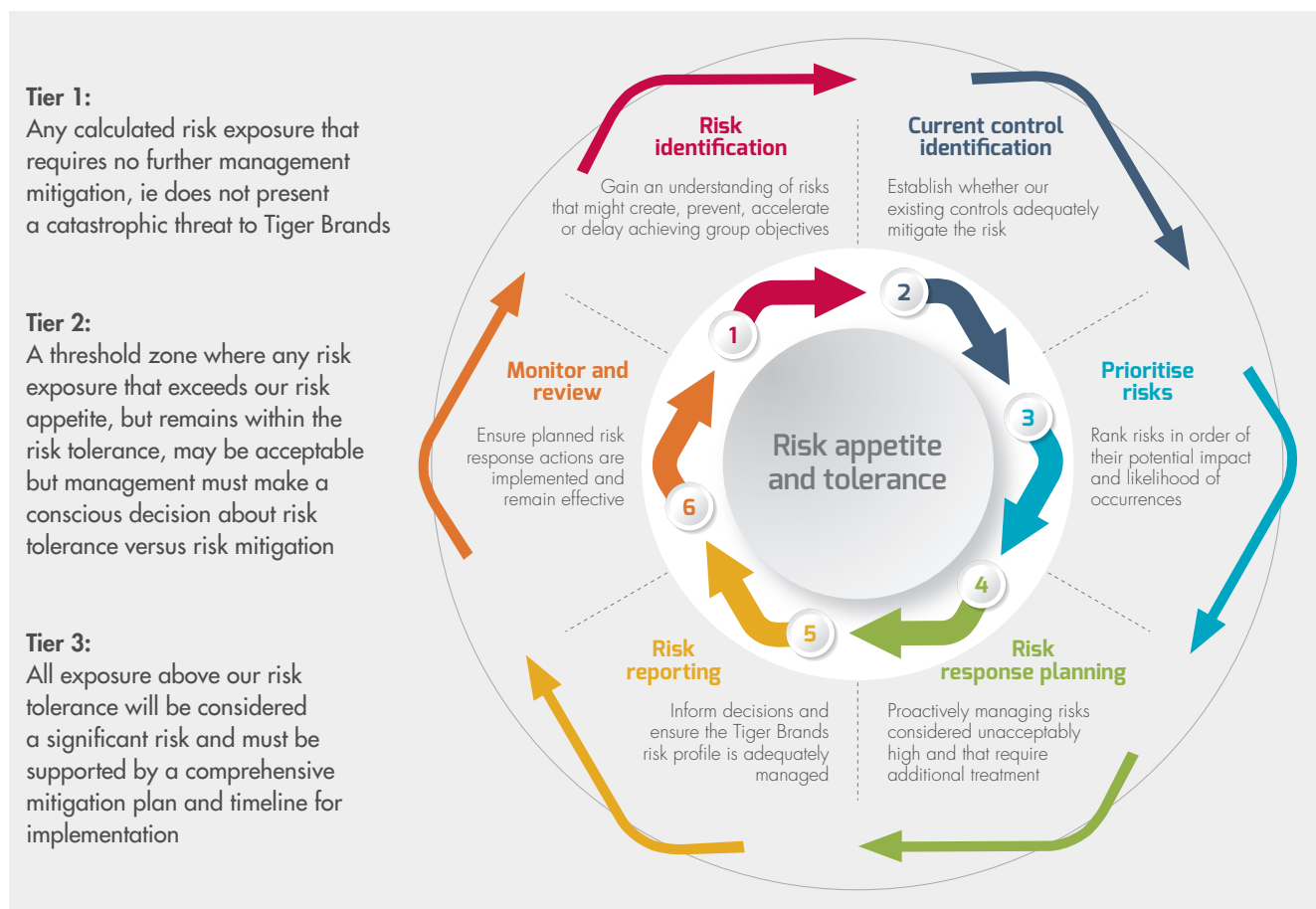
By identifying and proactively addressing risks and opportunities, we aim to generate sustained value for stakeholders while protecting our business operations, reputation and the well-being of our employees. Tiger Brands recognises that risk in business is a complex and diverse concept, and that many parts of the group focus on managing risk exposures. Our intention is that these parts work together in a consistent and integrated manner to manage and reduce risk appropriately. Ultimately, the function of risk management is to help Tiger Brands achieve its objectives and ensure a safer, healthier work environment for employees while preserving assets and earnings for the benefit of all stakeholders.

Approach

Tiger Brands effectively identifies, manages and reports on risk across the organisation. Risk management activities are embedded in daily operations through processes, resources and structures. The group has adopted an enterprise-wide approach, meaning that every identified material risk is included in a structured and systematic process of risk management.

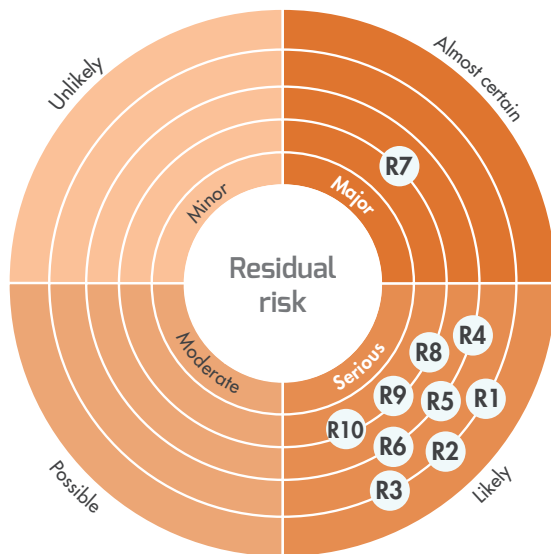
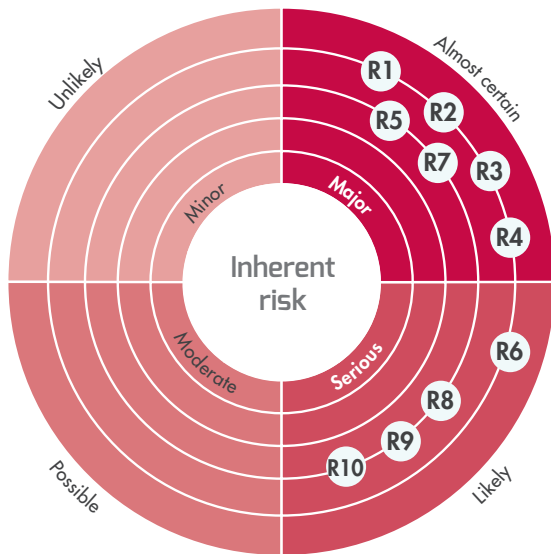
Risk appetite and tolerance

Risk appetite – the level of risk management is prepared to absorb before mitigating actions are implemented – has been determined by setting exposure limits at three tiers:



Exposure limits are determined after assessing residual risk. The risk appetite, tolerance and velocity (time taken to feel the impact of a risk after it materialises) of the group is set by the risk and sustainability committee and approved by the board annually.

This process complements existing risk management processes and aims to ensure Tiger Brands effectively identifies, manages and reports on risk across all operations and all territories. The underlying reporting structure starts at site level and rolls up into the relevant business unit, followed by divisional consolidation to culminate in risk reporting at group level.



Governance

The board of directors is ultimately responsible for oversight of the group's risk management processes. The risk and sustainability committee assists the board by ensuring that the risk management process complies with the relevant standards and governance requirements in all the group's operating territories. Senior management in each division and business unit is responsible for managing risks in its area. Oversight of risk management at divisional level rests with the relevant executive committees. Divisional and business unit risk registers are updated quarterly and the risk and sustainability committee meets three times a year.

To prioritise risks, each risk is evaluated in terms of likelihood and impact on an inherent (actual impact) and residual (after mitigating action) basis. The heat maps alongside reflect the significant inherent and residual risks for Tiger Brands.

The Tiger Brands combined assurance model ensures that the committee evaluates and approves the level of assurance provided for all group risks.

- R1** – Threats to employee security
- R2** – Food safety and product quality
- R3** – Occupational health and safety
- R4** – Cyber crime and information security
- R5** – Business continuity vulnerabilities
- R6** – Operating environment
- R7** – Data and information risk
- R8** – Earnings contribution from associates
- R9** – Fraud, theft, crime and corruption
- R10** – Ageing infrastructure

The future state of group risks represents the executive committee's view based on information available at the time of compiling this report. The group risk profile is reviewed quarterly and may be revised after considering changes to the local and macroeconomic environment, crime, political developments, legislative and regulatory changes, socio-economic challenges and technological advancements. The Tiger Brands risk management process is therefore not a static view of risks facing the organisation.

Significant risks

Significant exposures are determined by analysing business unit risks, divisional risks and group risks. The score for each risk is determined by multiplying the likelihood of the risk occurring with its impact on Tiger Brands. A risk is regarded as significant when its score exceeds the risk tolerance set by the board. The link between risks and material issues is complex, but we have noted how key risks relate to material matters below.

The following risks are regarded as significant to Tiger Brands:

Key risk

Material issues

1 Employee security



Human resources and skills

We have zero compromise on employee safety and security. Safety procedures aligned with the global OHSAS 18001 standard are embedded across all our manufacturing facilities, with restricted access controls at all production facilities.

Ongoing risk assessments are focused on reviewing the strategy to reduce the safety risk to employees in certain businesses. A tailored response was developed from detailed risk assessments across these businesses. Partnerships have been established with law enforcement to combat crime and armed escorts are in place for high-risk routes. Our response is detailed in the sustainability report.

2 Food safety and product quality



Food security



Safety and quality

Tiger Brands is committed to producing quality products that are aligned with our superior brand equity. Good manufacturing practice (GMP) standards and the food safety system certification 22000 (FSSC 22000) have also been revised and implemented across the group. Our manufacturing, group legal and regulatory compliance functions collaborate effectively to ensure our products comply with all regulatory standards and meet consumer preferences.

Further improving quality-related processes, controls and practices was a major focus in FY18. Group quality standards have been established and this function has been centralised. Quality self-assessments have been standardised for all manufacturing sites and a supplier quality management process (including supplier qualification) is also being implemented.

Tiger Brands has partnered with Stellenbosch University to remain at the forefront of scientific developments and trends, with a memorandum of understanding signed to establish a Centre for Food Safety.

Refer to the sustainability report for an update on quality and food safety.

3 Occupational health and safety



Human resources and skills



Safety and quality

A comprehensive safety programme has been implemented across Tiger Brands. Each site is subject to self-audits and annual independent safety audits. A dedicated group security manager is responsible for continuous improvement on security measures and a group occupational health risk manager was appointed in FY18 to drive group-wide awareness of the occupational health framework. To further strengthen the environment, integrated safety, health and environment systems will be benchmarked to improve the group risk outlook.

Our safety and health performance for the review period is on page 55, with more detail in the sustainability report.

Key risk

Material issues

4 Cybercrime and information security

 **Business continuity**

Increasing interconnectivity, globalisation and ‘commercialisation’ of cybercrime are driving greater frequency and severity of cyber incidents, including data breaches. Group IT monitors the cyber security landscape continuously with a view to implementing the latest security practices and revising existing controls to safeguard the group against cybercrime. A two-year remediation plan has been designed in partnership with an external security specialist provider to ensure that we prioritise high-risk areas as well as quick wins to enhance our security posture.

5 Business continuity

 **Business continuity**

Complete business-continuity plans are already in place for high-priority packaging and raw materials across the business. The roll-out of a formal business-continuity management process for the group’s manufacturing facilities is on track, ensuring a systematic and consistent approach. This risk is managed with appropriate group insurance cover, reviewed annually, and disaster-recovery plans that include replicating core business applications and services, with maintenance and support service agreements in place with key vendors.

The Western Cape water-supply risk has been reduced after recent rainfalls improved dam levels. Borehole water applications continue to be explored for sites in areas where the water table is high. Work has been undertaken to scope the feasibility of fit-for-purpose solutions for water recovery and water-treatment systems at various operations. Risk, control and environmental audits are performed by an external specialist annually. Results are used to improve business-continuity planning and disaster-recovery processes.

 Our energy strategies are detailed in the sustainability report.

6 Operating environment


 **Weak macro economy and job creation**

 **People**

 **Effectively executing our strategy**

 **Innovation**

 **Food security**

 As outlined on page 13, our operating environment continues to be intensely challenging. We are focusing on significant opportunities for efficiency improvements that have been identified in developing our new operating model. These will enable us to channel scarce resources to activities with the greatest impact.

Key risk

7 Data and information risk

Material issues


Business continuity

Suboptimal information management disciplines could lead to inconsistent and poor data quality that could compromise decisions and give rise to privacy/identity management and information security risks. Increased regulation will also place additional demand on our system capabilities and IT teams. There are substantial regulatory changes pending (cyber crime bill, IFRS 5, money laundering (FICA), protection of personal information (POPI), general data protection rules (GDPR)) that could materially impact on our strategic execution if unmanaged.

We have a robust process for ensuring all new initiatives consider security testing as part of the project. This helps strengthen our technology control environment for data security. A new information classification policy is the basis for better understanding how we handle different classes of information in the organisation. This is being driven as part of the POPI project. A gap assessment is also under way to identify key risk areas and implementation plans for POPI compliance. A holistic approach to data and information management is being established to ensure there is a defined group strategy. This includes ownership of the data and information held by Tiger Brands.

8 Earnings contribution from associates

Our earnings are affected by income from associates, predominantly Oceana which accounted for 57% of total earnings from associates of R731 million in FY18. Oceana has significantly diversified its portfolio in recent years to reduce the level of reliance on fishing rights in South Africa and neighbouring countries, as the risk of these rights being allocated on increasingly stringent empowerment credentials has risen materially.


 For all our associates, exchange rate volatility can materially impact their contribution to Tiger Brands. The performance of our associate companies is summarised on pages 50 and 51 with further information in the company's annual financial statements (www.tigerbrands.com).

9 Fraud, theft, corruption and crime

Business continuity

Internal controls are continuously reviewed to guard against fraud and crime through employee awareness campaigns, strict access control at all facilities, and working with local police in investigating syndicated crime.

Our people are annually required to acknowledge compliance with key group policies on anti-bribery and corruption, ethics, and gifts and entertainment. The Tiger Brands ethics line is available to all employees, suppliers, customers and consumers to confidentially report unethical business practices without fear or victimisation. The ethics committee independently validates the effective finalisation of all reports.

 More detail appears in the sustainability report.



Read more about our material matters on page 18.

Key risk

10 Ageing infrastructure

Material issues



Food security



Safety and quality



Security of supply



Business continuity

To address efficiency and capacity, we have dispersed R720 million in capital expenditure over the year and plan for a further R2 billion in FY19. This includes investments in Davita in the exports segment, our beverages division and breakfast, which are planned for completion in FY19. Upgrades to the Germiston Enterprise factory have been completed and the Polokwane factory upgrades are under way.

Manufacturing optimisation studies are ongoing. Standards for facilities are being developed, including personal and food safety requirements, with planned completion by the end of FY19. Manufacturing excellence customs and practices (MECP) is being rolled out at all manufacturing facilities and was completed in FY18. Where possible, sustainability is considered for these projects to reduce our environmental impact, improve a safe production environment and address any potential health risks such as ergonomics.

Chairman's review

For Tiger Brands, the past year has been one of the most challenging in recent memory, with external and internal events combining to truly test the mettle of the group's leadership, including its board.

As one of the largest and most well-established manufacturers of food products in Africa, food safety is a non-negotiable priority. We have a central function to monitor adherence to good manufacturing practice standards across all our sites in South Africa, and all sites are certified under the Global Food Safety System 22000. In addition, our manufacturing, group legal and compliance functions collaborate effectively to ensure our products comply with all regulatory standards.

Despite these robust controls, the country's worst outbreak of *Listeria monocytogenes* was attributed to our Enterprise facility in Polokwane. This was a truly devastating development to the Tiger Brands family, including the board, the leadership and the entire staff.

Globally, *Listeria* is a risk in food-preparation facilities. In South Africa, data from the National Institute of Communicable Diseases proves that 60 – 80 cases of listeriosis have been identified annually for the past five years. National food-safety regulations acknowledged this risk, and the group's hygiene processes and testing protocols had proved effective in keeping contamination levels well below statutory limits.

The advent of the ST6 (sequence type 6) strain of *Listeria* was, therefore, a massive outbreak that caught all role-players by surprise – from national regulators to the scientific community and, of course, the industry. Testing for the little-known ST6 was not required at the time, the strain is particularly aggressive, and consumers most at risk include those with immune deficiencies. This was a lethal and tragic combination in South Africa, one that caused 209 deaths, including 91 newborn infants and infected over 1 000 people¹. While the outbreak was officially declared over in September 2018, the full impact is yet to be determined. Legal processes to certify a class action lawsuit were still under way at the time of writing. A detailed case study is included in our sustainability report.

Tiger Brands has a long and proud history, producing some of South Africa's

most-loved and iconic branded food products, and with our company purpose to 'nourish and nurture more lives every day', we pride ourselves in providing quality food products that are loved and expected by consumers. For our products – intended to nourish and be enjoyed – to have been identified as the cause of illness and death was singularly shocking. Our hearts go out to all the individuals and families in any way affected by the listeriosis outbreak.

There are several key outcomes to this tragic event, with national benefits. The government has tightened its industry regulations, with processors of heat-treated, ready-to-eat meat products now required to implement a hazard-analysis and critical control point system (known as HACCP) by mid-2019. Collaboration between all levels of government, the scientific community and the industry has enhanced processes and protocols, while the involvement of global bodies will ensure national standards are on par with international best practice.

For our group, the outbreak highlighted the need for centralised oversight of quality. This had already been established as part of our new operating model, along with raising awareness of the importance of maintaining robust standards at all times. It has also underscored the value of stringent governance and sharing knowledge across the group. The new executive team has proved itself in this respect, working together to ensure that learnings are effectively shared and, more importantly, internalised.

From the board's perspective, we understand that there is no second chance after the events of 2018. Accordingly, we have requested – and received – further enhancements in risk reporting to the board and its committees. We are encouraged by the improved collaboration with government that will enhance industry standards of food security, although we believe this responsibility begins with each company. Given our purpose to nourish and nurture more lives every day, it's simply the right thing to do.

Risk of foodborne diseases

According to the World Health Organisation, the global burden of foodborne diseases, including listeriosis, shows that almost one in 10 people fall ill every year from eating contaminated food and 420 000 die as a result. Almost one third (30%) of all deaths from foodborne diseases are in children under the age of five years, even though children make up only 9% of the global population. Most worryingly, the African and South-East Asia Regions have the highest burden of foodborne diseases. More than 91 million people in the WHO African region are estimated to fall ill and 137 000 die each year.

WHO report: Estimates of the global burden of foodborne diseases (2015).

¹ www.nicd.ac.za



Khotso Mokhele, Chairman

Encouragingly, what this period has proved is that there is a deep pool of experience and expertise in Tiger Brands, and a sincere commitment to honouring the responsibility inherent in the group's purpose.

Sadly, we also recorded one fatality during the year when an Albany driver, Mr Thulani Shoba, died in a robbery during his delivery rounds on 10 August 2018. Our sincere condolences go to his family and loved ones. See the sustainability report for details on how we are mitigating this risk.

Moving beyond internal challenges in the review period, the group was also operating in a very difficult environment. The CEO details these challenges but, from a macro perspective, data shows that South Africa is becoming chronically poor. Terms like income inequality, poverty alleviation and infrastructural constraints mask the dire reality for the majority of our people. Our national economy is shrinking, and is now out of sync with population growth. The result is less disposable income – or no income at all – which in turn means the search for value will be paramount and pervasive. This has important implications for groups manufacturing basic foodstuffs, like Tiger Brands. As a result, the financial

performance of the business was disappointing.

In terms of mitigating macro challenges, we are making progress, from fortifying basic foods to controlling our costs to keep products affordable while supporting small farmers to broaden the procurement base. We acknowledge that more needs to be done, but the scale of this issue demands a coordinated approach from the highest levels of government to the smallest producer of raw materials. Tiger Brands is committed to playing its part.



The two sets of challenges outlined previously – listeriosis and the macro environment – have sharpened the board's awareness of the quality of leadership required to steer the company forward. Equally important is the need for vigilance to identify possible challenges and to act and react swiftly and with great agility to meet and overcome those challenges.

Governance

The board is committed to aligning Tiger Brands with King IV principles and entrenching a culture of good leadership, strong organisational ethics and responsible corporate citizenship.

We are making good progress in identifying suitable candidates to reconstitute the board after Swazi Tshabalala and Rob Nisbet resigned as independent non-executive directors on 15 August 2018 and 7 September 2018, respectively. Swazi resigned after being appointed vice president of finance and chief financial officer of the African Development Bank. She also stepped down as member of the risk and sustainability committee. Rob stepped down as chairman of the audit committee, as well as a member of the investment and risk and sustainability committees. He has served on the board since August 2010. The board thanks Swazi and Rob for their significant contributions to the company and wishes them well in their future endeavours.

Gail Klintworth became an independent non-executive director on 16 August 2018. Her knowledge and experience in sustainability matters in our industry are important additions to the skills set of the board, and we look forward to her contributions.

Tiger Brands is developing a sustainability strategy to ensure we achieve our true potential and our purpose. The strategy will align existing sustainability initiatives in the different functions and businesses, covering the sustainability of our products, improved efficiencies of our production facilities, focus on our employees and the communities where we operate, and our wider stakeholder community. Many initiatives are already in place and delivering results.

In line with this approach, we have produced our first stand-alone sustainability report, guided by the GRI Standards (formerly known as the Global Reporting Initiative). This report reviews Tiger Brands' environmental, social and governance performance for the past year, and covers issues of particular interest to stakeholders in the environmental, social and governance (ESG) aspects of our operations, namely our shareholders, employees, local communities, non-governmental organisations (NGOs), investors, customers, partners, suppliers and government. 

Strategic progress

Despite our challenges in the review period, management has made progress in implementing the group's strategy. This is detailed by the CEO on page 36. 

The board remains confident that this strategy will unlock the full potential of Tiger Brands and create value for all stakeholders. As a board, our role is to ensure the required focus and energy in implementing this strategy are attained.

Towards the end of the period, we approved the group's strategy for Africa over the next four years. This complements the strategy in South Africa and supports the local operations, our

current exports business as well as the operations in Cameroon and Nigeria. Importantly, given the group's history on the continent, we stress that the Africa strategy builds on what we have – driving category growth through selected brand investments, shaping superior routes to markets and investing in key capabilities. The fact-based strategy is supported by a detailed business plan and clear roadmap, with milestones.

Simultaneous implementation of the group's strategy to optimise operations in South Africa while winning on the continent will be a standing item on the agenda at board meetings.

Outlook

I have noted the challenges facing South Africa politically, economically and, therefore, societally. The next months will be difficult as we approach national elections in 2019. The political situation is fluid and citizens will be deluged by pre-election promises and posturing that will do little to address the real issues in our country. We do believe that President Cyril Ramaphosa is sincere in his efforts to stimulate the economy and he has made some progress.

While focusing on our strategic objectives in South Africa, we will need to accelerate our strategy for Africa by building on the many inherent strengths of our group.

Simultaneously, as the only consumer goods company in the JSE's top 40, we are fully committed to our societal responsibilities. We will continue to work with stakeholders at every level to address concerns such as food safety, food security and water supply, with the longer-term goal of creating a more equitable and sustainable economy that benefits all citizens. We vow to work



tirelessly to ensure that South Africa does not experience a repeat of the listeriosis outbreak of 2018.

Appreciation

Tiger Brands is still undergoing extensive change. This is never an easy process and we deeply appreciate the commitment evident at every level. I am also grateful for the support and insight of my fellow board members, and the

dedication of the executive team, several of whom are new members. Willing engagement from key stakeholders, particularly all levels of government and industry bodies, were especially valuable this year. We trust the outcomes will benefit the country at large. We also sincerely thank our shareholders for their continued support during an exceptionally trying year and their confidence in our


ability to execute our strategy for long-term value creation.

Khotso Mokhele
Chairman

21 November 2018

Chief executive officer's review

The year to 30 September 2018 was an intensely challenging period for our economy, our industry and our group.

 Read more about our material matters on page 18.

While I elaborate on the contributing factors below, some of which were identified as material matters, it is important to note that we maintained focus on executing our strategy to create value that underpins a sustainable future for our group.

A combination of external factors made calendar 2018 a very difficult trading environment. The South African economy slipped into recession during the year. While this was still a 'technical' recession at the time of writing, ie two consecutive quarters of negative GDP growth, the Bureau of Economic Research was expecting a return to growth in the third quarter. However, our industry is already reflecting the impact of recessionary conditions on retailers and consumers alike, with the JSE food companies index down 34% for 2018 to end September.

Volatility in the rand exchange rate has exacerbated the situation. While much of this volatility is due to external factors, the impact on the national economy and

private sector remains severe and far-reaching.

In addition to the country's lack of meaningful economic growth, consumers are under pressure on a number of fronts: rising inflation, the first hike in value added tax since 1994, record fuel increases and rising utility costs. Combined, these have intensified pressure on consumers' disposable income and heightened social instability – from service-delivery protests to cases of arson (and subsequent looting) of stores for various reasons. Social instability has a pronounced impact on the availability of goods. In our case, on any given day, these protests and social action could make it impossible for our sales teams to service retailers because their routes are closed or inaccessible.

Consumers found some reprieve as food inflation has been well controlled, with deflation in certain categories, such as maize. However, we believe raw material prices have bottomed, which will add to mounting inflationary pressures.

Our industry therefore became even more competitive as manufacturers attempted to find the balance between maintaining volumes and limiting inflation, with a knock-on effect on margins. To bolster profitability and capture market share, retailers capitalised on rand strength to import growing volumes of private label products. We are mitigating this risk through our strategic drive to build on already-strong relationships with our key customers and have disproportionately spent on master and standalone brands to drive brand equity. In addition, we have innovated wisely to meet consumer needs for value, on-the-go lifestyle as well as health and wellness, while our strong pipeline of innovation includes new pack sizes to address affordability. Throughout the review period, we have focused on consistent, clear positioning through advertising, supported by product enhancements that will keep our brands contemporary while adhering to their core promise.

The final external factor was the protracted drought in the Western Cape,

Addressing key consumer trends to health, wellness and on-the-go



Health and wellness



Crunchalots



Muesli flavours



Quick cook samp



Bread-A-Betix



On-the-go



Cake-In-A-Mug



Fasta Pasta



Instant Noodles



50g strip pack



Value (price)



Benny Chicken



Thick Slice



Soft and absorbing long grain whiter rice/wholegrain long grain brown rice



Value (bulk & multi-pack)



Black Cat – 1kg Tub



All Gold Jam – 1,2kg Tub



Morvite – 500g



Lawrence Mac Dougall, *Chief executive officer*

which has had a significant impact on the quality and availability of key raw materials such as wheat and fruit. Our facilities coordinated in mitigating the water shortage, working closely with authorities on water allocation, permits for boreholes and ensuring that communities around our facilities were not affected by our water use. Similarly, we worked with industries around us to optimise water efficiency, learning from each other. All the facilities had plans in place for day zero (the forecast day when the Western Cape would have run out of water) to ensure minimal disruption of production.

A contributing factor that began as external but rapidly became internal for Tiger Brands in 2018 was the national listeriosis outbreak and resulting health crisis. *Listeria monocytogenes* is a ubiquitous bacteria worldwide: while commonly associated with food preparation, it also caused several deaths in Australia this year after people ate contaminated melons. The specific ST6 strain, which was not previously included in testing requirements in South Africa, is particularly aggressive, especially for people whose immune systems are compromised by disease or malnutrition. After exhaustive investigation, it became apparent that industry standards needed to be reviewed to be more appropriate for the level of immune deficiency among the majority of the South African population.

This was a significant event in our history, one that affected each of our capitals in different ways and to different extents. Arguably the most important was the social, reputational and financial impact caused by a relatively small component (7% of revenue) of our portfolio. Financially, it had a material impact on our results, disclosed in the detailed financial statements. The social loss of these lives to their families can simply not be quantified.

We have consulted with local and global food-health experts and regulatory authorities in developing controls and standards that will set new industry benchmarks. The collaboration between Tiger Brands and various stakeholders during this outbreak is proof of how important the United Nations Sustainable Development Goals (SDGs) are for us, in this case SDG 17. We will report in more detail on SDGs in future.

The more aggressive standards now in place at our VAMP facilities can be confidently rated as world-class, and are being rolled out across our group. For consumers, our commitment to quality is evident in the 7-step quality check process on every label (www.enterprisefoods.co.za).

By November, the Germiston manufacturing facility and associated supplier had reopened after extensive deep-cleaning, rehabilitation and staff

training. Our Polokwane facility will resume production towards the end of 2018, once we have received full regulatory approval. The high standard of food-safety procedures in place before the outbreak is evident in the relatively low capital expenditure required (R68 million) to entrench world-class standards.

Importantly, learnings from the work of internal and external experts have been distributed across the group and shared with relevant stakeholders. In line with our commitment to enhance standards in the industry we have advanced discussions with key stakeholders, including industry bodies and academia, for improved food safety assurance in South Africa. To bolster these efforts, Tiger Brands has partnered with the Stellenbosch University and is the founding member of the Centre for Food Safety. The Centre is a one-of-a-kind applied food science research consortium comprising Stellenbosch University and the food industry. The Centre will provide stakeholders with the opportunity to develop and exchange knowledge, experience, and expertise in food safety, food defence and food processing. Specifically, the Centre for Food Safety aims to provide expert opinion and academic support to the industry, contribute to the knowledge of research in food safety, and participate effectively with Government to ensure that food safety regulations are based on

Key strategic objectives

⊙ Met
 ⊙ Partially met
 ⊙ Not met

	Progress
Grow the core and expand into adjacent categories and geographies, while delivering top-tier financial results	⊙
Deploy an operating model that provides the capabilities needed to deliver on our growth objectives	⊙
Build distinctive capabilities required to win with consumers, customers and business partners	⊙
Build a world-class integrated supply chain to leverage scale and create fuel for growth	⊙
Invest in our communities and sustainable supply.	⊙

sound scientific evidence. Additionally, the Centre will provide industry research and will educate consumers.

At the time of writing this report, the now-combined class action lawsuit was still awaiting agreement between the parties on the wording of the proposed certification order. Only once this order is granted will the class action commence, beginning with determining the company's liability, and, if liable, establishing the extent of damages due to claimants.

We again express our deep regret for the loss of life and offer our heartfelt condolences to all who have lost a loved one. Tiger Brands has a long heritage in South Africa. The key task ahead is to rebuild trust with every stakeholder through our actions and to manage every facet of this crisis openly and with absolute integrity.

Progress against strategic objectives

Against this background, Tiger Brands produced disappointing results for the period. Despite the challenges, however, we continued to execute our strategy to position our business for the future. We are confident that our strategy remains compelling but, mindful of the current operating environment, we regularly review every strategic element and refine where necessary. Some adjustments were implemented in the review period. In September 2018, the board approved the Africa growth strategy.

This builds on our core competencies and existing markets and is supported by detailed and clear milestones.

Embedding the new operating model has taken longer than anticipated, partly because implementation had only been under way for 10 weeks when news of the Listeria crisis broke. However, capabilities have been enhanced in key disciplines through executive appointments for human resources, growth, strategy, Africa and marketing. Supported by strong teams, the new leadership is settling well and focused on strategic issues to achieve our true potential.

Tiger Brands is a large, established group – while there are inherent strengths to this status, we also understand we need to be more flexible and agile in today's market. Our new structure and the cultural transformation under way will support this flexibility, along with a certain level of independence, within a framework for success. Throughout this process, we are mindful that change needs to be carefully managed. For example, we are introducing new, simpler processes, with the first wave implemented in shared services and human resources during the year. This includes a R82 million investment in our IT systems to improve communication and information flow, as well as more robust cyber security.

In tandem with our new operating model, capital expenditure of R2 billion has been approved to enhance our manufacturing facilities in FY19. Projects totalling R720 million were executed across the

portfolio in FY18. In tandem, we have created a separate function for quality control in the group. This builds on similar functions in each business unit, adding a layer of central monitoring and control for additional assurance.

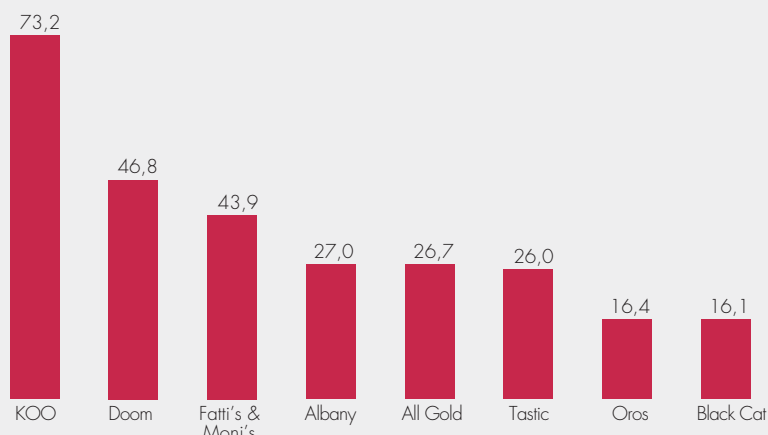
Our investment in key brands paid off with another sterling performance in the *Sunday Times* Top Brands survey. KOO was again ranked top brand overall, against global competitors, and Tastic as number 1 essential food for the second consecutive year. Please see summarised results on page 12. 🔍

In the current environment, managing the trade-off between volumes and protecting our margins has proved challenging. As such, we are encouraged by the brand equity improvement in most of our key brands (Tastic, Fatti's & Moni's, Mrs Balls, Oros, Maynards, Beacon, Energade and Crosse & Blackwell). Measured by brand equity, our key brands continue to lead by a significant margin, with KOO, Albany and All Gold well ahead of their closest competitors in these fiercely traded sectors.

Tiger Brands holds one of the top three positions in 80% of the categories in which it competes, as illustrated alongside.

Our fully integrated supply chain has been established, and delivered significant value in this period. At present, around 70% of the group's procurement is flowing through a centralised hub, with important opportunities for smaller suppliers. We have also made progress

Gap between Tiger Brands equity share vs closest competitor



KOO, a favourite South African brand, has an equity leadership of

73,2% points

in how we engage with our customers in terms of our contact centre and consolidating our distribution network. The anticipated benefits of an integrated supply chain include unlocking cash through improved efficiencies and significant cost savings.

The company's investment in associates was reviewed during the period. To this end, the Tiger Brands board has decided, subject to the necessary regulatory approvals, to pursue an unbundling of its shareholding in Oceana, with an approximate implementation date of April 2019. The decision was taken following a review of Oceana's fit with the group's core business undertaking, as well as after taking into account the challenges associated with acquiring a controlling stake in Oceana, given the regulatory environment in which it operates.

Outlook

South Africa faces another challenging year, exacerbated by the political hyperbole and uncertainty ahead of national elections early in 2019. Throughout this run-up, consumers will remain under intense pressure in an economy marked by low growth and rising inflation.

Government faces an immense task to restore our economy to the levels that support investment and job creation. The

private sector can contribute by ensuring its businesses are run efficiently and ethically to create value for all stakeholders.

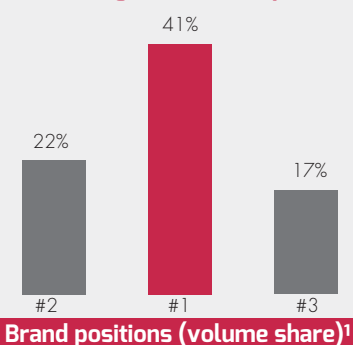
For Tiger Brands, this means an unrelenting focus on executing our strategy. We believe we are structuring our business to profitably improve revenue and market share while our Africa strategy will build on what we have in South Africa. The elements of our strategy combine to support growth in earnings for our shareholders and make Tiger Brands a great place to work for our people, whose skills are our lifeblood.

Appreciation

In an intensely difficult year, our people have proved their resilience and their determination. Many employees took time to personally engage with me and offer their support. This has meant so much to me and showcased our people's can-do spirit. I thank every one of you for your commitment to achieving our purpose. Equally, the energy and support of the leadership team has been invaluable and is deeply appreciated.

Our board has been an extraordinary source of counsel, insight and support for which we are most grateful. In particular, we thank our chairman, Dr Khotso Mokhele, for his active and expert contributions.

Tiger Brands are on the podium in 80% categories we compete in



¹ Nielsen

The contributions of our strategic partners and ongoing support from our service providers, suppliers and customers is equally valued. We will continue to listen to you, and work towards common goals.

Lawrence Mac Dougall

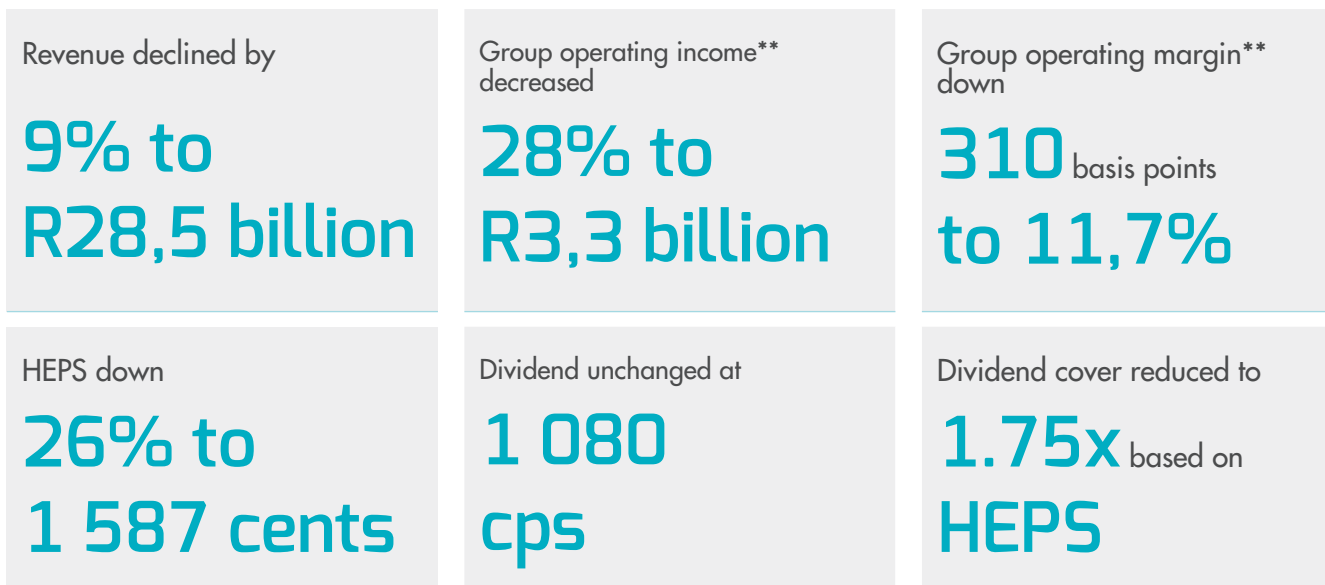
Chief executive officer

21 November 2018

Chief financial officer's review

Tiger Brands' results reflect the depressed consumer environment, which deteriorated further in the second half of the year.

Salient features*



* From continuing operations.

** Before IFRS 2 charges, impairments and abnormal items.

Overview

South Africa slipped into a technical recession during the second quarter of 2018 and the rand weakened significantly, adding to the pressure on consumer spending. At the same time, input costs started to increase considerably. Despite this cost push, the market was characterised by manufacturer restraint on pricing in an attempt to minimise consumer inflation and maximise

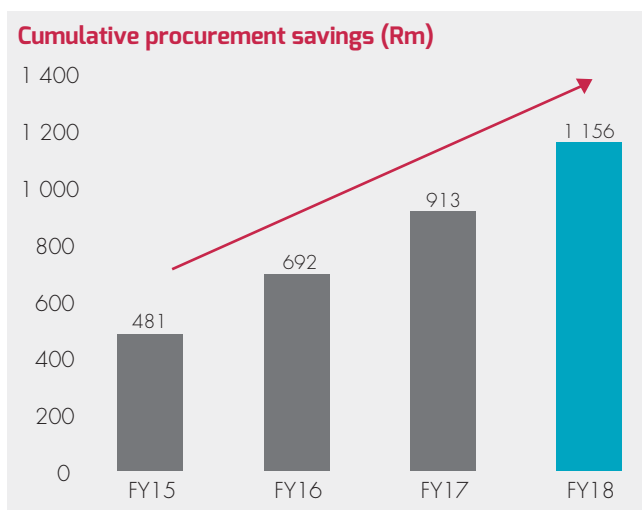
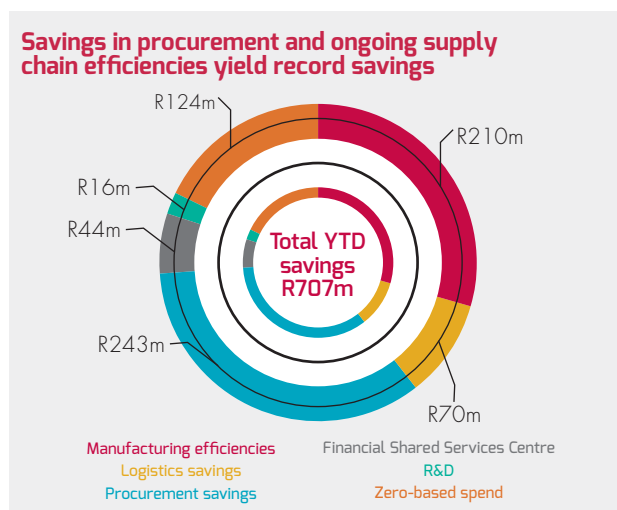
volumes. The group's VAMP division had a material impact on the results after suspending operations for the entire second half of the financial year.

Analysis of financial performance

The following review of the group's financial performance should be read together with the annual financial statements (www.tigerbrands.com).

Income statement

The increase in VAT and further increases in the cost of transport and essential services weakened consumer demand in all categories except maize, where increased supply and price deflation stimulated demand. Domestic revenue fell 9%, with volumes down 5% and price deflation of 4%. Suspending operations at VAMP contributed 4% to the volume decline. The balance of the volume





Noel Doyle, *Chief financial officer*

decline reflected a worse-than-expected performance in Groceries and Home & Personal Care. This was partially offset by volume and market-share growth in Grains. Disappointingly, the positive volume performance in Grains was not reflected in operating income due to category deflation and increases in the cost of essential services, pressuring margins. This resulted in domestic operating income declining by 28% to R3,0 billion (2017: R4,2 billion).

Total revenue for the Exports and International businesses declined 10% to R3,8 billion, while operating income reduced by 32% to R270 million. This result was influenced by a positive performance from our African exports, which grew revenue and profit. The Deciduous Fruit business had a disappointing year. Fruit quality and availability were affected by the prolonged drought in the Western Cape, with lower fruit yields and declining volumes resulting in an operating loss for the year.

The impact of volume declines and pricing pressures on the group's gross margins was partially offset by another year of record savings in procurement and ongoing supply-chain efficiencies totalling R707 million (2017: R505 million). Gross margins declined by 90 basis points (bps) to 32,5% from 33,4%.

During the year, asset impairments of R262 million (2017: R560 million) were accounted for after a detailed evaluation

of intangible assets in the Personal Care division, a review of the carrying value of Deli Foods' operating assets in view of its loss-making position, as well as the impact of the Listeria outbreak on Hercules, the Pretoria-based VAMP facility.

Abnormal losses of R422 million in the current year include the significant impact of the VAMP product recall of R380 million (net of insurance recoveries).



Chief financial officer's review continued

Income from associates increased 37% to R731 million (2017: R533 million), with all associates reporting improved performances in local currency, and particularly strong performances from Oceana and Carozzi. Oceana benefited from a once-off deferred tax adjustment after the US federal corporate tax rate was reduced from 35% to 21%, effective 1 January 2018. Tiger Brands' equity accounted share of this benefit was R79 million for the year.

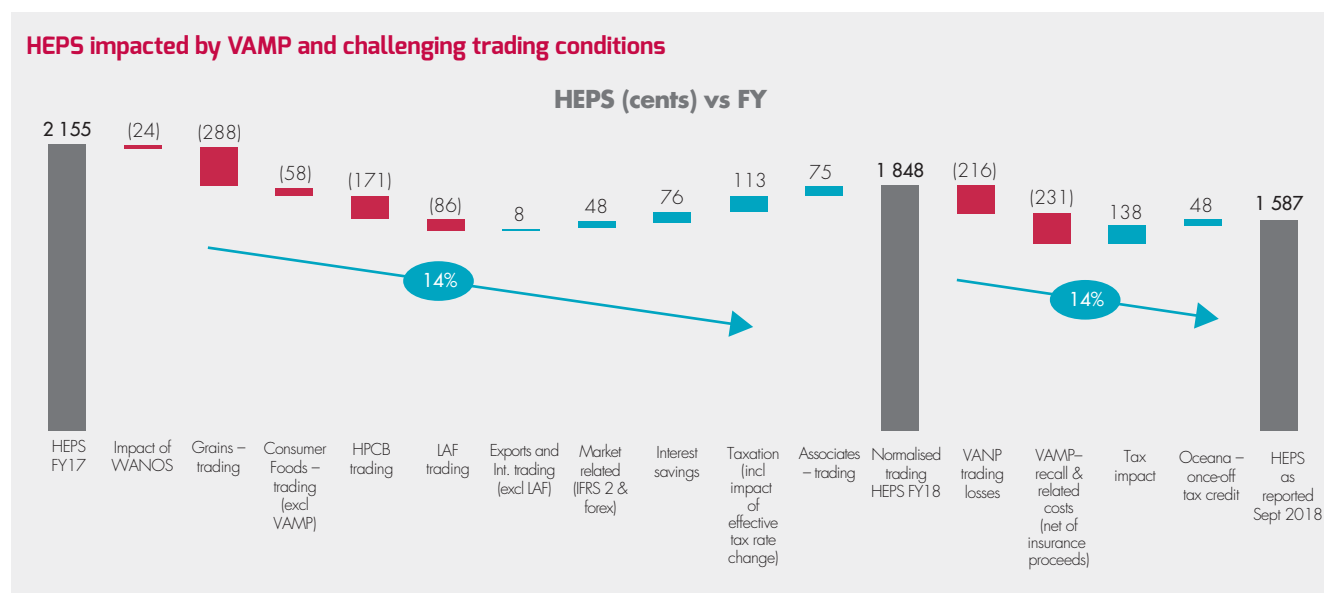
Net financing costs of R34 million benefited from a reduction in net interest costs of R125 million, due to lower average debt levels. A net foreign exchange gain of R21 million was realised, compared to a loss of R30 million in the previous year, due to the weakening of the rand in the latter part of this year.

The effective tax rate before abnormal items, impairments and income from associates increased to 30,2% from 28,9%, largely

due to the non-recurrence of investment allowances claimed on qualifying capital projects in 2017.

Headline earnings per share (HEPS) from continuing operations declined 26% to 1 587 cents (2017: 2 155 cents), while earnings per share (EPS) from continuing operations decreased 21% to 1 451 cents (2017: 1 848 cents).

HEPS from total operations decreased 26% to 1 589 cents (2017: 2 161 cents). EPS from total operations reduced by 24% to 1 458 cents (2017: 1 915 cents). Excluding VAMP's trading results and product-recall costs from the current and prior year, HEPS from continuing operations declined by 11% to 1 881 cents (2017: 2 109 cents). Similarly, EPS from continuing operations declined 2% to 1 760 cents (2017: 1 802 cents).



* WANOS - Weighted average number of shares.

Segmental performance


The increasingly competitive environment resulted in ongoing volume pressure, with the domestic business reporting revenue declines of 9% while operating income declined by 28%. The Exports and International business delivered a mixed result, with improved performances from Exports and Chococam offset by Deciduous Fruit and Deli Foods. Total revenue for the Exports and International businesses declined by 10% while operating income reduced by 32%.

Suspension of VAMP and challenging trading environment affect overall performance

	Grains	Consumer Brands Food (ex VAMP)	HPCB	Exports and International	Group* (ex VAMP)	VAMP	Group*
Volume	▲ 3%	▼ 3%	▼ 14%	▼ 8%	▼ 2%	▼ 53%	▼ 6%
Revenue	▼ 4%	▼ 3%	▼ 16%	▼ 10%	▼ 6%	▼ 52%	▼ 9%
Operating income**	▼ 20%	▼ 8%	▼ 45%	▼ 32%	▼ 21%	▼ 342%	▼ 28%
Operating margin**	▼ 14,8%	▼ 12,5%	▼ 15,3%	▼ 7,2%	▼ 13,0%	▼ (23,7%)	▼ 11,7%

* From continuing operations.

** Before IFRS 2 charges, impairments and abnormal items.

 Detailed segmental disclosures appear on pages 89 and 90 of the annual financial statements on the website and operational reviews on pages 42 to 51.

Statement of financial position

Cash generated from operations decreased by 46% to R3,3 billion. Working capital was predominantly impacted by strategic raw-material purchases coupled with higher inventory holdings, reflecting forecasting challenges due to constrained consumer demand. Capital expenditure disbursed during the year totalled R720 million, of which almost 15% related to efficiency optimisation and improved compliance.

Final dividend

Taking into account the company's strong balance sheet and once-off impact of suspending operations at VAMP, including costs of the product recall, a gross final cash dividend of 702 cents per share has been declared for the year ended 30 September 2018. This, together with the interim dividend of 378 cents per share, brings the total dividend for the year to 1 080 cents, unchanged from last year.

 Shareholders are referred to the accompanying dividend announcement on page 101 for further details.

Dividend policy

In recognition of the company's low gearing levels and strong cash-generating capabilities, the board has decided to change the company's dividend policy, from 2x cover (based on HEPS) to 1,75x for the foreseeable future, in the absence of any significant corporate activity.

Balance sheet strength supports lower dividend cover

	FY18	FY17
Cash generated from operations (Rm)	3 284	6 134
Net cash (Rm)	590	431
RONA (%)	27	35
Net interest cover	59x	25x
Working capital per R1 of turnover	21,7	19,9

Outlook

The economic outlook for 2019 remains challenging, with no signs of a significant recovery in economic growth or consumer confidence.

We remain committed to the growth of our power brands, with a relentless focus on creating a cost-conscious culture and developing a great place to work for all our employees, which will result in superior returns and a beneficial outcome for all our stakeholders.

Acknowledgements

Thank you to our local and international shareholders for your continued investment in our group and to members of the broader investment community for their interest and engagement. I also thank my colleagues in the finance department who constantly strive to ensure the group achieves best-practice standards in reporting and disclosure.



Noel Doyle
Chief financial officer

21 November 2018

Operational review

Grains

Performance

Revenue declined to

R12,8 billion

(FY17: R13,3 billion)

Operating income declined to

R1,9 billion

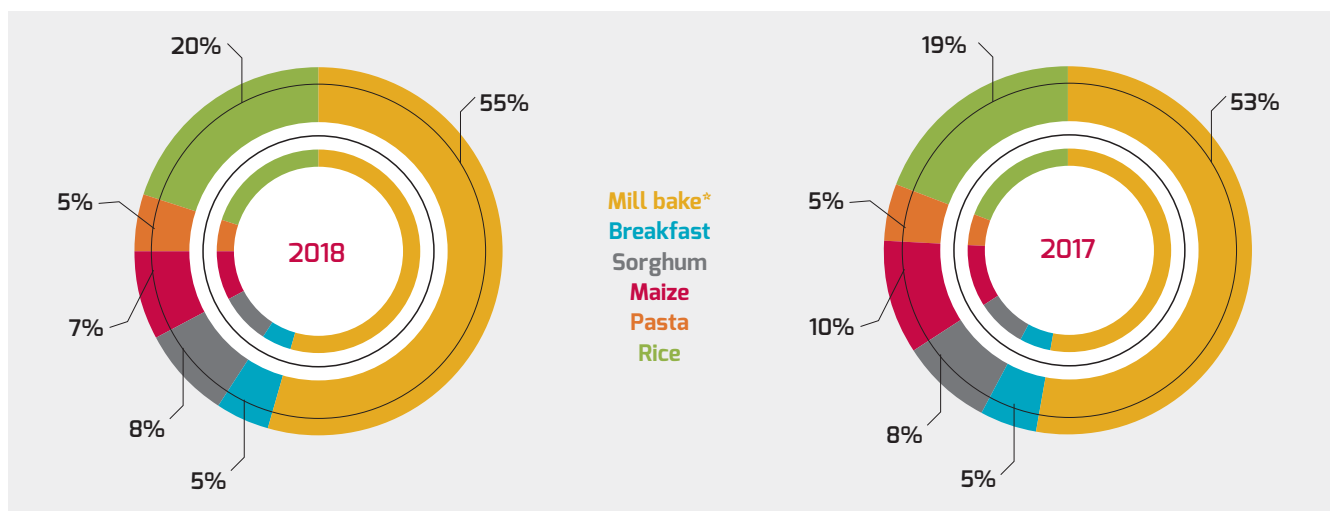
(FY17: R2,4 billion)

Operating margin down to

14,8%

(FY17: 17,7%)

% contribution to Grains revenue



Salient features

- › Wheat-to-bread value chain holds volumes
- › Launched thick slices (value) and Bread-a-Betix (health and wellness) in the bread category
- › Golden Cloud #1 retail brand in flour**
- › Jungle biggest cereal brand in the country, driven by Crunchalots and Muesli
- › Strong performance in rice delivers share gains in Tastic



* Mill bake includes the wheat-to-bread value chain and flour milling.
** Nielsen 3mm September 2018.



Revenue declined 4% to R12,8 billion, reflecting significant price deflation of 7%, while overall volumes grew by 3%. The increase in volumes was not sufficient to offset the impact of margin pressures, with operating income down 20% to R1,9 billion. The operating margin reduced to 14,8%. In one of its most challenging years yet, the Grains division maintained overall market share and improved its share in a number of categories, including flour, breakfast and rice.

Revenue in Milling and Baking decreased 7%, influenced by price deflation across the entire segment, particularly maize (24%). Operating income declined by 17% to R1,5 billion. The wheat-to-bread value chain, which maintained overall volumes for the year, was unable to sustain its first-half performance due to market dynamics restricting input cost recovery in the second half.

Other Grains recorded revenue growth of 2% to R3,9 billion, with 9% volume growth. This strong growth in volumes was driven by an outstanding performance in rice, with Tastic improving market share. Pasta and noodles also delivered a solid performance. However, the operating income decline of 32% to R342 million reflects the intensity of competition in the main meal carbohydrate segment.

Our investment in key brands paid off with another sterling performance in the Sunday Times Top Brands survey. Tastic was ranked number 1 essential food for the second consecutive year and included in the top 10 most-loved South African brands.

In the final quarter of the year, Jungle achieved a significant milestone as the biggest cereals brand in the country. This was driven by the relaunch of muesli and Crunchalots in the kids' cereal segment while the core segment of cooking and instant oats achieved record market shares.

Consumer Brands – Food

Performance

Revenue declined to

R9,7 billion

(FY17: R11,1 billion)

Operating income decreased to

R828 million

(FY17: R1,3 billion)

Operating margin down to

8,5%

(FY17: 11,5%)

Excluding VAMP, down to
R8,7 billion

(FY17: R8,9 billion)

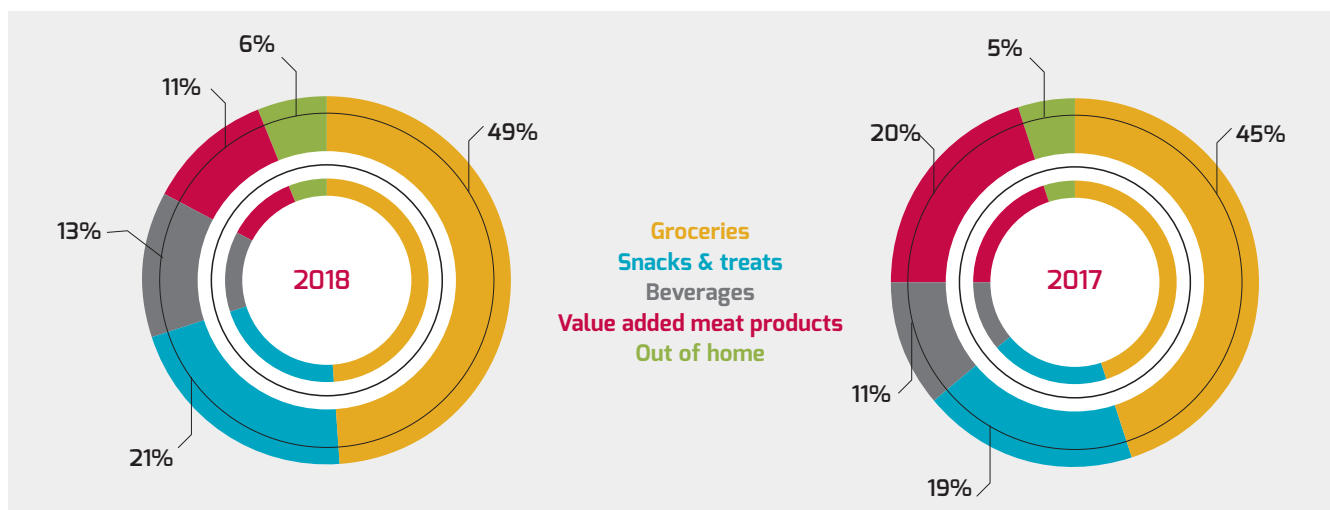
Excluding VAMP, down to
R1,1 billion

(FY17: R1,2 billion)

Excluding VAMP, operating
margin down to 12,5%

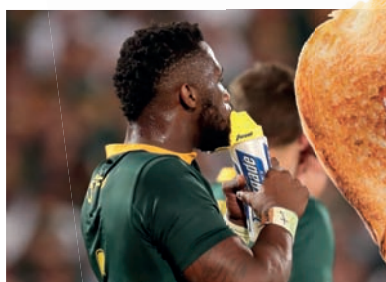
(FY17: R13,2%)

% contribution to Consumer Brands – Food revenue



Salient features

- › Focus in Groceries on balancing volumes and profitability and recovering market share
- › Share gains in chocolate (slabs and countlines)
- › Focus on mix and volume recovery in Snacks & Treats
- › Beverages benefits from investments in efficiencies; ready-to-drink and concentrates drive market share growth with steady performance in sports drinks
- › VAMP Germiston facility resumed production on 12 October 2018





Excluding the significant impact of suspending the Valued Added Meat Products (VAMP) operations, revenue in Consumer Brands – Food declined 3%, in line with volume declines, and with virtually no inflation in this segment. Excluding VAMP, operating income declined by 8% to R1,1 billion.

At Groceries, the impact of volume declines and competitive market pricing resulted in an operating income decline of 27% to R432 million. Contributing factors included supply constraints in condiments and spreads, and the growth of private label on the back of extremely competitive import pricing.

Snacks & Treats' category volumes slowed significantly in the second half, particularly in channels servicing lower-income groups. Despite share gains in chocolate, revenue declined 4% to R2,1 billion. Lower volumes, coupled with an adverse product mix, resulted in operating income decreasing 6% to R305 million.

The Beverages business performed strongly throughout FY18, with revenue increasing 8% and operating income by 48% to

R213 million, benefiting from previous years' investments in cost-containment initiatives and improved factory efficiencies.

VAMP's performance was severely impacted by the well-publicised closure of its facilities in early March 2018. Revenue declined 52% to R1,1 billion, with an operating loss of R252 million. Halting these operations allowed us to undertake significant refurbishments of our production facilities and allowed dedicated time for employee training and education, which culminated in reopening our Germiston facility on 12 October 2018. The Clayville abattoir will supply raw material requirements for the Germiston facility, as well as fresh meat cuts to the market. In addition, it will continue to contract slaughter on behalf of approved pig suppliers. The Enterprise meat-canning operation, which is a separate unit on the Polokwane site, restarted production on 12 September 2018.

Structural refurbishments have been completed at the Polokwane facility and it is currently being assessed by the Capricorn Municipality. Full production will begin once all required regulatory approvals have been issued.

Home, Personal Care & Baby (HPCB)

Performance

Revenue declined to

R2,2 billion

(FY17: R2,7 billion)

Operating income declined to

R341 million

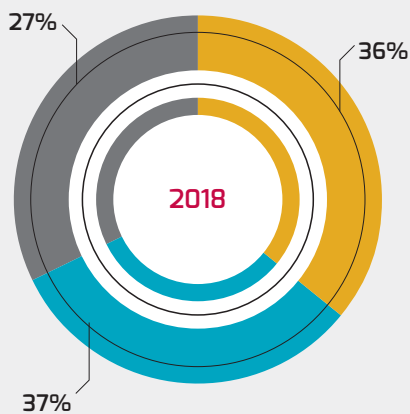
(FY17: R623 million)

Operating margin down to

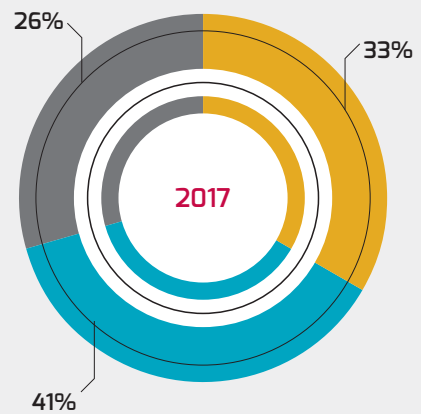
15,3%

(FY17: 23,5%)

% contribution to HPCB revenue



Baby
Homecare*
Personal care



Salient features

- › Home Care grows market share in volume and value
- › Margin recovery in Personal Care to be supported by normalised stock levels and increased volumes
- › Baby pouches and snacks gain momentum; good volume and market share growth in pouches



* Includes stationery.





The poor performance in HPCB continued through the second half, with revenue down 16% to R2,2 billion. All three categories were affected by price deflation and volume declines. The deleveraging impact of this volume loss was primarily responsible for the significant reduction in operating income to R341 million.

Revenue in Personal Care declined 10% to R616 million. An intensely competitive trading environment resulted in operating income decreasing by 53% to R65 million.

Revenue in Baby declined 10% to R796 million, while operating income fell 36% to R133 million. This performance reflects lower sales volumes, an unfavourable sales mix and the concomitant pressure on factory overhead recoveries. The new baby-food pouch line was successfully commissioned in June 2018, contributing to volume growth of 30%.

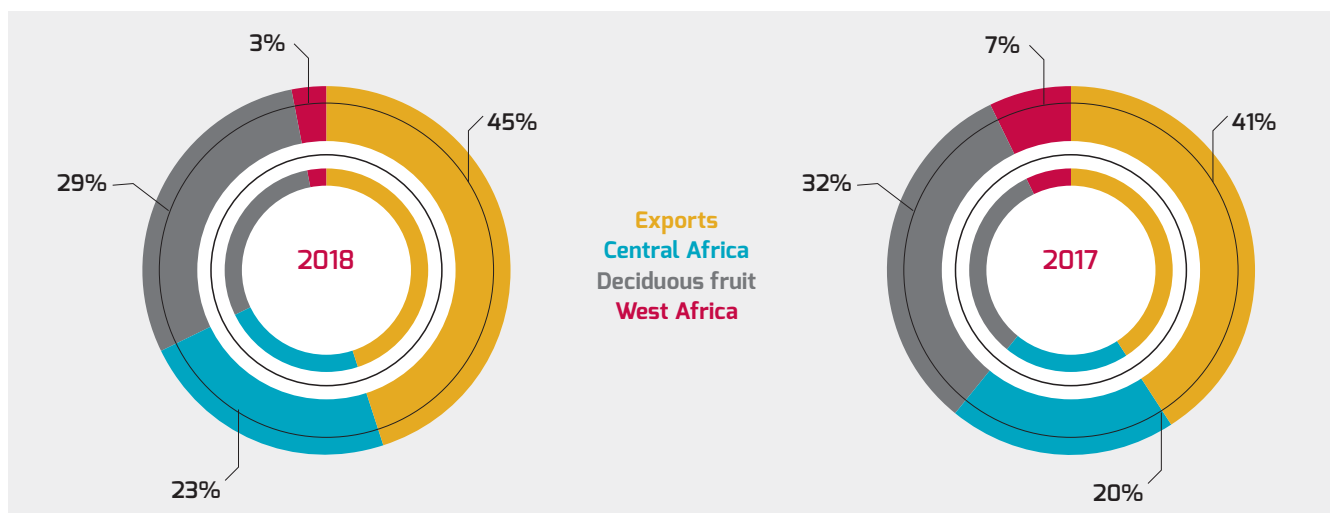
Despite marketshare gains in key segments of the Home Care category, lower consumer demand resulted in higher-than-expected trade stocks going into the peak pest season. This resulted in revenue and operating income declines of 25% and 48%, respectively. Lower production levels had an adverse effect on factory recoveries, while competitor pricing put pressure on margins.

Exports & International

Performance

Revenue declined to R3,8 billion (FY17: R4,2 billion)	Operating income declined to R270 million (FY17: R399 million)	Operating margin down to 7,2% (FY17: 9,5%)
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% contribution to Exports and International revenue



Salient features

- > Exports business increased revenue 4% to R1,8 billion and operating income by 6% to R290 million despite challenging macro environment
- > Chococam recorded 3% revenue growth in local currency in an increasingly challenging environment, assisted by growth from innovation, tight cost management and favourable procurement positions
- > Deciduous fruit impacted by drought and lower volumes; operation restructured for recovery
- > Africa strategy approved





Total revenue for the Exports and International businesses declined 10% to R3,8 billion, while operating income reduced by 32% to R270 million.

The Deciduous Fruit business was the major contributor to reduced operating income. Revenue declined 20% on lower volumes and fruit yields after the severe drought in the Western Cape. An operating loss of R128 million was incurred in the year (2017: R13 million operating income).

The Exports business produced a good performance, with revenue up 4% to R1,8 billion, despite ongoing macro-economic headwinds. These included foreign currency shortages, weak consumer demand, as well as regulatory changes in the group's core markets. Operating income increased 6% to R290 million.

In an increasingly challenging environment, Chococam recorded 3% revenue growth in local currency terms. Revenue in rand terms increased 7% to R882 million. Operating income rose 8% in rand terms to R159 million (4% in local currency), assisted by growth from innovation, tight cost management and favourable procurement positions.

Deli Foods recorded a further operating loss of R51 million, following a reduction in revenue of 61% reflecting ongoing market challenges. Several cost-saving initiatives have been implemented and management changes were made in the second half.

The board has approved an Africa strategy, detailed on page 22. This builds on our core competencies and existing markets, and complements our strategic goals in South Africa.



Associates

Performance

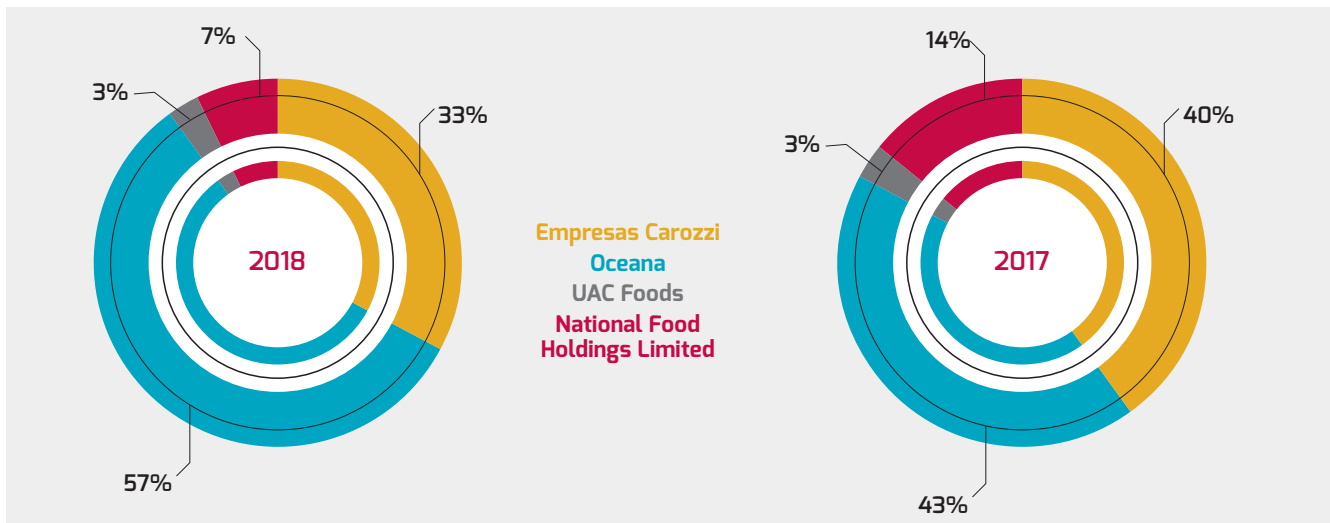
Associate earnings increased to
R731 million

(FY17: R533 million)

Associate earnings as a % of HEPS increased to
28%

(FY17: 15%)

% contribution to Associates revenue



Chile: Empresas Carozzi (24.4% held)

Empresas Carozzi S.A. is a Chilean company headquartered in Santiago, Chile. It is one of the largest and most respected South American food producers. The company has manufacturing operations in Chile, Peru and Argentina. Carozzi has two main business areas: fast-moving consumer goods and agro-industrial (business-to-business) products. Its main customer markets are Chile and Peru.

The Chilean economy is recovering from the economic stagnation of the last four years, evident in improving macro-economic fundamentals, while the Peruvian economy is also performing well. As such, Carozzi’s revenue growth is strong in both countries.

Carozzi’s success reflects its consistent innovation and new product development, high-quality products, well-known brands, manufacturing efficiencies and strong financial position.





South Africa: Oceana (42,1% held)

Oceana is a leading fishing company, listed on the JSE.

It has delivered a strong performance for the year, driven primarily by increased canned fish sales volumes, improved landings for hake, horse mackerel and squid in South Africa, and Gulf menhaden in the United States. The focus remained on operational efficiencies and improved management of foreign currency exposure. A disappointing year for the Commercial Cold Storage division tempered group performance.

Headline earnings for the year ended 30 September 2018 increased by 86% after a 24% increase in operating profit before associate and joint-venture income, fair value adjustments and other operating items. Included in headline earnings is a once-off release of deferred taxation following the reduction in the federal corporate tax rate in the United States from 35% to 21%. Excluding the effect of the tax adjustment, fair value adjustments and other operating items, headline earnings increased by 45%.

Nigeria: UAC Foods (49,0% held)

UAC Foods is a leading manufacturer and marketer of convenience foods in Nigeria. Its brands span a broad spectrum of the country's food market, specifically snacks, dairy products and beverages.

The snacks category comprises Gala sausage roll, Funtime cupcakes, Funtime coconut chips and the new Gala Chinchin (a popular regional fried snack). The dairy category includes the Supreme range of ice-cream and yoghurt products, while the beverage category includes Swan Natural Spring Water.

The business environment in the review period was challenging due to high input costs, and increased maintenance and haulage costs. These could not be recovered as the company was unable to increase selling prices for its primary offering in the snacks segment under the Gala brand.

The company embarked on several cost-savings initiatives to maintain sustainable profitable growth. Stiff competition and a challenging business environment are likely to continue as we approach 2019 elections in Nigeria.

Zimbabwe: National Food Holdings Limited (37,4% held)

National Foods is a leading branded food manufacturer in Zimbabwe. The past year saw significant political change in the country. While the government has committed to focusing on economic recovery, the country is still impacted by macro-economic challenges. Foreign currency shortages worsened in the past year and continue to create challenges for importers in settling foreign creditors. National Foods is working with the Reserve Bank given that its needs are prioritised as an importer of basic commodities.

The company's oil division, maize business and rice trading improved. While record flour volumes were achieved, margins were significantly affected by the inability to increase prices as a result of a bread price that remained constant for the greater part of the year.

The outlook for the Zimbabwean economy remains uncertain in the aftermath of recent elections.

Overview of non-financial performance

 Tiger Brands has published a supplementary sustainability report in FY18, available on our website, with additional information and data for a broader range of stakeholders. We welcome your feedback (contact details on the inside back cover). For convenience, we have cross-referenced the summaries below to the sustainability report.

Highlights and challenges

Safety	Challenges
Safety and health	<ul style="list-style-type: none"> › One fatality in a route-to-market incident › Group lost-time injury frequency rate (LTIFR) at 0,27 › Lost-time injuries (LTIs) down 14%
Our people	<ul style="list-style-type: none"> › Invested R61 million or 1,8% of total payroll on training › Trained 1 200 employees in only our value added meat products division, in addition to all other training across the group › Launched bespoke mentorship and coaching framework
Our communities	<ul style="list-style-type: none"> › Invested R32 million on socio-economic development (SED), reaching over 88 000 beneficiaries › Preferential procurement of R12 billion, with BBBEE verified suppliers, including R2 billion with black-owned enterprises › Enterprise and supplier development: R12 million to support black farmers and small businesses
Environmental sustainability	<ul style="list-style-type: none"> › CO₂ emissions down 4,17% (intensity trend) › Absolute water use dropped 19,3% and water intensity decreased 21,2% › Significant water savings from our manufacturing facilities in the water-stressed Western Cape

Governance



Read more about governance on page 59.

This section includes our approach to a number of industry-specific matters and global concerns.

Supporting global initiatives

Our collaborative approach to sustainability issues includes actively engaging with various forums:

- › Participating in the annual climate change and water disclosures of the CDP
- › Independently assessed against FTSE4Good criteria, and satisfied requirements to remain a constituent of the FTSE4Good index
- › Member of the National Business Initiative (NBI), Strategic Water Partners Network and Business Leadership South Africa (BLSA)
- › Member of the Consumer Goods Council South Africa.

Human rights

Our human rights policy was updated in the review period. It defines our commitment to respecting human rights enshrined in the bill of rights in South Africa's constitution, the UN guiding principles on business and human rights, the international bill of human rights, and the International Labour Organisation's declaration on fundamental principles and rights at work.

There were no reported cases of alleged human rights abuses in the review period.

Our approach to ethics

The board has ultimate oversight of our ethics, anti-corruption and anti-bribery policies, and compliance is monitored by the social, ethics and transformation committee. Confidential and independent facilities enable any stakeholder to report alleged corruption, fraud, human resources issues, human rights issues, theft and unethical behaviour.

For FY18, 54 whistleblowing reports were received: 45 were closed and nine are under investigation (FY17: 60 reports, all closed). After investigation, 12 employees were dismissed, two received final written warnings and 22 cases were registered with the SAPS, pending criminal proceedings. Seven successful prosecutions were reported in FY18 for cases registered in previous years.

Cyber security and protection of personal information

A three-year programme is under way to comply with the requirements of the Protection of Personal Information Act 2013 (POPI) and EU General Data Protection Regulation. This includes training and awareness campaigns for the top 1 000 employees in the group.



Sustainable agriculture

Our business depends on healthy ecosystems to produce sustainable supplies of wheat, maize, fruit, vegetables and other raw materials to create our iconic products used in millions of households daily.

Acknowledging the complex challenges facing the global food system and specific issues in South Africa, we are using our scale and presence, and expert input, to make a positive impact on the farms, communities and environment where our main raw materials are grown. Our smallholder producer programme is just one example. We are also actively driving change in our manufacturing processes and with our suppliers through our ethical sourcing policy so that sustainability becomes the accepted way to do business.

We are consolidating codes and practices across our business units into a group standard for sustainable agriculture and livestock farming based on key principles and best practices, including:

- › Ensuring biodiversity by using environment-friendly chemicals, and crop rotation
- › Selecting non-genetically modified (GM) cultivars for vegetable where possible
- › Sustainable water management
- › Animal welfare

Sustainable manufacturing

We are committed to running an environmentally responsible company and our operations adhere to all relevant environmental regulations. Managing operations in an environmentally and socially responsible manner – sustainable manufacturing – is therefore a business imperative.

Our procurement strategies focus on ethical sourcing and the long-term sustainability of our processes. Apart from our own initiatives, we collaborate with global and local bodies and experts to achieve our sustainability goals. We are also working with suppliers to ensure sustainable, traceable sourcing of key raw materials, such as palm oil.

An ethical sourcing policy was approved recently and will be implemented in 2019. It covers topics such as:

- › Sustainable palm oil
- › Sustainable cocoa sourcing
- › Conflict minerals
- › Human rights in the supply chain

Packaging

Packaging is vital in delivering our products to consumers in a way that preserves the integrity of the product while protecting consumers' health and safety, and minimising environmental impacts. Our packaging initiatives focus on:

- › Optimising costs
- › Lightweighting
- › Innovative packaging that keeps content intact and protected from contamination and infestation
- › Reduced primary, secondary and tertiary packaging
- › Using recycled plastics where possible
- › Investigating the use of biodegradable packaging
- › Support reduce, reuse and recycle packaging principle


Lifecycle assessments evaluate the environmental impacts of all stages of a product's life from cradle to grave (ie from raw material extraction through materials processing, manufacture, distribution, use, repair and maintenance, and disposal or recycling).

Overview of non-financial performance continued

We are dedicated to helping consumers make better food choices so that healthy living becomes easier. In 2009, we voluntarily initiated the Eat Well, Live Well system that includes the guideline daily amount (GDA) table on all our products.

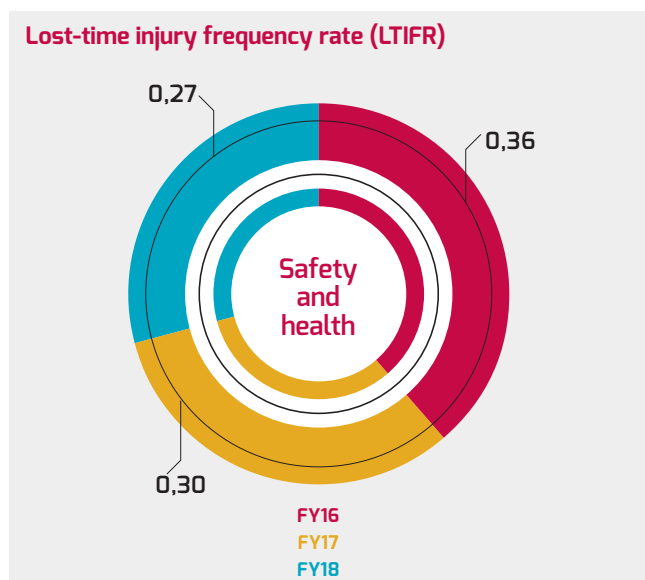
The GDA notes the five nutrients that have an impact on non-communicable and lifestyle conditions, such as heart disease, type 2 diabetes, obesity and some cancers, and allows the consumer to balance high-risk nutrients for the day, and make better food choices. This is complemented by the Be Nutrient Wise system on the front of each pack.

Nutrition – focus areas

Issue	Reason	Our response
Reducing sugar content	Compliance and healthy living	Reduced sugar by 11% or 12 000 tons across the portfolio in the past five years
Reducing salt content	Compliance and healthy living	100% compliance to current regulated targets 2 000 tons less salt used in milling and baking operations
Portion size	Healthy living	On-pack labelling Be Nutrient Wise and Eat Well, Live Well icons 
Nutritional value of our food products	Malnutrition affects a significant proportion of the populations we serve	We fortify staple foods like bread and maize meal, and cake flour with key vitamins and minerals. We voluntarily enrich certain breakfast cereals and instant porridges with micronutrients. Some products are developed to target specific requirements: Jungle Energy bars are enriched with B vitamins that assist in releasing energy; Morvite contains micronutrients to assist the immune system

Our people

Safety and health



Our long-term success depends on ensuring the safety of our people, visitors and contractors at our operations. Despite our diligent efforts to improve overall safety management, in FY18 we regrettably recorded a fatality when an Albany Bakery employee, Mr Thulani Shoba, died on duty in a route-to-market incident in Durban. Our deepest condolences go to his family, friends and colleagues.

All reported incidents are investigated to identify root causes. Based on FY18 reported incidents, behavioural and operational discipline are the leading causes of injuries.

Occupational health

In the review period, site evaluations of occupational health services were completed for 27 business units. This highlighted the need for a group standard which has been prioritised for FY19.

Our people

At Tiger Brands, our people and our brands are our biggest differentiator. We leverage on their talent and agility to nourish and nurture more lives every day. To this end, we continuously strive to create a great place for our diverse people to thrive, grow and innovate.

Integral to our business strategy is unleashing the power of our people. This means creating a great place to work attracts, develops and retains talented people who deliver winning performance.

A Great Place to Work

In the review period, we engaged our leaders and workforce to identify cultural barriers affecting our business performance. As an outcome, we have refreshed our values and defined our winning culture and behaviours that will support executing our business strategy and embedding our new operating model.

In line with our people strategy, key focus areas during the period included the attraction, acquisition and development of core capabilities. In FY18, we invested R61 million of local labour costs on in-house training in South Africa, through the Tiger Brands Academy, as well as learnerships.

As part of creating a great place to work we reviewed our remuneration strategy, and focussed on engagement with our union stakeholders on matters of mutual interest.

Key indicators	FY18	FY17	FY16
Employee headcount	17 608	18 085	21 474
Female employees	3 637	3 532	3 910
Learnership participants	529	417	324
Skills development (Rm)	60,5	56,7	66,8
Total training as % of payroll	1,80	2,08	2,05
Overall staff turnover rate (%)	11,0	9,1	7,1
Retention rate of key talent (target 80%)	89%	91%	91%

Rewarding winning performance

Despite the group's financial performance being severely impacted by challenging operating environment and the Listeria outbreak, in FY18, we sought to leverage the remuneration strategy to attract and retain key skills to support our business strategy.

To ensure our remuneration policy remains competitive and fulfils the objective of attracting, motivating and retaining high-performing employees, pay scales and other elements of the remuneration mix were reviewed after considering market benchmarks and capabilities required to deliver the business strategy.

Changes included:

- › Refining our approach to linking our annual execution plans directly with business strategy by ensuring the appropriate focus of our short-term incentive metrics on growth, efficiencies, people and sustainability
- › Revising our market anchor point for guaranteed pay from the 50th to 65th percentile of the national market and implementing a pay-progression model to ensure we are able to attract and motivate talent and core capabilities
- › Increasing focus to address any unjustifiable pay inequities
- › Developing a clawback and malus policy to minimise risk
- › Revising long-term incentive performance metrics to align executive and shareholder interests.

Communities

Key indicators (Rm)	FY18	FY17	FY16	FY15
Total SED spend	32,0	35,0	23,0	24,2
Tiger Brands Foundation spend	28,7*	23,9*	19,0*	15,3
Beneficiaries reached	88 632	104 215	100 977	118 443

* For the Foundation's financial year to end-February.

To fulfil our responsibility to contribute to the welfare of our communities, we revised our socio-economic development (SED) strategy to be more responsive to challenges.

The new SED strategy is integrated into our business objectives and focused on real – and changing – community needs. In the spirit of stakeholder inclusivity (a key insight from the 2017 stakeholder survey), this strategy has integrated national and societal challenges. This allows us to respond to real issues impacting communities.

In the review period, we invested 1,5% of net profit after tax, or R32 million, on community development, achieving several milestones:

- › Over 55 600 high-quality, nutrient dense and fortified food packages distributed
- › 30 000 direct and indirect beneficiaries reached monthly via the Tiger Brands food and nutrition support programme
- › Over 3 000 beneficiaries in crisis supported through our CSI and employee volunteerism programmes
- › In partnership with the Tiger Brands Foundation, we supported the development and distribution of 15 000 placemats and 10 500 posters focused on nutrition education in schools
- › 204 community members trained in food gardening and community education.

Tiger Brands Foundation

In 2011, the Tiger Brands Foundation implemented South Africa's first in-school breakfast programme in partnership with the Department of Basic Education's national school nutrition programme.

Employee relations

In fulfilling our strategic goal of creating a constructive, safe and fair working environment for all our people, our leaders engage directly with our people regularly to address issues of mutual interest. We also work closely with employee representatives, partner trade unions to ensure everyone has a voice in matters that affect them daily.

Fourteen wage-negotiation cycles were settled across our sites out of 18 scheduled for the period, and the balance will be concluded in the new year. An average settlement of 7,5% was achieved.

Our employees have full freedom of association, with over 62% belonging to unions (including three major industry unions). Site management and shop stewards meet monthly to address issues of mutual interest.

From six primary schools in Alexandra, this has expanded to 94 schools in all provinces, providing the essential breakfast meal to around 67 500 learners.

- › By September 2018, we had cumulatively invested over R174 million to serve more than 65 million breakfasts to our country's most vulnerable learners
- › We have constructed or upgraded 38 school kitchens
- › Created over 390 sustainable jobs for the community as food handlers, monitors and regional coordinators
- › Provided a stipend of R550 per month for 367 food handlers, injecting over R2,4 million into vulnerable communities
- › Introduced a food-handlers skills training programme accredited by the South African Qualifications Authority
- › Ensuring uniform food-preparation safety and hygiene standards.

Transformation

In South Africa, we support social transformation by advancing broad-based black economic empowerment (BBBEE) and other initiatives.

Tiger Brands is currently rated level 3 against the agriculture sector (agri-BEE) codes gazetted in December 2012. As these codes were gazetted after the group's last verification, it will be measured against the amended codes in December 2018. We are conducting our final verification, with the outcome available by 5 December 2018 (therefore not in time for this report).



Our internal assessment indicates that the group, measured against the amended codes, will temporarily drop to level 7 (discounted to level 8) given the new minimum requirements for priority elements (ownership, skills development, enterprise and supplier development).

To align with the revised codes, we are developing a broader group transformation strategy that will ensure integrated execution in all elements of the BBBEE scorecard to achieve level 4 status by FY22.

Preferential procurement

Tiger Brands is committed to driving preferential-procurement practices and local-content requirements. In line with the agri-BEE codes, we provide a valuable procurement opportunity to drive social and economic transformation in South Africa.

In the review period, R12 billion was spent with BBBEE verified suppliers including R2 billion with black-owned enterprises.

Enterprise and supplier development (ESD)

Our aim is to develop the operational and financial capacity of black-owned and black women-owned enterprises to become part of our value chain – from sourcing to distribution – as reliable and competent suppliers.

The new enterprise and supplier development office is mandated to develop and execute our ESD strategy and unlock procurement opportunities for black enterprises.

In the review period, we supported 58 black farmers under our smallholder programme. This included financial and non-financial support, agronomics and agrarian support, as well as business mentorship and 0% interest loans.

- › 52 tomato farmers supplied Tiger Brands with 5 200 tons of tomatoes.
- › 6 bean farmers supplied 70 tons of beans.

With a total investment of R11 million, these farmers have been entrenched in our procurement chain. In turn, they created 412 jobs, including 194 female employees. An additional investment of R1,3 million was made in Khayelitsha Cookies, Cape Town, to commission a factory producing Purity baby rusks. Khayelitsha Cookies created 91 jobs, all women.

In 2019, we plan to expand the smallholder farmer programme to wheat, sorghum and peanuts.

Environmental sustainability



Key legislative developments

- › The carbon tax bill will come into effect on 1 July 2019. Tiger Brands is prepared to report scope 1 emissions to the authorities as we are already reporting these in our CDP submissions.
- › The draft climate change bill, published in June 2018, provides for the effective management of inevitable climate-change impacts. The bill also calls for industry to make a fair contribution to the global effort to stabilise greenhouse gas (GHG) concentrations in the atmosphere.
- › The Department of Environmental Affairs (DEA) published a notice requiring several industries to submit waste management plans for approval. As a brand owner, this will include Tiger Brands as a producer.
- › Water restrictions were announced in July 2018, specifically for municipal water supply.

Environmental sustainability is underpinned by a group sustainability strategy that requires our operations to concentrate on reducing our environmental footprint and avoid environmental accidents. Specific environmental targets include:

- › Water reduction target for each unit in 2018 and 15% in total by 2021
- › Waste to landfill down 24% by 2021 from 2018 level, with yearly targets
- › Energy-saving and CO₂ emission-reduction targets for each unit in 2018 and 15% in total by 2021
- › 2021 packaging losses reduced by 15% from the 2018 baseline
- › All production units to conduct ISO 14001 (2015 standard) audits and retain this certification.

Key indicators Measure	FY17 Intensity/ton	FY18 Intensity/ton
Energy (kWh)	128,19	132,61
Water (kl)	2,12	1,67
Packaging (tons)	0,31	0,28
Waste (tons)*	0,005	0,02
Carbon emissions CO ₂ -e	0,24	0,23
Production output (tons)	2 395 809	2 378 278

* Impacted by VAMP product recall and incineration of products due to Listeria outbreak.

Corporate governance

Creating value through good governance

The Tiger Brands board is committed to the highest levels of ethical leadership and integrity, which are embodied in the company's values. The board sets the tone for the organisation which, in turn, directs our daily activities.

The board is guided by the principles in the King IV Report on Corporate Governance, JSE Listings Requirements, Companies Act No 71 of 2008 and other relevant laws and regulations.

Governance structures, policies and standard operating procedures continue to be embedded in the organisation. Tiger Brands reviews its operations and strategy to ensure these remain aligned with the principles of good governance, accountability, fairness, integrity, responsibility and trust.

The board is satisfied that Tiger Brands applied all the recommended King IV principles in FY18. Further enhancements will be made, in line with the board's objectives to continuously improve corporate governance practices. The King IV register is available on the company's website www.tigerbrands.com.

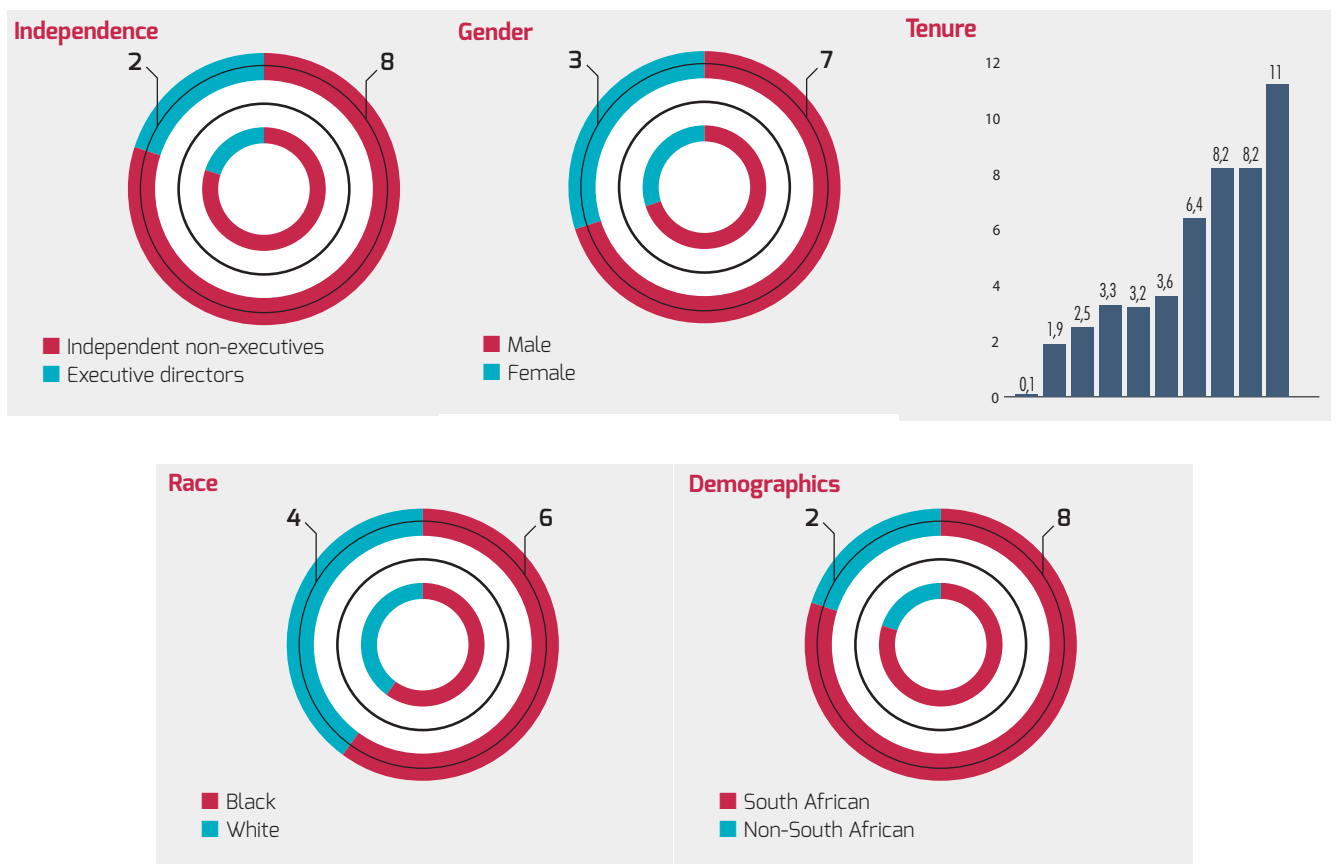
Our board

The Tiger Brands board comprised 10 directors at 30 September 2018, with a range of corporate leadership skills, industry expertise and diversity appropriate to lead and best achieve the company's strategic objectives in this competitive environment. All directors have the relevant knowledge, skills and experience to make a meaningful contribution to the business of the company.

The board was strengthened during the period by appointing Gail Klintworth on 16 August 2018. Gail has significant experience across a number of sectors, having worked extensively across Africa and globally. She essentially has extensive food experience across all continents. The board looks forward to benefiting from her insights and perspectives.

On 24 November 2017, Santie Botha retired as a non-executive director after serving on the board for 14 years. On 20 February 2018, Clive Vaux retired as an executive director. On 15 August 2018, Swazi Tshabalala stepped down as a non-executive director, followed by Rob Nisbet, who also stepped down as a non-executive director on 7 September 2018.

Board diversity



All non-executive directors are independent as determined by the board

30% of all directors are women and 60% of all directors are black. The board is determined to achieve its target of 50% for women and black representation by 30 September 2022.

Any term in office by an independent non-executive director exceeding nine years is subject to a rigorous review by the board. A self-assessment, via individual questionnaires, was performed in FY18. This covered the performance of the board, individual directors retiring by rotation, board committees and the chairman, as well as directors' interests and any circumstances and relationships that may impair their judgement and consequently their independence. No major concerns were raised on the functioning of the board or any of its committees.

Dr Khotso Mokhele completed 11 years of service as a non-executive director on 30 September 2018. After taking into account, among other considerations, the extent to which the diversity of his views, skills and experience continue to enhance the board's effectiveness, the board is satisfied that Dr Mokhele's independence is not impaired by his length of service.

Role of the board

The Tiger Brands board provides effective leadership and strategic direction in the best interest of the company and its stakeholders. In executing its mandate, the board reviews business models to ensure they support value creation, ensures that an effective systems of risk management and internal controls are in place, and establishes a culture of ethical leadership across the group.

The board operates in line with its formally approved charter which ensures its activities conform to sound corporate governance principles. The board is satisfied it has complied with the terms of its charter for the review period. The board has delegated certain functions to its committees to assist in meeting its oversight responsibilities. All committees have board-approved terms of reference and a work plan, which are reviewed annually. In the annual review process, which was conducted internally in 2018, the directors confirmed that all committees had fulfilled their obligations for the period and operated within their terms of reference.

Board committees

Audit committee

The audit committee was chaired by an independent non-executive director, Rob Nisbet, who stepped down as director and accordingly as a member and chairman of the audit committee on 7 September 2018. On 2 November 2018, the board appointed Emma Mashilwane as chairman of this committee, with an additional independent non-executive director as a member, namely Mark Bowman.

Yunus Suleman has been a member since he joined the board in July 2015.

The committee comprises three independent non-executive directors. The board is satisfied with the level of experience and competency of committee members.

The committee met three times in 2018, with attendance set out on pages 64 to 66. 

Committee mandate

- › Oversees the integrity of the company's financial reporting
- › Monitors the strength of internal financial controls and ensures the effectiveness of assurance services and functions, with particular focus on combined assurance arrangements, including external assurance service providers, the finance function and internal audit.


The audit committee chairman's report is set out on page 69. 

Risk and sustainability committee

The risk and sustainability committee is chaired by an independent non-executive director, Yunus Suleman, supported by two independent non-executive directors as members, namely:

- › Michael Ajukwu
- › Emma Mashilwane appointed from 2 November 2018
- › Swazi Tshabalala resigned 15 August 2018
- › Rob Nisbet resigned 7 September 2018

The board is satisfied with the level of experience and competency of these members.

The committee met three times in 2018, with attendance set out on pages 64 to 66. 

Committee mandate

Assists the board in risk management, which includes IT governance, and reports to the audit committee and board on risk and sustainability issues.


The risk management report appears on page 24. 

Nominations committee

The nominations committee is chaired by the chairman of the board, Dr Khotso Mokhele, with three additional independent non-executive directors as members, namely:

- › Mark Bowman
- › Maya Makanjee
- › Makhup Nyama

The board is satisfied with the level of experience and competency of committee members.

The committee met four times in 2018 and attendance is set out on pages 64 to 66. 

The nominations committee has, on behalf of the board:


- › Assessed the composition of the board to ensure it is appropriately structured, skilled and staffed to enable directors to efficiently execute their mandates
- › Monitored the execution of diversity policies for the group and board, noting the progress in raising the diversity profile from 54% black representation in FY17 to 60% in FY18
- › Monitored group succession plans, noting good progress on CEO succession plans
- › Assisted with performance evaluations of the board and its committees, directors retiring by rotation, and the performance of the board chairman
- › Assisted the board in evaluating performance of the CEO
- › Monitored progress in filling key executive management positions.

Social, ethics and transformation committee

The social, ethics and transformation committee is chaired by an independent non-executive director, Maya Makanjee, supported by two independent non-executive directors, namely:

- › Dr Khotso Mokhele
- › Makhup Nyama and
- › CEO, Lawrence Mac Dougall

The board is satisfied with the level of experience and competency of committee members.

 The committee met three times in 2018, with attendance set out on pages 64 to 66.

Committee mandate

- › Assists the board in monitoring and ensuring matters relating to organisational ethics, responsible corporate citizenship, sustainable development and stakeholder relationships are effectively managed.
- › This includes promoting equality, preventing unfair discrimination, contributing to community development and monitoring the company's activities in terms of relevant legislation and prevailing code of best practices.
- › The committee oversees Tiger Brands' transformation objectives and broad-based black economic empowerment (BBBEE) activities.

The social, ethics and transformation committee's activities are set out on page 71.



Investment committee

The investment committee is chaired by the chairman of the board, Dr Khotso Mokhele, supported by two independent non-executive directors, namely:

- › Mark Bowman
- › Rob Nisbet resigned 7 September 2018
- › Yunus Suleman

The board is satisfied with the level of experience and competency of committee members.

The committee met twice in 2018, with attendance set out on pages 64 to 66.

- › The committee assessed all investment opportunities identified in the strategic planning process, and made recommendations to the board on disinvestment proposals.
- › Post-investment reviews of prior strategic investments are monitored closely.




Remuneration committee

The remuneration committee is chaired by independent non-executive director, Mark Bowman, supported by three independent non-executive directors, namely:

- › Maya Makanjee
- › Dr Khotso Mokhele
- › Makhup Nyama

The board is satisfied with the level of experience and competency of committee members.

 The committee met four times in 2018. Attendance is set out on pages 64 to 66.

Committee mandate

- › Oversee development of the Tiger Brands remuneration policy that articulates and gives effect to the board's direction on fair, responsible and transparent remuneration.
- › This includes setting out principles that aim to attract and retain key and critical talent required to deliver business goals and results.
- › Enable remuneration structures that are aligned with the company's objectives for value creation.

The remuneration report is set out on pages 74 to 100.



The company's memorandum of incorporation requires that one-third of directors must retire each year, beginning with those who have been in office the longest. The following directors will retire, and are eligible for re-election, at the company's next annual general meeting (AGM): Maya Makanjee, Makhup Nyama and Emma Mashilwane.

The nominations committee proposed the re-election of all retiring directors after a satisfactory performance review in all cases.



















































Gail Klintworth was appointed by the board since the last AGM and is required to stand for election by shareholders at the company's next AGM.

The formal induction programme for all new directors is monitored by the nominations committee, which assumes responsibility for the induction process and ongoing board development programme for all directors, assisted by the company secretary. The induction programme includes introductions to key members of executive management and site visits to the company's manufacturing units as well as its customers.

Corporate governance continued

Board profile

Chairman

Board					
	Khotso Mokhele	Michael Ajukwu	Mark Bowman	Maya Makanjee	Gail Klintworth
Experience					
Auditing and accounting					
Business intelligence					
Corporate finance					
Banking and Finance					
FMCG					
General management					
Corporate governance					
Human resources					
ICT					
Marketing					
Mergers and acquisitions					
Regional		West Africa	Africa	Africa	
Remuneration					
Risk					
Sales					
Stakeholder relations					
Strategy					
Sustainability					
Board committee membership					
Other directorships	Chairman of AECI and non-executive director of Afrox, MTN Group, Mapiiso Consortium, Hans Merensky Holdings, Kenosi Investment Holdings. Special adviser to the minister of Science and Technology and chancellor of the University of the Free State.	Non-executive director of International Breweries plc, a subsidiary of AB-Inbev, Sterling Bank plc and Novotel: Port Harcourt, Nigeria (member of Accor Hotels group).	Non-executive director of Dis-Chem and Mr Price Group and director of Signall Mill Products.	Non-executive director of Mpac Limited, Truworths International Limited, Datatec, AIG SA Group, trustee of Nelson Mandela Foundation.	Partner at SYSTEMIQ. Non-executive director of GlobeScan, advisory board member to MAS Holdings and NESTE, advisory group member for SIG, advisory council member of Wheeler Business and Development Institute, London Business School.

Attendance at board and committee meetings

In FY18, the board met six times at scheduled meetings. It met once every quarter with separate sessions to review implementation milestones for the approved 2022 strategy and to consider and approve the 2019 budget. In addition, special meetings were convened to deliberate on critical matters that needed the attention of the board.

On 4 March 2018, the National Consumer Commission (NCC) issued a directive to Tiger Brands to recall specific ready-to eat and ready-to-cook products. Mindful of its duty as a responsible corporate citizen, the board made a concerted effort to ensure it met regularly, particularly in the early stages of what manifested into a crisis for the company. The board engaged with management, industry and professional experts, government, regulators and other stakeholders to understand the origin of *Listeria monocytogenes*. This common bacteria was said to be the cause of the NCC's action, with a massive impact on the food industry and the lives of consumers. The national *Listeria* crisis was devastating for Tiger Brands as a company, for our people, but most importantly for the affected families. Our deepest and heartfelt thoughts remain with those who lost their loved ones and who are otherwise affected by this crisis.

Ten special board meetings were held in the calendar year to deal with this crisis. As the board is committed to the highest standards of corporate governance, it executed its duties responsibly and acted independently when reviewing reports presented by management. No board fees were paid for these meetings.

In the year ahead, while we continue to resolve issues emanating from the crisis and deal with the complex environment of multi-categories, the board and management also recognise the need to maintain focus on driving the health and wellness agenda and deliver sustainable growth that creates value for all stakeholders.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Member attendance

		Scheduled board	Special board	Audit	Risk and sustainability	Remuneration	Special remuneration	Nominations	Special nominations	Social, ethics and transformation	Ad hoc committee Investment
Dr Khotso Mokhele (63) Chairman of the board <i>BSc (agriculture), MSc (food science), PhD (microbiology)</i>	Appointed: 1 August 2007	6/6	9/10			3/3	1/1	3/3	1/1	3/3	2/2
Michael Ajukwu (62) <i>BSc (finance), MBA</i>	Appointed: 31 March 2015	6/6	10/10		3/3						
Santie Botha¹ (54) <i>BEcon (hons)</i>	Appointed: 18 August 2004	1/1				1/1		1/1			
Mark Bowman (52) <i>BCom, MBA</i>	Appointed: 1 June 2012	6/6	9/10			3/3	1/1	3/3	1/1		2/2
Gail Klintworth² (55) <i>BA (industrial psychology), MSt (sustainability leadership)</i>	Appointed: 16 August 2018	2/2	1/1								

INDEPENDENT NON-EXECUTIVE DIRECTORS

Member attendance

		Scheduled board	Special board	Audit	Risk and sustainability	Remuneration	Special remuneration	Nominations	Special nominations	Social, ethics and transformation	Ad hoc committee Investment
Maya Mankanjee (56) <i>BA (fine arts), BCom, MBL (cum laude)</i>	Appointed: 1 August 2010	6/6	7/10			3/3	1/1	3/3	1/1	3/3	
Emma Mashilwane (43) <i>BCompt, BCom (hons), CA(SA), MBA, Global Executive Development Programme</i>	Appointed: 1 December 2016	6/6	9/10	3/3							
Rob Nisbet³ (63) <i>BCom, BAcc, CA(SA)</i>	Appointed: 1 August 2010	4/4	9/9	3/3	2/3						2/2
Makhup Nyama (61) <i>BCom, MBA, diploma in marketing management</i>	Appointed: 1 August 2010	6/6	10/10			3/3	1/1	3/3	1/1	3/3	
Yunus Suleman (61) <i>CA(SA), BCom, BCompt (hons), leadership programmes</i>	Appointed: 13 July 2015	6/6	9/10	3/3	3/3						2/2
Swazi Tshabalala⁴ (52) <i>BA (economics), MBA</i>	Appointed: 26 May 2017	3/3	7/8	3/3							

¹ Stepped down 24 November 2017.

² Appointed 16 August 2018.

³ Stepped down 7 September 2018.

⁴ Stepped down 15 August 2018.

EXECUTIVE DIRECTORS

Member attendance*

		Scheduled board	Special board	Audit	Risk and sustainability	Remuneration	Special remuneration	Nominations	Special nominations	Social, ethics and transformation	Ad hoc committee Investment
Lawrence Mac Dougall (61) Chief executive officer	Appointed: 10 May 2016	6/6	10/10	3/3	1/3	3/3	1/1	3/3	1/1	3/3	2/2
Noel Doyle (52) Chief financial officer FCA, CA(SA)	Appointed: 31 March 2015	6/6	10/10	3/3	3/3						2/2
Clive Vaux¹ (67) Corporate finance director CA(SA)	Appointed: 16 February 2000	2/2		1/1	1/1	2/2		2/2			2/2

¹ Stepped down 20 February 2018.

* Executive directors attend board committee meetings by invitation. However, Lawrence Mac Dougall is a member of the social, ethics and transformation committee.

Our executive committee

The executive committee comprises 12 members. The CEO and his leadership team are empowered to lead and manage the execution of all board-approved strategic objectives and overall direction for Tiger Brands, guided by an approved delegation of authority.

The executive committee meets at least once a month or as often as required.

Our company secretary

The board has access to the services and advice of the company secretary, Advocate Kgosi Monaisa. The board appointed the company secretary in line with the requirements of the Companies Act and King IV. The JSE Listings Requirements stipulate that the board must annually consider and satisfy itself on the competence, qualifications and experience of the company secretary. The board concluded that Advocate Monaisa has the relevant qualifications, skills, experience and competency to effectively discharge his responsibilities. The board also confirmed that he is not a director of the company and is able to interact with the board and chairman independently.

Our subsidiaries

The necessary framework, systems, policies and processes are in place to ensure all entities adhere to essential group requirements and minimum governance standards. The board monitors the implementation of strategies, decisions, values and policies by its committees, executive management and group entities.

EXECUTIVE COMMITTEE



LAWRENCE MAC DOUGALL (61)

Chief executive officer

Appointed: May 2016

Non-executive director of Oceana Group and Empresas Carozzi (Chile).



MARY-JANE MORIFI (56)

Chief corporate affairs and sustainability officer

Appointed: December 2016

Mary Jane has over 20 years' business experience in oil and gas and mining. Prior to her appointment, she was responsible for leading the global capital campaign for the Nelson Mandela Children's Hospital Trust.



NOEL DOYLE (52)

Chief financial officer

Rejoined: July 2012

Non-executive director of Oceana Group and National Foods Holdings (Zimbabwe)



THIROSHNEE (ROSH) NAIDOO (45)

Chief legal officer

Appointed: May 2015

Rosh is an experienced admitted attorney, with over 16 years' experience as corporate counsel, mostly in the FMCG industry, and particularly in African operations.



MARC EYRES (59)

Chief customer officer

Appointed: April 2015

Marc previously held senior FMCG sales and customer marketing roles across Africa, south Asia and Australia, including customer vice-president for Unilever South Africa and India.



BECKY OPDYKE (39)

Chief marketing officer

Appointed: October 2018

Becky was previously with AB-Inbev as brand director: Castle Light Africa after filling senior brand leadership roles from 2013. Prior to that, she spent 11 years at General Mills based in the USA in commercial and marketing roles, having been responsible for several global and regional portfolios, including South Africa.



KAMAL HARILAL (45)

Chief strategy officer

Appointed: April 2018

Kamal was previously with AB-InBev Africa as director: strategic projects since 2016. Prior to this role, he served as head of strategy and planning at SAB and Business Development Executive at SABMiller Africa. He has extensive experience in business development, strategy development and execution, mergers and acquisitions and corporate finance in South Africa and Africa.



PATRICK SITHOLE (51)

Chief supply chain officer

Appointed: August 2012

Patrick has over 30 years of experience in FMCG, including as supply chain vice-president for Unilever South Africa.

EXECUTIVE COMMITTEE

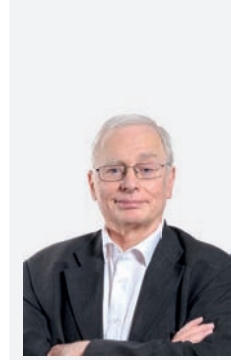


S'NE MAGAGULA (45)

Chief human resources officer

Appointed: May 2018

S'ne is a former senior vice president, group human capital for the Sasol group since 2016. She held various human resources leadership positions in Sasol since 2008, locally and globally. Prior to that, she spent 10 years at Shell in various roles in South Africa and Netherlands. She is a well-rounded and highly experienced human resources and business leader with a proven track record.



CLIVE VAUX (67)

Executive: Corporate finance

34 years with the group

Clive retired as an executive director on 20 February 2018 after serving on the board of Tiger Brands since February 2000. He has over 40 years of experience in the finance and corporate finance disciplines. Previous roles included group finance director of CG Smith Ltd and CG Smith Foods Ltd, Reunert Ltd and Barlow Rand Ltd (now Barloworld)



YOKESH MAHARAJ (46)

Chief growth officer: Exports, International and Snacks, treats & beverages

Appointed: July 2018

Yokesh joins Tiger Brands from Distell Limited, where he was managing director: Africa from 2017. Prior to that, he spent 17 years at South African Breweries (SAB) serving as executive director: sales/distribution, executive director: HR as well as president of SAB, post the AB-Inbev acquisition.



GRATTAN KIRK (54)

Chief growth officer: Consumer brands

Resigned: 31 August 2018



PIETER SPIES (53)

Chief growth officer: Grains and Consumer Brands

Appointed: February 2017

Pieter was previously CEO of GWK Group. He has over 25 years of business experience in the FMCG and agricultural sectors from a number of local and international companies, including Cadbury, Coca-Cola, Diageo and Brandhouse.



BRENDA KOORNNEEF (66)

Chief marketing officer

Retired: 31 May 2018

Audit committee report

This report is provided by the audit committee appointed for FY18 in compliance with the Companies Act, No 71 of 2008, as amended.



Emma Mashilwane, *Chairman*

The committee's activities are guided by a detailed charter informed by the Companies Act and King IV, and approved by the board.

The committee has executed its duties and responsibilities for the group's accounting, internal control, external auditing and financial reporting practices for the review period in line with its approved charter.

Structure

The committee comprises three independent non-executive directors, and its chairman is not the chairman of the board. Members and attendance are on pages 64 to 66.



Biographical details of members are on pages 62 and 63, while fees are noted in the remuneration report on pages 98 and 99.



The review period

External audit

The committee, among other matters:

- › Nominated Ernst & Young Inc. to shareholders for appointment as the external auditor, with Warren Kinnear as the designated auditor, for the financial year ended 30 September 2018. It ensured that the appointment complied with all applicable legal and regulatory requirements, and that the auditor and designated auditor are accredited by the JSE Limited
- › Approved the external audit engagement letter, plan and budgeted audit fees. Fees paid to the auditor are detailed in note 3 of the group annual financial statements
- › Reviewed the audit results, evaluated the effectiveness of the auditor and its independence, and evaluated the external auditor's internal quality-control procedures
- › Obtained an annual written statement from the auditor that its independence was not impaired
- › Considered the reports of the external auditor on the group's systems of internal control, including financial controls
- › Determined the nature and extent of all non-audit services provided by the external auditor and pre-approved all non-audit services
- › Obtained assurances from the external auditor that adequate accounting records were being maintained
- › Considered whether any reportable irregularities were identified and reported by the external auditor in terms of the Auditing Profession Act, No 26 of 2005, and determined there were none.



Independence of the external auditor

The audit committee is satisfied that Ernst & Young Inc. is independent of the group after considering the following factors:

- › Representations by Ernst & Young Inc. to the committee
- › The auditor does not, except as external auditor or in rendering permitted non-audit services, receive any remuneration or other benefit from the company
- › The auditor's independence was not impaired by any consultancy, advisory or other work undertaken
- › The auditor's independence was not prejudiced by any previous appointment as auditor
- › Criteria specified for independence by the Independent Regulatory Board for Auditors and international regulatory bodies.

Financial statements

For the financial statements, the committee:

- › Confirmed the going concern requirement as the basis of preparing interim and annual financial statements
- › Reviewed compliance with the financial conditions of loan covenants and determined that the capital and debt facilities of the group are adequate
- › Examined and reviewed the interim and annual financial statements, as well as all financial information disclosed to the public before submission to and approval by the board
- › Ensured the annual financial statements fairly present the financial position of the company and group at the end of the financial year and the results of operations and cash flows for that period, and considered the basis on which the company and group were determined to be a going concern
- › Considered accounting treatments, significant unusual transactions and accounting judgements
- › Considered the appropriateness of accounting policies adopted and any changes
- › Reviewed the external auditor's audit report including the key audit matters identified
- › Reviewed the representation letter on the group financial statements signed by management
- › Considered any problems identified and reviewed any significant legal and tax matters that could have a material impact on the financial statements
- › Met separately with management and external audit to review and discuss the annual financial statements
- › Received and considered reports from the internal auditors.

Internal controls and internal audit

For internal controls and internal audit, including forensic audit, the committee:

- › Reviewed and approved the internal audit charter and annual audit plan, and evaluated the independence, effectiveness and performance of the internal audit function and compliance with its charter
- › Considered reports of the internal auditor on the group's systems of internal control including financial controls and business risk management
- › Received assurance that an adequate and effective system of internal control and risk management is being maintained
- › Received assurance that proper and adequate accounting records were maintained and that the group's systems safeguarded its assets against unauthorised use or disposal
- › Reviewed significant issues raised by internal and forensic audit functions and the adequacy of corrective action taken
- › Assessed the performance of the internal audit function and found it to be satisfactory.

The committee confirms it has no reason to believe there were any material breakdowns in the design and operating effectiveness of internal financial controls in the period that have not been addressed or are not being addressed by management.

In terms of **risk management** and **information technology** relevant to its functions, the committee:

- › Reviewed the group's policies on risk assessment and management, including fraud risks and information technology risks as they relate to financial reporting and the going-concern assessment, and found them to be adequate and effective
- › Considered and reviewed the findings and recommendations of the risk and sustainability committee.

For **sustainability issues**, the committee:

- › Considered the findings and recommendations of the risk and sustainability committee
- › Met with senior management to consider findings on assurance, and made appropriate enquiries from management. Through this process, it has received the necessary assurances that material disclosures are reliable and do not conflict with financial information.

For **legal and regulatory requirements**, where these may affect the financial statements, the committee:

- › Reviewed, with management, legal matters that could have a material impact on the group
- › Reviewed, with the company's internal counsel, the adequacy and effectiveness of the group's procedures to ensure compliance with legal and regulatory responsibilities
- › Monitored concerns on accounting matters, internal audit, internal accounting controls, contents of the financial statements, potential violations of the law and questionable accounting or auditing matters
- › Considered reports provided by management, the internal auditor and external auditor on compliance with legal and regulatory requirements.

In terms of coordinating **assurance activities**, the committee reviewed the plans and work outputs of the external and internal auditors and concluded these were adequate to address all significant risks facing the business.

There is an enterprise-wide system of internal control and risk management in all key operations to manage and mitigate risks. The combined assurance approach is integrated with the risk management process to assess assurance activities across the various lines of defence.

Chief financial officer expertise and experience

The committee considered the expertise, resources and experience of the chief financial officer, Noel Doyle, and concluded that these were appropriate. Biographical details appear on page 67.

Company secretary

The board is satisfied that Advocate Kgosi Monaisa has the necessary skills and experience for this position. Biographical details appear on the website.

All directors have unlimited access to the services of the company secretary, who is responsible to the board for ensuring proper corporate governance principles are applied.

The company secretary also ensures the proper administration of proceedings and matters relating to the board, the company and shareholders in line with applicable legislation and procedures. He is responsible for director training and induction, as well as the annual board evaluation.

The committee confirms that the company secretary maintains an arm's-length relationship with the board and directors, taking into account that the company secretary is not a director of the company nor related to any directors.

Annual financial statements

Following its review of the annual financial statements of Tiger Brands Limited for the year ended 30 September 2018, the committee believes that, in all material respects, these comply with the relevant provisions of the Companies Act and IFRS and fairly present the consolidated and separate financial position of the company at that date and the results of its operations and cash flows for that year. The committee has also satisfied itself on the integrity of the remainder of this integrated annual report for the year ended 30 September 2018.

Having achieved its objectives, the audit committee recommended the annual financial statements and integrated report for approval by the board. The board has since approved the annual financial statements and integrated report 2018, which will be open for discussion at the upcoming annual general meeting.

On behalf of the committee



Emma Mashilwane
Chairman – Audit committee

21 November 2018

Social, ethics and transformation committee report

In the first half of 2018, South Africa faced a tragic crisis, the listeriosis outbreak that claimed so many lives – many of them children.



Maya Makanjee, *Chairman*

We were devastated that Listeria was found in our Polokwane manufacturing facility, and our sincere condolences go to all those who lost loved ones to listeriosis. We would like to assure our stakeholders that we are dealing with the matter ethically, with integrity and care, and as swiftly as possible, to be able to provide closure to the affected families.

The lessons learned from the crisis have led to the establishment of the Centre for Food Safety at Stellenbosch University. We hope that through the centre we will be able to enhance the national food safety system to ensure consumers have greater certainty about the quality and safety of food they consume. This is a start, and we will continue to work with our stakeholders, including government, academia, local and international experts and industry partners, to support and improve South Africa's food safety standards.

Below is a detailed schedule of the focus areas of the social, ethics and transformation committee, the progress and the gaps that still need to be closed:

Focus areas	Elements	Focus areas in 2018	Gaps to be addressed in 2019
Economy	<ul style="list-style-type: none"> › Economic development › Preventing corruption › Broad-based black economic empowerment (BBBEE) 	<ul style="list-style-type: none"> › We registered a special-purpose vehicle and trust to manage our enterprise and supplier development programme › The community enterprise development programme was established, focusing on community bakeries, farming cooperatives and community food gardens › All senior employees and non-executive directors were required to undertake ethics training, particularly anti-bribery and anti-corruption › We have a functioning confidential tip-off line that can be accessed by employees, suppliers and other stakeholders › Our BBBEE scorecard moved from the old agricultural codes where Tiger Brands was rated as a level 3 contributor; under the new codes, indications are that Tiger Brands will drop to level 8 › For the scorecard, Tiger Brands was rated non-compliant on the enterprise and supplier development element – an area we must improve on › The committee applied its mind to the issue of counterfeit stock and export stock being sold in the local market › Tiger Brands remains a member of Business Leadership SA and has signed the business integrity pledge 	<ul style="list-style-type: none"> › We have plans to improve our BBBEE score to level 4 by FY22 by focusing our investments on preferential procurement, enterprise development and supplier development › Job creation and job security remain critical areas to stakeholders, and Tiger Brands will need to develop strategies to address these challenges

Social, ethics and transformation committee report continued

MANDATE OF THE SOCIAL AND ETHICS COMMITTEE


MONITOR THE COMPANY'S PERFORMANCE	REPORT ON THE COMPANY'S SOCIAL PERFORMANCE
<ul style="list-style-type: none"> › SED – socio-economic development › Good corporate citizenship › Consumer relations › Labour relations and employment issues › Health, safety and environment (HSE) 	<ul style="list-style-type: none"> › Draw matters to the attention of the board › Report to the annual general meeting

Focus areas	Elements	Focus areas in 2018	Gaps to be addressed in 2019
Workplace	<ul style="list-style-type: none"> › Employment equity › Decent work › Employee safety and health › Employee relations › Skills development of employees 	<ul style="list-style-type: none"> › We are deeply saddened that one of our employees died while on his bread-delivery route. We continue to work with industry partners to seek ways to improve the safety and security of our bakery drivers › Following the suspension of our value added meat products facilities, we used the opportunity to retrain staff on safe production and product quality. All employees at the suspended sites remained fully employed during this period › The graduate and management trainee programme, the Thusani Trust bursary scheme for children of qualifying employees and the community bursary programme are well established › A progress report was provided to the Gender Commission in November 2017 after the review conducted in 2016. Positive feedback was received from the commission, with some recommendation for enhancement of our diversity and inclusion initiatives › Agreement was reached with the Department of Labour for Tiger Brands to submit one employment equity report for the group instead of separate reports for each of our business units › The committee considered activities on equality and unfair discrimination, the industrial relations climate and union engagements. Wage negotiations were concluded successfully › Tiger Brands launched the Tiger Woman's Network, which was very well received by employees › The committee engaged with the risk committee on matters monitored by that committee on its behalf – including employee safety, health and the environment. Tiger Brands has been independently assessed against FTSE4Good criteria, and has satisfied the requirements to remain a constituent of the FTSE4Good index 	<ul style="list-style-type: none"> › Employee health and wellness need to be enhanced at site level. Some progress has been made as we now have a group occupational health risk manager who will work with sites to develop employee health and wellness programmes

Focus areas	Elements	Focus areas in 2018	Gaps to be addressed in 2019
Social environment	<ul style="list-style-type: none"> › Community development › Donations and sponsorships › Public health and safety › Consumer protection › Advertising › Human rights 	<ul style="list-style-type: none"> › In the review period, the committee focused significant attention on the listeriosis crisis. The concerns of all stakeholders were considered and responded to with integrity and transparency › The company is working with the class-action lawyers to facilitate the speedy certification of the class action and enable the legal process to progress expeditiously › Tiger Brands is the founding member of the Stellenbosch Centre for Food Safety which will work with other academic institutions, industry and government to improve the food safety system in South Africa › We approved the socio-economic development (SED) strategy which focuses on nutrition and food security of communities. The SED programme has been extended to universities to cater for food security of students in need. Both the community and university programmes are complemented by food gardens that provide fresh vegetables to their beneficiaries › The Tiger Brands Foundation continues its well-established partnership with the Department of Basic Education and is providing daily in-school breakfast to 94 non-fee-paying schools, reaching 67 500 children and teachers per day › In the review period, the consumer contact centre recorded a significant increase in consumer interactions due to the listeriosis crisis › The committee considered and approved the stakeholder relations policy, human rights policy, group code of ethics and ethical sourcing policy 	<ul style="list-style-type: none"> › Stakeholder management strategies and plans at all our operating sites need to be articulated and implemented to enable effective site-specific stakeholder management › Relationship owners will be trained on the Tiger Brands stakeholder protocols, systems and processes › A stakeholder management system will be implemented to enable central reporting

The committee is satisfied that it has carried out its mandate. We will continue to engage with our stakeholders to receive feedback and input on material issues they wish to bring to our attention.

On behalf of the committee



Maya Makanjee
 Chairman – Social, ethics and transformation committee

21 November 2018

Remuneration report



Mark Bowman, *Chairman*

SECTION 1: BACKGROUND

Statement from the chairman of the remuneration committee

Dear Stakeholder

On behalf of the remuneration committee, I am pleased to present the 2018 summarised remuneration report, which highlights:

- > Key components of our remuneration policy
- > Alignment of these components with the Tiger Brands business strategy
- > Implementation of the policy for the 2018 financial year (FY18).

The remuneration report

In line with our commitment to comply with King IV, our remuneration report adheres to the requirements of that code: the background statement (part 1), overview of the remuneration policy (part 2 – detailing the current policy and future policy from 2019) and the implementation report (part 3).

Remuneration committee objectives for FY18

Despite the group's financial performance being severely impacted by challenging operating environment and the Listeria outbreak, in FY18, the remuneration committee sought to leverage the remuneration strategy to enable the attraction and retention of key skills to support delivery of the business strategy.

In a tough operating environment, the company succeeded in attracting key employees, further strengthening the Tiger Brands executive leadership team by recruiting new capabilities in certain business units: marketing, strategy and human resources.

Following the 2018 reorganisation of the group, the leadership team focused on embedding the new operating model, skilling employees to embrace new responsibilities in their roles and engaging teams to entrench new ways of working to execute the business strategy and deliver winning performance.

To ensure our remuneration policy remains competitive and fulfils the objective of attracting, motivating and retaining high-performing employees, we have reviewed our pay scales and other elements of the remuneration design after considering market benchmarks and capabilities required to deliver the business strategy.

The remuneration committee again engaged with shareholders on recent voting outcomes and analysed major points that affected their voting:

Issue	Remuneration committee action/response
Share appreciation rights (SARs) vesting scale does not include sufficient stretch	Revised scheme to be introduced from FY20 that will have more demanding targets.
Lack of a return metric in short- and long-term incentive (STI and LTI) schemes	Return on net assets (RONA) included in key performance indicators for FY18, which influences the STI and the inclusion of return on invested capital (ROIC) as a performance metric in the LTI scheme for FY19
No clawback policy in place	A clawback and malus clause will be included in the remuneration policy from FY19
Limited disclosure on STI targets	Greater disclosure on STI scorecard in FY18 report
Non-executive directors are paid hourly fees for extra work, which implies they could be paid for consultancy work. This may affect their ability to function independently	Effect payment of hourly fees in exceptional and extraordinary circumstances, subject to the approval by the Chief Executive Officer

Shareholder input has been considered in our continued efforts to modernise and align our remuneration policy with business strategy execution and shareholder interests. Accordingly, we have:

- › Refined our approach to linking our annual execution plans directly with business strategy by ensuring the appropriate focus of our STI metrics on growth, efficiencies, people and sustainability
- › Revised our market anchor point for guaranteed pay from the 50th to 65th percentile of the national market and implemented a pay-progression model to ensure we are able to attract and motivate talent and core capabilities
- › Increased focus to address any unjustifiable pay inequities
- › Developed a clawback and malus policy to minimise risk
- › Revised LTI performance metrics to align executive and shareholder interests.

Refer to the overview section of the report which discusses the remuneration elements and outlines key enhancements to our remuneration strategy from 2019.

Shareholder engagement

The remuneration committee is committed to shareholder engagement and will take the following steps if 25% or more of total votes exercised by shareholders at the upcoming annual general meeting (AGM) are against the remuneration policy or implementation report:

- › Tiger Brands will issue a SENS announcement inviting dissenting shareholders to note their specific concerns and to engage with the company
- › We will consider these concerns and report on the outcome of this engagement, and measures taken, in our next integrated report.

Focus areas for 2019

As we begin our new financial year, the remuneration committee is committed to staying abreast of remuneration market trends and best practice, business requirements, our responsibilities to our community as well as our shareholders to ensure our remuneration practices are aligned with our business strategy.

Key focus areas include aligning our people with business objectives through an integrated scorecard that has group/business and individual components to support strategy execution. We will also continue to actively monitor and address identified pay inequities to ensure we attract and retain key talent. Finally, we will review share instruments in the LTI scheme to further align executives' interests and commitment with shareholder value creation.

Voting at AGM

As required by King IV, the remuneration policy and implementation report detailed here will be tabled for separate non-binding advisory votes by shareholders at the upcoming AGM.

As required by the Companies Act, non-executive directors' fees for the coming year will be put to shareholders by way of a special resolution.

We encourage all shareholders to provide feedback on their position on the various voting requirements. We commit to engaging with shareholders as required to discuss issues of concern.

External advice to the committee in 2018

In reviewing our remuneration offering to ensure it is competitive, fair, ethical and transparent, we enlisted the services of PwC South Africa and Vasdex to assist us with design, market practice and survey data. The committee is satisfied that PwC and Vasdex are independent.



Mark Bowman

Chairman – Remuneration committee

21 November 2018

SECTION 2: OVERVIEW OF REMUNERATION POLICY

The Tiger Brands approach to remuneration is holistic, encompassing the monetary elements of reward as well as non-financial aspects such as growth, development and work environment.

Central tenets of our remuneration policy

To support our remuneration strategy, our remuneration policy is based on the following central tenets:

- > Aligning strategic business performance with shareholder interests
- > Providing a competitive reward offering to attract and retain talent that enables execution of our business strategy
- > Rewarding and motivating winning performance across all levels in the organisation
- > Build a strong foundation of fair and responsible pay.

Fair and responsible remuneration

The remuneration committee is committed to ensuring our remuneration policy and practices are fair, transparent and responsible. Key principles guiding this policy include:

- > Motivating delivery of the company's strategic objectives while aligning strategy execution with internal and external stakeholder interests. As such, executive remuneration is determined by considering performance, complexity of the role, peer-group comparisons and market practice.
- > Internal equity – we continually investigate and address any inequitable pay practices across the organisation. We have made a concerted effort to address income disparities, based on race, gender and performance. Any unjustifiable differences in pay and conditions of employment between employees at the same level are being addressed in line with the 'equal pay for work of equal value' philosophy.
- > External equity – we conduct annual benchmarking exercises to understand economic trends and ensure all employees are paid a market-related salary, taking into consideration performance levels.



Guaranteed package (excluding bargaining unit employees)

Description Guaranteed package (GP) comprises base pay, allowances, retirement and medical benefits. It is reviewed annually based on personal performance (key performance indicators (KPIs) based on a balanced scorecard that includes financial and non-financial metrics), business performance (linked to budget), behaviours aligned with the values and market competitiveness (national and sector benchmarks)

Benchmarks Benchmarking for executive directors and prescribed officers is based on a peer group of companies. The peer group is determined using the closeness metric formula, based on:

Turnover	Operating income before tax	Number of employees	Total assets	EBITDA	Market cap
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Companies included in the peer group comprise:

Factor	Executive directors and prescribed officers	Rest of exco, senior management and below												
Survey type	Bespoke survey	Remchannel survey												
Comparator group	Public data of South African companies listed on the JSE, based on the closeness metric is used to determine an appropriate peer group. Our peer group comprises: <table border="1" data-bbox="571 1010 1129 1294"> <tr> <td>Aspen Pharmacare Ltd</td> <td>Massmart Holdings Ltd</td> <td>Remgro Ltd</td> </tr> <tr> <td>Bid Corporation Ltd</td> <td>Pick n Pay Stores Ltd</td> <td>Shoprite Holdings Ltd</td> </tr> <tr> <td>Distell Group Ltd</td> <td>Pioneer Foods Ltd</td> <td>The Spar Group Ltd</td> </tr> <tr> <td>Imperial Holdings Ltd</td> <td>RCL Foods Ltd</td> <td>Woolworths Holdings Ltd</td> </tr> </table>	Aspen Pharmacare Ltd	Massmart Holdings Ltd	Remgro Ltd	Bid Corporation Ltd	Pick n Pay Stores Ltd	Shoprite Holdings Ltd	Distell Group Ltd	Pioneer Foods Ltd	The Spar Group Ltd	Imperial Holdings Ltd	RCL Foods Ltd	Woolworths Holdings Ltd	National and consumer goods circles
Aspen Pharmacare Ltd	Massmart Holdings Ltd	Remgro Ltd												
Bid Corporation Ltd	Pick n Pay Stores Ltd	Shoprite Holdings Ltd												
Distell Group Ltd	Pioneer Foods Ltd	The Spar Group Ltd												
Imperial Holdings Ltd	RCL Foods Ltd	Woolworths Holdings Ltd												
Frequency	Every second year	Annually												
Service provider	PwC	PwC												

Anchor point Tiger Brands' current pay position is at the 50th percentile (median) of the market, where a normal distribution around the median is to be expected based on individual employee performance, talent/potential, experience and, in certain instances, tenure

Benefits Benefits include retirement fund contributions, funeral cover, permanent health insurance, death-in-service cover, medical aid contributions and travel allowances (where applicable)

Changes for FY19 Market benchmarks indicate that our guaranteed package is not competitive in relation to our peers. In practice, we have had to pay significant premiums to source key talent externally. To address this challenge, we have taken a balanced approach and revised our anchor point for guaranteed package from the 50th percentile to the 65th percentile to attract and motivate talent to ensure we sustainably build core capability to execute our business strategy.

We are implementing a pay-progression model to ensure we reward performance competitively and actively manage pay around our chosen anchor point.

Short-term incentive

Description and link to strategy	<p>The primary intention of the STI is to improve business performance by focusing participants' attention on key financial, strategic, functional and personal performance objectives (KPIs based on a balanced scorecard), which are aligned with the long-term business strategy for sustainable value creation.</p> <ul style="list-style-type: none"> > All permanent employees on a guaranteed package in Paterson grades DL and above, are eligible to participate > The STI is paid annually in cash for employees who are still employed by the organisation on the payment date > By incorporating personal performance, the STI aims to: <ul style="list-style-type: none"> » Drive achievement of our annual strategic goals » Allow for differentiation in rewarding high performers > The on-target percentage (as a percentage of guaranteed package) is benchmarked against the South African market to ensure we are aligned with market practice. It is based on affordability and the STI payment is based on achieving the defined objectives > The final STI award uses two performance multipliers: <ul style="list-style-type: none"> » A business performance multiplier focused mainly on group financial metrics, measured in a range of 0 to 150% » An individual performance multiplier focused mainly on non-financial strategic objectives, measured in a range of 0 to 175% > This facilitates the appropriate focus to sustainably achieve the business's long-term goals, particularly since the personal performance multiplier can significantly impact the quantum of an employee's STI
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Calculation STI = Guaranteed Package (GP) x on-target % x business performance multiplier x personal performance multiplier

Target and maximum The following ranges of STI awards apply to the various categories of employees covered by this report:

	Target % of Guaranteed Package	Maximum % of Guaranteed Package
CEO and CFO and executive directors	60%	157,5%
Prescribed officers	50%	131,25%

Maximum STI amounts are based on the on-target % adjusted for the maximum potential ranges applicable to both the business performance multiplier (150%) and personal performance multiplier (175%).

Business performance multiplier The underlying values and weightings for each KPI are set and approved by the remuneration committee in advance of each year to determine parameters for the STI.

	Weight	Below threshold 0%	Threshold 50%	Target 100%	Maximum 150%
CEO, CFO and executive directors					
HEPS	35%			Linear interpolation between threshold, target and maximum	
EBIT	35%				
Sales volume growth	15%				
Working capital	15%				
Prescribed officers					
EBIT	70%			Linear interpolation between threshold, target and maximum	
Sales volume growth	15%				
Working capital	15%				

Personal performance multiplier

Personal performance measurement is based on a weighted combination of a balanced scorecard of metrics, typically comprising:

Top-tier financial results	Market performance	Compliance	People
Revenue Gross margin Productivity cost savings Return on net assets	Market share On-shelf availability Innovation rate Brand health measure	Zero level 1 audit findings Reduction in consumer complaints Safety (LTIFR) BBBEE implementation	Improved employee engagement Employee development plans in place Diversity and inclusion

Taking into account the balanced scorecard and the individual KPIs, the personal performance multiplier is determined as follows:

Performance rating	Range
5	150% – 175%
4	120% – 130%
3	90% – 110%
2	15% – 50%
1	0%

Changes for FY19

To incentivise execution of our strategic and tactical plans to deliver winning performance, the scheme has been revised from a multiplicative model to an additive model as follows:

STI = GP x on-target % x {group performance factor (0 – 200%) + business unit performance factor (0 – 200%) + individual performance factor (0 – 200%)}. Predetermined weightings will be applied to each of the performance factors.

The maximum STI that can be earned is 200% of the applicable on-target percentage.

This drives high performance by explicitly creating line of sight in linking group, business unit and individual performance.

An integrated STI scorecard for the group that includes financial and non-financial (sustainability) metrics is being implemented to align teams on a One Tiger bottom line. Payment of an STI is subject to the overriding condition that the group/business unit meets or exceeds its earnings before interest and tax (EBIT) entry threshold.

Below is the group STI scorecard that will apply to the CEO, CFO, executive directors and prescribed officers:

Strategic objective	Strategic objective weighting	Key Performance Indicator	Key Performance Indicator weighting	Threshold	Target	Stretch
				Score = 50%	Score = 100%	Score = 200%
Growth	60%	Sales volume growth	10%	40,0%	100%	140,0%
		Gross margin %	10%	98,6%	100%	103,6%
		EBIT	40%	98,6%	100%	103,6%
Efficiency	10%	Cost-saving initiatives	5%	98,6%	100%	123,4%
		Net working capital days	5%	101,2%	100%	97,7%
People and sustainability	30%	Quality	10%	Reduction in execution-related marketplace incidents YoY by		
				10%	15%	20%
		Safety (LTIFR)	10%	120%	100%	80%
		BBBEE score	10%	Level 7 (60 – 61)	Level 7 (61,1 – 65)	Level 6

The group, business unit and individual weightings applicable to the CEO, CFO, executive directors and prescribed officers are detailed below:

Employee category	Group	Business unit	Individual
CEO, CFO and executive directors	80%	0%	20%
Prescribed officers	60%	20%	20%

Long-term incentive

Description

Long-term incentive (management and above)

There are three schemes operating for long-term incentives as part of the Tiger Brands 2013 Share Plan (LTIP):

- › Share appreciation rights (SARs)
- › Restricted shares issued as bonus-matching shares
- › Restricted shares issued as deferred bonus shares and company-matching shares.

Key elements of the LTIP include:

- › Annual awards of SARs, with a performance vesting condition of real HEPS growth, combined with a gatekeeper that the company's return on capital must exceed its weighted average cost of capital. Targeted HEPS growth is equal to CPI plus the annual growth in GDP. Vesting is on a sliding scale
- › Annual awards of bonus-matching shares are linked directly to achieving the STI in the prior financial year. If no STI is earned, bonus-matching shares are not awarded
- › A performance differentiation tool (PDT) is used to modify the standard quantum of SARs and bonus matching shares, based on an individual's personal performance, leadership and ability. This is a discretionary percentage ranging from 0% to 200%
- › Executive management and other senior management may voluntarily defer a portion (25%, 33% or 50%) of their STI award into deferred bonus shares, which are then matched 1:1 by the company in the form of company-matching shares. Both deferred bonus shares and company-matching shares vest three years after grant
- › If no bonus is earned or a participant elects not to voluntarily defer a portion of their STI, no deferred bonus shares and company-matching shares will be awarded. There will be no upward adjustment of other share instruments to compensate for this.

Vesting periods

- › Bonus matching, deferred bonus and company-matching shares: these are subject to continued tenure for three years after being granted
- › SARs: these will vest in equal thirds on the third, fourth and fifth anniversaries of the date of allocation, but need not be exercised until the sixth anniversary, when they must be exercised or will lapse. Vesting will depend on the company's performance relative to specified conditions, as set out above, measured over a three-, four- and five-year period respectively.

Historical LTI information

Performance shares

The last awards of performance shares were made in February 2016 and in May 2016. The vesting of these awards would be determined by the company's comparative total shareholder return (TSR) relative to the TSR of the constituent members of the FINDI 30 index. The vesting of the 2016 performance shares will thus be based on Tiger Brands' relative TSR position over the three-year vesting period, as follows:

- › Position 15 out of 30: the targeted number (one-third of maximum number) of performance shares awarded will vest
- › Position 7 or better: the maximum number (three times targeted number) of performance shares awarded will vest
- › Position 23 or worse: all performance shares awarded will be forfeited
- › Between position 7 and 15, or between 15 and 23: a pro-rated number of performance shares will vest.

Any performance shares that do not vest at the end of the three-year period will be forfeited.

SARs performance conditions for previous allocations

For outstanding SARs allocated before December 2016, the performance vesting conditions are based on a targeted rate of 3% per annum real growth in HEPS over three-, four- and five-year periods.

Percentage threshold levels for real HEPS growth and corresponding percentage of allocation to vest:

- | | |
|-------------------|------|
| › >0% and <0,5% | 5% |
| › ≥0,5% and <1,0% | 10% |
| › ≥1,0% and <1,5% | 16% |
| › ≥1,5% and <2,0% | 27% |
| › ≥2,0% and <2,5% | 44% |
| › ≥2,5% and <3,0% | 75% |
| › ≥3,0% | 100% |

Share appreciation rights

The following ranges of SARs, based on the face value of awards, apply to the categories of staff covered by this report:

Value of awards	Employee category	% of GP
	CEO	151% ¹
	CFO	145%
	Prescribed officers and executive directors	110%

¹ The policy for the SARs multiple is 151% (face value). However, when the CEO was appointed in May 2016, specific SARS multiples were included in his employment contract for allocation until the last allocation in December 2018. Thereafter, the policy will apply.

Calculation The number of SARs at award date is determined as follows:
 $\text{SARs} = (\text{GP} \times \text{SARs multiple} / \text{share price}) \times \text{PDT multiplier}$

Share price The share price is determined based on the volume-weighted average price (VWAP) for the 10 trading days before the issue date.


Vesting Vesting occurs according to the following pattern:

	Year from award date					
	0	1	2	3	4	5
Vesting				1/3	1/3	1/3

Performance metrics Performance metrics that determine vesting (in addition to continued employment) are defined as:

Metric	Weight	0% vesting	Maximum 100% vesting
HEPS growth	100%	CPI and below	CPI + GDP

Pro rata vesting on linear scale if HEPS growth > CPI but below CPI + GDP rate. Further vesting condition: Average annual return on capital over the relevant performance period must exceed the company's weighted average cost of capital (WACC).

Fair value To illustrate the target and maximum outcomes of total remuneration as set out on pages 84 and 85, the face value of SARs was based on a defined % of GP (assuming 'on-target' and 'maximum' performance will be met), with the fair value of SARs calculated at 30% of this face value. 

Bonus-matching shares The following multiples of bonus-matching shares, based on the face value of STI award, apply to the employee categories covered by this report:

Value of awards	Employee category	% of STI earned (face value)
	CEO	50%
	CFO	50%
	Prescribed officers and executive directors	50%


Calculation The number of bonus-matching shares at award date is determined as follows:
 $\text{Bonus-matching shares} = (\text{actual STI} \times 50\% / \text{share price}) \times \text{PDT multiplier}$

Share price The share price is determined based on the VWAP for the 10 trading days before the issue date.

Vesting Vesting occurs according to the following pattern:

	Year from award date					
	0	1	2	3	4	5
Vesting				100%		

Performance metrics There are no further performance conditions to determine vesting, which is therefore time-based. The reason for no further vesting condition is that the quantum of bonus-matching shares is directly linked to the bonus. Performance is required 'on the way in' to earn the bonus. If STI targets are not met, no STI is earned, hence no bonus-matching shares will be allocated.

Fair value To illustrate the target and maximum outcomes of total remuneration set out on pages 84 and 85, the face value of bonus-matching shares was based on a defined % of STI earned. The fair value of the bonus-matching shares was calculated at 90% of this face value. 

Remuneration report continued

Deferred bonus shares and company-matching shares The CEO, CFO, executive directors, prescribed officers and members of the executive team may be granted deferred bonus shares and company matching shares on the following basis: Upon election by the individual, a percentage of the STI (25%, 33% or 50%) may be deferred and converted into deferred bonus shares, with additional company-matching shares being granted by the company.

Value of awards Deferred bonus shares and company-matching shares are only awarded if a bonus/STI was earned. Hence performance is 'on the way in'.

Calculation The number of deferred bonus shares and company-matching shares, at award date, is determined as:
Deferred bonus shares and company-matching shares = (actual STI deferred x 2/share price)

Share price The share price is determined based on the VWAP for the 10 trading days before the issue date.

Vesting Vesting for deferred and company-matching shares occurs according to the following pattern:

	Year from award date					
	0	1	2	3	4	5
Vesting				100%		

Performance metric There are no further performance conditions to determine vesting.

Fair value To illustrate the target and maximum outcomes of total remuneration set out on pages 84 and 85, the face value of deferred bonus shares and company-matching shares was calculated on the assumption that the maximum of 50% of the STI will be deferred. The fair value was calculated at 90% of this face value.

Dilution Under the rules of the Tiger Brands Phantom Cash Option Scheme (replaced by the LTIP), at any point the aggregate number of unexercised phantom options is limited to 10% of the total issued share capital of the company. At 30 September 2018, aggregate outstanding options under the scheme represented 0,02% (2017: 0,06%) of the company's issued share capital.

The maximum aggregate number of shares that may be acquired by participants under the LTIP and any other share plan may not exceed 5,5 million shares; and for any one participant 550 000 shares. In determining these limits, shares acquired through the JSE and transferred to participants are not considered. At 30 September 2018, the aggregate number of shares that may be acquired by participants under the various schemes was 1 898 112 (2017: 1 742 012), which represents approximately 1% of the number of issued ordinary shares. This is in line with market practice.

BEE schemes Two schemes were previously established as part of the company's black empowerment strategy:

- › Tiger Brands Black Managers Trust (BMT I)
 - » Established in 2005 to attract and retain diverse talent
 - » Rights allocated – Tiger Brands shares. Rights are settled after making the required capital contributions to BMT I at any time after the specified lock-in period, ie from 1 January 2015. For all rights allocated after 31 July 2010, the lock-in date varies depending on the date of allocation. Periodically, new allocations are made to new joiners and top-up allocations are made to existing participants promoted to higher grades as shares became available after forfeitures
- › Tiger Brands Black Managers Trust II (BMT II)
 - » Established in 2009
 - » Scheme terminated on 31 December 2017
 - » On termination, R574,8 million (pre-tax) was paid out to participants
- › Thusani Trust
 - » Established in 2005 as part of the company's BEE phase I empowerment initiative. The trust's resources were enhanced in 2009 under the company's BEE phase II transaction
 - » As part of our social investment initiatives, the trust provides bursaries for tertiary education to dependants of permanently employed black employees who might not otherwise be able to afford this cost

Changes for FY19

To focus on our long-term strategy execution, we have revised LTI performance conditions for share appreciation rights by including ROIC. As such, we have implicitly aligned the interests of our shareholders and employees. Vesting conditions are summarised below:

Metric	Measurement	Weight	0%	25%	100%
HEPS	Compound annual growth	50%	Full vesting: HEPS = > CPI + rate of growth in GDP (measured on an annual compound basis over the applicable period) Pro rata vesting on a linear scale: HEPS growth > CPI but below CPI + GDP rate. No vesting if HEPS ≤ CPI		
ROIC	Average published ROIC measured over 3, 4 and 5 years for each one-third tranche	50%	Less than WACC+1%	WACC+1%	WACC+2% and above

WACC: weighted average cost of capital.

Minimum shareholding policy

Description

We have a minimum shareholding policy, where executives are expected to build up their personal shareholding in the company to at least 150% of GP (for CEO) and 100% of GP for other exco members. Executives have six years to build up these holdings. Executives who were in service when the policy was adopted have six years to build up their shareholding from date of adoption. Executives appointed after adoption have six years to build their shareholding from date of appointment. They may use a portion of their STI, any vesting LTIs or their own resources to acquire these shares.

Name	Date of engagement	GP*	Value of shares held**	% of GP	Target % of GP	Years remaining to meet target
LC Mac Dougall	10/05/2016	R9 083 550	R172 263	2%	150%	4
NP Doyle	01/07/2012	R6 549 750	R2 305 144	35%	100%	4
P Spies	01/02/2017	R4 853 000	0	0%	100%	5
Y Maharaj	01/07/2018	R4 850 000	0	0%	100%	6
PD Sithole	01/08/2012	R4 549 157	0	0%	100%	6

* GP as at 30 September 2018.

** Value calculated with reference to the closing price of a Tiger Brands share at 28 September 2018, ie R265,02.

For FY19, we have increased the minimum shareholding for the CEO from 150% to 200% to align with market practice.

Clawback and malus

Description

From FY19, we have implemented a clawback and malus policy to minimise risk. The central tenets of the policy include:

In the event that the remuneration committee, in consultation with the board and/or any committee of the board, believes that a trigger event has occurred, it has full discretion to reduce, in part or whole, unvested variable remuneration before the end of the vesting or payment period – malus.

It is the responsibility of the remuneration committee, in consultation with the board and/or any committee of the board, to implement clawback for the whole or portion of vested variable remuneration in the event of a trigger event over a period of three years from the date on which payment was made of such vested variable remuneration.

Trigger events include, but are not limited to:

- › Material misstatement of financial results
- › Misconduct, incompetence, fraud, dishonesty
- › Negligence or material breach of obligations to the company
- › Deliberate harm to the company's reputation
- › Material failure of risk management.

Remuneration report continued

Illustrating potential remuneration outcomes

The variable pay arrangements described on the previous pages have various potential outcomes. These outcomes could be from zero (minimum) to the expected level of performance outcomes (target) to the maximum potential variable pay outcomes (maximum).

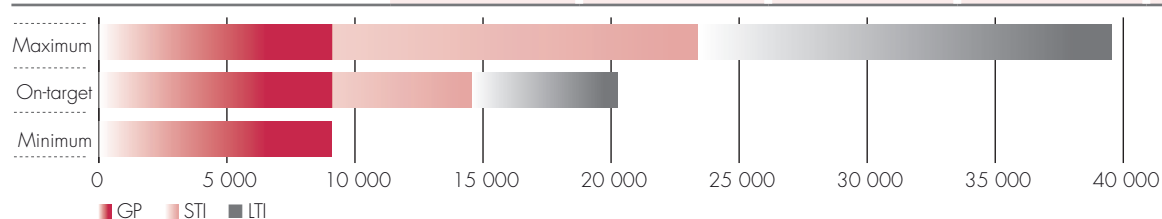
In the illustrations presented below, it should be noted that:

- > STI represents the cash component of short-term performance
- > LTI represents the total of share appreciation rights awards, bonus-matching awards, deferred bonus shares and company-matching shares.

CEO

The potential total remuneration outcomes for the CEO are as follows:

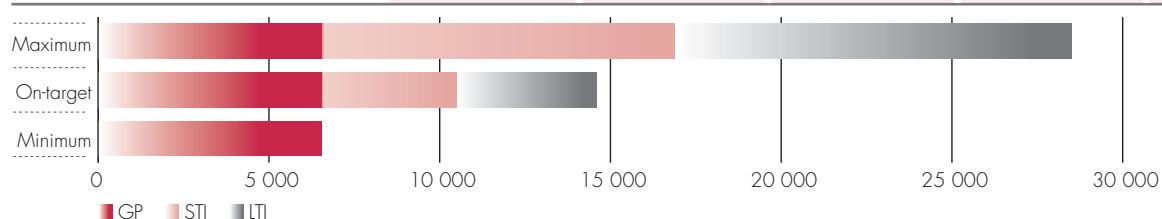
R'000		GP	STI	LTI	Total
	Minimum	9 084	0	0	9 084
	On-target	9 084	5 450	5 723	20 256
	Maximum	9 084	14 307	16 146	39 536



CFO

The potential total remuneration outcomes for the CFO are as follows:

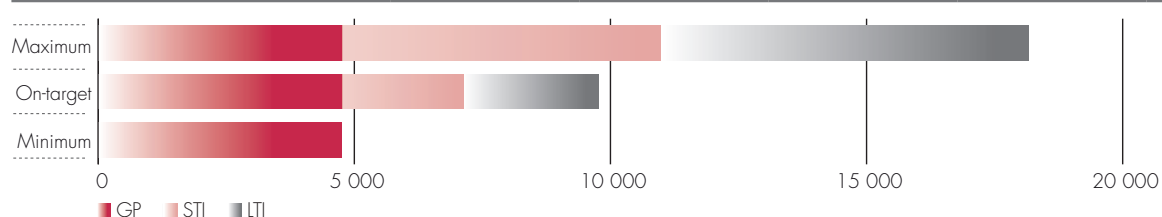
R'000		GP	STI	LTI	Total
	Minimum	6 550	0	0	6 550
	On-target	6 550	3 930	4 126	14 606
	Maximum	6 550	10 316	11 642	28 508



Prescribed officers (on average)

The potential total remuneration outcomes for prescribed officers are as follows:

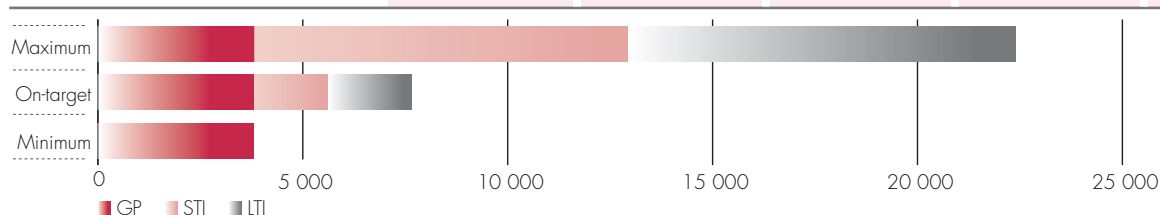
R'000		GP	STI	LTI	Total
	Minimum	4 751	0	0	4 751
	On-target	4 751	2 375	2 637	9 763
	Maximum	4 751	6 235	7 180	18 166



Group executive committee (on average)

The potential total remuneration outcomes for other members of the group executive committee are as follows:

R'000		GP	STI	LTI	Total
	Minimum	3 790	0	0	3 790
	On-target	3 790	1 807	2 044	7 641
	Maximum	3 790	9 138	9 455	22 384



Executive service contracts

Senior executives are employed full-time under standard agreements, with a notice period of three months.

We strive to bind all senior executives by a restraint-of-trade agreement. To the extent that executives have access to proprietary business insights and intellectual property, Tiger Brands will enforce the agreement should they join a competitor. The restraint comprises a three-month notice period or three months' special leave (paid as a three-month lump sum (based on guaranteed package) on termination).

Payments on termination of employment

Remuneration policy component	Voluntary termination (ie resignation)	Involuntary termination (retrenchment, retirement, death)
Guaranteed package	Paid up to last date of service	Paid up to last date of service including notice period, where applicable
Medical aid	Benefit continues to last date of service	Benefit continues up to last date of service. Employees who qualify for post-retirement medical aid funding will continue to receive the employer contribution with effect from their normal retirement date.
Retirement and risk plans	Employer contributions paid until last date of service. Employee is entitled to the value of the investment	
Other benefits	Not applicable	Severance package – 1 or 2 weeks for every completed year of service in terms of the relevant rules
Short-term incentive	No pro rata bonus paid	Pro rata STI payment (based on extent of achieving specified financial and strategic targets for the period and a personal performance agreement being in place at the date of exit)
Long-term incentives	All unvested awards (other than certain deferred bonus shares) will be forfeited	Depending on the nature of the unit (ie SARs, bonus-matching shares, deferred bonus shares or company-matching shares) and reasons for termination, a participant may retain all units or a pro rata portion. Accelerated vesting and settlement of retained units may apply in certain circumstances.

External board appointments

Tiger Brands encourages members of the executive committee to consider accepting appropriate opportunities to serve as non-executive directors on the main board or committees of external companies. We believe this encourages our executives to broaden their skills base and experience.

Under a formal policy, an executive is limited to one substantive outside directorship. The chairman of the Tiger Brands board, chairman of the nominations committee, and chairman of the remuneration committee are required to authorise these appointments based on a recommendation from the CEO. Other than in respect of their appointment to the boards of associate companies, directors' fees under this policy may be retained by the individual. Other than associate companies, Tiger Brands currently has no executive members serving as non-executive directors on the main boards or committees of external companies.

Q Details of exco members serving on the boards of associate companies appear on page 67.

Non-executive directors

Fees and approval process

Non-executive directors are paid an annual retainer that reflects their overall contribution and input to the company, and not just for attendance at board and committee meetings.

Fees are reviewed annually and increases are implemented in March after approval at the AGM. A bespoke survey is conducted every two years to benchmark these fees against South African companies listed on the JSE, based on market capitalisation, revenue, total assets and number of employees. These are similar metrics to that of the benchmark group for executive directors and prescribed officers but further expanded to include the diversity of skill and calibre required on the board or relevant committee.

Companies included in the peer group are detailed below:

RCL Foods Limited	The Spar Group Ltd	MTN Group Ltd
Blue Label Telecoms Ltd	Clicks Group Ltd	Vodacom Group Ltd
Pioneer Food Group Ltd	Sappi Group	Standard Bank Group Ltd
Telkom SA SOC Ltd	Woolworths Holding Ltd	Datatec Ltd
Distell Group Ltd	Aspen Pharmacare Holdings Ltd	JD Group Ltd

Targeted remuneration for FY18 is the 50th percentile of the peer group. In line with the revision of our internal anchor point, from FY19 the targeted remuneration will be moved to the 65th percentile of the peer group.

Non-resident non-executive directors are paid a premium in comparison to resident directors. The table below shows the range of the premium paid to non-resident non-executive directors across large JSE-listed organisations in various industries:

Target position	Premium for non-resident non-executive directors
Minimum	85%
Maximum	307%
Average	185%
Median	174%

The median for non-resident non-executive directors' fees is at a premium of 174% above resident fees. Tiger Brands currently pays a premium of 130% for non-resident non-executive directors, which is below the market median.

The chairman does not receive any additional remuneration for participating in committees of the board. Non-executive directors who perform services outside the scope of their ordinary duties will not receive additional remuneration. Shareholder approval will be sought for increasing non-executive directors' fees, including fees paid for attending special board meetings. Details of proposed increases for 2019 appear in the notice of AGM of shareholders to be held on 19 February 2019.

Q Details of non-executive directors' fees paid in the review period appear on page 100.

SECTION 3: IMPLEMENTATION REPORT

Voting outcomes

Results of voting at the 2018 and 2017 AGM are indicated below:

% vote in favour	February 2018	February 2017
Remuneration policy	73,41%	53,80%
Remuneration implementation	82,59%	n/a
Non-executive directors' fees	99,80%	99,95%

Summary of shareholder feedback and responses

The following common themes were noted by shareholders:

Shareholder feedback	Tiger Brands response and actions
A sign-on bonus was paid; however, reasons for the payment were not sufficiently explained. There is a preference for sign-on bonuses to include restricted shares.	Should any sign-on bonuses be awarded in future, greater detail on reasons for the award will be provided to improve disclosure. In addition, for executive appointments in FY18, all sign-on LTI awards were made in the form of SARs, which have vesting conditions attached. Y Maharaj was paid a sign-on bonus of R1 000 000. In addition, he will receive a share allocation of 20 000 Tiger Brands shares and 17 000 Adcock Ingram shares in terms of the Tiger Brands Black Managers Trust Scheme. The sign-on bonus and share award are <i>in lieu</i> of STI and LTI forfeited at his former employer. Other strategic appointments to the executive committee and sign-on payments were made, as disclosed in the annual financial statements on page 66.
Matching plans are not believed to be best practice, as these provide a mechanism for additional shares to be awarded without any performance conditions attached.	The quantum of company matching shares (ie 100% matching) is directly linked to the STI. Performance is required 'on the way in' to earn the STI. Furthermore, company matching shares are only awarded on deferred bonus shares (which requires a voluntary deferral of the STI). Company matching shares are considered best practice on voluntary deferrals, and promote good behaviour (by encouraging the deferral of a portion of the STI, which supports a long-term view of performance and demonstrates commitment to the company).
The SARs vesting scale does not build in sufficient stretch. At entry level, HEPS growth should be in line with CPI+GDP, with pro rata vesting on a linear scale above this level. HEPS growth above CPI but below CPI+GDP should result in no payment.	Performance conditions for SARs are usually viewed as an underpin, with the embedded condition of share price growth being the primary objective. Market benchmarks for SARs targets are usually more moderate than those for full-value share awards.
Restricted share awards in the form of bonus matching shares, bonus deferral shares and company-matching shares are not subject to performance conditions.	The performance criteria are determined 'on the way in', through individual performance ratings and STI financial targets. If no STI is earned, no restricted shares are awarded.

Remuneration report continued

Shareholder feedback	Tiger Brands response and actions
Performance measures should include both financial and non-financial (sustainability) KPIs.	<p>The STI is a multiplier scheme, aligned with global best practice, using a business modifier that primarily focuses on financial metrics to ensure alignment with shareholder outcomes, as well as a personal performance modifier, which differentiates based on achieving agreed strategic initiatives (including sustainability targets), as well as an individual's KPIs. This ensures personal accountability for the financial and strategic aspects of the business. From FY19, a group-wide STI scorecard, which includes financial and non-financial metrics (sustainability), has been introduced.</p> <p>The LTI scheme also has a performance differentiator (PDT tool) which ensures personal accountability for non-financial KPIs.</p>
The LTI scheme has a minimum hurdle rate which equates to the company's cost of capital. Hurdles to measure operational returns in excess of cost of capital plus an appropriate margin are recommended.	Introducing an additional performance metric into the SARs element of the LTI scheme for FY19. There will be two metrics, each with an equal weighting: 50% HEPS growth (as per the current scheme) and 50% ROIC (new metric).
Individual maximum limits for STI and LTI schemes are not explicit.	Individual maximum limits are set in terms of the STI and LTI schemes. This has been clarified in the FY18 remuneration report.
No clawback policy in place.	A clawback and malus clause has been included in the remuneration policy from FY19.
Limited disclosure on STI targets.	STI target disclosure has been enhanced in the FY18 remuneration report.
The personal performance multiplier in the STI is an output of an individual's KPIs, which focus on long-term business goals. It is recommended that these KPIs be disclosed.	STI scorecards for the group and operational/functional units to be introduced for FY19. The scorecards contain both financial and strategic objectives.
Lack of a return on capital metric in the STI scheme.	RONA has been included in KPIs for FY18.
An EBIT weighting of 35% is excessive. It may provide sufficient incentive to leadership to pursue mergers and acquisitions which come at the expense of HEPS and DPS. To align better with shareholder interests, a per-share metric is recommended.	This concern is already fully addressed in the rules of the STI scheme. In the event of an unbudgeted acquisition or disposal, the remuneration committee will adjust reported results for the impact of such acquisition or disposal to ensure actual business performance is directly comparable with agreed financial targets.
There is no distinction in non-executive director fees between a base fee and an attendance fee per meeting as per King III.	As part of the non-executive director survey, benchmarking is conducted on a holistic fee per committee, which includes a base fee, preparation and attendance fee. It is most common to just pay a retainer. King IV has replaced King III and no longer requires this separation. In addition, most companies pay a retainer rather than a per-meeting fee, and there is some sentiment in the market that a retainer is more appropriate as it reflects the director's inputs throughout the year, not just in meetings.
Non-executive directors are paid hourly fees for extra work, which implies they could be paid for consultancy work. This may negatively impact their ability to function independently.	Payment of hourly fees will be discontinued from FY19. Under exceptional circumstances, if it is deemed appropriate to pay hourly fees, the specific resolution to approve remuneration to non-executive directors for attending unscheduled meetings and performing extraordinary additional work will be split to allow shareholders to exercise their right in voting against the payment of hourly fees.
Non-resident non-executive directors are paid a premium of 130% relative to resident directors. The rationale for the high premium should be disclosed.	Considering the need to have a team of non-executive directors who are both commercially and technically strong, as well as to ensure that there is diversity and independence in strategic decision making, we have appointed non-resident non-executive directors. Market benchmarking indicates that the 130% premium is on the lower side for non-resident directors. Non-resident non-executive director fees are usually between two and three times fees paid to SA non-executive directors. This has been contextualised in the FY18 remuneration report in the outcome of the market survey.

For the review period, in addition to financial targets, the following KPIs as per the balanced scorecard applied to the CEO, CFO and Prescribed officers. The level of achievement is reflected alongside each KPI:

KPIs scorecard							
Top Tier Financial Results		Market Performance		Compliance		People	
Revenue	⊙	Market share (value)	⊙	Zero high risk audit findings	⊙	Improved employee engagement	⊙
Gross margin	⊙	On shelf availability	⊙	Reduction in consumer complaints	⊙	Employee development plans in place	⊙
Productivity/cost savings	⊙	Innovation rate	⊙	Safety (lost time injury frequency rate)	⊙	Diversity and inclusion	⊙
Return on net assets	⊙	Power in mind (brand health)	⊙	BBBEE implementation	⊙		

⊙ Met ⊙ Partially met ⊙ Not met

The implementation report details the outcomes of implementing the approved policy in the current financial year, as detailed on page 87 of this report.

2018 guaranteed package

The following increases to guaranteed packages were implemented in the reporting period for executive directors and prescribed officers. New amounts were effective from 1 December 2017:

	1 Dec 2017 to 30 Nov 2018 R	1 Dec 2016 to 30 Nov 2017 R	% increase
Executive directors			
LC Mac Dougall	9 083 550	8 610 000	6
NP Doyle	6 549 750	6 150 000	7
CFH Vaux*	5 236 335	4 963 351	5
Prescribed officers			
AG Kirk**	4 842 563	4 590 107	6
PW Spies	4 853 000	4 600 000	6
Y Maharaj***	4 850 000	n/a	
PD Sithole****	4 549 157	3 973 063	14,5

* Stepped down from the board on 20 February 2018.

** Resigned on 31 August 2018.

*** Joined on 1 July 2018.

**** Categorized as prescribed officer 1 October 2017 in line with the new operating model.

The average increase of 6% (2017: 4,1%) for executive directors and prescribed officers compares to an average of 6% (2017: 4%) for the rest of the company.

2018 short-term incentive

As indicated in the policy section, the STI for executive directors and prescribed officers is based on the combination of a business multiplier and personal performance multiplier.

Executive directors

The business multiplier for executive directors is weighted according to the table below. Results for FY18 were as follows:

KPI	Weighting	Target			Achievement	
		Threshold	On-target	Stretch	Actual result	Weighted result
		Business multiplier = 50%	Business multiplier = 100%	Business multiplier = 150%		
HEPS	35%	94%	100%	104%	<94%	0%
EBIT	35%	91,80%	100%	104%	<91,80%	0%
Volume growth	15%	75%	100%	140%	<75%	0%
Net working capital	15%	101%	100%	97%	>101%	0%
Total	100%					0%

Notes:

- The targeted percentages for "threshold", "on-target" and "stretch" as set out above per KPI represent the targeted percentage achievement of the underlying budgeted amounts.
- Linear vesting will apply if the actual result falls between "threshold" and "on-target" or between "target" and "stretch".

Remuneration report continued

Targets for the STI for 2017 and 2018 were not met, hence no STI was paid.

The FY18 personal performance multiplier is the aggregated result of assessing the KPIs for the relevant executive, as follows:

Executive directors KPIs	Weighting	LC Mac Dougall				NP Doyle				CFH Vaux*			
		Not met	Partially met	Met	Exceeded	Not met	Partially met	Met	Exceeded	Not met	Partially met	Met	Exceeded
Top-tier financial results													
Revenue		⊙				⊙				⊙			
Gross margin		⊙				⊙				⊙			
Productivity/ cost savings		⊙				⊙				⊙			
Return on net assets		⊙				⊙				⊙			
Market performance													
Market share		⊙				⊙				⊙			
On-shelf availability				⊙				⊙				⊙	
Innovation rate			⊙				⊙				⊙		
Power in mind (brand health)		⊙				⊙				⊙			
Compliance													
Zero level 1 audit findings		⊙				⊙				⊙			
Reduction in consumer complaints		⊙				⊙				⊙			
Safety (LTIFR)				⊙				⊙				⊙	
BBBEE implementation				⊙				⊙				⊙	
People													
Improved employee engagement		⊙				⊙				⊙			
Employee development plans in place		⊙				⊙				⊙			
Diversity and inclusion			⊙				⊙				⊙		
Individual KPIs													
				⊙				⊙				⊙	

* CFH Vaux stepped down as an executive director in February 2018

No STI was awarded to executive directors as illustrated below:

	GP* R	On-target %	Business multiplier %	Personal performance multiplier %	STI award 2018** R	STI award 2017** R
LC Mac Dougall	9 083 550	x	60 x	100 =	0	0
NP Doyle	6 549 750	x	60 x	100 =	0	0
CFH Vaux***	5 236 335	x	60 x	110 =	0	0

* GP at 30 September 2018.

** Includes value of bonus deferral.

*** Stepped down as an executive director in February 2018.

Prescribed officers

The business multiplier for prescribed officers is weighted according to the table below. The results for FY18 were as follows:

KPI	Weighting	Target			Achievement	
		Threshold	Target	Stretch	Actual result	Weighted result
		Business multiplier = 50%	Business multiplier = 100%	Business multiplier = 150%		
EBIT	70%	91,80%	100%	104%	<91,80%	0%
Volume growth	15%	75%	100%	140%	<75%	0%
Net working capital	15%	101%	100%	97%	>101%	0%
Total	100%					0%

Notes:

1. The targeted percentages for "threshold", "on-target" and "stretch" as set out above per KPI represent the targeted percentage achievement of the underlying budgeted amounts.
2. Linear vesting will apply if the actual result falls between "threshold" and "on-target" or between "target" and "stretch".

The overall business multiplier result for prescribed officers is 0% in comparison to 101,1% in 2017.

The FY18 personal performance multiplier is the aggregated result of assessing the KPIs for the relevant executive, as follows:

Prescribed officers KPIs	PW Spies				PD Sithole			
	Not met	Partially met	Met	Exceeded	Not met	Partially met	Met	Exceeded
Top-tier financial results								
Revenue	⊙				⊙			
Gross margin	⊙				⊙			
Productivity/ cost savings	⊙				⊙			
Return on net assets	⊙				⊙			
Market performance								
Market share	⊙				⊙			
On-shelf availability			⊙				⊙	
Innovation rate		⊙				⊙		
Power in mind (band health)	⊙				⊙			
Compliance								
Zero level 1 audit findings	⊙				⊙			
Reduction in consumer complaints	⊙				⊙			
Safety (LTIFR)			⊙				⊙	
BBBEE implementation			⊙				⊙	
People								
Improved employee engagement	⊙				⊙			
Employee development plans in place	⊙				⊙			
Diversity and inclusion		⊙				⊙		
Individual KPIs			⊙					⊙

Remuneration report continued

No STI was awarded to prescribed officers as illustrated below:

	GP* R	On-target %	Business multiplier %	Personal performance multiplier %	STI award 2018** R	STI award 2017** R
AG Kirk***	–	x	50 x	0 =	–	2 320 310
PW Spies	4 853 000	x	50 x	110 =	–	1 782 738
Y Maharaj****	4 850 000	x	50 x	0 =	–	–
PD Sithole*****	4 549 157	x	50 x	120 =	–	2 610 911

* GP as at 30 September 2018.
 ** Includes value of bonus deferral.
 *** Resigned on 31 August 2018.
 **** Appointed 1 July 2018.
 ***** Categorised as prescribed officer 1 October 2017 in line with the new operating model.

2018 long-term incentive

Long-term incentive awards made during the year to executive directors and prescribed officers are set out below:

Name	PDT multiplier***	GP	SARs			Bonus-matching shares				Deferred bonus shares and company-matching shares		
			Award %	Face value	Number	STI**	Award %	Face value	Number	Match %	Face value	Number
IC Mac Dougall*	100%	9 083 550	41	3 725 906	8 990	–	50	–	–	100	–	–
NP Doyle*	200%	6 549 750	145	18 994 244	45 830	–	50	–	–	100	–	–
CFH Vaux*	0%	5 236 335	–	–	–	–	–	–	–	100	–	–

Name	Expected value (based on fair value)		
	SARS	Bonus- matching shares	Deferred bonus shares and company-matching shares
IC Mac Dougall*	1 117 772	–	–
NP Doyle*	5 698 273	–	–
CFH Vaux*	–	–	–

* Allocated on 11 December 2017 at a VWAP of R414,45.
 ** STI in respect of the year ended 30 September 2017.
 *** A performance differentiation tool (PDT) is used to modify the standard quantum of SARs and bonus-matching shares, based on an individual's personal performance, leadership and ability. This is a discretionary percentage ranging from 0% to 200%.

Due to the executive directors STI targets not being met in FY17 performance, no bonus-matching and subsequently deferred bonus shares and company-matching shares were awarded to executive directors. Only share appreciation rights were awarded. Bonus matching shares, deferred bonus shares and company matching shares were awarded to Prescribed officers in addition to Share Appreciation Rights as the Prescribed officers STI targets were met.

Name	PDT multiplier***	GP	SARs			Bonus-matching shares				Deferred bonus shares and company-matching shares		
			Award %	Face value	Number	STI**	Award %	Face value	Number	Match %	Face value	Number
P Spies*	137,5%	4 853 000	110	7 339 910	17 710	1 782 738	50	1 226 772	2 960	100	1 786 280	4 310
AG Kirk*	137,5%	4 842 563	110	7 327 476	17 680	2 320 310	50	1 595 633	3 850	100	2 320 920	5 600
PD Sithole*	200,0%	4 549 157	110	10 008 968	24 150	2 610 911	50	2 611 035	6 300	-	-	-

Name	Expected value (based on fair value)		
	SARS	Bonus-matching shares	Deferred bonus shares and company-matching shares
P Spies*	2 201 973	1 104 095	1 607 652
AG Kirk*	2 198 243	1 436 069	2 088 828
PD Sithole*	3 002 690	2 349 932	-

* Allocated on 11 December 2017 at a VWAP of R414,45.

** STI in respect of the year ended 30 September 2017.

*** A performance differentiation tool (PDT) is used to modify the standard quantum of SARs and bonus-matching shares, based on an individual's personal performance, leadership and ability. This is a discretionary percentage ranging from 0% to 200%.

LTI awards vesting or with a performance period ending in 2018

The outcome for awards due to vest in FY18, and whose performance conditions ended by 30 September 2018, are shown below. This applies to all eligible participants.

LTI allocation	LTI measures		Performance condition result (% vesting)
	Total shareholder return	Real HEPS growth	
Company-matching shares granted in 2015**	n/a	n/a	100% (time-based vesting)
Deferred bonus shares granted in 2015**	n/a	n/a	100% (time-based vesting)
Bonus-matching shares granted in 2015**	n/a	n/a	100% (time-based vesting)
Performance shares granted in 2015**#	⊙	n/a	175%
Phantom cash share options granted in 2013 – third tranche**@	n/a	⊙	0%*
Share appreciation rights granted in 2013 – third tranche**	n/a	⊙	0%
Share appreciation rights granted in 2014 – second tranche**	n/a	⊙	100%
Share appreciation rights granted in 2015 – first tranche**	n/a	⊙	27%

* Only 50% of allocation subject to performance conditions.

** In general, LTI allocations vested in 2018. However, the vesting date is extended for certain employees as a result of them being included in an employer-enforced voluntary closed period.

Performance shares are no longer awarded. The last allocation was in May 2016.

@ Phantom cash share options are no longer awarded. The last allocation was in February 2013.

⊙ Met ⊙ Partially met ⊙ Not met

Payments for termination of office

No additional payments were made for executives terminating office.

Compliance with remuneration policy

There were no deviations from the remuneration policy in the financial year.

Remuneration report continued

Single total figure of remuneration

The following tables disclose total remuneration received and receivable by executive directors and prescribed officers for the period 1 October 2017 to 30 September 2018:

Executive directors

Remuneration element	LC Mac Dougall			NP Doyle			CFH Vaux*		
	FY18 R	FY17 R	%	FY18 R	FY17 R	%	FY18 R	FY17 R	%
Basic salary	8 511 653	8 058 719		5 497 977	5 211 772		1 967 786	4 531 406	
Retirement funding	339 880	429 695		913 148	923 969		145 875	406 707	
Other benefits	153 092	149 432		72 000	72 000		22 648	51 504	
Guaranteed package	9 004 625	8 637 846		6 483 125	6 207 742		2 136 309	4 989 618	
Short-term incentive	–	–		–	–		–	–	
Cash remuneration	9 004 625	8 637 846		6 483 125	6 207 742		2 136 309	4 989 618	
SARs	–	–		–	–		725 158	–	
Bonus-matching shares	–	–		–	–		–	–	
Deferred bonus shares and company-matching shares	–	–		–	–		–	–	
Total remuneration	9 004 625	8 637 846	4,2	6 483 125	6 207 742	4,4	2 861 467	4 989 618	

* Stepped down as an executive director in February 2018.

Prescribed officers

Remuneration element	AG Kirk**			PW Spies		
	FY18 (R)	FY17 (R)	%	FY18 (R)	FY17 (R)	%
Basic salary	3 860 556	3 955 010		4 029 942	2 343 743	
Retirement funding	316 384	390 999		344 639	250 723	
Other benefits	220 000	240 000		408 446	2 002 282	
Guaranteed package	4 396 940	4 586 009		4 783 027	4 596 748	
Short-term incentive	–	2 320 310		–	1 782 738	
Cash remuneration	4 396 940	6 906 319		4 783 027	6 379 486	
SARs	–	–		–	–	
Bonus-matching shares	–	–		–	–	
Deferred bonus shares and company-matching shares	–	–		–	–	
Total remuneration	4 396 940	6 906 319	(36,3)	4 783 027	6 379 486	(25,0)

** Resigned on 31 August 2018.

Remuneration element	Y Maharaj***			PD Sithole		
	FY18	FY17		FY18	FY17	
	R	R	%	R	R	%
Basic salary	1 021 587			3 988 160	3 435 295	
Retirement funding	84 797			344 981	363 047	
Other benefits	1 106 116			141 624	120 000	
Guaranteed package	2 212 500			4 474 765	3 918 342	
Short-term incentive	–			–	2 610 911	
Cash remuneration	2 212 500			4 474 765	6 529 253	
SARs	–			–	–	
Bonus-matching shares	–			–	–	
Deferred bonus shares and company-matching shares	–			–	–	
Total remuneration	2 212 500			4 474 765	6 529 253	(31,5)

*** Paid a combination of a sign on bonus (R1 000 000) and share allocation (20 000 Tiger Brands shares and 17 000 Adcock Ingram shares in respect of the Tiger Brands Black Managers Trust), still to be allocated, in lieu of STI and LTI forfeited at his former employer.

Number and value of LTI share awards

Disclosure of the quantum and value of awards for the CEO and CFO outstanding at the beginning of the reporting period, as well as new awards made in the period, are provided in the tables on pages 96 and 97, with the cash value of awards settled during the reporting period indicated in the value-based tables.

Remuneration report continued

Schedule of LTI awards

Unvested awards and cash flow from settling LTI awards for the CEO and CFO are tabulated below:

Name and awards	Award date	Vesting date	Grant share price at award ZAR	Opening number	Granted during the year	Forfeited during year
LC Mac Dougall						
2016 deferred bonus shares	07/12/2016	07/12/2019	–	650	–	–
2016 company-matching shares	07/12/2016	07/12/2019	–	650	–	–
2016 bonus-matching shares	07/12/2016	07/12/2019	–	650	–	–
2016 performance shares	24/05/2016	24/05/2019	–	8 160	–	–
2016 SARs	24/05/2016	24/05/2019	341,68	12 000	–	–
		24/05/2020	341,68	12 000	–	–
		24/05/2021	341,68	12 000	–	–
2016 SARs	07/12/2016	07/12/2019	395,97	10 946	–	–
		07/12/2020	395,97	10 947	–	–
		07/12/2021	395,97	10 947	–	–
2017 SARs	11/12/2017	11/12/2020	414,45	–	2 996	–
		11/12/2021	414,45	–	2 997	–
		11/12/2022	414,45	–	2 997	–
Total				78 950	8 990	–
NP Doyle						
2015 company-matching shares	03/12/2015	03/12/2018	–	2 688	–	–
2015 deferred bonus shares	03/12/2015	03/12/2018	–	2 688	–	–
2016 company-matching shares	07/12/2016	07/12/2019	–	1 060	–	–
2016 deferred bonus shares	07/12/2016	07/12/2019	–	1 060	–	–
2015 bonus-matching shares	04/02/2015	04/02/2018*	–	2 320	–	–
2016 bonus-matching shares	09/02/2016	09/02/2019	–	1 330	–	–
2016 bonus-matching shares	07/12/2016	07/12/2019	–	1 590	–	–
2015 performance shares	04/02/2015	04/02/2018*	–	2 490	–	–
2016 performance shares	09/02/2016	09/02/2019	–	5 720	–	–
2012 Phantom Cash Share Options	02/07/2012	02/07/2015**	252,01	5 000	–	–
		02/07/2016**	252,01	5 000	–	–
		02/07/2017**	252,01	5 000	–	–
2013 Phantom Cash Share Options	13/02/2013	13/02/2016	299,83	5 000	–	–
		13/02/2017	299,83	5 000	–	–
		13/02/2018*	299,83	10 000	–	5 000
2014 SARs	28/02/2014	28/02/2017	254,45	6 067	–	–
		28/02/2018*	254,45	6 067	–	–
		28/02/2019	254,45	6 066	–	–
2015 SARs	04/02/2015	04/02/2018*	385,33	3 846	–	2 808
		04/02/2019	385,33	3 847	–	–
		04/02/2020	385,33	3 847	–	–
2016 SARs	09/02/2016	09/02/2019	291,71	7 623	–	–
		09/02/2020	291,71	7 623	–	–
		09/02/2021	291,71	7 624	–	–
2016 SARs	07/12/2016	07/12/2019	395,97	11 260	–	–
		07/12/2020	395,97	11 260	–	–
		07/12/2021	395,97	11 260	–	–
2017 SARs	11/12/2017	11/12/2020	414,45	–	15 276	–
		11/12/2021	414,45	–	15 277	–
		11/12/2022	414,45	–	15 277	–
Total				142 336	45 830	7 808

* Vesting date extended as a consequence of the voluntary closed period.

** Lapsing of shares extended as a consequence of closed period. Shares should have been exercised by 02/07/2018.

Performance condition achieved	Settled during the year	Closing number	Face value at award ZAR	Cash received ZAR	Value of shares acquired ZAR	Share price effect value of award ZAR	Effective performance target	Forfeited/awarded during the year	Closing fair value vesting ZAR
-	-	650	257 381	-	-	-	-	-	167 089
-	-	650	257 381	-	-	-	-	-	167 089
-	-	650	257 381	-	-	-	-	-	167 089
-	-	8 160	2 788 109	-	-	-	-	-	172 583
-	-	12 000	4 100 160	-	-	-	-	-	258 848
-	-	12 000	4 100 160	-	-	-	-	-	372 600
-	-	12 000	4 100 160	-	-	-	-	-	447 000
-	-	10 946	4 334 288	-	-	-	-	-	226 363
-	-	10 947	4 334 684	-	-	-	-	-	281 995
-	-	10 947	4 334 684	-	-	-	-	-	339 576
-	-	2 996	1 241 692	-	-	-	-	-	81 851
-	-	2 997	1 242 107	-	-	-	-	-	96 533
-	-	2 997	1 242 107	-	-	-	-	-	105 165
-	-	87 940	32 590 292	-	-	-	-	-	2 883 781
-	-	2 688	921 715	-	-	-	-	-	710 653
-	-	2 688	921 715	-	-	-	-	-	710 653
-	-	1 060	419 728	-	-	-	-	-	272 484
-	-	1 060	419 728	-	-	-	-	-	272 484
-	-	2 320	893 966	-	-	-	-	-	614 846
-	-	1 330	387 974	-	-	-	-	-	350 721
-	-	1 590	629 592	-	-	-	-	-	408 725
1 868	-	4 358	1 679 268	-	-	-	-	-	1 154 957
-	-	5 720	1 668 581	-	-	-	-	-	122 522
-	-	5 000	1 260 050	-	-	-	-	-	65 050
-	-	5 000	1 260 050	-	-	-	-	-	65 050
-	-	5 000	1 260 050	-	-	-	-	-	65 050
-	-	5 000	1 499 150	-	-	-	-	-	-
-	-	5 000	1 499 150	-	-	-	-	-	-
-	-	5 000	1 499 150	-	-	-	-	-	-
-	-	6 067	1 543 748	-	-	-	-	-	180 069
-	-	6 067	1 543 748	-	-	-	-	-	180 069
-	-	6 066	1 543 494	-	-	-	-	-	233 602
-	-	1 038	399 973	-	-	-	-	-	11 781
-	-	3 847	1 482 365	-	-	-	-	-	44 587
-	-	3 847	1 482 365	-	-	-	-	-	45 010
-	-	7 623	2 223 705	-	-	-	-	-	226 327
-	-	7 623	2 223 705	-	-	-	-	-	298 136
-	-	7 624	2 223 997	-	-	-	-	-	374 415
-	-	11 260	4 458 622	-	-	-	-	-	232 857
-	-	11 260	4 458 622	-	-	-	-	-	290 058
-	-	11 260	4 458 622	-	-	-	-	-	349 285
-	-	15 276	6 331 138	-	-	-	-	-	417 340
-	-	15 277	6 331 553	-	-	-	-	-	492 072
-	-	15 277	6 331 553	-	-	-	-	-	536 070
1 868	-	182 226	63 257 077	-	-	-	-	-	8 724 873

Remuneration report continued

Interests of directors and prescribed officers in BBBEE schemes

No executive director or prescribed officer, other than PD Sithole who was granted 7 000 Tiger Brands and 5 950 Adcock Ingram Shares on 31 January 2013. In addition, Y Maharaj, will qualify to participate in the company's BMT I scheme when he will be granted 20 000 shares in Tiger Brands Limited, once the closed period has been lifted.

PD Sithole was also granted 9 202 Tiger Brands shares in terms of the BMT II scheme on 30 September 2017. This grant is subject to a three year retention period which expires on 30 September 2020.

Non-executive directors' remuneration 2018

The non-executive director remuneration paid during the year under review (as approved by shareholders on 20 February 2018) and the total comparative figure for 2017 are disclosed below, excluding VAT:

Committee	MO Ajukwu	SL Botha ³	MJ Bowman	GA Klintworth ¹	M Makanjee
Board fees	890 074	93 929	386 989	229 000	386 989
Audit committee fees	–	–	–	–	–
Investment committee fees	–	–	25 552	–	–
Remuneration and nomination committee fees	–	23 548	214 717	–	97 017
Nomination committee fees	–	–	–	–	–
Social, ethics and transformation committee fees	–	–	–	–	177 186
Risk committee fees	318 258	–	–	–	–
Extraordinary fees	–	–	–	–	–
Ad hoc work/meetings	–	–	20 127	–	22 093
Total FY18	1 208 332	117 477	647 384	229 000	683 284
Total FY17	812 387	577 780	477 468	–	612 393

¹ Appointed 16 August 2018.

² Resigned 15 August 2018.

³ Resigned 24 November 2017.

⁴ Resigned 7 September 2018.

Non-executive directors' remuneration 2017

The non-executive director remuneration paid for the year ended 30 September 2017 is disclosed below, excluding VAT:

	MO Ajukwu	SL Botha	MJ Bowman	K Hedderwick ¹	M Makanjee	E Mashilwane ²
Board fees	612 707	368 491	368 491	90 316	368 491	278 175
Carozzi board meeting	–	–	–	–	–	–
Audit committee fees	–	–	–	–	–	81 988
Investment committee fees	–	–	41 805	–	–	–
Remuneration committee fees	–	201 729	–	–	47 096	–
Nominations committee fees	–	7 560	–	–	7 560	–
Social, ethics and transformation committee fees	–	–	–	–	164 046	–
Risk committee fees	199 680	–	67 172	–	–	–
Extraordinary fees	–	–	–	–	–	–
Ad hoc work/meetings*	–	–	–	–	25 200	–
TOTAL FY17	812 387	577 780	477 468	90 316	612 393	360 163

¹ Appointed on 1 December 2016 and resigned on 14 February 2017.

² Appointed on 1 December 2016.

³ Resigned on 30 June 2017.

⁴ Resigned as chairman on 21 February 2017.

⁵ Appointed on 26 May 2017.

⁶ Appointed as chairman on 21 February 2017.

* Paid for special meetings attended for committee of the board.

E Mashilwane	Dr KD Mokhele	RD Nisbet ⁴	MP Nyama	YGH Suleman	BS Tshabalala ²
386 989	1 797 170	386 989	386 989	386 989	386 989
168 896	-	294 110	-	168 896	-
-	-	25 552	-	25 552	-
-	-	-	97 017	-	-
-	-	-	-	-	-
-	-	-	88 593	-	-
-	-	138 374	-	272 679	138 374
-	-	-	-	-	-
-	8 334	27 989	-	22 093	-
555 884	1 805 504	873 012	572 598	876 207	525 362
360 163	1 280 705	819 716	553 695	745 002	93 929

Dr KD Mokhele ⁶	BL Sibiy ³	RD Nisbet	MP Nyama	AC Parker ⁴	YGH Suleman	BS Tshabalala ⁵
1 053 045	658 948	368 491	368 491	838 858	368 491	93 929
-	-	-	-	218 010	-	-
71 823	-	280 052	-	-	153 811	-
11 340	-	58 815	-	-	41 805	-
-	-	-	95 621	-	48 526	-
-	-	-	7 560	-	-	-
-	-	-	82 022	-	-	-
96 617	-	112 357	-	-	132 369	-
-	-	-	-	-	-	-
47 880	-	-	-	22 680	-	-
1 280 705	658 948	819 716	553 695	1 079 548	745 002	93 929

Remuneration report continued

Non-executive directors' remuneration 2019

The following table reflects proposed fees from 1 March 2019, excluding VAT, subject to the approval of shareholders at the AGM on 19 February 2019:

Forum	Capacity	Current rate effective March 2018	Proposed rate resident board members – effective March 2019	Proposed fees to be paid to non-resident board members – effective March 2019
Main board	Chairman	1 849 515	1 941 990	*
	Member	398 260	418 173	961 798
Audit	Chairman	302 676	326 890	*
	Member	173 815	186 851	*
Remuneration and nominations	Chairman	220 971	229 810	*
	Member	99 842	107 331	*
Risk	Chairman	280 621	290 443	*
	Member	142 404	148 100	340 629
Social, ethics and transformation	Chairman	182 347	195 111	*
	Member	91 173	98 467	*
Hourly fees		4 167	4 396	10 111
Extraordinary meetings		20 951	22 103	50 837

* Not applicable.

Non-binding advisory vote

Shareholders are requested to cast two separate non-binding votes on the remuneration policy and implementation report in parts 2 and 3 of this report.

Shareholders' diary

Financial year end	30 September
Annual general meeting	19 February 2019

Reports and accounts

Announcement of interim results and interim dividend for the six months ending 31 March 2019	May 2019
Announcement of annual results and final dividend for the year ending 30 September 2019	November 2019
Integrated annual report	December 2019

Dividends 2019

Declaration

Payment

Ordinary shares		
Interim dividend	May 2019	July 2019
Final dividend	November 2019	January 2020

Declaration of final dividend number 148

The board has approved and declared a final cash dividend of 702 cents per ordinary share (gross) for the year ended 30 September 2018.

The dividend will be subject to the dividends tax that was introduced with effect from 1 April 2012. In accordance with paragraphs 11.17(a)(i) to (x) and 11.17(c) of the JSE Listings Requirements, the following additional information is disclosed:

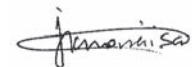
- › The dividend has been declared out of income reserves
- › The local dividend tax rate is 20% effective 22 February 2017
- › The gross local dividend amount is 702 cents per ordinary share for shareholders exempt from the dividends tax
- › The net local dividend amount is 561,60 cents per ordinary share for shareholders liable to pay the dividends tax
- › Tiger Brands has 189 818 926 ordinary shares in issue (which includes 10 326 758 treasury shares)
- › Tiger Brands Limited's income tax reference number is 9325/110/71/7.

Shareholders are advised of the following dates in respect of the final dividend:

Declaration date	Thursday, 22 November 2018
Last day to trade cum final dividend	Tuesday, 8 January 2019
Shares commence trading ex the final dividend	Wednesday, 9 January 2019
Record date to determine those shareholders entitled to the final dividend	Friday, 11 January 2019
Payment date in respect of the final dividend	Monday, 14 January 2019

Share certificates may not be dematerialised or rematerialised between Wednesday, 9 January 2019 and Friday, 11 January 2019, both days inclusive.

By order of the board



J. MONAISA

Company secretary

21 November 2018

Analysis of registered shareholders and company schemes

Registered shareholder spread

In accordance with the JSE Listings Requirements, the following table confirms the spread of registered shareholders as detailed in the annual report and accounts dated 28 September 2018 was:

Shareholder spread	Number of holders	% of total shareholders	Number of shares	% of share issued capital
1 – 1 000 shares	14 810	82,2	3 567 489	1,9
1 001 – 10 000 shares	2 457	13,6	7 654 392	4,0
10 001 – 100 000 shares	560	3,1	16 957 268	8,9
100 001 – 1 000 000 shares	152	0,9	48 458 164	25,5
1 000 001 shares and above	31	0,2	113 181 613	59,7
Total	18 010	100,00	189 818 926	100,00

Public and non-public shareholdings

Within the shareholder base, we are able to confirm the split between public shareholdings and directors/company-related schemes as being:

Shareholder type	Number of holders	% of total shareholders	Number of shares	% of share issued capital
Non-public shareholders	10	0,06	24 447 455	12,9
Empowerment holdings	6	0,03	13 897 716	7,4
Own holding	1	0,01	10 326 758	5,4
Share trusts	2	0,01	218 031	0,1
Directors and associates	1	0,01	4 950	0,00
Public shareholders	18 000	99,94	165 371 471	87,1
Total	18 010	100,00	189 818 926	100,00

Substantial investment management and beneficial interests above 3%

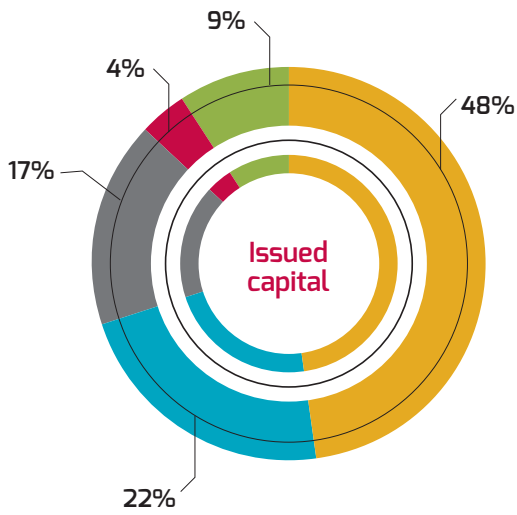
Through regular analysis of STRATE registered holdings, and pursuant to the provisions of section 56 of the Companies Act, the following shareholders held directly and indirectly equal to or in excess of 3% of the issued share capital as at 28 September 2018:

Investment management shareholdings

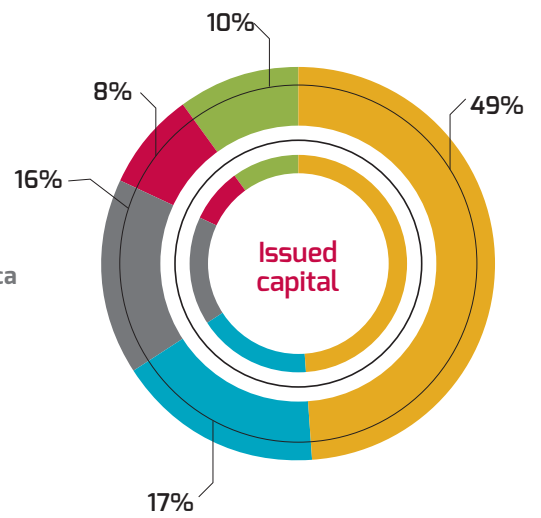
Investment manager	Total shareholding	%
PIC	21 941 167	11,6
Colonial First State Global Asset Management	16 237 136	8,6
Janus Henderson Investors	13 286 954	7,0
Coronation Asset Management Proprietary Limited	7 113 954	3,7
BlackRock Inc	6 821 587	3,6
The Vanguard Group Inc	6 026 117	3,2
Total	71 426 915	37,7

Beneficial shareholdings	Total shareholding	%
Government Employees Pension Fund (PIC)	24 362 021	12,8
Tiger Consumer Brands Limited	10 326 758	5,5
Tiger Brands Foundation SPV	9 068 067	4,8
Stewart Investors Global Emerging Markets Leaders Fund	7 569 525	4,0
Total	51 326 371	27,1

Geographic split of investment managers and company-related holdings



Geographic split of beneficial shareholders



South Africa
 United Kingdom
 United States of America
 and Canada
 Rest of Europe
 Rest of World

About this report

This integrated annual report is intended to be a concise communication about how Tiger Brands' use of and impact on its capitals lead to creating value over the short, medium and long term. The report covers strategy, governance, performance and prospects, in the context of its external environment, for the year to 30 September 2018, and follows a similar report for the year to 30 September 2017.

For further information, please contact the investor relations director, Nikki Catrakilis-Wagner
 T: +27 11 840 4000 E: investorrelations@tigerbrands.com

Reporting principles and approach

The annual financial statements have been prepared in line with International Financial Reporting Standards (IFRS) and the South African Companies Act.

In reporting on environmental, social and governance (ESG) aspects, we are guided by:

- > King IV report
- > Listings Requirements of the JSE Limited
- > Standards and codes governing specific areas, including the Department of Trade and Industry's broad-based black economic empowerment (BBBEE) codes of good practice
- > Guiding principles of the International Integrated Reporting Committee (IIRC) framework (2013) – Tiger Brands reports against strategic goals and, as appropriate, how these affect the six capitals in this framework
- > We use the GRI standards to guide us in our sustainability reporting.

Boundary and scope

Entities/stakeholders considered in determining reporting boundary

While this report is aimed primarily at providers of capital, we believe financial and non-financial disclosure will interest all stakeholder groups. The report covers the operations of Tiger Brands and its subsidiaries, with limited disclosure on associate companies, for the review period. For completeness, however, we have endeavoured to include risks, opportunities and outcomes attributable to or associated with entities or stakeholders beyond Tiger Brands that have a significant effect on our ability to create value, illustrated below.

In this review period, our major issue was the Listeria outbreak, which highlighted the need to strengthen quality controls in the broader South Africa food industry. We are spearheading the initiative to upgrade controls to global standards.

There were no changes to the boundary or any measurement techniques in 2018.

Supplementary information

This report should be read with our sustainability report and annual financial statements on our website for a full understanding of the group.

Assurance

Our combined assurance model is set out on page 3.



Company information

Tiger Brands Limited

Registration number: 1944/017881/06

Company secretary

JK Monaisa

Registered office

3010 William Nicol Drive
Bryanston
Sandton

Postal address

PO Box 78056, Sandton, 2146
Telephone: +27 11 840 4000

Auditors

Ernst & Young Inc

Principal banker

Nedbank Limited

Sponsor

JP Morgan Equities South Africa (Pty) Limited

South African share transfer secretaries

Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue
Rosebank, 2196
PO Box 61051, Marshalltown, 2107

American Depository Receipt (ADR) facility

ADR Administrator
The Bank of New York Mellon

Investor relations

Nikki Catrakilis-Wagner
Telephone: +27 11 840 4000

Website address

www.tigerbrands.com

Contact details

Companysecretary@tigerbrands.com
Investorrelations@tigerbrands.com
Tigercsd@tigerbrands.com
Consumer helpline: 0860 005342

Forward-looking information

This integrated annual report contains forward-looking statements that, unless otherwise indicated, reflect the company's expectations at the time of finalising the report. Actual results may differ materially from these expectations if known and unknown risks or uncertainties affect the business, or if estimates or assumptions prove inaccurate. Tiger Brands cannot guarantee that any forward-looking statement will materialise and, accordingly, readers are cautioned not to place undue reliance on these statements. The company assumes no obligation to update or revise any forward-looking statements, even if new information becomes available as a result of future events or for any other reason, save as required by legislation or regulation.



Head office: **South Africa**

Physical address

Tiger Brands Limited
3010 William Nicol Drive
Bryanston

Postal address

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Sandton, 2146
South Africa

www.tigerbrands.com

