Integrated annual report 2020

for the year ended 30 September 2020

Who we are

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. Our portfolio also includes leading brands in the home, personal care and baby sectors.

Our vision

To deliver top-tier financial results and be recognised by all stakeholders as the pre-eminent fast-moving consumer goods (FMCG) company in South Africa and most desirable growth company on the continent.

Our purpose

We nourish and nurture more lives every day.

Our strategy

Our strategy for sustainable profitable growth is supported by four strategic pillars, underpinned by our core values.

DRIVE GROWTH
Winning category, channel and customer strategies

BE EFFICIENT
A cost-conscious and effective supply chain

GREAT PEOPLE
A winning mindset and great place to work

SUSTAINABLE FUTURE
Sustainable company, community and planet

Our values

1 We treat each other with care and respect

2 We deliver with passion and excellence

3 Safety and quality are non-negotiable for us

4 We embrace diversity and inclusivity

5 We act with integrity and accountability in all we do

Winning behaviours

- Consumer obsession
- Teamwork
- Empowered accountability
- Focused execution

On the cover: Jungle | muesli range | **Total muesli segment** R647m | **Volume share** 22% | **Value share** 26%

Source: Nielsen

Contents

United Nations Sustainable Development Goals (SDGs)

The UN SDGs set a long-term agenda to end poverty, protect the planet and ensure prosperity for all by 2030. In fulfilling our core purpose – to nourish and nurture more lives every day – Tiger Brands is committed to playing its role in delivering on these goals. As part of our strategic pillar on Sustainable Future (see page 46), we have developed a set of commitments and targets relating to three key focus areas: health and nutrition, enhanced livelihoods and environmental stewardship. In meeting these commitments and targets we believe we will provide a meaningful contribution to the following eleven SDGs:

SUSTAINABLE DEVELOPMENT GOALS

Our approach to responding to these goals is reviewed in our accompanying sustainability report 2020.

Tiger Brands' 2020 integrated reporting suite

Our 2020 integrated reporting process comprises the following reports:

- **Integrated report 2020:** Provides a succinct review of our strategy and business model, operating context, operational performance and governance; aimed primarily at investors, it is written for all stakeholders who have an interest in Tiger Brands' long-term performance.
- **Sustainability report 2020:** Reviews our performance in managing significant environmental, social and governance (ESG) impacts and addressing sustainability issues of interest to a broad range of stakeholders.
- **Consolidated annual financial statements 2020:** Comprehensive review of our financial results, with audited financial statements, prepared in accordance with IFRS.

These are all available at **www.tigerbrands.com**

Navigation

Further reading within this report

Reference to further online disclosure

This icon highlights the direct impact of the Covid-19 pandemic

About this report

Report boundary and audience

This integrated report reviews Tiger Brands' business model and strategy, the risks and opportunities in our operating environment, and our operational and governance performance for the financial year ending 30 September 2020. In terms of operational scope, operations at Deli Foods in Nigeria were terminated in October 2019 while two separate sale-of-business agreements were entered into for the disposal of the company's Value Added Meat Products business (VAMP). As a consequence, Deli Foods and VAMP have been treated as discontinued operations for purposes of these disclosures with the comparative information restated accordingly.

This is our primary annual report, written for investors and any other stakeholder who has an interest in our ability to create value over the short, medium and long term. This report should be read in conjunction with the supplementary sustainability report and our annual financial statements, published on our website: **www.tigerbrands.co.za**

Combined assurance

We use a combined assurance model comprising assurance obtained from management and from internal and external assurance providers:

- Ernst & Young Inc. audited our consolidated financial statements, from which extracts have been included in this report. The auditor's audit report does not necessarily report on all the information included in this integrated report
- EmpowerLogic Proprietary Limited provided external verification of our BBBEE activities
- Marsh South Africa conducted risk control audits at our manufacturing sites and warehouses covering health, safety, security, fire protection and readiness
- The group's internal audit team, overseen by the audit committee, provides annual assurance to the board on the effectiveness of the combined assurance plan.

Reporting frameworks

Our reporting process has been guided by the principles and requirements contained in the International Financial Reporting Standards (IFRS), the IIRC's International <IR> Framework, the King Code on Corporate Governance 2016 (King IV™*), the JSE Listing Requirements, the South African Companies Act, No 71 of 2008, and the GRI's Sustainability Reporting Standards.

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Board approval

As a board, we have applied our collective mind to the preparation and presentation of the information in this report. We believe that the report addresses all material matters and that it presents a balanced and fair account of Tiger Brands' performance for the financial year ending 30 September 2020, as well as an accurate reflection of our strategic commitments. On the advice of the audit committee, the board approved the integrated report and the consolidated annual financial statements on 19 November 2020.

Khotso Mokhele
Chairman

Noel Doyle
CEO

Emma Mashilwane
Chair of audit committee

Materiality and scope

This report provides information needed to enable an informed assessment of Tiger Brands' capacity to create value over time. We believe that all of the following information is material, and structured in a manner intended to enable such an assessment:

- **Who we are:** Our group profile and leadership team (see pages 4 to 62).
- **How we create value:** Our business model, key relationships and business impacts (see pages 12 to 15).
- **What impacts on value:** Our operating environment, and material risks and opportunities (see pages 28 to 35).
- **Our strategic response:** Our strategy and performance (see pages 36 to 61).
- **Our governance:** Our governance activities and remuneration practices (see pages 62 to 89).

Additional information not material for this report, but of interest for other purposes, is provided in separate reports and on our website. In assessing those issues that materially impact value creation we have looked beyond the conventional financial reporting boundary to provide for the relevant interests of key stakeholders. We have also considered the most significant risks, opportunities and impacts associated with our activities over the short term (less than 12 months), medium term (one to three years) and long term (beyond three years).

Our value contribution in 2020

Financial performance (from continuing operations)

+4%	-18%	-240bps	-23%	-37%
R29,8 billion	R2,6 billion	8,7 percent	1 196 cents	670 cps
Revenue	**Group operating income***	**Group operating margin***	**HEPS**	**Total dividend**
2019: R28,6 billion	2019: R3,2 billion	2019: 11,1%	2019: 1 556 cents	2019: 1 061 cps

* *Before impairments and abnormal items.*

Providers of financial capital

- R740 million paid in dividends (2019: R2,3 billion)
- Return on equity 10,5% (2019: 13,9%)
- Return on net assets 21,6% (2019: 26,1%)
- Cash generated from operations R3 billion (2019: R3,5 billion)

Customers
(retailers, wholesalers and general trade)

- 26% value share
- 96% on-shelf availability
- 90% order-fill

Employees

- R4,1 billion paid in salaries and benefits to 11 188 permanent employees (2019: R4,0 billion to 10 543 employees)
- 79% of leadership positions filled internally
- Recognised by Top Employers Institute as a Top Employer 2020
- 2 employee fatalities and 1 contractor (2019: 1)

Consumers

- Launched immunity campaign on the Morvite brand in the context of Covid-19
- Launched the "perfect store"* initiative
- Supported at-home consumption, communicated recipe content, listed on major e-tailing and retailers' online platforms
- Launched value offerings through multiple configurations of Tiger hampers, extra value packs such as Jungle 1kg + 100g free, specific packs for discount channels Oros 500ml and Brookes Crush

Suppliers

- R474 million in savings across the supply chain
- R13 billion spent with BBBEE-verified suppliers
- R5 billion spend with black-owned enterprises
- R4 billion spend with black women-owned enterprises

Communities and environment

- R32 million total socio-economic development spend
- 87 million meals and 74 455 learners supported by Tiger Brands Foundation

* *This programme highlights the in-store execution standards expected from our field sales teams. It provides shoppers with the product range they expect to find in the outlet type, correctly merchandised and displayed, and at a price they are willing to pay for the product.*

Group profile

Our core business is providing everyday branded food to large and growing markets through a unified customer sales team and effective supply chain that leverages the group's scale. We target best-in-class profitability, underpinned by a cost-conscious culture and environmental, social and governance (ESG) principles to create and share value.

Grains

+5%
R13,9bn
Revenue
2019: R13,2 billion

-14%
R1,2bn
Operating income
2019: R1,4 billion

Revenue (R'bn)

2020	14
2019	13
2018	13

Operating income (before IFRS 2) (R'bn)

2020	1
2019	1
2018	2

Consumer Brands – Food

+3%
R9,7bn
Revenue
2019: R9,4 billion

-20%
R830m
Operating income
2019: R1,0 billion

Revenue (R'bn)

2020	10
2019	9
2018	10

Operating income (before IFRS 2) (R'bn)

2020	0,8
2019	1,0
2018	1,0

Home, Personal Care and Baby (HPCB)

+5%
R2,8bn
Revenue
2019: R2,7 billion

-6%
R510m
Operating income
2019: R546 million

Revenue (R'bn)

2020	3
2019	3
2018	2

Operating income (before IFRS 2) (R'm)

2020	510
2019	546
2018	341

Exports and International

+4%
R3,4bn
Revenue
2019: R3,2 billion

-51%
R103m
Operating income
2019: R212 million

Revenue (R'bn)

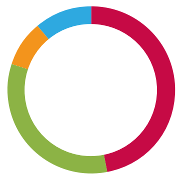
2020	3
2019	3
2018	4

Operating income (before IFRS 2) (R'm)

2020	103
2019	212
2018	320

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.

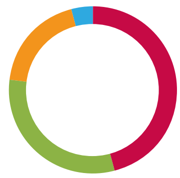
Revenue



47%	2019: 46%
33%	2019: 33%
9%	2019: 9%
11%	2019: 12%

Grains
Consumer Brands – Food
HPCB
Exports and International

Operating income



46%	2019: 44%
31%	2019: 32%
19%	2019: 17%
4%	2019: 7%

Milling and Baking
- Baking

Milling
- Flour
- Maize
- Sorghum

Other grains
- Pasta
- Oat-based breakfast (Jungle)
- Rice

Market share %*

Grain	27
Maize	11
Flour	28
Bread	34
Cereals	23
Pasta	34
Rice	42

Groceries
- Condiments and ingredients
- Spreads
- Canned fruit and vegetables

Snacks & Treats
- Sugar
- Chocolate

Beverages
- Concentrates
- Sports drinks
- Ready-to-drink

Market share %*

Groceries	39
Spread	38
Condiments	44
Canned fruit and vegetable	52
Snacks and treats	20
Chocolate	12
Sugar	38
Beverages	36
Concentrates	43
Sports drinks	34
Ready-to-drink	17

Home Care
- Sanitary cleaners
- Insecticides

Personal Care
- Camphor cream and lotions
- Hair care

Baby
- Nutrition and wellbeing

Market share %*

Home care	39
Personal care	5
Camphor cream	91
Baby	38
Wellbeing	9
Nutrition	57
Homogenised baby food	85

Exports

International operations
- Central Africa (Chococam)

Deciduous fruit
- Langeberg and Ashton Food (LAF)

* *Market share limited to South Africa.*
Source: Nielsen.

GROUP PROFILE / **OUR BUSINESS**

Group profile continued

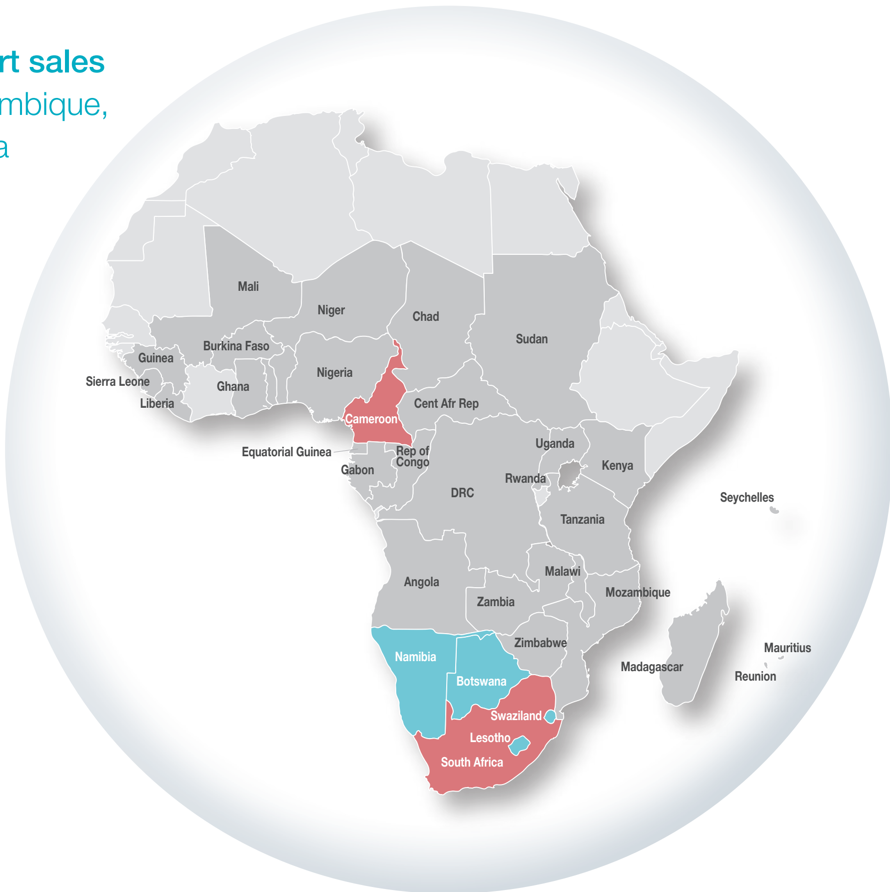
Many of our brands hold number 1 or number 2 positions in market share and equity in their respective categories and have celebrated many external awards for being South Africa's most loved brands

	Tastic	Albany	Golden Cloud	Ace	Jungle	Purity	Koo	Oros	All Gold	Crosse & Blackwell	Benny
Equity	#1	#1	#3	#2	#2	#1	#1	#1	#1	#1	#3
Volume share	#1	#1	#2	#3	#1	#1	#1	#1	#1	#2	#3
Value share	#1	#1	#2	#3	#3	#1	#1	#2	#1	#1	#3

Source: Kantar Brand Health Tracker; Nielsen, September 2020.

We currently export our products to 33 markets in Africa

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



- Manufacture
- Current exports
- Out of scope*

* Botswana, Namibia, Lesotho and Swaziland are serviced by the domestic business.

Chief executive officer's review

As we approach Tiger Brands' centenary, amidst the turbulence of an already fragile economy devastated by the impact of Covid-19, the company is facing a critical inflection point. Looking at Tiger Brands' recent history, we have seen the company set back by a series of failures with little in the way of meaningful successes. Understandably, many of our stakeholders are looking at us with a degree of healthy scepticism, questioning whether the company will be able to effect the long-awaited turnaround and recover from its under-par performance.

The company's executive team, assembled largely over the last two years, is fully aware of the significant challenges that the company faces. As a team, we are determined to ensure the creation of a Tiger Brands that will thrive and grow into its second century, a company fit to compete in the "new normal". There is no doubt that this is going to be challenging, but I believe that we have the capability to turn this around, with the right strategy, operating model and management team in place to ensure our resilience and growth. In this report, we seek to provide our investors and other interested stakeholders with the information needed to make an informed assessment of our ability to create long-term value.

A positive response to the Covid-19 pandemic

Although this was a challenging year, we are beginning to see signs of stabilisation, suggesting that we are turning a corner and building momentum.

A particular highlight among all the challenges has been Tiger Brands' response to the Covid-19 pandemic, with the company acting positively and proactively to protect both lives and livelihoods.

In responding to the pandemic, our main objectives were to keep our employees safe, to ensure the consistent availability of our products, and increase food support to communities most in need.

Noel Doyle
Chief executive officer

Chief executive officer's review continued

In the face of Covid-19, we acted rapidly to protect the safety and wellbeing of employees, prioritising remote working where possible, introducing health screening and testing for staff at essential services sites, accompanied by daily deep cleaning and rigorous hygiene and sanitisation protocols, as well as numerous other measures to ensure employee wellbeing. I am saddened to report that 11 of our employees died after contracting the virus. I extend my deepest sympathies to the families of all those who have been severely affected. In the context of these profound challenges, the response of our staff was superb, with record levels of attendance at essential sites during the first six weeks of lockdown, notwithstanding high levels of anxiety and uncertainty around the science of the virus at the time.

Following the introduction of the government's strict lockdown requirements in late March 2020, Tiger Brands was quick to ensure a continuous supply of product in response to initial panic buying and pantry loading. We developed and implemented response protocols to ensure product safety, worked with suppliers, logistics and customers to limit disruptions, and provided effective communication to address concerns around food security. These efforts were accompanied by a strengthened focus on our numerous community food and nutrition programmes for families, school children and frontline healthcare workers and hospitals.

The role of Tiger Brands as an "essential service provider" highlighted the importance of our business as a key contributor to food and nutrition security in South Africa, as well as reminding us of our responsibilities in protecting the wellbeing of our employees and communities. This has brought new life to the societal purpose at the heart of our company, "to nourish and nurture more lives everyday".

Subdued performance in a tough trading environment

Our financial performance this year reflects the tough operating environment, with the combination of reduced consumer spend and rising input costs placing pressure on volumes and our ability to recover costs. In addition, the year's performance reflects the impact of Covid-19 in terms of related costs and supply chain disruptions. Notwithstanding the difficult trading environment, the company experienced sustained demand in certain categories in the second half due to increased at-home consumption influenced by Covid-19 response measures. However, there were corresponding headwinds in terms of consumer demand in Snacks & Treats, Beverages, Out of Home and Baby. Exports were adversely affected by a trademark dispute with a former distributor in Nigeria, restricting sales into that country for most of the year. The subsequent resolution of this dispute resulted in the resumption of sales into Nigeria, which has provided positive momentum going into the new financial year. In addition, a rebound of our export volumes into Mozambique is evident after several years of underperformance.

Revenue from continuing operations increased by 4%, underpinned by price inflation of 6% and partially offset by an overall volume decrease of 2%. Declining volumes in certain categories, coupled with the inability to fully recover significant raw material cost push, placed gross margins under pressure, resulting in group operating income declining by 18% to R2,6 billion (2019: R3,2 billion).

In August this year we entered into two separate sale-of-business agreements for our VAMP business units. The acquisition of the abattoir business at Olifantsfontein by Molare Proprietary Limited became effective on 28 September 2020, while the disposal of the VAMP processing facilities was successfully concluded post year-end. A significant outcome that we achieved in selling these businesses as going concerns is that we safeguarded the jobs of almost 1 000 employees, a key consideration given the escalating unemployment in the country.

Our strategic priorities: balancing short-term impact with long-term growth

In 2017, we completed a comprehensive review and update of our five-year growth strategy in which we agreed a clear set of commitments for each of the four strategic focus areas – Drive Growth, Be Efficient, Great People and Sustainable Future. Our strategic focus this year has been on delivering against these commitments and embedding the strategy more broadly across the company. We have placed particular emphasis this year on driving those operational initiatives that will improve the performance of our current portfolio and deliver an effective turnaround over the short term, while setting us up for longer-term growth.

It is important to recognise that while any initiatives we take should be limited to those that will have a meaningful impact with a higher probability of success, our response cannot have the luxury of a single-minded focus.

Ensuring a much-improved performance in FY21 is a non-negotiable to restore investor confidence – and to secure the time needed for our turnaround strategies and investments to show results – but this cannot be done at the expense of longer-term growth.

In managing our time and resources we need to find the right balance between the short-term pressure to deliver results, and the need to facilitate longer-term growth, recognising that we are behind in this regard.

In seeking to find this balance, we have identified the following five immediate priorities for restoring value:

- We will be *accelerating the pivot towards consumer and shopper orientation*, strengthening our focus on meeting consumers' needs. While we are mindful of other key consumer trends – such as health and nutrition, "snackification", at-home consumption, and the shift to e-commerce – our priority focus for the next three years will be on delivering value to the consumer, given the particularly constrained consumer environment. In addition to driving our relevance in the value segment by building the clear benefits of our current brands through marketing best practice, we will meet the needs of the value consumer by driving innovation and renovation in our product portfolio, implementing price-ladder opportunities within specific brands and categories, and identifying commercially viable opportunities to manufacture private label products to our benefit.
- A critical enabler of our growth plan is to *improve our supply chain*. We are placing particular focus on restoring competitiveness in our manufacturing activities, improving overall equipment effectiveness and service levels, reducing wastage, and completing our key site optimisation planning, with a continued emphasis on ensuring robust food quality and safety systems across the company.
- We will maintain a relentless focus on *reducing costs* across all areas of the income statement in a systemic, urgent but measured fashion, with a view to ensuring the sustainability of these cost savings. To deliver on our ambitious efficiency targets, this year we introduced a step-change in how we engage the business on cost savings, changing our governance structure, introducing clear steps from the identification to realisation of savings, implementing stronger levels of transparency and accountability, and beginning to improve our SKU rationalisation through the development of a process map and the roll out of activity-based costing.
- In addition to improving our current performance, we will be creating the right *platforms for us to grow*. In terms of organic growth: we are optimising our portfolio, focusing on those categories with high attractiveness and competitive strength that should be protected, invested in and grown; we are driving innovation within existing and into adjacent categories; we are pursuing a range of customer and channel initiatives, underpinned by trading terms that work for us as well as the customer; and we are identifying and realising opportunities for category growth in selected African markets. While our primary focus is on driving organic growth, we are continuing to explore opportunities for inorganic growth.
- Delivering on these objectives is ultimately dependent on us having the right culture. Our fifth priority focus is thus on *igniting our people* to instil an agile performance-based culture where calculated risk taking is encouraged, recognised and rewarded. For too long, too many of our teams have been internally focused and risk-averse, acting in silos and focusing on short-term returns. Our goal is to create a culture of accountability that delivers long-term growth through consumer-focused innovation.

Chief executive officer's review continued

While our immediate priority is on addressing the commercial exigencies we face, we have not lost sight of our strategic commitments to a sustainable future – and our associated goals on health and nutrition, enhanced livelihoods, and environmental stewardship – and it is encouraging to see some initial progress made this year. It is fair to say that in the past Tiger Brands has been somewhat insular from its broader role and responsibilities in society. Recognising the significant social and environmental challenges within the food system, it is imperative that the company is clearer in acknowledging and managing its broader societal responsibilities. Going forward, we will be more active in using our influence for the greater good, with a confidence borne of competence, but tempered with genuine humility.

To deliver effectively on all of these priorities, we have revised our operating model with the aim of providing the individual business units with the benefits of Tiger's scale, but with sufficient autonomy, accountability and flexibility so that this benefit is not eroded by the inertia of command and control from the centre.

The Tiger we are looking to build is not the clichéd oil tanker – too big, too bulky, too cumbersome to make the necessary changes – but rather a convoy of sleek destroyers, close enough to each other to maximise mutual benefit, but far enough away to avoid a single catastrophic incident and nimble enough to be able to make their own evasive and offensive moves. A convoy that changes shape and composition from time to time, but retains its essential form, with the individual business units focusing on excellence in execution, and intimacy with consumers and customers.

Maintaining our strategic enablers

Delivering on these strategic priorities requires a continued focus on good governance, robust food quality and safety systems, employee health and safety, and stakeholder responsiveness, all areas that we review in more detail in this report. There are two issues that I wish to mention briefly upfront.

Firstly, on employee health and safety. While Tiger's response to protecting employees during the pandemic has been admirable, we still have work to do in areas of our occupational health and safety. I am saddened to report that there were three work-related fatalities this year. In February 2020, Adam Makhado was involved in a motor vehicle accident, and in July 2020, Mboniseni Innocent Sithole died in an attempted robbery in Daveyton. Both were employees of Albany and were delivering bread at the time of the incidents. In October 2019, a contractor at Davita, Kuda Sithole, suffered fatal internal injuries when the machine he attempted to instal fell on him. My sincere condolences go out to the families. We have provided support and counselling to the families of our employees and are implementing appropriate response measures to minimise the potential for future such incidents. There continues to be a concerning number of violent route-to-market incidents, particularly with bread deliveries. We acknowledge the magnitude of the challenge and are resolute in addressing it. Our immediate efforts include undertaking regular risk assessments of all delivery routes and developing tailored response measures. We are exploring longer-term solutions such as enhanced use of technology for more effective security provision, as well as the use of digital payment systems.

The second issue to highlight is our continued strong emphasis placed on food safety and quality and the various measures we have taken to ensure that we have robust management systems, qualified people and a strong quality culture embedded across the organisation. We have further strengthened our audit and assessment processes, achieving external certification for all our manufacturing facilities against globally recognised food safety standards such as FSSC 22000 and HACCP, and started the certification process for our warehouses. It is encouraging to report that we maintained an improving trend on our quality KPIs, ending the fiscal year with zero public recalls, a 25% reduction in market-place incidents and another 5% reduction in consumer and customer complaints.

Outlook

There is no doubt that we face some tough times ahead, with an already weak economy further impacted by the after-effects of Covid-19 lockdown measures, the economic downturn is likely to be significant. The anticipated volatility of the rand and increasing levels of unemployment will negatively impact both the supply and demand dynamics of our business, with consumer disposable income under profound pressure. Huge uncertainty remains regarding the longer-term outlook for the Covid-19 pandemic. Recent developments in Europe and elsewhere suggest the potential for a second wave, placing possible pressure in terms of export bans and port facilities in terms of imported inputs. At the same time, as markets open up, we are likely to see less consumer funds dispersed across a broader range of categories, highlighting the need for an absolute emphasis on value offerings and cost containment.

Given this challenging outlook, I believe our strategic approach and revised operating model presents the right foundation to ensure our resilience, enabling us to harness the diversity of our product portfolio, the strength of our heritage brands, the quality of our customer relationships and distribution networks, and the health of our balance sheet to absorb the anticipated headwinds. Doing so requires that we find that critical balance between delivering a short-term turnaround that stakeholders understandably are expecting, but not at the expense of longer-term growth.

Appreciation

This has been an incredibly eventful and challenging start as CEO of Tiger Brands. Despite the significant challenges, at a personal level it has also been stimulating thanks to the dedication demonstrated by Tiger's employees and my colleagues on the executive team, particularly in their response to Covid-19. I wish to extend my thanks to my colleagues on the executive team for their support, and to the Tiger Brands' board for their advice under the leadership of our chairman, Dr Khotso Mokhele. After thirteen years on the board, and almost four years as chairman, Dr Mokhele will be stepping down with effect from December 2020. I wish to thank him for his dedication and contribution to the company and wish him well in his future endeavours.

We are pleased to welcome Ms Geraldine Fraser-Moleketi who was appointed as independent non-executive director and chairman designate in September 2020. She will assume the role of chairman with effect from January 2021, bringing valuable experience and fresh perspectives. We have also been joined on the board this year by Ian Burton and Olivier Weber, both of whom have extensive expertise in leading innovation and growth in the FMCG sector globally.

We face some challenges ahead, but I am confident that together the company's employees and leadership teams will ensure that Tiger Brands delivers on its potential in creating long-term value.

Noel Doyle

Noel Doyle
Chief executive officer

19 November 2020

Our business model

Tiger Brands creates value and delivers on its purpose by producing, marketing and distributing everyday branded food, home and personal care products, predominantly in South Africa with a growing market presence across Africa.

Key inputs

Social and relationship capital
- Committed workforce
- Investor confidence
- Constructive relationship with government and regulators
- Positive supplier and customer relations
- Trusted brand and reputation with consumers and society
- Stable operating context contributing to sustained market demand

Our people
- Strong and diverse board
- Experienced executive team
- 11 188 permanent employees (2019: 10 543 permanent)
- Enabling environment
- Adequate governance structures
- Improved reward and personal development opportunities

Our brand and reputation
- Strong brand and reputation
- Unique product formulations and trusted recipes
- Research and development capacity
- Governance and business systems

Manufactured capital
- 40 manufacturing facilities
- 29 sites
- Logistics and distribution

Financial capital
- Equity
- Borrowings
- Cash generated from operations

Natural resources capital
- Local and imported raw materials and ingredients
- Water and energy for production
- Fuel (diesel and petrol) for distribution as well as manufacture
- Fertile soil and conducive agricultural conditions

Wheat

Rice

Maize

Oats

Sorghum

Tomatoes and beans

Fruit and nuts

Sugar

Cocoa

Our external environment
- Muted consumer spend in a weak economy
- Increasing competition and power shifts in food retail
- Changing consumer dynamics and growing complexity
- Increasing stakeholder pressure for responsible business leadership
- Covid-19 compounding the impact of existing trends

Throughput of primary agricultural products transformed into branded food items.

Our top 10 risks
1. **Albany route-to-market**
2. **Negative impact of Covid-19**
3. **Business continuity vulnerabilities**
4. **Operating environment**
5. **Food safety and product quality**
6. **Occupational health and safety**
7. **Information and cyber security**
8. **Data and information risk**
9. **Attract and retain critical skills**
10. **Intensifying competition**

Our core target consumers are middle-income consumers, the largest and fastest growing segment. Our core category is food with immediate adjacencies in beverages, snacks and treats.

Value chain activities

Procurement
Procuring raw materials, ingredients and packaging from local and international markets

Manufacturing
Converting raw materials into quality food, home and personal care products, using Tiger Brands' proprietary formulations

Research and development
Monitoring consumer tastes and trends, and investing in product and process research and development, to ensure that we maintain a leadership position

Packaging and logistics
Packing our products in branded packaging, and distributing these products as efficiently as possible to consumers through a network of customers that include retailers, wholesalers and the general trade

Marketing and branding
Supporting these activities with our strategic marketing and branding initiatives, and our focused corporate social investment activities

Our revenue stream

Our revenue streams comprise:

- Grains (47%)
- Consumer Brands (33%)
- Home, Personal Care and Baby (9%)
- Exports and International division (11%).

Material revenue differentiators

- The group's long-standing market-leading position in branded food and beverages
- Our "power brands", most of which are rated first or second in their respective categories and that have received many external awards for being South Africa's most loved brands
- A robust marketing strategy to ensure our brands remain relevant and top-of-mind, supported by increased and targeted investment
- Far-reaching distribution capabilities
- The strength and quality of our relationships with our customers
- Strong consumer insights informing category strategies.

Outputs

Milling and Baking

Other grains

Groceries

Snacks & Treats

Beverages

Home, Personal Care and Baby

Our cost streams

Our most significant cost streams are:

- Raw material procurement
- Employee wages and benefits
- Sales and distribution expenses
- Electricity and fuel
- Marketing expenses
- Regulatory compliance costs
- Maintenance and upgrading of plant and equipment
- Other administrative costs.

Material cost differentiators

- Our ability to leverage scale through a centralised procurement hub
- Standardisation and simplification of group processes, systems and practices.

Key outcomes

Social and relationship

✓ Provision of affordable nutrition
✓ Economic opportunities across value chain
✓ Community impact of operations
✗ Contribution to non-communicable disease

Outcomes on page 16.

Our people

✓ Investment in employee skills and motivation
✓ Investment in employee health and safety
✓ Enhanced employee and board diversity
✗ Some negative health and safety incidents

Outcomes on page 16.

Our brand and reputation

✓ Investment in maintaining brand equity
✓ Innovation launches including in health and nutrition, value and convenience

Outcomes on page 16.

Manufactured capital

✓ Investment in modernising plant and equipment
✗ General wear and tear/depreciation

Outcomes on page 17.

Financial capital

✓ Dividends
✓ Return on net assets
✓ Return on equity
✓ Return on invested capital (ROIC)
✓ Favourable funding terms

Outcomes on page 17.

Natural resources

✓ Investments in numerous mitigation measures
✓ Innovation in products, processes and consumption
✗ Raw material extraction
✗ Energy use and GHG emissions across value chain
✗ Water use and potential contamination
✗ Habitat impacts across supply chain
✗ Environmental incidents

Outcomes on page 17.

Our business impacts

Investing in the capital stocks

SOCIAL AND RELATIONSHIP CAPITAL

Our actions to sustain value
- Product and process innovation including on health, convenience, e-commerce and value
- Active engagement with suppliers
- Trading terms that are fair, equal and available to all customers
- Regular investor communication
- Structured engagement with regulators; continued focus on compliance and societal contributions
- Increased food support to communities most in need during the National Disaster period

Outcomes of our activities

Generally positive relations across key stakeholder groups:
- ✓ 25% reduction in market-place incidents
- ✓ 5% reduction in consumer complaints
- ✓ R13 billion BBBEE supplier spend
- ✓ Recognised role in ensuring stability of food supplies during initial panic buying with lockdown
- ✓ Increased investment in community food and nutrition programme during pandemic, with additional nutritional support to frontline healthcare workers

Continuing concerns in certain areas
- ✗ Pending listeria Class Action lawsuit and ongoing associated reputational concerns
- ✗ Some investor uncertainty on long-term results in tough market

Material inputs
- Committed workforce
- Investor confidence
- Constructive relationship with government and regulators
- Positive supplier and customer relations
- Trusted brand and reputation with consumers and society
- Stable operating context contributing to sustained market demand

Capital trade-offs
- Our success as a business depends ultimately on the quality of our relationships with key stakeholders. These stakeholders have different and sometimes conflicting priority interests (see page 16); balancing these competing interests requires trade-offs as we prioritise certain outcomes over others.
- Investing in social and relationship capital also often requires short- and medium-term financial capital inputs, placing heightened pressure on margins in the short term, but generally generating positive return across most capitals over the longer term. This trade-off between delivering short-term results – to enhance investor sentiment and attracting necessary financial capital – against the need to deliver longer-term sustainable growth, is one of the more challenging trade-offs affecting businesses generally.

See page 46 and sustainability report.

OUR PEOPLE *(Human capital)*

Our actions to sustain value
- Three-pillar people strategy focusing on building a diverse talent base, developing leadership capacity, and creating a great place to work
- Employee reward and personal development opportunities
- Sustained focus on promoting diversity and employment equity
- Identified as an essential service, prioritised employee health and safety during the lockdown period
- Implemented an incentive scheme for the initial lockdown period to reward those employees at essential site level bravely ensuring continuity of supply and production

Outcomes of our activities

Improving employee motivation in a more challenging Covid-19 context
- ✓ During the initial lockdown phase, 100% attendance at all essential manufacturing and distribution sites and almost 90% attendance of our outsourced merchandising service provider, Tiger Brands Field Services
- ✓ Voted number 1 employer of choice in manufacturing sector by graduates
- ✓ Recognised as a Top Employer 2020

Enhanced board diversity
- ✓ 60% black and 47% female on board
- ✓ Recent appointments bring extensive FMCG knowledge as well as global experience and contemporary skills in digital concepts and innovation

Enhanced employee diversity
- ➟ African employees comprised 95% of internal appointments

Managed impacts on employee safety
- ✗ Two route-to-market fatalities (2019: 1) and one contractor fatality
- ➟ 0,34 lost-time injury frequency rate (2019: 0,38)

Material inputs
- Strong and diverse board
- Experienced executive team
- 11 188 permanent employees (2019: 10 543 permanent)
- Enabling environment
- Adequate governance structures
- Improved reward and personal development opportunities

Capital trade-offs
- Labour remains one of our most significant costs. In the context of tough operating conditions there has been a strong drive to identify opportunities for further labour efficiencies and productivity gains across our operations. While reducing labour costs has benefits in terms of financial capital, it has potentially significant negative implications in human and social capital.
- Investing, attracting, retaining and developing executive talent is a material cost, depleting financial capital in the short term, but resulting in returns in most capital stocks in the longer term.
- We made significant financial investments this year in protecting the safety and wellbeing of our employees in response to Covid-19, reorganising some areas of the business for remote working, introducing robust testing and hygiene protocols at our essential services facilities, and providing additional staff wellness and support facilities, all of which contributed to enhanced social capital

See page 42.

OUR BRAND AND REPUTATION *(Intellectual capital)*

Our actions to sustain value
- Drive innovation and renovation for value specific consumer needs
- Deploy marketing best practice toolkit across the business
- In response to Covid-19, provided meal tips and showed versatility of products such as *Crosse & Blackwell reimagining food*
- Drive relevance in value segment by building the clear benefits of our current brands

Outcomes of our activities

Sustained a strong brand presence
- ✓ Completed purpose journeys on majority of the billion rand brands with evident impact
- ✓ Ingram's *"Your Skin, Your Brave"* campaign had a positive impact on spontaneous awareness in a category dominated by large global competitors and helped modernise brand perceptions

Innovation launches, including:
- ✓ **Value:** Launched extra value packs e.g. Jungle 1kg + 100g free, Induna maize, specific packs for discount channels and Brookes Crush
- ✓ **Price pack architecture:** Jungle plus 500g refills

Material inputs
- Strong brand and reputation
- Unique product formulations and trusted recipes
- Research and development capacity
- Governance and business systems

Capital trade-offs
- Tiger Brands' legacy is built on the strength of our brands and the quality of our products, which in turn depends on our proprietary product recipes, our capacity to innovate in response to changing consumer preferences, our robust food quality and safety systems, and our innovative marketing and consumer engagement. Maintaining our leadership in these areas is key to long-term growth, but often has short-term implications on financial capital.

See page 37.

MANUFACTURED CAPITAL

Our actions to sustain value
- R937 capital expenditure in manufacturing capability and technology
- Prioritised key value items during Covid-19 lockdown phases
- Initiated a new capex approval process

Outcomes of our activities
✓ Ensured availability of our products and sustained food security throughout the Covid-19 lockdown phases
✓ 96% on-shelf availability

Some challenges remain
✗ Overall gross margin compression
✗ Supply chain challenges in Groceries
✗ Growth in private label penetration

Material inputs
- 40 manufacturing facilities
- 29 sites
- Logistics and distribution

Capital trade-offs
- Investing in plant and equipment is beneficial for longer-term growth, and often leads to cost-efficiency and reduced environmental impacts, but can impair short-term financial performance.
- Modernising facilities may lead to job losses, negatively impacting social and human capital. Any job losses generally contribute to reduced consumer spend and undermine market growth.

See page 40.

FINANCIAL CAPITAL

Our actions to sustain value
- Implementation of fit-for-future operating model with clear lines of accountability
- Continued drive on operational efficiency
- Strong corporate governance structures
- Acceleration of portfolio optimisation initiatives
- Clear guiding principles in response to the growth of private label

Outcomes of our activities
✓ Disposal of VAMP
✓ 21,6% return on net assets (RONA) (2019: 26,1%)
✓ R97 million paid in net interest (2019: R0,2 million net interest received)
✓ R3,0 billion cash generated from operations (2019: R3,5 billion)
✓ Savings of R474 million (2019: R616 million)
✓ Total dividend per share declared: 670 cents (2019: 1 061)
✓ 10,5% return on equity (2019: 13,9%)
✓ ROIC 11% < weighted average cost of capital (WACC) 12,7% (2019: 14,2% > 12,5%)
✓ Cost of equity of 14,2% (2019: 11,7%)

Material inputs
- Equity
- Borrowings
- Cash generated from operations

Capital trade-offs
- Ensuring sustainable growth in financial capital sometimes involves making significant capital investments in the short term – for example to maintain and optimise plant and equipment, invest in R&D, and develop employee talent – or alternatively involves divesting from certain businesses and/or closing plant. Some of these activities to optimise financial capital may be more efficient and have positive benefits in terms of safety and the environment, but come at the cost of employment opportunities, undermining social capital and contributing to broader downward trends in consumer spend.
- Our strategic direction informs the allocation of capital to balance the short-term interests of certain stakeholders with long-term growth objectives.

See page 50.

NATURAL RESOURCES CAPITAL

Our actions to sustain value
- Continued energy and water efficiency measures, with supporting mitigating plans to ensure continuity of production
- Investment in innovations to optimise packaging and reduce waste
- Partnerships to reduce food waste and packaging waste

Outcomes of our activities

Some progress in mitigating impacts
✓ Absolute water use down 8,84%; water intensity down 5,86%
✓ 8,23% reduction in emissions intensity
✓ Absolute energy use down 5,34%; energy intensity down 5,69%

Challenges remain in certain areas
✗ Although we have improved our environmental governance and legislative adherence through key industry partnerships, monitoring and responding to community concerns continues to be an important factor for Tiger Brands
✗ Reliability of electricity and water supply
✗ Adverse weather conditions impacting the supply, cost and quality of raw materials

Material inputs
- Local and imported raw materials and ingredients
- Water and energy for production
- Fuel (diesel and petrol) for distribution as well as manufacture
- Fertile soil and conducive agricultural conditions

Capital trade-offs
- Although natural capital is a critical input for all of our activities, our means of generating value across the other capitals often involves some negative impact on natural capital which is sometimes only apparent in the longer term. The global food system is recognised as having a significant impact on biodiversity and habitat loss, climate change and packaging pollution, placing direct pressure on some of the resources we depend on, and heightening consumer and regulatory pressure for more sustainable practices.
- Given our dependency on natural capital, as well as the potential impact on reputational capital, we strive to minimise environmental impacts across our value chain by investing in mitigating measures in our processes, products and packaging. These measures may themselves have trade-offs – for example using more packaging to reduce food waste, or investing in carbon-efficient technologies that reduce jobs. Balancing these trade-offs is an important challenge affecting all businesses in resource-related sectors, and increasingly requires collaboration and innovation.

See page 46 and sustainability report.

Our key relationships

Recognising the critical importance of understanding and being responsive to our stakeholders' interests, we have introduced a structured stakeholder relations strategy to ensure a consistent and proactive approach to engagement across the group.

In 2017 we undertook a dedicated engagement process to develop a baseline appreciation of stakeholders' perceptions regarding our existing engagements, and to identify opportunities to foster increased inclusivity. Since October 2018, we have been working with various stakeholder groups to develop and implement site-specific stakeholder engagement plans. During 2020, we spent more time in our host communities undertaking social-mapping exercises. The results of these exercises have enabled us to be more responsive to specific community needs, and to co-create impact programmes with communities to bring about mutually agreed change. In the table below we identify those stakeholder groups that have a substantive impact on our ability to create value, briefly outlining their contribution to value creation, our means of engaging with them, and each stakeholder group's primary interests relating to our business activities. Although we appreciate that there is often substantial diversity of perspective and interest within each group, we believe that the interests listed below are a sufficiently accurate reflection of each group's most material interests regarding Tiger Brands' activities and performance.

Employees

Provide the experience, productivity and skills needed to deliver our strategy

How we engage

- CEO and executive-led engagements
- Category executives and factory management-led engagements
- Internal website
- Data-free mobile communication application
- Newsletters and email
- Internal videos
- News boards
- Employee hotline
- Employee engagement sessions
- One-on-one consultations
- Thrive employee wellbeing programme communications

Material interests

- Talent and career development
- Employee relations
- Inspirational leadership and transparency
- Enabling environment
- Teamwork and collaboration
- Protocols, practices and processes
- Diversity and inclusion
- Employee safety during Covid-19
- Rationale for commercial decisions in particular disposals
- Ongoing Class Action litigation

Our response

- Launched partnership engagement sessions with our union leaders led by the CEO and executive team on business and employee matters; in future these will be conducted biannually. *(See page 45)*
- The Voice of Tiger, which is our company experience and engagement pulse survey launched in November 2020. The survey gives all our employees a confidential, digitally-enabled platform to give feedback to Tiger Brands on how they experience the organisation, culture and leadership by responding to a set of benchmark questions. The results will be used to design actions to further progress our culture transformation journey, improve employee experience and accelerate winning performance across the organisation. The comprehensive survey will be conducted once a year going forward but regular short and focused dip-stick surveys will take place quarterly.
- Continued with Heart of the Tiger employee dialogues on values and winning behaviours.
- Revived and communicated our employee value proposition and employer brand. *(See page 44)*
- Completed fit-for-future organisational restructure. *(See page 42)*
- Key changes made to business leadership.
- 79% of leadership positions filled internally, with African employees comprising 95% of internal promotions this year; 46% female and 54% male. *(See page 43)*
- Prioritised safety of work force and employee wellbeing over the period of National Disaster. *(See page 44)*
- Regular communication through various channels and platforms.

Customers

Our retail and wholesale customers, provide consumers with ready access to our product

How we engage

- One-on-one personal engagements
- Business forums
- Collaborative forecasting and joint business planning

Material interests

- Product provided on agreed terms
- Trading terms that are fair, equal and available to all
- Portfolio rationalisation in the context of disposals
- Optimal consumer propositions
- Reducing packaging footprint

Our response

- Played a vital role in ensuring the ongoing availability of essential food items during the period of National Disaster, especially during the initial lockdown period. *(See page 52 and sustainability report)*
- Various customer engagements to ensure clarity on expectations, including through jointly developed business plans. Launched the Perfect Store Initiative. *(See page 3)*
- Created Tiger hampers in various configurations cognisant of store formats, time of month and shopper specific.
- Exploring alternative sampling options such as new pack sizes, online partners and digital solutions.
- Working closely with customers to reduce packaging footprint.

Media

Contribute to brand reputation and enhance stakeholder awareness of our products and performance

How we engage

- CEO/CFO engagement as appropriate
- Dedicated media section on our website
- Media releases
- Social media presence

Material interests

- Increase access to management and information
- Media governance
- Fair treatment of consumers
- Food security
- Ongoing Class Action litigation with potential liabilities
- Operational performance

Our response

- All queries on consumer-related enquiries addressed within specified timeframes.
- Strengthened media governance and protocols.
- Enhanced media monitoring and analysis.
- See earlier responses on consumers.
- Interviews, press statements and opinion editorials.
- Interviews, engagement with legal representatives and press releases.
- Access to the CEO and press releases.

Our key relationships continued

Consumers

By purchasing our products, and believing in our brand, they provide the basis for revenue growth

How we engage

- Dedicated consumer section on website
- Packaging information
- Consumer care line
- Digital platforms
- In-store engagement
- Focus groups
- Social media

Material interests

- Food safety
- Product quality
- Product affordability
- Health and nutrition

Our response

- Implemented a detailed quality strategy to ensure a robust integrated management system. *(See page 41 and sustainability report)*
- Achieved external certification of all manufacturing facilities. *(See page 40)*
- Introduced Tamper Evident packaging innovation on Albany bread.
- Provided food security information during Covid-19. *(See page 7)*
- Strong focus on ensuring that product quality meets or exceeds consumer expectations achieving reductions this year in customer complaints and market place incidents. *(See page 40)*
- Strive to mitigate inflationary pressures through cost-saving initiatives and operational efficiencies. *(See page 40)*
- Specific packs for discount channels. *(See page 37)*
- Launched value brands such as Induna Maize. *(See page 37)*
- Launched several healthier/more nutritious products including Jungle cereal bars, Purity snacks and Koo Black Beans. *(See page 37)*
- Tips on nutrition and home cooking.

Government

Provides the regulatory framework and informs the socio-economic context essential for our activities

How we engage

- One-on-one engagements
- Engagements on draft regulations
- Public forums
- Industry consultative bodies
- Parliamentary processes

Material interests

- Consumer and Customer Protection and National Disaster Management Regulations
- Growth and development of local agricultural sector
- Impact of portfolio rationalisation on labour

Our response

- Supported government's broader national effort by deferring price increases of products for the initial period of the lockdown.
- Initiated engagement with the regulators around the future construct and interpretation of the Consumer and Customer Protection and National Disaster Regulations.
- Active partnerships to promote agri-sector development and smallholder farmers. *(See page 46 and sustainability report)*
- Engaged with local and relevant national government departments on developments with regards to the impact of disposals.

Suppliers

Provide the services and raw materials that form the basis of our products and activities

How we engage

- Supplier forums
- Site visits
- Supplier assessments
- One-on-one engagements
- Website

Material interests

- Timely payment and fair terms
- BEE/SME supplier development
- Health and safety standards

Our response

- Negotiate with strategic suppliers to secure requirements at reasonable cost.
- Strong drive in place to promote supplier and enterprise development, investing in smaller suppliers to diversify the supply base and create real transformation to our supplier base. *(See page 40 and sustainability report)*
- Engage with relevant suppliers on appropriate health and safety standards.

Our key relationships continued

Investors

Provide the financial capital needed for long-term growth

How we engage

- Annual and interim reports
- One-on-one meetings, non-deal roadshows, investor conferences
- SENS announcements
- Dedicated investor relations
- Website

Material interests

- Gross margin compression due to poor strategy execution
- Ability to sustain premiums in a value-orientated economy and the loss of market share particularly to private label
- Supply chain disruptions
- Ongoing Class Action litigation with potential liabilities
- Company culture, talent acquisition, succession and retention
- Dividend policy in the context of a strong balance sheet

Our response

- Implemented a fit-for-future operating model that enables a focused and relevant solution for each of our categories. *(See page 42)*
- Acceleration of portfolio optimisation initiatives. *(See page 50)*
- Resolution of dispute in Nigeria supporting recovery in Export performance. *(See page 50)*
- Drive relevance in value segment by building clear benefits of our current brands. *(See page 37)*
- Meet the needs of consumers seeking value using innovation and renovation. *(See page 37)*
- Select commercially viable opportunities to manufacture private label. *(See page 37)*
- Specific commitments to drive efficiency, maximise product availability and deliver customer service excellence. *(See page 40)*
- Further optimised our processes with the aim of ensuring optimal on-shelf availability and meeting speed-to-market deadlines for innovation execution. *(See page 37)*
- Initiated a new capex approval process introducing a capital review committee with the aim of expediting approvals and improving overall project delivery. *(See page 40)*
- Frequent updates on the Class Action process providing background and context on developments. *(See page 23)*
- Newly appointed chairman designate and additional members with extensive expertise in leading innovation and growth in the FMCG sector globally. *(See page 62)*
- Employer branding campaigns were well received, with 140% increase in followership on Tiger Brands' LinkedIn profile. *(See page 42)*
- Voted number 1 Graduate Employer of Choice in the manufacturing sector, and second in the FMCG sector in the South African Graduate Employers Association 2020 survey. *(See page 42)*
- Certified as Top Employer. *(See page 42)*
- Improved succession ratio from 1:1 to 3:1 for senior executive leadership roles. *(See page 42)*
- After withholding the interim dividend, resumed dividend payments with the total ordinary dividend in FY20 aligning distributions with the dividend policy of 1.75x cover based on full year headline earnings. Paid a special dividend in FY19 and FY20. *(See page 50)*

Communities

Provide the social capital and licence to operate for the business to succeed

How we engage

- Community social mapping to identify opportunities to share value
- Community mobilisation and interaction on SED projects

Material interests

- Food security and related nutrition issues
- Food support during Covid-19
- Stimulate economic activity to support and sustain community enterprise development and job creation

Our response

- Partner with government and developmental agencies to promote nutrition, health and education, and contribute to community development and poverty eradication. *(See page 46 and sustainability report)*
- Freed-up R3,5 million in capital through voluntary salary sacrifices from our senior leadership
- Assisted our partners with an additional 12 000 food hampers through our Family Food Programme, with a total of 105 648 hampers distributed this year
- Adapted our School Nutrition Programme to distribute 15 000 food hampers to homebound school children (Tiger Brands Foundation)
- Continued our support of 4 500 students through our Plates4Days programme
- Donated R9 million worth of bread to various organisations, including to frontline healthcare workers at Charlotte Maxeke and Nelson Mandela Children's Hospitals and others
- Re-focused our distribution of near-dated stock and donated 1 000 units of hand sanitiser and 10 000 food hampers to vulnerable communities by Food Forward SA
- Supported job creation through the manufacture of Tiger Brands Covid-19 Safety Packs *(See page sustainability report)*
- Initiatives in place on enterprise and supplier development, and community investment. *(See page 46 and sustainability report)*

Chairman’s review

This has been a profoundly unsettling year for all of us – as individuals, families, communities and employees. The social and economic disruption caused by the Covid-19 pandemic came on top of an already very fragile economy and social fabric in South Africa, presenting significant further challenges for consumers, retailers and businesses more broadly. Tiger Brands’ performance this year reflects the impact of these challenges and underscores the need for a rapid and radical turnaround to restore the company’s legacy; its response to the pandemic and more positive performance towards the year-end give cause for optimism.

Khotso Mokhele
Chairman

Prior to the pandemic, consumer spending in South Africa was already severely constrained by falling GDP and low wage growth, high unemployment and debt levels and increasing costs, resulting in consumers buying and spending less, and shopping smarter. This reduced consumer spend was accompanied by rising input costs and increased competition, placing sustained pressure on volumes, market share and margins. The response measures to the pandemic added to these challenges, prompting an unprecedented downturn in economic activity, pushing up input and operating costs due to rand weakness and disruption in supply chains caused by Covid-19. Although Tiger Brands has benefited from being classified as an essential service and from the increase in at-home consumption, a combination of regulatory and market pressures constrained the ability to recover costs.

This tough operating context contributed to another year of disappointing results, with group operating income and HEPS from continuing operations down 18% and 23%, respectively. Following the board’s decision to withhold an interim dividend given the very uncertain outlook at the time, an ordinary final dividend of 537 cents per share was declared for the year ended 30 September 2020 in line with the dividend policy of 1,75x cover. In addition to the above, the company declared a special dividend of 133 cents per share as a result of the once-off proceeds received from the disposal of its VAMP business. The special dividend, together with the gross final cash dividend, brings the total distribution for the year to 670 cents per share.

This year’s disappointing performance understandably has added increased pressure on the company leadership team to demonstrate its ability to turn things around, and to deliver a sufficiently convincing performance over the short term, without compromising longer-term growth. Notwithstanding this year’s numbers, I believe that the various changes introduced in the last two years, and the progress made this year in embedding these changes, provides a solid foundation for this turnaround.

Tiger's response to the Covid-19 pandemic

The Tiger Brands' board and leadership team have devoted considerable time and effort this year to ensuring an effective response to the Covid-19 pandemic. I would like to commend the employees and leadership team for pulling together quickly and effectively in ensuring employee safety, maintaining a secure supply of food, and supporting affected communities with the provision of food hampers. Numerous measures were taken to protect the safety and wellbeing of employees during the lockdown, both for those working in our essential service factories, and those working remotely from home. The company introduced customised screening, testing, self-isolation and re-integration protocols, enhanced existing sanitation practices, staggered shifts where feasible, ensured active employee engagement, and provided private transport and a special incentive for essential workers during the lockdown period. The employee response has been phenomenal, collectively ensuring that the company played a critical role in maintaining the country's food security during the lockdown. It is particularly saddening to report that 11 employees died as a result of contracting the virus. I extend my heartfelt condolences to all the affected families.

In response to the severe socio-economic impact of the lockdown on more vulnerable communities, Tiger Brands enhanced its community food and nutrition programmes during the pandemic, donating an additional 12 000 food relief hampers to augment its existing monthly donations, and extending this beyond communities, students and scholars to include frontline healthcare workers and hospitals.

To contribute to the company's relief initiatives, the board of directors and executive committee together agreed to forfeit up to 30% of salaries and fees for three months, raising R3,5 million for the salary sacrifice initiative that supported various specific projects proposed by employees.

Maintaining a strong focus on food safety

In addition to ensuring regular food supply over the lockdown period, we further strengthened our focus on food quality and safety. Following the tragic listeriosis incident in February 2018, the board has recognised the need to drive and sustain a significant improvement in Tiger Brands' central oversight of food safety and quality, and to enhance the quality of risk reporting to the board and its committees. As I mentioned in previous reports, food safety is now a standing agenda item for the risk and sustainability committee, supported by clear reporting lines and regular internal assessments and data management processes that are aligned with the Global Food Safety Initiative (GFSI). Last year we introduced an integrated short-term incentive scorecard – applicable to executive directors – that includes specific provision for food quality as a key performance indicator.

The company made further progress this year in embedding a strong quality culture across its sites and among its suppliers and third-party manufacturing partners. Quarterly self-assessments were conducted at all manufacturing facilities against the GFSI tool; these facilities were also externally audited and maintained certification against the globally recognised FSSC22000 and HACCP system. All warehouse facilities have also been externally audited in preparation for certification next year. It is pleasing to see that the company's quality performance has continued to improve, with a 5% reduction in consumer and customer complaints, a 25% reduction in marketplace incidents and zero public recalls.

Update on the listeriosis Class Action lawsuit

In August this year Tiger Brands reached agreement to sell the value-added meat processing business to two separate groups of bidders. The business had been earmarked for sale prior to being affected by the 2018 listeriosis outbreak. The sale and disposal process in no way affects Tiger Brands' commitment to following due process as part of the ongoing listeriosis Class Action litigation, and to ensuring that an equitable resolution of the litigation is reached expeditiously.

In June 2020 the Gauteng Division of the High Court ruled in favour of Tiger Brands, compelling third parties to provide epidemiological information required for the Class Action lawsuit. All the third parties who applied for leave to appeal against the High Court order were granted leave to appeal to the Supreme Court of Appeal (SCA) on 15 September 2020. It is expected that the SCA will likely hear the appeal during 2021. Only one third party did not apply for leave to appeal.

The company has been dealing with ongoing requests from the plaintiffs' legal representative to provide documentation around the food safety systems at its Polokwane factory. This remains the subject of ongoing pre-trial proceedings in respect of which the company's legal defence team has engaged and continues to engage with the plaintiffs' attorney as part of the discovery process. As an affected party, Tiger Brands is committed to abiding by the legal process to ensure that a resolution of the matter is reached in the shortest possible time in the interest of all parties, particularly the victims of listeriosis. The company, in cooperation with its legal representatives, is continuing with its efforts to expedite the process to ensure a speedy resolution of the Class Action.

Chairman's review continued

Progressing on its growth strategy

In September this year, the board spent two days with the executive team to reflect on its performance over the year and review the company's strategic roadmap. The strategic framework remains much the same as the five-year growth strategy agreed last year, with four clear strategic focus areas: Drive Growth, Be Efficient, Great People and Sustainable Future.

As is reviewed throughout this report, the company has made some solid progress against each of these commitments. It has rationalised elements of its portfolio, introduced significant changes to improve its innovations processes and capabilities, launched various value-driven innovations and new healthy product lines, and delivered growth in both existing and new distribution channels. It has introduced a more systemic approach to unlocking savings and efficiencies across the business, with much clearer lines of accountability, delivering savings this year of ~R470 million. A new capex approval process was also initiated this year, and some significant capital investments were approved to increase capacity, enhance efficiency and deliver new innovation opportunities. Despite some of the challenges under the pandemic, progress has been made in instilling and embedding a much stronger culture of accountability that encourages customer-led innovation, underpinned by an explicit commitment to delivering broader societal value in the areas of health and nutrition, enhanced livelihoods and environmental stewardship.

Given Tiger Brands' recent run of disappointing performance – and recognising the increased pressure from stakeholders to provide compelling evidence of an ability to deliver a turnaround – the board has approved a revised operating model and a clear set of immediate priorities aimed at delivering visible results over the short term, while laying the foundation for longer-term growth. These priorities are presented by Noel Doyle in his CEO review, and I believe that, together with the revised operating model and refreshed leadership team, they provide good cause for optimism.

Changes in the leadership team

We have seen several important changes this year in Tiger Brands' leadership, both within the board and executive team. As was announced in August 2020, after 13 years on the board and almost four years as chairman, I shall be stepping down with effect from 31 December 2020. To facilitate a smooth handover, I am pleased to report that with effect from 1 September 2020, Ms Geraldine Fraser-Moleketi took on the role of independent non-executive director and chairman designate and will assume the role of chairman from 1 January 2021. Ms. Fraser-Moleketi currently serves as lead independent director of Exxaro, non-executive director of Standard Bank Group and Standard Bank South Africa, and Chancellor of the Nelson Mandela University, She also serves in a leadership capacity on various intergovernmental bodies, and previously held various cabinet positions under former Presidents Nelson Mandela and Thabo Mbeki. With her extensive local and global leadership experience in business and government, she brings a hugely valuable combination of skills, experience and independent perspective to drive accountability and help steer the company on its new growth path.

We made two additional board appointments this year, with Ian Burton and Olivier Weber both joining the board with effect from August 2020. This follows the resignation of Mr Monwabisi Fandeso in February 2020. Ian Burton is a seasoned FMCG business leader with a track record of executing business turnaround strategies, including most recently for Mars Wrigley in the Asia Pacific and China regions; he brings extensive global experience and valuable insights on using digital innovation to drive business growth. Olivier Weber has had a 30-year career in the food and beverage sector, with various management roles including leading the PepsiCo Food businesses in Latin America before pursuing entrepreneurial interests; he currently runs his own snacks business in the USA and Mexico. Together their extensive FMCG knowledge, global experience and important skills in digitalisation and innovation will significantly enhance the board´s deliberations and inform the group's strategic direction.

We have also seen some important changes at an executive level. Following the retirement of Lawrence Mac Dougall, and the appointment of former CFO Noel Doyle as CEO in February 2020, Deepa Sita joined the executive team and board as CFO from October 2020. Ms Sita was previously vice president: integration and strategy for Massmart Wholesale, and before that interim CEO for the Masscash division. Ms Pamela Padayachee served as acting CFO in the interim period from February 2020. Within the executive committee, we are also pleased to welcome Trevor Sanderson as the company's chief supply chain officer with effect from February 2020, and Joe Ralebepa as chief legal officer from January 2020. Trevor has over 27 years of experience in supply chain and manufacturing leadership, with roles at Unilever, SAB Miller and AB-InBev, both locally and across Africa. Joe joined the company from the Massmart Group where he served in the role of group legal executive, general counsel and company secretary, and previously held executive legal roles at British American Tobacco South Africa and Coca-Cola Africa.

These are significant changes in Tiger Brands' leadership, and I am confident that they will make an important contribution to delivering the step-change in performance that many of our stakeholders are expecting.

Ensuring good governance

To maintain accountability on the board's performance, we undertook an internal self-assessment in which each board member rated the board's performance on a range of criteria. The feedback was frank and constructive. While the overall rating was consistently good, some important opportunities for improvement were identified. The quality of the board discussion on substantive strategic issues is seen to have improved significantly in the past two years; this has been aided more recently by new board appointments, although was seen to be slightly constrained by the immediate challenges presented by the Covid-19 pandemic. The recent appointment of the new CEO was welcomed, seen as bringing improved levels of openness, frankness and transparency, and provide a good indication of the beginning of stabilising the business. It was emphasised, however, that for this turnaround to be fulfilled, the board will need to be less tolerant of any instances of underperformance and strengthen its driving accountability on the effective execution of solutions. Given recent changes in the sector overall as well as the increasing impact of issues such as climate change, water security, and supply chain resilience, it was suggested that the board needs to carefully consider the skills required for a future fit business, while ensuring an appropriate age and generational mix. This will be important if Tiger Brands is to truly become an African leader that delivers on its purpose and nurtures and nourishes the continent.

Appreciation

My last full year as chairman of the board has been one of the most challenging of my 13 years as a non-executive director on the Tiger Brands board. It has been an incredible privilege serving on the board, and I have learned a huge amount from the many members of the Tiger Brands team that I have engaged with over the years. I wish to thank all my colleagues on the board for their valuable support and insight in fulfilling our governance responsibilities, and all those on the Tiger Brands executive committee and the employees who have shown incredible dedication in striving to deliver value in this particularly trying environment. Looking to the future, I am confident that under the leadership of Ms Fraser-Moleketi and Noel Doyle, Tiger Brands will successfully execute its strategy for long-term growth and deliver on its purpose of nourishing and nurturing more lives every day.

Khotso Mokhele
Chairman

19 November 2020

Interview with chairman designate

Geraldine Fraser-Moleketi
Chairman designate

In his CEO review, Noel Doyle suggests that Tiger Brands is at a "critical inflection point". We are in the midst of a pandemic with a deep recession likely, and the company is under pressure to deliver a significant turnaround; you've certainly chosen an interesting time to join Tiger Brands' board. How do you see the company being positioned in the next 10 years and your role in taking it forward?

It's early days for me to outline how the company should be positioned over the next 10 years, but I will share some initial general thoughts on this. In terms of my role, I am not going to do any of this alone. As with any successful company, we will be acting collectively, leveraging our various skills and resources to ensure we protect Tiger Brands' long-term interests, recognising that its ability to create value for itself is ultimately dependent on the value it creates for its stakeholders, society and the broader environment. As chairman, I will be operating within a board that acts collectively in fulfilling our oversight and stewardship function, holding the executive to account on both the development and execution of strategy.

Looking at the company and its prospects, I agree with Noel that Tiger Brands is at an important inflection point, and this makes it a particularly interesting and exciting time to be taking on the challenge. After several years of disappointing performance, the company and its management team are understandably under pressure to deliver a visible change in fortune, and they recognise the urgent need to turn the company around. And as Noel points out in his statement, the leadership team needs to do so in a manner that delivers sufficiently compelling change over a short period, but not at the expense of longer-term growth, a challenging balancing act at the best of times.

For Tiger Brands to rise to this challenge, not only does it need to recover its former position, but it needs to be far more ambitious and audacious in delivering on its core purpose.

You asked about the next 10 years. This is also the timeframe for delivering on the global Sustainable Development Goals, food security is a foundation to delivering on all the SDGs. The Covid-19 pandemic has shown up the fault lines in society and highlighted in particular some of the deep challenges around inequality, including specifically in the areas of health and nutrition. In my view, this should inform the company's forward-looking vision, and this is where I think the company can be more ambitious and audacious.

To ensure Tiger Brands' success over the next decade, the opportunity lies in leveraging its standing as a leading food company in Africa to reclaim and carve out its role in this space. To this end, the company has an opportunity to give real shape and meaning to sustainable development, and to the recent interest in Environmental, Social and Governance (ESG) issues. Promoting food security, addressing hunger and delivering healthy nutrition is absolutely core to the company's business, and it needs to make this link more overtly with the broader sustainability agenda. Tiger Brands has initiated some solid foundational work in this area, and there is significant opportunity to further integrate these goals into the company's strategic thinking.

What are some of the priority challenges that you believe need to be addressed?

There are several key challenges facing the company, most of which I think are well known both inside the organisation and externally by its key stakeholders. One of our most important priorities is to improve the supply chain to ensure efficiency, product availability, and customer service excellence. Technology and the digital arena is another important area, which I believe can significantly support the company's efficiency agenda, and the company also needs to maintain a strong focus on food safety and quality. Finally, informed by the operating environment and a value-orientated consumer, we will need to be relentless in reducing costs. Delivering on these ambitions will require that we have the right talent in the right places, underpinned by a strong culture of accountability. We have seen some significant changes recently in the company's leadership team, which augurs well for the future.

The immediate macro-economic outlook is challenging. Where do you see the opportunities?

It's clear that we are facing some significant macro-economic challenges in South Africa, with the pandemic compounding an already fragile economy. In this context, there are still opportunities for delivering organic growth, for example through consumer-based product innovation, especially in the value segment of the portfolio, as well as by driving innovation in the company's route-to-market.

I believe that some of the more exciting opportunities are in markets across Africa, where we are likely to see stronger levels of economic growth than in South Africa. While I appreciate that some investors and board members might be cautious – given Tiger Brands' and other South African companies' recent experiences on the rest of the continent – I believe that the company is correct to expand its current export strategy, learning from past mistakes and building on its success story in Cameroon.

It's early days, but what are your first impressions of the company?

I've only been actively engaged since the beginning of September. So far, I've participated in the company's strategic planning process and in the most recent board committee meetings. What has struck me in these engagements is that the executive team and the board have a very strong commitment to turning the company around. They both clearly recognise the challenges the company faces, and have a clear understanding of what needs to be done to stabilise the business and reclaim its leading position. I am also confident that the executive team recognises that there is a strong expectation for improved accountability.

Looking ahead, Tiger Brands should be associated with quality, excellence, sustainability and sound governance, underpinned by a culture of agility and innovation, and by a strong commitment to ensuring full accountability for decisions and actions. These are my measures of success. I believe that Tiger has the right attributes to achieve these outcomes and I am looking forward to the challenge.

Our operating environment: material trends

The impacts of Covid-19 and the associated lockdown restrictions have significantly increased complexity in our operating context, amplifying the existing challenges of a constrained consumer environment, growing competition, and changing consumer and regulatory expectations. Despite the very challenging business context, consumer packaged goods (CPG) companies in South Africa have performed comparatively well against other sectors, benefiting from being an essential service and from the increase in at-home consumption.

This year we have identified five trends in our operating environment that have a material impact on Tiger Brands' ability to create value. Each of these trends presents both risks and opportunities that continually informed the development of our growth strategy.

Muted consumer spend in a weak economy

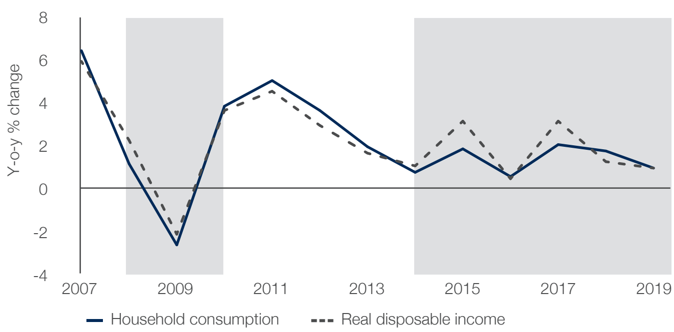
Tiger Brands depends on a strong economy and healthy consumer demand to drive sales of its premium branded products.

The South African economy remains weak, with a volatile exchange rate and the majority of households under significant financial pressure. Pre-Covid-19, the economy contracted by 1,4% in the fourth quarter of 2019, following a contraction of 0,8% in the third quarter. This technical recession was profoundly impacted by the national lockdown introduced at the end of March 2020, with the economy slipping into a recession much faster and deeper than expected. Consumer confidence has dropped to its lowest level since 1985, with heightened job losses further denting consumer spend, reducing demand for discretionary and premium products, and increasing demand for "value" offerings. Volumes and margins remain threatened, and cost recovery ahead of inflation becomes difficult.

Key features of this trend impacting value creation include:

- Flat economic and wage growth
- Muted consumer spending
- Continuing rand/dollar volatility
- Generally rising input costs
- High consumer debt levels
- Very high unemployment.

Household consumption and real disposable income



Source: SARB, Stats SA

Our response

- In an effort to protect margins in the subdued market, we have kept a strong focus on driving productivity and securing cost efficiencies across the value chain (see page 40).
- During the year, various significant investments were approved aimed at enhancing efficiency and realising innovation opportunities (see page 41).
- We placed a strengthened emphasis on boosting economic opportunities and improving the livelihoods of thousands of people across our value chain, including through a deliberate focus on supporting black/black women farmers and owned enterprises (see page 46 and sustainability report).

Increasing competition and power shifts in food retail

Tiger Brands increasingly depends on its ability to adapt in a maturing market.

Food retail has diversified, with increasing online engagement and digital sales. New producers are establishing strong premium brands and successful niche products. While supermarkets remain the leading distribution channel in packaged food, the channel is seeing strong competition from mixed retailers. Retailers have hardened their procurement practices, and in many instances have further increased uptake of private label, which is doing well in shelf stable and dairy products. This has contributed to increased pressure on returns, volumes and market share, intensified price competition, and heightened promotions, inspiring differentiation towards richer value-propositions that undercut margins. These dynamics challenge our historic brand advantage but are inspiring us to become more agile.

Key features of this trend impacting value creation include:

- Heightened competition from brands and private label
- Increased promotional activities
- Innovation in products, process and approach
- Increasing differentiation to enhance value offerings
- Weaker volumes, price competition and margin pressure.

Our response

- We seek to mitigate the risks and realise the opportunities associated with the changing retail and consumer dynamics by delivering on our strategic ambition to drive growth. We have identified opportunities to optimise our product portfolio, respond to the growth in private label brands, and win at the point of purchase (see page 37).
- We have been implementing channel-specific category management methodologies and will be continuing to embed appropriate digital technologies that enhance the monitoring of the return on investment of our promotional activity, while meeting customers' needs, and we have been using new pricing expertise to help drive brand growth and customer support.
- We made further progress this year in launching new products to address consumer expectations for quality, convenience, healthier foods and affordable pack sizes. Despite the heighted competition we retained the lead in packaged food, with a 26% value share (see page 4).

Changing consumer dynamics and growing complexity

Convenience foods, health and wellness, affordability, and e-commerce heighten need for innovation

Shifting patterns of consumer behaviour are leading to significant changes in the food system, driven by trends such as rapid urbanisation and globalisation, increasing digital connectivity and mobility, and the rising number of single households and at-home consumption. Dietary shifts reflect these changing global patterns and economic aspirations, with growing public health concerns offset by the strong uptake of processed products, convenience foods, and snacks and beverages. With more meals now consumed at home, consumers are looking for inspiration for home cooking and baking. On the surface is the everyday impact of deepening economic pressure on households; not only are consumers buying and spending less, but shopping smarter and more ethically, seeking not only greater value-for-money, but greater value-for-all.

Key features of this trend impacting value creation include:

- A dramatic rise in e-commerce following the Covid-19 lockdown restrictions
- More meals consumed at home
- Health and wellness trend gain momentum across packaged food
- Increasing price consciousness and decreasing brand loyalty
- Increasing demand for "more value"
- Improving perception of private labels.

Our response

- We continually review consumer trends to identify opportunities for product and process innovation and to optimise our product portfolio. We have an exciting product pipeline across a range of categories that specifically include innovations for value-seeking consumers, supported by a robust marketing and communication plan highlighting the benefits and relevance of our current brands within the value segment.
- Covid-19 has accelerated the adoption of e-commerce behaviour amongst consumers, with South African food retailers reporting a 700% increase in web traffic volumes. In addition, there is evidence that there is a 70% likelihood of consumers continuing to buy groceries online. In response to this trend, Tiger Brands has listed on major e-tailing and retailers' online platforms.
- We believe that there are valuable opportunities in the health and nutrition sector, and have been driving innovation in this area including launching new healthy product lines in the Baby and Personal Care categories, introducing consumer-relevant health claims in various brands, and beginning the process of including portion control messaging on the back of packs in the Snacks & Treats category.
- Through the diversity of our portfolio we are able to address the full range of consumers' shopping needs, particularly those in the middle-income bracket.

Our operating environment: material trends continued

Increasing stakeholder pressure for responsible business leadership

Tiger Brands recognises the importance of building an ethical and sustainable business practice.

South Africa's food system is one of the least healthy globally, characterised by high levels of obesity, lifestyle-induced non-communicable disease (NCD) and persistent hunger and malnutrition. Increasing consumer and investor activism on environmental, social and governance (ESG) issues, and emerging regulatory interventions, reflect a growing concern to address the negative nutritional, health and environmental outcomes of the food system, placing greater pressure for industry action, transparency and accountability. The Sustainable Development Goals (SDGs) provide a benchmark for clear targets and an increasing number of global industry initiatives demand collective action. Enhanced regulatory and voluntary interventions have introduced new marketing, health and environment-related control mechanisms, regulations and taxes. An increased possibility of litigation threatens resources and reputation. Higher income consumers are more willing to trade-off on price for health and sustainability, with increasing demand for brands-with-purpose, sustainable and local products, plant-based proteins, ethical marketing and front-of-pack nutrition labels. These shifts challenge some traditional business approaches and encourage the adoption of purpose-led innovation.

Key features of this trend impacting value creation include:

- Pressure to align with global agreements and voluntary initiatives
- Pressure to address environmental concerns such as climate change, water, plastics and sustainable agriculture
- Pressure to promote social transformation on issues such as race, gender and income inequality, and land rights
- Increasing regulatory intervention on public health, obesity and NCDs
- Growing demand for purpose-led brands and products.

Our response

- In delivering on our purpose, we have made important progress this year on our commitment to enabling consumers to improve their health and wellbeing. We have updated our nutritional standards against global guidelines, introduced a three-tier product offering approach informed by these guidelines, and made progress in establishing a baseline and setting targets for more nutritious products as a percentage of our total portfolio (see page 46 and sustainability report).
- We have continued to invest significantly in driving quality and food safety across the company to ensure that we have robust management systems, qualified people, and a strong quality culture. We have strengthened our audit and assessment processes, achieving external certification for all our manufacturing facilities against globally recognised food safety standards, and starting the certification process for our warehouses (see page 46 and sustainability report)
- We are striving to reduce our environmental impact through innovative solutions, including optimising energy and water usage, developing innovative products and packaging, leveraging our brand and marketing, and implementing circular economy initiatives that stimulate economic opportunities (see page 46 and sustainability report).

Covid-19 compounding the impact of existing trends

Covid-19 and the associated economic shutdown has deepened some of the existing trends, negatively impacting consumer spend, further driving the uptake of e-commerce and at-home consumption, and heightening consumer concerns on health and wellbeing. Spending patterns have shifted to staples and essentials, with consumer choice shaped primarily by price, value and convenience. Regulations that capped gross and operating margins on essential products, prohibited price increases and further challenged cost recovery. Direct costs to business included elevated distribution costs and stock challenges, supply chain disruptions, and the purchase of personal protective equipment. There has been an accelerated growth of home consumption and online shopping, and reduced ability to influence choice in-store. The lockdown increased the consumption of digital channels in South Africa by 72%, with continued growth anticipated over the next months. With consumers spending more time online and on social media, advertising has focused increasingly on digital channels. Throughflow at retail outlets was impacted by shorter opening hours, social distancing and customer limitations, prompting consumers to shop less often for bigger baskets. The lockdown restrictions have exacerbated poverty, inequality and public health concerns, juxtaposed by some encouraging examples of a collective humanitarian effort, with consumer and stakeholder activism potentially invigorated by the call to "build back better". While the future remains particularly uncertain, as a food company and essential service, Tiger Brands is better placed than most to maintain its resilience.

Our response

The key focus of our response has been to ensure the availability of our products, ensure employee safety and wellbeing, and increase our community food support for those in need (further details are provided in our online sustainability report):

- Following the Declaration of a state of National Disaster, we took various steps to ensure a continuous supply of product in response to initial panic buying, developed and implemented response protocols to ensure product safety, worked with suppliers, logistics and customers to limit disruptions, and provided effective communication to address consumer concerns around food security
- To protect employee safety and wellbeing, we prioritised remote working where possible, introduced health screening and testing for staff at essential services sites accompanied by rigorous hygiene and sanitisation protocols, and provided additional access to wellness support services along with various other measures
- We expanded our existing community food and nutrition programmes for families and school children and extended these to provide for frontline healthcare workers and hospitals, with numerous new initiatives funded by the voluntary forfeiture of a portion of senior leadership salaries and fees.

To realise growth opportunities in a "new normal", we are implementing measures to capitalise on the recent uptake of e-commerce and home cooking, the changes in in-store shopping dynamics, and the heightened levels of price consciousness and personal health and wellbeing (see page 37).

Material risks and opportunities

Over the last two years, we have fundamentally improved the rigour with which the universe of relevant risks is being assessed. As a result, the risk register is a comprehensive and well-considered view of the risks the group is likely to face. We thoroughly interrogate the various mitigating strategies to ensure a proactive response to the material risks, and we have enhanced the monitoring of response plans to ensure their effectiveness.

The Tiger Brands' board has ultimate responsibility for overseeing the group's risk management processes. The board is assisted by the risk and sustainability committee who are responsible for ensuring that the risk management process complies with relevant standards and governance requirements. Senior management in each division and business unit is responsible for managing risks in their respective areas. Oversight of risk management at divisional level rests with the relevant executive committees. Divisional and business unit risk registers are updated quarterly; the risk and sustainability committee meets three times a year.

Risk appetite and tolerance

Risk appetite refers to the level of risk that Tiger Brands' management is prepared to absorb before mitigating actions are implemented; risk tolerance refers to the company's strategic capacity to accept or absorb the risk.

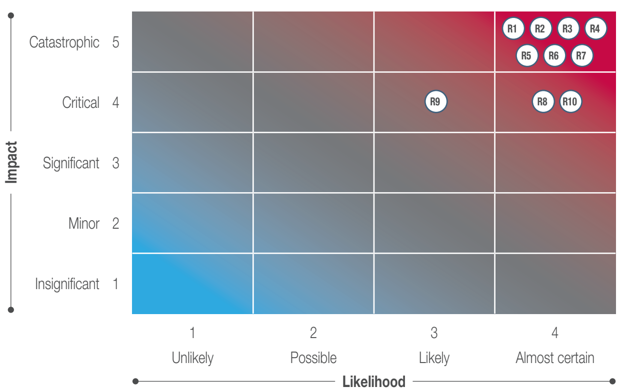
The risk and sustainability committee determines the risk appetite, tolerance and velocity (the time taken to feel the impact of a risk after it materialises) to the board. The board reviews and approves this annually, ensuring that the company effectively identifies, manages and reports on risk across all operations and all territories. The underlying reporting structure starts at site level and rolls up into the relevant business unit and division, culminating in risk reporting at a group level.

Each risk is evaluated in terms of its likelihood and impact, both on an inherent (actual impact) and residual (after mitigating action) basis. The group risk profile is reviewed quarterly and is continually revised after considering changes to the local and regional macro-economic environment, recent political and legislative developments, socio-economic challenges and technological advancements. Through our combined assurance model, the risk and sustainability committee evaluates and approves the level of assurance provided for all group risks.

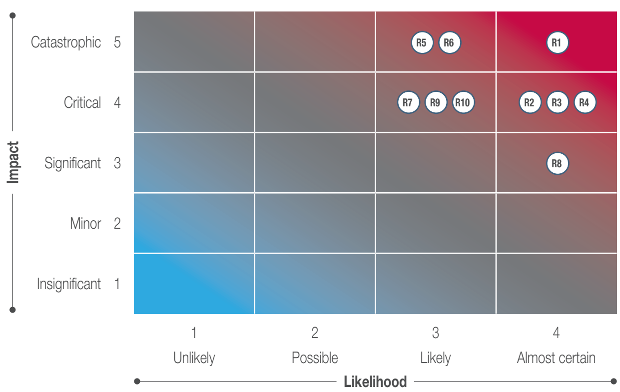
Our top 10 risks

The following heat maps reflect the top 10 inherent and residual risks for Tiger Brands in the 2020 financial year; these are the risks identified as having the most material implications for Tiger Brands and its employees.

Inherent risk map



Residual risk map



- R1 Albany route-to-market
- R2 Negative impact of Covid-19
- R3 Business continuity vulnerabilities
- R4 Operating environment
- R5 Food safety and product quality
- R6 Occupational health and safety
- R7 Information and cyber security
- R8 Data and information risk
- R9 Attract and retain critical skills
- R10 Intensifying competition

The following table briefly reviews the implications, mitigation measures and the year-on-year trend in the risk rating, for each of the top 10 risks.

Material risks	Implications for value	Mitigating actions
1. Albany route-to-market **Risk trend** ⇧ *2019 ranking (2)*	Increasing levels of violent crime against drivers in the bakery route-to-market can result in: › employee and service provider loss of life › distribution disruptions › reputational and brand damage › potential loss of market share.	› All delivery routes are continually risk assessed, and tailored response measures developed › Security assessment reports have been compiled for all facilities to address security-related improvement opportunities › A limited number of security service providers have been appointed to service the bakeries. This will promote compliance to the relevant legislation, monitoring and management of key performance indicators per bakery while ensuring overall cost efficiency › Exploring technological solutions for more effective security provision at a reduced cost › Exploring and piloting digital payment systems.
2. Negative impact of Covid-19 **Risk trend** ⇔ *2019 ranking (n/a)*	The high rate of Covid-19 infections and the response measures implemented by government and business, increased market uncertainty and challenged risk management through the following: › economic shutdown and reduced growth › production setbacks and declining stock levels › increased operational costs and revenue loss › employee unease, absenteeism, job loss and loss of life › declines in customer experience and brand reputation.	› An executive committee Covid-19 task team was set-up to manage our response across customers, communities, employees and operations › Measures have been implemented to align with government, limit travel, accommodate sick leave, distribute and digitise work arrangements, prioritise manufacturing of critical products, bolster factory and staff hygiene, and support delivery of food to community beneficiaries › In ensuring the ongoing availability of essential food items throughout the lockdown alert levels, our approach included daily meetings, running scenarios and collaborating across the value chain to ensure minimal disruptions, meet demand and continue to support national food security.
3. Business continuity vulnerabilities **Risk trend** ⇧ *2019 ranking (6)*	Disruption at our facilities – for example, following a significant technical breakdown, floods or fire, political or labour unrest, and/or interruption of IT services, energy or water supply – can lead to: › interruptions in production, resulting in lost sales, and reduced market share and reputation › damage to plant and equipment › increased production costs.	› A business continuity steering committee has been established and consists of a multi-disciplinary team including IT, Supply Chain, HR, Finance, Corporate Affairs, Internal Audit and Group Risk. The steering committee is in the process of finalising a roadmap which encompasses specific business continuity training as well as consideration of best practice standards such as the ISO 22301 as well as the evolving practices and standards released as a result of the Covid-19 pandemic. Business continuity plans are in place for all high-priority packaging and raw materials across the business; a formal management process for the group's manufacturing facilities is in place. This includes IT business continuity and annual technical testing of the IT disaster recovery plans › A network upgrade project is currently underway to implement secondary network links at all Tiger Brands' sites. This will ensure that there is no disruption to site connectivity when the primary network connection is lost › Annual external risk, control and environmental audits inform improved business-continuity planning and disaster-recovery processes › Appropriate insurance cover is reviewed annually, and disaster-recovery plans are in place.
4. Operating environment **Risk trend** ⇩ *2019 ranking (1)*	› Weakened consumer demand off the back of lower economic growth negatively impacts volumes, and has heightened the consumer focus on shopping on promotion, negatively impacting profitability › The rising cost of utilities, labour, general input costs and regulatory requirements, is increasing the cost base at a higher rate than inflation, weighing on margins.	› Driving growth through customer strategies focused on winning at the point of purchase and building on the strength of our existing brands › Creation of a health and nutrition strategy › Being efficient by unlocking costs and cash through incremental supply chain savings and driving continuous improvement efficiencies › A people strategy focused on talent, leadership and creating a great place to work › A sustainability strategy is aimed at health and nutrition, enhanced livelihoods and environmental stewardship.

Material risks and opportunities continued

Material risks	Implications for value	Mitigating actions
5. Food safety and product quality **Risk trend** ⇩ *2019 ranking (3)*	Challenges with food safety and product quality can have significant implications in terms of: › loss of life › reputational and brand damage › loss of market share › disruptions to production › expensive product recall › potential litigation.	› Enhanced good manufacturing practice (GMP) standards and food safety system certification standard (FSSC 22000) implemented across the group, supported by standardised quality self-assessments for all our manufacturing sites, training of quality teams, and a robust supplier quality management process › Manufacturing, group legal and regulatory compliance functions collaborate to ensure products comply with regulatory standards and meet consumer preferences › Entrenched partnership with Stellenbosch University to remain at the forefront of scientific trends, through the Centre for Food Safety › Adoption of European Hygienic Engineering and Design Guidelines (EHEDG) in terms of manufacturing hygiene standards.
6. Occupational health and safety **Risk trend** ⇩ *2019 ranking (4)*	Occupational health and safety incidents can result in: › loss of life of employees and service providers › reputational and brand damage › regulatory non-compliance costs › loss of market share.	› Robust safety programme implemented across the group, supported by self-audits, annual independent audits, and behavioural safety and awareness initiatives, reinforced with disciplinary action › Safety improvement targets signed off annually for each division and manufacturing site › Standardised occupational health and hygiene programme and fitness to work standards have been operationalised at all manufacturing sites.
7. Information and cyber security **Risk trend** ⇩ *2019 ranking (5)*	Increasing interconnectivity, globalisation and commercialisation of cybercrime are driving greater frequency and severity of cyber incidents, including data breaches. › This can compromise the confidentiality, integrity and availability of information and technology resources, leading to disclosure of commercially sensitive information, intellectual property and/or disruption to operations › In addition to non-compliance risks, the release of any personal information also has negative reputational and brand implications.	› Various external security specialist providers are utilised to ensure that we enhance our security posture › Penetration testing is part of the standard project lifecycle approach › The new Cyber Security Bill has been drafted and is out for public comment. The conditions and impact of the Bill need to be assessed against our current processes and controls › IT policies have been established to support the group's approach to managing information security › The cybersecurity landscape is monitored with a view to implementing the latest security practices and revising existing controls to safeguard the group against cybercrime and maintaining cyber resilience › Operational Technology (OT) Security Assessment will be performed on our top five manufacturing facilities in FY21 › Finalisation of cyber insurance, inclusive of our OT environment › Coverage of our vulnerability management programme (i.e. security threat management programme) has been extended to the entire Tiger domain, inclusive of the site environments across the country › Appropriate measures are in place to safeguard against threats to information and cyber security that are a consequence of remote working arrangements. These include firewall monitoring that includes the virtual private network, endpoint and full disk encryption, email exchange management by service provider Mimecast and network vulnerability scans.

Material risks	Implications for value	Mitigating actions
8. Data and information risk **Risk trend** ⇩ *2019 ranking (7)*	› Suboptimal information management could lead to inconsistent data quality, compromising decisions and contributing to privacy/identity management and information security risks › Increased regulation is placing additional demand on system capabilities and IT teams and presents implications in terms of compliance and potential non-compliance costs.	The formation of a Tiger-wide Data Governance Council (DGC) has been approved. › As part of the PoPIA compliance programme, a privacy compliance governance is being implemented through the Tiger Information Office to adequately manage and safeguard the processing of personal information across Tiger › The DGC will coordinate and streamline data risk management and governance across Tiger and will report to the risk and sustainability committee of the board.
9. Attract and retain critical skills **Risk trend** ⇩ *2019 ranking (8)*	› A loss of critical skills can negatively impact our ability to deliver our strategy and maintain business viability and profitability › An inability to ensure sufficient level of diversity in the executive team and across the employee base also undermines our effectiveness and has reputational implications.	Comprehensive people strategy is in place to attract, develop, reward and retain talent, with provision for: › Performance management and incentive structures aligning performance to group objectives › Proactive talent mapping and engagement plans by role and function to drive talent acquisition › Skills development and leadership initiatives › Robust induction and onboarding programme › Initiatives have been developed to improve employee engagement and experience across Tiger Brands › Implementation of the engagement/employee experience survey will enable the organisation to track, report and close gaps on culture transformation and employee engagement.
10. Intensifying competition **Risk trend** ⇧ *2019 ranking (16)*	Intensifying competition poses an increasing challenge to our market performance, threatening: › Loss of consumers and market share › Retailer dominance and customers becoming competitors › Inability to compete in high value categories › Erosion of brand equity and profit margins.	› Review of business, with a fit-for-future restructure and updated strategic growth drivers › Key account forums and joint business plans established with key customers › Enhanced research and analytics, with monitoring of customer and brand strategies and performance › Increased investment in, and enhanced execution of R&D, innovation and marketing › Development of private label and value-brand strategies › Drive for talent and high-performance culture.

Our strategy

Delivering on our purpose

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 products to middle-income consumers. Our portfolio also includes leading brands in the Home, Personal Care and Baby sectors.

We nourish and nurture more lives every day

DRIVE GROWTH

Winning category, channel and customer strategies

- Optimising our product portfolio
- Responding to the growth in private label
- Realising commercial opportunities in health and nutrition
- Delivering growth through our innovation pipeline
- Winning at the point of purchase
- Driving growth in Africa
- Realising opportunities for inorganic growth.

BE EFFICIENT

A cost-conscious and effective supply chain

- Unlocking costs and cash
- Fuelling growth through customer service excellence
- Leveraging scale and increasing responsiveness to be "advantaged and agile"
- Delivering digital optimisation.

GREAT PEOPLE

A winning mindset and great place to work

- Building a diverse talent base to deliver our growth strategy
- Developing leadership capability to inspire winning performance
- Creating a great place to work to energise a consumer-obsessed agile team.

SUSTAINABLE FUTURE

Sustainable company, community and planet

- Enabling consumers to improve their health and wellbeing
- Improving the livelihoods of thousands of people
- Significantly reducing our environmental footprint.

Our values

1	2	3	4	5
We treat each other with care and respect	We deliver with passion and excellence	Safety and quality are non-negotiable for us	We embrace diversity and inclusivity	We act with integrity and accountability in all we do

Winning behaviours

Consumer obsession | **Teamwork** | **Empowered accountability** | **Focused execution**

Performance summary 2020

- ✓ Positive response to the Covid-19 pandemic
- ✓ Optimised innovation and renovation to deliver against value specific consumer needs
- ✓ Share gains in bread, liquid concentrates and baby snacks
- ✓ Acceleration of portfolio optimisation initiatives:
  - › Disposal of VAMP
  - › Evaluating a number of proposals regarding the exit of Deciduous Fruit

Drive growth

Winning category, channel and customer strategies

To deliver on our growth ambition through winning category, channel and customer strategies, we will be optimising our product portfolio, driving an innovation pipeline, realising commercial opportunities in health and nutrition, and winning at the point of purchase. This will be accompanied by our strategy to drive growth in Africa while positioning us to explore alternative growth opportunities.

Optimising our product portfolio

In response to sustained margin contraction across many of our product lines, and to deliver long-term growth, we are continually evaluating and optimising our product portfolio. We have adopted a structured approach to identify those categories with high attractiveness and competitive strength that should be invested in and grown, those where we will focus on improving profitability, and those to be evaluated further for possible exit through a carefully structured process.

Informed by this assessment we see particular potential for further growth in Baked Goods, Baby, Breakfast, Snacks & Treats, Beverages, Home Care, Exports and Chococam, with opportunities for enhanced profitability in Other Grains, particularly Rice and Pasta, Groceries and Sorghum-based products. We are investing in product and process innovation, driving further process efficiencies, and/or expanding production capacity in these areas.

In rationalising our portfolio, and following a thorough evaluation of all alternatives, the board approved the sale of our Value Added Meat Products (VAMP) and the Deciduous Fruit (LAF) business as well as the closure of Deli Foods in Nigeria and the subsequent disposal of related fixed assets. The disposal of VAMP and Deli Foods was successfully concluded this year, and we continue to explore opportunities regarding the sale of LAF. Following a careful review of recent performance, and an assessment of market prospects, we are reviewing the following business units over the medium term: Maize and Personal Care.

4% volume growth

Consumer relevant innovations deliver **5,1%** of sales

Achieved compliance with our **Eat Well Live Well** nutritional profile across more than a quarter of our portfolio

Our strategy continued

Drive growth continued

Deliver growth through our innovation pipeline

We see consumer-based innovation as a critical lever for sustainable growth. As part of our innovation drive, this year we introduced changes in three key business areas: we restructured our R&D activities to create more direct accountability in each business unit, while introducing key new roles to improve our innovation capability; we strengthened our ideation process, refining our innovation pipeline and introduced better processes for prioritising innovation opportunities; and we have driven a stronger business focus on ensuring the successful commercialisation of the identified innovation opportunities. We are working further on building a culture of innovation, strengthening our commercialisation capabilities, increasing our science and technology acumen, and developing a more agile approach.

Although Covid-19 had a material impact on our innovation pipeline this year as we prioritised known value items (KVIs) during the pandemic, at the end of the fourth quarter, we were able to launch nine new innovations in time for the high-demand summer and holiday seasons.

In terms of meeting consumers' value-specific needs, we launched, among others: the 12.5kg Induna Super Maize Meal; Jungle Plus 500g refills; new 2kg offerings in pasta; an alternative size in the All Gold Jam Tub in the convenience and value seeking space and the launch of fragranced lotions and creams in the Dolly Varden range.

Realising the commercial opportunities in health and nutrition

We believe that there are valuable business opportunities associated with leading the health and nutrition agenda in South Africa and across the continent. We seek to realise these significant opportunities through our recently agreed health and nutrition strategy, and the associated stretch commitments, and in so doing to deliver on our core purpose of nourishing and nurturing more lives every day. The strategy includes three key focus areas: renovating our existing product range to make more of our products compliant with our Eat Well Live Well standards, while striving towards global best practice; innovating to develop more nutritious, affordable food products; and educating consumers – in partnership with government, academia and NGOs – in a manner that allows them to make better informed decisions about their wellbeing.

We made further progress this year in delivering in each of these three areas. We introduced clear and simple consumer relevant health claims in various brands, including Jungle, Brookes Low-Cal and Albany, and we began the process of including portion control messaging on the back of packs in the Snacks & Treats category. We launched new healthy product lines in the Baby and Personal Care categories, and we participated in a consultative process on the adoption of progressive front-of-pack food labels.

Leveraging the strength of our brands

We have continued to see growth in the sale of private label products in South Africa, including in some of our priority product categories, driven in part by the sustained pressure on consumer disposable income. Given that Tiger Brands is the category leader from a brand equity perspective in more than half of the categories we operate in, our strategic response to the competitive threat of private label is to build explicitly on the strength of our existing brands. To protect and further enhance our brand leadership, and to realise growth opportunities in a post-Covid-19 operating context, we are implementing measures to capitalise on the recent uptake of e-commerce and home cooking, the changes in in-store shopping dynamics, and the heightened levels of price consciousness and increased sensitivity to personal health and wellbeing, underpinned by world-class marketing.

Winning at the point of purchase

Last year we communicated a series of specific commitments aimed at securing growth at the point of purchase. These commitments were in three focus areas: delivering growth in existing and new channels; becoming more efficient and driving ROI; and building the sales force of tomorrow. In the context of challenging market conditions, increased competitive intensity and growing retailer bargaining power, we made good progress this year against most of our commitments, achieving many of our stated targets.

We expanded our reach in general trade, identifying and trialling different route-to-market models, and significantly increased our geo-mapping of stores and wholesale partners. We enhanced our online presence, establishing our e-commerce structure and accounts, and we progressed in developing other non-traditional shopping destinations in certain categories, though falling short of our growth ambitions in neighbouring countries. We successfully implemented jointly developed business plans with some of our major customers, and secured revenue growth through strengthened cross-category promotion and customer segmentation, improving our ROI on promotional activities. Through enhanced use of Big Data, with digital dashboards rolled out with two key retail clients, we have improved in-store execution and delivered material efficiency gains. In delivering on our goal of building a more effective and diverse salesforce, we have finalised a competency framework for the salesforce, conducted management training and run roadshows in all regions.

For the year ahead, we have updated our growth ambitions and specific commitments within the same broad focus areas. We have set ourselves ambitious targets, including on expanding our reach in general trade, growing in e-commerce and alternative channels, delivering a step change in neighbouring countries, and further optimising our sales force and people capabilities. We will also be embedding our revenue management capabilities and deliver improved customer performance and behaviour aligned with Tiger Brands' strategic drivers.

Driving growth in Africa

Our ambition is to organically grow our Africa export business by building on our current established presence across the continent. We will drive category growth through carefully chosen brand investments, by developing superior routes to markets, and by investing in key capabilities. Informed by a thorough understanding of the opportunities and risks in this sizeable market, we have classified the countries for potential growth into four categories:

- **Expand:** in countries where we are established and profitable with a developed route-to-market (such as Cameroon), we will leverage our existing presence and capabilities, and invest to reach full potential and grow market share.
- **Develop:** in countries where we currently have multi-category presence and are developing in-market capability (such as Nigeria, Mozambique, Zambia and Zimbabwe), we will invest in people, brands and infrastructure to increase our ability to win and grow market share.
- **Trade:** in countries that present identified export trading potential (such as some of the SADC and East African markets), we will focus on opportunistic sales and identify future growth potential without currently investing in capability.
- **Explore:** in untested markets (for example in West and North Africa) that present potentially attractive in-country and category opportunities, we will explore these opportunities and develop a business case indicating the best entry approach.

While we made some progress this year in delivering on our stated growth ambitions, we were severely impacted by various external and internal headwinds. These include: significant economic challenges in Zimbabwe and Zambia, with currency devaluation of 200% and 40% respectively; Covid-19 related stock shortages in certain markets; a decline in growth of a key retail customer; and an inability to trade in Nigeria due to the trademark dispute; as well as supply constraints in certain product lines. We have learned from these challenges and are taking remedial actions. We remain confident of our ability to deliver growth in the region.

In looking to win trade in the identified key markets, we will be prioritising product categories to drive volume growth, investing in prioritised brands and where necessary developing new products. We have engaged selected partners to ensure an optimised and effective route-to-market in priority countries, underpinned by clear standards and processes with each partner. We have made further investment in building capability with the appointment of a chief growth officer – Rest of Africa, based in Nairobi.

Realising opportunities for inorganic growth

Although our primary focus is to drive organic growth by delivering on the initiatives outlined above, we are continuing to explore alternative growth opportunities. These include specific opportunities that are core and/or near adjacencies to our current business and underpinned by clear consumer trends, while various participation options are being explored.

Our strategy continued

Be efficient

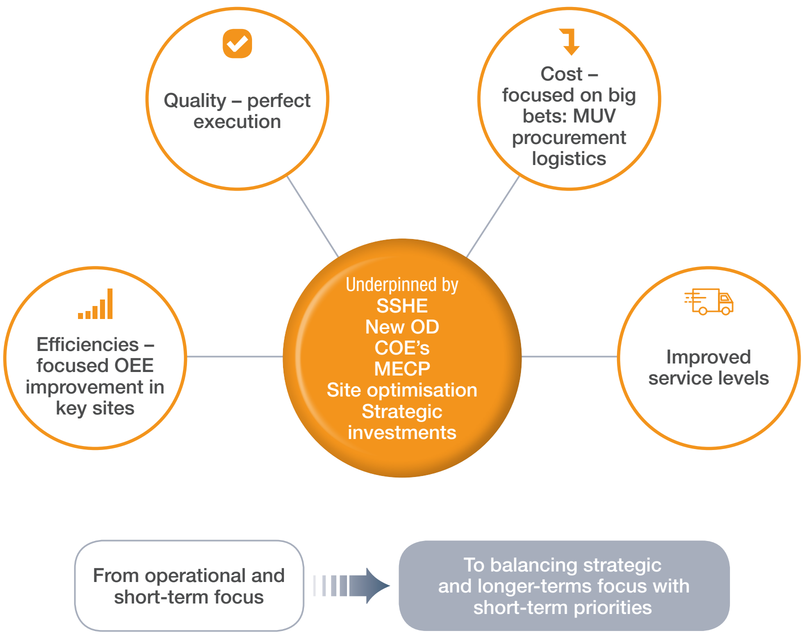
A cost-conscious and effective supply chain

To enable profitable growth through an effective supply chain, we have specific commitments to drive efficiency, maximise product availability, and deliver customer service excellence.

Unlocking costs and cash

Delivering sustained cost savings is critical to the success of our business strategy. This year we have introduced a step-change in how we engage the business on cost savings with the aim of ensuring a more systemic and widespread approach to unlocking savings and efficiencies across the business, and to enhance the quantity and quality of projects that are being identified and tracked. We have changed the governance structure, introduced clear steps from identification to realisation of savings, improved transparency, and driven stronger levels of accountability to ensure appropriate ownership of expenses. To help us identify cost savings and efficiencies, and to create a further pipeline of opportunities across the business units, we have set up revenue management capability in the business. We are looking to improve our SKU rationalisation by developing an accurate product costing model through the roll out of activity-based costing.

Through these various measures, we secured R474 million in savings across our supply chain in FY20. We have committed to delivering R470 million in savings and efficiencies across our supply chain in 2021.



OEE – Overall equipment effectiveness, MUV – Material usage variance, SSHE – Safety, security, health and environment, OD – Organisation design, COE – Centre of excellence, MECP – Manufacturing excellence customs and practice

Performance summary 2020

- ✓ R74 million procurement
- ✓ R302 million in manufacturing savings
- ✓ R98 million in logistics savings
- ✓ New capex approval process initiated
- ✓ 5% reduction in consumer and customer complaints
- ✓ 25% reduction in marketplace incidents, with zero public recalls

Fuelling growth through customer service excellence

We made further progress this year in embedding a customer service mindset across the business and began the implementation of the Centralised Customer Service Centre. We have continued to invest in manufacturing sites and have engaged with key customers on collaborative forecasting and joint business planning.

We maintained a strong focus on product quality and consumer safety, implementing a detailed quality strategy to ensure that we have robust integrated management systems, qualified people and a strong quality culture embedded across the organisation. We further strengthened our internal and external audit and assessment processes, conducting quarterly self-assessments against the Global Food Safety Initiative (GFSI) requirements and achieving external certification for all our manufacturing facilities against globally recognised food safety standards such as FSSC 22000 and HACCP. All our warehouse facilities were audited by an international certification body, in preparation for certification in FY21. Tiger Brands joined the European Hygiene Engineering and Design Group (EHEDG) and will use their guidelines as the manufacturing hygiene standards across our operations. On food quality, we maintained an improving trend, ending the fiscal year with zero public recalls, a 25% reduction in market-place incidents and another 5% reduction in consumer and customer complaints.

Site optimisation supported by strategic investments

We initiated a new capex approval process this year, introducing a capital review committee that ensures appropriate ownership and accountability of the business case and introduced revised delegations of authority with the aim of expediting approvals and improving overall project delivery. During the year, various significant investments were approved aimed at increasing capacity, enhancing efficiency and realising innovation opportunities. One of our most significant projects was the R208 million capital investment in a brand new, state-of-the-art oat mill in Maitland, Cape Town. The mill includes several innovative features that have improved production efficiencies and significantly increased output, while reducing the operation's carbon footprint. As part of our commitment to enhancing livelihoods by providing opportunities for inclusive economic participation, a significant portion of the spend was allocated to local suppliers through civil engineering, building construction and engineering installations, and 120 people were employed in the construction of the new mill.

We have identified 15 "game changer" projects over the next several years – with capital expenditure of ~R1,5 billion per annum – focusing on capacity in categories with a sustained increase in demand, enhancing efficiencies, maintaining compliance, and replacing ageing plant. These projects include a new bakery and mill, upgraded pasta extrusion and packing lines and new lines in beverages, the installation of standby generators, solar PV systems and steam boilers, and various digitalisation and automation projects.

In the near term, several opportunities across the supply chain have been identified that will drive improved efficiencies and cost savings. We will prioritise the improvement of overall equipment effectiveness (OEE) through best practice application by focusing, among others, on key lines and processes, line capability studies and maintenance practices. These efforts will be driven by monthly steering groups. In addition, we will enhance controls and implement a tracker and review process to monitor materials usage. Although significant inroads have been made with regards to procurement and continuous improvement initiatives over the years, the next phase will require cross functional collaboration to accelerate the delivery of a robust savings pipeline.

Delivering digital transformation

Delivering digital optimisation and providing integrated IT and information solutions is critical to realising our vision of developing an effective, best-in-class supply chain. During the year, several automation projects were completed, including the latest form fill and seal technology at Davita, in-line PET blow moulding equipment at Beverages, and online labelling technology at the Groceries plant.

We have approved an IT strategy aimed at harnessing artificial intelligence, real time data, IoT (Internet of Things) and big data analytics to enable more informed data-driven decisions, deliver operational efficiencies, boost productivity, and ensure compliance. A detailed digital roadmap has been developed to assist in delivering improvements in stock availability and inventory modelling, ensure better traceability across the supply chain, enhance forecast accuracy, and improve customer collaboration.

Our strategy continued

Great people

A winning mindset and great place to work

To enable us to win in the market through unleashing the power of our people, we continue building a diverse talent base, developing leadership capability, and creating a great place to work, supported by our commitment to execution excellence. Through our people strategy, our goal is to ignite a culture of consumer obsession, agility, and a growth mindset that will accelerate innovation and winning performance.

Talent

Building a diverse talent base and core capabilities to deliver our growth strategy

We continued our focus this year on building commercial and supply chain capability across the organisation. This was supported by targeted talent strategies, where we prioritised building pipelines for scarce and critical skill roles specifically in bakeries and manufacturing by leveraging key partnerships with selected service providers.

As part of our ongoing journey to improve the employee experience and create a great place to work, we undertook various campaigns – both internally through our communication portals and externally via social media – to communicate our employee value proposition and employer brand. These included the Youth Month Campaign, Women's Month Campaign, Rising Star Awards and Rising Star Female Forum. These employer branding campaigns were well received, as reflected by the 140% increase in followership on Tiger Brands' LinkedIn profile, from 100 000 in September 2019 to 239 000 in September 2020.

In looking to attract talent for our Africa operations, we have commenced the rollout of our Africa talent plan and appointed new talent in some of our African operations. We have developed a customised Africa management trainee programme, and sourced management trainees for Mozambique, Zambia and Nigeria.

We maintained a strong focus throughout the year on promoting employee diversity, with African, Coloured and Indian employees making up 95% of internal appointments this year. Through our gender equity strategy, we are working to improve the representation, engagement and development of women in core functions and at leadership levels. The gender equity strategy includes a specific focus on three core areas: our RISE women in leadership development programme that focuses on developing women through action learning business projects; the Tiger Women's Network that focuses on enabling women to overcome the barriers that women traditionally encounter in the workplace; and function-specific development programmes that equip women with core technical skills, strengthen leadership capability and improve the overall talent pipeline of female talent. Through these programmes we aim to increase overall female representation at all levels, especially in management, to 44% by 2023. We also aim to increase women participation in leadership development, career growth and progression initiatives to 50% by 2023.

We have recently developed and commenced the implementation of a generational diversity management strategy, where our goal is to ensure co-existence of multiple generations, foster a sense of belonging and connectedness amongst generations, and improve the employee experience of each generational group at Tiger. Next year we will be launching our young professionals networking forum (NexGen Tiger), as a platform to enable inclusive

Performance summary 2020

- ✓ Completed our fit-for-future organisational structure
- ✓ 79% of leadership positions filled internally
- ✓ Key changes made to business leadership at executive and category leadership levels
- ✓ Introduced a digital on-boarding framework
- ✓ Voted number 1 employer of choice in the manufacturing sector by graduates for the first time

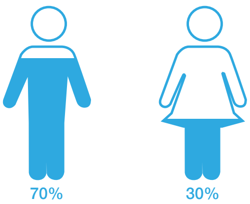
networking, development and engagement among young professionals across the business. Through this forum we aim to amplify the voices of the young professionals at Tiger Brands, and bring to bear a different perspective that will help deliver winning performance.

Our diversity profile

	ACI actual	ACI target	
Top management	2020: 50%	2020: 55% / 2021: 55%	2022: 64% / 2023: 64%
Senior management	2020: 55%	2020: 59% / 2021: 63%	2022: 64% / 2023: 65%
Middle management	2020: 62%	2020: 69% / 2021: 70%	2022: 71% / 2023: 76%
Junior management	2020: 80%	2020: 79% / 2021: 80%	2022: 81% / 2023: 85%
Semi-skilled	2020: 97%	2020: 97% / 2021: 96%	2022: 96% / 2023: 96%
Unskilled	2020: 100%	2020: 100% / 2021: 100%	2022: 99% / 2023: 99%

ACI: African, Coloured, Indian.

Gender diversity profile



R97 million invested in skills development

4 827 employees trained through academy programmes

146 new employees successfully on-boarded, with **28** through our new digital platform

763 learnerships, apprenticeships and workplace experience students

We recognise the challenge of achieving our employee diversity targets at more senior management levels and we are proactively addressing this through targeted talent sourcing, internal placements, promotions and various leadership development programmes as set out below. Next year, our talent focus will be on further enhancing our marketing, sales and commercial skills and deepening our supply chain capabilities, by executing targeted talent strategies. We will also maintain our focus on executing fit-for-purpose learning and skills development, and further embed just-in-time digital learning across Tiger.

Leadership

Developing leadership capability and capacity to inspire winning performance

To ensure that we develop inspirational leaders who are talent magnets, agile and drive a culture of innovation and winning performance, this year we rolled out two leadership development programmes across the organisation: LIFT and Game Changer.

- The LIFT programme is targeted at employees who have recently been appointed into a leadership role or those being considered for such a transition.
- The Game Changer leadership development programme was implemented as part of our culture transformation journey to develop leaders with the intention and skills to actively create and inspire winning opportunities in daily interactions with colleagues at all levels.

In line with our promise to continually develop our leaders and ensure that they receive developmental feedback from multiple stakeholders, we launched the MultiRater feedback tool during the performance year-end review period. This gave leaders an opportunity to receive feedback regarding their behaviour as aligned to Tiger Values, Winning behaviours and leadership competences. We also recently launched mentorship circles for emerging leaders looking to learn and benefit from more experienced leaders.

79% leadership positions filled internally against a target of **40%**

36 successors identified for senior executive leadership roles, improving our succession ratio from 1:1 to **3:1**

141 leaders attended the LIFT programme against a target of **141**

162 leaders attended the Game Changer programme against a target of **206**

Our strategy continued

Great people continued

Our leadership competencies

LEADS PEOPLE
- Inspires winning performance
- Nurtures and grows talent

LEADS PERFORMANCE
- Shapes strategy
- Achieves results through others

LEADS SELF

LEADS INNOVATION
- Market focused
- Consumer obsessed

LEADS PARTNERSHIPS
- Builds partnerships
- Builds teams

Our leadership development programmes

Programme	Target audience
LIFT leadership programme	Lead operators
EDGE leadership programme	Frontline leaders
GAME CHANGER leadership programme	All leaders
SOAR leadership programme	Leaders of leaders
REIMAGINE Tiger Leadership Development programme	Enterprise leaders

Great place to work

Creating a great place to work to energise a consumer-obsessed and agile "One Tiger" team

A key focus of our people strategy is to instil an agile performance-based culture that delivers on our identified winning behaviours of consumer obsession, teamwork, empowered accountability and focused execution. We began our culture transformation journey in October 2018 with the alignment of our teams on our aspirational culture, and a refresh of our values and winning behaviours.

We have continued to make progress this year in embedding our winning culture. Our employee value proposition (EVP) has been firmly defined and forms the basis of our actions to improve the employee experience and to enhance our ability to attract, develop and retain talent. An important development this year was the launch of our THRIVE employee wellbeing programme, which covers employee health management, psychosocial wellbeing and broader risk management activities. This was a key enabler in our response to the Covid-19 pandemic and through our comprehensive multi-pronged approach we were able to support both our employees and their families.

Since starting on this culture change programme, we have conducted numerous "Heart of the Tiger" dialogues with staff to deepen the internalisation of our refreshed values and winning behaviours, learn from their experiences and perspectives, and evaluate our progress in instilling the winning culture. Informed by this feedback we are taking various actions to drive the necessary shift in culture.

Although we have established and embedded a clear reward and recognition strategy and have made some progress in making our reward strategy more competitive, we recognise the need to improve business performance in order to retain key talent through our short- and long-term incentive plans.

72 Leader-led culture transformation engagements completed

174 "Heart of the Tiger" team dialogues undertaken, engaging **9 226** employees

Voted number 1 graduate employer of choice in the manufacturing sector, and second in the FMCG sector in the South African Graduate Employers Association 2020 survey

Once again certified as

Top Employer

by **Top Employer Institute**

To deliver a further step-change in driving a culture of innovation, consumer obsession and winning performance, we will be taking measures to enable a work environment that liberates people to focus on the consumer and our purpose. To this end, we have completed our Voice of Tiger employee experience survey to enable us to evaluate our progress, identify opportunities for improvement and execute actions to further progress our winning culture. We will review our delegations of authority and our leadership meeting cadence to encourage more agile decision-making and execution. We will rigorously prioritise annual deliverables enabling category teams to deliver on fewer more focused priorities, and we will be standardising transactional processes and enabling them through technology and digital platforms. To drive innovation, we will be implementing cross-functional teams to accelerate the speed of execution of "big bet" performance improvement and innovation projects.

Employee relations

One of the company's strategic intents is to establish and maintain a meaningful collaborative relationship with our key stakeholders, including our representative trade unions and employees. This year the company held its first top-to-top engagement facilitated by the CEO with key trade unions. This engagement was used to reflect on Tiger Brands' performance and to share the company's broad strategy and plans. The engagements were preceded by a collaborative approach with the trade unions on the company's response to Covid-19 within the company's operations across the country.

Early in the year, Tiger Brands initiated a fit-for-future structure review programme to drive savings and optimise the business towards improved consumer focus, cost-efficiency, ownership, accountability, agility and speed of execution. The implementation of this initiative was initially deferred as a result of the Covid-19 pandemic, but with the impact of the lockdown exacerbating the already challenging business environment, the need for this restructuring became even more apparent, and the process was initiated in May 2020. A careful and structured workforce transition process was implemented to support our people during the restructuring process. This included upfront engagement with teams and individuals, the prioritising of redeployment opportunities for our people across the organisation through available vacancies, and mindful management of the people exiting their positions with the company. The process resulted in the optimisation of 493 positions and the retrenchment of 393 employees.

During the period under review, we launched a sexual harassment campaign aimed at educating both employees and managers.

Although the employee relations environment remains stable, a challenging operating environment and low inflation has resulted in challenged wage negotiations throughout the country.

Our strategy continued

Sustainable future

The sustainability report for 2020 is available at **www.tigerbrands.com** and includes comprehensive and detailed disclosures with regards to our sustainable future strategic pillar.

Sustainable company, community and planet

To deliver on our core purpose of nourishing and nurturing more lives every day, our sustainable future strategic objective comprises three clear focus areas: health and nutrition; enhanced livelihoods; and environmental stewardship. These are underpinned by our critical anchors relating to: ethical behaviour; purpose-led culture; food safety and quality; ethical supply chain practices; safety, health and environment; responsible marketing; and transparency, partnerships and stakeholder responsiveness.

Health and nutrition

We have committed to enabling consumers to improve their health and wellbeing by providing food products that are more nutritious and affordable, developing best-in-class nutritional standards, and leveraging our brand and marketing activities to promote consumer nutrition. In driving progress on these commitments, we have updated our nutritional standards against global guidelines, introduced a three-tier categorisation of our products using these guidelines, and begun to assess our product range against these criteria. We have begun implementation of a product lifecycle management system which will assist us in establishing a baseline and setting targets for more nutritious products as a percentage of our total portfolio. We launched several new, more nutritious and healthier product lines in our Snack, Baby and Personal Care categories, reduced sugar in our Bakery, Cereals and Beverages portfolios, and voluntarily enriched some core products with micronutrients commonly deficient in South African diets. We introduced clear and simple consumer-relevant health claims in various brands, have begun the process of including portion control messaging on the back of packs in Snacks & Treats, and participated in a consultative process on the adoption of progressive front-of-pack food labels.

Performance summary 2020

- ✗ Two employee and one contractor fatalities; lost-time injury frequency rate of 0,34 (2019: 0,38)
- ✓ R12 billion spend on BBBEE verified suppliers
- ✓ R32 million committed to socio-economic development
- ✓ 105 648 high-quality, nutrient dense and fortified food packages distributed
- ✓ 4,2% reduction in total scope 1 GHG emissions (8,2% reduction in emissions intensity) year-on-year
- ✓ 8,8% reduction in water usage (5,9% reduction in intensity) year-on-year

Enhanced livelihoods

We have committed to improving the livelihoods of thousands of people by providing opportunities across our value chain for inclusive economic participation, including the provision of financial and non-financial support to black-owned and black women-owned enterprises and smallholder farmers, through our supplier and farmer development programmes, and preferential procurement policies. In addition, we contribute at least 1,5% of net profit after tax annually, towards socio-economic development activities that promote sustainable thriving communities.

This year we launched the Dipuno Enterprise and Supplier Development Fund, committing R100 million in investment by 2025 to black-owned and black women-owned small enterprises and smallholder farmers. An initial capital investment of R45 million was made to the Dipuno Fund to provide loans and technical support to beneficiaries, and to provide for a small operating budget.

We have since approved projects to the value of R12 million and disbursed R8 million, with a further R15 million worth of applications under review. Towards our target of facilitating the creation of 1 000 new jobs, we have established our Smallholder Farmer Programme and Agriculture Aggregator Model to support small black and black woman-owned farming and agri-processing enterprises. Since its establishment last year, our agriculture aggregator model has supported 50 emerging entrepreneurs through business incubation training and created 100 new jobs in the small farmer sector.

In line with our recently revised socio-economic development strategy, and as part of our response to the Covid-19 pandemic, we invested R32 million on community development initiatives. During the year, we achieved several milestones including: distributing over 93 000 high-quality, nutrient-dense and fortified food packages; reaching 30 000 direct and indirect beneficiaries each month through the Tiger Brands food and nutrition support programme; and training almost 600 community members in food gardening and community skills development. In addition, 12 648 food packages were distributed to vulnerable communities during the various stages of lockdown.

Environmental stewardship

Recognising the significant environmental impact of the agri-food value chain, both globally and nationally, we have committed to improving our environmental performance by implementing innovative solutions that optimise energy and water consumption in our operations, reduce the negative impacts of packaging, and minimise waste, effluent and emissions. We are exploring opportunities for circular economy initiatives that stimulate sustainable economic opportunities, as well as leveraging our brand and marketing to inspire positive behaviour change in consumers.

We made further progress this year in reducing the impact of our operations, focusing on the most material issues: improving energy and water efficiency, reducing greenhouse (GHG) gas emissions, and striving for zero waste to landfill operations. As a result of various energy efficiency measures, we achieved an absolute energy reduction of 5,3%, while absolute Scope 1 GHG emissions were down 4,2% year-on-year. We have undertaken industrial water-efficiency assessments and installed smart metering systems at our most water-intensive operations, contributing to an 8,8% reduction in total water use. As part of our drive to a circular economy, we have entered into various industry partnerships this year aimed at "closing the loop" with both food and packaging waste, and we have committed to achieving the targets in the SA Plastics Pact, launched in January 2020.

Our strategy continued

Sustainable future continued

Occupational health and safety

Ensuring zero injuries and delivering strong behavioural safety, health and security performance through visible, felt leadership is a top priority. We have a holistic health and safety programme with clear roadmaps and deliverables. This is supported by a behavioural safety programme that drives leadership accountability and responsibility, and effective auditing to ensure that process safety management is implemented properly. Despite our best efforts, we are saddened to report that in this fiscal year, two employees and one contractor lost their lives while working for Tiger Brands. As is mandatory, our operations carry out a detailed investigation for every fatality, involving a multi-disciplinary team and senior management. This year, multiple behavioural safety initiatives were delivered at our operations, which resulted in an improvement of our recordable injury rate. As at the end of September 2020, our lost-time injury frequency rate (LTIFR) improved to 0,34 from 0,38 in 2019. Despite the improvement, it is evident that we need to work harder, and so we continue to deliver capacity-building and safety initiatives with the aim of establishing and embedding a safety culture across the organisation. In addition to our extensive response to mitigating the health impacts of the Covid-19 pandemic, we continued our monitoring and management reporting on critical health issues, conducted site occupational hygiene surveys and health risk assessments, ran various employee awareness raising campaigns, and delivered wellness support to employees.

Transparency, partnerships and stakeholder responsiveness

Recognising the importance of transparency and partnerships, we are committed to playing an active role in industry forums to help shape sustainable consumption standards, tools and best practices. We are a member of industry bodies such as the National Business Initiative (NBI), Manufacturing Circle, Business Leadership South Africa, Consumer Goods Council of South Africa (CGCSA), South African Agricultural Processors Association (SAAPA), South African Fruit and Vegetable Export Council (SAFVEC), South African Fruit Juice Association (SAFJA), and the Coalition for Ethical Operations.

We are working with South Africa's Council for Scientific and Industrial Research (CSIR) on assessments to enhance manufacturing industry competitiveness through resource efficiency and cleaner production, and we partner with various NGOs and academic bodies, including the Centre for Food Safety at Stellenbosch University.

As signatories to the We Mean Business initiative, we have committed to adopting a science-based emissions reduction target, promoting responsible corporate engagement on climate policy, and reporting climate change information in mainstream reports as a fiduciary duty. Other key relationships include our partnership with the United Nations Industrial Development Organisation (UNIDO) and our participation in the Strategic Water Partnership Network (SWPN).

Recognising the critical importance of understanding and being responsive to our stakeholders' interests, we have introduced a structured stakeholder relations strategy (see page 16).

Aligning with the Task Force for Climate-related Financial Disclosures (TCFD)

While working to improve our annual reporting and sustainability disclosure, we have started to look at aligning more closely with the recommendations of the Task Force for Climate-related Financial Disclosures (TCFD). The TCFD takes a different approach to tools like the CDP Climate Change Programme, by aiming to integrate climate-related disclosure within annual financial filings and reports. The intention behind the TCFD's approach is to align climate reporting more closely with a company's regular reporting practices, towards making it both easier for companies and more digestible (and useful) for investors. The focus is on providing investors with clear, financially relevant and decision-useful information through an internalised mechanism (annual reporting) in which companies are already invested.

At a time when the demands of multiple sustainability reporting frameworks and standards place an excessive burden on companies and a time when we are looking to concentrate our efforts towards improving our disclosure, we find that aligning with the TCFD approach will help us gain more ground in this arena.

Financial review

Deepa Sita
Chief financial officer

Pamela Padayachee
Acting chief financial officer

The preparation of these results has been supervised by Pamela Padayachee CA(SA) (acting chief financial officer) and Deepa Sita CA(SA), chief financial officer of Tiger Brands Limited.

+4% y-o-y

R29,8bn*

Revenue
2019: R28,6 billion

-18% y-o-y

R2,6bn**

Operating income
2019: R3,2 billion

* *From continuing operations.*
** *Before impairments and abnormal items.*

Tiger Brands' earnings for the year ended 30 September 2020 were impacted by the ongoing difficulty of maintaining margins in a tough trading environment compounded by the challenges of Covid-19.

Overview

In a year that has been catastrophic for many businesses in South Africa, Tiger Brands has been in the fortunate position of playing a pivotal role in ensuring food supply during the initial lockdown periods. This allowed the company to support the livelihoods of its employees even when sites were temporarily closed in line with lockdown regulations. This resulted in strong cash flow generation further supporting the company's healthy balance sheet and allowing management to focus on operational execution.

Notwithstanding this, the results for the year have been disappointing, reflecting the challenges faced by the company in maintaining margins in what was an already difficult consumer environment before the onset of the Covid-19 pandemic.

The second half of the year was affected by the closure of non-essential facilities in Home Care and Sorghum beverages, the cost of complying with the Consumer and Customer Protection and National Disaster Regulations (pricing regulations) as well as the cost of health and safety measures. Furthermore, supply chain efficiencies were adversely impacted by temporary disruptions from Covid-19 infections at site level and within the supply chain.

Lockdown measures created favourable tailwinds from a volume perspective in certain businesses including Wheat, Milling, Bread, oat-based breakfast offerings (Jungle), Pasta and Groceries. However, there were corresponding headwinds in terms of consumer demand in Snacks & Treats, Beverages, Out of Home and Baby. A dispute with a former distributor in Nigeria continued to adversely impact the performance of Exports. These developments had a negative effect on profitability from continuing operations in the second half. However, enhanced efficiencies, cost reduction measures as well as the revised operating model resulted in a significantly lower year-on-year decline compared with the year-on-year decline reported in the first half.

As previously reported, Deli Foods and VAMP have been treated as discontinued operations with the comparative information restated accordingly. The acquisition of the abattoir business at Olifantsfontein by Molare Proprietary Limited became effective on 28 September 2020, while the disposal of the VAMP processing facilities was successfully concluded post-year-end.

Revenue from continuing operations increased by 4%, underpinned by price inflation of 6% driven largely by currency weakness for most of the year, partially offset by an overall volume decrease of 2%. A decline in volumes in certain categories, coupled with the inability to fully recover significant raw material cost push, placed gross margins under pressure, resulting in group operating income declining by 18% to R2,6 billion (2019: R3,2 billion).

Income from associates decreased by 5% to R352 million. A strong underlying performance from Carozzi as well as a commendable performance from National Foods in a very difficult economic climate, which has been accounted for in line with IAS 29 *Financial Reporting in Hyperinflationary Economies*, was partly offset by weak results from UAC Foods. In addition, income from associates last year included three months' earnings from Oceana which was unbundled in April 2019.

Net financing costs for the year increased by R96 million. The reclassification of operating leases into short- and long-term lease liabilities in accordance with IFRS 16 accounted for R28 million of this increase, while higher average debt levels during the year had a further R31 million impact.

The effective tax rate before abnormal items, impairments and income from associates, increased from 29,5% to 31,0%, largely due to the lower pre-tax profit before abnormal items, impairments and income from associate companies, and a reduced benefit in respect of special investment allowances claimed on qualifying capital projects in the current year.

Earnings per share (EPS) from continuing operations decreased by 66% to 886 cents (2019: 2 617 cents). This was principally due to the fact that earnings in the previous financial year benefited from the capital surplus of R2 billion arising from the fair value gain relating to the unbundling of the company's interest in Oceana, including the capital profit realised on the disposal of the company's residual shareholding in Oceana. Headline earnings per share (HEPS) from continuing operations declined by 23% to 1 196 cents (2019: 1 556 cents). The lower rate of decrease in HEPS relative to the rate of decrease in EPS, is mainly due to the exclusion in the prior year of the aforesaid capital surplus as well as the cost of impairments in both 2019 (R213 million) and 2020 (R547 million) from the calculation of headline earnings.

EPS from total operations decreased by 74% to 612 cents (2019: 2 333 cents), while HEPS from total operations decreased by 29% to 940 cents (2019: 1 322 cents). The total after tax loss for the period from discontinued operations amounted to R453 million (2019: R470 million).

Segmental operating performance

Domestic revenue increased by 4% to R26,4 billion underpinned by price inflation of 6%, less the impact of an overall volume decline of 2%. The mixed topline performance, together with the impact of higher raw material input costs and additional Covid-19 related costs, led to a decline in operating income to R2,6 billion (2019: R3,0 billion).

Total revenue for the Exports and International businesses increased by 4% to R3,4 billion. This was driven by an improved second half performance from our business in Cameroon as well as a better second half in Exports. Operating income, however, reduced by 51% to R103 million.

Further details of the performance of our operations are provided in our operational review (see page 52).

Cash flow and capital expenditure

Cash generated from operations declined by 15% to R3,0 billion, in line with the decline in cash operating profit. With the FY20 interim dividend withheld and a special dividend paid in the prior year, net cash inflow from operating activities increased to R1,6 billion (2019: R617 million). Although overall capital expenditure levels declined 15% to R937 million, replacement capex increased 10% to R659 million. The group ended the year in a net cash position of R1,8 billion compared with a net cash position of R1,2 billion in the previous year.

Ordinary and special dividend

An ordinary final dividend of 537 cents per share has been declared for the year ended 30 September 2020. The total ordinary dividend for the year of 537 cents per share aligns the distribution with Tiger Brands' dividend policy of 1,75x cover based on full year headline earnings per share.

Given the company's healthy balance sheet and the fact that there are no imminent acquisitions or exceptional capex requirements, the company has also declared a special dividend of 133 cents per share as a result of the once-off proceeds received from the disposal of its VAMP business. The payment of the special dividend is subject to South African Reserve Bank approval.

The special dividend, together with the gross final cash dividend, brings the total distribution for the year to 670 cents per share (2019: 1 061 cents per share).

Shareholders are referred to the accompanying dividend announcement for further details (see page 91).

Outlook

Looking ahead, it is likely that the current significant economic downturn will persist over the near and medium term. The anticipated volatility of the rand and increasing levels of unemployment will negatively impact both the supply and demand dynamics of our business. The continuing pressure on consumer disposable income highlights the need for an enhanced focus on value offerings, as well as cost reduction initiatives and operating efficiencies.

Despite the challenging environment, the reconfiguration of our operating model, clear plans to compete effectively in a value economy as well as the successful execution of key strategic initiatives should position the group favourably to reverse the trend of declining profitability from continuing operations.

Appreciation

Thank you to our local and international shareholders for your continued investment in the company and to the broader investment community for your interest and engagement. We acknowledge our colleagues in the finance department who constantly strive towards best practice and improved disclosure and extend thanks to the audit committee for their guidance throughout the year.

Operational review

GRAINS

Strategic outlook

Our vision is to remain a leader in Milling and Baking. Our identified priorities over the medium term are to lead innovation, and continue to build on our brands' purpose to effect differentiation, while focusing on enhanced supply chain efficiencies. We will also be investing in maintaining superior route-to-market execution. In addition, we will seek to strengthen our brands visibility as tasty, quality nutrition, with strongholds developed and maintained in targeted geographies. In the ready-mix category, we aim to continue to lead the market, while driving value propositions through innovation. In other grains, we will maintain our market leadership through differentiated communication, purpose-driven campaigns and targeted pricing, while expanding into adjacent products and categories, and innovating to capitalise on growing trends. This will be supported by realising further manufacturing and supply chain efficiencies.

Revenue increased 5% to R13,9 billion, reflecting price inflation of 8%, while overall volumes declined by 3%. Price increases realised were insufficient to offset the impact of significantly higher raw material costs, resulting in operating income declining by 14% to R1,2 billion and the operating margin compressing to 8,9% from 10,9%.

After a challenging start to the year, Milling and Baking enjoyed a reasonable recovery in the second half, driven predominantly by Maize, Bakeries and Sorghum-based products. Revenue from Milling and Baking increased by 5%, reflecting an overall volume decline of 3%. Operating income declined by 10% to R1,1 billion.

Despite the second half recovery, adverse category dynamics as well as constrained pricing amid volatile underlying raw material prices, resulted in a sub-optimal operating profit performance from Maize for the year. Bakeries continued to experience year-on-year margin compression driven by marginal volume losses, while the current operating environment did not allow for the full recovery of cost increases. Sorghum-based products experienced a particularly difficult period, largely due to the impact of restrictions imposed during the lockdown period.

Following a tough start to the year, Other Grains experienced a meaningful recovery in the second half, driven primarily by Jungle and Pasta. The second half recovery resulted in year-on-year revenue for the overall segment increasing by 5% to R4,0 billion, comprising price inflation of 7% and an overall volume decline of 2%. Volume declines were largely driven by Rice due to above-inflationary price increases caused by significantly higher raw material costs. Pasta volumes, on the other hand, benefited in the second half from increased at-home consumption, supported by a marked improvement in factory performance. Similarly, increased demand in the breakfast category resulted in an improved overall performance from Jungle.

The increased promotional activity in the Rice category at the start of the year coupled with pricing regulation constraints, was the primary reason for operating income in Other Grains declining by 43% to R114 million.

Financial highlights

+5%

R13,9bn

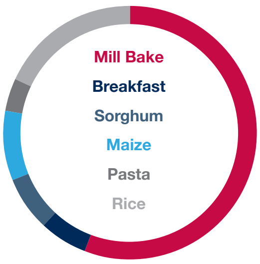
Revenue
2019: R13,2 billion

-14%

R1,2bn

Operating income
2019: R1,4 billion

Revenue by segment



56%	2019: 56%
6%	2019: 5%
7%	2019: 8%
9%	2019: 8%
4%	2019: 4%
18%	2019: 19%

Performance summary

- ✓ Maize, Bakeries and Sorghum-based products report a second half recovery
- ✓ Cost recovery in bread challenged offset by market share gains
- ✓ Promotional campaigns and packaging relaunch in Jungle well received
- ✓ Pasta benefits from increased at-home consumption in H2
- ✗ Adverse category dynamics persist in Maize
- ✗ Significant fluctuations in raw material costs difficult to pass through in Rice

Operating facilities

Mpumalanga
- Milling and Baking (Bakeries)

Gauteng
- Milling and Baking

North West
- Sorghum-based breakfast and beverages (Potchefstroom)

Free State
- Milling and Baking

KwaZulu-Natal
- Milling and Baking (Bakeries and milling)
- Other Grains (Rice)

Western Cape
- Milling and Baking
- Other Grains (Jungle)

Operational review continued

CONSUMER BRANDS – FOOD

Strategic outlook

Our strategic objective is to accelerate growth by strengthening our master-brand portfolio, while defending our leading positions through increased marketing investment and innovation. In addition, we will develop strong shopper propositions and seek to expand our current portfolio into category adjacencies and boost differentiation through enhanced labelling and packaging. We will be restoring competitiveness in our manufacturing activities by eliminating waste and improve overall equipment effectiveness aimed at unlocking savings to improve capacity and reduce conversion costs.

In Consumer Brands – Food, an improved top-line performance in Groceries was partially offset by the impact of reduced demand in Snacks & Treats, Beverages and Out of Home. Overall revenue grew by 3% in line with price inflation of 3%, while total volumes remained unchanged. The subdued revenue growth together with above-inflation cost increases, resulted in negative operating leverage with operating income declining by 20% to R829 million (2019: R1,0 billion).

Groceries' revenue increased by 9%, supported by volume growth of 4% and 5% price inflation. Despite pricing constraints and supply chain challenges in the first half, profitability improved with operating income increasing by 9% to R354 million. This performance was assisted by a favourable sales mix, optimal promotional activity and rigid cost control.

Despite a recovery in demand in the second half, revenue in the Snacks & Treats category decreased by 5% to R2,1 billion, largely driven by a volume decline of 6%. Demand was adversely impacted across all segments during the various lockdown stages as spending was diverted to essential items and the decline in shopping occasions reduced the opportunity for impulse purchases. Operating income declined by 46% to R170 million as a result of lower volumes, factory under-recoveries and higher expenses due to Covid-19 related costs.

Similarly, the Beverages business was impacted by Covid-19 restrictions in the second half, with year-on-year revenue marginally up following reasonable growth in the first half. Operating income fell by 20% to R238 million due to an unfavourable product mix as well as higher conversion and distribution costs.

Financial highlights

+3%

R9,7bn

Revenue
2019: R9,4 billion

-20%

R829,6m

Operating income
2019: R1,0 billion

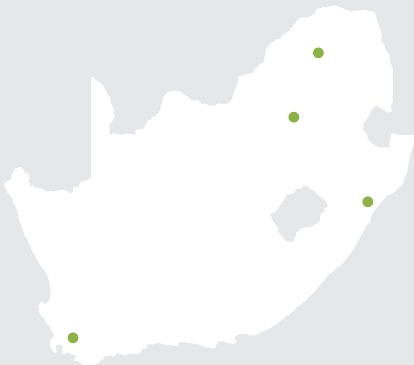
Revenue by segment

57%	2019: 54%
22%	2019: 24%
16%	2019: 16%
5%	2019: 6%

Performance summary

- ✓ Volume growth in Groceries driven by spreads and canned vegetables; profitability benefits from favourable product mix, optimal promotional activity and cost control
- ✓ In Beverages, Oros flavoured innovations drive category growth; channel specific innovation with Brookes Crush launch
- ✗ Snacks & Treats volumes decline due to lockdown stages impacting consumer spend
- ✗ Covid-19 restrictions in H2 offsets reasonable H1 growth in Beverages

Operating facilities



Limpopo
- Groceries (Musina)

Gauteng
- Groceries (spreads, condiments and ingredients)
- Beverages (Roodekop)

KwaZulu-Natal
- Snacks & Treats

Western Cape
- Groceries (Paarl)

Operational review continued

HOME, PERSONAL CARE AND BABY (HPCB)

Strategic outlook

We are looking to deliver growth in **Home Care**, off the back of existing brand strength supported by affordable product innovation. We will be launching several unique innovations as well as looking to drive geographic expansion of some of our leading brands into new markets in Africa.

In **Personal Care**, our picture of success is for Ingram's to be developed into a leading master brand with innovation-led growth, aided by improved profitability. Progress has been made in focusing the portfolio, with work underway to improve on-shelf availability and distribution of the retained portfolio.

Our strategic priorities in **Baby Care** are to consolidate our position as a consumer-centric, business, developing a Purity master-brand that delivers on its mission to help every South African child realise their full potential. We are focused on improving factory efficiencies and site logistics, and enhance the value proposition with improved labelling, as well as leveraging baby feeding expertise through our recently launched Purity Owned Parenting Platform and Journey Journal App.

Overall revenue in HPCB increased by 5% to R2,8 billion due to a sustained strong performance from Home Care.

The strong volume uplift in Home Care was attributable to increased demand and effective in-store execution. Revenue for the year increased by 12%. However, the business was adversely affected by trading restrictions which were introduced in the early stages of the lockdown, and depressed the overall growth in operating income to an increase of only 5% when compared to the prior year.

Personal Care enjoyed a strong overall recovery in the second half, driven by a well-executed Ingram's winter campaign. Revenue for the full year increased by 3% to R661 million on the back of 7% price inflation and a volume reduction of 4%. A weak first half together with Covid-19 related cost pressures in the second half, resulted in lower profitability with operating income declining by 11% to R79 million.

Volumes across the Baby Care segment were affected by adverse demand dynamics during the various lockdown stages, with revenue declining marginally to R975 million. Operating income fell sharply to R111 million (2019: R151 million) as a result of the lower sales volumes combined with overhead under-recoveries and additional Covid-19 related costs.

Financial highlights

+5%
R2,8bn
Revenue
2019: R2,7 billion

-6%
R510,4m
Operating income
2019: R545,6 million

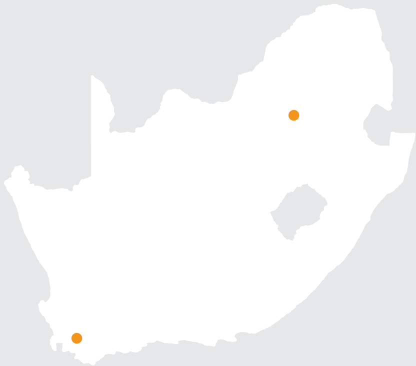
Revenue by segment

- **23%** 2019: 24%
- **35%** 2019: 37%
- **42%** 2019: 39%

Performance summary

- ✓ Strong volume uplift in Home Care due to increased demand and effective in-store execution
- ✓ Well-executed Ingram's winter campaign boosts revenue in Personal Care
- ✓ Progressed rationalisation of tail-end brands in Personal Care with the sale of eight brands
- ✗ Baby Care segment affected by adverse demand dynamics during the various lockdown stages; strong innovation launches to benefit FY21

Operating facilities



Gauteng
› HPCB (Isando)

Western Cape
› Baby

Operational review continued

EXPORTS AND INTERNATIONAL

Strategic outlook

Our ambition is to organically grow our Africa export business by building on our current established presence across the continent. Informed by a thorough understanding of the opportunities and risks across this market, we have classified the countries for potential growth into four categories – expand, develop, trade and explore (see page 39). To win in identified key markets, we will be prioritising product categories to drive volume growth, investing in targeted brands and where necessary developing new products. We have engaged selected partners to ensure an optimal route-to-market in priority countries, and we are investing in building key capabilities in each market with dedicated support functions that are tailored to local conditions. At Chococam in Central Africa, we will be driving further innovation within the core business, securing efficiencies through facility upgrades, and embedding a performance-driven customer-centric culture.

Total revenue for the Exports and International businesses increased by 4% to R3,4 billion. This was driven by an improved second half performance from our business in Cameroon as well as a better second half in Exports. Operating income, however, reduced by 51% to R104 million.

The performance of the Exports segment was negatively affected by the trademark dispute with a former distributor in Nigeria. The subsequent resolution of the dispute resulted in the resumption of sales into Nigeria, which has provided positive momentum going into the new financial year. In addition, a rebound of our export volumes into Mozambique is evident after several years of underperformance as the improved distributor model gains traction.

Revenue in the Deciduous Fruit business was largely unchanged due to an improved second half performance. Despite the recovery in revenue, the business recorded an operating loss of R78 million (2019: R8 million loss) due to the negative effects of lockdown restrictions in certain export markets as well as adverse foreign exchange movements relative to the previous year.

Chococam's performance during the year was muted. A 7% decline in revenue in local currency terms was a consequence of lower volumes in a challenging macro-economic environment, compounded by the effect of the Covid-19 pandemic. Revenue in rand terms increased by 4% to R942 million. Operating income decreased by 14% in rand terms to R149 million (23% reduction in local currency), due to significant raw material cost push, the effect of lower volume throughput on factory overhead recoveries and a 5% excise tax on gross sales introduced earlier in the year.

Financial highlights

+4%

R3,4bn

Revenue
2019: R3,2 billion

-51%

R103,3m

Operating income
2019: R212,1 million

Revenue by segment

- **42%** 2019: 42%
- **28%** 2019: 28%
- **30%** 2019: 30%

Performance summary

- ✓ Improved second half performance driven by better performance from Cameroon and Exports
- ✓ Positive momentum in Nigeria following trademark dispute resolution post-year-end
- ✓ Deciduous Fruit disposal progressed
- ✗ Chococam performance impacted by higher raw material input costs and 5% excise tax introduced earlier in the year

Operating facilities

Cameroon
› Chococam

South Africa

Gauteng
› Powdered soft drinks (Jolly Jus) and Benny seasoning for export markets

Western Cape
› Deciduous Fruit (LAF)

Operational review continued

ASSOCIATES

Financial highlights

-5%

R352m

Earnings
2019: R371 million

+3%

18%

Contribution to headline earnings from continuing operations
2019: 15%

Chile

Empresas Carozzí (24,4% held)

Empresas Carozzí S.A., a Chilean company with headquarters in Santiago, is one of the largest and most respected South American food producers. It has manufacturing operations in Chile, Peru and Argentina, and additional commercial branches in Ecuador and the United States. Carozzí has two main business areas: fast-moving consumer goods (and pet food), with its main markets in Chile and Peru, and agro-industrial products (business-to-business) that are sold worldwide.

The effects of the Covid-19 pandemic led to a shift in demand, with growth reported in Carozzí's basic product range (flour, rice and pasta), while indulgent categories such as chocolates, biscuits and snacks all experienced a decline in volumes. In addition, the effects of the pandemic coupled with the drought in Chile adversely impacted the agro-industrial division. This was offset in part, by solid cost control during the year.

Nigeria

UAC Foods (49% held)

UAC Foods is a leading manufacturer and marketer of convenience foods in Nigeria, with respected brands in snacks, dairy products and beverages. The snacks category comprises Gala sausage roll, Funtime cupcakes, Funtime coconut chips, and the new Funtime Groundnut chips. The dairy category includes the Supreme range of ice-cream and yoghurt products, while the beverage category includes Swan Natural Spring Water.

UAC Foods performance was adversely impacted by Covid-19 with lower volumes particularly in the snacks and dairy segments. Lower volumes as well as higher input and distribution costs and increased promotional activity further impacted profitability.

Zimbabwe

National Food Holdings Limited (37,4% held)

National Foods is a leading branded food manufacturer in Zimbabwe. In addition to maize and flour milling, the company produces a range of food products, including stockfeed, snacks and treats, rice, peanut butter and oil.

National Foods financial results were prepared in accordance with the requirements of IAS 29 *Reporting in Hyperinflationary Economies.*

Volumes for the period declined by 25% compared to the same period last year.

Revenue, however, increased reflecting higher selling prices following the progressive removal of most grain subsidies. Gross margin increased by 48%, below the increase in revenue as the group focused on being competitively priced. Profit after tax increased by 75%.


KOO
Beetroot
Grated & Spiced

Our leadership team

The Tiger Brands board

Tiger Brands' board of directors plays a critical role in the governing of the business. Its diversity lends important perspective and depth to the group's direction. We are therefore committed to building a board that is diverse in terms of race, gender and experience.

Non-executive directors

KHOTSO MOKHELE (65)
Chairman

Appointed: August 2007

Experience
- General management and strategy
- Risk management
- Auditing and accounting
- Governance
- Stakeholder relations
- Information and communication technology

Other directorships
Non-executive director of AECI, Mapitso Consortium, MTN Group, Hans Merensky Holdings, Kenosi Investment Holdings. Former chairman of ArcelorMittal South Africa, Impala Platinum and Adcock Ingram and Chancellor of the University of the Free State.

Committee membership
- Nomination and governance *(Chair)*
- Investment *(Chair)*
- Remuneration

GERALDINE FRASER-MOLEKETI (60)
Chairman designate

Appointed: September 2020

Experience
- Leadership and strategy
- Governance
- Public administration
- Stakeholder relations
- Sustainability leadership

Other directorships
Lead independent director of Exxaro and non-executive director of Standard Bank Group and Standard Bank South Africa. Chancellor of the Nelson Mandela University, chair of the Advisory Council of the Mapungubwe Institute for Strategic Reflection (MISTRA) and the chair of the Committee of Experts on Public Administration (CEPA) of the United Nations Economic and Social Council.

CORA FERNANDEZ (47)

Appointed: March 2019

Experience
- Finance and investment
- Governance and general management
- Leadership and strategy
- Auditing and accounting

Other directorships
Lead independent director of Spur Corporation and non-executive director of Sphere Holdings and Capitec Bank. independent trustee of National Empowerment Fund and Allan Gray Retirement Fund. Previous roles included, managing director: Sanlam Investment Management and CEO of Sanlam Private Equity. Partner: Tiso Private Equity, investment associate: Ethos Private Equity, chief executive: Sanlam Investments Institutional Business, and investment principal: Sanlam Private Equity and former non-executive director of Group Five Limited.

Committee membership
- Risk and sustainability *(Chair)*
- Audit

EMMA MASHILWANE (45)

Appointed: December 2016

Experience
- Auditing and financial management
- Governance
- Corporate finance
- Banking, finance and FMCG

Other directorships
Co-founder and CEO of MASA Risk Advisory Services and MASA Chartered Accountants Incorporated. Non-executive director of Famous Brands, Capitec Bank and Merchantile Bank. Previously head of internal audit at Nkonki Incorporated and non-executive director of Murray & Roberts.

Committee membership
- Audit *(Chair)*
- Risk and sustainability

MAKHUP NYAMA (63)

Appointed: August 2010

Experience
- General management
- HR and remuneration
- Governance
- Information and Communication Technology
- Remuneration and risk

Other directorships
Chairman of SMEC SA, non-executive director of Marsh Inc and director of Zensar SA, Makhup Properties and Kapela Holdings and its subsidiaries. Former non-executive director of BDO Inc and Xon Holdings and Group Chief Executive of SAAB Grintek.

Committee membership
- Risk and sustainability
- Social, ethics and transformation

MAYA MAKANJEE (58)

Appointed: August 2010

Experience
- Strategy and general management
- Stakeholder relations and reputation management
- Human resources
- Sustainable development
- FMCG in Africa

Other directorships
Non-executive director of Mpact, Truworths International, Datatec, AIG South Africa and trustee of Nelson Mandela Foundation.

Committee membership
- Social, ethics and transformation *(Chair)*
- Nomination and governance
- Remuneration

DONALD WILSON (63)

Appointed: June 2019

Experience
- Finance and general management
- Governance, leadership and strategy
- Mergers and acquisitions
- Stakeholder engagement

Other directorships
Director of BHBW Holdings (Pty) Ltd. Former group finance director of Barloworld Limited and executive director finance of Sappi Limited.

Committee membership
- Audit
- Remuneration
- Investment
- Nomination and governance

MARK BOWMAN (54)

Appointed: June 2012

Experience
- Strategy and general management
- FMCG sector in Africa
- Corporate governance
- Mergers and acquisition
- Remuneration

Other directorships
Non-executive director of Dis-Chem, Mr Price Group, Grand Parade Investments Limited, Signall Mill Products and The Alternative Power (Pty) Ltd.

Committee membership
- Remuneration *(Chair)*
- Nomination and governance
- Investment

MICHAEL AJUKWU (64)

Appointed: March 2015

Experience
- Stakeholder relations
- Risk and general management
- Corporate finance
- West Africa
- Banking, finance and FMCG

Other directorships
Independent non-executive director of MTN Nigeria and Sterling Bank Plc. Non-executive director of Novotel hotel, Port Harcourt, Nigeria and International Breweries Plc (subsidiary of AbInbev).

Committee membership
- Risk and sustainability

GAIL KLINTWORTH (57)

Appointed: August 2018

Experience
- General management and governance
- Sustainability leadership and strategy
- Stakeholder relations
- Brand and reputational management
- Marketing

Other directorships
Non-executive board advisor to MAS Holdings, chair of Globescan, Shell Foundation, Integrity Action, Savo Project Developers. Advisory board roles with SIG Combibloc and the Wheeler Institute of Business and Development, London Business School.
Previous roles include: CEO of Unilever South Africa; business transformation director: The business and sustainable development commission; group customer and responsible business lead: Old Mutual PLC; global chief sustainability officer: Unilever PLC; Global EVP Savoury: Unilever PLC.

Committee membership
- Social, ethics and transformation

MAHLAPE SELLO (58)

Appointed: October 2019

Experience
- Legal and commercial
- General management and leadership
- Governance and strategy
- Stakeholder relations

Other directorships
Non-executive director of Life Healthcare Group Holdings. Panellist with Arbitration Foundation of Southern Africa. Previously served on the board of Murray & Roberts and held the position of chairman from 2013 to 2017. Former chairman of the Advertising Industry Tribunal of the Advertising Standards Authority of South Africa.

Committee membership
- Social, ethics and transformation

OLIVIER WEBER (57)

Appointed: August 2020

Experience
- General management and strategy
- Mergers and acquisitions
- Governance
- Risk management and marketing
- Business turnaround and culture transformation

Other directorships
Non-executive director of Marilan Alimentos and a strategic adviser to the Advent Group in Brazil.

IAN BURTON (53)

Appointed: August 2020

Experience
- Business leadership and strategy
- Mergers and acquisitions
- FMCG
- Innovation and digital insights

Other directorships
Director of IB Consultants International

Executive directors

NOEL DOYLE (54)
CEO

Appointed: July 2015*

Experience
- Leadership and strategy execution
- Accounting and auditing
- Corporate finance
- Mergers and acquisitions
- FMCG in South Africa and Africa

Other directorships
Empresas Carozzí SA (Chile), National Foods Holdings

Committee membership
- Social, ethics and transformation

* *Appointed CEO in February 2020.*

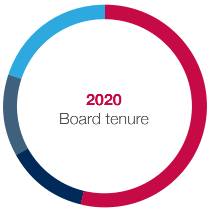
DEEPA SITA (43)
CFO

Appointed: October 2020

Experience
- Strategy execution
- Corporate finance
- Mergers and acquisitions
- Governance and leadership

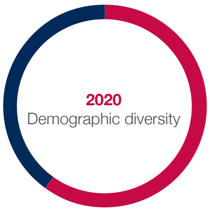
Board committee membership key
- Audit committee
- Social, ethics and transformation committee
- Remuneration committee
- Nomination and governance committee
- Risk and sustainability committee
- Investment committee

Board diversity
as at 1 October 2020



- 54% 0 – 3 years
- 13% 3 – 6 years
- 13% 6 – 9 years
- 20% >9 years

- 53% Male
- 47% Female



- 60% Black
- 40% White

FY22 target:
50% women and black representation, respectively.

Our leadership team continued

Executive committee

Our executive committee facilitates the effective control of the group's operational activities in terms of its delegated authority approved by the board. It is responsible for developing policies and strategy for recommendations to the board and for the implementation and execution in line with the board's mandate. The executive committee meets at least monthly and more often as required.

NOEL DOYLE (54)
Chief executive officer

Appointed: July 2012

Experience
› Accounting and auditing
› Corporate finance
› Mergers and acquisitions
› Governance
› FMCG in South Africa and Africa

DEEPA SITA (43)
Chief financial officer

Appointed: October 2020

Experience
› Strategy execution
› Corporate finance
› Mergers and acquisitions
› Governance and leadership

BECKY OPDYKE (41)
Chief marketing officer

Appointed: October 2018

Experience
› FMCG in USA, SA and globally
› Marketing and brand leadership
› Commercial

TREVOR SANDERSON (53)
Chief supply chain officer

Appointed: February 2020

Experience
› FMCG
› Supply chain management

MARY-JANE MORIFI (58)
Chief corporate affairs and sustainability officer

Appointed: December 2016

Experience
› Corporate affairs
› Sustainability
› Oil and gas and mining sectors

JOE RALEBEPA (49)
Chief legal officer

Appointed: January 2020

Experience
› Legal, compliance and risk
› Corporate governance
› Mergers and acquisitions
› FMCG and retail

LUIGI FERRINI (53)
Chief customer officer

Appointed: May 2020

Experience
- FMCG in South Africa and globally
- Sales strategy and execution
- Customer management and customer relations

PAMELA PADAYACHEE (46)
Acting chief financial officer

Appointed: February 2020

Experience
- Accounting and auditing
- Corporate finance
- FMCG

KAMAL HARILAL (47)
Chief strategy officer

Appointed: April 2018

Experience
- FMCG in South Africa and Africa
- Strategy development and execution
- Mergers and acquisitions
- Corporate finance

S'NE MAGAGULA (47)
Chief human resources officer

Appointed: May 2018

Experience
- Human resources leadership
- Oil and gas sector in South Africa and Europe

YOKESH MAHARAJ (48)
Chief growth officer: Consumer Brands

Appointed: July 2018

Experience
- FMCG in South Africa and Africa
- Sales and distribution
- Human resources

CLIVE VAUX (69)
Executive: Corporate finance

Appointed: February 2000

Experience
- Executive leadership in FMCG
- Corporate finance

Creating value through good governance

The Tiger Brands board provides effective leadership and strategic direction in the best interest of the company and its stakeholders. The board embraces the principles of ethical leadership and good corporate governance aligned to the King IV Report on Corporate Governance, the JSE Listings Requirements, the Companies Act and other relevant laws and regulations. The board confirms compliance with the requirements of these regulations and legislation, as well as the company's memorandum of incorporation. In executing its mandate, the board regularly reviews its business model to ensure that it supports long-term value creation, that effective systems of risk management and internal control are in place, and that a culture of ethical leadership has been established across the group.

Our governance report provides a summarised review of those governance activities pertaining to value creation. This includes an overview of the skills and diversity of our leadership team (see page 62), a review of the board's priority focus areas during the year (see page 67), and a detailed summary of our remuneration policies and practices (see page 69).

Additional information on the responsibilities, powers, policies, practices and processes of the board, including on the application and explanation of the King IV principles, is addressed in the board charter, board sub-committee terms of reference and the company's memorandum of incorporation on our website: **https://www.tigerbrands.com/sustainability/ethicsgovernance**.

	Board	Special board	Audit committee	Special audit committee	Risk and sustainability committee	Remuneration committee	Nomination and governance committee	Social, ethics and transformation	*Ad hoc:* investment
Number of meetings	6	5	3	2	3	4	4	3	3
KDK Mokhele	6	5				4	4		3
MO Ajukwu	6	5			3				
MJ Bowman	6	5				4	4		3
I Burton[1]	3	1							
NP Doyle[2]	6	5						2	
MP Fandeso[3]	1	1							
CH Fernandez	6	5	3	2	3				
GA Klintworth	6	5						3	
LC Mac Dougall[4]	1	1						1	
GJ Fraser-Moleketi[5]	2	–							
M Makanjee	6	5				4	4	3	
TE Mashilwane	6	5	3	2	3				
MP Nyama	6	5			3			3	
OM Weber[1]	3	1							
DG Wilson[6]	6	5	3	2		4	2		3
M Sello[7]	6	5						–	

[1] *I Burton and OM Weber appointed to the board on 3 August 2020.*
[2] *NP Doyle appointed member of social, ethics and transformation committee on 1 February 2020.*
[3] *MP Fandeso resigned from the board on 28 February 2020.*
[4] *LC Mac Dougall resigned from the board on 31 January 2020.*
[5] *GJ Fraser-Moleketi appointed to the board on 1 September 2020.*
[6] *DG Wilson appointed member of nomination and governance committee on 28 February 2020.*
[7] *M Sello appointed to the board on 1 October 2019 and member of social, ethics and transformation committee on 20 August 2020.*

The following table briefly sets out the main areas of discussion and review by the board and its sub-committees during the year in fulfilling its fiduciary responsibility of ensuring long-term value growth.

DRIVE GROWTH | BE EFFICIENT | GREAT PEOPLE | SUSTAINABLE FUTURE

Board focus areas in FY20	Committee	Strategy
Strategy review		
Reviewed the company's priorities and opportunities for sustainable growth	Board	
Considered the impact of Covid-19 across the group and the response plan	Board	
Good governance, succession planning and leadership		
Assessed board structure for its experience, skills, diversity and ability to create value	N&G	
Identified, assessed and recommended skilled candidates for board appointments	N&G	
Assessed directors retiring by rotation	N&G	
Assessed independence of the non-executive directors	N&G	
Inducted performance assessment of chairman and chief executive officer (CEO)	N&G	
Monitored the succession plans for chairman, CEO and key executives	N&G	
Progressed on board diversity targets	N&G	
Risk management		
Considered the impact of Covid-19 on the group strategic risks and implementation of appropriate risk responses	R&S	
Monitored the group health, safety, security and environmental sustainability initiatives	R&S	
Environmental, social and governance (ESG) initiatives		
Considered ESG matters and engagements with stakeholders	R&S	
Monitored the sustainability strategy and engagement to identify close loop/circular economy opportunities and food waste initiatives	R&S	
Considered and made an input to sustainability reporting	R&S	
Divestment decisions		
Approved and monitored the execution of the disposal of the Value Added Meat Products business	Board	
Approved the disposal of the Deciduous Fruit business	Board	
Technology and information (IT) and business continuity plan		
Assessed organisational resilience on IT environment, information security and cyber threats	R&S	
Assessed the investments and value delivered of IT strategic projects	R&S	
Assessed the business continuity management plans	R&S	
Approved the IT scorecard	R&S	
Remuneration		
Considered the remuneration strategies aligned to the company's people strategy and business strategy	REMCO	
Adopted the remuneration policy that is fair and promote responsible pay and attract and retain talent to enable the execution of our strategy	REMCO	
Ensured that the company remunerates directors and executives fairly and responsibly and appropriate remuneration disclosure	REMCO	
Proposed wage negotiation mandate was considered and approved	REMCO	
Engaged with shareholders on the remuneration policy	REMCO	
Considered the benchmarking exercise of the non-executive directors' remuneration	REMCO	

Creating value through good governance continued

DRIVE GROWTH | BE EFFICIENT | GREAT PEOPLE | SUSTAINABLE FUTURE

Board focus areas in FY20	Committee	Strategy
Transformation and people strategy		
Monitored progress on the employment equity plans as well as culture transformation journey	SETCO	
Prioritised the response actions for management of the spread of Covid-19 and impact on the employees, their families, consumers and communities in which the company operates	SETCO	
Monitored progress on development of employees, employee wellbeing programme and employee engagement plans	SETCO	
Stakeholder relations and sustainable development		
Monitored engagements with regulators and other stakeholders	SETCO	
Monitored the socio-economic development initiatives and the implementation of the enterprise development strategy	SETCO	
Monitored the activities relating to consumer relationships including advertising, public relations and compliance with the consumer protection laws	SETCO	
Audit processes		
Ensured the integrity of the group's financial and integrated reporting	AC	
Considered the amendments to the JSE Listings Requirements and developed a roadmap for implementation	AC	
Monitored compliance with the implementation of the requirements of the Protection of Privacy of Personal Information Act	R&S	
Assessed the impact of Covid-19 on group financial performance and internal controls	AC	
Considered and approved the combined assurance model	AC	
Assessed the effectiveness and resourcing of the internal audit function	AC	
Assessed the effectiveness, independence and objectivity of the external auditors	AC	

Committees:

AC – audit committee
SETCO – social, ethics and transformation committee
REMCO – remuneration committee
N&G – nomination and governance committee
R&S – risk and sustainability committee

Remuneration and performance

Section 1: Background statement

Statement from the chairman of the remuneration committee

Dear stakeholder

On behalf of the remuneration committee (the committee), I am pleased to present the 2020 remuneration report which, in compliance with best practice reporting as recommended by the King IV™* Report on Corporate Governance for South Africa (King IV™ Code for Corporate Governance), highlights:

- Key components of our remuneration policy
- Alignment of our remuneration policy with the Tiger Brands' business strategy and priorities
- Implementation of the policy for the year ending 30 September 2020 (FY20).

During the period under review, the Tiger Brands Executive Leadership Team once again focused its efforts on ramping up the execution of four strategic priorities to enhance the company's ability to proactively navigate the prevailing market conditions:

1. **Drive Growth:** In response to the challenging trading conditions and the Covid-19 pandemic, we executed a fit-for-purpose category, channel and customer strategy.
2. **Be Efficient:** Accelerated measures to deliver cost efficiency and improve our supply chain.
3. **Great People:** Continued to execute our people strategy and culture transformation to instil a winning mindset in our people and create a great place to work.
4. **Sustainable Future:** Progressed the implementation of the company's sustainability strategy with a particular focus on health and nutrition, enhanced livelihoods and environmental stewardship.

As can be expected, the execution of our business priorities and business results were significantly impacted by the Covid-19 pandemic, which warranted a review and re-prioritisation in some instances of our focus areas at our various operations. An executive leadership task team was established to proactively address the impact of the pandemic on our business, people, consumers and communities in which we operate. To demonstrate leadership from the top, members of our board and executive leadership team voluntarily sacrificed up to 30% of their salaries and fees for three months, raising R3,5 million to support our community initiatives. Further, we implemented a special incentive to motivate and reward our frontline employees who continued to work during the first month of lockdown in South Africa.

Mark Bowman
Chairman
Remuneration committee

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Remuneration and performance continued

During the period under review, enhancements were made to the remuneration strategy to improve alignment of critical business key performance indicators (KPIs) to measure and reward performance against our strategy. As such, the remuneration committee approved the implementation of a revised short-term incentive (STI) scorecard that drives the achievement of key performance indicators as well as maintains a balance between the focus on financial, strategic and sustainability measures. The STI group and business unit weightings were also revised to increase focus on delivery of results at the category team level. Further amendments were also made to the group and business unit scorecards, thereby improving line of sight for employees in the frontline of our business.

These changes to the short-term incentive structure further align to our reward framework, which follows a "total reward" approach, consisting of guaranteed pay and variable pay, a range of market relevant benefits and professional growth opportunities that recognise individual and team performance. This holistic approach enables us to attract, motivate and retain talented high-performing people (see further details on page 72).

Shareholder voting outcomes

In line with our commitment to remunerate our people in a fair and equitable manner, we maintain strong relationships with stakeholders, and strive towards high standards of disclosure of our remuneration approach to ensure that there is a clear understanding of our remuneration policy and the practices that have been implemented.

The non-binding advisory votes by shareholders at the 2020 and 2019 annual general meetings (AGM) are summarised as follows:

% vote in favour	**February 2020**	February 2019
Remuneration policy	**76,55%**	76.33%
Remuneration implementation	**78,71%**	99,42%
Non-executive directors' fees	**99,01%**	97,45%

The following common themes were highlighted by shareholders in 2020:

Shareholder feedback	Remuneration committee action/response
The premium paid to non-resident non-executive directors in terms of fees is deemed excessive	Considering the need to have a team of non-executive directors who are both commercially and technically astute, as well as to ensure diversity and independence in strategic decision making, we have appointed an appropriate number of non-resident non-executive directors to our board. Market benchmarking indicates that the current 130% premium is below the market median for non-resident non-executive directors. Generally, market practice for non-resident non-executive directors' fees is typically between two and three times the fees paid to SA non-executive directors. This has once again been contextualised in the FY20 remuneration report in the outcome of the market survey.
Specific STI targets are not disclosed	We will endeavour to enhance STI target disclosure.

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 AGM are against the remuneration policy or implementation report:

- Tiger Brands will seek to actively engage with dissenting shareholders by inviting them to one-on-one meetings and, where necessary, will issue a SENS announcement requesting shareholders to appropriately engage on their specific concerns
- Tiger Brands will consider the shareholder concerns and report on the outcome of the engagements and measures taken, in its next integrated report.

Remuneration committee objectives and activities for FY20

In FY20 the committee undertook the following activities:

- Approved salary increase mandate for employees on total remuneration packages (TRP)
- Approved the remuneration for executive directors and executive committee members
- Approved the STI and LTI performance conditions, targets and weightings in respect of FY20/21
- Recommended for approval to the board the non-executive directors' (NEDs) fee increases
- Approved a single remuneration benchmarking peer group for both executive directors and NEDs
- Oversight of the Covid-19 response.

Focus areas for FY21

The committee is committed to remaining up to date with the latest remuneration market trends and best practice, business needs, as well as our responsibilities to Tiger Brands' people, shareholders and communities to ensure that our remuneration practices enable and support the delivery of the business strategy.

Key focus areas will include:

- Embed the STI integrated scorecard and LTI scheme to align our people with business objectives and ignite winning performance
- Review the minimum shareholding policy to further align the interests of executives with stakeholders
- Cement and refine our approach to monitor and address identified pay inequities
- Continue to review our reward mechanisms and practices with a view to introducing innovative reward strategies to:
  - Ignite winning performance
  - Attract, retain and motivate key talent.

External advice provided to the committee in FY20

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

Voting at AGM

As required by the King IV Code on Corporate Governance, the remuneration policy and implementation report which follow, will be tabled for separate non-binding advisory votes by shareholders at the upcoming AGM in February 2021. 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 are committed to engaging with shareholders as required to discuss issues of concern.

On behalf of the committee, I am confident that our remuneration policy has achieved the desired outcomes for FY20 and is aligned with the company's strategic goals.

Mark Bowman
Chairman – Remuneration committee

10 November 2020

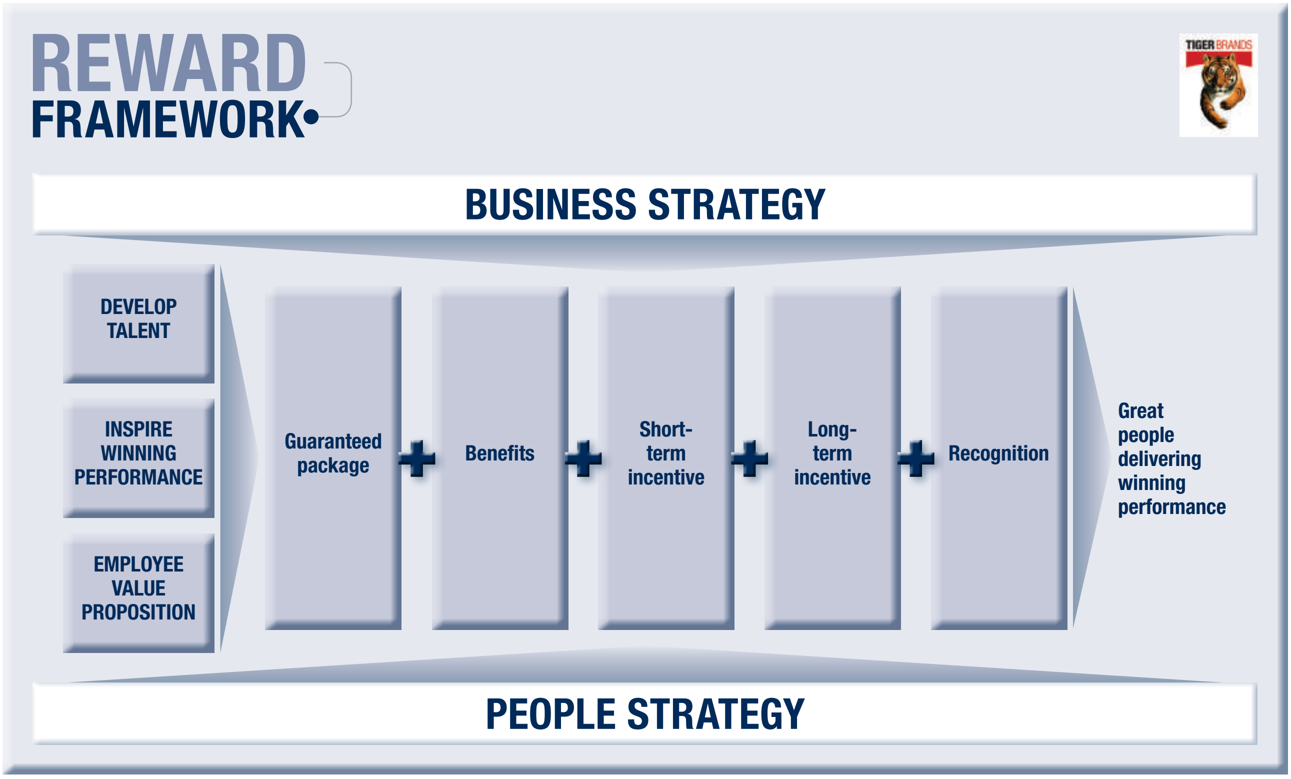
Remuneration and performance continued

Section 2: Overview of remuneration policy

Tiger Brands' people strategy

The remuneration strategy is aligned to the Tiger Brands' people strategy, which is geared to enable the execution of the business strategy and accelerate business performance. The people strategy is comprised of three pillars: **TALENT, LEADERSHIP** and **GREAT PLACE TO WORK** underpinned by the foundation of **EXECUTION EXCELLENCE**.

Our remuneration principles have been designed to support the execution of the people strategy, and are premised on our belief that great people and great brands are at the core of our success. Our reward framework is holistic, encompassing the monetary elements of reward, as well as non-financial aspects such as growth, development, the work environment and culture.



The following are the key objectives of our remuneration policy:

- Strengthen our ability to competitively attract and retain talent to enable the execution of our strategy
- Align Tiger Brands' annual and long-term performance to the delivery of the strategy
- Align Tiger Brands' people performance with shareholder interests
- Motivate and stimulate high performance across Tiger Brands through competitive short and long-term incentives
- Cement the foundation for fair and responsible pay we have already built
- Ensure that reward mechanisms are simple and provide line of sight to all employees.

The following tables summarise the various remuneration elements (guaranteed package, short-term incentive and long-term incentive) that Tiger Brands offers at different levels of employment:

Guaranteed package (excluding bargaining unit employees)

Description

Guaranteed package (GP) offered to people on a total remuneration package (TRP) comprises base pay, allowances, retirement and medical benefits. It is reviewed annually based on personal performance (KPIs linked to individual performance agreements (IPA) for each TRP employee which is agreed to at the commencement of every year), business performance (linked to budget), behaviours aligned with the company values and market competitiveness (national and sector benchmarks).

Benchmarks

Benchmarking for executive directors is based on a peer group of companies and is reviewed on a bi-annual basis. The peer group is determined using the closeness metric formula, based on:

- Total assets
- Turnover
- Market capitalisation.

Companies included in the peer group comprise:

Factor	Executive directors			Rest of exco, senior management and below
Survey type	Bespoke survey Public data of South African companies listed on the JSE, based on the closeness metric is used to determine an appropriate peer group			Exco – Mercer executive survey Remchannel survey – senior management and below
Comparator group*	Aspen Pharmacare Ltd AVI Ltd Clicks Group Ltd Distell Group Ltd	Imperial Holdings Ltd Massmart Holdings Ltd Mr Price Group Ltd Pick n Pay Stores Ltd	Pioneer Foods Ltd# RCL Foods Ltd The Spar Group Ltd Woolworths Holdings Ltd	National and consumer goods circles

* *From FY20 the comparator group for executive directors and non-executive directors' remuneration benchmarking has been merged.*

\# *Although Pioneer Foods delisted, the company was included in the current period benchmarking as the data was still relevant. However, it will be excluded in future.*

Anchor point	Tiger Brands has anchored its current pay position at the 65th percentile of the national market. We aspire to achieve a normal distribution around the anchor point based on individual performance, talent/potential, experience and in certain instances, tenure. It is important to note that guaranteed packages are not automatically adjusted to the anchor point. The performance-based increases granted in the organisation (including those for executive directors and executive committee members) are managed within the overall salary increase budget and the pay progression model as discussed below.
Benefits	Benefits include retirement fund contributions, funeral cover, permanent health insurance, death-in-service cover, medical aid contributions and travel allowances (where applicable).
Pay progression model	The intention of the pay progression model is to competitively reward performance and to actively align our remuneration to the market. The pay progression model will, gradually over time and within the confines of our salary increase budget, correct the guaranteed packages for high-performing people to align them closer to the market. The model considers the employee's salary positioning in relation to the pay scale as well as performance when granting an increase, while ensuring that the company remains within the overall salary budget.

Remuneration and performance continued

Short-term incentive

Description and link to strategy

The operating model for Tiger Brands enables us to maximise the potential of our people in line with our business goals. To ensure that our reward approach is aligned with our operating model, we have revised and simplified the STI scheme to align the contributions of all our people to a One Team Tiger bottom line, thereby creating greater potential for reward across the board. The STI scheme is summarised below.

The primary intention of the STI is to improve business performance by focusing participants' attention on annual 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. This drives high performance by explicitly creating line of sight in linking group, business unit and individual performance.

› All permanent employees on a guaranteed package in Paterson grades CU and above, are eligible to participate.
› The STI is paid annually in cash to qualifying people who are employed by the organisation on the payment date.
› 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 STI outcomes are determined based on a multiple of the on-target percentage of guaranteed package, which comprises three performance factors:
  – A group performance factor focused on group financial and non-financial metrics
  – A business unit performance factor focused on business unit financial and non-financial metrics
  – An individual performance factor focused on individual performance objectives and allows for differentiation in rewarding high performers.

Payment of an STI is subject to the overriding condition that the group/business unit meets or exceeds the agreed entry threshold in respect of its earnings before interest and tax (EBIT).

Calculation

STI = Annual guaranteed package X on target % X {group performance factor (0 to 200%) + business unit performance factor (0 to 200%) + individual performance factor (0 to 200%)}.

Pre-determined weightings will be applied to each of the performance factors. In respect of the Individual Performance Factor, participants will be rated on a rating scale ranging from 1 (poor performer) to 5 (exceptional performer).

Target and maximum

In FY20 the following ranges of STI awards applied to the various categories of people covered by this report:

	On-target percentage of guaranteed package	**Maximum of on-target percentage**
CEO, CFO and executive directors	**60**	**200**
Executive committee members	**50**	**200**
Other participants (Paterson grades CU to E band)	**8,5 to 30**	**200**

Group and business unit performance factors

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 in the form of a balanced scorecard. Below is the group STI scorecard for FY20 that applied to the CEO, CFO, executive directors, executive committee members and other participants:

Strategic objective	Strategic objective weighting	Key performance indicator	Key performance indicator weighting	Threshold score = 50%	On-target score = 100%	Stretch score = 200%
Growth*, **	65%	Sales volume growth	7,5%	90%	100%	110%
		Brand health	7,5%	97%	100%	103%
		Absolute gross margin	10%	95%	100%	105%
		EBIT	40%	95%	100%	105%
Efficiency*, **	15%	Cost savings initiatives	10%	90%	100%	110%
		Net working capital	5%	105%	100%	95%
People and sustainability*	20%	Quality	10%	Reduction in execution-related marketplace incidents year-on-year by		
				10%	15%	20%
		Safety (LTIFR)	5%	Reduction in lost time injuries year-on-year by		
				10%	15%	20%
		EE – ACI Opportunity Utilisation	5%	50%	70%	90%

* *The actual targets have not been provided as they are linked to budget and considered commercially sensitive information.*

** *For the key performance indicators within the growth and efficiency strategic objectives, the targeted percentages for "threshold", "on-target" and "stretch" as set out above per key performance indicator represent the targeted percentage achievement of the underlying budgeted amounts.*

The group, business unit and individual performance weightings applicable to the various employee categories are detailed below:

Employee category	Group	Business unit	Individual
CEO, CFO and executive directors	80%	0%	20%
Executive committee members	80%	0%	20%
Other participants (Paterson grades CU to E band)	10% to 40%	40% to 70%	20%

Changes for FY21

In order to further align our STI on target percentages with market practice and to motivate winning performance through our categories delivering on our business objectives, the following changes will be applicable from FY21 onwards:

	On-target percentage of guaranteed package	Maximum of on-target percentage
Executive committee members	**60**	**200**
Other participants (Paterson grades CU to E band)	**8,5 to 50**	**200**

The following group, business unit and individual performance weightings will be applicable to the various employee categories:

Employee category	Group	Business unit	Individual
CEO, CFO and executive directors	80%	0%	20%
Executive committee members	80%	0%	20%
Other participants (Paterson grades CU to E band)	0% to 40%	40% to 80%	20%

Remuneration and performance continued

Long-term incentive – Management (Paterson grade D and above)

Description

We have aligned our LTI to our reward approach and operating model, taking into consideration the following principles:

- Strengthen our ability to competitively attract and retain talent to enable the execution of our business strategy
- Align Tiger Brands' management's performance to our long-term strategy and, in particular, to unleashing the power of our people objective.

In FY20, we awarded performance shares to executive directors, executive committee members, senior management and middle management. Grants of specific retention shares were made to selected senior management and key people whose contribution has been identified as being critical to achieving our business strategy.

The table below provides further details regarding the performance and restricted shares:

Instrument	Performance shares		Restricted shares	
	Employee category	**Performance shares multiple**	**Employee category**	**Restricted shares multiple**
Award mechanism	CEO CFO Executive committee members Senior management and below	81,3% 81,3% 61,0% 10,6% – 27,7%	CEO CFO Executive committee members Senior management and below	– – – 14,5% – 16,3%
Calculation	› (GP x performance share multiple/share price) x performance multiplier		› (GP x restricted share multiple/share price) x performance multiplier	
Performance multiplier	› The personal performance multiplier is used to modify the standard quantum of performance shares and restricted shares, based on an individual's personal sustained performance and potential › This is a discretionary percentage ranging from 0% to 200%			
Vesting	› Three-year vesting based on anniversary of award		› Three-year time-based vesting based on anniversary of grant	
Performance conditions applicable to performance shares	HEPS growth (weighted at 50%): › 0 – less than CPI + GDP › 25% vesting (threshold) – CPI + GDP › 100% vesting – CPI + GDP +2% › 200% vesting (stretch) – CPI + GDP +4% The HEPS calculation is performed on an annual compound basis over the three-year vesting period Linear vesting to apply between threshold and stretch ROIC – (weighted at 50%): › 0 – less than WACC +1% › 25% vesting (threshold) – WACC +1% › 100% vesting – WACC +2% › 200% vesting (stretch) – WACC +5% and above The measurement will be the average ROIC over the three-year vesting period Linear vesting to apply between threshold and stretch			
Share price	› Based on the volume-weighted average price (VWAP) for a Tiger Brands share calculated for the 10-trading day period ending immediately prior to the date of award/grant			

Historical LTI information

The original Tiger Brands 2013 Share Plan (LTIP) comprised the following instruments:

- Performance vesting shares (full value shares with a three-year vesting period, performance vesting criteria linked to the FINDI30 Index in terms of shareholder return)
- Restricted shares issued as bonus-matching shares (full value shares with a three-year vesting period, no performance criteria)
- Restricted shares issued as deferred bonus shares and company-matching shares (full value shares with a three-year vesting period, no performance criteria)
- Restricted shares as retention specific shares for African, Coloured and Indian (ACI) employees in D band and above (full value shares with a three-year vesting period, no performance criteria)
- Share appreciation rights (SARs).

The allocations of SARs were subject to performance vesting criteria. Apart from a 5% vesting of the third tranche of SARs allocated in FY14, all the tranches of SARs allocated in subsequent financial years that would have vested in FY19 have been forfeited due to performance criteria not having been met. This trend was identified in FY19 as an area of concern to the company as the mechanism was ineffective in providing key people with a vested interest in the company.

In mitigation of this risk, the allocation of SARs was discontinued (the last allocations of SARs were made in June 2019) and, as set out above the company commenced with the award of performance shares, (i.e. full value shares that are subject to performance conditions), and the grant of restricted shares with effect from FY20.

The practice of granting restricted shares in the form of "bonus-matching shares" (which were linked directly to the achievement of an STI in the previous financial year) was also discontinued as from FY20. In addition, the voluntary deferral of a portion (25%, 33% or 50%) of participants' STI awards into restricted shares ("deferred bonus shares") which were matched by the company on a 1:1 basis in the form of "company-matching shares" was also discontinued (due to shareholders raising best practice concerns and an historical low uptake from participants). All previous grants of bonus-matching shares, deferred bonus shares and company-matching shares will continue to vest in accordance with the rules of the LTIP.

Below is a description of the share instruments no longer utilised.

Share appreciation rights

The last grant of share appreciation rights was made on 5 June 2019. The vesting and performance conditions of the share appreciation rights are set out hereunder.

Vesting

Vesting is time-based according to the following pattern:

	Year from allocation date					
	0	**1**	**2**	**3**	**4**	**5**
Vesting				1/3	1/3	1/3

Performance metrics

The allocations of SARs during the 2019 financial year are subject to the performance criteria as set out in the table below:

Metric	Measurement	Weight	Metric
HEPS growth (real)	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 ROIC measured over three, four and five years for each one-third tranche	50%	ROIC < WACC +1% No vesting ROIC = WACC +1% 25% vesting ROIC > WACC +1% but < WACC +2% *Pro rata* vesting on a linear scale ROIC => WACC +2% 100% vesting

HEPS: Headline earnings per share.
ROIC: Return on invested capital (after tax).

Remuneration and performance continued

For SARs allocated in December 2016, September 2017 and December 2017, the performance vesting condition is as follows:

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

Pro rata vesting on a linear scale of 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).

SARs allocated before December 2016

The SARs performance vesting conditions for previous allocations 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 the corresponding percentage of the allocation to vest are as follows:

HEPS growth (real)	Vesting outcome
>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%

Bonus-matching shares

The last grant of bonus-matching shares was made in December 2018.

Vesting

Vesting takes place on the third anniversary of the date of grant:

	Year from grant 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.

Deferred bonus shares and company-matching shares

Previously the CEO, CFO, executive directors and members of the executive team could voluntarily defer a portion (25%, 33% or 50%) of their STI into deferred bonus shares, which were then matched by the company on a 1:1 basis.

The last grants of deferred bonus shares and company-matching shares were made in December 2017.

Vesting

Vesting of deferred bonus shares and company-matching shares takes place on the third anniversary of the date of grant:

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

Performance metrics

There are no further performance conditions to determine vesting.

BEE shares

The following two schemes were 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. For all rights allocated on or before 31 July 2010, settlement may take place at any time after the initial lock-in period, i.e. 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 out of shares that may become available as a consequence of forfeitures.
- 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
  - The trust provides bursaries for tertiary education to dependants of permanently employed black people who might not otherwise be able to afford this cost.

Dilution

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 2020, the aggregate number of shares that may be acquired by participants under the various schemes was 2 728 933 (2019: 2 543 551), which represents approximately 1,4% of the number of issued ordinary shares. This is in line with JSE regulations.

Minimum shareholding policy

We have a minimum shareholding policy, where senior executives are expected to build up their personal shareholding in the company over a specific period of time. In the case of the CEO, the target is 200% of guaranteed package while the target for executive directors and members of the executive committee is 100% of guaranteed package. Senior executives who were in service when the policy was adopted in 2016 have six years to build up their shareholding from date of adoption. Senior executives appointed after adoption have six years to build their shareholding from date of appointment. They may use any vesting LTIs or their own resources to acquire these shares.

Current minimum shareholding summary

Name	Date of engagement	GP*	Number of shares held	Original value of shares held	Current value of shares held**	% of GP	Target % of GP	Years remaining to meet target
NP Doyle	1 July 2012	10 000 000	12 775	4 199 926	2 437 087	42%	200%	2

* *GP as at 30 September 2020.*
** *Value calculated with reference to the closing price of a Tiger Brands share as at 30 September 2020, i.e. R190,77.*

Malus and clawback

A malus and clawback policy is in place with the intention to minimise risk.

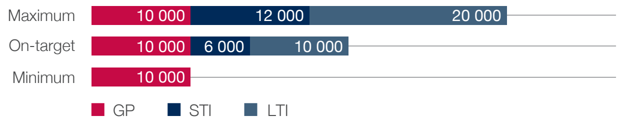
With respect to malus, if the remuneration committee, in consultation with the board and/or any committee of the board, believes that a trigger event has occurred, it has full discretion to reduce, in part or whole, unvested variable remuneration (i.e. STIs and LTIs) before the end of the vesting or payment period. In the case of clawback, 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 occurring 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.

Illustrating potential remuneration outcomes

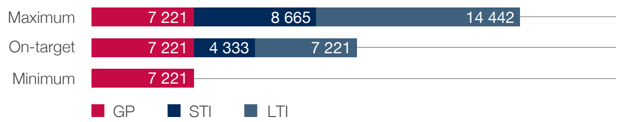
The variable pay arrangements described above have various potential outcomes. These outcomes could be from zero (minimum) to the expected level of performance outcomes (target) to the maximum potential variable pay outcomes (maximum). In the illustrations presented alongside, it should be noted that:
- STI represents the cash component of short-term performance
- LTI represents the total award of performance vesting shares.

Total remuneration potential for members of executive management for the year ended 30 September 2020

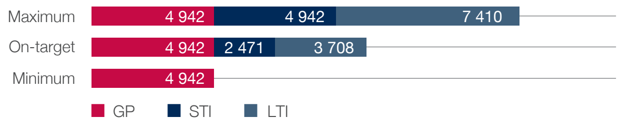
CEO (R'000)



CFO (R'000)



Members of executive committee (average) (R'000)



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).

Remuneration and performance continued

Sign on and specific retention payments

In exceptional circumstances (mainly for the recruitment and retention of critical and/or scarce talent), Tiger Brands will award a sign on/retention payment which will be subject to the following conditions:

- Employees remaining in the service of Tiger Brands as a permanent employee for an uninterrupted period of 24 months from date of the payment. Should the employee or Tiger Brands decide to terminate the employment relationship for any reason, excluding those listed below, before the expiration of 24 months, the employee will be required to repay Tiger Brands the full gross amount. There will be no *pro rata* refunds. Should Tiger Brands terminate the employment relationship because of operational reasons (for example, retrenchment or redundancy) or ill health, or if termination occurs as a result of death, the employee will not be required to repay Tiger Brands.

Payments on termination of employment

Remuneration policy component	Voluntary termination (i.e. resignation)	Involuntary termination (retrenchment, retirement, death)
Guaranteed package	Paid up to last day of service	Paid up to last day of service including notice period, where applicable.
Medical aid	Benefit continues to last day of service	Benefit continues up to last day 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 day of service. Employee is entitled to the value of the investment, but all risk benefits cease on termination of service.	
Other benefits	Not applicable	Severance package in respect of retrenchments – one or two weeks for every completed year of service in terms of the relevant rules.
Short-term incentives	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 instrument 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

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 board or sub-committees of external companies. Details of executive committee members serving on the boards of associate companies appear on pages 64 and 65.

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 relevant 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, turnover and total assets. As these are similar metrics to that of the benchmark group for executive directors it was decided that from FY20, in line with King IV and in terms of the current requirements of the organisation, a single comparator group be adopted for the non-executive directors and executive directors' remuneration benchmarking. The revised comparator group is detailed on page 73.

Targeted remuneration for the twelve-month period ending 28 February 2021 was based on the 65th percentile of the peer group, which is aligned with our internal anchor point. Non-resident non-executive directors are paid a premium in comparison to resident 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 non-executive directors' fees effective from 1 March 2021 appear in the notice of AGM of shareholders to be held on 17 February 2021. Details of non-executive directors' fees paid in the review period appear on pages 88 and 89.

Voting statement

This remuneration policy is subject to a non-binding advisory vote by shareholders at the upcoming AGM.

Remuneration and performance continued

Section 3: Implementation report

In this section of the remuneration report we explain the implementation of our remuneration policy, providing details of the remuneration paid to our executive directors and members of the executive committee and senior management for the financial year ended 30 September 2020.

Salary adjustments

The remuneration committee approved an overall guaranteed package salary increase budget of 6% for the period 1 December 2019 to 30 November 2020. This included executive management.

An additional budget was ringfenced and is managed centrally to correct pay disparities.

2020 guaranteed package

The following increases to guaranteed packages were implemented in the reporting period for executive directors. New amounts were effective from 1 December 2019:

	1 Dec 2019 to 30 Nov 2020	1 Dec 2018 to 30 Nov 2019	% increase
Executive directors			
LC Mac Dougall*	**10 014 615**	9 537 728	5,0%
NP Doyle**	**10 000 000**	6 877 238	45,4%

* *Retired on 31 January 2020.*
** *Promoted to CEO on 1 February 2020. Annual increase 1 December 2019 of 5% to R7 221 100.*

An average increase of 5% (2019: 6%) was awarded to executive directors and members of the executive committee in comparison to an average increase of 5,4% (2019: 5,32%) for the rest of the company.

2020 short-term incentive

As indicated in the policy section, the STI for executive directors is based on the combination of a group performance factor and individual performance component.

Executive directors

The group performance factor for executive directors is weighted according to the table below. Results for FY20 were as follows:

Strategic objective	Strategic objective weighting	Key performance indicator	Key performance indicator weighting	Threshold score = 50%	Target score = 100%	Stretch score = 200%	Achievement: Actual result	Achievement: Weighted result
Growth	65%	Sales volume growth	7,50%	90%	100%	110%	Not achieved	–
		Brand health	7,50%	97%	100%	103%	Threshold achieved	–
		Absolute gross margin	10%	95%	100%	105%	Not achieved	–
		EBIT	40%	95%	100%	105%	Not achieved	–
Efficiency	15%	Cost savings initiatives	10%	90%	100%	110%	Not achieved	–
		Net working capital	5%	105%	100%	95%	Threshold achieved	–
People and sustainability	20%	Quality	10%	Reduction in execution-related marketplace incidents year-on-year by				–
				10%	15%	20%	Stretch achieved	–
		Safety (LTIFR)	5%	Reduction in lost time injuries year-on-year by				–
				10%	15%	20%	Target achieved	–
		EE – ACI Opportunity Utilisation	5%	50%	70%	90%	Stretch achieved	–

The targeted percentages for "threshold", "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 "target" or between "target" and "stretch". Note for 2020, the EBIT threshold was not met to trigger payment of the STI. This is an overriding condition of the scheme. Therefore the weighted result for each KPI was zero in FY20.

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

The FY20 individual performance factor is the aggregated result of assessing the KPIs for the relevant executive, as follows:

Executive directors

The individual performance factor for executive directors is weighted according to the table below. The results for FY20 were as follows:

	LC Mac Dougall					NP Doyle				
Key performance indicators	Not met	Partially met	Met	Exceeded	% achievement of target	Not met	Partially met	Met	Exceeded	% achievement of target
Top-tier financial results										
Revenue		●			70% – 99%		●			70% – 99%
Gross margin		●			70% – 99%		●			70% – 99%
Cost savings	●				<70%	●				<70%
Return on net assets		●			70% – 99%		●			70% – 99%
Market performance										
On-shelf availability			●		100%			●		100%
Innovation rate	●				<70%	●				<70%
Brand health*		●			70% – 99%		●			70% – 99%
Compliance										
Zero high level audit findings	●				0%	●				0%
Reduction in consumer complaints	●				<70%	●				<70%
Safety (LTIFR)				●	>100%				●	>100%
BBBEE implementation			●		100%			●		100%
People										
Improved employee engagement		●			70% – 75%		●			70% – 75%
Percentage of leadership positions filled internally				●	>100%				●	>100%
Diversity and inclusion		●			70% – 75%		●			70% – 75%
Individual KPIs			●					●		

* *Brand health is measured on an individual category and not on an aggregated basis.*

Name	GP*		On-target %		Actual group performance factor %		Actual personal performance factor %	2020 STI# (Rand)	2019 STI# (Rand)
LC Mac Dougall**	10 014 615	x	60%	x	–	+	–	–	–
NP Doyle***	10 000 000	x	60%	x	–	+	–	–	–

* *Annual guaranteed package in rand as at 30 September 2020.*
** *Retired 31 January 2020. Eligible for STI on a pro-rata basis.*
*** *Promoted to CEO 1 February 2020.*
\# *STI is pro-rated for the number of months the employee participates in the scheme in the case of a no-fault termination.*

Remuneration and performance continued

2020 long-term incentives

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

Long-term incentive awards to executive directors for FY20

Name	LTI personal performance multiplier**	GP	Performance vesting shares			
			Award %	Number	Face value	Expected value
LC Mac Dougall#	100,0%	10 014 615	81,3%	47 220	8 142 617	10 015 419
NP Doyle*	200,0%	7 221 100	81,3%	65 880	11 741 792	14 442 405

** *The personal performance multiplier is used to modify the standard quantum of performance shares and restricted shares, based on an individual's personal sustained performance and potential. This is a discretionary percentage ranging from 0% to 200%.*

Allocated on 30 March 2020 at VWAP of R172,44.

* *Allocated on 7 September 2020 at a VWAP of R178,23.*

LTI awards vesting or with a performance period ending in 2020

The outcome for awards due to vest in FY20, and whose performance conditions ended by 30 September 2020, are shown below. This applies to all eligible participants.

	LTI measures	Performance condition result
LTI allocation	**Real HEPS growth**	**% vesting**
Company-matching shares granted in FY17	N/A	100% (time-based vesting)
Deferred bonus shares granted in FY17	N/A	100% (time-based vesting)
Bonus-matching shares granted in FY17	N/A	100% (time-based vesting)
Share appreciation rights granted in FY15 – third tranche		–
Share appreciation rights granted in FY16 – second tranche		–
Share appreciation rights granted in FY17 – first tranche		–

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.

Single total figure of remuneration

The following tables disclose total remuneration received and receivable by executive directors and executive management for the period 1 October 2019 to 30 September 2020:

Executive directors

	LC Mac Dougall*			NP Doyle**		
Remuneration element	**FY2020 (R'000)**	FY2019 (R'000)	%	**FY2020 (R'000)**	FY2019 (R'000)	%
Basic salary	**3 094**	8 973		**6 996**	5 832	
Retirement funding	**109**	329		**1 270**	961	
Other benefits	**55**	160		**–**	30	
Guaranteed package	**3 258**	9 462		**8 266**	6 823	
Short-term incentive	**–**	–		**–**	–	
Cash remuneration	**3 258**	9 462		**8 266**	6 823	
SARs	**–**	–		**–**	4 446	
Bonus matching shares	**128**	–		**315**	–	
Deferred bonus shares and company matching shares	**259**	–		**421**	–	
Total remuneration	**3 645**	9 462	(61,5%)	**9 002**	11 269	(20,1%)

* *Retired on 31 January 2020.*
** *Promoted to CEO on 1 February 2020.*

Member of executive committee

Key	**FY2020 (R'000)**	FY2019 (R'000)
CXO1	**3 710**	3 598
CXO2	**3 841**	3 740
CXO3	**5 193**	4 688
CXO4	**5 017**	5 052
CXO5	**4 056**	6 967
CXO6	**5 776**	–
CXO7	**3 297**	–
CXO8	**3 770**	1 689
CXO9	**1 738**	6 680
CXO10	**5 274**	5 057
CXO11	**5 347**	6 888
CXO12	**2 660**	–
Total	**49 679**	44 359

Notes:
CXO6 appointed on 6 January 2020.
CXO7 appointed on 15 January 2020.
CXO9 resigned on 31 January 2020.
CXO10 resigned on 31 August 2020.
CXO11 retired on 31 March 2020.
CXO12 acted for the period February 2020 to September 2020.

Number and value of LTI share awards

Disclosure of the quantum and value of awards for the CEO and CFO outstanding at the beginning and end of the reporting period, as well as new awards made in the period, are provided in the tables on pages 86 and 87, with the cash value of awards settled during the reporting period indicated in the value-based tables.

Remuneration and performance continued

Name and awards	Award date	Vesting date	Grant price (ZAR)	Opening number	Granted during the year
LC Mac Dougall					
2016 Deferred bonus shares	07/12/2016	07/12/2019	–	699	–
2016 Company matching shares	07/12/2016	07/12/2019	–	699	–
2016 Bonus matching shares	07/12/2016	07/12/2019	–	699	–
2020 Performance shares	30/03/2020	30/03/2023	–	–	47 220
2016 SARs	24/05/2016	24/05/2020	317,64	12 908	–
		24/05/2021	317,64	12 908	–
2016 SARs	07/12/2016	07/12/2019	368,11	11 774	–
		07/12/2020	368,11	11 775	–
		07/12/2021	368,11	11 776	–
2017 SARs	11/12/2017	11/12/2020	385,29	3 223	–
		11/12/2021	385,29	3 224	–
		11/12/2022	385,29	3 224	–
2018 SARs	06/12/2018	06/12/2021	254,79	20 588	–
		06/12/2022	254,79	20 588	–
		06/12/2023	254,79	20 588	–
Total				134 673	47 220
NP Doyle					
2016 Company matching shares	07/12/2016	07/12/2019	–	1 140	–
2016 Deferred bonus shares	07/12/2016	07/12/2019	–	1 140	–
2016 Bonus matching shares	07/12/2016	07/12/2019	–	1 710	–
2020 Performance shares	07/09/2020	07/09/2023	–	–	65 880
2014 SARs	28/02/2014	28/02/2017	236,55	6 526	–
		28/02/2018	236,55	6 526	–
		28/02/2019	236,55	323	–
2015 SARs	04/02/2015	04/02/2018	358,22	1 117	–
		04/02/2019	358,22	4 138	–
2016 SARs	09/02/2016	09/02/2020	271,19	8 200	–
		09/02/2021	271,19	8 201	–
2016 SARs	07/12/2016	07/12/2019	368,11	12 112	–
		07/12/2020	368,11	12 112	–
		07/12/2021	368,11	12 112	–
2017 SARs	11/12/2017	11/12/2020	385,29	16 432	–
		11/12/2021	385,29	16 433	–
		11/12/2022	385,29	16 433	–
2018 SARs	06/12/2018	06/12/2021	254,79	18 895	–
		06/12/2022	254,79	18 896	–
		06/12/2023	254,79	18 897	–
Total				181 343	65 880

Forfeited during the year	Performance condition achieved	Settled during the year	Closing number	Face value at award (ZAR)	Cash received (ZAR)	Value of shares acquired (ZAR)	Closing fair value vesting (ZAR)
–	–	699	–	–	128 943	–	–
–	–	699	–	–	128 943	–	–
–	–	699	–	–	128 943	–	–
–	–	–	47 220	8 142 616,80	–	–	8 244 139,80
12 908	–	–	–	–	–	–	–
–	–	–	12 908	4 100 097,12	–	–	67 379,76
11 774	–	–	–	–	–	–	–
–	–	–	11 775	4 334 495,25	–	–	50 161,50
–	–	–	11 776	4 334 863,36	–	–	32 030,72
–	–	–	3 223	1 241 789,67	–	–	11 828,41
–	–	–	3 224	1 242 174,96	–	–	13 121,68
–	–	–	3 224	1 242 174,96	–	–	18 860,40
–	–	–	20 588	5 245 616,52	–	–	377 583,92
–	–	–	20 588	5 245 616,52	–	–	456 641,84
–	–	–	20 588	5 245 616,52	–	–	460 553,56
24 682	–	2 097	155 114	40 375 062	386 829	–	9 732 302
–	–	1 140	–	–	95 944	114 261	–
–	–	1 140	–	–	95 944	114 261	–
–	–	1 710	–	–	144 839	170 470	–
–	–	–	65 880	11 741 792,40	–	–	11 204 211,60
6 526	–	–	–	–	–	–	–
6 526	–	–	–	–	–	–	–
323	–	–	–	–	–	–	–
–	–	–	1 117	400 131,74	–	–	33,51
4 138	–	–	–	–	–	–	–
8 200	–	–	–	–	–	–	–
–	–	–	8 201	2 224 029,19	–	–	54 946,70
12 112	–	–	–	–	–	–	–
–	–	–	12 112	4 458 548,32	–	–	51 597,12
–	–	–	12 112	4 458 548,32	–	–	32 944,64
–	–	–	16 432	6 331 085,28	–	–	60 305,44
–	–	–	16 433	6 331 470,57	–	–	66 882,31
–	–	–	16 433	6 331 470,57	–	–	96 133,05
–	–	–	18 895	4 814 257,05	–	–	346 534,30
–	–	–	18 896	4 814 511,84	–	–	419 113,28
–	–	–	18 897	4 814 766,63	–	–	422 725,89
37 825	–	3 990	205 408	56 720 612	336 727	398 992	12 755 428

Remuneration and performance continued

Interests of executive directors in BBBEE schemes

No executive directors were awarded shares in terms of the Black Managers Trust Scheme for the year ended 30 September 2020.

Non-executive directors' remuneration 2020

The non-executive directors' remuneration paid for the year ended 30 September 2020 is disclosed below, excluding VAT in rand:

Committee	MO Ajukwu	MJ Bowman	I Burton	MP Fandeso	CH Fernandez	GJ Fraser-Moleketi	GA Klintworth
Notes			3	2*		5	
Board fees	879 542	375 519	108 750	209 087	426 587	108 750	888 192
Audit committee fees					190 588		
Investment committee fees		13 364					
Remuneration committee, nomination and governance committee fees		237 854		26 833			
Social, ethics and transformation committee fees							232 702
Risk and sustainability committee fees	347 442			74 050	296 252		
Extraordinary fees in respect of special board meeting	52 870	22 987			22 987		52 870
Ad hoc work/ meetings							
Total FY2020	**1 279 854**	**649 724**	**108 750**	**309 970**	**936 414**	**108 750**	**1 173 764**
Total FY2019	**1 531 197**	**805 643**	**–**	**126 646**	**434 251**	**–**	**1 102 971**

* *Member of the nomination and governance committee only.*
1. *M Sello appointed 1 October 2019.*
2. *MP Fandeso resigned 28 February 2020.*
3. *I Burton appointed 3 August 2020.*
4. *OM Weber appointed 3 August 2020.*
5. *GJ Fraser-Moleketi appointed 1 September 2020.*

Non-executive directors' remuneration FY21

The following table reflects no change in the non-executive directors' fees from 1 March 2021, excluding VAT, subject to the approval of shareholders at the AGM on 17 February 2021:

Forum	Capacity	Current rate effective March 2020	Proposed rate resident board members – effective March 2021	Proposed fees to be paid to non-resident board members – effective March 2021
Main board	Chairman	2 077 929	2 077 929	–
	Member	435 000	435 000	1 000 500
Audit	Chairman	344 869	344 869	–
	Member	194 325	194 325	–
Remuneration and nominations	Chairman	245 897	245 897	–
	Member	114 844	114 844	–
Risk and sustainability	Chairman	302 061	302 061	–
	Member	154 024	154 024	354 255
Social, ethics and transformation	Chairman	202 915	202 915	–
	Member	103 883	103 883	238 930
Hourly fees*		4 572	4 572	10 516
Extraordinary meetings**		22 987	22 987	52 870

* *Hourly fees are for the sole purpose of the calculation of fees for the investment committee meetings which are held on an* ad hoc *basis.*
** *Payment of fees for extraordinary meetings are at the discretion of the chairman of the board and chairman of the remuneration committee.*

Non-binding advisory vote

This implementation report is subject to a non-binding advisory vote by shareholders at the AGM on 17 February 2021.

M Makanjee	TE Mashilwane	KDK Mokhele	MP Nyama	M Sello	YGH Suleman	OM Weber	DG Wilson
				1		4	
426 587	379 892	1 854 115	374 618	426 587		250 125	370 774
	335 880						190 588
							13 364
111 088							97 671
199 013			101 175	25 970			
	151 062		151 062				
22 987	22 987	22 987	22 987	22 987			22 987
759 675	**889 821**	**1 877 102**	**649 842**	**475 544**	**–**	**250 125**	**695 384**
722 635	**898 687**	**1 917 855**	**649 109**	**–**	**231 924**	**–**	**195 566**

Shareholders' diary

Financial year-end	30 September
Annual general meeting	17 February 2021

Reports and accounts	
Announcement of results and dividend declaration for the six months ending 31 March 2021	May 2021
Announcement of results and final dividend declaration for the year ending 30 September 2021	November 2021
Integrated annual report for the year ending 30 September 2021	December 2021

Dividends 2021	**Declaration**	**Payment**
Ordinary shares		
Interim dividend	May 2021	July 2021
Final dividend	November 2021	January 2021

Declaration of final dividend

The board has approved and declared a final ordinary dividend (ordinary dividend) and special dividend for the year ended 30 September 2020, as follows:

Dividend	**Gross amount**	**Withholding tax %**	**Net amount**
Ordinary	537 cents	20	429,60000 cents
Special	133 cents	20	106,40000 cents
Total	670 cents	20	536,00000 cents

Payment of the special dividend is subject to South African Reserve Bank (SARB) approval.

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 total dividend has been declared out of income reserves
- The local dividends tax rate is 20% (twenty percent) effective 22 February 2017
- The gross total dividend amount of 670 cents per ordinary share will be paid to shareholders who are exempt from the Dividend Tax
- The net total dividend amount of 536,00000 cents per ordinary share will be paid to shareholders who are liable for 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 ordinary and special dividend:

Declaration date	Friday, 20 November 2021
Finalisation announcement in respect of the special dividend, due to the receipt of SARB approval	Tuesday, 5 January 2021
Last day to trade cum the ordinary and special dividend	Tuesday, 12 January 2021
Shares commence trading ex the ordinary and special dividend	Wednesday, 13 January 2021
Record date to determine those shareholders entitled to the ordinary and special dividend	Friday, 15 January 2021
Payment date in respect of the ordinary and special dividend	Monday, 18 January 2021

Share certificates may not be dematerialised or re-materialised between Wednesday, 13 January 2021 and Friday, 15 January 2021, both days inclusive.

By order of the board

JK Monaisa
Company secretary

Bryanston
19 November 2020

Company information

Tiger Brands Limited
Incorporated in the Republic of South Africa
Share code: TBS
ISIN: ZAE000071080
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
Private Bag X9000, Saxonwold, 2132

American Depository Receipt (ADR) facility
ADR Administrator
The Bank of New York Mellon

Investor relations
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Telephone: +27 11 840 4000

Website address
www.tigerbrands.com

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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.

www.tigerbrands.com