



Premier

Integrated Annual Report

for the year ended 31 March

2023

SCOPE AND BOUNDARY

ABOUT THIS REPORT

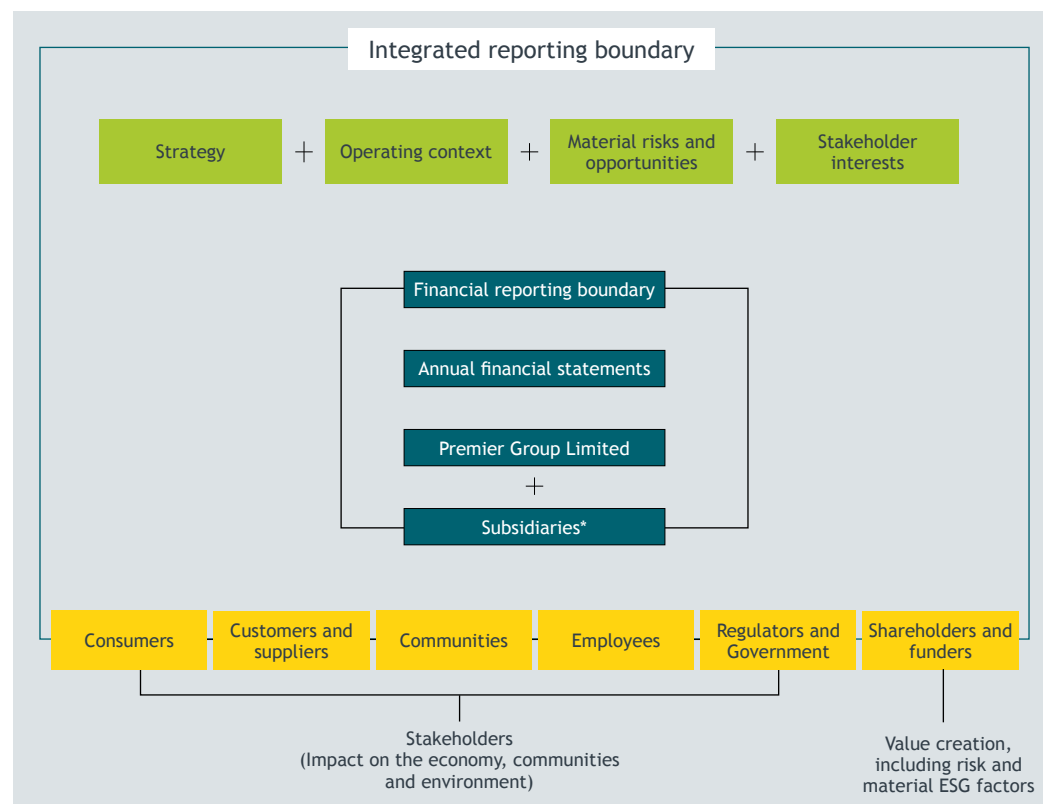
We are pleased to present our maiden integrated report which provides insight into Premier's business model, governance processes and strategy. The report evaluates our commercial, economic, social and environmental outcomes which drive our prospects for value creation. It should be read together with our annual financial statements, available on the Premier website at www.premiermcg.com.

SCOPE AND BOUNDARY

This report covers material information for the financial year ended 31 March 2023. It covers the Group holding company and subsidiaries and focuses on the main operations and activities that contribute to our performance. In addition, where it is informative to disclose developments post 31 March 2023, this has been included.

While Premier operates primarily in South Africa, this report also provides information on Group operations in eSwatini, Lesotho, Mozambique and the United Kingdom. The B-BBEE assessment excludes all non-South African companies and operations.

While this report is aimed primarily at providers of financial capital (to inform and support their capital allocation decisions), it also provides disclosure on the Group's most significant impacts on people, society and the environment. Our integrated reporting boundary covers the material risks and opportunities arising from our strategy and operating context and includes insight into the quality of our relationships with key stakeholders whose interests affect the Group's creation of value. Accordingly, this report should be of interest to all stakeholders who seek to be informed about Premier's capacity to create value over time.



* For a detailed list of subsidiaries, refer to note 43 of the consolidated annual financial statements.

SCOPE AND BOUNDARY continued

The Board and Executive Management are confident that this report covers all qualitative and quantitative disclosures deemed to be material to the Group's ability to sustainably deliver value to its stakeholders. Other information in this report was drawn from Board and Committee reports, internal documentation, management interviews and presentations, including market disclosure related to the Group's year-end results and other relevant announcements. The material matters were considered and approved by the Board as part of their approval of the Integrated Report.

REPORTING FRAMEWORKS

In compiling this report, Premier has applied the principles contained in the:

- » International Financial Reporting Standards (IFRS);
- » King IV Report on Corporate Governance for South Africa 2016 (King IV);
- » JSE Limited Listings Requirements (JSE Listings Requirements); and
- » the Companies Act, No. 71 of 2008, as amended (Companies Act).

The report has been prepared with the intention of adhering to the recommendations and guidelines of the International <IR> Framework and our aim is to comply fully as our journey as a JSE listed company unfolds over the next few years. In addition, Premier intends to align with a recognised reporting framework for environmental, social and governance (ESG) reporting within the next few years, in order to provide detail and comparability in our sustainability performance measurements. The sustainability report included in this report has been prepared with reference to the recommended sustainability disclosures as outlined in the JSE Sustainability Disclosure Guidance.

ASSURANCE

Premier has adopted a combined assurance model that facilitates a coordinated approach to all assurance and governance activities. Together with our risk management practices, this enables an effective control environment and supports the integrity of information used for internal decision-making and external reporting.

Our external auditors, PricewaterhouseCoopers Inc. (PwC), issued an unmodified opinion on the annual financial statements, from which extracts have been included in this report. The audit was conducted in accordance with International Standards on Auditing. The scope of the audit was limited to the information set out in the annual financial statements and does not extend to the content of this report. Audit BEE provided external verification of our B-BBEE activities. Management have approved the processes for the verification of the non-financial metrics. The rest of this Integrated Report has not been subjected to independent audit or review.

FORWARD-LOOKING STATEMENTS

This report contains certain forward-looking statements based on the beliefs or expectations of Premier's directors and other members of its Executive and Senior Management. These include statements about, amongst others, future performance and prospects. Forward-looking statements are based on current views and assumptions and involve known and unknown risks, uncertainties and other factors. Consequently, no guarantee or assurance can be given that forward-looking statements will prove to be accurate and stakeholders are advised not to place undue reliance on them.

BOARD RESPONSIBILITY AND APPROVAL

The Board acknowledges its responsibility of ensuring the integrity of the Integrated Report which, in the Board's opinion, addresses all material matters, fairly presents the integrated performance of the Group and offers a balanced view of Premier's strategy and how it translates into value creation in the short, medium and long term.

The Integrated Report is prepared by members of Executive and Senior Management under the oversight of the Audit and Risk Committee, mandated to ensure the integrity of the information included therein. On the recommendation of the Audit and Risk Committee, the Board approved the Integrated Report on 21 July 2023.

CJ Roodt
Chairman

JJ Gertenbach
Chief Executive Officer

H Ramsumer
Chairman of the Audit and Risk Committee

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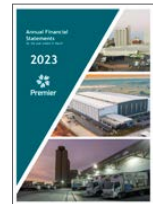
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Premier's Integrated Reporting Suite for the year ended 31 March 2023 comprises the following set of reports which are available on our website at www.premierfmcg.com

Integrated Annual Report 2023



Consolidated Annual Financial Statements for the year ended 31 March 2023



The 2023 AGM Notice



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GROUP PROFILE

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OUR PERFORMANCE HIGHLIGHTS

OUR 2023 FINANCIAL HIGHLIGHTS

Revenue R17.9bn +23%	EBITDA R1.7bn +16%*	EBITDA margin 9.6% (60) bps*	Operating profit R1.3bn +28%*	Operating profit margin 7.2% (2022: 6.9%)*	Net profit R795m +186%
Net profit margin 4.4% (2022: 1.9%)	Normalised HEPS** 552c +23%	Pre-IPO cash returned to shareholders R958m (2022: R173m)	Group leverage ratio 1.7x (2022: 1.6x)	ROIC 19.1% (2022: 14.8%)	ROE 31.5% (2022: 11.7%)

COMMUNITY HIGHLIGHTS

Purpose-led business focused on “Earning the right to operate in our communities”

Product donations of **R67 million** to alleviate hunger, disaster relief nutrition and improving menstrual hygiene

c.50 million meals donated

345 000 pad donations kept **>17 000** girls at school during the year

CONSUMER HIGHLIGHTS

Affordable, quality staple food range available nationwide

26% market share in bread - South Africa's 3rd largest food category***



>40 trusted brands and **>150** private label SKUs across **5** categories

Successful integration of Mister Sweet expanded product offering and exposure to **private label** opportunities



* Prior year EBITDA and operating profit adjusted by adding back an impairment loss of R130 million.

** Normalised Headline earnings per share adjusted for foreign exchange gains on cash and loans of a funding nature of R60 million (2022: R3 million) and by the reversal of accrued withholding tax on preference dividends of R43 million to profit on the conversion of the redeemable preference shares to ordinary shares.

*** DataOrbis (trade desk 12-month average by value of sales in the formal SA market).

OUR PERFORMANCE HIGHLIGHTS continued

EMPLOYEE HIGHLIGHTS

>8 200 permanent and contracted employees
R22 million spent on training and development (2022: R21 million)
>3 000 employees trained (2022: 3 025 employees)
>R2 billion salaries and wages paid
94% participation in People Engagement Survey

INVESTOR AND FUNDER HIGHLIGHTS

Voluntary capital repayment of **R294 million** on RCF
 Net finance costs paid of **R336 million** (2022: R376 million)
 ROIC increased by **430 bps to 19.1%**
 Pre-IPO cash returned to shareholders of **R958 million**
 Cash generated from operations of **R1.5 billion** (2022: R1.4 billion)

ENVIRONMENTAL HIGHLIGHTS

Produced **299 MWh** of renewable energy through solar installations at sites
 Reduction in plastic waste through packaging modifications
 Saved **16 000 trees** by reducing waste to landfill
8 million m³ landfill space saved

GOVERNMENT HIGHLIGHTS

R172 million paid in income tax
 Step change in relationships with all three spheres of
government – local, provincial and national

SUPPLIER HIGHLIGHTS

Enterprise Supplier Development Programme created **>80 jobs**
 through our bakery distribution initiative



PREMIER AT A GLANCE

Premier is a leading South African consumer packaged goods (CPG) company with a proud history dating back nearly 200 years.

Premier's offering has grown from traditional staple milling and baking products into a diversified portfolio of market leading brands including confectionery and Home & Personal Care (HPC) products as well as meaningful private label partnerships.

Premier's growth has been achieved both organically as well as through strategic acquisitions that have been integrated into the business operationally and culturally through the Premier Way, paving the way for purpose-led sustainable growth for all its stakeholders.

Creating value through two operating divisions

Millbake

Bread, flour, maize products, instant breakfast porridge, other baked goods

2023 Revenue

R14.9bn

(2022: R11.9bn)

% of Revenue

83%

(2022: 82%)



Groceries and International

Sugar confectionery, feminine care, general personal care products, flour, maize meal, pasta, biscuits, animal feed, rice and maize-based and multigrain beverages

2023 Revenue

R3.1bn

(2022: R2.7bn)

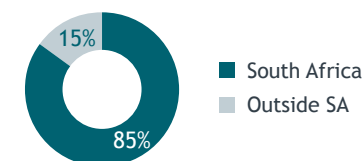
% of Revenue

17%

(2022: 18%)



Outside SA, we have manufacturing facilities in three countries in the Southern African Development Community (SADC) – Mozambique, eSwatini and Lesotho and an HPC sales office in the UK.



PREMIER AT A GLANCE continued

Millbake



Groceries and International



Categories	Millbake		Groceries and International		
	Baking	Milling	Sugar Confectionery	Home & Personal Care	CIM
	(bread, muffins, cakes, buns and snowballs)	(flour, maize meal, maize rice, samp, flour, instant porridge and maize-based beverages)	(marshmallows, sweets, toffees, chews, nut brittles and chocolates)	(feminine care and general personal care products)	(wheat flour, maize meal, pasta, biscuits, animal feed and rice)
Core brands					

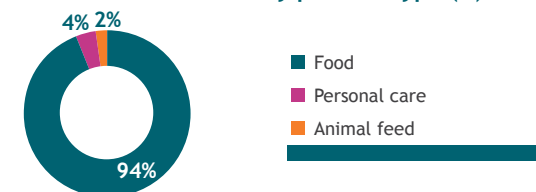
Revenue contribution by division



EBITDA contribution by division



Revenue contribution by product type (%)



PREMIER AT A GLANCE continued

Our footprint includes more than **30 manufacturing sites** that have production capabilities to produce and distribute:

980 000

tonnes of wheat

680 000

tonnes of maize

835m

loaves of bread

382m

HPC sticks

42 000

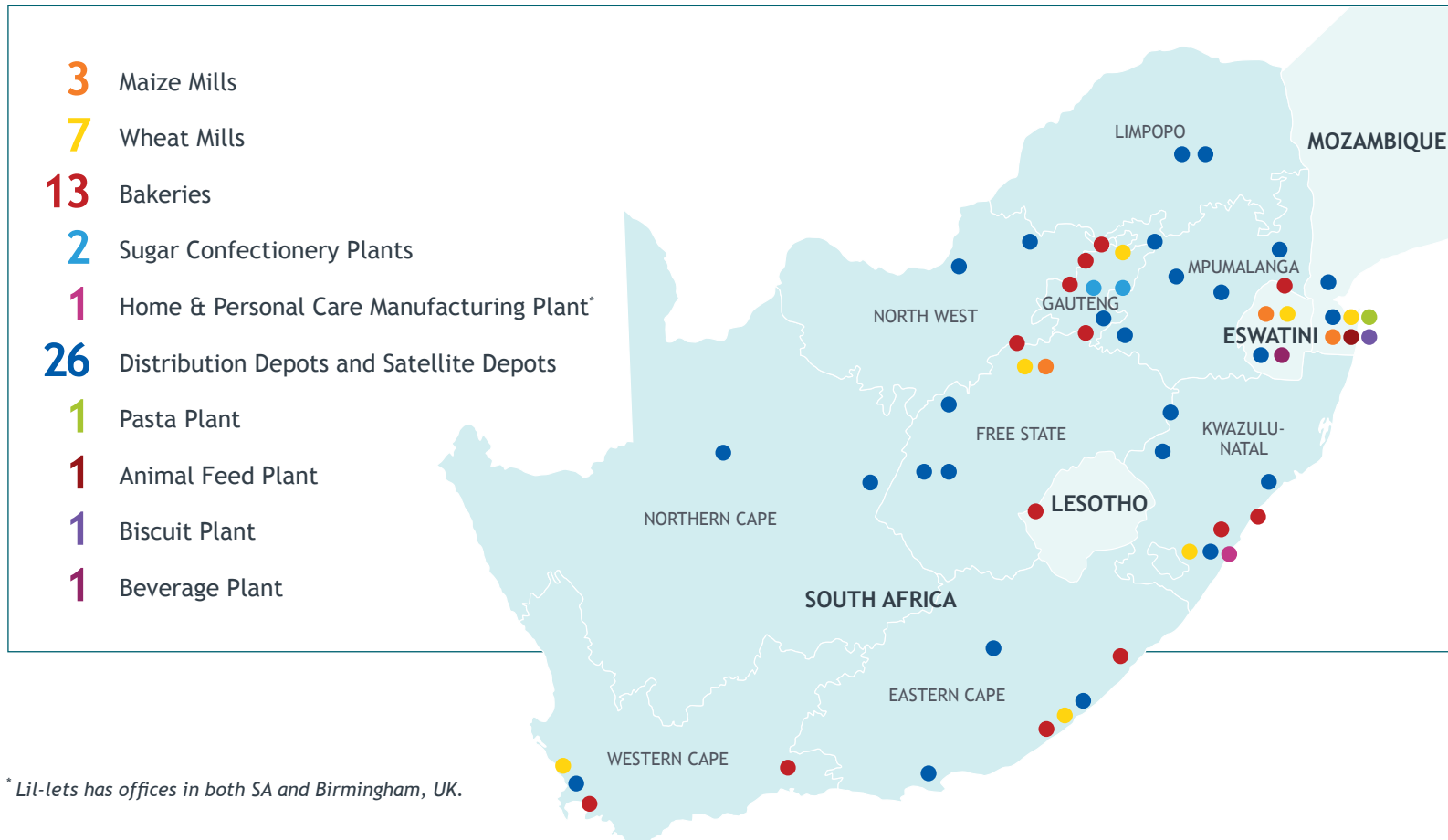
tonnes of sugar-based confectionery

Employing
>8 200
permanent and
contracted employees

Producing and
marketing
>40
brands

Covering
975
routes reaching
45 000
customers per day

Using a
distribution fleet
of
>1 000
owned and
third party
trucks



* Lil-lets has offices in both SA and Birmingham, UK.

OUR INVESTMENT CASE

Premier's systematic focus on being the lowest cost producer in the Millbake category and its dedication to achieving consistent top quality delivery every day, allows it to differentiate itself and operate competitively in a dynamic market and trading environment. Continuous investment in its operational platform and business model has driven consistent and robust financial performance, positioning Premier as one of the leading CPG platforms with further capability to grow.

1



Key CPG player within the broader South African market

- » Extensive offering of **trusted, market leading brands** across key categories servicing the broader population
- » **Resilience and defensive growth** in weak macro-economic climate
- » Demonstrated ability to **consistently improve market share** with further potential to grow
- » Able to **compete effectively** in one of the largest food categories
- » Strategic **private label partnerships** complement the brand portfolio

2



Significant capex investment has delivered fully integrated state-of-the-art facilities

- » Premier's modern facilities enable it to operate a **low-cost production model** whilst maintaining high quality standards
- » **Scalable platform** differentiating Premier in terms of scale and logistics capabilities
- » Exhibited capacity and **ability to grow**
- » Infrastructure and capability to reach a **broad customer base**, street by street
- » Well invested IT capability supporting Premier's integrated operations
- » **R5.5 billion capex** invested since 2011

3



Consistent track record of strong financial performance

- » History of superior volume and sales growth and an **improving margin trend**
- » **Focused on input cost management** in a rising inflationary environment
- » **Maintained strong financial metrics** despite commodity price volatility assisted by effective procurement strategy
- » **Flexible business model**

4



Core competency in identifying and integrating value-accretive acquisitions

- » Strategic bolt-on acquisitions, identified against carefully considered investment criteria, continue to supplement Premier's **organic growth**
- » **12 acquisitions** since 2011
- » Created a platform to **further scale operations**
- » Pipeline of **M&A opportunities** to continue expansion

5



Highly skilled and experienced management team

- » **Eight experienced senior operational Executives** who collectively have over 65 years of experience
- » Widely considered **industry leading** amongst peers
- » Fostered a high performance, agile culture across the organisation
- » **Stable operational and functional management team** with an average of 13 years of service

6



Rigorous adherence to a corporate philosophy of "Doing what is right"

- » Premier strives to operate **ethically** and in a **transparent manner**
- » Premier has a **defined sustainability strategy** currently being implemented
- » Shown **capacity and ability to grow** within the communities it has earned the right to operate in
- » ESG performance targets included in CEO scorecard maintaining a companywide **strategic focus on sustainability measures**

OUR HISTORY



Attwell's
Bakery is
founded

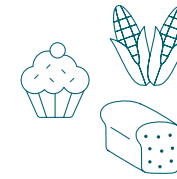


New mills are erected
in Port Elizabeth (now
known as Gqeberha)

The Snowflake brand
is registered



Marks & Co and Premier
Roller flour mills merge
to become Premier
Milling



Premier Food
Industries is formed

Lists on the JSE

Foundation for
African Business and
Consumer Services
(FABCOS) acquires a
74% controlling interest
in Premier Foods, with
Genfood maintaining a
26% stake

Delists from the JSE in
2005

1824

1852

1884

1891

1913

1964

1984

1998

2004

Baumann's Bread and
Biscuits in Durban is
formed and becomes
known as BB Bakeries



Cape Town's Attwell's
Bakery merges with
the Port Elizabeth
Steam Mill Company to
form the South African
Milling Company Limited
(SA Milling)



Premier Milling
merges with
SA Milling

General Food Industries Limited
(Genfood) purchases Premier
Food Industries Limited and
merges into Premier Foods
Limited (Premier Foods)



Premier



OUR HISTORY continued

International investment group Brait acquires a majority stake in Premier Foods



The growth strategy is entrenched in 2013 with the acquisition of several businesses including: Star and Mister Bread in the Eastern Cape, Manhattan confectionery and Lil-lets (SA and UK)

Acquires La Femme, a Durban based business that manufactures tampons for Lil-lets in South Africa.

Premier expands African footprint with the acquisition of Companhia Industrial da Matola (CIM) business, a leading food producing company in Mozambique with a diversified product range, comprising wheat flour, maize meal, pasta, biscuits and animal feeds



Premier acquires 100% of the shares in issue in eSwatini Mahewu. Its primary focus is on the production and distribution of mahewu in eSwatini and the SADC region



Premier acquires Outeniqua bakery, a regional bakery based in George in the South Western Cape

2011

2012

2013

2014

2015

2018

2019

2021

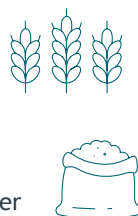
2022

2023

Premier enters eSwatini through the acquisition of a controlling stake in Mister Bread and S.U.B bakeries



Acquires Ngwane Mills, the largest wheat and maize miller in eSwatini to supply and complement Premier Swazi Bakeries' operations



Premier enters the beverages category with the acquisition of a 60% shareholding in eSwatini Mahewu based in eSwatini

60%

Premier acquires Mister Sweet, a sugar-based confectionery business, from Lodestone



Premier Group Limited lists on the JSE



OUR BRAND PORTFOLIO



Premier

Premier's extensive brand portfolio comprises a diversified mix of over 40 trusted, market leading consumer brands appealing to the broader market and complemented by a strategic private label offering of over 150 SKUs across five categories.

The consumer facing brands have touchpoints across the entire shopper journey. They are actively engaged in community and sustainability initiatives helping to build and retain brand equity. Premier's main focus is on easy to consume, value for money staple foods. Known and trusted national and regional brands in the bread, maize, wheat, samp and pasta categories offer consumers a wide range of nourishing products to choose from. Outside of the core staple food range, Premier produces a balanced portfolio of margin enhancing products in sugar confectionery, home and personal care, and in the breakfast, biscuit, rice, mageu, animal feed and baked goods categories. Premier's growth strategy of continuing to grow market share, particularly in under-represented areas, will ensure continued investment and improvement in our brands. We aim to enhance the consumer experience, meet their changing needs and take opportunities to widen our product offering across all categories.



WHAT MATTERS TO US

OUR PURPOSE



Our products and people make a difference in the everyday lives of our consumers

Premier has a proud history of building iconic brands that deliver nourishing, affordable and safe products that make a real difference in the everyday lives of our consumers. Our mission of growing together through investment in our own people as well as our communities has long been a strategic focus.



OUR SUSTAINABILITY VISION



Earning the right to operate in our communities by being mindful of our responsibility to society and to the planet

We recognise our responsibility to care for and protect our people, our planet and our communities in which we operate whilst providing products of the highest quality. In order to fulfil this we have developed a sustainability strategy stemming from our purpose and our sustainability vision of “Earning the right to operate in our communities by being mindful of our responsibility to society and to the planet”. The four pillars of this strategy address our collective responsibility to ensure our activities are a force for good, minimising any potentially negative impact our operations may have on the environment and at the same time ensuring we remain competitive, build a sustainable business and create value for our stakeholders into the future.

Premier participates in several Corporate Social Investment (CSI) projects and partnerships, assisting people in need, through the provision and distribution of its various food and menstrual hygiene products. In addition, responding to climate change is a necessity as food security and affordability are at increasing risk from the effects of severe climate change. The availability, affordability and quality of raw materials are being impacted globally. Premier aims to address this threat by strengthening its own resilience and by committing to significantly reduce its environmental footprint. We are prioritising the reduction of energy, water and waste, whilst remaining focused on our strategy of creating value for stakeholders, delivering quality products and contributing to society’s need for food security, nutrition and dignity in communities that need it most.

In order to convert our strategic themes into a meaningful contribution towards a sustainable future, we have selected the relevant United Nations’ Sustainable Development Goals (SDGs) against which we have aligned our strategy and will use to guide our decisions and monitor our progress.



WHO LEADS US

OUR BOARD

KEY TO COMMITTEES

■ Remuneration and Nomination Committee ■ Social and Ethics Committee ■ Audit and Risk Committee



Corrie Roodt (64)

Independent non-Executive Chair

Qualifications: BCompt (Honours); CA(SA)

Date of appointment: 4 October 2011

Tenure: 12 years

Other listed directorships: Nil

Experience:

Corrie is a chartered accountant with nearly 40 years post qualification experience. He was a Partner at PwC from 1987 to 1996, initially as Audit Partner of mainly JSE listed companies and later as Corporate Finance Partner involved in mergers and acquisitions, JSE and Nasdaq listings, capital raisings, project finance and due diligence projects. Corrie has had experience in CEO and Executive Director roles of both JSE listed and private companies. He has also served as an Independent non-Executive Director and Chairman of the Board of JSE listed and Nasdaq listed companies, as well as private companies.



Kobus Gertenbach (51)

Chief Executive Officer

Qualifications: BCompt (Honours); MCom; CA(SA)

Date of appointment: 1 April 2021 (joined Premier on 1 May 2011)

Tenure: 12 years

Other listed directorships: Nil

Experience:

Kobus joined Premier in 2011 with more than 20 years' experience in the financial industry. Prior to joining Premier, Kobus spent six years in the investment team at Brait and seven years in restructuring, turnaround and consulting in the USA.



Fritz Grobbelaar (45)

Chief Financial Officer

Qualifications: BCompt (Honours); CA(SA)

Date of appointment: 2 August 2021

Tenure: 2 years

Other listed directorships: Nil

Experience:

Fritz has over 19 years' experience in senior financial roles across various industries including manufacturing and agri-processing. Prior to joining Premier, Fritz spent six years as the Chief Financial Officer of Country Bird Holdings and the Commercial Director at RCL for Rainbow Chickens and Epol Feeds. Fritz leads the finance, IT, legal, business intelligence, procurement and logistics functions at Premier.



Rolf Hartmann (49)

Non-Executive Director

Qualifications: Bachelor of Accounting (Honours); CA(SA)

Date of appointment: 27 July 2007

Tenure: 16 years

Other listed directorships: Nil

Experience:

Rolf is currently a Managing Director and member of the Africa Private Markets investment team at The Rohatyn Group (TRG). Prior to joining TRG in April 2023, Rolf was a Partner in the Ethos Large Equity Fund, which was acquired by TRG. Rolf joined Brait in September 2003 where he led multiple investments into companies in the tourism, consumer and outsourcing industries. Rolf joined Ethos in 2020 when Brait appointed Ethos as its investment advisor. Rolf previously worked in Corporate Finance at Insinger de Beaufort in London.



Faith Khanyile (56)

Independent non-Executive Director

Qualifications: BA Economics (Honours); MBA Finance, H-Dip Tax

Date of appointment: 1 November 2022

Tenure: <1 year

Other listed directorships: Discovery Limited, Discovery Life Limited, Bidvest Group Limited and the JSE Limited

Experience:

Faith has been serving on the boards of publicly (JSE) listed, private companies, SME's and not-for-profit companies over the past 20 years in the following sectors - financial services (insurance, corporate and investment banking), mining and energy, business services, property (REIT), manufacturing, retail and education. She has also served on the following board sub-committees - Audit and Risk, Social and Ethics, Remuneration and Nominations and Investment committees. She is the Chair of the WDB Growth Fund (an impact private equity fund that supports the growth of black and black women owned SME's) and a member of the Gender Based Violence Fund, a not-for-profit fund formed by the private sector, with support from the South African President, to raise funds to fight the gender-based violence scourge in South Africa.



Jonathan Matthews (48)

Non-Executive Director

Qualifications: Bachelor of Business Science, Finance (Honours); CA(SA); CFA

Date of appointment: 11 March 2020

Tenure: 3 years

Other listed directorships: Nil

Experience:

Jonathan is currently a Partner and a member of the Private Markets investment team at TRG. He has over 16 years private equity and corporate finance experience, gained at Actis, The Standard Bank of South Africa Limited and Dresdner Kleinwort Wasserstein in London. Jonathan has been involved in a number of different businesses in South Africa and on the rest of the African continent, across a range of sectors, including consumer, logistics, financial services and industrials. Prior to joining TRG in April 2023, Jonathan sat on the Ethos Executive Committee and was the Managing Partner for Ethos Africa, the pan-African strategy for Ethos Private Equity, which was acquired by TRG.

WHO LEADS US continued

OUR BOARD



**Harish
Ramsumer (62)**

Independent non-Executive Director

Qualifications: Bachelor of Commerce, Post Graduate Diploma in Accounting; CA(SA)

Date of appointment: 9 May 2022

Tenure: 1 year

Other listed directorships:
Mr Price Group Limited

Experience:

Harish is an experienced business executive with 33 years of experience in auditing and as an Assurance Partner for listed, multinational and privately owned entities. He managed the PwC Assurance practice in KZN for eight years with a successful record of driving business development, growing the PwC (KZN) practice year on year, across a variety of different industry sectors and managing a team of over 300 partners and staff. The Assurance division included external audit, risk advisory services, IT audit, finance and accounting and tax compliance. Harish has industry experience in FMCG, private healthcare, automotive, freight and logistics and complex manufacturing entities. He was appointed a member of the PwC Africa Assurance Exco and the PwC Africa Assurance Strategic Committee. He also served on the PwC Southern Africa Governing Board. Harish is a member of the SAICA National Council and the Eastern Region.



**Wandile
Sihlobo (32)**

Independent non-Executive Director

Qualifications: Bachelor of Science Agricultural Economics; Master of Science Agricultural Economics

Date of appointment: 22 June 2021

Tenure: 2 years

Other listed directorships:
Nil

Experience:

Wandile is the Chief Economist of the Agricultural Business Chamber of South Africa and the author of "Finding Common Ground: Land, Equity, and Agriculture". He is a Senior Lecturer Extraordinary at the Department of Agricultural Economics at Stellenbosch University and a Visiting Research Fellow at the Wits School of Governance, University of the Witwatersrand. Wandile was appointed as a member of President Cyril Ramaphosa's Presidential Economic Advisory Council in 2019, having served on the Presidential Expert Advisory Panel on Land Reform and Agriculture from 2018. He is also a member of the Council of Statistics of South Africa and a Commissioner at the International Trade Administration Commission of South Africa. Wandile is also a Trustee at Stellenbosch Trust, and a Board member at the Bureau for Food and Agricultural Policy, Grabouw Development Agency, and Seriti Institute. Wandile is a columnist for Business Day, The Herald and Farmers Weekly magazine.



**iaan
Van Heerden (51)**

Non-Executive Director

Qualifications: BLC, LLB, LLM, H-Dip International Tax

Date of appointment: 22 June 2021

Tenure: 2 years

Other listed directorships:
Invicta Holdings Limited

Experience:

iaan is a commercial lawyer by training and has more than 20 years' relevant experience (specifically in banking, mergers and acquisition, finance, corporate law and regulatory matters). He practiced as an attorney, notary and conveyancer for a number of years post qualification, whereafter he joined Arthur Andersen in 1999. He remained with KPMG for five years after its merger with Arthur Andersen, advising many JSE Top-40 and multi-national clients and headed up the Johannesburg Corporate Tax business until his resignation in 2007. Iaan then joined Rand Merchant Bank's Corporate Finance division as a senior executive. As part of the team, Iaan originated, structured and executed several landmark merger and acquisition transactions. Iaan was appointed as an Investment Banking Director at RMB in 2015 and served in that capacity until his resignation in 2019. During this time, Iaan advised clients across a wide range of industries. He has deep technical skills and understands the governance, regulatory and statutory environment in which listed companies operate.



**Peter
Hayward-Butt (51)**

Alternate non-Executive Director

Qualifications: Bachelor of Science, Agricultural Economics; Master of Science, Development and Agricultural Economics

Date of appointment: 11 November 2022 (joined Premier on 11 March 2020)

Tenure: 3 years

Other listed directorships:
Ethos Capital Partners Limited

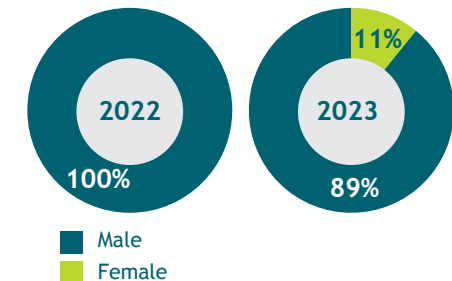
Experience:

Prior to joining TRG in April 2023, Peter was Partner: Head of Strategic Projects for Ethos Private Equity and the CEO of both Brait and Ethos Capital. He was a member of the Executive Committee and served on all investment committees for Ethos. Prior to joining Ethos in July 2015, he was the Co-head of Investment Banking at Rand Merchant Bank. Peter was responsible for the conceptualisation and establishment of RMB Morgan Stanley which has become the leading stock broking business in South Africa. Peter was lead advisor on many of South Africa's largest mergers and acquisitions and equity capital transactions. He was a member of the Executive Management Board at RMB and a was a member of the bank's Investment Committee. Prior to joining RMB, Peter was head of Mergers and Acquisitions Advisory for ABN AMRO Asia.

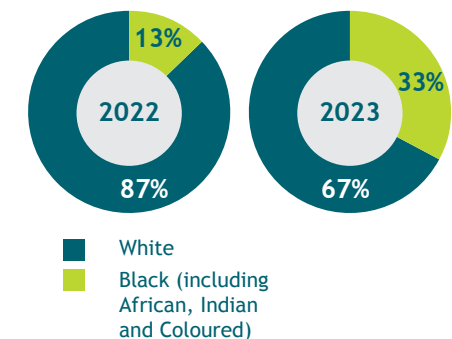
KEY TO COMMITTEES

■ Remuneration and Nomination Committee ■ Social and Ethics Committee ■ Audit and Risk Committee

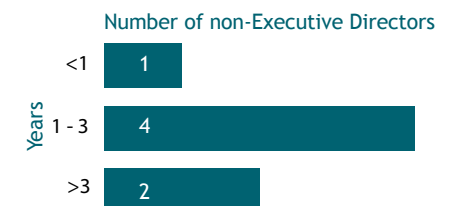
Gender



Race



Tenure



WHO LEADS US continued

OUR EXCO



**Kobus
Gertenbach (51)**

Chief Executive Officer
Qualifications: BCompt
(Honours); MCom; CA(SA)

Date of appointment:
1 April 2021
(joined Premier on 1 May 2011)



**Fritz
Grobbelaar (45)**

Chief Financial Officer
Qualifications: BCompt
(Honours); CA(SA)

Date of appointment:
2 August 2021



**Gavin
Campbell (55)**

Managing Executive: Milling,
Groceries and Africa

Qualifications: IMM (Dip); MBA
Date of appointment: 2 May 2013

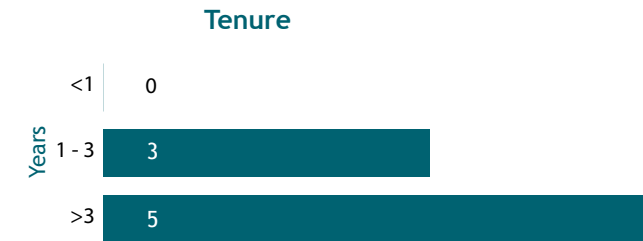
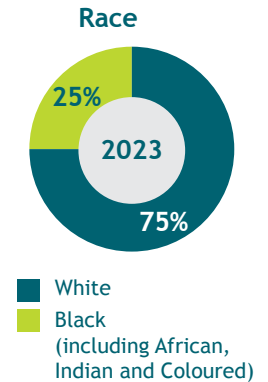
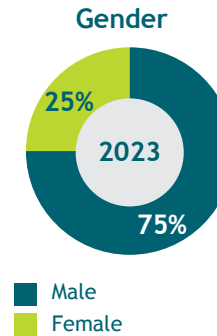


**Siobhan
O'Sullivan (58)**

Managing Executive: HPC, Group
Strategy and Marketing

Qualifications: BCom Business
Economics (Honours); MBA
Date of appointment:
1 November 2013

EXCO COMPOSITION



**Danie
Simpson (58)**

Managing Executive: Bakeries
Qualifications: N.Dip
Manufacturing Management;
EDP

Date of appointment:
1 November 2012



**Julian
Singonzo (54)**

Managing Executive:
Environmental, Social and
Regulatory

Qualifications: Nursing
Diploma; Bachelor Personnel
Leadership (Honours); MBA
(Entrepreneurship); EDP

Date of appointment:
1 October 2021
(Joined Premier on 5 March 2013)



**Anastasia
Sodalay (45)**

Managing Executive: Human
Resources

Qualifications: Bachelor of Science
Date of appointment: 1 May 2021



**Arnouw
van der Schyf (51)**

Managing Executive: Group Sales

Qualifications: BCom
Date of appointment:
1 August 2011



VALUE CREATING BUSINESS MODEL

Our business model positions us to create long term sustainable value for all of our stakeholders through the mindful use of our six capital inputs and relentless commitment to our strategic intent. Applying rigorous governance oversight and responsible business improvement practices, we seek to improve the lives of our stakeholders and ensure the sustainability of our business processes.

OUR PURPOSE: Our products and people make a difference in the everyday lives of our consumers

KEY INPUTS



Financial Capital

Funding available to Premier from shareholders, debt providers and retained profits



Manufactured Capital

Our physical infrastructure of state-of-the-art manufacturing facilities, distribution depots and logistics operations in our chosen geographies enabled by our sophisticated IT platform



Social and Relationship Capital

The stakeholders in our business who share our common value creation goal including customers, consumers, suppliers, regulators, investors and the communities we serve



Human Capital

Our skilled workforce, supported by our top tier Executive and Board, motivated by our culture, the Premier Way, to deliver on our purpose



Intellectual Capital

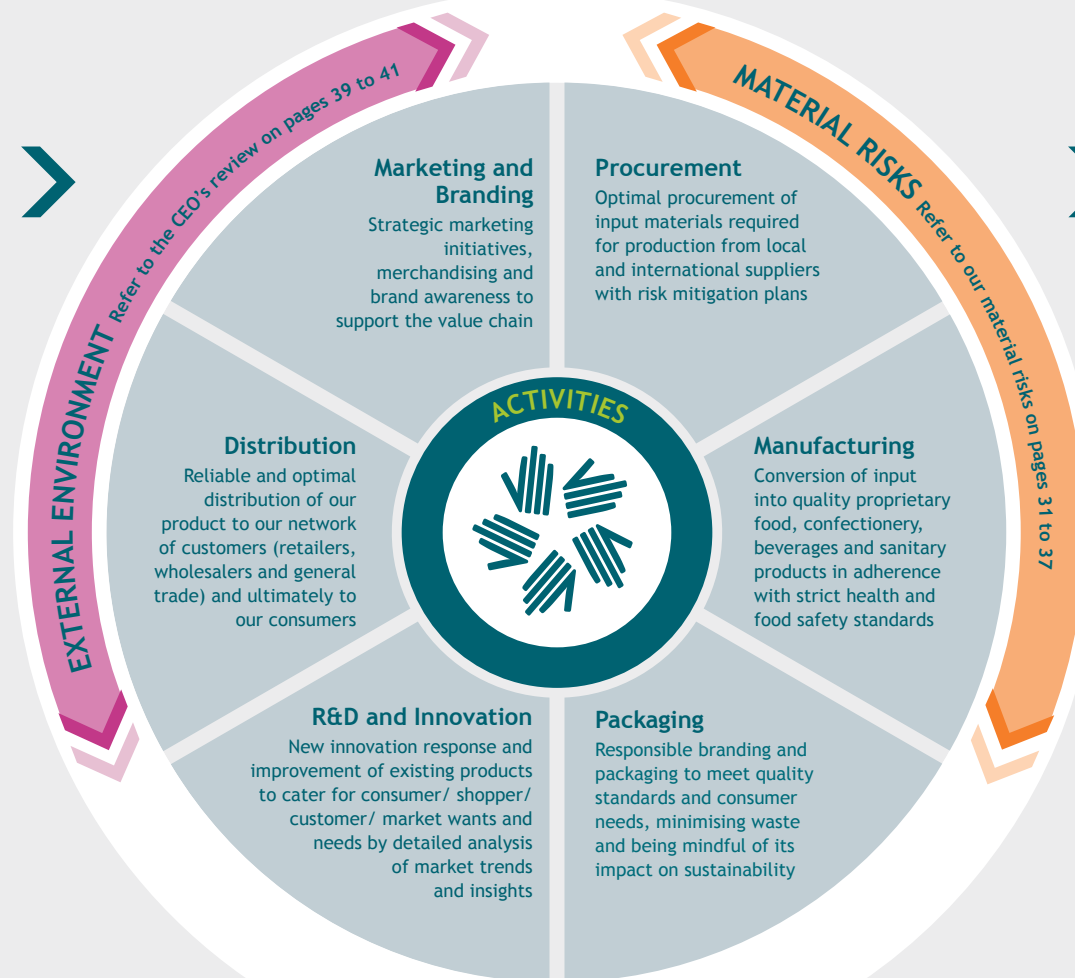
Our long operating history, respected brands, innovative and agile mindset, intellectual property and operating systems and processes, coupled with excellence in execution



Natural Capital

The natural resources that are critical in the manufacture of our products

VALUE CHAIN



DIRECT OUTPUTS

Providing our customers and consumers with nutritious, affordable, quality food, confectionery, beverages and sanitary products delivered reliably through our various routes to market. Applying purpose led corporate responsibility to align with our sustainability strategy of "Earning the right to operate in our communities"

OUTCOMES

Refer to pages 20 to 22 for more detail on how we invest in and deliver value through our capitals

UN SDGs

Refer to our sustainability report on pages 57 to 79 for more detail on our approach to sustainability



HOW WE CREATE VALUE

Financial Capital

Funding available to Premier from shareholders, debt providers and retained profits / cash generated from operations



INPUTS

- » Market capitalisation **R7.7 billion**
- » Net debt **R2.9 billion**

ACTIONS TO CREATE VALUE

Aligned our capital plan with our strategy of **"Being brilliant at the basics"**

- » Applied systematic focus on being the lowest cost producer in the Millbake category
- » Identified margin enhancement opportunities
- » Managed volatility of input raw material prices through clear procurement strategies
- » Optimised supply chain
- » Manufacturing capacity planning aligned to strategic growth plans with focus on revenue growth
- » Managed debt obligations

OUTCOMES

- » R1.7 billion EBITDA
- » EBITDA margin 9.6%, down by 60 bps
- » R695 million normalised headline earnings
- » Return on invested capital 19.1%, +430 bps
- » R1.5 billion cash generated from operations
- » Leverage ratio of 1.7x
- » R958 million paid to shareholders

TRADE OFFS

Our business is dependent on financial capital in order to sustain and grow operations. Capital investment in manufacturing facilities provides the stimulus for long term growth. Finding a balance between investing for future returns and generating shareholder returns in the short term presents financial capital trade-offs for management. The deployment of our financial capital typically produces positive outcomes on the other capitals with some natural capital trade-offs as a result of the impact of volume growth.

Manufactured Capital

Our physical infrastructure of scalable, state-of-the-art manufacturing facilities, warehousing footprint and logistics operations across the region as well as our sophisticated IT platform



INPUTS

- » **30** manufacturing sites
- » **4** fully integrated Millbake sites
- » **26** distribution depots
- » Installed baking capacity
 - » **835m** loaves p.a.
- » Installed milling capacity
 - » **c.980k** tonnes of wheat p.a.
 - » **c.680k** tonnes of maize p.a.

ACTIONS TO CREATE VALUE

Aligned investment into manufactured capital with our strategic goal of **"Unlocking future growth"**

- » Continued execution of strategy to establish a modern, scalable platform enhancing competitive advantage and growing market share
- » Invested over R5.5 billion capex since 2011
- » Invested R500m in the new Pretoria bakery
- » Ongoing business improvement initiatives in health and safety measures to ensure product quality, workplace safety and business continuity
- » Investment in sustainable technologies such as solar and conversion to gas projects
- » Investment in bolt-on acquisitions with business synergies

OUTCOMES

- » New Pretoria bakery fully commissioned in September 2022
- » Increased Millbake capacity by over 10% to meet growth in demand
- » Leased additional 9 000m² of warehousing space at our central distribution centre in Gauteng to cater for future growth
- » Achieved consistent product quality and availability using modern technologies
- » c.1.8m loaves delivered per day
- » Continuous improvement in maximising internal efficiencies
- » 299 MWh of renewable energy generated
- » 1 153 tonnes of carbon emissions saved through the introduction of cleaner energy

TRADE OFFS

Investment in manufactured capital to support strategic direction is essential for growth and for improving performance but is demanding on financial, human and intellectual capital in the short term. The manufacturing process consumes natural capitals such as water and energy and creates waste and pollution, negatively impacting natural capital. The investment into the new Pretoria bakery will drive unit costs of production down and increase profitability but will likely impact natural capital through increased use of water and electricity in absolute terms. Mitigating measures undertaken to limit the impact on our natural capital are detailed in the sustainability section of this report.

HOW WE CREATE VALUE continued

Social and Relationship Capital

The stakeholders in our business who share our common value creation goal including customers, consumers, suppliers, regulators, investors and the communities we serve



INPUTS

- » Long standing, trusted partnerships with customers
- » Mutually supportive relationships with suppliers
- » Engagement with communities
- » Partnering with NGOs
- » Proactive dialogue with all spheres of government

ACTIONS TO CREATE VALUE

Remained committed to “Doing what’s right”, acting in the best interest of the business and its stakeholders at all times

- » Improvement of our B-BBEE rating
- » Continued upliftment and engagement through community initiatives, product donations, education and sustainability initiatives
- » Implementation of Enterprise Development initiatives assisting small suppliers
- » Strengthening of relationships with suppliers
- » Engagement with government and industry associations
- » Local municipality and business initiatives
- » Engagement with regulators during the JSE listing process
- » Investor communication post listing

OUTCOMES

- » Continued to contribute to food security and safety through reliable, efficient manufacturing operations
- » Level 4 B-BBEE achieved in July 2023
- » Raised brand awareness in communities through upliftment initiatives aligned to brand purpose
- » Over 80 jobs created through bakery distribution Enterprise Development Programme
- » Upliftment of 429 early childhood development centres
- » Ongoing support for communities through product donations
- » R67 million spent on product donations and financial assistance
- » Over 3 million loaves donated
- » 345 000 pads donated
- » Young girls benefiting from 17 000 schooldays saved

TRADE OFFS

Investing financial capital to maintain and enhance our social and relationship capital is key to the success of our business. Community upliftment initiatives have provided an opportunity for Premier to increase its footprint and brand equity in under-represented communities despite the trade-off in terms of the financial capital commitment. Certain trade-offs are inevitable in order to try and meet the interests of our many stakeholders which may, at times, have conflicting requirements. Premier has a long history of managing and balancing these relationships and will continue to do so in the listed environment.

Human Capital

Our skilled and engaged workforce and experienced Executive and Board motivated to deliver on our purpose



INPUTS

- » Employ a diverse workforce of over 8 200 permanent and contracted employees
- » Management team of 8 experienced senior operational Executives with over 65 years combined experience

ACTIONS TO CREATE VALUE

Aligned with the strategic pillar of “Growing together to be the best”

- » Health and safety of our employees and at our sites remained our number one priority
- » Focus on diversity and inclusivity
- » Engagement and motivation of employees the Premier Way
- » Continued to embed the culture of responsible corporate citizenship
- » Retention and succession through strong focus on development plans supported by talent processes
- » Companywide benchmarking undertaken to ensure market related pay
- » Long-term and short-term incentive schemes linked to scorecard system
- » Management team continued to think and act like owners of the business
- » CEO scorecard linked to ESG performance measures

OUTCOMES

- » Health and safety benchmarks remained of a high industry standard
- » 8 additional sites achieved the 6 Star Health and Safety rating during the year
- » 94% participation in our Employee Engagement achieving satisfactory and improved results
- » Stakeholder engagement and leadership were identified as areas of focus
- » Living wage applied across the South African workforce
- » Concluded multi-year wage agreements across sites negotiated over the period
- » Over R2 billion of salaries and wages paid
- » Employee turnover rate of 12%
- » Investment in development
- » R22 million spent on training
- » Trained over 3 000 employees equating to 13 000 days of training
- » 302 employees trained on leadership courses and 154 supervisors trained
- » Set up e-learning platform during the pandemic to ensure continuity of educational development
- » Transformation
- » Established a B-BBEE Ownership Trust in FY2022

TRADE OFFS

Investment in human capital is an ongoing cost impacting financial capital and as a result is a short-term financial trade-off that brings with it long-term sustainability and is supportive of our purpose. Our people are the heartbeat of our organisation and suitably compensating them for the commitment we expect is crucial to our success. Investment in training aligns with our philosophy of continuous improvement and innovation. In addition, striving to ensure our staff earn a living wage is a financial trade-off that we willingly apply. Investment in human capital has positive benefits for our wider social and relationship capital and intellectual capital.

HOW WE CREATE VALUE continued

Intellectual Capital

Our long operating history, respected brands, innovative and agile mindset, successful acquisition integration, intellectual property and operating systems



INPUTS

- » Nearly 200 years of industry experience
- » Well known brands
- » Proprietary formulations
- » Sophisticated IT platform

ACTIONS TO CREATE VALUE

- » Continued to build brand equity
- » Ongoing identification of potential acquisition opportunities
- » Focused on innovation to meet changing consumer demands through ongoing research and development
- » Further investment into IT systems / technology
- » Training and leadership development

OUTCOMES

- » Maintained or improved market shares in key categories over the past year
 - » Market shares in sugar confectionery normalised during the year after industry disruptions in the prior year at a competitor
- » Expansion of the leading CPG platform created through acquisitions and synergies
- » Acquisition of Mister Sweet in June 2021
- » Acquisition of a new bakery in the Western Cape in May 2022 to harness demand in the area
- » New product innovations to meet consumer needs
 - » over 20 innovative branded and private label products brought to market during the year
- » Strengthened IT platform to protect against cyber incidents
- » Developed Business Improvement database for monitoring key environmental sustainability measures

TRADE OFFS

Establishing and maintaining market leading positions requires continuous investment in research and development and is pivotal for the sustainable growth our business, expansion into new products and categories and growing market share. This investment reduces our financial capital which is a trade-off in the short term but along with investment in innovation and acquisitions is a driver of value creation in the long term.

Natural Capital

The natural resources that are critical in the manufacture of our products which we are committed to managing responsibly and reducing wastage where possible



INPUTS

- » 299 MWh of renewable energy generated
- » 180 123 MWh of electricity used
- » 1 240 ML of water used
- » 13 876 ML of diesel used
- » 3 342 tonnes of coal used

ACTIONS TO CREATE VALUE

Aligned with our strategic intent to “Earn the right to operate in our communities”

- » Applied a continuous improvement mindset
- » Measured and monitored consumption to increase quality standards and improve yield while reducing our impact on the environment
- » Installed new alternative energy and fossil fuel efficient solutions
- » Improved efficiencies in fuel usage through route optimisation
- » Redesigned product packaging to reduce packaging material consumption
- » Conducted research into and implemented sustainable packaging alternatives where feasible
- » Water storage and recycling initiatives implemented
- » Signed with two Extended Producer Responsibility Programmes to manage waste
- » Sourcing of sustainable palm oil and cocoa through certified suppliers

OUTCOMES

- » Natural capital improvement measures including:
 - » Renewable energy generated by solar installations
 - » The majority of our sites have boreholes, several have water tanks and water recycling measures
 - » 8 million tonnes less waste to landfill through waste reduction initiatives
- » Re-purposing of bakery dough into animal feed reducing organic waste
- » 236 tonnes of plastic saved over the past three years through reducing plastic in product packaging and other initiatives
- » Lil-Lets UK discontinued the manufacture of tampons with disposable plastic applicators, with significant plastic savings
- » Paid R2 million in carbon tax
- » Increased cost of compliance

TRADE OFFS

Our operations may have a negative effect on our natural capital and we accept the responsibility to try and reduce and mitigate these outcomes where possible. We try and identify cost saving opportunities to harness in response to this need as well as mitigating our impact particularly with respect to carbon emissions, waste and water. Initiatives that we have introduced reduce our packaging materials, provide alternative packaging options or offer cleaner energy solutions. Investment in certain environmentally sustainable alternatives may erode financial capital in the short term but support other stakeholder interests which in turn upholds our long-term strategic direction. Increasing our HPC product range to include organic cotton alternatives, for example, may result in margin sacrifice and upfront investment in solar and water projects presents a trade-off in the short term on financial capital. Reducing the environmental impact of our operations and margin dilution is a trade-off that we manage carefully so as to optimise the outcome. The cost of compliance to satisfy increasing regulatory requirements and meet the needs of our stakeholders is however rising.



02

OUR OPERATING CONTEXT

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- 26 Stakeholder engagement
- 31 Material risks

CHAIRMAN'S REVIEW



Corrie Roodt

Market capitalisation

R7.7bn

Level 4

B-BBEE

rating

CSI donations

R67 million

“

The listing of Premier on the JSE on 24 March 2023, after an absence of 18 years, provided a perfect opportunity to reflect on a journey that started more than a decade ago.

”

STRATEGIC OVERVIEW

In 2012, the Board deliberated on a strategy to restore Premier to its former glory of the 70's and early 80's. The strategy hinged on two pillars, namely fixing the existing business, and looking for suitable acquisitions that could diversify the Group's offering.

The responsibility to contribute to food security in the country and to preside over brands with more than 100 years of history was daunting, but the Board had the full support of our shareholder at the time, Brait. Together with a new, but experienced management team, and a recently appointed CEO, work started in earnest, and plans were put in place to execute the agreed strategy.

Today, the Group is in a much better space. The assets are well maintained, and the culture is far more competitive. The integrity of the brands has been restored and a platform for future growth has been established. This is the result of hard work by a stable and cohesive management team and a dedicated employee base. Whilst operating conditions in the country have been on a steady decline, the

profitability of the Group has continuously improved. This is testament to the strategies, investment and management team of the business. In addition, the Group had sufficient momentum to execute on the strategy from its own balance sheet, when funding from the main shareholder dried up.

The easy part of fixing the business was spending money to acquire new equipment, buying buildings and making acquisitions. The more challenging part of the journey was to change the culture in the business. In this regard, a relentless focus on staff training, mentorship and continuous performance evaluation was key in developing a far more competitive organisational culture. It was interesting to see how the culture evolved over time, as people became more confident in their ability to manage challenges and learned from past mistakes. The mad scramble when things went wrong transformed into a more calculated, confident and agile approach to resolving operational challenges. To implement this culture change, the business adopted important strategic themes over the years. The theme of “Being brilliant at the basics” yielded excellent results

CHAIRMAN'S REVIEW continued

making the business more competitive and adaptive to evolving marketing conditions. Another important theme was “Earning the right to operate in our communities.” This theme had a fundamental impact in positioning the business and its brands amongst its consumer bases. The awareness that we operate in markets where our consumers are under severe financial pressure, requiring ever increasing support from corporates, has yielded positive results for our brands and as an employer of choice.

OPERATING ENVIRONMENT

It is an undisputed fact that the operating conditions in the country have deteriorated rapidly over the recent past. We experience these challenges daily across the infrastructure spectrum in terms of energy security, water supply, roads, railways, harbours and in local government. At the same time, the cost of capital is increasing, impacting negatively on investment sentiment in South Africa and on job creation. We have seen the results of a clear strategy, a consistent and experienced management team, a focus on high performance and execution across all levels of the organisation at Premier. The challenge is to emulate this at all levels of government, to challenge politicians to try a different approach and to stop devising policies that clearly do not yield positive results. It is impossible to believe you can run a successful enterprise by replacing the CEO every few months.

OUTLOOK

Whilst Premier has delivered robust results, we need to recognise that there is always room for improvement. We must celebrate our success, but it is vital that we stay humble, continue to focus on the things that will turn the dial, and that we do not take our consumer

support for granted, we are as good as our last product consumed. At the same time, our competitors will work harder and devise new plans to secure their own futures. We will need to stay alert and nimble to navigate the operational challenges that will come from increased competition and a further deterioration in operating conditions in general.

It has taken years for us to build trust in the business. This trust is multidimensional and is paramount to the future success of the business. Over the past years, we have built trust:

- » amongst our **employees** that we will create opportunities for them to build careers and provide a safe and secure working environment
- » amongst our **customers** that we will deliver quality products on time, that our food safety will be of the highest standards and our value proposition will be extremely competitive
- » amongst our **suppliers** that their accounts will be settled on time and that we will treat them fairly
- » with our **providers of capital** that they will be repaid
- » and trust with our **shareholders** that they can expect a reasonable return on their investment.

We value all of these relationships highly and this trust needs to be maintained above anything else.

Looking ahead, Premier is well positioned to maintain its record of growth, both in terms of revenue and profitability. The business has an experienced and stable management team, the strategic plans are in place, the culture in the business is disciplined and sound and the assets are well maintained.

ACKNOWLEDGMENTS

My involvement in Premier has been interesting and gratifying. Whilst we made mistakes, none were critical, and the successes outweighed the mistakes. I want to thank every Board member that served over the last twelve years for their support, guidance and contributions. I want to express my gratitude to a very capable management team, initially under the leadership of Tjaart Kruger and more recently under Kobus Gertenbach. Your dedication and commitment in executing the agreed plans are reflected in the financial results that we see today. I also want to thank every Premier employee, wherever you are in the world, for your commitment, your dedication and your hard work. These results were not possible without you.

Thanks to all our suppliers and our customers for your loyal support. Also, a big thanks to the farmers who grow the products that we work with every day.

Lastly, thank you to our providers of capital, the banks and our shareholders. Without your support this journey was not possible. I am confident that the business will continue to build on the sound platform that was created during the last decade.

CJ Roodt

Chairman of the Board

STAKEHOLDER ENGAGEMENT

Stakeholders are groups that affect or are affected by our company actions and may be external or internal. Premier recognises that stakeholders have differing needs and expectations and aims to respond appropriately to fulfill its stakeholder obligations.

Participating in open and inclusive dialogue with key stakeholders supports our purpose of ensuring that our products and people make a difference in the everyday lives of our consumers and assists us in monitoring the material issues facing the Group and in finding appropriate responses to concerns and issues raised. This process enables Premier to develop and maintain trusted partnerships which are mutually beneficial and result in the mitigation of risks and manifest in sustainable value creation.



Stakeholder	Stakeholder expectations	Nature of engagement	Our response
Consumers Creating value for our consumers through our brand offering supports Premier's purpose.	» Food safety » Value for money » Consistent quality » High nutritional content » Provision of accurate product information » Ethical and sustainable food production	» Brand communication » Promotion in-and out of store » TV, radio, outdoor media, digital and social media and point-of-sale » Informative and engaging brand packaging » Range of products and pack formats to meet specific consumer requirements » Raising brand recognition through various community upliftment initiatives » Informative website » Customer Care line	Be brilliant at the basics » Adherence to food manufacturing safety protocols » Cost control measures to mitigate necessary inflationary price increases » Deliver on brand promise and product offering » Recipe formulation to enhance nutritional value » Detailed product ingredient information provided » The cognisant management of the use of our natural capitals - water, energy and the reduction of waste » Packaging improvements to improve recyclability and reduce weight » Ongoing community initiatives » Culture of innovation

STAKEHOLDER ENGAGEMENT continued

Stakeholder	Stakeholder expectations	Nature of engagement	Our response
Customers Establishing and protecting the partnerships Premier has with its retail, wholesale and independent customers is vital to ensure that our products are relevant, on the shelf and readily available to our consumers.	<ul style="list-style-type: none"> » Fair and reasonable trade agreements » “Shelf health” - Consistent product quality, merchandising and availability at a fair price » Category growth development plans » Innovation in core Premier brands and private label solutions to grow basket and foster collaborative relationships » Long-term growth horizons 	<ul style="list-style-type: none"> » Annual strategic top-to-top engagement » Joint business planning workshops » Service provider alignment sessions » Formal and informal trade engagements 	Be brilliant at the basics <ul style="list-style-type: none"> » Application of AVAA – accessibility, visibility, affordability and availability strategies » Share of trade (location) » Forward share management » Relentless adherence to food manufacturing safety protocols » Innovative responses to food trends » Effective promotions that deliver mutual benefits
Communities and non-profit organisations Premier aims to “Earn the right to operate in our communities by being mindful of our responsibility to society and the planet”.	<ul style="list-style-type: none"> » Upliftment of impoverished communities » Employment opportunities 	<ul style="list-style-type: none"> » CSI projects » Training programmes to upskill community members » Community engagement 	Earn the right to operate in our communities <ul style="list-style-type: none"> » Ongoing commitment to and investment in various CSI and Enterprise Development projects across different communities focusing on nutrition, menstrual hygiene and education » CSI projects include meal and sanitary product donations as well as upliftment programmes to improve local infrastructure » Enterprise Development projects include investment and support to improve services provided by small business within informal communities » Skills development initiatives such as the Bake-for-Profit training programme to help uplift impoverished communities and provide earning opportunities » Local community forum engagement and initiatives to improve business and community relations

STAKEHOLDER ENGAGEMENT continued

Stakeholder	Stakeholder expectations	Nature of engagement	Our response
Employees and employee representative bodies Premier people are the heartbeat of the organisation and help fulfil Premier's purpose. Transparent, regular communication encourages dignity and respect and a vibrant working environment.	<ul style="list-style-type: none"> » Engage workforce » Fair and reasonable compensation » Job security » Safe working environment » Adherence to human rights policies » Career progression opportunities » Skills development and training » Open and regular communication » Fair policies and practices aligned to code of good practice 	<ul style="list-style-type: none"> » Performance appraisals and scorecard system » Union representative forums » System of structured team engagement forums (INVOCOMS) » Regular companywide communication newsletters » Presentations and updates by the CEO » Top 400 quarterly engagement » Social events » Employee hotline » Recognition culture, annual awards and roadshows 	Grow together to be the best <ul style="list-style-type: none"> » Health and safety a priority with FSSC 22000 and ISO 9001 certification at the majority of sites with a relentless focus on avoiding injuries by driving a safety culture » External benchmarking to ensure appropriate guaranteed pay scales to retain and attract talent » Organised training programmes » Active talent management processes to enable career progression » B-BBEE Ownership Trust introduced
Suppliers Developing mutually supportive relationships with our suppliers and service providers assists Premier in ensuring the reliability of internal and external customer service levels and with consistent supply of quality and in-specification materials.	<ul style="list-style-type: none"> » Sustainable supply » Honouring contractual terms and agreements » Investment in Enterprise Supplier Development initiatives » Building relationships with strategic suppliers 	<ul style="list-style-type: none"> » Supplier meetings (online or in person) » Presentations and assessments » Review of performance and regular correspondence on developments » Supplier quality audits » Supply risk mitigation strategies 	Grow together to be the best <ul style="list-style-type: none"> » Discussions provide insight into market conditions to ensure availability and cost management » Several Enterprise Supplier Development initiatives have been executed supporting smaller suppliers to create mutually beneficial growth opportunities throughout the supply chain » Development of new / innovative products, ingredients and packaging

STAKEHOLDER ENGAGEMENT continued

Stakeholder	Stakeholder expectations	Nature of engagement	Our response
Providers of financial resources Maintaining productive relationships with our shareholders and debt providers is fundamental to the sustainability and growth of the business.	<ul style="list-style-type: none"> » Consistent return on investment through growth in the share price and the payment of dividends » Meeting all debt covenants and repayment timelines » Emphasis on cash generation and effective risk management of capital » High standards of corporate governance applied 	<ul style="list-style-type: none"> » Regular meetings and one-on-one interactions, including site visits » Annual and interim presentations » Investor meetings and roadshows » Annual General Meetings » SENS announcements » Website investor section at www.premierfmcg.com 	Unlock future growth <ul style="list-style-type: none"> » Rigorous strategic planning process to consolidate and benefit from opportunities » Determination of a five-year growth plan » Continuous compliance with covenants » Ongoing internal and external integrity assessments of governance structures » Intention to conduct regular engagement in the listed environment enhancing accountability and transparency while maintaining competitive advantage » Culture of innovation and agility creating sustainable value for stakeholders » Application of procurement policies to mitigate exchange rate risk
Analysts and media Engaging with analysts provides our shareholders and potential investors with insights into our business which assists with their investment decisions and gives Premier the opportunity to provide firsthand feedback about the Company performance and direction.	<ul style="list-style-type: none"> » Transparent and balanced disclosure » Regular access to management » Adequate response to Company issues through formal communication 	<ul style="list-style-type: none"> » Interim and annual results presentations » Investor site visits » One-on-one meetings with key management » Media releases when required 	<ul style="list-style-type: none"> » Continued engagement post listing » Engage openly to provide adequate disclosure, but being mindful to disclose information that is comparable to that of our peers

STAKEHOLDER ENGAGEMENT continued

Stakeholder	Stakeholder expectations	Nature of engagement	Our response
Government and regulators Regular communication with government and regulators is essential for maintaining responsible corporate governance.	» Fulfillment of compliance requirements » Achieving B-BBEE targets » Food, product and operational safety	» Liaison with significant industry regulators and business associations » Engagement with relevant environmental regulatory bodies » Participate in government initiated public forums	» Culture of compliance through application of the Premier Way philosophy » Diversity initiatives such as the establishment of the B-BBEE Ownership Trust for employees and members of local communities to participate in the growth of the Company » Increased representation at Board and Executive level » Health and safety a priority with FSSC 22000 and ISO 9001 certification at the majority of sites



MATERIAL RISKS

In our quest to become a world class supplier of quality consumer products, we are committed to maintaining, implementing and monitoring the Group's risk management portfolio. Premier has put in place a rigorous set of risk management strategies so as to minimise the likelihood and impact of both strategic and operational risk events, ensuring the growth and sustainability of our Company for the benefit of all our stakeholders.

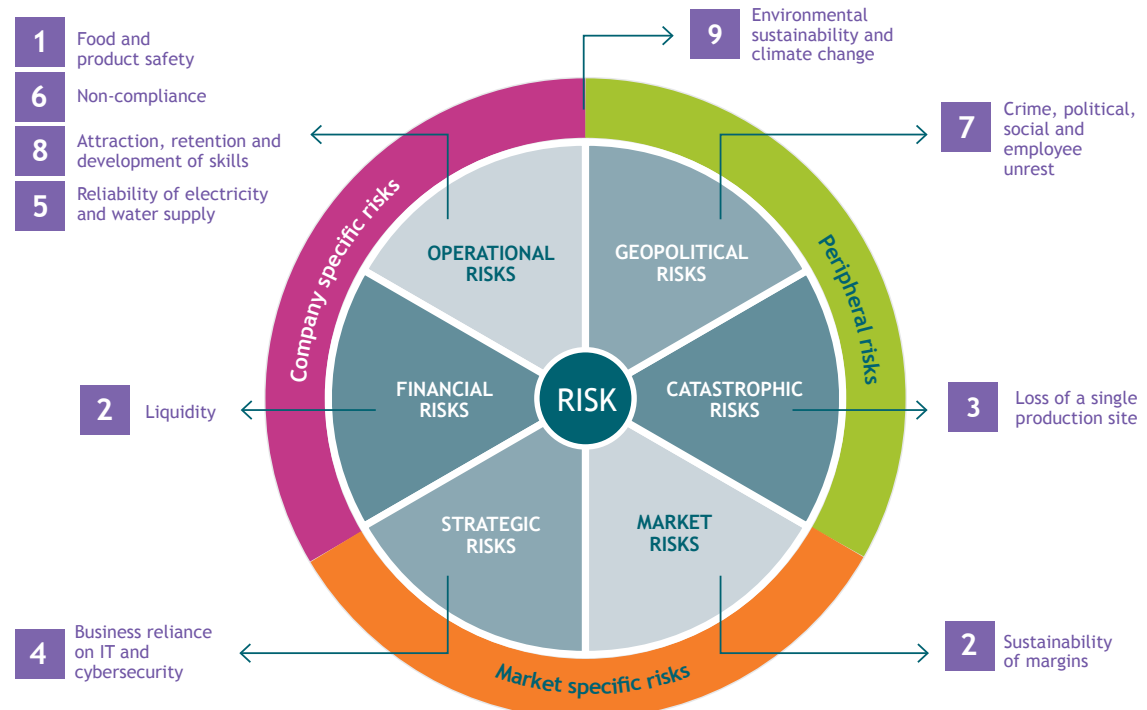
While the Board has ultimate responsibility for the oversight of the Group's strategic risk management process, it has mandated the Audit and Risk Committee to ensure that management maintain and implement the risk framework responsibly and effectively. The Audit and Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit and Risk Committee is assisted in its oversight role by internal audit, conducted by governance and internal control as well as Ernst & Young. Internal audit undertakes both regular and *ad hoc* reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Committee. PwC conduct an annual external audit to review the financial risks of the business.

Divisional executives and senior business unit management are responsible for the management of the operational risk programme in their respective business units with the support of the central risk management team. Our operational risk management process is driven by a comprehensive risk management audit system, striving towards ISO 45001, identifying and closing the gaps on a continuous improvement basis.

The need to comply with relevant environmental legislation has been recognised by Premier and we aim to conform to a process of environmental risk management in compliance with best practice. An environmental element has been activated in the risk

management programme and implemented nationally based on ISO 14001. Operational and strategic risk registers are updated quarterly, based on risks identified at site level and at a macro level, to ensure business readiness in the face of potential risk events. The Audit and Risk Committee meets quarterly to monitor the evolution of the Group's risk register and the implementation thereof. In addition, the register is reviewed annually by the Executive lead team and the Board.

The Group's Strategic Risk Register identifies our key material risks which have been determined by the Executive Committee with input from the lead management team. The material risks faced by the business are detailed below:



MATERIAL RISKS continued

MATERIAL RISK 1

Food and product safety *Refer to Our Products in the Sustainability report on page 66 to 68.*

Food and product safety is critical to our success and sustainability. Raw material inputs such as wheat and maize, which are our largest raw material inputs, production processes and packaging materials must comply with the highest manufacturing standards to ensure that safe, quality products are reliably delivered to the consumer. The risks associated with lapses in food and product safety protocols or sub-standard inputs are material and require proactive management and sustained attention. Any harm to our consumers or people is unacceptable to Premier and any allegation that our products are defective or contaminated, even if unfounded, could result in damaging business interruptions and potential product recalls.

Other risks include:

- » Reputational damage to the brand
- » Quality claims from customers
- » Imposition of fines and penalties
- » Legal action instituted against Premier

Mitigating controls against the risks:

- » Development and implementation of a compliance management framework, with monitoring and evaluation processes
- » Continuous improvement department is ISO 9001 certified to strengthen the ISO 22000 certifications at operational level
- » FSSC 22000 or ISO 22000 accreditation for all Premier sites and FSSC 22000 obtained for 3rd party manufacturing sites
- » Investment in infrastructure to harness state-of-the-art technology
- » Ongoing training programmes to entrench best practice behaviour
- » Consumer complaint management process established to respond to issues appropriately
- » Risks measured and managed using the Hazard Analysis Critical Control Point (HACCP) framework
- » Vulnerability Assessment Critical Control Points (VACCP) to be done for all new raw materials



MATERIAL RISKS continued

MATERIAL
RISK **2**

Sustainability of margins and liquidity

The sustainability of our margins is supported by a number of factors and adverse events may impact margins beyond our control. Premier is dependent on the consistent availability and quality of the essential raw materials we require to manufacture our products. Our two largest raw material inputs are maize and wheat used for milling and baking. Given that the price of these inputs is determined by international pricing mechanisms, global political, social and environmental events impact these commodity prices and may result in significant price volatility. Global events, such as the Russian invasion of Ukraine and the consequent impact on global commodity prices and availability is a recent example of such a risk.

We currently contract in advance locally and globally for the supply of maize and wheat to manage fluctuations, but it would have a materially negative commercial impact if we were unable to secure adequate contracts in future at attractive pricing levels. In addition, any deterioration in the Rand: USD exchange rate impacts the price of wheat and maize and results in other knock-on inflationary price increases. Liquidity pressures as a result of rising input costs therefore also present a material risk.

Other disruptions in the sourcing of raw materials due to factors beyond the Premier's control, such as climate change induced droughts or floods, fluctuating quality, port delays or temporary shortages in the supply of raw materials, cause price volatility and can impact the sustainability of operating margins.

Other risks to the sustainability of margins include:

- » Growth of dealer owned brands
- » Challenges in passing on price increases in a low GDP environment with high levels of unemployment
- » Product mix change towards more economical products with lower margins
- » Power of retailers
- » Sustained competitor activity by large players

Mitigating controls against the risks:

- » Business strategies in place to manage the impact of external risks and pass on price increases
- » Centralised procurement initiatives adopted
- » Agreed currency hedging strategies implemented
- » Ongoing negotiations with suppliers for cost reduction options
- » Acquisitive growth strategy to grow into higher margin categories
- » Sustainability initiatives undertaken to reduce waste and unnecessary resource consumption
- » Product reformulations
- » Product quality auditing of third-party manufacturers undertaken
- » Lobbying of regulators



MATERIAL RISKS continued

MATERIAL
RISK 3

Loss of a single production site

Premier, as with other manufacturing businesses, relies on the continued and efficient operation of our facilities. Any unplanned stoppages in production caused by a technical malfunction or other unforeseen event, particularly fire, could result in lower production volumes, inventories and revenues. Our South African maize for example, is milled at one major single site in Kroonstad, which accounts for 85% of our total capacity. If the manufacturing capacity was to be disrupted or inventory lost at that plant, we would need to incur significant costs. Similarly, if a third-party manufacturer was to suffer unexpected closure of a plant, Premier would need to source alternative product potentially at a higher cost.

Mitigating controls against the risks:

- » Developed the single site risk plan, reviewed quarterly by site and annually by the central risk management team, to anticipate risks and monitor processes
- » Comprehensive fire detection and prevention procedures installed and audited by professional service providers
- » Established a diversified supply chain with a number of third-party manufacturers
- » Conduct regular review of and relationship building with back-up suppliers or manufacturers
- » Upgrading of outdated machinery
- » Business risk insurance

MATERIAL
RISK 4

Business reliance on information technology and cybersecurity

We are reliant on third-party information technology (IT) systems and infrastructure to be available on a continuous and uninterrupted basis. The business opportunities that new technologies provide are essential to creating and maintaining competitive advantages but the proliferation and commercialisation of various forms of cyber-crime, particularly in recent years, is a significant concern that requires continuous risk management. Failures, breakdowns or cybersecurity incidents affecting our IT could materially adversely affect our business through inability to transact due to network outages, data loss, pressure on business processes or unauthorised access to data. Our computer and management systems could be harmed by a variety of circumstances, including disruptions to telecommunications infrastructure, insufficient capacity at IT centres, fire, power outages or damage and third-party attacks.

Furthermore, the POPI Act in South Africa, requires that businesses comply with measures to protect the personal information of their customers. If Premier fails to meet any of the minimum standards as set out by the Act, it could lead to fines imposed by authorities, or reputational harm to our business.

Mitigating controls against the risks:

- » Key information and business data backed up and stored in geographically redundant data storage systems. Backup frequency chosen to minimise risk of data loss
- » Provision of multiple disaster recovery options and sites in the event of a major failure in core services
- » All sites, including corporate, are equipped with redundant networks that are provided by multiple vendors to reduce risk of single point failure
- » Penetration tests performed on an *ad hoc* basis across systems to identify opportunities to improve
- » Equipment kept current and configured to standard at all times
- » Server platform upgrades completed to most recent version

MATERIAL RISKS continued

MATERIAL
RISK 5

Reliable electricity and water supply

Refer to Our Planet in the Sustainability Report on page 69 to 74.

Adequate, uninterrupted supply of water and electricity is critical for our production facilities to operate optimally. Eskom has warned that the national power grid may remain stressed for several years. Loadshedding is anticipated to continue until the grid is sufficiently upgraded and supported in part by the recent deregulation of the renewables sector. Extended blackouts could have an effect on our ability to produce at full capacity or at all.

In some areas, municipal water infrastructure is ageing and unreliable and water supply needs to be supplemented by alternative sources. In the event of a fire, the availability of water is critical to control and minimise damage. In addition, water scarcity is becoming an increasing threat in South Africa which cannot be ignored. Water shortages could result in loss of production, and in the case of a fire, extensive damage to equipment and / or personnel.

Mitigating controls against the risks:

- » As part of the business continuity plan, generators, which are designed to run the entire site, have been installed at all of our bakeries
- » Surge and lightning protection equipment installed on our major machinery
- » Solar installations have been implemented offering an alternative energy source with cost saving potential
- » Essential IT equipment connected to generators and increasing use of cloud services
- » Emergency water supplies and contracts in place for major sites
- » A five-year facility plan implemented at all Millbake and Groceries sites to upgrade manual fire water protection systems
- » Boreholes with filtration systems and water reservoirs installed at sites considered critical and at those sites at higher risk of water shortages
- » Buffer stock management processes implemented at mills and groceries sites

MATERIAL
RISK 6

Non-compliance with various legislative requirements

Our facilities and operations are subject to rigorous environmental regulations including pollution control measures or limits for solid and hazardous waste, water discharge and air emissions. Non-compliance with these legislative requirements could result in fines, damages claims or requirements to install or retrofit equipment.

In addition, we are committed to adhering appropriately to the food industry legislation which is subject to extensive regulation and licensing requirements, such as the Consumer Protection Act, labour legislation and health, safety and environmental legislation in order to prevent any risk of non-compliance.

Premier is a member of the Polyolefin Responsibility Organisation NPC (Polyco) and Fibre Circle, organisations that have established and implemented extended producer responsibility schemes to control waste and pollution. It is our intention to adhere to the requirements set out by these organisations to sustainably mitigate and manage the impact we have on the environment. Premier is also registered at the Department of Forestry, Fisheries and the Environment (DFFE).

Mitigating controls against the risks:

- » Standard operating procedures in place for product recall
- » Regular quality audits undertaken at third party manufacturing sites
- » Health and safety managers deployed at manufacturing sites
- » Assistance given to sites on a continuous basis by corporate risk team
- » In-house master installation electrician to ensure standards and COC compliance
- » Electricity and fire audits done annually
- » CFO responsible for addressing non-compliance



MATERIAL RISKS continued

MATERIAL RISK 7 Crime, political, social and employee unrest

A deteriorating macro-economic climate and challenging local political conditions, including the inability of the government to achieve political, social and economic stability, may result in further social and labour unrest and continuing high levels of crime. Premier's informal bread business is particularly vulnerable to robbery attempts given the high proportion of cash sales made directly to customers. South Africa has a highly unionised work force and is subject to periodic planned and unplanned strike action. Such actions and, in particular, prolonged and frequent strike action may have a negative impact on our business and its customer base with business continuity being compromised, potential damage to property occurring and the safety of our people put at risk.

This risk is material for Premier and puts in jeopardy our fundamental purpose and the provision of staple food products to the nation.

Mitigating controls against the risks:

- » Emphasis on creating a culture in line with the Premier Way, engaging staff and encouraging respect across all levels of seniority
- » People and culture surveys conducted throughout the organisation and issues addressed responsibly
- » Established strike contingency planning including ongoing management of buffer inventory levels and replenishments
- » Compliance with all labour legislation
- » Open communication with the unions and employees and engagement with shop stewards to address concerns
- » Offsite monitoring and physical security measures as well as staff training
- » Proposals to introduce cashless payment methods are being investigated
- » Vehicles operating in identified high risk areas are fitted with cameras, signage and safes
- » Reporting processes, dashboards, alerts and automations implemented to reduce the likelihood of a security event
- » Engagement with regulatory bodies

MATERIAL RISK 8 Attraction, retention and development of skills

The talent market within which we operate is extremely competitive. Failure to retain key personnel or to execute on its succession plans, or an inability to recruit additional personnel with the relevant skills and experience, presents a material risk to the business.

Mitigating controls against the risks:

- » A high-performance culture instilled through the strategic process
- » Talent analysis and retention programmes implemented with bi-annual talent reviews
- » Market related remuneration structure with external benchmarking for Senior Executives
- » Training and career advancement opportunities provided
- » Creative incentives to motivate staff
- » Succession planning clearly communicated



MATERIAL RISKS continued

MATERIAL
RISK 9Environmental sustainability and climate change *Refer to Our Planet in the Sustainability Report on pages 69 to 74.*

In order to continue creating value in the long term the business must ensure that its current activities are sustainable. Tangible sustainable initiatives are a strategic priority for Premier. Resource conservation, waste and carbon emission reduction and a commitment to support the communities in which we operate, are the focus of our endeavours to manage sustainability risks. These risks include reputational damage, the imposition of fines and penalties such as carbon tax, and legal action.

Climate change is material but is challenging to navigate strategically as it is a global condition manifesting and impacting local businesses negatively in a number of ways. Natural disasters such as the flooding in Mozambique and recently in KwaZulu-Natal and the water crises caused by drought experienced in the Eastern and Western Cape are specific examples of the impact of climate change regionally.

Extreme volatility in weather patterns, increasingly high temperatures leading to drought, fires and water scarcity or high rainfall causing flooding, are becoming more frequent on a global level. This could negatively impact the quality and availability of essential raw materials, disrupt distribution and supply chains, damage equipment or reduce productivity which may potentially have a negative impact on our financial performance.

Mitigating controls against the risks:

- » Appointment of a Sustainability Executive supported by the Social and Ethics Committee
- » Comprehensive ESG strategy and regular Invocoms to monitor progress and concerns
- » Development of a business improvement database to monitor the usage of our natural capital
- » Determination of achievable sustainability targets and objectives
- » Conscious commitment to adhere to relevant UN Sustainable Development Goals (SDGs)
- » Application of the Reduce, Re-use and Recycle philosophy
- » Plastic packaging reduction initiatives implemented
- » Use of alternative fuels, optimisation of distribution routes, solar installations and waste reduction initiatives in place
- » Monitoring of vehicle delivery routes and safe staff access during floods
- » Implementation of our ESG strategy to contribute towards the achievement of global sustainability goals





03

OUR STRATEGY

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CEO'S REVIEW



Kobus Gertenbach

Revenue
R17.9bn
▲ up 23.4%

Capex
R473m

Meals donated
c.50m

OVERVIEW

The financial year started with the world shaking off the last vicissitudes of the Covid pandemic, to be replaced by a wave of high inflation that triggered large increases in interest rates globally. In KwaZulu-Natal (KZN) we kicked off the year with massive flooding, which caused the loss of life and extensive hardship for the inhabitants of the province. In September 2022, South Africa experienced a step change in the availability of reliable electricity, creating significant operational challenges for even the most prepared businesses. Premier was not spared from any of these shocks, and our organisation was called upon to plan and respond to ensure food security, support communities in crisis where possible, protect our infrastructure and secure our financial stability.

The Premier leadership team responded to the challenge by timeously implementing appropriate price increases, managing our back-up utilities and refinancing our debt facilities at lower margins to offset some of the interest rate increases. Premier invested R473 million

in its facilities during the year, on the back of investing c.R5 billion over the past decade while driving the ROIC to 19%. Major projects for the year included the completion of a state-of-the-art bakery in Tshwane (Pretoria) with the capacity to produce c.10 million loaves per month. The bakery was fully commissioned within budget in September 2022, bringing the anticipated efficiencies through in the second half of the financial year. This was the first major step to upgrade the inland capability to the same quality and consistency as the coastal bakeries. In addition, capital investment was committed to prepare alternate inland bakeries to enable the rebuild of the Aeroton bakery, increase the capacity of the Lords View distribution centre by c.50% and implement upgrades to obtain the FSSC 22000 certification at our Mozambican operation, the first company in Mozambique to attain this certification. Additional synergies from the Mister Sweet acquisition, which we concluded in FY2022, were extracted through the integration into Premier's confectionery operations. These investments in efficiency and capacity enable us to support our consumers by producing basic foods at affordable prices.

The transition into the listed environment is expected to support Premier's efforts to drive its organic and acquisitive growth strategy and strengthen its market position across all business areas.

CEO'S REVIEW continued

Our leadership and sales teams have continued to work constructively with our key customers, while our supply chains have managed to maintain service levels to the trade, at exceptionally high levels, ensuring on-shelf availability and stock pressure. Premier's marketing, sales and corporate social investment initiatives remain closely aligned and coordinated to provide maximum exposure and support in targeted areas, living up to our promise to make a difference in the everyday lives of our consumers. Premier's factories are focused on maintaining world class health and safety standards, working towards our customised 6 Star Safety, Health and Environment rating, with all operations recording exceptional compliance well above regulatory mandated health and safety regulations. An additional eight sites obtained the 6 star rating during the year.

LISTING

Premier concluded an Initial Public Offering and listed on the JSE on 24 March 2023, raising R3.6 billion in secondary capital for Brait PLC. The lead up to the listing encompassed the better part of two years' work to convert various structures, governance processes and policies to comply with listed market requirements, and I am very proud of our leadership team's execution to complete the listing successfully. We also want to thank Titan, Allan Gray, Laurium Capital, Steyn Capital, Mergence and Abax for believing in Premier and committing funds under their management to acquire significant shareholdings in the listing. Premier's Board and management are highly focused to deliver investment returns to our committed shareholders.

“For investors, this is an opportunity to gain exposure to neighbouring African countries and leverage the African Continental Free Trade Area agreement while investing in an organisation that has shown double-digit revenue and profit growth for five years in a row.”

GOVERNANCE

Premier's governance structures and processes are compliant with the Companies Act, with a highly experienced Board and Committees comprising the requisite number of non-Executive Directors. Harish Ramsumer joined the Board with effect from 9 May 2022 as an Independent non-Executive Director of the Company. Harish is a chartered accountant and an experienced business leader. He was a partner at PwC for eighteen years and a member of PwC's Africa Assurance Strategic and Executive Committees. In addition, he previously served as a member of PwC's Southern Africa Governing Board. Harish worked as the signing partner and relationship partner on various large corporate and JSE listed entities. Harish was appointed as the Chairperson of the Audit and Risk Committee with effect from 1 June 2022.

The Board also appointed Faith Khanyile as an Independent non-Executive Director with effect from 1 November 2022. Faith has served on the boards of both listed and private companies across various sectors over the past 20 years. She is currently a non-Executive

Director of the following listed entities: Discovery Limited, Bidvest Limited and the JSE Limited. She holds a Bachelor of Arts in Economics and a Master of Business Administration in Finance as well as a Higher Diploma in Tax. Faith is a member of the Audit and Risk Committee.

We want to welcome both of them to the Premier family, thank them for their valuable contributions getting Premier ready for the listing and look forward to their continued contributions as we grow Premier together.

Peter Hayward-Butt resigned as a Director of the Company with effect from 11 November 2022 and was elected as an Alternate Director to Rolf Hartmann with effect from the same date.

ESG

Over the past few years, Premier has made good progress in establishing and executing on its ESG strategy. In 2017, we developed an ESG strategy defined by our philosophy of doing what is right and earning the right to operate within our communities. Our strategy acknowledges our long-term responsibility to care for and protect our people, our communities and the environment in which we operate. The strategy parallels with elements of our corporate strategy and our long-standing commitment to our purpose that our products and people make a difference in the everyday lives of our consumers. It addresses our collective responsibility to ensure our activities are a force for good, reducing and mitigating any potentially negative impact our operations may impose on the environment, simultaneously managing costs and building a sustainable business to create value for our stakeholders into the future.

CEO'S REVIEW continued

Our commitment to the communities we serve is evidenced in our extensive corporate social responsibility programmes. We continue to make a difference in the lives of many through our significant food and product donations contributing to the alleviation of poverty and hunger and providing much needed disaster relief. Premier donated more than three million loaves and one thousand tons of maize and wheat providing approximately 50 million meals during the year for those in need. Gender equality and education remains a priority for our business, inspiring the donations of nearly 350 000 pads, enabling 17 000 girls to remain in school whilst menstruating. During the year we launched a successful Enterprise Development initiative, providing over 80 jobs in our inland bakery, introduced cleaner energy to reduce our carbon footprint in our bakery manufacturing and distribution fleet, reduced plastic and food waste and installed solar at manufacturing sites, where feasible, to assist with transitioning during loadshedding. We have managed a step change improvement in the relationships we have in all three spheres of government at a local, regional and national level, and have become increasingly involved in forums and the development of regulatory frameworks. In July 2023 we achieved a Level 4 B-BBEE rating, an improvement from the Level 5 rating we achieved in June 2022. Premier has recently been certified by Standard Bank as a Top Gender Empowered Company in the Food Producers sector by actively creating initiatives to sustainably uplift women and organisations, and making a contribution to gender empowerment.

OUTLOOK

Soft commodity price inflation has subsided to a large extent, paving the way for more benign food inflation in the year ahead. Higher interest rates and higher operating costs incurred to counter the infrastructure deficit will offset some of the commodity price relief. Volume and margin trends are expected to continue into the new financial year, with a ramp up in capital investment to rebuild the Aeroton bakery scheduled to commence in the second half of the calendar year. We also expect further progress towards the unlocking of the remainder of the Premier shares held by Brait PLC to increase the investable free float. In line with our philosophy of doing the right thing, we will maintain support of our people and communities in need through donations of product and financial assistance, continue to identify ways of reducing our carbon footprint and of eliminating waste in the manufacture and distribution of our products.

OUR PEOPLE

Our sincere gratitude to every leader and frontline worker in Premier for rallying behind our purpose to make a difference in the everyday lives of our consumers, for working tirelessly to be the best version of themselves, for committing to their respective teams and for creating an inclusive environment where all team members have a sense of belonging in the Premier culture. And while the journey is never over, we will all take a moment to savour the successes and the learnings of the past year.

Corporate and category strategies are in place, budgets have been approved and scorecards are in place. We look forward to Premier's first year after returning as a listed business being one to savour once again!

JJ Gertenbach
Chief Executive Officer



OUR STRATEGY

Premier's purpose is to ensure that our products and people make a difference in the everyday lives of our consumers. This enables Premier, our people, our suppliers, our customers and consumers, our brands and our communities to grow together.

In 2011, the listed investment group Brait acquired a majority stake in Premier becoming a strategic long-term investor. Since then, Premier has undertaken to strategically reposition itself, expanding from a traditional focus on bread, wheat and maize, into a broader portfolio of product categories transforming into one of South Africa's leading CPG platforms with a built-in capability to scale further.

Our growth strategy has remained steadfast over the past decade and has enabled us to deliver consistent revenue and EBITDA growth through efficiencies, agile execution and systematic focus on being the lowest cost producer in the Millbake category. In 2021, the strategy was reviewed to encourage a common understanding and commitment across the businesses to be inclusive of our over 8 200 permanent and contracted employees. Our philosophy of doing what is right has long been entrenched in our business approach. To formalise our commitment to ESG, our sustainability vision has been integrated into our corporate strategy providing alignment with our purpose and our responsibility to enhance food security, alleviate period poverty and to respect and protect our society and the planet.

OUR STRATEGIC FRAMEWORK

In pursuing our purpose and our stated growth strategy, we have committed to **four key integrated strategic pillars**.

These have proven to provide robust strategic direction in an operationally demanding environment allowing Premier to grow and establish itself as a leading CPG manufacturer. At the same time, our strategic imperatives aim to build brand trust in the communities in which we operate, and in this way our corporate strategy aligns itself with our sustainability vision.

**GROW
TOGETHER
TO BE
THE BEST**



**BE
BRILLIANT
AT THE
BASICS**



**UNLOCK
FUTURE
GROWTH**



**EARN THE
RIGHT TO
OPERATE IN OUR
COMMUNITIES**



HOW WE DELIVER ON OUR STRATEGY

EXECUTION OF OUR STRATEGY

The Premier Way is our chosen strategy execution methodology which underpins the leadership and communication philosophy within the business. It equips us to execute on our strategy in line with our values and leadership promise thereby enabling us to build the employee value proposition, differentiate ourselves and create organisational excellence.

We measure the performance of our strategic processes on a quarterly basis and adapt plans and tactics where necessary.

We operate in a high performance growth culture with corporate and operational business scorecards focused on driving growth.

Individual and team scorecards are in place throughout the business and focus on initiatives that individuals and teams can execute on to deliver improved performance within each of the strategic pillars. This ensures that we remain agile and relevant in our dynamic operational environment.

Sustainability performance targets are included in our CEO and ESG Executive's scorecards to maintain a companywide strategic focus on sustainability measures.



HOW WE DELIVER ON OUR STRATEGY continued

GROW
TOGETHER
TO BE
THE BEST

Growing together to be the best is our commitment to our employees who are the heart of our business, and in turn their commitment to Premier is enabled through the Premier Way.

We deliver on this strategic intention by:

- » Building an inclusive and diverse workplace where all employees have a sense of belonging
- » Upskilling our employees to develop competence in all roles, build critical skills and enable personal and professional growth
- » Transforming our business through relevant B-BBEE initiatives
- » Enhancing the employee experience to become the employer of choice
- » Assuring bench strength of key positions

BE
BRILLIANT
AT THE
BASICS

Being brilliant at the basics in all functions and operations across the business is a strategic priority enabling our high performance growth culture.

We deliver on this strategic intention by:

- » Practicing continuous improvement to be the lowest cost producer
- » Pursuing best in class execution
- » Pursuing relentless focus on quality
- » Enabling fit for purpose products, processes and cross-functional efficiencies
- » Offering a value for money proposition - right quality and price to meet shopper needs
- » Ensuring timeous and complete availability (on-shelf and in the right outlets)
- » Remaining agile and relevant



HOW WE DELIVER ON OUR STRATEGY continued

UNLOCK FUTURE GROWTH



Unlocking future growth to deliver attractive shareholder returns is a strategic imperative which we strive to achieve through investment in our facilities, our brands, in innovation and acquisitions. Several growth vectors have been identified to bolster our leading market position and support future growth.

We deliver on this strategic intention by:

- » Portfolio optimisation
 - Growing our core business categories through investment in new technologies and expansionary capex
 - Leveraging our capabilities and strategic brands through innovation
 - Optimising our routes to market to build scale and efficiencies
 - Expanding our product basket through transformational, synergistic acquisition opportunities
 - Maximising internal efficiencies and capacity utilisation
- » Market position
 - Achieving top 3 in respective category
 - Achieving top 2 in respective channel or region
 - Achieving >20% category share
- » Geography
 - Growing our position nationally with depth of distribution and market penetration
- Expanding into the SADC region or the rest of Africa
- Expanding into additional investment geographies via exports or distributors and third party suppliers
- » Synergies and benefits
 - Leveraging current warehousing and ambient distribution route to market
 - Leveraging sales and merchandising for cost savings and volume growth
 - Providing critical mass to the informal route to market
 - Ensuring procurement benefits as a result of scale
 - Optimising known technologies and processes
 - Ensuring value creation through category growth, market penetration and innovation

EARN THE RIGHT TO OPERATE IN OUR COMMUNITIES



Earning the right to operate in our communities supports our purpose and our sustainability vision through focus on our people, our products, our planet and our communities.

We deliver on this strategic intention by:

- » Prioritising the safety and wellbeing of our employees
- » Providing safe, quality products that contribute to the nourishment and upliftment of society through compliance with relevant regulations and audits; and are widely distributed providing access to all
- » Doing what is right, every day in all aspects of our business
- » Limiting and mitigating our impact on the planet throughout our value chain with a focus on reducing energy, water and waste
- » Contributing to social upliftment in the communities in which we operate through product donations and other community engagement initiatives
- » Maintaining relationships with relevant industry, regulatory and governing bodies

HOW WE DELIVER ON OUR STRATEGY continued

Our corporate scorecard clearly defines the performance measures against which we benchmark our strategic successes.



Delivered attractive investor returns

- Achieved **return on invested capital** in excess of **15%**
- Core business growth achieved with compound annual **growth in EBITDA** and marginal contribution exceeding targets
- Maintained focus on **lowest cost producer** initiatives through continuous improvement projects, facilities upgrades and responsible resource allocation
- Consistent application of **procurement policy** mitigated rising soft commodity prices supporting margins



Retained strategic focus on building and executing acquisition pipeline

- R2.7 billion** invested in bolt-on acquisitions since 2011
- R600 million capex** prioritised for growth projects, for each of the next two years, as well as continuous improvement opportunities supporting long term strategic growth plans
- Realisation of **projected synergies** and strategy of category growth using cross functional post-acquisition integration skills for Mister Sweet and Western Cape bakery acquisitions



Focus on fit for purpose products and services

- Consistent **product quality** and **delivery service**
- Driving down food waste



Continued to protect our employees and consumers by creating a culture of safety

- A total of **90%** of our sites have achieved a **5 out of 6 Star** Health, Safety and Environment rating using our customised rating system, with over **60%** of our sites having achieved **6 out of 6 Stars***
- Achieved Disabling Injury Frequency Rate (DIFR) target

* Refer to page 64 of the sustainability report for more detail.

HOW WE DELIVER ON OUR STRATEGY continued



Significant progress made in reducing our impact on the planet



Transitioning where feasible to **cleaner energy** lowering carbon emissions

- » Conversion to natural gas at select sites
- » Developed **database** to determine baselines to manage and improve Scope 1 and 2 emission intensities



Optimisation of our packaging footprint

- » **96%** of our total packaging material and **100%** of our bread bags are **recyclable**
- » Significant plastic savings achieved through packaging modifications



Signatory to two **Extended Producer Responsibility** programmes

- » PolyCo and Fibre Circle



Improvements in **on-pack labelling** to provide transparency and build trust



Driven corporate, site and brand initiatives to build brand equity and market share in the community



Sustainable **Enterprise Development** initiatives supporting communities and promoting entrepreneurship aligned with strategy



R67 million spent on product donations alleviating hunger, period poverty and for disaster management



Living and leading by the Premier Way every day



Focused culture themes to improve employee commitment and ways of working



Long-term excellence in developing competent, engaged human capital



Commitment to socio-economic transformation, building diversity, equity and inclusivity



Appropriate action plans per operational site and cross-functional department



Achieved a **Level 4 B-BBEE** rating in July 2023, from no rating two years ago



Appointed an ESG Executive in October 2021



Active **talent pipeline** for critical and scarce skills with a strong focus on inclusivity and diversity



B-BBEE Ownership Trust introduced in 2022

OUTLOOK

Continue to invest in our assets -our people, our brands and our production capability - to achieve lowest cost, maintain high quality standards and facilitate growth

Consciously build an inclusive culture of high performing teams and create a sense of belonging

Continued business integration and optimisation to leverage our infrastructure and capabilities in pursuit of lowest cost producer

Continue to manage input costs in a global inflationary environment

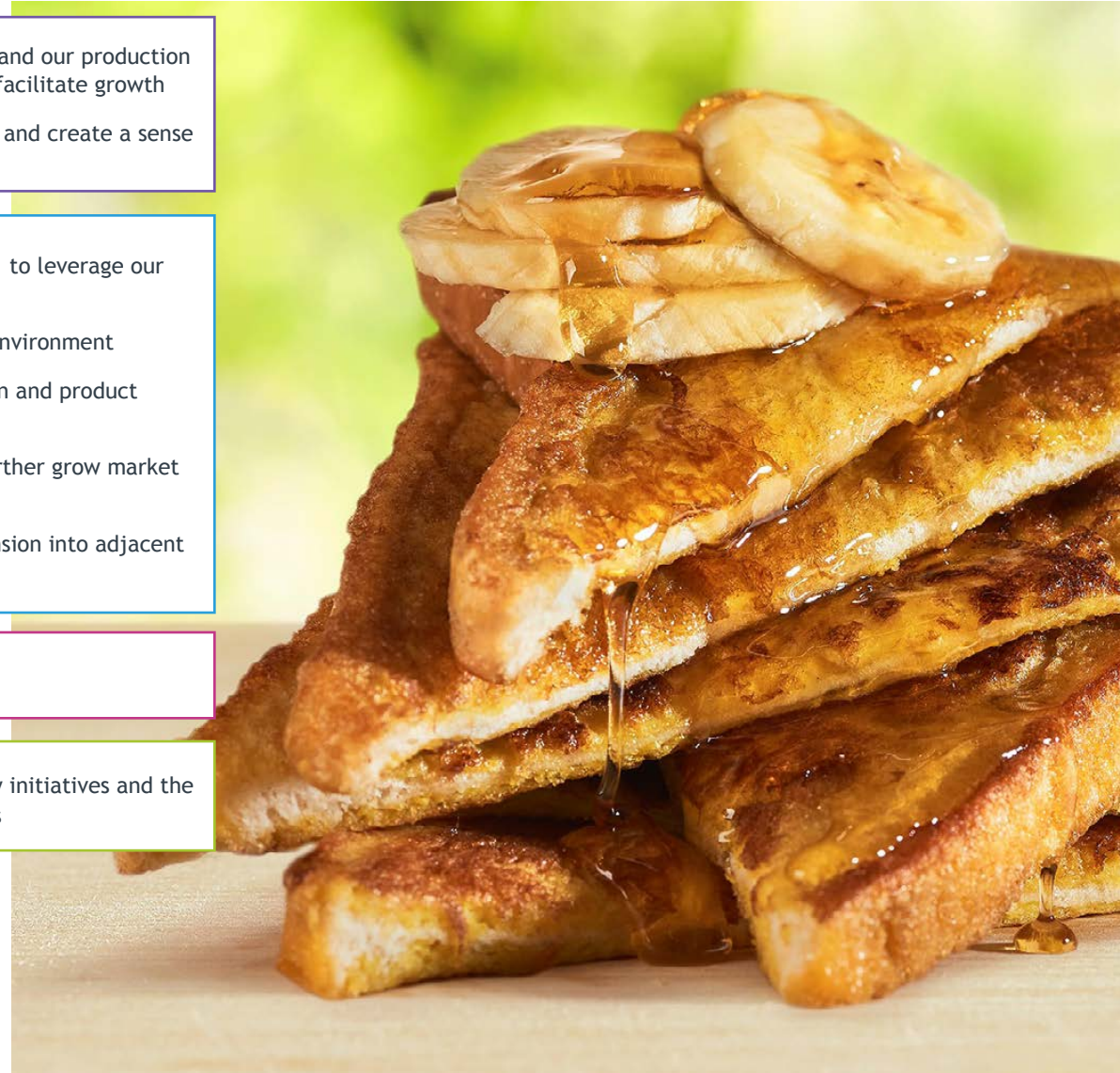
Increase market penetration through improved distribution and product availability and forward share management

Strategic innovation and product renovation to further grow market share, product margins and brand equity

Remain alert to acquisition opportunities and expansion into adjacent categories

Continue providing support to communities in need

Reduce our carbon footprint by prioritising cleaner energy initiatives and the elimination of waste in the manufacture and distribution of our products



OUR APPROACH TO SUSTAINABILITY

It is our responsibility to care for and protect our people, our planet and the communities in which we operate, minimising the potential impact our activities may have throughout our value chain and simultaneously enhancing our competitiveness by building a sustainable business. In order to fulfil this responsibility and formalise our strategic thinking, we started our sustainability journey in 2017 by developing a sustainability strategy in consultation with business unit executives and the continuous improvement team.

The strategy evolved from elements of our corporate strategy, our long standing commitment to our purpose and from our sustainability vision of **“Earning the right to operate in our communities by being mindful of our responsibility to society and to the planet”**.

The **four pillars** of this strategy address our collective responsibility to ensure our activities are a force for good, reducing and mitigating any potentially negative impact our operations may impose on the environment and at the same time cutting costs and maximising efficiencies in order to remain competitive, building a sustainable business and creating value for our stakeholders into the future.



OUR APPROACH TO SUSTAINABILITY continued

OUR SUSTAINABILITY STRATEGY FRAMEWORK

Much consideration has been given to align our strategy with several of the UN Sustainability Goals (SDGs), enabling Premier to participate in this respected and widely adopted global initiative working towards a more sustainable future, and assisting us in bringing our sustainability pledge to life through tangible initiatives which are measurable and productive.

Please refer to our sustainability report on pages 57 to 79 for more detail on our projects and performance.

The four pillars of our sustainability strategy are shown below:

“Earning the right to operate in our communities”





04

PERFORMANCE REVIEW

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- 57 Our sustainability report

CFO'S REVIEW



Fritz Grobbelaar

Adjusted EBITDA
R1 731m
▲ up 16.2%

Normalised HEPS
552 cents
▲ up 22.7%

ROIC
19.1%
▲ up 430 bps

OVERVIEW

The operating landscape during the year was defined by exceptionally high commodity prices, unprecedented levels of loadshedding and social instability which continued to put the consumer under immense pressure, enduring rising food inflation and high levels of unemployment impacting disposable income. Recognising the substantial pressure on our consumers, Premier has invested in efficiency and capacity to produce basic foods at the lowest cost. Our focus remained on the continuous training and upskilling of our people, internal cost saving initiatives and the delivery of material operational efficiencies across both manufacturing and the Group's logistics and merchandising channels.

The new mega-bakery in Pretoria was fully commissioned within budget during the year and is operating at maximum production levels, delivering cost savings and improved bread quality. The Group successfully concluded the acquisition of a bakery in the Western Cape of South Africa, further expanding its footprint in the region. Additional synergies from the Mister Sweet

acquisition, concluded in FY2022, were extracted through the integration into Premier's confectionery operations. The fit between the Mister Sweet and Premier portfolios has enabled the combined entity to add value and grow the category in terms of innovation, brand leverage and operational efficiencies. Changes to Premier's sales and merchandising structures were also bedded down, realising cost savings during the year.



Premier is proud of the performance achieved for the 2023 financial year. Despite experiencing dynamic market and trading conditions, the Group delivered a robust performance with adjusted EBITDA growing by 16.2% to R1.7 billion driven by increases in both the Millbake and Groceries and International divisions.

CFO'S REVIEW continued

FINANCIAL REVIEW

		2023	2022	% var
Revenue	R'm	17 938	14 538	23.4
Adjusted EBITDA	R'm	1 731	1 490	16.2
Adjusted EBITDA margin	%	9.6	10.2	(60) bps
Adjusted operating profit	R'm	1 292	1 007	28.3
Adjusted operating profit margin	%	7.2	6.9	30 bps
Net finance costs	R'm	289	468	(38.2)
Headline earnings	R'm	798	380	110.0
Headline earnings per share	cents	634	453	39.8
Normalised headline earnings	R'm	695	377	84.4
Normalised headline earnings per share	cents	552	449	22.9
Capital expenditure	R'm	473	481	(1.7)
Group leverage ratio		1.7x	1.6x	
Return on invested capital	%	19.1	14.8	430 bps
Return on equity	%	31.5	11.7	1 980 bps
Cash generated by operations	R'm	1 545	1 415	9.2

The Group's revenue increased by 23.4% year-on-year to R17.9 billion, driven by increases in revenue in both the Millbake and the Groceries and International categories of 25.4% and 14.5% respectively. The global inflationary impact on input raw materials necessitated the proactive management of product price increases. This had a muted effect on volumes, but assisted in offsetting rising input costs. The impact of loadshedding on the business is not considered to have had a material effect, with additional costs incurred across the business of approximately R32 million.

Earnings before interest, tax, depreciation, amortisation and impairment losses (Adjusted EBITDA) increased by 16.2% to R1.7 billion, driven by the growth in Millbake EBITDA of 17.5% and in Groceries and International adjusted EBITDA of 3.3%. Groceries and International EBITDA in the prior year was adjusted by adding back an impairment loss of R130 million. The Group's adjusted EBITDA margin of 9.6% contracted by 60 basis points compared with the prior year level of 10.2%.

Operating profit, adjusted in the prior year for the impairment loss of R130 million, increased by 28.2% to R1.3 billion.

Net finance costs decreased by 38.2%, mainly attributable to the shareholder loan that was ceded for equity and the conversion of the redeemable preference shares to equity during the current year. The decrease was partly offset by the higher interest rates in the current year compared to the prior year and finance costs on the additional borrowings of R1.04 billion. In addition, there was an increase in the foreign exchange gains on cash and intergroup loans of a funding nature which are mainly attributable to the Group's exposure to foreign currency risk linked to the ZAR to MZN exchange rate. The loan was converted into equity on the 30 March 2023 and therefore we should not incur any significant foreign exchange movement on cash and loans of a funding nature going forward.

The effective tax rate for the year decreased from 32.9% to 24.9%. The decrease is mainly attributable to the decline in the non-deductible preference dividends as a result of the conversion of the redeemable preference shares to equity.

Net profit increased by 186.2% to R795 million for the year.

Earnings per share (EPS) increased by 90.7% to 630 cents, headline earnings per share (HEPS) increased by 39.8% to 634 cents. Normalised headline earnings per share increased by 22.7% to 552 cents for the year. Normalised HEPS were adjusted for foreign exchange gains on cash and loans of a funding nature of R60 million (2022: R3 million) and by the reversal of accrued withholding tax on preference dividends of R43 million to profit on the conversion of the redeemable preference shares to ordinary shares, both of which were once off in nature. The improvement in EPS, HEPS and normalised HEPS is a result of the growth in the Group's operating profit and the after tax effect of the net finance costs being reduced as a result of the shareholder funding exchanged for equity during the year. It is the Board's opinion that normalised headline earnings per share provides shareholders with the most consistent perspective on Premier's performance.

Cash generated from operations increased by 9.2% to R1.5 billion for the year, underpinned by the growth in the Group's EBITDA and supported by well managed working capital.

The net cash outflow from financing activities of R134 million for the current year compared to a net cash inflow of R116 million in the prior year. Some of the Group's borrowing facilities were refinanced during the current year resulting in additional cash inflow of R1.04 billion, of which R934 million was distributed to shareholders. A voluntary capital repayment on borrowings of R294 million was made during the year.

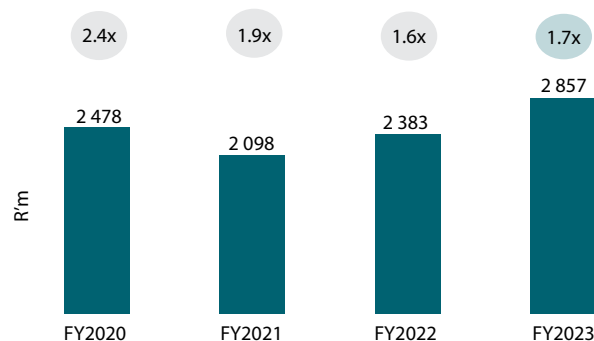
CFO'S REVIEW continued

This capital repayment remains available to be withdrawn for future funding needs.

Other material cash flows during the year were net interest paid of R336 million and tax paid of R172 million.

The Group's net debt (including lease liabilities, but excluding the trade financing facility) at 31 March 2023 was R2.9 billion with a Group leverage ratio of 1.7x (2022: 1.6x). The Group's gearing remains in line with historical levels and management is comfortable that there is sufficient flexibility to provide for expansion.

Net debt evolution



Some of the Group's borrowing facilities were refinanced during the year, providing greater flexibility and a lower margin than the previous debt package. The RCF and Term Facility comprise R2.6 billion of the Group's borrowings. The RCF has a four-year maturity profile at a negotiated rate of JIBAR plus 1.45% and the Term Facility has a three-year bullet profile at JIBAR plus 1.35%.

During the current year, the Brait shareholder loan of R1.5 billion was ceded for equity and the redeemable preference shares of R1.8 billion were converted to equity. As a result, 224 686 additional ordinary shares of the Company, being the number of shares prior to the subdivision of the ordinary shares in a ratio of 1:200, were issued to Brait as settlement of the shareholder funding.

Property, plant and equipment increased by R182 million, mainly attributable by additions of R473 million and exchange translation movement of R59 million, which was partially offset by depreciation charges of R339 million. Capital expenditure

to revenue was 2.6% (2022: 3.3%). In keeping with Premier's strategy of achieving growth and being the lowest cost producer, investment in best-in-class facilities is an ongoing priority. Significant projects undertaken during the year included upgrades to two of Premier's bakeries, improvements to two mills and investment in the sugar confectionery sites to improve efficiencies. In order to continue to drive growth and support maintenance across the business, future capex is anticipated to be broadly in line with historical levels. The capex programme is expected to average R600 million per year for FY2024 and FY2025 and R500 million thereafter.

DIVIDENDS

The Company started trading on the JSE six days prior to the financial year-end. Consequently, no dividends were declared by the Board for the year ended 31 March 2023. The Company's current intention is to declare a maiden dividend following the release of its FY2024 results.

SEGMENTAL REVIEW

Millbake

		2023	2022	% var
Revenue	R'm	14 884	11 870	25.4
EBITDA	R'm	1 630	1 388	17.5
EBITDA margin	%	11.0	11.7	(70) bps
Capital expenditure	R'm	391	420	(6.9)

The Millbake division delivered a robust performance for the year ended 31 March 2023 with revenue increasing by 25.4% to R14.9 billion. The increase in Millbake's revenue is attributable to price growth of 24% and volume growth of 1%. Bread volume growth was in line with the industry, despite the necessary price increases to mitigate rising input costs. Millbake EBITDA increased by 17.5% to R1.6 billion. The EBITDA margin of 11.0% contracted 70 bps on the prior year. The Millbake compound annual growth rate (CAGR) in revenue and EBITDA for the three-year period to FY2023 was 19% and 24% respectively. Despite evident macroeconomic headwinds, Millbake has shown consistent delivery of growth and is well positioned to drive further growth in the business through a relentless focus on efficiencies and being the lowest cost producer.

CFO'S REVIEW continued

Improved performance across the Milling and Breakfast business resulted in annual gains in market share and profitability supported by proactive grain procurement, relentless focus on efficiencies and service levels. Steady performance in the maize category has been underpinned by consistent demand in the staple food category in southern Africa.

The commissioning of the new state-of-the-art mega-bakery in Pretoria was the first major step to upgrade the inland capability to the same quality and consistency as the coastal bakeries. The increased benefits of the investment flowed through in the second half of the financial year. Several of the Millbake facilities have been upgraded to establish best-in-class operations to ensure efficient and reliable delivery of top-quality product. In addition, route to market optimisation and fleet efficiency initiatives have been implemented. 9 000 m² of leased warehousing space was added to the Group's central distribution centre in Gauteng, during the last quarter of FY2023, catering for anticipated future growth. The new Western Cape bakery that was acquired in May 2022 is fully operational and integrated to expand our footprint in the region.

Wheat flour milling capacity remains a focal point in terms of capital expenditure in Millbake. Additional wheat milling capacity in the eSwatini wheat mill is planned for completion by mid-2023 calendar year.

Groceries and International

		2023	2022	% var
Revenue	R'm	3 055	2 668	14.5
Adjusted EBITDA	R'm	206	200	3.3
Adjusted EBITDA margin	%	6.8	7.5	(70) bps
Capital expenditure	R'm	73	54	35.2

The Groceries and International division delivered an encouraging performance for the year ended 31 March 2023. The division's revenue increased by 14.5% to R3.1 billion, while adjusted EBITDA increased by 3.3% to R206 million. The adjusted EBITDA margin, however, contracted by 70 basis points on the prior year to 6.8%. EBITDA in the prior year was adjusted by adding back an impairment loss of R130 million. The Groceries and International CAGR in revenue and adjusted EBITDA for the three-year period to FY2023 was 24% and 13% respectively.

Good performance in the Sugar Confectionery category supported the growth in the Groceries and International division, with improved sales volumes underpinning increases in both revenue and EBITDA. The focus in Sugar Confectionery is on-site manufacturing optimisation and functionality to improve operational performance subsequent to the Mister Sweet acquisition in FY2022. Upgrades to enhance efficiencies, build scale and elevate health, safety and environmental standards in line with Group standards have been implemented. The Mister Sweet acquisition expanded Premier's offering significantly in the growing private label category, improving service levels and providing an active innovation funnel to promote top line growth and sustain long-term relationships with our customers. Exports to the Rest of Africa countries and further abroad also provided growth and further opportunity.

The Home and Personal Care category in the United Kingdom delivered pleasing results with both revenue and EBITDA up on the prior year. Strategies to leverage the Lil-lets brand within the broader feminine hygiene category to expand channels and markets have been implemented. Premier continues to build a centre of excellence at the Durban facility to unlock future supply chain opportunities. Sustainability innovations, to reduce plastic packaging and introduce organic cotton products, are progressing according to plan.

CIM, the Group's business division in Mozambique, had a tough year with the Mozambican economy continuing to experience several economic challenges. Both revenue and EBITDA were down for the year as consumers remained severely constrained. Insurgency in the Capo Delgado region resulted in planned natural gas development projects being stalled. These projects were expected to transform the economy by providing employment and foreign capital inflows. Towards the end of the year, the government reneged on the payment of 13th cheques to civil servants, which resulted in subdued festive season trading. In addition, flooding caused by Cyclone Freddy manifested in supply chain disruptions and de-stocking in certain channels prior to the flood to protect against damage and stock losses. This situation has since normalised. Management is focusing on product and process innovation, operational efficiencies and sensible capital investment to unlock continuous improvement opportunities, automation and category growth.

CFO'S REVIEW continued

The Group has a growing and profitable private label offering of over 150 stock-keeping units generating revenue of close to R500 million. The Sugar Confectionery category contributes 60% of total private label revenue which also comprises bakery, milling, beverage and HPC products.

ROIC

Return on invested capital (ROIC) is a robust measure of profitability and efficiency of capital allocation that management utilises to measure performance. Premier's ROIC for the year increased by 430 bps on the prior year to 19.1%.

R'm	2023	2022	2021
Equity	(3 210)	5	303
Redeemable preference shares	-	(1 790)	(1 700)
Loan from shareholder	-	(1 492)	(1 512)
Adjustment: Revaluation of internally generated intangibles	722	722	722
Adjusted equity	(2 488)	(2 555)	(2 187)
Net debt	(2 857)	(2 383)	(2 098)
Adjustment: Capital projects not yet commissioned	—	411	276
Adjusted invested capital - current year	(5 345)	(4 527)	(4 009)
Adjusted invested capital - prior year	(4 527)	(4 009)	
Average invested capital	(4 936)	(4 268)	
Operating profit	1 292	877	
Operating profit (1 - t)	943	631	
Return on invested capital	19.1%	14.8%	

OUTLOOK

Premier is proud of the strong performance achieved for the year and will endeavour to continue delivering investment returns to its shareholders and making a difference in the everyday lives of its consumers. Improving distribution, product availability and forward share management will remain a strategic priority to increase market penetration, as well as a focus on innovation and product renovation to strengthen product margins and brand equity.

Despite a softening in raw material input cost inflation in recent months, cost inflation across production, sales and distribution is anticipated to prevail, given the rise in interest rates and the local inflationary impact of the weakened exchange rate. Loadshedding continues to impose multiple operational challenges, including capacity availability in the milling category, but despite indications that loadshedding will persist for the remainder of the year, future performance of the Group is not expected to be materially impacted. Premier will continue to take the necessary steps to protect its margins across the various categories.

Upgrades to the Aeroton bakery are scheduled to start during the second half of the 2023 calendar year, with preparations currently in progress to prepare alternative bakeries to take up the Aeroton capacity during the renovation. Our strategy of leveraging our infrastructure and capabilities will continue through ongoing investment in our assets, our people, our brands and our production capability, as well as business integration and optimisation to achieve lowest cost, maintain high standards and facilitate growth.

F Grobbelaar
Chief Financial Officer



OUR SUSTAINABILITY REPORT



“Doing what is right” is the premise of our business philosophy, the Premier Way

We acknowledge that we have a long-term responsibility to care for and protect our people, our communities and the environment in which we operate. We need to minimise and mitigate any negative impact our activities may have, but at the same time maintain focus on business continuity and food security. In order to uphold this philosophy, in 2017 we developed and committed to a sustainability strategy and vision of:



Premier has a proud history of nearly 200 years, supporting our people, building iconic brands and serving the communities in which we operate. Our corporate social responsibility programmes have made a difference to the lives of many focusing on nutrition, education and community upliftment. Our significant food donations contribute to the alleviation of hunger and provide much needed disaster relief nutrition; and our menstrual hygiene product donations improve the lives and dignity of many women and schoolgirls.

In recent years, the impact of climate change has become an undeniable reality and pressure on the planet's finite resources has intensified. Stakeholder expectations for companies to respond appropriately continue to rise and growth cannot be relentlessly pursued without due consideration of its impact. Globally, consumers are requiring brands to display focus on sustainability matters to justify continued customer loyalty and premium pricing. Most South African consumers are primarily focused on immediate wellbeing but there is an increased awareness of the importance of ESG matters. We have committed to address our environmental footprint by identifying appropriate continuous improvement projects and aligning our progress with the relevant SDGs. Our intention is to align our sustainability journey with the requirements of a recognised global framework taking into account the complexities of the local social and economic environment in which we operate. We have developed a database to provide accurate reporting information which will provide the baseline data on which we can develop meaningful sustainability targets. These initiatives will improve Premier's resilience and agility and further strengthen our stakeholder relationships into the future.

OUR SUSTAINABILITY REPORT continued

OUR SUSTAINABILITY GOVERNANCE

The Group Social and Ethics Committee has an independent role with accountability to both the Board and the shareholders.

It is mandated to assist with the governance of sustainability, environmental, social and ethical matters relating to the Group, to ensure that the Group's activities support its intent to be a responsible corporate citizen and to assist in setting the tone for an ethical organisational culture. The Committee is responsible for monitoring the Group's standing in terms of the Companies Act, the United Nations Global Compact Principles, the Organisation of Economic Co-operation and Development's recommendations regarding corruption, which includes the International Labour Organisation's protocol on decent work and working conditions. In addition, it monitors the Group's adherence to the Employment Equity Act and to the Broad-Based Black Economic Empowerment Act.

During the year, the Committee met twice to review the ESG policy and to ensure relevance to the organisation and applicable legal requirements. An Executive responsible for management of the environmental and social responsibilities entrusted to Premier was appointed in October 2021. Sustainability performance targets are included in the CEO and the ESG Executive's scorecards to establish and maintain a Companywide strategic focus on sustainability measures and to demonstrate our commitment to making a positive impact.

OUR SUSTAINABILITY STRATEGY

Through consultation with all our business units, we developed a sustainability strategy which hinges on these **four pillars** which are detailed on the following page:

1

OUR PEOPLE



2

OUR PRODUCTS



3

OUR PLANET



4

OUR COMMUNITIES



OUR SUSTAINABILITY REPORT continued

1



FULL AND PRODUCTIVE EMPLOYMENT

- » Continued investment in skills development with a focus on:
 - Compliance training to ensure that our people are operating within required boundaries as determined by relevant rules and regulations
 - Critical and scarce skills development within our operating divisions
 - Leadership development across all levels in the organisation
 - High focus on supervisory and junior management development
- » Proactive on-the job training, mentorship and coaching for performance improvement



SAFETY AND COMPLIANCE

- » To provide a safe and secure working environment for all our employees, we focus on a variety of developmental, communication and compliance aspects
 - Ensuring compliance in terms of legal certification through continued skilling and upskilling as per legal requirements
 - Developing a safety culture
 - Annual health checks for all employees
 - Yearly OHS induction to ensure compliance and understanding



DIVERSITY

- » To promote diversity and inclusiveness within our business we:
 - Ensure all our policies and practices are fair, compliant and acceptable
 - Encourage inclusion and diversity across all of our teams and the commitment towards each other



WELLBEING

- » To promote healthier lifestyles amongst all our employees

OUR PEOPLE

2



SAFETY AND SECURITY

- » To ensure all products produced in our facilities and marketed under our brands do no harm or place employees and/or consumers at risk by:
 - Compliance certification/accreditations/regulations including on-pack claims, vegan, halaal, organic, etc where relevant
 - Transparency on ingredients for consumer protection and information
 - A commitment to quality
 - Ensure equity, inclusiveness and protection in marketing communications personal information



AVAILABILITY AND ACCESSIBILITY

- » To improve access to nutritional food products by providing consumers with a choice of products, available in diverse trade outlets at affordable price points, and fortified as per regulations
- » To improve access to sanitary protection by providing consumers with a range of products, available in diverse trade outlets at affordable price points
- » Constantly improve our product offering to meet evolving consumer needs



OUR PRODUCTS

OUR SUSTAINABILITY REPORT continued

3



CLIMATE CHANGE

- » Recognising that climate change is a global challenge in scale, urgency and complexity of action, Premier will work to:
 - Reduce the impact of our operations on climate change through promotion of cleaner business practices
 - Strengthen our adaption and resilience to climate change induced impacts on our operations, energy and raw material availability
 - Support a just transition to a net zero economy by continuing to create decent jobs and skills development

ENERGY



- » To reduce the energy required to produce and distribute our products whilst continuing to grow our business by investing in improved and/or alternative energy sources such as: solar power, alternative fuels, new transport fleets, improved route management and improved technologies

WATER



- » Premier recognises that water is a scarce and vital resource in South Africa
- » We will continue to pursue projects that reduce the amount of water used to produce our products and promote the use of waste and/or recycled water where required
- » Educate our employees and communities on the need to be Water Wise

WASTE



- » We support a Reduce, Re-use and Recycle philosophy in our manufacturing facilities and offices

SOURCING



- » To promote a more sustainable sourcing policy not only in terms of ingredients and materials, but also factoring in human rights, gender, diversity and inclusion

OUR PLANET

4



NUTRITION

- » To promote healthy nutrition and health awareness amongst our consumers through on pack communication, food donation and other relevant outreach programmes in targeted communities
- » We continuously strive to provide a choice of more nourishing products to add value to consumers' lives



EDUCATION

- » Premier believes that the future of our country is dependent on access to, and improved standards of education
 - Through our bursaries, graduate internships and learnerships, we aim to assist and develop unemployed youth and people with disabilities
 - Through our brands, we will continue to support relevant initiatives that keep children at school and ensure that they benefit to the best of their abilities



COMMUNITY

- » Premier will endeavor to empower the people in our communities to grow themselves and their communities via relevant social investment initiatives and partnerships



OUR COMMUNITIES

OUR SUSTAINABILITY REPORT continued

1

At Premier we strive for excellence and that ambition applies most significantly to our biggest asset, our people.

The continued growth and development of our workforce is essential to the sustainable economic growth of our business. The Premier Way defines our strategy execution model focusing on the processes, structures and principles that guide and develop our culture of high-performance. It defines the way we work, and how we manage and protect our people to develop a purpose driven culture of inclusivity, transparency and an ambition to succeed. Through the application of our various employment governance policies, we aim to adhere to fair and equitable employment practices supporting gender equality, diversity and inclusivity. South Africa has one of the highest and most enduring global inequality rates which has been perpetuated by low economic growth and low intergenerational mobility. Investment in skills development and promoting diversity is a national imperative to help alleviate this inequality and narrow the disproportionate income gaps. In support of this, Premier seeks to make a difference in the lives of its people through upskilling and providing growth opportunities with the potential to change lives permanently through the provision of safe, decent and fulfilling work.

The relevant UN SDGs that we have chosen to target for this pillar of the sustainability vision are the following:

SUSTAINABLE DEVELOPMENT GOAL	OUR RESPONSE
<ul style="list-style-type: none"> Ensure inclusive and quality education and promote lifelong learning opportunities for all Increase the number of people with relevant skills for financial success 	 <p>➤ We have an ongoing focus on skills and leadership development, mentorship and coaching, providing learning opportunities for all</p>
<ul style="list-style-type: none"> Achieve gender equality and empower all women and girls Ensure full participation in leadership and decision making End discrimination against women and girls 	 <p>➤ We work to end all forms of discrimination against women and girls, aim to ensure equal opportunities in the workplace and through our Lil-lets products, promote gender equality</p>
<ul style="list-style-type: none"> Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all Protect labour rights and promote safe working environments 	 <p>➤ We promote full and productive employment that is fair for all in a safe and secure working environment</p>
<ul style="list-style-type: none"> Reduce inequality Ensure equal opportunities and end discrimination 	 <p>➤ We empower and promote inclusivity, irrespective of age, gender, disability, race, ethnicity, origin, religious, economic or other status</p> <p>Premier is a B-BBEE Level 4 contributor</p>

OUR SUSTAINABILITY REPORT continued

1



FULL AND PRODUCTIVE EMPLOYMENT

A continued focus on investment in skills development and ongoing employee engagement are the cornerstones of our people strategy.

Skills development is not only a priority for the business to ensure relevance and agility, but also to provide employment for our people that is full and productive and provides long term upliftment. Providing opportunities for individual growth and career progression through proactive talent management and development, on-the-job training, mentorship and coaching for performance improvement, help build a workforce that is motivated and engaged. We believe these opportunities attract and retain superior talent and will help us in progressing our employment equity strategy.

Our Premier Way handbook provides a reference guide to the rules of the game within Premier and assists us in adhering to our commitment of providing fair and equitable employment.

The **Premier Leadership Academy** focuses on developing leadership skills within our business, recognising the importance of upskilling leadership and management behaviours for our current and future leaders. In this way, we prepare a pipeline of future leaders in our manufacturing facilities and across the organisation to seamlessly continue delivering long term value and sustainability in our business.

302 employees

attended leadership courses,

of which **79%** were deemed to be **ACI** (African, Coloured or Indian).

378 employees

were promoted internally.

154 supervisors

attended Supervisory Development Programmes.

The programme enables our leaders across South Africa, eSwatini, Mozambique and Lesotho, to become competent, credible and confident people managers leading our team members to be the best version of themselves, positively impacting our talent pipeline.

We also provide opportunities for **Youth Development** through different interventions:

- » The **CEO Bursary Scheme** provides dependants of Premier team members the opportunity to study for their first Higher Education qualification through a recognised institution.
- » Various **apprenticeships** are also offered across the Group.
- » Our **Unemployed Disabled Learnership** programme, which was launched during the reporting period, helps provide employment opportunities for unemployed youth and supports the growth of the community.

10 CEO bursaries

were awarded.

104 learners

participated in the Unemployed Disabled Learnership programmes.

119 apprenticeships

were offered in the past three years.

Courses focusing on the development of critical and / or scarce skills, a top priority for Premier, are implemented on a continual basis. Accredited external training programmes constitute a significant portion of our training, not only to ensure the development of in-house skills, but also to provide employees with portable, recognisable qualifications.

During the period, Premier was recognised with an award by **FoodBev Seta** as having registered and completed the highest number of employed learnerships. Our teams have been working hard to maintain our successful completion rate on all programmes.

R22 million

spent on training with

13 000 days

of training undertaken amounting to

>3 000 employees

receiving training.

OUR SUSTAINABILITY REPORT continued

1

Premier is committed to ensuring an **inclusive, collaborative working environment** for all our employees to establish a sense of belonging and to unlock potential. We maintain regular communication via different forums, physical and digital.

94% participation rate in our annual People Survey, showing year on year improvement and positive feedback.

44% of the workforce is represented by a collective bargaining unit.

Enterprise Supplier Development programmes, aimed at supporting and uplifting small scale suppliers, have been introduced and with their successes, provide opportunities to extend the scope of the programmes further.

One such initiative, part of the bakery distribution strategy, has provided employment, access to skills training and promoted entrepreneurship.

>80 jobs created



OUR PEOPLE

OUR SUSTAINABILITY REPORT continued

1



SAFETY AND COMPLIANCE

The health and safety of our employees is paramount and is prioritised in our planning and decision making.



In order to achieve a safe and compliant working environment, we have put in place an integrated Risk Management Programme with the aim of ensuring compliance with applicable Health and Safety legislation and to implement best practice in the CPG industry. The programme uses a customised grading system comprising six elements namely: occupational health and safety, fire defence, emergency planning, the environment, motor fleet and security. A star is awarded for compliance with each element against a compliance standard of 97%.

We maintain continued effort in working towards our customised **6 Star Safety, Health and Environment rating** which is aligned to **ISO 45001:2018** (Occupational Health and Safety) and **ISO 14001:2015** (Environmental Compliance) at all of our manufacturing sites. We have a current focus on improving the fire water installations as a mitigating factor against fire risk at certain sites such as the CIM facilities in Mozambique. Other focus areas include monitoring emergency planning techniques, environmental impact, motor fleets, occupational health and safety and site security controls. Obtaining these certifications provides assurance to our service providers, customers and consumers that our products are safely manufactured.

90% of our manufacturing sites have a **5 out of 6 Star rating**, with over **60%** having a **6 out of 6 Star rating**.

Non-rated sites include recent acquisitions where plans are in place to attain the high standards achieved by the rest of the Group sites.

A sexual harassment policy has been defined and implemented giving a voice to and protecting our employees.

Internal grievances can be reported through the **Vuvuzela Hotline** both internally and externally and also via the **Customer Care** line. Premier has a **Crime Line** and an **Incident desk** for corruption and fraud incident whistleblowers.

Vuvuzela Hotline contact number

0800 212 010

Whistleblowing Hotline

email: premierfmcg@thehotline.co.za

website: www.thehotline.co.za

Health and Safety training and awareness programmes, for example first aid, fire prevention and emergency response, are regularly undertaken to protect our employees, particularly in the manufacturing environment, through upskilling and education.

OUR SUSTAINABILITY REPORT continued

1

DIVERSITY



Premier has committed to cementing a strong and effective organisational culture rooted in dignity and equality, through the development of a shared set of common values.

Promoting diversity within our business is a strategic imperative aligned with the Premier Way and brings with it a value-add that can be optimised for the benefit of the Company. We aim to achieve and maintain a workforce that is diverse in terms of gender, race, age, experience and skills. We have been proactive in addressing gender equality and diversity through the establishment of a Gender Equality policy, which promotes fair and equitable employment practices, and has provided a rigorous framework under which we operate.

Transformation has been a particular focus of this strategic pillar, resulting in the formulation of our Transformation Strategy.

In 2022, the Group undertook a broad-based black economic empowerment restructuring to improve the Group's relevant South African empowerment status and enhance its continued commitment to socio-economic transformation by ensuring meaningful and sustained black ownership. After implementing the planned transformation and empowerment projects, we achieved a Level 5 B-BBEE status in June 2022, independently audited by Audit BEE, providing a platform for further transformation.

Improving on this, Premier achieved a **Level 4 B-BBEE** contribution status in July 2023.

Other measures include working towards transforming all levels of management, basic skills development plans and focusing on **unemployed learnerships, apprenticeships and junior management development**.

We continue to strive to grow our **gender diversity** and the employment of people with disabilities, within the business for identified roles, as well as through our learnership and apprenticeships programmes.

Premier has recently been certified by Standard Bank as a **Top Gender Empowered Company** in the food producer sector by actively creating initiatives to sustainably uplift women and organisations to make a contribution to gender empowerment.



OUR PEOPLE

WELLBEING



Employee physical and mental health are critical to wellbeing and productivity which in turn protects our consumers by ensuring that attention to product quality is upheld.

Companywide safety training programmes are ongoing to help reduce or prevent work injuries and to develop awareness around employee wellbeing in the workplace. Counselling and mental health checks to maintain employee morale, which was particularly important during the pandemic, remains an ongoing priority. Annual Executive wellness assessments and annual occupational medical health checks are routinely undertaken for every employee.

OUR SUSTAINABILITY REPORT continued

2

Premier commits to ensure that the products we produce in our facilities and market under our brands do no harm.

A priority for Premier is to promote food safety and security by providing continued access to quality, nutritious food options to our consumers. We are mindful of the importance of our products in the staple food basket. Food security, as defined by the United Nations, means that all people, at all times, have access to sufficient, safe, and nutritious food that meets their food preferences and dietary needs for an active and healthy life. Contributing to food security is a critical element of Premier's strategy, particularly given the pressure on global food supply systems as a result of global geopolitical factors such as the ongoing conflict in the Black Sea region, one of the world's largest wheat and maize growing areas, climate change challenges and low economic growth. These crises have triggered price volatility and availability and impact poorer people the most. With a projected 60%* of the South African population living below the upper-middle-income-country poverty line, affordability and availability of staple foods in South Africa is an essential focus for local food producers.

In addition to our food product options, our wide range of menstrual health products provide access to safe and effective sanitary protection, also supporting our purpose of making a difference in the lives of our consumers through supporting gender equality and maintaining access to education.

The relevant UN SDGs that we have chosen to target for this pillar of the sustainability vision are the following:

SUSTAINABLE DEVELOPMENT GOAL	OUR RESPONSE
<ul style="list-style-type: none"> End hunger, achieve food security and improved nutrition and promote sustainable agriculture Universal access to safe and nutritious food Sustainable food production and resilient agricultural practices Maintain the genetic diversity in food production 	  <p>Providing food security is a priority to ensure that sufficient safe and nutritious food choices are available</p>
<ul style="list-style-type: none"> Achieve gender equality and empower all women and girls End discrimination against women and girls End all violence against and exploitation of women and girls 	  <p>We work to end all forms of discrimination against women and girls, ensuring equal opportunities and through our Lil-lets products, we promote gender equality</p>
<ul style="list-style-type: none"> Ensure sustainable consumption and production patterns Encourage companies to adopt sustainable practices and sustainability reporting Promote universal understanding of sustainable lifestyles 	  <p>We support certified sustainable sourcing of essential ingredients where possible and transparency in product labelling</p>



OUR PRODUCTS

OUR SUSTAINABILITY REPORT continued

The two focus areas of this strategic pillar are detailed below:

2

SAFETY AND SECURITY

In order to fulfill our commitment to produce safe, quality products that do no harm or place employees and/or consumers at risk in any way, we strive to comply with the appropriate certification and accreditation requirements in our manufacturing facilities.

We also adhere to other relevant regulatory requirements which are designed to provide our consumer with peace of mind when choosing a Premier product. The ongoing investment in site upgrades and relevant certification requirements make sure that our facilities remain state-of the-art and our processes conform to best practice in the CPG industry, protecting the safety of our employees as well as our consumers. Maintaining the integrity of our brand reputation is critical to our sustainability.



All the bakeries, mills, sugar confectionery and beverage plants are **FSSC 22000** (Food Safety Management) certified except for the new bakery in the Western Cape which is scheduled for completion during the coming year.

The audits on the new Pretoria bakery and the CIM manufacturing facilities were completed with final certifications awarded in the first quarter of FY2024.

Our head office Procurement, Research and Development and Packaging Development departments are

ISO 9001 compliant

We endeavour to provide **nutritious, healthy products** which better people's lives through continuous **product improvement** and ingredient reformulation where necessary, for example **mineral fortification** and the **reduction of sodium and sugars** to meet consumer needs and regulatory requirements.

The provision of **accurate and detailed on-pack information** is important to us as it allows consumers to make informed choices about the products that they buy and consume. Consumers expect a level of transparency, product integrity and value add from their trusted brands, which we strive to achieve.

As part of our commitment to inclusivity and diversity, we provide clear information on our products to guarantee product integrity for consumer protection. We indicate on our products those that are **vegan, halaal or organic**

No **animal testing** is carried out or commissioned during the manufacture or development of our **Lil-lets products** and all of our products are free from any animal derived ingredients.



not tested on animals



OUR PRODUCTS

OUR SUSTAINABILITY REPORT continued

2

AVAILABILITY AND ACCESSIBILITY

Given the high levels of poverty in South Africa and the lack of transport infrastructure in many areas, affordability and accessibility are fundamental considerations in both the provision of staple food products and sanitary products.

Premier aims to play a part in ensuring that all consumers have daily access to nutritious food options that are affordable, as well as access to affordable sanitary protection.



Premier has an exceptional **logistics capability**.

**>1 000
trucks**

owned and third party,
delivering

**c.45 000
deliveries**
countrywide **daily**.

This platform distributes Premier's bakery products to a diverse range of formal and informal trade outlets reaching the broader population street by street.

Remaining focused on being the **lowest cost producer**, as detailed in our strategy, enables us to provide our products at affordable price points doing our best to serve our consumer.

We have

>40 brands
in our product portfolio.

We have several **innovative product** options, including private label SKUs, which have been brought to market in recent years in response to evolving consumer needs including:

- » Boiled candy, speckled egg variations and Be Kind Gums
- » Gluten-free, high-fibre and multigrain bread product variants



- » Re-usable tampon applicator and cup



- » Maternity and incontinence pads and liners



- » Dove eco-earbuds with environmentally friendly paper sticks



- » Additional flavours of our instant maize product



- » Iwisa Power Up maize-based beverages



OUR PRODUCTS

OUR SUSTAINABILITY REPORT continued

3

Putting action behind our vision of “Earning the right to operate in our communities” has required an extensive examination of our footprint on the planet and how we manage our resources.

Responsible production and consumption, particularly given our dependency on natural resources, is critical to our business sustainability and to regional food security. Worldwide unsustainable business practices have resulted in significant environmental degradation which threaten global food security and particularly the livelihoods of poorer communities. Predictions are that climate change will affect the production of maize and wheat by as early as 2030. Maize crop yields are projected to decline in traditional growing regions, particularly western areas, which are experiencing warmer temperatures and variable rainfall, primarily as a result of increased global greenhouse gas emissions. Wheat regions may potentially see growth as a result of the same factors*.

In response to this, information on our manufacturing and distribution operations which have an impact on the environment, locally and regionally, has been collated in order to determine areas of focus for our sustainability projects to make sure that we are operating responsibly. Reducing carbon emissions and waste generation and improving our energy and water utilisation rates are the key areas which we are examining to ensure business sustainability and continuity. This process will enable us to perform trend analysis so that we can determine our baselines and monitor progress against future targets which will optimise our business going forward.

The relevant UN SDGs that we have chosen to target for this pillar of the sustainability vision are the following:

SUSTAINABLE DEVELOPMENT GOAL

OUR RESPONSE

- Ensure availability and sustainable management of water and sanitation for all
- Improve water quality, wastewater treatment and safe re-use
- Increase water use efficiency and ensure freshwater supplies



We are working to increase water use efficiency, where possible re-use and recycle water and access borehole water if available

- Ensure access to affordable, reliable, sustainable and modern energy for all
- Increase global percentage of renewable energy
- Double the improvement in energy efficiency



We are developing an alternative energy strategy that will increase the share of cleaner/renewable energy in our supply mix and we have implemented measures to improve energy efficiency

- Ensure sustainable consumption and production patterns
- Sustainable management and use of natural resources
- Halve global per capita food waste
- Sustainably reduce waste generation
- Promote sustainable public procurement practices



We continue to implement measures to address food waste in production through initiatives that prevent, reduce or recycle
We support certified sustainable sourcing of essential inputs where possible

- Take urgent action to combat climate change and its impacts
- Strengthen resilience and adaptive capacity to climate related disasters
- Integrate climate change measures into policies and planning
- Build knowledge and capacity to meet climate change



We strive to reduce our impact on climate change and also mitigate the impact of climate change on our operations through strengthening our resilience and adaptive capacity

* Global Climate Change, NASA, November 2021.

OUR SUSTAINABILITY REPORT continued

The five focus areas of this strategic pillar are detailed below:

3

CLIMATE CHANGE

Climate change is a global challenge in scale, urgency and complexity of action.

It poses a threat to the availability and quality of raw materials driving food price inflation and impacting food security. The COP26 goal of limiting the increase in the global average temperature to 1.5 degrees Celsius above the pre-industrial average is severely under pressure and the support for countries most vulnerable to the effects of climate change is falling short. According to the UN Secretary-General the new goals approved by the Glasgow Climate Pact are a compromise as they reflect the contradictions and the state of political will in the world today.* Among the issues that were agreed is the fact that the world is faced with an environmental emergency, the need to accelerate action, the need to move away from fossil fuels and the need to step up the support for adaptation. Every country's food supply is affected by the impact of climate change given the interconnectedness of the global food system.

We have committed to work towards reducing the impact of our operations on climate change through the promotion of cleaner, more efficient business practices. The projects which have been identified or implemented are detailed below as part of our energy, waste, water and sourcing initiatives. In order to pursue a more sustainable business journey, Premier has also committed to strengthening our adaptation and resilience to climate change induced impacts on our operations, energy availability and raw materials. Premier supports a just transition to climate neutrality by continuing to create decent jobs and skills development.

* United Nations, COP26: Together for our Planet, November 2021.



OUR SUSTAINABILITY REPORT continued

3

ENERGY

The reduction of fossil fuels required in the production and distribution of our products is an essential sustainability focus for our business.



Working towards a sustainable future, while continuing to grow our business, requires a dedicated investment to improve efficiency and transition to cleaner or renewable energy sources, such as natural gas and solar, where feasible. Premier tracks its direct emissions (Scope 1) and indirect emissions (Scope 2) so that it understands its carbon footprint. Through this understanding, Premier is developing an alternative energy strategy that will increase the share of cleaner and renewable energy in our supply mix and implement measures to improve energy efficiency. Given the size of our manufacturing operations, it is not feasible currently to transition fully to green energy across the organisation, however the significant increase in the use of cleaner energy will be beneficial in many ways by reducing emissions and air pollution and improving the security of energy supply. Converting to natural gas from polyfuels and coal, which emits significantly less carbon dioxide and fewer pollutants, will help Premier move towards an energy profile that is more cost efficient and supports global climate change goals.

Transitioning to cleaner energy alternatives has had sustainability benefits of less pollution from soot, improved combustion efficiency and potentially increasing the lifespan of our equipment.

Projects undertaken during the year have resulted in a **reduction** in greenhouse gas emissions of

1 153 tCO₂e



Solar energy installations at manufacturing sites are being prioritised as a result of their success in emission reduction at our pilot sites as well as to assist in mitigating the impact of loadshedding where feasible.



Our distribution centre in Gauteng, one of the **largest green warehouses** in South Africa, is powered largely by solar.

The Potchefstroom Bakery solar installation was commissioned in early 2019, producing on average

25 000KWh per month
of renewable energy, saving

312 tCO₂e

from being emitted into the atmosphere.

Our second in-house installation at the Tunney confectionery site was completed in December 2022. These installations have supported the sites during loadshedding and have reduced the usage of generators.

Given the success of these initial projects, an in-house renewable energy capability is being employed to champion these projects and oversee the rollout. We have a pipeline of projects with up to three installations planned per year.

Route optimisation and upgrades to the transport fleet have enabled significant fuel savings and an associated reduction in greenhouse gas emissions.

The use of electric and **gas powered vehicles** is being piloted at our Aeroton bakery with positive results to date. CNG filling stations are planned at certain sites to enable the further integration of gas powered vehicles as a cleaner alternative to liquid fuels such as diesel.

Light-emitting diode (**LED**) technology and motion sensors are in place in offices companywide to reduce energy usage where possible.

OUR SUSTAINABILITY REPORT continued

3

WATER

The World Health Organisation anticipates that around 700 million people globally will be displaced by drought by 2030 and South Africa is no exception with water resources falling to critically low levels in many areas.

According to the Department of Water and Sanitation's Master Plan released in 2019, "climate change adds significant additional stress to an already stressed environment and is changing rainfall patterns in ways that we have yet to understand fully". The demand for water is also rising with population growth, urbanisation and industrial demand and is exacerbated by failing municipal infrastructure. In recognising that water is a scarce but vital resource and that we have a collective responsibility to preserve it, we continue to identify and execute projects that reduce the amount of water required to produce our products and that facilitate the use of waste and recycled water or access underground sources.



» **Water effluent management systems** have been installed where necessary as part of our compliance with regulatory requirements and to protect the water sub-systems.

» The **eSwatini beverage effluent project**, completed in late 2022, treats and cleans water effluent from the beverage plant, removing sugars and by-products. This process allows the water to be released into the drainage system safely in compliance with regulations.

» The **eSwatini bakery** implemented a similar water effluent treatment project in late 2021. This has reduced the effluent charges incurred by the bakery by **85%**.

» All our bakeries have separation systems to eliminate oil and sand from the water released by our truck washing bays so that it can be released into the drainage systems to prevent water contamination.

The risk of business interruption at some of our facilities, as a result of water shortages, has been mitigated by supplementing municipal water supply through the installation of additional **water storage facilities** or by sinking **boreholes** where feasible.

The majority of our manufacturing sites have access to borehole water.

» We have also installed **water storage tanks** at sites considered at risk from supply constraints to maintain water continuity/security during times of municipal disruptions such as the installation at the **Mthatha bakery**.

» The corporate office is designed to collect and utilise grey water where possible.

In order to continue these successes, we educate our employees and communities on the need to be **water wise** through training, posters and regular invocomms.



OUR SUSTAINABILITY REPORT continued

3

WASTE

South Africa has limited availability of landfill space as well as operational challenges in managing existing landfill sites.



Once disposed to landfill, waste cannot be re-purposed and therefore has no economic value, and if not managed correctly, organic waste produces methane contributing harmful greenhouse gas emissions. In response to this, our philosophy is to reduce, re-use or recycle where possible across our operations. Reducing waste to landfill through designing for recyclability, packaging innovations to lessen the amount of packaging materials used and the beneficiation of organic food waste are examples of our continuous improvement mindset in contributing to a circular economy. We are in the process of developing a packaging roadmap to address packaging material which is currently not recyclable and intend to make progress on this in the coming year.

As part of this commitment, we are signatories of two Extended Producer Responsibility Organisations, Polyco and Fibre Circle, who are responsible for building recycling infrastructure and for identifying end-use options for non-recyclables. These organisations also manage the post-consumer use of recyclable materials through collective projects and initiatives. Given that food safety is a critical element of our business, ensuring that our products are adequately protected must be considered in conjunction with the environmental responsibilities that we hold. Protecting our products in plastic is a trade-off that we have made, but through these recycling initiatives, we aim to reduce waste further down the value chain. We measure and benchmark our waste indicators in terms of waste to landfill and work towards municipal targets for waste reduction or elimination. The Cape Town municipality has set a zero landfill target for 2025 and it is expected that other municipalities will follow.

Product safety is a critical focus for Premier and balancing this requirement with the reduction in packaging material is a continuous challenge the business faces.

96%

of our packaging materials are **recyclable**

and 100%

of our bread packaging is **recyclable**.

Initiatives implemented by our continuous improvement team have resulted in significant **reduction in the volume of plastic use** in our product packaging through reduction in weight or by converting to alternative packaging options. Over the past three years, these programmes have brought about a **reduction** in plastic packaging material use of around

236 tonnes

The Polystyrene Association of South Africa and Polyco have been instrumental in the collection and recycling of **over 4 tonnes of bread tags** raising funds to purchase wheelchairs which were donated to recipients identified by the community.

>3 000 wheelchairs
have been donated.



We are registered with the Department of Forestry, Fisheries and the Environment (**DFFE**) and have a Forest Stewardship Council Certification (**FSCC**) and a policy regarding deforestation.

The **re-purposing** of other organic waste such as bread dough into **animal feed**, to divert it from landfill, has created additional revenue streams for Premier and opportunity in the secondary economy around waste.

Reducing the plastic used in our menstrual hygiene products has been a priority for the HPC team. **Initiatives** ranged from removing the shrink film from shelf ready packaging, reducing the amount of stretch wrap on pallets to using thinner plastic for menstrual pad packaging.

In November 2021 Lil-lets UK discontinued the manufacture of tampons with **disposable plastic applicators**.

Lil-lets **Reusable tampon applicator** and **menstrual cups** were also launched, allowing consumers greater freedom of choice to reduce their period plastic.

OUR SUSTAINABILITY REPORT continued

3

SOURCING

To date our priority with respect to sourcing has been on ensuring the continuity of supply of our product coupled with an unrelenting stance on quality.

We are in the process of defining policies and position statements which go a step further and support certified sustainable sourcing of several essential inputs where possible. The intention is to ensure the sustainable production of these inputs going forward, minimising the impact on the environment and also helping prevent human rights abuses in the supply chain.

Maintaining food security is an ongoing challenge requiring a balance between the increasing need for food and nutrition and the social and environmental implications of continuously increasing production. Certain genetically modified (GM) crops, such as maize, are mandated by our government to address this issue. The DNA of genetically modified plants is altered to enhance the resilience of the crop by improving, for example, its resistance to insects and disease which results in improved yield and crop quality. Environmental benefits of this include a decrease in the need for pesticides, reduced contamination and water pollution, increased safety for farmworkers and communities, as well as less harm to animal life. Benefits of GM crops extend to food manufacturers and distributors as GM foods have an increased shelf life allowing for longer life spans for trade. There are downsides to using GM crops, for example the potential global dominance of seed manufacturers and the possibility that engineered genes may be cross-pollinated into conventional crops, but these risks can be managed by controlled farming practices and diversification, which South Africa broadly follows. Premier has a GM position statement which affirms the use of GM ingredients, such as maize and soya for use in our product portfolio. The use of GM ingredients in our maize and samp products is transparently indicated on our packaging where relevant and our bread products, which contain less than 1%, require no regulatory labelling.

Given that an estimated one in 10 children are engaged in child labour worldwide*, policies to prevent sourcing from companies that may be involved in **human rights** abuses are in the process of being adopted.

Responsible sourcing of **palm oil** is secured from an **RSPO certified** distributor for the bakery business, and from ICCO certified suppliers for the **cocoa** required for our various confectionery products. Responsible sourcing protects against human rights abuses in our supply chain and promotes sustainable farming practices for those ingredients.

The HPC business committed to using **sustainable, organic cotton** sourced from Global Organic Textile Standard certified suppliers (GOTS) as well as to providing a range of GOTS certified menstrual hygiene products.

As part of our sustainability journey, our goal is to widen our focus and monitor the integrity of our **supply chain** going forward. We currently have risk-based quality auditing systems in place to audit our local raw material and packaging suppliers where necessary. In FY2024, we intend to start audits on our other strategic suppliers using the SMETA audit process on the SEDEX platform, focusing on labour, health and safety and ethical practices.

Currently, private label customers conduct independent compliance audits on Premier sites to establish compliance with **ISO 9001 (Food Safety Standards)** in order to satisfy their internal compliance requirements.



We assist several of our **smaller suppliers** by providing funding and coaching to help with the internal compliance processes necessary to achieve the health and safety standards required in the CPG industry, commencing with the Hazard Analysis Critical Control Point (**HACCP**) certification.



* UN Sustainable Development Goals Report, 2022.

OUR SUSTAINABILITY REPORT continued

4

“Growing Together” is at the heart of our business philosophy of the Premier Way and our community projects have been driven by Premier’s purpose of nourishing and empowering communities to grow together.

These investments aim to not only assist charitably in the short term, but to uplift communities, aligning our ESG strategy with a positive business impact. Entrenching our brands in the community has a wider benefit for the Group as well as the communities we serve.

The level of poverty in South Africa has reached devastating levels. Millions of people in South Africa experience perpetual hunger and given the current global and local macroeconomic climate, the risk of this situation worsening is very real, potentially provoking further social unrest, a material risk for Premier. Our purpose aims to help address this social issue through the extensive corporate social investment and upliftment projects undertaken to date.

We have forged numerous partnerships with formidable charitable organisations which has enabled us to be a part of wider initiatives significantly impacting the communities in which we operate. Food Forward, Gift of the Givers, the African Children’s Feeding Scheme and SA Harvest, among others, facilitate the collection and distribution of our food and menstrual hygiene products allowing us to be a meaningful contributor and playing a part in making a difference. With more than 30 sites across the country employing over 8 200 people from local communities, our operations play a proactive role in disaster relief, food security, community clean ups and facilities upgrades.

We also recognise our role in improving access to education through the provision of learning materials and menstrual health education, holiday entrepreneurship programmes and donations of food and sanitary products to early development centres.

The governance of Premier’s CSI activities is managed through the Social and Ethics Committee which is mandated by the Board to ensure responsible distribution of the allocated funds including the certification of the NGO and Section 18A beneficiaries. Our CSI expenditure for the period was R67 million.

The relevant UN SDGs that we have chosen to target for this pillar of the sustainability vision are the following:

SUSTAINABLE DEVELOPMENT GOAL		OUR RESPONSE
<ul style="list-style-type: none"> End hunger, achieve food security and improved nutrition and promote sustainable agriculture End all forms of malnutrition 		Providing food security is a priority to ensure that sufficient safe and nutritious food choices are available
<ul style="list-style-type: none"> Ensure inclusive and quality education and promote lifelong learning opportunities for all Increase the number of people with relevant skills for financial success Universal literacy and numeracy 		We have an ongoing focus on skills development providing learning opportunities for all Our Lil-lets products support girls remaining in education
<ul style="list-style-type: none"> Achieve gender equality and empower all women and girls End discrimination against women and girls End all violence against and exploitation of women and girls Universal access to reproductive health and rights 		We work to end all forms of discrimination against women and girls, ensuring equal opportunities and through our Lil-lets products, we promote gender equality
<ul style="list-style-type: none"> Invest in least developed countries Strengthen the science, technology and innovation capacity for least developed countries Enhance global macroeconomic stability Enhance the global partnership for sustainable development 		Through extensive CSI activities, we partner with local communities and NGOs to support the implementation of the UN SDGs through sharing of knowledge, financial resources and product donations



OUR COMMUNITIES

OUR SUSTAINABILITY REPORT continued

The three focus areas of this strategic pillar are detailed below:

4

NUTRITION

Food security in South Africa remains a challenge with over 60% of the population living below the poverty line.*

From a nutritional perspective, the population suffers from the conflicting health issues of obesity and malnutrition. A significant proportion of the South African population is considered either overweight or obese contrasting with the high levels of hunger experienced daily. The South African Chamber of Baking, in collaboration with the Department of Health, has been campaigning to encourage South Africans to consume more fibre as part of a healthy eating plan and thereby promoting the consumption of fibre-rich brown bread. A healthy diet is the first step towards upliftment. Our products are formulated to nourish consumers and promote health and wellness through tried and tested recipes which we continuously strive to improve on. Our wide range of affordable product choices ensure that we add value to our consumers' lives and our comprehensive on-pack communication assists consumers to make informed dietary choices where possible.

In line with our purpose, we more than quadrupled our product donations to communities in need during the COVID-19 lockdown and continue to significantly support those communities to date. Through our several partner charities we have prioritised the donation of staple foods, such as bread, maize and wheat that are nutritious and filling, to communities that are struggling to make ends meet. We partner with charitable organisations that have established infrastructure and are best equipped to deliver food hampers to homes where food is scarce, reaching communities countrywide that need help the most. We also donate bread, maize, wheat, mageu and sanitary protection products to various other non-profit organisations within the communities in which we operate. Many of these organisations either lost funding due to the pandemic or were set up for emergency relief for the destitute during the lockdowns, and we continue to support these programmes today.



Product donations to **partner charities** including Food Forward, SA Harvest and Gift of the Givers as well as to c. 700 other charities in South Africa, eSwatini, Lesotho and Mozambique.

880 tonnes of maize meal,

>33 000 litres of maize-based beverages,

>1 300 cases of sugar confectionery

and **>66 000** sanitary pads.

c.50 million meals donated to communities in need.

Bread donations of

>3 million loaves were made to c.700 charities in South Africa, eSwatini and Lesotho.



OUR COMMUNITIES

* World Bank South Africa Report 2022.

OUR SUSTAINABILITY REPORT continued

4

EDUCATION

We believe that the future of our country is dependent on access to and improved standards of education.



South Africa is well known for its extreme levels of inequality and recent events such as the pandemic have deepened the crisis and unemployment has risen to unprecedented levels. In order to alleviate these issues, we provide educational programmes, graduate internships and learnerships to help and develop our unemployed, particularly the youth and people with disabilities. Entrenched inequalities in education have also been impacted as a result of the pandemic, with children being unable to attend school, the consequences of which will be felt for many years to come. In addition, teenage girls can miss up to 20% of any school year, around 50 days, if they do not have access to adequate sanitary protection. This may lead to poor academic performance, a higher prevalence of dropouts which in turn could result in greater inequalities later in life, perpetuating the cycle of gender inequality. Inadequate sanitary protection also leads to loss of dignity and shame. Our projects are designed to improve gender equality by keeping girls at school during their menstrual cycles. The Lil-lets educational initiatives aim to educate and prepare young girls for the onset of menstruation and the hygienic management thereof, as well as educating boys to prevent discrimination and teasing. Once employed, women may miss work if unable to access sufficient sanitary protection resulting in loss of earnings. Locally and across the African region, many low income households are female headed, which further exacerbates the social burden.

Projects aimed at upliftment and empowerment have been the focus of this element of our sustainability strategy, assisting children to remain in school, getting the most from their education and enabling them to benefit to the best of their abilities.

Donations of **menstrual hygiene** products to help keep adolescent girls in school during their monthly cycles is a profoundly significant initiative aimed at improving education, gender equality and dignity which has been undertaken under the

Lil-lets Making a Difference banner.

» The collection and distribution of sanitary protection products to alleviate period poverty has been undertaken through a number of initiatives and through partnering with customers and NGOs. The **Million Comforts Campaign**, in partnership with Dis-Chem, commits Lil-lets to matching in-store Dis-Chem purchases of its sanitary pads which are subsequently distributed to communities and government hospitals. Gift of the Givers, African Children Feeding Scheme and **Hlokomela Banana** (the Queen's Trust) in Lesotho participate in other similar initiatives which not only meet girls' needs for hygiene products, but go further by providing girls the opportunity to take full advantage of their education, to achieve better grades and ultimately assist in improving gender equality.

» Lil-lets offers health education on puberty and adolescence through several channels, such as our **#Lil-lets Talk** platform, launched in January 2021, helping to dispel myths associated with menstruation, break down societal taboos and empower women to talk about menstrual hygiene. The platform, www.lil-letstalk.co.za, provides a safe environment where consumers can ask questions and receive answers from trained responders and learn from shared experiences. Lil-lets has utilised technology to support, educate and empower women, whilst embracing their privacy, as social barriers often inhibit open conversations about menstrual hygiene.

Donations of

>345 000 pads

resulting in

>17 000 girls

being able to **attend school** for the week of their period.

Premier launched the **Unemployed Disabled Learnership Programme** during the reporting period. Unemployed disabled youths were given the opportunity to participate in a learnership programme and gain workplace exposure for a 12-month period.

104 disabled youths gained workplace exposure.

c.R800 000 invested in training and a monthly stipend for participating learners.

We will continue to roll out similar projects which align the qualification and workplace exposure to our core offering. This promotes a mutually beneficial outcome from the investment by potentially employing learners graduating from the programme.

Further assistance was given through the provision of meals and donations of branded learning materials to **early learning centres** around the country. These community engagement projects are not only a force for good but also promote our heritage brands within the community.

OUR SUSTAINABILITY REPORT continued

4

EDUCATION



Lil-lets UK Ltd is one of the **suppliers** to the UK Government's scheme, run by the Department of Education, to provide **free period products** to all state maintained schools and educational establishments for 16-19 year olds in England.

Focus will always remain on the development of critical and scarce skills within Premier. During the period,

308 learners participated in various apprenticeships and learnerships across the Group with

119 apprenticeships offered in the last three years.

To help build the next generation for future success, **Mister Bread** and **Star Bakeries** collaborated with Enke, an NGO dedicated to youth empowerment, to provide fun, educational holiday camps to

800 Grade 5 to 7 learners

The Yondla Ikamva holiday training camp provided over 800 youths in the Eastern Cape with skills in numeracy and entrepreneurship. The camps were facilitated by local teachers providing additional support for the communities' educators through the creation of holiday employment.

R1 million

of educational CSI donations was spent on this programme.

11 000 loaves

of bread were donated.

In support of gender equality in the workplace, all female employees at Premier have access to free sanitary products at work, provided in the bathrooms at our offices, and in our manufacturing operations women receive a pack of pads or tampons a month.

Donations of confectionery to the Teddy Bear Clinic in support of their mission to minimise and prevent child abuse were also made during the period.

Snowflake's Bake-for-Profit, a co-sponsored partnership with training provider, Learn to Earn, which has been operating successfully since 2001, upskills adult learners in basic baking skills and the skills required for managing a small business from financial management to health and safety. Each registered student receives Snowflake flour and baking powder and baking kits. The Bake-for-Profit initiative is helping to address one of the deepest needs in communities throughout the country - the right to earn a living and the opportunity to do so. The majority of the direct beneficiaries are African females in their mid-30s, with multiple dependents.

142 adult learners

completed the course during the period.

The **Iwisa No.1 Community Champion Competition** was introduced to unlock township **social entrepreneurship**. The philosophy was to reward community impact makers and encourage entrepreneurship by providing mentorship, workshop and networking opportunities for existing small businesses across the country.



OUR SUSTAINABILITY REPORT continued

4

COMMUNITY

Premier is committed to making a difference to families across the country, and to providing food and sanitary products that contribute towards achieving this goal.



Far reaching product donations have long been a commitment of ours to help reach communities that need it the most. The provision of our menstrual hygiene products, which may have become a luxury for those who are unable to afford groceries, will continue to be a key focus to improve the lives of women in our communities. Through our various CSI programmes, our heritage brands are integrated into the communities where our loyal consumers live.

The **Ask One, We Donate One** drive, which donates a pack of Lil-lets sanitary pads to those in need with every question asked on the #Lil-letsTalk platform, resulted in donations of sanitary pads to three beneficiary organisations chosen from nominations received from the public.

In response to the floods in KwaZulu-Natal in 2022, Premier donated thousands of sanitary pads and **flood relief hampers** to communities in need and affected employees.

Manhattan partners annually with the **Santa Shoebox** project which gifts a shoebox of essential items and treats to over a million under-privileged children. Thousands of cases of sweets were donated and **Premier employees** participated in the packing and preparation of the boxes.

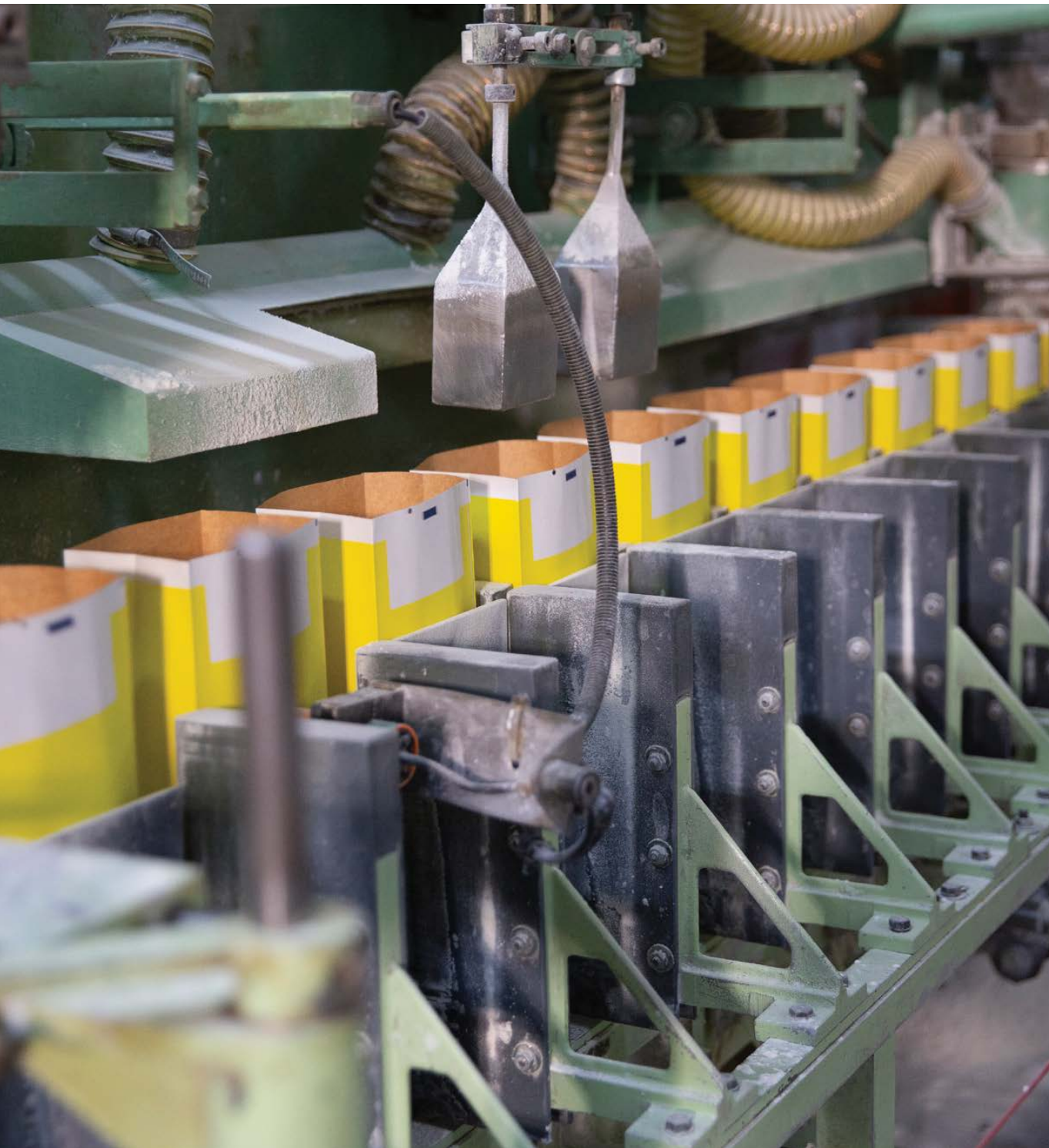
Blue Ribbon partnered with the **Hot Cares** initiative in the Johannesburg area pledging to donate product to a crèche in the Kya sands Informal Settlement, a school and church in Diepsloot and a soup kitchen in Randburg. Thousands of loaves of bread and maize-based beverages were donated providing nutritious meals.

Premier's subsidiary **CIM**, a leading food producer in Mozambique, supported three **refugee camps** in Pemba, Namialo and Montepuez with direct donations of maize as well as transport of customer provided donations. The sale of biscuits donated by **CIM** was used to acquire PPE for the underprivileged and medical staff in areas in need.

Sustainable Enterprise Supplier Development programmes have been undertaken to empower people in our communities in the same way. These programmes have provided employment, access to skills training and promoted entrepreneurship and have enabled a mutually beneficial arrangement with Premier that uplifts community members through ownership and entrepreneurship.

Our **Coast2Coast clean-up** days have been well supported with 11 successful clean-ups completed during the year and six additional clean-up days in the pipeline for Cape Town, Gqeberha and Durban during the first half of the coming year.





05

CORPORATE GOVERNANCE

- 81 Governance report
- 100 Remuneration report

GOVERNANCE REPORT

GOVERNANCE PHILOSOPHY AND KEY OBJECTIVES

Premier's governance is established by purpose-driven leadership by the Board and management, and the values and behaviours expected from all employees in the Group. Doing what is right is one of the key values embedded in the Group's culture and is implemented throughout the organisation by adopting the Premier Way.

The Board and Executive Management strive to create maximum value through the implementation of four integrated strategic pillars and delivering on the Group's purpose of ensuring that its products and people make a difference in the everyday lives of its consumers.



We ensure relevance and sustainability of our business model by monitoring, amongst others, the macro environment, key risks facing the industry, the availability of capital and stakeholder needs, all of which inform the strategy of the Group. Appropriate governance structures and processes in place, ensure that we deliver against this strategy and ensure that our business is well-managed and controlled.

King IV principles are substantially entrenched into the Board's internal controls, policies, terms of reference and overall processes and the Board's governance oversight is guided by its commitment to the achievement of the governance outcomes as set out in King IV:



This report references each King IV principle where relevant to demonstrate the Group's progress in achieving the governance outcomes above. For more information on how the Company has applied the principles of King IV, see the King IV Register on the Company's website at www.premierfmcg.com

KEY GOVERNANCE PRACTICES

The following key corporate governance practices are in place:

- » Majority of non-Executive Directors are independent
- » Annual election of 1 / 3 of non-Executive Directors by majority voting
- » Annual Board and Committee evaluations (externally facilitated every second year)
- » Experienced Independent non-Executive Chairman with clearly delineated duties
- » Board-approved policy on independent professional advice
- » Related party transactions monitored and transparently disclosed in the AFS
- » Malus and clawback policy that applies to Executive Director incentive awards
- » MOI provisions on the protection of shareholder rights and the equitable treatment of shareholders
- » No supermajority provisions or voting rights ceilings in governing or constitutional documents
- » Shareholder right to call special meetings

KEY BOARD ACTIVITIES IN FY2023

The Board uses its quarterly meetings as a mechanism for discharging its duties in terms of the Companies Act, JSE Listings Requirements and King IV, and similarly as a means of influencing and monitoring strategic direction and the Company's approach to risk management.

Each Board meeting follows a carefully tailored agenda, agreed upon by the Chairman, CEO and Company Secretary. A typical meeting will comprise reports on current operating and financial performance, strategic risks and opportunities, governance updates and regulatory considerations and deeper discussions regarding areas of strategic importance.

GOVERNANCE REPORT continued

During the year, the Board and its various Committees discussed, oversaw and monitored the Company's performance and key strategic initiatives. The Board's areas of focus included:

- » The Company's listing on the JSE and resultant additional reporting
- » Group gearing, particularly in relation to the refinancing of the Group's lending facilities and obtaining additional finance to return capital to existing shareholders and provide additional working capital for the Group
- » Long-term strategy and divisional portfolio and budget reviews. Focus similarly extended to business operating and financial performance reviews
- » Enterprise risk management and compliance with legislation
- » Capital allocation (commissioning of new Pretoria Bakery) and strategic acquisitions (Outeniqua Bakery)
- » Management of input cost pressures, including commodity price surges and loadshedding expenses, as well as the impact of social instability and other market pressures
- » Establishment of the Premier BEE Trust and rollout of diversity and inclusion culture theme
- » Management of exposure to failure in municipal infrastructures

LEADERSHIP, ETHICS AND CORPORATE CITIZENSHIP

Ethical and effective leadership

King IV: Principle 1

The Board leads the Company with integrity and competence, and in a manner that is **responsible, accountable, fair and transparent**, to ensure leadership that results in the achievement of our strategic objectives over time. It understands that it must lead ethically, consistently demonstrate the Company's values and govern in a manner that embeds ethics throughout the Company, so as to ensure that leadership is effective and that the Company is able to act as a responsible corporate citizen.

The Board is responsible for the strategic direction of the Group and directs strategy with reference to the Group's values. These values form a common platform for effective, responsible, and ethical leadership, and are the basis for all deliberations, decisions and actions at Board level.

The Board and its members are held to account for ethical and effective leadership through annual performance evaluations which monitor, among others, the Board's effectiveness as a team, as well as the commitment, performance and ethical characteristics of its individual Directors. Board members are similarly bound by the terms and conditions of the Company's code of business conduct, and other ethics policies.

Declarations and conflicts of interest and related party transactions

In accordance with the Board's conflict of interest policy, comprehensive registers of individual Directors' interests in and outside the Company are maintained, updated annually, and noted by the Board and its Committees at each Board meeting. Where there are conflicts of interest, these are minuted and the affected Director/s recused from the relevant debate and/or decisions.

The Company's conflicts of interest policy and supporting procedures were reviewed and improved during FY2023 and prescribed declaration forms are widely communicated to employees annually.

Significant related-party transactions and related-party relationships, where control exists, are monitored and overseen by the Remuneration and Nomination Committee and disclosed in detail on pages 60 and 61 of the Company's consolidated AFS, in accordance with IAS 24.

Insider trading and dealing in company securities

The Company's policy on insider trading and dealing in securities prohibits Directors from using their positions or confidential and price sensitive information to achieve a benefit for themselves or any other related parties, and further prohibits Directors and employees from trading in securities during closed periods.

The Company Secretary regularly informs Directors and employees of insider trading legislation and advises them of closed periods. Directors' dealings are disclosed in accordance with the JSE Listings Requirements.

GOVERNANCE REPORT continued

Governance of ethics

King IV: Principle 2

The Social and Ethics Committee plays a key role in exercising oversight of the Company's ethics and ensures that the Board is sufficiently equipped to deliver on its goal of having a sustainable ethical culture. Although this responsibility has been delegated, the Board remains accountable for the way in which it is discharged.

Corporate values and culture

The Company's success depends predominantly on maintaining a good reputation, and the Board ensures that the Company conducts its business dealings in an ethical manner, in accordance with applicable laws, rules and regulations, and that its activities are governed by the Company's corporate values.

Governance is supported by the tone at the top, the example that the Board and management set and the values and behaviours embraced by all employees. The Company's values are cultivated and adopted by all employees and encapsulate the Company's culture, shape its principles, and inform employees' behaviour.

Code of business conduct

The Board approves the Company's formal code of business conduct and ethics-related policies, which are central to the growth and sustainability of the Company and are designed to assist employees in making ethical decisions. The policies address the key ethical risks of the company, define how employees should conduct themselves as representatives of the company, and address employees' responsibilities to various stakeholders and the broader society. The policies are published on the Company's internal media platforms and are included in employee induction and training programmes.

The Company's ethics policies include grievance mechanisms, as well as a whistle-blowing policy, offering several anonymous and secure avenues for reporting unethical conduct. The Company is committed to protecting whistle-blowers from occupational detriment on account of having made protected disclosures, and undertakes to treat all disclosures confidentially, in a manner that prevents prejudice and/or disadvantage to the disclosing party.

Responsible corporate citizenship

King IV: Principle 3

The Board understands that the Company is required to take responsibility for the outcomes of the Company's activities and outputs on the social systems within which the company operates, as well as the natural environment on which society depends. Through stakeholder engagement and collaboration, the Company has committed to understanding and being responsive to the interests and expectations of stakeholders and to partnering with them accordingly.

In line with its role of overseeing the Company's conduct, the Board approves the Company's values, ESG strategy and key performance indicators, ensuring that these are congruent with the Company being a responsible corporate citizen that delivers on the South African transformation agenda and fulfils its legal and moral obligations.

The Board embraces, supports and enacts, within its sphere of influence, the principles of the United Nations Global Compact (UNGC) in the areas of human rights, labour standards, the environment and anti-corruption, and follows the Organisation of Economic Co-operation and Development (OECD)'s recommendations regarding corruption. The Board believes that integrating ESG concerns into the everyday business of the organisation results in responsible corporate citizenship.

Accordingly, the Board is conscious of and active in its role of aiding the achievement of the following global sustainable development goals (SDGs), which it believes are most relevant to Premier's business:



GOVERNANCE REPORT continued

Through its various Committees, the Board oversees and monitors how the operations and activities of the Company affect its corporate citizenship status. The Social and Ethics Committee monitors many of the aspects listed under King IV: Principle 3 (including employment equity, safety, health, economic transformation, public health and safety, consumer protection, community development and the protection of human rights). The Audit and Risk Committee is responsible for preventing, detecting and responding to fraud and corruption, as well as ensuring responsible and transparent tax practices.

Climate change

The Board recognises the rapidly changing global context and the risks and opportunities associated with environmental and social factors, particularly climate change. The Group continues to identify and assess climate-related risks and opportunities which could have a material impact on Premier's business both directly and indirectly.

Tax transparency

The Board, in conjunction with the Audit and Risk Committee, is ultimately responsible for the Group's tax strategy and approach. Premier is committed to being a responsible taxpayer. It ensures professionally executed tax compliance and legitimate tax planning are in place to meet its compliance and disclosure obligations in accordance with all relevant laws.

Political donations

The Company's sponsorships and donations policy prohibits political donations to any political party, political party candidate or politically exposed person. Premier made no political donations during FY2023.

STRATEGY, PERFORMANCE AND REPORTING

Strategy and performance

King IV: Principle 4

The Board assumes collective responsibility for the performance of the Company and for:

Strategy	Oversight
Policy	Legitimacy

It informs and approves the Company's core purpose and strategy on an annual basis. With the support of the various Committees, the Board oversees and monitors the implementation and execution by management of the policies and procedures developed to give effect to the approved strategy and assesses the achievement of the Company's strategic objectives against agreed key performance targets.

During FY2023, taking into consideration the Company's four key integrated strategic pillars, the Board informed and approved the company's long-term strategy, developed to ensure that management can seize opportunities and mitigate risks. The Board also approved the financial budgets for each division and the Group, in line with their respective strategies and plans.

For more information on the Group's strategy, see pages 42 to 47.

Going concern status

On an annual basis and as and when dividends are paid, the Audit and Risk Committee reviews management's documented assessment of the Company's going concern assumption. Upon the recommendation of the Audit and Risk Committee, the Board confirms that the Company is solvent and liquid and is therefore a going concern.

For more information regarding the Company's going concern assumption, see page 65 of the consolidated AFS.

GOVERNANCE REPORT continued

Reporting

King IV: Principle 5

Through the Audit and Risk Committee (supported by the adopted combined assurance model), the Board ensures that the necessary controls are in place to verify and safeguard the integrity of the Company's annual reports and other disclosures.

Management's determination of reporting frameworks, standards and materiality are approved by the relevant Board Committees to ensure compliance with legal requirements and relevance to stakeholders.

The Audit and Risk Committee oversees the integrated reporting process and similarly reviews the annual financial statements. The Board seeks to provide all stakeholders with timeous and relevant information to enable accurate assessments of the performance and prospects of the organisation. Company updates and financial information are distributed via various channels, and relevant information, including, among others, corporate governance disclosures, integrated reports and annual financial statements, are published on the Premier website.

The Board reviews the financial statements and approves and presents them to shareholders. The Board believes that the 2023 annual financial statements accurately present the financial status of the Company and that all subsidiaries and affiliated entities, subject to consolidation, have been properly consolidated and presented.

GOVERNING STRUCTURES AND DELEGATION

Primary role and responsibilities of the Board

King IV: Principle 6

The Board takes collective responsibility for its primary governance roles and recognises that the execution thereof allows for better informed approval and monitoring of strategy and an ongoing and mindful focus on the company's positive efforts in relation to society and the environment in which it operates. During FY2023, the Board applied various principles of good governance to enable and support the company's value creation process. Its key activities are set out on pages 20 to 22.

Key areas of Board oversight relate to, among others:

- » Steering and setting strategic direction, including that in relation to risk, information and technology and compliance governance
- » Approving policy and planning
- » Major acquisitions and disposals, capital expenditures and other large-value transactions
- » Integrity of financial controls and information used for reporting
- » Human capital management and Executive remuneration
- » Succession planning
- » Shareholder communication

Board charter

The roles and responsibilities of the Board and of individual Directors are set out in the Board charter, which is aligned with the provisions of relevant statutory and regulatory requirements and is reviewed annually. The charter regulates the parameters within which the Board operates and ensures the application of the principles of good governance in all its dealings.

Board access to information and resources

Directors have unrestricted access to Executive Management and company information, as well as the resources required to carry out their duties and responsibilities. Access to external specialist advice is available to Directors at the Company's expense, in terms of the Board-approved policy on independent professional advice. No independent professional advice was sought by the Directors during FY2023.

GOVERNANCE REPORT continued

Induction, training and development

The Company's induction and ongoing training and development programme, administered by the Company Secretary, with the support of the Remuneration and Nomination Committee, ensures that Directors are adequately briefed and have the requisite knowledge of the Company, its operations, the context within which it operates, as well as the capitals it uses and effects. Directors similarly receive informative updates and training throughout their tenure, which assists in keeping them abreast of economic, regulatory and industry trends, and continuously develops their competence to lead effectively.

Board composition

King IV: Principle 7

Leadership roles and functions

Corrie Roodt, an Independent non-Executive Chairman, leads the Board in the objective and effective discharge of its governance role and responsibilities. The role of the Chairman is distinct and separate from that of the CEO, and the separation of responsibilities is designed to ensure that no single person has unfettered decision-making powers and that appropriate balances of power and authority exist on the Board. Two members of Executive Management, namely the CEO and the CFO, serve on the Board to ensure that non-Executive Directors always have more than one point of direct interaction with management.

Appointment of Directors

The nomination of Directors has been delegated to the Remuneration and Nomination Committee, which recommends the appointment of new Directors for approval by the Board. Such appointments are formal and transparent, and the selection process is conducted under the guidance of our appointment of Directors' policy. The Remuneration and Nomination Committee proposes Directors to the Board based on their skills, knowledge and experience, considering the provisions of the Board diversity policy.

Non-Executive Director retirement by rotation

In accordance with clause 35.5(b) of the company's MOI, one-third of non-Executive Directors are subject to retirement by rotation and re-election by shareholders at each AGM. The non-Executive Directors due to retire in terms of clause 35.5(b) are

those who have been longest in office since their last election, provided that if more than one of them were elected Directors on the same day, those to retire shall be determined by lot. Rolf Hartmann, Jonathan Matthews and Corrie Roodt are obliged to retire by rotation at the September 2023 AGM in accordance with these requirements.

Non-Executive Director tenure and independence

On behalf of the Board, the Remuneration and Nomination Committee oversees the assessment process for Directors' independence. The review considers Director performance and factors that may impair independence, including prevailing circumstances and Directors' interests, whether perceived or actual. The review similarly considers the independence indicators set out in section 94(4) (a) and (b) of the Companies Act and in King IV. In FY2023 and following a rigorous annual review, the Board concluded that all non-Executive Directors continued to be independent in character, demonstrated behaviour, contribution to Board deliberations and judgement.

In accordance with the company's policy on non-Executive Director tenure, Independent non-Executive Directors who have served on the Board for nine consecutive years are required to stand for annual re-election by shareholders at each subsequent annual general meeting. Such Directors are subjected to a rigorous assessment by the Board as to their interests, independence and contribution, prior to being recommended for annual re-election.

GOVERNANCE REPORT continued

At the date of the 2023 annual general meeting, Corrie Roodt would have served on the Board for a period of 12 years. Following the assessment referred to above, the Remuneration and Nomination Committee concluded that Corrie continues to exercise objective judgement and that there is no interest, position, association or relationship likely to unduly influence or cause bias in his decision-making. Accordingly, the Committee recommended to the Board that he be invited to serve for a further one-year term in light of the important experience and continuity he provides. Corrie will continue to be classified as independent.

Changes to Board composition in FY2023

Over the past few years and more particularly in preparation for the Company's listing, the Board has undertaken significant refreshment efforts to better align the Board to the strategic objectives on which we expect to focus going forward, to fill identified skills gaps and to bring new perspectives to the Board. During FY2023, the Board appointed Harish Ramsumer and Faith Khanyile as Independent non-Executive Directors. Peter Hayward-Butt resigned as a Director and was reappointed as an Alternate Director to Rolf Hartmann on the same date.

While we believe that we have the right team to guide the business into the future, we will continue to recruit new Directors whose experiences support the Company's future strategy and industry focus and to ensure we have the right diversity on the Board.

Board of Directors

Board members accept responsibility as the custodians of governance within the Group. The Board is constituted in terms of the company's Memorandum of Incorporation (MOI) and in line with King IV. The majority of the Board members are non-Executive Directors who bring diversity to Board deliberations and create value by constructively challenging management. The Board members listed hereunder, as well as the diversity statistics that follow, reflect the composition of the Board as at the date of this report.

	Name Shareholding	Designation Other public company appointments	Tenure*	ARC	RN	SE
Executive	JJ Gertenbach 157 600#	Chief Executive Officer None	12			
	F Grobbelaar 18 490#	Chief Financial Officer None	2			
Non-Executive	CJ Roodt~ Nil	Independent non-Executive Chairman None	12			
	RM Hartmann~ 9 290#	Non-Executive Director None	16			
	FN Khanyile Nil	Independent Director Bidvest Group Limited, Discovery Limited, JSE Limited	<1			
	H Ramsumer Nil	Independent non-Executive Director Mr Price Group Limited	1			
	JER Matthews~ Nil	Non-Executive Director None	3			
	W Sihlobo Nil	Independent non-Executive Director None	2			
	I Van Heerden Nil	Non-Executive Director Invicta Holdings Limited	2			
	PRN Hayward-Butt^ 10 000#	Non-Executive Director None	3			

Membership

Committee Chair Committee member

Committees

ARC – Audit and Risk Committee
RM – Remuneration and Nomination Committee
SE – Social and Ethics Committee

* In years

~ Standing for re-election at the Company's AGM in September 2023

At 31 March 2023

^ Alternate Director to Rolf Hartmann

GOVERNANCE REPORT continued

Attendance

Board and Committee meetings were held quarterly and/or bi-annually in line with the Group's financial reporting cycle and a budget and strategy workshop was held in February. On average, Directors attended at least 98% of the meetings of the Board and the Committees on which they served in FY2023.

Diversity measures*

The Board comprises an appropriate balance of knowledge, skills, experience, diversity and independence to objectively and effectively discharge its governance role and responsibilities. It has adopted a broad diversity policy, focusing specifically on the promotion of the diversity attributes of gender, race, culture, age, field of knowledge, skills and experience at Board level.

Diversity of expertise

Policy: To create an experienced Board with the appropriate balance of knowledge and skills, in areas relevant to the Group. The Board's set of skills, which are relevant to the Group, include a balance of the following. This is intended as a high-level summary and not an exhaustive list of each Director's skills or contributions to the Board:

 Leadership and strategy	 Financial literacy and reporting
 Industry	 Remuneration
 Corporate governance and ethics	 Information and technology governance
 Risk governance and combined assurance	 Corporate citizenship and sustainability
 Compliance governance	 Stakeholder relations

In FY2023, the Board performed a self-assessment of its skills and expertise, and plans are being developed to address areas that require strengthening.

* Where diversity measures relate to non-Executive Directors, they do not make provision for Alternate Directors.

Independence

Policy: Comprise a majority of non-Executive Directors, the majority of whom should be independent.

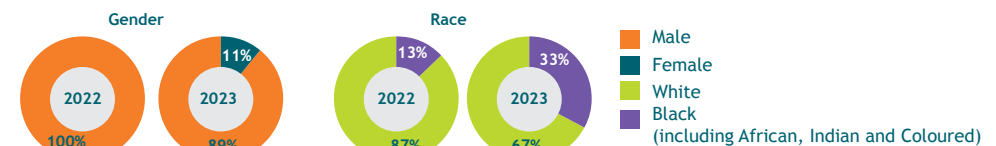
Diversity of age

Policy: Executive Directors are required to retire from the Board at age 65 and, unless otherwise agreed by the Board, non-Executive Directors are required to retire at age 75. Executive Directors are subject to three-month notice periods.

Average age: 51 years

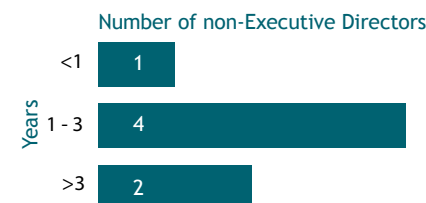
Gender and racial diversity

Policy: The Company's policy on the promotion of broader diversity at Board level, focuses on, amongst others, the promotion of the diversity attributes of gender and race. The policy is considered and applied when making appointments to the Board.



Succession and diversity of tenure

Policy: Periodic, staggered rotation of non-Executive members to ensure the introduction of members with new expertise and perspectives, while retaining valuable industry knowledge, skills and experience and maintaining continuity.



Succession planning makes provision for the identification, mentorship, and development of future members.

Board size

Policy: The Board should be sizeable enough to promote accountability and encourage healthy, constructive debate and decision-making, while meeting regulatory and MOI requirements. It should encourage participation and a sense of responsibility.

GOVERNANCE REPORT continued

Committees of the Board

King IV: Principle 8

Governance structure and delegation

The Company's governance structure and delegation of authority provisions enhance independent judgement, ensure sustainable execution of strategy, and create opportunities to leverage off Directors' special expertise in areas such as audit, risk management, sustainability and executive remuneration. The Board delegates authority to the following established Board Committees, as well as to Executive Management, with clearly defined mandates.



Committee composition, responsibilities and Terms of Reference





The Committees are appropriately constituted, and members are appointed by the Board with the exception of the Audit and Risk and Social and Ethics Committees, whose members are nominated by the Board and elected by shareholders. External advisors, Executive Directors and members of management attend Committee meetings either by standing invitation or on an *ad hoc* basis to provide pertinent information and insights in their areas of responsibility.

Details regarding the full roles, responsibilities and composition of the Board Committees are set out below. The responsibilities delegated to these Committees are formally documented in the terms of reference for each Committee, which are approved by the Board and reviewed on an annual basis.

After each Committee meeting, Committee chairs report back to the Board, which facilitates transparent communication between Directors and ensures that all aspects of the Board mandate are addressed. The Board remains satisfied that the Committees are competent to deal with the Company's current and emerging risks and opportunities and that they effectively discharged their duties during FY2023.

GOVERNANCE REPORT continued

Audit and Risk Committee

Members	    <div> <div>1</div> <div>2</div> <div>3</div> <div>4</div> </div> <div> <div>1</div> <div>2</div> <div>3</div> <div>4</div> </div> <div> <div>Harish Ramsumer Chairman</div> <div>Rolf Hartmann*</div> <div>Faith Khanyile</div> <div>Jonathan Matthews *</div> </div>
Functions managed	<ul style="list-style-type: none"> » Financial accounting and external reporting » Financial controls » Tax » Internal audit » External audit (including non-audit services) » Combined assurance » Grain procurement » IT strategy and governance » Data and information
Composition	<p>Chaired by an Independent non-Executive Director</p> <p>Comprises four non-Executive Directors, all of whom satisfy the requirements of section 94(4) of the Companies Act</p>
Permanent invitees	CEO, CFO, Group Finance Executive, Risk Executive, IT Executive, Internal auditors, External auditors, Legal Executive and Company Secretary
Number of meetings held	6
Overall meeting attendance	100

* Chairman of the Committee prior to Harish Ramsumer's appointment.

Audit and Risk Committee

Key focus areas in FY2023

The Committee focused its attention on the following areas during the year:

- » The Company's listing on the JSE and the resultant additional reporting, audit and compliance requirements, including the financial information contained in the Pre-Listing Statement and the working capital adequacy assessment required in terms of schedule 12.2 of the JSE Listings Requirements
- » The IFRS 2 considerations arising from the incorporation of the Premier BEE Trust
- » The role of the internal operational audit team and the outsourced internal audit service provider
- » The combined assurance framework, approach and the effectiveness thereof
- » Cybersecurity risks

Focus areas for FY2024





While the Committee will continue to operate within its terms of reference and ensure that meetings address all regular matters reserved for its consideration, the following additional key activities are expected to require the Committee's attention during FY2024:

- » The embedment of combined assurance within the Group
- » Cybersecurity risks
- » The impact of electricity loadshedding on business continuity

The Audit and Risk Committee's full report detailing, amongst others, the manner in which the Committee fully discharged its responsibilities in FY2023, is set out on pages 4 to 7 of the consolidated AFS.

GOVERNANCE REPORT continued

Remuneration and Nomination Committee

Members	    <div> <div>1</div> <div>Rolf Hartmann Chairman</div> </div> <div> <div>2</div> <div>Corrie Roodt</div> </div> <div> <div>3</div> <div>Iaan Van Heerden*</div> </div> <div> <div>4</div> <div>Jonathan Matthews *</div> </div>
Functions managed	<ul style="list-style-type: none"> » Remuneration » People and retention » Succession planning » Governance and Director affairs » Conflicts of interest and related party transactions
Composition	<p>Chaired by a non-Executive Director</p> <p>Comprises three non-Executive Directors, including the Chairman of the Board</p>
Permanent invitees	<p>CEO, CFO, Human Resources Executive, Legal Executive and Company Secretary</p> <p>While invitees attend Committee meetings, they are not present when their remuneration is discussed and hold no voting powers</p>
Number of meetings held	2
Overall meeting attendance	100%

* Iaan van Heerden was appointed as a member member of the Committee during the year and Jonathan Matthews resigned from the Committee on the same date.

GOVERNANCE REPORT continued

Remuneration and Nomination Committee

Key focus areas in FY2023

The Committee focused its attention on the following areas during the year:

Nomination and governance

- » The appointment, onboarding and induction of Faith Khanyile and Harish Ramsumer, considering identified skills gaps and the provisions of the Board diversity policy
- » The independence of the Company's Directors and the rigorous assessment of the interests, independence and contribution of Corrie Roodt in line with the Company's policy on non-Executive Director tenure
- » Succession planning for the Board, CEO and members of the Company's Executive Committee

Remuneration

- » A review of the Group's remuneration philosophy and policy to ensure alignment with strategic objectives and performance targets
- » Benchmarking of the remuneration packages of Executive Directors and other Senior Executives with external service providers to ensure fair and responsible remuneration
- » Accurate, complete and transparent disclosure of directors' remuneration

Focus areas for FY2024




While the Committee will continue to operate within its terms of reference and ensure that meetings address all regular matters reserved for its consideration, the following additional key activities are expected to require the Committee's attention during FY2024:

- » Continued focus on evaluating and enhancing succession planning, with a specific focus on transformation and improved diversity at senior and top management levels
- » Ongoing evaluation of the efficiency and appropriateness of the corporate governance structure and practices of the Group.
- » Continued engagement with shareholders to ensure the Group's remuneration policy attracts and retains key talent, supports business performance and remains aligned to the interests of shareholders in the face of a changing regulatory environment

Further details on the specific remuneration-related activities of the Committee in FY2023 are set out in the remuneration report on pages 100 to 115.

GOVERNANCE REPORT continued

Social and Ethics Committee

Members	   <div> <div>1</div> <div>Wandile Sihlobo Chairman</div> </div> <div> <div>2</div> <div>Rolf Hartmann</div> </div> <div> <div>3</div> <div>Jonathan Matthews</div> </div>
Functions managed	<ul style="list-style-type: none"> » Stakeholder engagement » Consumer relations » Transformation » Sustainability » Ethics » Compliance » Compliance risk » ESG
Composition	<p>Chaired by an Independent non-Executive Director</p> <p>Comprises three non-Executive Directors</p>
Permanent invitees	<p>CEO, CFO, Group Strategy and Marketing Executive, Environmental, Social and Regulatory Executive, Risk Executive, Human Resources Executive, Legal Executive and Company Secretary</p>
Number of meetings held	2
Overall meeting attendance	100%

GOVERNANCE REPORT continued

Social and Ethics Committee

Key focus areas in FY2023

The Committee focused its attention on the following areas during the year:

- » Reviewed the Group's B-BBEE initiatives, including enterprise and supplier development opportunities, and progress made against its employment equity plan
- » Oversaw the rollout of diversity and inclusivity initiatives throughout the business
- » Reviewed current developments with respect to labour relations, wage negotiations and multi-year agreements
- » Monitored compliance with food safety standards and other consumer and product legislation
- » Oversaw continued implementation of the Group's ESG strategy and meaningful ESG initiatives in accordance with adopted UN SDGs

Focus areas for FY2024

While the Committee will continue to operate within its terms of reference and ensure that meetings address all regular matters reserved for its consideration, the following additional key activities are expected to require the Committee's attention during FY2024:

- » Alignment of the Company's sustainability and ESG journey with the requirements of a recognised global framework
- » Development of meaningful sustainability targets based on reliable baseline data
- » Ongoing monitoring of amendments to employment equity and water-related legislation, as well as the impact of South Africa's greylisting by the Financial Action Task Force (FATF) for not fully complying with international standards around the prevention of money laundering, terrorist financing and proliferation financing

In accordance with paragraph 7.F.5 of the JSE Listings Requirements, the Committee confirms that it has fulfilled its mandate as prescribed in the Companies Regulations to the Companies Act and that there are no instances of material non-compliance to disclose.

For more information on the Company's ESG strategy, sustainability practices and initiatives, see the Sustainability Report on pages 57 to 79.

GOVERNANCE REPORT continued

Evaluation of the performance of the Board

King IV: Principle 9

The Board and Committee self-evaluation process allows for annual assessment of the Board's practices and the opportunity to identify areas for improvement. The Remuneration and Nomination Committee approves the annual Board evaluation process, which is conducted independently every second year in accordance with the recommendations in King IV.

Appointment and delegation to management

King IV: Principle 10

CEO appointment and role

Kobus Gertenbach, the current CEO, appointed by the Board in April 2021, is responsible for leading the implementation and execution of the Company's approved strategy, policy, and operational planning, and serves as the main link between management and the Board. His performance is formally evaluated by the Board, through the Remuneration and Nomination Committee, against agreed performance metrics and targets on an annual basis. The CEO does not currently sit on the Boards of any other listed companies.

Delegation to management

The Board delegates authority to Executive Management, via the CEO, to manage, direct, control and co-ordinate the day-to-day business activities and affairs of the company, subject to statutory limits and other limitations set out in the company's delegation of authority framework. The delegation is reviewed annually in consultation with the Audit and Risk Committee to ensure that limits remain appropriate, considering the size of the company and its specific operational context.

The Company Secretary monitors the effective implementation of the delegated authority and has confirmed that, during FY2023, Executive Management acted within the authority delegated to them by the Board.

The Board considers the talent management, development, and succession planning of the Executive Management team to ensure continuity of leadership. Succession plans are reviewed periodically by the Remuneration and Nomination Committee and provide for succession in emergency situations and over the longer term.

Company Secretary

Retha Stoltz is the appointed Company Secretary. Her primary responsibilities are to:

Provide

Counsel and guidance on individual and collective powers and duties, and on matters relating to governance, legal compliance, and ethics

Render

Ongoing support and resources to enable Directors to improve and refresh their skills, knowledge and understanding of the Company, as well as proposed changes to laws and regulations applicable to the Company

Collate and distribute

Relevant information to ensure that all Directors have full and timely access to the relevant information that assists them with the effective execution of their duties and obligations

Induct

New Directors on their fiduciary and statutory duties and responsibilities

Assist

The Remuneration and Nomination Committee with the annual evaluation of the effectiveness of the Board

Facilitate

Professional and skills training and access to information and independent advisors as and when required by the Board

GOVERNANCE REPORT continued

In addition to the company secretarial functions, Retha is responsible for the Group's governance, compliance and legal functions and is supported by a suitably qualified team.

In compliance with paragraph 3.84(j) of the JSE Listings Requirements, an annual evaluation of the Company Secretary is carried out by the Remuneration and Nomination Committee on behalf of the Board. The results of the latest evaluation confirmed that the Company Secretary demonstrates the requisite level of knowledge and experience to carry out her duties.

The Board is also comfortable that she maintains an arm's-length relationship with individual Directors and confirms that she is neither a Director nor a public officer of the Company or any of its subsidiaries.

Governance functional areas Risk governance

King IV: Principle 11

The Board ensures that risk management is embedded in key decision-making processes and that such processes incorporate and consider strategy, governance, compliance and performance. Risk is carefully managed across the organisation to identify, assess, quantify and mitigate risk events effectively and proactively.

The Board approves the Company's top strategic risks and ensures that they are managed effectively. To support the Board in ensuring effective risk management oversight, risk assessment, quantification and assurance processes have been specifically delegated to the Audit and Risk Committee, while the remaining Board Committees are responsible for ensuring the effective monitoring of those risks that fall within their mandates. Responsibility for implementing and executing effective risk management has been delegated to management.

The Company regularly monitors key developments in its internal and external environment and monitors emerging issues to increase the probability of anticipating unpredictable risks. Actions are similarly implemented to strengthen business continuity and crisis management arrangements throughout the business.

For more information regarding the Company's material risks, see page 31 to 37.

Information Technology governance

King IV: Principle 12

The Board has mandated the Audit and Risk Committee to provide oversight over information technology (IT) governance. As such, this Committee oversees the implementation and review of all relevant IT governance mandates, policies, processes and control frameworks, while ensuring compliance with the standards adopted by the company. It similarly confirms that processes are in place to ensure timely, relevant, accurate and accessible reporting, communication and data storage.

External and internal auditors perform assessments of IT-related controls as part of their audits, and all significant findings are reported to the Audit and Risk Committee and the Board, as necessary. Measures to ensure compliance with all relevant laws, information security practices and the protection of personal information are in place, as are those that ensure the implementation of robust cyber security defences. Disaster recovery and business continuity plans are in place for the Group and are tested regularly.

GOVERNANCE REPORT continued

Compliance governance

King IV: Principle 13

The Board, with the assistance of the Social and Ethics Committee, ensures that the Company complies with applicable laws, regulations, codes, and standards. This includes voluntary codes such as the principles of the UNGC and the International Labour Organisation (ILO), and the recommendations of the OECD.

Compliance systems and processes are in place to mitigate the risk of non-compliance with laws in relevant jurisdictions, and to ensure appropriate responses to changes and developments in the regulatory environment. The Social and Ethics Committee receives regular reports on compliance matters and oversees the Company's compliance programme, while the Company's risk and compliance functions are responsible for monitoring compliance therewith. The arrangements for compliance are set out in various company-wide policies.

On an annual basis, the Company submits an annual compliance certificate to the JSE, confirming its compliance with the JSE Listings Requirements. The Company received no material penalties, sanctions, or fines for contraventions of or non-compliance with regulatory obligations during the period under review.

In compliance with paragraph 7.F.6 of the JSE Listings Requirements, the Board confirms that the Company continues to comply with the provisions of the Companies Act and operates in conformity with its MOI and/or relevant constitutional documents.

Remuneration governance

King IV: Principle 14

Through the Remuneration and Nomination Committee, the Board ensures that the Company's remuneration is appropriately designed, fair and market-related, to drive and retain high-calibre employees who contribute positively to the Company's strategic objectives.

On an annual basis, the remuneration policy and the implementation report are tabled for separate non-binding advisory votes by shareholders. Should either of the resolutions be voted against by 25% or more of the voting rights exercised, the Board will engage with shareholders to address legitimate and reasonable objections and concerns. Feedback from such an engagement will be published in the Company's remuneration report.

The full remuneration report is available on pages 100 to 115.

Assurance

King IV: Principle 15

Combined assurance

The Company uses a combined assurance approach to optimise its risk management and assurance efforts. During FY2023, the Audit and Risk Committee approved the Group's combined assurance model and is satisfied that these arrangements are effective in providing a robust control environment and enables the provision of reliable information for decision-making purposes and supports the integrity of the Company's external reports.

In accordance with Premier's combined assurance model, internal audit liaises with external audit and other identified assurance providers to effectively assure against key risks.

Internal audit

The Audit and Risk Committee is functionally responsible for the company's internal audit function and receives detailed reports on the progress of the function against its annual plan on a quarterly basis. In respect of FY2023, the internal audit function provided a written assessment regarding the company's system of internal controls and confirmed that, based on the results of the work undertaken, these were deemed adequate and effective.

GOVERNANCE REPORT continued

The Audit and Risk Committee has satisfied itself that the function is independent and has the necessary resources, standing and authority to discharge its duties. Furthermore, the Committee has confirmed that, in executing the FY2023 plan, there were no impairments to the objectivity, independence and scope of the internal audit function, which remained effective in carrying out its mandate.

Internal control

The Audit and Risk Committee reviews the reports of the internal and external auditors in respect of audits conducted on the internal control environment, takes note of any matters arising from these audits and considers the appropriateness of the responses received from management. During FY2023, apart from minor control breaches, nothing was brought to the attention of the Committee that would suggest a material breakdown of any internal control system. Accordingly, the Committee is satisfied that the Company's internal financial control environment is adequate and effective and forms a basis for the CEO and CFO to sign the prescribed statement set out in paragraph 3.84(k) of the JSE Listings Requirements.

Stakeholder relationships

King IV: Principle 16

The Board, through the Social and Ethics Committee, oversees the Company's stakeholder engagement strategies and processes, which enable management to understand and respond to stakeholders' legitimate concerns and to drive development in the communities in which the company operates.

The Group's stakeholder engagement strategy drives a comprehensive and inclusive approach to our key stakeholder relationships. We apply a decentralised stakeholder engagement model whereby relationship owners within the Group are responsible for ensuring that their engagement with stakeholders is effective, proactive, sufficiently frequent and aligned to our strategic priorities.

The Group's memberships in sector and business associations, relationships with trade unions and partnerships with non-governmental organisations are key underpins of its engagement with employees, government, regulators and broader communities.

The Board ensures that proactive engagement with shareholders is encouraged by the company, including engagement at the Company's AGMs. All Directors will be available at the AGM to respond to shareholders' queries on how the Board executed its governance duties.



REMUNERATION REPORT

Part 1: REPORT FROM THE COMMITTEE CHAIR

On behalf of the Remuneration and Nomination Committee, I am pleased to present Premier's remuneration report for the financial year ended 31 March 2023. The report has been compiled in accordance with the Companies Act, the JSE Listings Requirements and, in as far as possible, the recommendations of King IV and applies the three-part structure recommended therein.

Part 1:

Details the background and focus areas of the Committee that influenced policy and remuneration outcomes in FY2023.

Part 2:

Provides an overview of the remuneration policy and governance of remuneration within the Group.

Part 3:

Details the implementation and outcomes of the remuneration policy during FY2023.

During the year under review, our Board set the strategic direction for the Group and our Executive Directors remained unyielding in their management of the day-to-day operations of the business, ensuring its sustainability. Premier's people continued to pursue the Group's strategic objectives and drive company performance, creating maximum value by delivering on the Group's purpose of ensuring that our products and people make a difference in the everyday lives of our consumers and unlocking future growth to deliver attractive shareholder returns.

FAIR AND RESPONSIBLE REMUNERATION

Premier remains committed to fair and responsible remuneration practices and accordingly we ensure that our remuneration is market related and free of unfair discrimination and prejudice. To give effect to this commitment, we make use of reputable job grading systems to ensure equal pay for work of equal value. In addition, we analyse Group-wide remuneration on a regular basis to ensure that there are no unfair pay differentials based on gender, race or other social demographics. Where differentials do exist, these typically relate to educational levels, work experience and length of service in the role. In addition, Premier continues to focus on its strategy of reducing reliance on temporary labour and does not make use of labour brokers in respect of permanent positions.

We acknowledge the global challenge of income gaps between highest and lowest paid earners and work towards progressively narrowing these gaps by amongst others, providing all employees with learning and professional development and opportunities for career advancement. We offer enhanced parental leave benefits compared to those prescribed in the Basic Conditions of Employment Act, provide free sanitary products to employees at work and Group products at discounted prices. We believe these efforts have been well received by our employees as is evidenced by our Annual People Survey score of 81%.

REMUNERATION REPORT continued

OVERVIEW OF FY2023 PERFORMANCE

Despite extreme input cost pressures and a volatile inflationary environment, the Group delivered strong financial and operational performance in FY2023. Financial and non-financial strategic performance metrics were met and/or exceeded with the following noteworthy highlights:

- » EBITDA: R1.7 billion (+16% year on year)*
- » EBITDA margin: 9.6% (2022: 10.2%)*
- » Normalised HEPS: 552 cps (+23% year on year)**
- » Return on invested capital (ROIC): 19.1% (2022: 14.8%)***
- » Achieved a level 4 B-BBEE contribution status (2022: Level 5)
- » Advanced our environmental sustainability initiatives with progress made in projects that reduce waste to landfill and increase the use of renewable energy
- » Upgraded 429 childhood educational facilities and donated 345 000 sanitary products to school going girls
- » Donated R67 million towards the alleviation of hunger and disaster relief nutrition by providing c.50 million meals
- » Established an average baseline score of 76% for employee perception of diversity, inclusivity and equity at Premier

On the back of this performance, the Committee determined that the Group's FY2023 short-term incentive (STI) stretch net equity value target[^] of R10.9 billion had been achieved. The Committee considered the performance of each Executive Director and approved incentives based on the aggregated score prescribed in the STI scheme rules. There were no adjustments to the formula, which was based on previously approved performance conditions.

FY2023 FOCUS AREAS AND KEY DECISIONS OF THE COMMITTEE

During the period under review, the committee met twice to provide the strategic guidance and the approvals detailed below:

Focus areas and key decisions	
2023 salary adjustments	<ul style="list-style-type: none"> » Approved Executive Director salary increases » Approved increase mandate and monitored aggregate increases for employees and members of Executive Management
Wage negotiations	<ul style="list-style-type: none"> » Considered the outcome of wage negotiations. These were successfully concluded and an agreement was reached on terms and conditions of employment with all recognised trade unions.
Short-term incentives (STI)	<ul style="list-style-type: none"> » Reviewed and approved the Group's performance for FY2023, as well as the performance of each Executive Director. Based on achieved targets, the Committee approved the award of STIs in line with approved incentive scheme rules. » Approved STI performance conditions and targets for FY2024.
Long-term incentives (LTI)	<ul style="list-style-type: none"> » Approved the award of LTIs to select members of Executive and senior management based on individual performance and retention requirements.
Non-Executive Directors' remuneration	<ul style="list-style-type: none"> » Reviewed and recommended non-Executive Director fees for approval by shareholders at the AGM.
Governance	<ul style="list-style-type: none"> » Reviewed the implementation of the remuneration policy. » Determined that no malus and clawback trigger events arose in FY2023. » Reviewed the Committee's terms of reference and the FY2023 remuneration report and recommended same to the Board for approval.

* Prior year EBITDA adjusted by adding back an impairment loss of R130 million.

** Normalised HEPS adjusted for foreign exchange gains on cash and loans of a funding nature of R60 million (FY2022: R3 million) and by the reversal of accrued withholding tax on preference dividends of R43 million to profit on the conversion of the redeemable preference shares to ordinary shares.

*** Refers to ROIC which was adjusted for the revaluation of intangibles in the current year and capital projects not yet commissioned in the prior year.

[^] Calculated as set out on page 109.

REMUNERATION REPORT continued

REMUNERATION CONSULTANTS

Our remuneration policy and practices, including salary increases, incentives and benefits, are periodically benchmarked against the broader market, industry and a defined comparator group to ensure that our remuneration trends are internally equitable and externally competitive.

In 2023, the Committee received guidance and market insights regarding certain remuneration practices from independent advisors and undertook a benchmarking process conducted by REMchannel® in relation to the overall remuneration of the Executive Directors and other members of Executive Management. The benchmarking process was conducted to ensure that Executive remuneration remained market related post the company's listing on the JSE in March 2023. The Committee is satisfied that the remuneration consultants engaged were independent and remained objective in providing their advice, opinions and services.

POLICY CHANGES IN FY2024

Short-term incentives

Pursuant to the outcomes of the REMchannel® benchmarking process and to align the overall remuneration of Executive Directors with that of our comparator group, the Committee resolved to amend its STI performance bands as follows. This amendment has been introduced from FY2024.

	FY2023		FY2024	
	On target	Stretch target	On target	Stretch target
CEO	100% of GP*	150% of GP	140% of GP	210% of GP
CFO	60% of GP	90% of GP	110% of GP	160% of GP

* *Guaranteed pay (GP) = Basic pay + benefits.*

Share appreciation rights scheme

Premier's listing on the JSE resulted in a decline in the value of the 'A' and 'A1' ordinary shares held by the Executive Management team. Consequentially, and to facilitate longer-term retention, participation in the share appreciation rights scheme was expanded to include Executive Directors and other members of Executive Management in FY2024. Accordingly, the following share appreciation rights (SARs) were awarded to Executive Directors:

	Grant date	Number of SARs	Strike price R
CEO	21 July 2023	734 981	0.00
CFO	21 July 2023	413 021	0.00
	21 July 2023	175 000	56.71

We believe that these amendments will bolster our ability to reward and retain our Executive Directors while ensuring a remuneration structure focused on performance-linked pay. We believe that this approach is fundamental to achieving consistent delivery of strategy and effectively aligns with the generation of shareholder value.

REMUNERATION REPORT continued

STAKEHOLDER ENGAGEMENT

In accordance with King IV requirements, shareholders will have the opportunity to review and approve the Group's remuneration policy and implementation report at the AGM on 5 September 2023, where both documents will be presented for separate non-binding advisory votes*. In anticipation of this meeting and as a means of enhancing the Group's remuneration practices and ensuring that our report is transparent, comprehensive and meets shareholder expectations, the Committee, together with the CEO, intend to meet with key institutional shareholders in August to discuss the salient features of the remuneration policy and the way in which same is implemented. The Committee will give due consideration to this feedback when carrying out its mandate in FY2024.

If the remuneration policy and/or the implementation report are voted against by 25% or more of the voting rights exercised at the AGM, the Committee will further engage with shareholders to fully understand the reasons for dissenting votes and address any legitimate and reasonable objections raised.

FUTURE AREAS OF FOCUS

During FY2024, the Committee will focus on the following matters as far as they relate to remuneration:

- » Proactive monitoring of remuneration trends to ensure the Group's remuneration policy attracts and retains key talent, supports business performance and remains aligned to the interests of shareholders in the face of a changing regulatory environment.

- » Continuous professional development of the Committee, with a focus on the proposed amendments contained in the 2021 Companies Act Amendment Bill which will affect remuneration disclosure and voting going forward.
- » Ongoing monitoring and oversight to ensure fair and responsible remuneration practices.

CONCLUSION

The Committee is satisfied that the remuneration policy achieved its stated objectives in FY2023.

Yours sincerely,

RM Hartmann

Remuneration and Nomination Committee Chair



* The related resolutions are set out in the 2023 AGM Notice

REMUNERATION REPORT continued



Part 2:

OVERVIEW OF OUR REMUNERATION POLICY

This section of the report provides an overview of Premier's remuneration philosophy and principles in respect of all employees and the detailed principles applicable to the Executive and non-Executive Directors and, in certain instances, other members of Executive and Senior Management.

Remuneration governance

The Committee is appointed by the Board and operates independently of Executive Management. It provides oversight and makes decisions regarding remuneration-related matters within its mandate. Where relevant and required, the Committee makes recommendations to the Board for its consideration and final approval.

The Committee oversees the development and implementation of the Group's remuneration policy. This includes agreeing appropriate financial and non-financial performance targets on an annual basis to ensure that superior performance is rewarded and linked to shareholder expectations, while attracting, motivating and retaining Executives with appropriate expertise to drive the long-term growth and success of Premier. The Committee also reviews and approves any material changes to employee remuneration and benefit structures, ensuring that the Group's remuneration practices are responsible, internally equitable and externally competitive.

The Committee ensures that Premier's remuneration reporting is clear, comprehensive and transparent, and recognises the need for continuous improvement in this regard. As such, it reviews and approves the remuneration disclosures in the integrated report and any other disclosures required by King IV, the Companies Act and the JSE Listings Requirements. Going forward, the Committee will consider the results of the non-binding advisory votes on the remuneration policy and the implementation report and respond meaningfully to feedback from shareholders.

The composition of the Committee and the attendance of meetings by its members during FY2023 are set out on page 92 of the governance report.

REMUNERATION REPORT continued

Remuneration philosophy and policy objectives

The following policy objectives shape Premier's remuneration philosophy:

- » Recruit, retain, motivate and grow high performing employees to achieve Premier's strategic objectives / priorities
- » Ensure that all employees are recognised and rewarded for their performance in a fair, equitable and consistent manner
- » Ensure that remuneration and benefits are competitive within our industry
- » Reward employees for achieving predetermined business and personal performance targets and ensure that remuneration is aligned thereto
- » Ensure that employee costs are within budget and are therefore sustainable

Remuneration structure

Our remuneration structure has three main components:

- » Fixed remuneration: Guaranteed pay, which includes a basic salary and benefits
- » Variable remuneration: Short-term incentives
- » Variable remuneration: Long-term incentives

Fixed remuneration : Guaranteed pay

Element	Description
Objective	» Guaranteed pay is a core component of remuneration and reflects the market value of the role, with increases linked to Group and individual performance.
Components	» Guaranteed pay is structured to include a basic salary and the following benefits where applicable: <ul style="list-style-type: none"> » Employer retirement and/or pension fund contributions » Employer medical aid contributions » Group risk (death, disability and impairment) and funeral cover » Cellphone and travel allowances
Positioning	» Guaranteed pay is typically positioned at the market median. To ensure that the Group is able to attract and retain scarce and critical skills as well as top talent in a competitive job market, the Group aims to remunerate these positions at guaranteed pay levels between the 50 th and 75 th percentiles.
Payment	» Monthly payment in cash after deducting statutory taxes and other contributions.
Reviews and annual increases	» Guaranteed pay is reviewed annually and increases take effect in July each year. Annual increases consider factors such as prevailing economic conditions, consumer price inflation, Group performance and affordability.

REMUNERATION REPORT continued

Variable remuneration: Short-term incentive

Element	Description																									
Objective	» The STI recognises and rewards qualifying employees for Group and individual performance.																									
Eligibility	» Executive Directors, Executive and Senior Managers and non-bargaining unit staff. Bargaining unit staff receive guaranteed 13 th cheques.																									
Overview	<div>» Participants are awarded an annual cash bonus (payable in two tranches) which is fully linked to performance and targets that align with Premier’s short-term strategic objectives.</div> <div>» In respect of financial and non-financial performance metrics that make up the performance score, linear vesting applies between vesting levels, up to a cap of 150% of eligible variable pay at 105% of the Group’s budgeted performance.</div> <div>» Performance is measured biannually over a 12-month period, coinciding with the Group’s financial year. Company performance measures are cascaded into each participant’s individual scorecard and the participant’s performance is assessed against their scorecard as part of the Group’s performance management process. Participants must achieve an individual performance score of ≥2.5 out of 5 in order to qualify for participation in the STI.</div> <div>» Minimum net equity value is the overriding condition of the STI scheme and must be reached prior to the award of any short-term incentives. Minimum net equity value is calculated using the following formula:</div> <div><table><tr><td>Minimum net equity value</td><td>=</td><td>Budgeted operational EBITDA⁶</td><td>x</td><td>Defined valuation multiple of 8x</td><td>-</td><td>Budgeted net debt</td></tr></table></div>	Minimum net equity value	=	Budgeted operational EBITDA ⁶	x	Defined valuation multiple of 8x	-	Budgeted net debt																		
Minimum net equity value	=	Budgeted operational EBITDA ⁶	x	Defined valuation multiple of 8x	-	Budgeted net debt																				
Operation	<div>Once a targeted minimum net equity value has been achieved, each participant’s bonus is determined by way of the following formula:</div> <div><table><tr><td>Annual GP</td><td>x</td><td>On target or stretch target % of GP Based on role</td><td>x</td><td>Performance multiplier</td><td>=</td><td>Annual STI</td></tr></table></div> <div>On target percentage and capping:</div> <table><tr><td></td><td>On-target percentage of GP</td><td>Stretch-target percentage of GP (Capping)</td></tr><tr><td>CEO</td><td>140%</td><td>210%</td></tr><tr><td>CFO</td><td>110%</td><td>160%</td></tr></table> <div>Performance condition weightings:</div> <table><tr><td></td><td>Company performance weighting</td><td>Individual performance weighting</td></tr><tr><td>CEO</td><td>80%</td><td>20%</td></tr><tr><td>CFO</td><td>80%</td><td>20%</td></tr></table>	Annual GP	x	On target or stretch target % of GP Based on role	x	Performance multiplier	=	Annual STI		On-target percentage of GP	Stretch-target percentage of GP (Capping)	CEO	140%	210%	CFO	110%	160%		Company performance weighting	Individual performance weighting	CEO	80%	20%	CFO	80%	20%
Annual GP	x	On target or stretch target % of GP Based on role	x	Performance multiplier	=	Annual STI																				
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CFO	110%	160%																								
	Company performance weighting	Individual performance weighting																								
CEO	80%	20%																								
CFO	80%	20%																								
Payment	<div>» Performance is assessed and bonuses paid biannually. Tranche 2 bonus payments make provision for any out performance over the full 12-month period.</div> <div>» In respect of Executive Directors and members of Executive and Senior Management, 50% of the total STI earned is deferred for a period of 12 months.</div> <div>» Payment is contingent on the participant’s good standing and continued employment with the Group.</div>																									
Approval	» Overall, STIs are approved by the Committee on the recommendation of executive management.																									

⁶ Operational EBITDA = EBITDA before IFRS 16 and/or profit and loss on disposal of property, plant and equipment but inclusive of finance costs in respect of the trade facility.

REMUNERATION REPORT continued

Variable remuneration: Long-term incentives

LTIs, together with deferred STI awards, encourage retention and a long-term commitment to building sustainable value among members of Executive and Senior Management. Our LTI schemes currently comprise a share appreciation rights scheme and an executive share investment programmes.

Share appreciation rights scheme

Element	Description
Eligibility	<ul style="list-style-type: none"> » Members of Senior Management on an annual basis. » Executive Directors and other members of Executive Management on an <i>ad hoc</i> basis at the discretion of the Committee.
Overview	<ul style="list-style-type: none"> » Participants are awarded notional units (SARs) as a proxy for shares in the Company. » Once exercised and post the deduction of all applicable income taxes, SARs are cash settled based on the appreciation of their underlying value between issue and exercise dates. In certain instances, SARs may be equity settled at the discretion of the Committee. » If the headline earnings per share (HEPS) does not increase in value by more than the compound annual growth rate of CPI by their exercise date, the SARs will have no value and no payment will be due or payable to the holder thereof. » Under normal circumstances, it is intended that the total number of awarded, but unexercised, SARs amounts to c.3% of the Company's issued ordinary shares at any point in time. However, including the award to Executive Directors and other members of the Executive Management team, as detailed on page 102, the total number of awarded, but unexercised, SARs amounts to c.5% of the Company's issued ordinary shares. A further award of SARs to incumbent Executive Directors and / or other members of the current Executive Management team is not anticipated.
Vesting	<ul style="list-style-type: none"> » 50% of awarded SARs vest on the fourth anniversary of their issue date and the remaining 50% on the fifth anniversary. Once SARs have vested, they are exercisable in tranches of 50% or 100% up until the eighth anniversary of their issue date. » Vesting of SARs is contingent upon the participant's good standing and continued employment with the Group.
Valuation	<ul style="list-style-type: none"> » SARs awarded prior to FY2024 and before the company was listed on the JSE, were issued at the market value of Premier's ordinary shares based on the following calculation: Price per share = equity value (being enterprise value less net debt) / number of ordinary shares. Net debt, for the purpose of this calculation, is adjusted for dividends paid to shareholders. The value of these SARs will be similarly calculated on the date on which they are exercised. » SARs awarded from FY2024 will be awarded at the market value of Premier's shares on the JSE, based on a 10-day VWAP from the date of publication of the prior year's financial results. Their value will be similarly calculated on the date on which they are exercised.
Approval	<ul style="list-style-type: none"> » SARs are awarded at the discretion of the Committee.

REMUNERATION REPORT continued

Executive share investment programmes

Element	Description
Eligibility	» Executive Directors and members of Executive Management.
Overview	» Through the provision of notional vendor financing (NVF), participants subscribed for 'A' and/or 'A1' unlisted ordinary shares in the company, each of which will automatically convert into ordinary shares on a defined conversion date. The 'A' and 'A1' ordinary shares shall convert into such number of ordinary shares that equate the market value of the underlying shares, less the corresponding NVF loan amount, in accordance with the conversion ratio set out in the share terms.
Conversion date	» The conversion date shall be the earlier of: » 1 April 2027; or » the date immediately preceding the date on which any person other than Brait Mauritius Limited or Titan Premier Investments Proprietary Limited (or their respective related persons) obtain the ability to exercise more than 35% of the voting rights in the company; or » the disposal of the Group's business and assets to a bona fide third party in circumstances requiring shareholder approval in terms of section 122 of the Companies Act.
NVF loans	» The NVF loans in respect of the 'A' ordinary shares equate to an amount equal to 85% of the ordinary share market value on the date on which the 'A' ordinary shares were issued, plus notional interest thereon which accrues daily at the prime lending rate less 1% from the date of issue until the conversion date and shall be calculated, capitalised and compounded monthly in arrears. » The NVF loans in respect of the 'A1' ordinary shares equate to an amount equal to the ordinary share market value on the date on which the 'A1' ordinary shares were issued, plus notional interest thereon which accrues daily at the prime lending rate less 1% from the date of issue until the conversion date and shall be calculated, capitalised and compounded monthly in arrears.
Approval	» 'A' and 'A1' ordinary shares were issued at the discretion of the Committee.

Remuneration of Executive Directors

Remuneration of our Executive Directors is structured on a total remuneration basis that includes guaranteed pay, short- and long-term incentives and is designed to support alignment with the Company's strategy and financial and operational performance targets. The mix is aimed at ensuring an optimal balance of remuneration between guaranteed pay and variable incentives.

REMUNERATION REPORT continued

Linking pay to performance

The graphs below illustrate the potential remuneration outcomes for Executive Directors at target and stretch levels of performance in FY2024. If a target level of performance is not achieved, only the guaranteed pay indicated will be payable.

The FY2024 SARs allocations made to Executive Directors will only vest from FY2028 onwards and as such, the LTI will have no impact on the outcomes listed below.

		GP	STI
CEO (R'000)	Target	7 913	11 077*
	Stretch	7 913	16 616**

* STI at 140% of guaranteed pay.

** STI at 210% of guaranteed pay.

CFO (R'000)	Target	5 539	6 093*
	Stretch	5 539	8 862**

* STI at 110% of guaranteed pay.

** STI at 160% of guaranteed pay.

Malus and clawback

Premier introduced a malus and clawback policy during FY2023. Under the policy, all variable incentives allocated to Executive Directors are subject to malus and clawback conditions. Accordingly, and in the event that a trigger event occurs, the committee may reduce incentives payable to Executive Directors prior to the payment or vesting thereof (malus) and/or require the recovery or repayment of awards already made (clawback), including the surrender of any shares acquired under the Group's incentive schemes. Clawback applies for a period of two years after the vesting of any variable incentive award.

Executive Director service agreements

Executive Directors are on standard employment contracts with three-month notice periods. There are no contractual arrangements for balloon payments or other special severance payments or loss of office payments on termination of employment for underperformance. In respect of early termination, there is no automatic entitlement to bonuses or incentives, and any such payments are made at the discretion of the committee. Should Premier elect to enforce same, Executive Directors are subject to 12-month restraints of trade and will be paid their normal remuneration during these periods.

Sign-on and restraint of trade payments

The Group may make buy-out awards (sign-on and/or restraint of trade) to new Executive Directors and key employees to enable it to attract and secure necessary talent. It is acknowledged that it is sometimes necessary to compensate such employees for the loss of unpaid bonuses or unvested incentive awards due to them leaving their previous employment. These awards are made in exceptional circumstances at the discretion of the Committee.

REMUNERATION REPORT continued

Remuneration of non-Executive Directors

Non-Executive Directors are appointed in terms of the company's Memorandum of Incorporation MOI. They do not have employment contracts with the company, do not receive performance-related remuneration or benefits and do not participate in any of the Group's incentive schemes.

Non-Executive Director fees are reviewed annually based on inflation. The fee proposals endorsed by the Board are proposed at the AGM for shareholder approval. Non-Executive Director fees are paid in cash and non-Executive Directors are additionally reimbursed for travel and other business-related expenses. The non-Executive Director fees below are proposed in respect of FY2024. The fees are exclusive of VAT, which will be added in accordance with current VAT legislation where applicable. Contrary to the position prior to the company's listing on the JSE, both Independent and non-Independent non-Executive Directors will earn fees from FY2024 onwards.

	Total annual fees: Based on no. of scheduled meetings R	Annual retainer R	Per meeting fee R	No. of scheduled meetings	Annual base fee: Based on no. of scheduled meetings R
Board					
Chair	750 000	375 000	93 750	4	375 000
Member	350 000	175 000	43 750	4	175 000
Audit and Risk Committee					
Chair	250 000	125 000	31 250	4	125 000
Member	125 000	62 500	15 625	4	62 500
Remuneration and Nomination Committee					
Chair	200 000	100 000	25 000	4	100 000
Member	100 000	50 000	12 500	4	50 000
Social and Ethics Committee					
Chair	140 000	70 000	35 000	2	70 000
Member	80 000	40 000	20 000	2	40 000

* Depending on the number of meetings held per annum, the actual fees payable to Directors may be higher or lower than the total fees depicted in the table above.

REMUNERATION REPORT continued

Part 3:

REMUNERATION IMPLEMENTATION REPORT

This section of the report outlines the implementation of the Group's remuneration policy in FY2023. We report on the inflation-linked increases in guaranteed pay and the variable incentives approved for Executive Directors. We also disclose total figure remuneration and provide a schedule of shares held by Executive Directors in line with the applicable requirements of King IV. We conclude with the remuneration of non-Executive Directors as is required by the Companies Act.

During the year under review, there were no deviations from the Group's remuneration policy.

Fixed remuneration: Guaranteed pay

Annual salary increases

In determining annual salary increases, the Committee considered, amongst others, annual consumer price inflation and current economic conditions, the performance of the Group and the affordability of the increased salary cost. The Committee approved an overall salary increase mandate of 5% for Executive Directors, Executive and Senior Managers and non-bargaining unit staff, effective 1 July 2022.

As disclosed in the pre-listing statement, Executive Director salaries were further increased with effect from 24 March 2023 as a result of their increased roles and responsibilities post the company's listing.

Short-term incentive

Overall short-term incentive

An overall STI of R125 million was approved by the Committee in respect of the reporting period ended 31 March 2023 (FY2022: R108 million), R35 million of which will be deferred for payment in 2024 in accordance with the STI scheme rules. STIs were distributed discretionarily based on the individual performance of recipients.

Executive Director short-term incentives

Based on the achievement of stretch performance targets in FY2023, Executive Directors STIs were approved by the Committee as follows:

	CEO R'000	CFO R'000
Gross STI*	9 750	4 252
Total STI as a % of annual GP	150%	90%

* In accordance with the terms of the STI policy, 50% of the total STI earned will be deferred for a period of 12 months.

REMUNERATION REPORT continued

Long-term incentives

Share appreciation rights scheme

During FY2023, 2 100 new SARs were awarded, 0 vested, 713 were exercised and 100 forfeited. Prior to FY2024, SARs were not awarded to Executive Directors. Movements in the share appreciation rights scheme during FY2023 are summarised below:

	Number of SARs	Value of SARs R'000
1 April 2022	9 493	35 254
Awarded during the year	2 100	875
Vested during the year	0	0
Exercised during the year	713	7 622
Forfeited during the year*	100	59
31 March 2023	10 780	58 300

* SARs forfeited by participants no longer in the employ of the Group.

Executive share investment programmes (excluding Executive Directors)

During FY2023, members of the Company's Executive Committee, excluding the Executive Directors, subscribed for the following shares under the executive share investment programmes:

	Issue date	Number of shares	Subscription price R	NVF loan R
'A1' ordinary shares	21 June 2022	13 080	0.01	72.60

Following the above award, members of the Company's Executive Committee, excluding Executive Directors, now hold the following shares under the executive share investment programmes:

	Issue date	Number of shares	Subscription price R	NVF loan R
'A' ordinary shares	30 September 2020	6 762	1 035	5 865
'A1' ordinary shares	21 June 2022	13 080	0.01	72.60

REMUNERATION REPORT continued

Executive share investment programmes (Executive Directors)

During FY2023, Executive Directors subscribed for the following shares under the executive share investment programmes:

	Issue date	Number of shares	Subscription price R	NVF loan R
CEO				
'A1' ordinary shares	21 June 2022	5 730	0.01	72.60
CFO				
'A1' ordinary shares	21 June 2022	2 000	0.01	72.60

Following the above award, Executive Directors now hold the following shares under the executive share investment programmes:

	Issue date	Number of shares	Subscription price R	NVF loan R
CEO				
'A' ordinary shares*	30 September 2020	5 797	1 035	5 865
'A1' ordinary shares	21 June 2022	5 730	0.01	72.60
CFO				
'A' ordinary shares*	26 August 2021	1 932	4 530	6 227
'A1' ordinary shares	21 June 2022	2 000	0.01	72.60

* At the time of subscribing for the 'A' ordinary shares, the CEO and CFO simultaneously subscribed for ordinary shares in the company. They invested a total of R9.5 million and R9.2 million respectively in these share subscriptions.

REMUNERATION REPORT continued

Remuneration of Executive Directors

Single view Executive Director remuneration

In line with King IV, we disclose a single view of Executive Directors' remuneration received in FY2023, compared to that received in FY2022. Executive Directors did not receive LTIs in FY2022 or FY2023.

		Basic salary R'000	Other benefits* R'000	Retirement fund contributions R'000	STI** R'000	Total R'000
FY2023	CEO	6 153	135	183	6 606	13 077
	CFO	4 389	264	132	2 059	6 844
		10 542	399	315	8 665	19 921
FY2022	CEO	5 635	116	169	3 337	9 257
	CFO***	2 791	2 889	84	225	5 989
		8 426	3 005	253	3 562	15 246

* Other benefits comprise travel allowances and medical benefits.

** Bonus payments made in FY2023 relate to the prior financial year and where applicable, include the deferred portion of the prior year STI.

*** F Grobbelaar was appointed as CFO on 2 August 2021. Included in other benefits is a R2.7 million sign-on bonus paid to him as compensation for the loss of unpaid bonuses and/or unvested incentive awards from his previous place of employment.

REMUNERATION REPORT continued

Remuneration of non-Executive Directors

Below is a summary of the fees paid to non-Executive Directors in FY2023, as disclosed in note 37 of the consolidated annual financial statements.

	Board		Audit and Risk Committee		Remuneration and Nomination Committee		Social and Ethics Committee		Sub-total	VAT	Total
	Retainer R'000	Meeting R'000	Retainer R'000	Meeting R'000	Retainer R'000	Meeting R'000	Retainer R'000	Meeting R'000	R'000	R'000	R'000
CJ Roodt	301	301			40	40			682	101	783
RM Hartmann^											
PRN Hayward-Butt^-^											
FN Khanyile*	63	38	15	15					131	19	150
JER Matthews^											
H Ramsumer**	134	150	71	85					440		440
W Sihlobo***	266	300					38	45	649		649
I Van Heerden^											
	764	789	86	100	40	40	38	45	1 902	120	2 022

~ Resigned as a Director of the company with effect from 11 November 2022 and was elected as an Alternate Director to RM Hartmann with effect from the same date.

* Board retainer fee pro rated from appointment date of 1 November 2022.

** Board retainer fee pro rated from appointment date of 9 May 2022. Retainer fee for Audit and Risk Committee pro rated from appointment date of 1 June 2022.

*** Retainer fee for Social and Ethics Committee pro rated from appointment date of 1 June 2022. Included in Board retainer and meeting fees are amounts of R116 209 and R150 000 respectively which relate to services rendered in the prior year that were paid in the current year.

^ Directors not compensated by the company or any other company within the Group.



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SUPPLEMENTARY INFORMATION

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ESG DATA SUMMARY continued

OUR ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE MEASURES CONTINUED

		FY2023**
Environmental		
Energy		
Total volume of electricity purchased	MWh	180 123
Total volume of electricity self-generated	MWh	299
Total volume of electricity consumed	MWh	180 422
Energy from renewable sources	%	0.2
Total diesel consumption	KL	13 876
Total gas consumption	GJ	255 887
Total polyfuel consumption	KL	541
Total coal consumption	tonnes (000's)	3 342
Carbon footprint		
Scope 1	tCO ₂ e	86 853
Scope 2	tCO ₂ e	187 313
Carbon emissions - Scope 1 and 2	tCO ₂ e	274 166
Carbon tax paid*	R'm	1.95
Water		
Total water consumption	ML	1 240
Total municipal water consumption	ML	674
Total borehole consumption	ML	566
Total volume of effluent water discharged	ML	86
Waste		
Total volume of non-hazardous waste sent to landfill	tonnes	4 400
Total volume of hazardous waste sent to appropriate disposal sites	tonnes	179
Total volume of non-recycled waste	tonnes	4 579
Total volume of waste recycled	tonnes	1 569
- Paper and cardboard	tonnes	847
- Plastic	tonnes	474
- Metal/glass/other	tonnes	248
Waste recycled	%	98.5
Total volume of waste	tonnes	315 033
Levies for non-compliance	R'm	-

* Carbon tax paid based on emissions generated during 2022 calendar year.

** FY2023 environmental data to be used as the baseline for future comparatives.



GLOSSARY

Abbreviations and definitions used in this report

A

Adjusted EBITDA : FY2022 EBITDA adjusted by adding back an impairment loss of R130 million

Adjusted operating profit : FY2022 operating profit adjusted by adding back an impairment loss of R130 million

ACI : African, Coloured or Indian

AGM : Annual General Meeting

B

B-BBEE : Broad-Based Black Economic Empowerment

bps : basis points

C

CEO : Chief Operating Officer

CFO : Chief Financial Officer

CIM : Companhia Industrial da Matola

CPG : Consumer Packaged Goods

CSI : Corporate Social Investment

E

EBITDA : Earnings before interest, tax, depreciation, amortisation and abnormal items

ESG : Environment, Social and Governance

F

FMCG : Fast moving consumer goods

FY : Financial year

G

GJ : Gigajoule

GM : Genetically Modified

H

HPC : Home and Personal Care

I

ICCO : International Cocoa Organisation

IT : Information Technology

J

JSE : Johannesburg Stock Exchange Limited

K

Kl : Kilolitre

L

LTI : Long Term Incentive

M

MI : Megalitre

MWh : Megawatt hour

N

NGO : Non- governmental organisation

Normalised HEPS : Headline earnings per share (HEPS) adjusted for foreign exchange gains on cash and loans of a funding nature of R60 million (2022: R3 million) and by the reversal of accrued withholding tax on preference dividends of R43 million to profit on the conversion of the redeemable preference shares to ordinary shares

O

OHS : Occupational Health and Safety

Operational EBITDA : EBITDA before IFRS 16 and/or profit and loss on disposal of property, plant and equipment but inclusive of finance costs in respect of the trade financing facility

R

RCF : Revolving credit facility

ROIC : Return on invested capital which was adjusted for the revaluation of intangibles in the current year and capital projects not yet commissioned in the prior year

ROE : Return on equity adjusted for the revaluation of intangibles

RSPO : Roundtable on Sustainable Palm Oil

S

SADC : Southern African Development Community

SARs : Share Appreciation Rights

SKU : Stock Keeping Unit

STI : Short Term Incentive

tco₂e : tonnes of carbon dioxide equivalent

U

SDGs : United Nations Sustainable Development Goals

COMPANY INFORMATION

Company name Premier Group Limited
(formerly Premier Group Proprietary Limited)

Company registration number 2007/016008/06

Country of incorporation and domicile Republic of South Africa

JSE share code PMR

ISIN ZAE000320321

Registered office and business address Building 5, Maxwell Office Park
Magwa Crescent West
Waterfall, 2090
Private Bag X2127, Isando, 1600
Telephone +27 11 565 4300

Directors

JJ Gertenbach	<i>Chief Executive Officer</i>
F Grobbelaar	<i>Chief Financial Officer</i>
CJ Roodt	<i>Independent non-Executive Chairman</i>
RM Hartmann*	<i>Non-Executive</i>
FN Khanyile	<i>Independent non-Executive</i>
JER Matthews	<i>Non-Executive</i>
H Ramsumer	<i>Independent non-Executive</i>
W Sihlobo	<i>Independent non-Executive</i>
I van Heerden	<i>Non-Executive</i>

* PRN Hayward-Butt is an Alternate Director to RM Hartmann

Bankers FirstRand Bank Limited, The Standard Bank of South Africa Limited, Nedbank Limited and Investec Bank Limited

Company Secretary Retha Stoltz
Email: companysecretary@premiermcg.com

Transfer secretaries Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue
Rosebank, 2196
Private Bag X9000, Saxonwold, 2132
Telephone +27 11 370 5000

Sponsor Rand Merchant Bank
(a division of FirstRand Bank Limited)
1 Merchant Place, Cnr Fredman Drive and Rivonia Road, Sandton, 2196
PO Box 786273, Sandton, 2146
Telephone +27 11 282 8000

Independent auditor PricewaterhouseCoopers Inc.
4 Lisbon Lane, Waterfall City
Jukskei View, 2090
Private Bag X36
Sunninghill, 2157
Telephone +27 11 797 4000

Website www.premiermcg.com

Investors relations Email: investor@premiermcg.com

Tax reference number 9102629160



Premier

www.premiermcg.com