Bidcorp's value creation model

Our inputs – *what we invested*

FC

Financial capital		2022	2021
Equity	(Rm)	**31 103**	28 088
Debt (Non-IFRS 16)	(Rm)	**9 116**	8 624
Cash	(Rm)	**7 398**	8 121

HC

Human capital		2022	2021
Employees	(Number)	**24 978**	22 552
	Male	**17 662**	15 902
	Female	**7 316**	6 650
Payroll investment	(Rbn)	**17,6**	13,7
Training investment	(Rm)	**54,2**	45,3

SC

Social and relationship capital		2022	2021
Suppliers		**32 753**	32 596
	Foreign suppliers (%)	*20*	*21*
Customers		**370 683**	321 653
Customer mix	Independent (%)	*57*	*56*
	Chain (%)	*31*	*31*
	Logistics (%)	*5*	*6*
	Retail and other (%)	*7*	*7*

MC

Manufactured capital		2022	2021
Depot size	(sqm)	**1 423 871**	1 344 066
Number of vehicles	(Number)	**7 071**	6 649
	Delivery	**5 286**	4 782
	Passenger	**1 785**	1 867

IC

Intellectual capital		2022	2021
Software investment	(Rm)	**157,8**	138,2
Size of product range (SKUs)	(Number)	**375 522**	369 726
Product mix	Frozen (%)	*36*	*36*
	Chilled (%)	*27*	*28*
	Ambient (%)	*31*	*30*
	Non-food (%)	*6*	*6*

NC

Natural capital		2022	2021
Grid supplied power used	(kWh)	**297 464 610**	277 092 525
Fuel consumed	(kilolitres)	**51 650**	44 673
Natural gas used	(tonnes)	**2 236**	2 370
Refrigeration and aircon gas	(tonnes)	**20**	14
Waste	(tonnes)	**32 489**	20 490
Water	(kilolitres)	**943 005**	829 907

Each of our businesses does similar activities but differently. These differences represent a key Bidcorp strength.

Our outputs – *what we delivered*

FC

Financial capital		2022	2021
Profit attributable to shareholders of the company	(Rm)	**4 825**	3 089
Weighted average number of shares in issue	('000)	**334 062**	334 058
Basic earnings per share	(cents)	**1 444,3**	924,6
Headline earnings per share	(cents)	**1 538,3**	868,4

HC

Human capital		2022	2021
Staff attrition	(%)	*32*	*33*
Female	(%)	*29*	*29*
Employees training completed	(hrs)	**298 361**	194 034
Fatalities	(Number)	**3***	1

SC

Social and relationship capital		2022	2021
Donations	(Rm)	**24,0**	14,0
Sponsorships	(Rm)	**26,2**	Not available

** Workplace fatalities, refer to note on page 27.*

MC

Manufactured capital		2022	2021
Capex investment	(Rm)	**3 082**	1 969
Depots	(%)	*69*	*62*
Vehicles	(%)	*20*	*25*
IT	(%)	*11*	*13*

IC

Intellectual capital		2022	2021
Ecommerce platform sales	(% of revenue)	*54*	*50*
Own Brand	(% of revenue)	*21*	*20*

NC

Natural capital		2022	2021
Total emissions	(tCO_2e)	**308 354**	281 044
Scope 1	(tCO_2e)	**144 726**	125 444
Scope 1+	(tCO_2e)	**28 944**	27 565
Scope 2	(tCO_2e)	**129 257**	124 307
Scope 3	(tCO_2e)	**5 427**	3 728

Our outcomes – *we made a difference*

FC

- HEPS increased by 77% to 1538,3 cps (2021: 868,4 cps)
- A significant successful refinancing exercise enabled a large portion of the group debt to be termed out to differing maturity dates of 3, 5 & 7 years at competitive fixed interest rates, reducing liquidity and interest rate risks
- Record cash generated by operations (before WC) of R9,9bn (2021: R7,0bn); 92% of EBITDA (non-IFRS 16) and 105% of trading profit was turned into cash
- Balance sheet remains strong with reliable cash flows which allows flexibility to achieve strategic growth objectives, organic and acquisitive

HC

- We are better today than we were in pre-pandemic in 2019, and most importantly we retained our human capital
- Our staff attrition rate remained high as the scarcity of driver and warehousing skills, worsened in developed markets. We sought to address this skills deficit through energised interactions with our teams, meeting their work-life balance and long-term career incentivisation needs
- We retained our workforce gender profile in a challenging labour retention period; we continue to proactively amend our work environment to break down previous gender imbalances in our workforce
- At R17,6 billion our total employee remuneration was 28% higher than in 2021

SC

- Good business is ethical business built on trust, goodwill, and confidence – we stand by our customers and suppliers
- Customer engagement to share healthy eating meal options, sustainable menu ideas, sourcing sustainable substitute product options, promoting positive eating habits for our customers' customers
- Our operations in Poland, Czech & Slovakia, the Baltic states, the UK, the Netherlands, Belgium, Spain and Italy mobilised support and food packages for refugees fleeing the Russian invasion of Ukraine
- Spent more than R24m on a variety of charitable and socio-economic development programmes, making a difference in thousands of individual lives

MC

- 10 business acquisitions in 8 countries, developing our value-add offering
- Monthly average NWC days of 7 days (2021: 7 days); WC% to revenue of 3,4% (normalised range: 4-5%); an achievement considering food supply shortages
- Expansionary capex of R1,6bn into upgrades of and new DC's. Replacement capex of R1,3bn in line with the depreciation. Vehicle fleet capex continues to be challenged by supply chain disruptions
- Strategy remains to own our facilities – 72% of property portfolio owned in 2022

IC

- Significant IP invested into ecommerce development, embracing best of breed service-related insights; ecommerce adoption continues to increase, generating 54% of 2022 group revenue
- External audit issued an unmodified audit opinion issued for 2022 AFS, putting the impacts of the Miumi fraud of 2021 behind us
- We have managed high inflation pressures, present in all our markets, well and are trading through it
- Our ecommerce and digital strategy remain key enablers of competitive advantage

NC

- ESG is an integral part of our business model, indeed most of our capex is on modern facilities and fleet – environmentally sound practices, doing good by our stakeholders, and robust governance makes for more efficient business
- Through investment in solar installations, we have increased our renewable power generation in 2022 by 27% to 8,623,036 kWh
- Despite limitations in technology, we continue to invest in electric vehicles and remain committed to identifying viable sustainable alternatives
- Concerted waste reuse, renew, and recycle practices have been embedded; improving our awareness, success, and ability to accurately report on Scope 3 emissions
- Significant effort into sourcing and promoting a sustainable product supply chain for our customers, positively changing eating habits

To create value... We Procure

It's all about the food

We are proud of our ability to provide a complete one-stop shop solution that encompasses a wide range of products and services tailored to add value to our customers' establishments.

We source

1. high-quality products at the best price and ensure that food safety, sustainable and ethical business practices are implemented throughout our supply chain
2. a full range of quality ambient, chilled, and frozen foods; as well as catering equipment and non-food essentials – overwhelmingly from local suppliers

We adopt a decentralised model where local purchasing decisions are based on the quality and price of the local product, and according to our local customers' ever-changing needs.

Our suppliers are specialists in their product, as well as being ethically and sustainability minded, located as close to the source of the food as possible.

We strive to create value for our suppliers by engaging with them on market trends and requirements. Alerting them to changes in customer needs and product developments required.

As well as investing in our people, technology, the community, and environmental management, we also aim to make a positive impact when it comes to our supply chain. We are proud to say we take a sustainability-based approach to product sourcing, minimising the impact of our carbon footprint, whilst ensuring fair labour practices are at the forefront of our supply chain.

Code of conduct for suppliers

We're committed to working with our suppliers to operate ethically and to build greater transparency within our supply chains. We aim to act dutifully and always within the law and regulations. As a minimum we expect all suppliers to comply with national and international laws.

Setting the supply chain standard

Prior to trading, all suppliers undergo a supplier approval process and are expected to provide documented evidence of compliance with Bidfood's food safety and legality standards. Suppliers of our Own Brand products are subject to further risk assessment checks. Failure by a supplier to meet our standards may jeopardise their ability to continue to do business with us.

A zero-tolerance to modern slavery

Modern slavery is an unquestionable and indefensible violation of an individual's basic human rights. Bidcorp has a moral and social responsibility to take a zero-tolerance approach to any modern-slavery practices. We are committed to playing our part in the eradication of any form of child labour or slavery throughout our supply chain. We have and will continue to put effective controls in place to guard against any form of modern slavery within our business and our supply chain.

Stakeholder: Suppliers

32,753 global suppliers, sourcing **375,522** product SKU's

2022 revenue generated from sale of **36%** frozen products, **27%** chilled products, **31%** ambient products and **6%** non-food products

Foreign suppliers make up **20%** of purchases

Own Brand products now make up **21%** of total revenue

How did we do?

A globally diverse supplier base, locally positioned where possible. Working together we navigated supply chain challenges, keeping our customers' doors open. Focus remains on developing our Own Brand; sourcing locally; and ensuring a sustainable, environmentally friendly range.

How we engage

- decentralised operational structure requires each business to manage its own supplier network, sourcing locally, negotiating independently
- supplier approval processes, engaging with international standard organisations
- in-person and online engagement with suppliers, in trade shows, visits, demo's
- regular meetings with key suppliers, increased as supply chains came under pressure
- food safety audits at production facilities
- engaged enterprise development programme

Issues raised

- Support local sourcing, especially in Own Brand, to meet rising cost pressures
- COVID-imposed lockdowns threatening supply chains
- The Ukrainian conflict is a destabilising factor that affects not just Europe but the entire world, including higher energy and food prices and grain scarcity
- Joint pursuit of efficiencies
- Need for clear communication channels providing accurate, timeous information to all parties

How we respond

- ✓ growing the pool of top quality, sustainably responsible local producers
- ✓ continued efforts to streamline logistics chain
- ✓ driving supplier vetting processes, ensuring compliance and commitment to modern slavery and ethical labour practices
- ✓ ensuring product traceability is available and transparent
- ✓ Inventory stocking due to global supply chain disruptions and product availability
- ✓ sourcing an environmentally responsible product range

Linked material issue: SC Supply chain security and stability

2022 Impact – Significantly heightened due to global supply chain pressures

Stakeholders:

Capitals: FC NC IC

Bidfood has worked closely with our supplier base to ensure steady supply and distribution of products. In the event of an inability to obtain adequate product supply and/or to timeously service our customers, this could have an adverse impact on our business, our financial and operational results, as our customers may turn to other suppliers.

Bidcorp is mindful of the substantive financial and operational impact of the global pressures across our value chain, but we mitigate this by identifying substitute products and procuring locally for much of our product range. We purchase from thousands of domestic and international suppliers, from large corporates selling branded products, to the small local manufacturers which may produce and supply Bidfood's Own Brand range.

What it may mean to us

- COVID-related pressures could increase global supply chain disruptions
- Product pricing increases
- Lack of in-house manufacturing capacity
- Own Brand pressure on product supply
- Certain high volume products could see immediate and long-term shifts in cost that we may not immediately be able to pass onto our customers, causing margin pressure or forcing us to eliminate the SKU from our product range

How we respond

- ✓ Inflation is at an all-time high but as all customers are experiencing this, they are fairly understanding and accepting of inflationary price increases needed
- ✓ We encourage product substitution, where possible with Own Brand and/or locally sourced products
- ✓ We have protected margins through active price management
- ✓ Customers are evolving their product offering to the end-consumers, eliminating, where possible, high-cost ingredients
- ✓ We proactively adjust our stock holding as circumstances change

Linked material issue: MPV Macro political volatility

2022 Impact – Heightened, additional economic and political strains

Stakeholders:

Capitals: HC SC

Bidcorp is a geographically diverse business exposed to the global economic instabilities. Political instability is unpredictable and can present suddenly, with significant impact. These unforeseeable upheavals can potentially disrupt normal business operations materially. Global economic uncertainty combined with political volatility in many jurisdictions, are expected to continue to adversely affect some businesses and results of operations. These events have and may further affect consumer confidence, behaviour, and spending patterns, this could adversely affect the economies and financial markets of many countries, resulting in an economic downturn. We remain alert to and aware of these developments.

We are committed to each country and legislative jurisdiction in which we operate. Our local teams are best placed to focus on what is within the control of the local operator - delivering the right products, at the right price, at the right time, to the right customer.

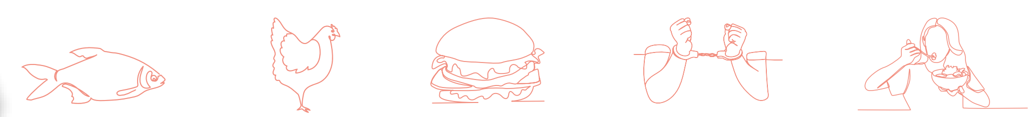
What it may mean to us

- Increasing inflation rates around the world driven by wage inflation, fuel and energy costs
- Russia's invasion of Ukraine threatening significant global food supply disruption
- Exposure to political, economic and social conditions in various jurisdictions around the world
- Potential business slowdown due to lower economic activity, financial instability, trade restrictions, imposition of tariffs, and volatility in exchange rates

How we respond

- ✓ A group-wide initiative was conducted to determine if there were any direct customers or suppliers from Russia or Ukraine, none were found
- ✓ Russia is a large provider of fish, therefore global sanctions are affecting the price and availability of fish; Ukraine a global supplier of grains – we are actively managing the impact of these disruptions on our supply chain
- ✓ Political strife, loadshedding impacts, and civil unrest in South Africa has an impact on our local operations, but our disaster recovery processes have been tested and are in place and working
- ✓ We continue to monitor macro economic pressures, managing the current impacts and mitigating where possible through hedges of costs and proactive investment in working capital (where possible)

Responsible procurement



Sustainable seafood sourcing | Cage free eggs | Responsible meat sourcing | Zero-tolerance to modern slavery | Health and food safety

To create value... We Process

Organic market share gains remain the focus of all businesses in all markets through broadening the offering to our existing customer base whilst gaining new customers. Further development of our product sourcing capabilities, both local and imported, is creating the opportunity to expand our Own Brand product offering. Small but strategic investments are also being made into value-add product opportunities to further enhance the Bidfood product range.

Through listening to our customers, we have identified opportunities to make our customers' lives easier through food preparation and packaging. These value-add light processing and bespoke manufacturing opportunities create a valuable "stickiness" factor with our customers and directly contribute to our margin preservation efforts.

In addition to this, we identify changing legislative requirements our customers are required to comply with, we ensure proactive transparency with our customers, we provide all the product information necessary to operate in the horeca market: nutritional values, presence of allergens, presence of GMOs (genetically modified organisms), yield, instructions for use, conditions conservation, to mention a few.

Our employees are trained to the highest standards and are aware of the importance of high-level quality control. Thanks to our efficient processes and procedures, we are able to manage the varying reporting and quality parameters of our full product range throughout our global supply chain.

Value-add opportunity

We transform quality ingredients into innovative food products, capturing the margin to support our strategy, but ensuring we keep these products and offerings small and simple:

Repacking: light manufacture processing sites that specialise in roasts, coats, blends and packs nuts, cereals, seeds, spices, and powders

Preparing fresh fruit and vegetables: fully automated food processing environments, cutting, slicing, dicing, grating, and preparing fresh fruit and veg; and where required we have our team hand-cutting and preparing product to customer specification

Protein processing: value-add processes in place to prepare full range of meat and seafood products, including slicing, mincing, marinating, to sous-vide meal preparation

Importing: ensuring the supply chain continuity of key product items, whilst ensuring the highest quality products are responsibly sourced and available

We know foodservice

Our mission is to empower our foodservice businesses to invent and create. With a team of passionate foodies that know and love the industry, we're familiar with what it takes to run successful eating-away-from-home establishments.

Quality commitment

We are committed to transparent and prompt communications with stakeholders along the full supply chain, engaging food safety specialists to ensure the highest standards are implemented.

We engage experienced production teams, with the knowledge and expertise to implement best practice food processing standards. Contract manufacturing quality assurance teams certify the manufacturing and processing plants, meeting global quality control standards and our rigorous requirements.

We continue to seek new opportunities to develop process automation, to improve the quality of our output, and maximise our yield.

It's all about the food

Bidcorp people are entrepreneurial and incentivised to be so. We operate autonomously in pursuit of the same end goal. Our people are experts in their field with a common goal to produce the finest quality product and be market leaders in our field.

Our thinking
We think business is about more than just money, so our strategy for the future is focused around not only results, but also our reputation as a business and our relationships with both our customers and employees

What we stand for
We stand for being a great place to work, a sustainable and forward thinking business partner and a positive presence in the community, and our values will continue to underpin everything we do

At Bidfood, our culture is what sets us apart. We walk-the-talk by living our values each day, which is why we are able to deliver continued growth and success. We're one team, working together to achieve excellent results.

Bidfood globally strives to be an employer of choice, ensuring market competitive packages are created, reward systems in place, and recognition given for outstanding performance. Each of our operations provide bespoke, locally relevant packages and incentives to their team. Some of our employee benefits include employee discounts on product ranges, discounted shopping vouchers, money off deals on holidays and activities, health care provision, and employee support and assistance programme. We also reward long-service loyalty, starting from five years' service, departmental rewards and recognition. Our employees also have the opportunity to give feedback and have their opinions heard in employee surveys.

We engage with our team to communicate strategy, identify needs, recognise and reward good performance.

Stakeholder

Employees

24,978 employees, 11% increase on prior year.

Workforce of **29%** women providing equal opportunities

32% staff turnover recorded in 2022, based on terminations recorded

R54,2 million invested in nearly 300,000 training hours completed, 54% increase on prior year

How did we do?

●●●●○

A tough year navigating labour shortages and wage pressures, but at yearend we have a full complement, a top quality team, that we have looked after through the worst of the pandemic, and they are now committed to serving our customers.

How we engage

- decentralised operational structures keep management in close contact with our employees
- regular communications and opportunities to have real dialogue
- performance reviews and incentivisation
- employee job satisfaction surveys
- whistleblower line, available in all countries where we operate
- constructive, proactive engagement with labour unions
- social media celebrating achievements and occasions together

Issues raised

- recruitment and onboarding of a well-equipped team able to deliver highest level of service to our customers
- retention and incentivisation of a well-trained and motivated team
- maintaining the highest standards of health and safety in the workplace, especially in light of COVID
- lost-time injuries, ill-health, and fatalities responses and support to our teams
- flexibility required to facilitate, where possible, remote, hybrid, and on-site working environments

How we respond

✓ focused on career pathing and succession programmes to retain and incentivise
✓ rollout of wellness programmes to ensure staff are supported physically and mentally
✓ training to grow skill sets, both tangible and soft skills
✓ world class health and safety protocols and training to ensure safety at work
✓ equipping our team to meet their diverse work environment requirements
✓ social media online and moral support initiatives to keep teams engaged

To create value... We Process

Linked material issue

TM Talent management

2022 Impact –
Significantly heightened due to labour resource challenges and inflation pressures

Stakeholders:

Capitals:
HC FC IC

Labour retention, recruitment of the right skillsets and wage pressures are key drivers of our operating costs. The global changing dynamics of labour ensures management focus in attraction, retention, and motivation of the Bidcorp workforce.

Warehouse and driver availability and retention is a global issue but a local challenge. Increased and pronounced scarcity of warehouse and driver shortages across Europe, the UK and Australasia persist. It is vital to recognise the importance of these roles and support them with tools and incentives to retain and enable the best possible performance.

Our priority remains ensuring a safe workplace for our staff through maintaining exceptional operational and hygiene standards in line with local environment and jurisdiction guidance

What it may mean to us

- Labour costs continue to rise due to labour shortages and inflation
- Loss of key members of management
- Loss of customer and suppliers' relationships due to staff loss
- Shortage of labour resources
- Interruptions, planned and unplanned, impacting service delivery

How we respond

✓ Our efforts are focused on labour efficiency and retention
✓ Management teams are committed to grow and mentor high-potential individuals within their team to ensure strong succession plans exist
✓ Proactively reviewing wage rates to remain competitive
✓ Re-negotiate salary and wage agreements to ensure workers incentivised
✓ Invest in world-class tools and systems to improve our working environments
✓ Provide training and support on core and non-core skills

Linked material issue

FS Food safety

2022 Impact –
Ongoing; increasing as we transition to more light manufacture

Stakeholders:

Capitals:
MC SC IC

Inherent to the food industry and as we embrace more production and manufacturing opportunities, is the risk of listeriosis and other food contaminations from time-to-time. Food safety is of critical importance to Bidfood and to our customers. It is our policy to exceed the minimum legal requirements to ensure our products are always safe. The quality assurance teams in all geographies are responsible for sourcing safe, legal, and quality food products.

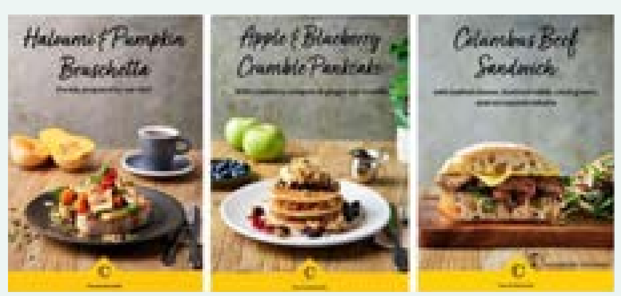
Robust quality assurance processes are vital, to provide product traceability and reporting through a sustainable reliable trustworthy supply chain. Bidcorp has embraced this challenge and engages our stakeholders to identify opportunities to support consumers with the development of tools and support services to assist in understanding product source, ingredients, and detailing product and allergen information.

What it may mean to us

- Consumers of contaminated products may institute class action, resulting in impairment to the business's reputation.
- An increase in the manufacturing of our Own Brand products, particularly ready-to-eat products, increases our potential exposure to contamination and then, product recalls
- Reputational damage
- Heightened regulatory scrutiny

How we respond

✓ Maintain highest quality assurance standards and processes
✓ Extend product recall insurance
✓ Implement new recall processes to improve communication and traceability
✓ IT processes to assist with the control and communication structures around a recall are being rolled out to form part of our CRM engagement software



To create value... We Warehouse and Distribute

With multi-temp broadline warehouse facilities, across all categories, positioned close to our customers, supported by an extensive, multipurpose logistics network we ensure our service is the best that we can deliver, meeting our customers' varied needs.

We invest in depots and vehicles equipped with state-of-the-art efficient and sustainable capabilities. We utilise tools such as voice-pick technology in warehouses and onboard-telematics in vehicles to ensure improved efficiencies and accuracies in service. Coupled with anti-error systems, we commit to reduced preparation error rates and overall improved working conditions for our workforce.

Our multi-temp distribution solution provides our customers with a one-stop shop. Delivering throughout the week, our local teams are equipped with the resources and assets they need to support our local communities. Our fleet is equipped to simultaneously distribute products at positive and negative temperatures, with modular compartments equipping us to deliver to specific customer and product requirements.

Bidfood aims to be the most locally available, readily accessible foodservice supplier

Investing for growth

During the year, expansionary capital expenditure accounted for R1,6 billion which related to infrastructure capex (through upgrades to (or new) distribution centres including the fit out of plant and equipment). The groups' infrastructure capex is long-term in nature as distribution centres are generally used for 20 to 40 years (or beyond); they are custom built close to the customer; integrated with leading ESG trends (solar, water saving measures, LED lighting, state-of-the-art refrigeration etc.), and provide a strategic advantage to our businesses.

Operational (replacement) capex of R1,3 billion is in line with the depreciation but capital expenditure related to the vehicle fleet continues to be challenge given the long lead times (between 9 to 18 months) in the current macroeconomic environment. Supply chain disruptions have been not only restricted to food products but across the supply of many capital inputs such as refrigeration equipment, delivery vehicles and forklifts.

The Bidfood difference

From the product in our locally positioned branches, to reliable deliveries and innovative tech helping you order, Bidfood is committed to foodservice.

Our branches – We understand what it means to be local. Our branches are manned by a team of foodservice experts who have been helping customers be the best they can be.

Solar – We have committed to installing solar panel systems in new builds, and retro-fitting current sites where possible, and employing more efficient refrigeration and lighting.

Fleet – We are venturing down the road with investment into electric trucks, and other alternate fuel and powered, low emissions fleet options. The rest of our fleet is constantly monitored by GPS to ensure efficient routes and improve driving habits.

Waste – Waste produced by our distribution centres is mostly packaging waste and food waste. Each year we are improving our monitoring and reporting systems, informing us to minimise our waste and ensure we reduce and reuse wherever possible.

Drive your career in a whole new direction

Our drivers are crucial to us delivering service excellence to our customers. Bidfood drivers choose to work with us for a host of reasons. Some are experienced – and tell us they like the fact they have supportive managers and organised teams who make it easier to do a great job they can be proud of. Others are new to the driving life, but love meeting people, and like the way they can put their customer service skills to good use. All of our drivers take pride in providing great food and great service across thousands of deliveries around the world every day.

Workplace fatalities

Sadly, we have reported three workplace fatalities in this year. All the result of tragic road accidents in Europe. We have completed full investigations, cooperating with the local authorities, into the circumstances which surrounded the two separate incidents, where we lost a driver in Belgium and a driver and his assistant in the Czech Republic.

Measures have been taken to reinforce the highest standards of road and driving safety within our distribution teams that spend so much time on the road. These messages have also been communicated to everyone in our global team. We ensured that support was made available to the colleagues and families of those that lost their lives.

Our people's safety is our top priority.

To create value… We Warehouse and Distribute

Stakeholder

Investors

Shareholder base stable at around **51%** held by investors outside of South Africa

45,229 public shareholders, holding 99,1% of the 335,4 million shares in issue

We distributed a total of **R2,4 billion** in dividends to our shareholders

Investments in PPE reflecting **maintenance capex of R1,3 billion**, and **R1,6 billion into new capacity**

Our strategy remains to own our facilities, with **72%** of property portfolio owned

How did we do?

●●●●○

Consistent financial returns in the form of dividends and earnings growth, through effective management and capital allocation decisions we ensure value is created for the investors.

How we engage

- at least 5 formal shareholder engagements annually: 2 financial results presentations at half year and yearend, 2 capital market trading updates in Q1 and Q3, and AGM in Q2
- participated in a number of international investor conferences
- regular meetings with investors, analysts, and fund managers through open periods
- direct engagement on proposed resolutions prior to and after the AGM
- engaged and accessible corporate office management team
- investor relations website facilitating ease of communications

Issues raised

- timely, accurate, transparent, and relevant information publication
- expanded disclosure on key environmental and social issues
- competitor activity, market share spread, and opportunity for acquisitions
- understanding our business model, strategic direction, and profit drivers
- potential changes to the remuneration policy
- liquidity and interest rate risks

How we respond

- ✓ no changes to the dividend policy
- ✓ responsible, practical, and implementable ESG practices in place; with ever improving non-financial disclosures
- ✓ strong balance sheet to protect the group and to take advantage of the right opportunities
- ✓ A significant refinancing exercise undertaken in Q3 to rollover and refinance maturing term debt
- ✓ robust, proactive shareholder engagement
- ✓ timeous relevant communications issued through SENS to keep investors informed

Bidcorp – a compliance-based business. Committed to meeting and supporting the local and national needs of governments and institutions in all jurisdictions where we operate.

Stakeholder

Authorities

The group engages with **35 different governments**

Government lockdown support **decreased to R151 million** in 2022 from R1,2 billion in 2021

R1,5 billion paid in income taxes; average tax rate of 23,9%;

R15,8 billion total taxes paid

How did we do?

●●●●○

Timely and accurate submissions of transparent financial results, supporting government initiatives such as human rights issues, gender equality and transformation, demonstrated through active participation and engagement.

How we engage

- remaining abreast of requirements of national authorities and regulators through engagement via webinars, training seminars, updates
- real-time proactive engagement with authorities and regulators on issues
- engaged employment equity plans to meet transformation standards
- participating in industry wide initiatives designed to promote and improve economic activity

Issues raised

- changing government restrictions and regulations
- meeting changing requirements of national authorities and regulators
- taxation obligations and reporting requirements
- modern slavery standards implementations
- transformation progression requirements (eg in South Africa & Middle East)
- crime and fraud prevention

How we respond

- ✓ reporting fraud to authorities
- ✓ Modern Slavery policies in place, a zero-tolerance standard to unethical labour practices
- ✓ group-wide data privacy and security measures in place
- ✓ active engagement with industry specific bodies to identify, train, and hire candidates in meeting transformation targets
- ✓ taxes and other authority's dues paid timeously
- ✓ proactive consultations with regulators in the development of rules and standards within our respective jurisdictions

Refer to 2022 governance report for more information

It's all about the service

Linked material issue

GF Growth and funding

2022 Impact – Well managed, ahead of the curve, positioned for growth

Stakeholders:

Capitals: FC NC MC

Bidcorp continues to actively select and pursue opportunities to supplement organic growth with strategic acquisitions, both bolt-on and new country investments.

Growth requires that depots be large enough to be economically viable, yet small enough to ensure we remain agile and customer focused. Through timely strategic investment we are equipped and able to facilitate growth and capitalise on market opportunities as they arise. Successful integration of the acquisitions to fully realise the anticipated economic, operational, and other benefits and synergies in a timely manner. Growth is funded through a combination of internal cash resources, incremental cash flow from operations, short-term and long-term borrowings.

The group has actively engaged with the funding partners to ensure sufficient facilities are available and accessible should the working capital and operational needs demand. The group continues to deliver strong cash flow returns, protecting the group's liquidity through tightly managed operating costs and aggressive working capital management.

What it may mean to us

- Business slowdown due to our financial instability
- Opportunity cost lost due to capacity constraints
- Higher borrowing costs due to macro economic conditions
- Expansion into new business models – new business channels are being created, with limited expertise in those channels, which may incur losses
- A significant downgrade in our credit ratings or adverse conditions in the capital markets may increase the cost of borrowing for us or limit our access to capital

How we respond

- ✓ Ensuring good businesses with good management and fitting the Bidfood mould are acquired, with a disciplined approach to valuation to ensure we do not over pay for acquisitions
- ✓ Bidfood executive management works in the new business for an extended period to gain a detailed understanding of the business to assist management of the acquired business
- ✓ Forward exchange contracts are utilised, as well as hedging strategies
- ✓ Sufficient funding facilities are available to the group to enable organic and inorganic growth

Linked material issue

CI Cost inflation

2022 Impact – Cost of living and inflation continues to increase

Stakeholders:

Capitals: FC SC

Operating conditions were difficult with our businesses having to contend with localised pandemic restrictions, significant staff shortages and churn, and erratic supply chain disruptions, all of which contributed to rising operating costs. In H2 rapid inflation aggravated by the fallout of the Russian invasion of Ukraine, meant that operational cost increases were significant, and ever increasing. Despite the difficulties our businesses faced, our teams did a tremendous job of seizing the opportunities that circumstances presented.

Bidcorp believes that the worst of the COVID crisis is behind the group, however, significant uncertainty persists as to the speed and depth of the economic recovery in the jurisdictions in which the group operates. Given the unpredictability of possible further regulatory changes, policy interventions to control rampant inflation, and the potential interdependency, it is very difficult to predict the cumulative effect on the groups operational results.

What it may mean to us

- Energy and electricity availability and cost continues to be seen as a risk
- The inflationary pressure is impacting a wide range of products, an increased need to ensure cost increases are being passed on where possible
- Products cost increases that we may not immediately be able to pass onto our customers, causing margin pressure or forcing us to eliminate the SKU from our product range. This is particularly a concern with certain customer contracts that restrict our ability to flex pricing

How we respond

- ✓ Minimise the number of contracts with fixed product prices; where fixed prices are agreed to, ensure the term is as short as possible
- ✓ Hedge fuel and energy costs where possible
- ✓ New sites are being constructed with permanent on-site power backup, for existing sites mobile generators are procured
- ✓ Most (if not all) new sites being constructed have solar power generation installed, where possible this is being fed back to the grid to help alleviate pressure. Existing sites are gradually being retro-fitted with solar panels where possible

To create value... We Warehouse and Distribute

Linked material issue

CC Climate change

2022 Impact –
Increased heightened focus on targets and reporting

Extreme weather patterns and environmental degradation have the potential to significantly impact the entire food value chain, from production through to distribution and sales. To help mitigate those risks that threaten food systems in the long term, we explore opportunities to contribute positively to biodiversity, source environmentally sustainable food products, and strive to reduce our carbon emissions impact across our business value chain.

Each of our businesses have engaged with local stakeholders and developed local programmes and plans designed to minimise emissions. Best practice is rolled out among our businesses, to share quick wins as each operation strives to minimise their carbon footprint. Capex investments are focused on improving energy efficiencies, embracing sustainable innovative solutions, and contributing to a positive carbon footprint outcome.

Robust disaster recovery and business continuity plans are established in all businesses. In the event of business interruption, our decentralised network of smaller depots allows us to support those customers whose depots are in trouble until normal operations resume. We have the appropriate global insurance policies in place to protect our assets and address business interruption risk.

Stakeholders:

Capitals: NC MC FC SC

What it may mean to us

- Lack of product availability and product pricing increases
- Constraints in product supply
- Regulatory risks associated with environmental legislation
- Business Continuity Planning (BCP) continues to be given focus due to recent natural disasters
- Ammonia leaks from refrigeration plants may be hazardous, cause major disruption & result in fines being imposed which necessitates effective ammonia response plans to be implemented

Bidcorp's linked environmental SDG targets:

6 Clean water and sanitation; 7 Affordable and clean energy; 9 Industry, innovation and infrastructure; 12 Responsible consumption and production; 15 Life on land

How we respond

✓ Risk assessments are conducted to mitigate risks
✓ Newly completed distribution centres create capacity in the regional network
✓ New sites are equipped with the latest technology, ensuring energy efficiencies are in place, reducing emissions and costs
✓ Investment into fleet upgrades and maintenance reduces environmental impact
✓ Development of an increased number of regional branches continues to ensure we are closer to our customer and strengthen our business continuity plan
✓ Business Continuity Planning (BCP) is developed and actively communicated and tested throughout the operations
✓ Ongoing identification of opportunities to improve efficiencies and reduce emissions and other impacts to the environment are embraced

Refer to 2022 sustainability report for more information.

Solar installations on all new group builds.

Bidfood New Zealand's electric delivery vehicle.

To create value... We Serve

Our mission is to deliver service excellence. Everything we do has the customer at heart, and is led by research and insights, be it into food trends to keep a step ahead of the curve, or the latest technological advances allowing us to continuously develop our service offering. Chefs, Cooks, Owners, Buyers – these are all our customers

Bringing the world of food closer together

Bidfood is committed to prompt and accurate delivery of orders, competitive pricing, customer service, and the ability to provide a full array of products and services to assist customers in their foodservice operations.

Daily deliveries to local customer locations and the capability to deliver special orders on short notice. Through committed personal relationships between our team and support staff, we are informed of our customers' needs and we respond and meet those needs with innovative products and services.

We also go the extra mile, providing additional value add services such as customers product usage reports, menu-planning advice, food safety training, assistance in inventory control, and more, developing this insight and knowledge through our bespoke, market differentiating online tools and programmes.

Catering wholesaler for food professionals

Bidfood is the online wholesaler for the catering industry and a total supplier in the foodservice market. From restaurant to cafeteria and from hotel to sports canteen and institutional care: we have a suitable offer for every food professional. Easily ordered online and delivered to the kitchen.

As a wholesaler for the catering industry, we connect our customers with the most diverse food and non-food products bundled on our ecommerce platform. In a transparent and sustainable way: we disclose the source of our products. We make sustainable purchasing easy for our customers.

We strive to create value for our customers by listening to them – understanding what their needs are and responding to make their lives easier

Stakeholder

Customers

Bidcorp served **370,683** customers, a 15% increase on prior year

54% of all revenue generated from **ecommerce** platforms

Independent customers now make up **57%** of total revenue, chain customers account for 31% and logistics, retail and other, the remaining 12%

How did we do?

●●●●○

Supporting our customers to do what they do best, as they navigate the challenges faced in the past few years, we have grown our customer base, improved loyalty, and intend to continue doing so.

How we engage

- decentralised structure keeps customers local and management within reach
- online training programmes, sales demo's, product launches
- in-person attendance at trade shows, customer visits, on site gastro studio kitchen demo's
- online tools to facilitate ordering, delivery tracking, promoting new product ranges, even connecting chef's and restaurateurs within the industry
- social media pages communicating changing trends and new innovations
- customer care lines

Issues raised

- navigating the economic challenges, labour constraints and cost inflation pressures
- keeping the doors open in the hospitality sector
- changing needs of the consumer, in products, menu, and delivery
- sustainable, transparent product traceability
- compliance with consumer protection legislation

How we respond

✓ using data intelligence to develop online digital solutions to meet customer needs
✓ proactive training and support materials delivered to inform and support through lockdowns
✓ innovative financial support programmes provided when required
✓ adjusting customer service in line with customer needs, turnaround times on orders, type and frequency of delivers, value-add product range provided (prepared, sous-vide solutions etc)
✓ engagement in new online media campaigns
✓ digital solutions to label and provide food information required
✓ development and support of simplification of menu options as required

To create value... We Serve

Linked material issue

CE Consumer environment

2022 Impact – Heightened due to changing consumer trends during lockdown

Stakeholders:

Capitals: IC MC SC

Operating conditions have been tough for our customers having to contend with localised lockdowns and inflationary cost pressures. Differentiation in the foodservice industry is achieved through relationships with customers, competitive pricing, with the ability to provide a broad basket of products, and consistently delivering promptly and accurately. We typically do not enter into long-term customer agreements; therefore, our businesses must be able to react quickly to changes in pricing, customers requirements, often anticipating them before our customers are aware themselves. Through conveniently located warehousing, specifically enabling a faster, better last-mile response to customer orders, we differentiate ourselves on our service excellence.

What it may mean to us

- Resistance to customer pressure will result in loss of market share
- Growth focus is on independent, street trade, to reduce our exposure to national account pressure
- Fit-for-purpose infrastructure
- Responsive and agile delivery capability
- Product range availability

How we respond

- ✓ We maintain a very frank and open relationship with customers, ensuring a mutual understanding that we charge a margin that reflects the level of service required, and that we are prepared to forego business where the margin is driven to an unacceptably low level
- ✓ Track and monitor internal KPIs at a branch level monitoring sales growth, customer mix, ecommerce sales, Own Brand sales etc

Linked material issue

HSL Hospitality sector lockdown

2022 Impact – Unpredictable, significant impact

Stakeholders:

Capitals: SC HC FC

The unexpected, quick market-wide shut downs of the hospitality industry has been a phenomenon few could have anticipated. The impact of these shutdowns on the industry and all players within it has been a key area of management focus, developing responses and action plans necessary to keep activity levels continuing.

Efforts to maintain and grow a diverse customer base has allowed us to manage the impact of the downturn and reduced the impact by spreading our revenue streams. Review of supply chains, growing our Own Brand product range as substitutes to mainstream imported products and to develop a locally accessible and environmentally friendly, local supplier base has presented many new opportunities.

What it may mean to us

- Downturn in revenue as customers are closed or restricted from regular trade
- Inventory write offs due to sudden lockdowns
- Many hospitality businesses have been assisted by government subsidies, further wide scale closures in the market could be devastating
- Border closures directly impact tourism which has a severe impact on the hospitality sector with staycation revenue waning
- Potential for further supply chain disruption, particularly on imported products

How we respond

- ✓ Keep our team and stakeholders positive and enthused
- ✓ Encourage agility in business approach and manage according to the environment
- ✓ Strengthen relationship with customers and suppliers to ensure support should further future lockdowns occur
- ✓ Keep credit policies tight and work proactively with customers and suppliers to meet their constraints
- ✓ Manage working capital investment
- ✓ Reinforce policies for remote working, health and safety etc and ensure branches have incorporated any learnings into DRP

Our results reflect the improved market conditions

In most geographies, we have seen a strong recovery in demand in the discretionary spend sectors: the group's strategic focus on "smaller independent customers" has led to good revenue increases in the hotels, restaurants and cafés segment up from 35% in 2021 to 41% this year.

Non-discretionary demand from institutional customers, including education, hospitals, aged care, prisons, the military, and government departments has remained stable subject to the usual seasonality (school holidays, etc).

Gross profit % improvements delivered in the year are an indication that the businesses traded well through a period of rapid food inflation, made possible because of the broad independent customer mix. Those operations that are exposed to more "larger-type" customers experienced some temporary margin squeeze due to delayed timing in our ability to pass price increases through.

It's all about the technology

We use technology to deliver operational efficiency, implementing smart solutions faster through sharing of learning and ideas across our businesses. Our in-house developed ecommerce solution, myBidfood is a market-leading customer communication, transaction and information portal connecting us directly with our customers and suppliers.

Our ecommerce and digital strategy remain key enablers of competitive advantage and are designed to facilitate digital customer interaction in a low-cost but high-impact way. Customers have an online offering such as real-time product availability and pricing, product and sourcing information, planning, and costing facilities. Customers are able to place orders on a tablet, mobile phone or laptop, with a delivery time as quick as within the operating day.

Bidfood blogs

Around the Bidfood world customers and participants in the horeca sector will find topical trending conversations and topics presented and debated in online blogs. Blogs topics vary from entrepreneurship, food transition, kitchen support, transitioning to vegetarian/vegan menus, and much more. Through these interactive blogs we keep our customers informed and inspired, helping them do business successfully.

myBidfood – PICK IT, CLICK IT, TRACK IT

Placing your foodservice order has never been quicker or easier using myBidfood, offering a full basket of products by category or brand, offering many useful features:

- Full product searches
- Real time stock availability and pricing
- Personalised order forms and detailed transaction history
- Order and delivery tracking
- Online account payments

Linked material issue

ICS Information and cybersecurity

2022 Impact – Significant efforts have been invested in the year to mitigate this risk

Stakeholders:

Capitals: IC FC SC

Our market-leading ecommerce platform provides a comprehensive database, tracking trends in the overall foodservice environment and in particular changes in consumer preferences.

Through the use and uptake of the myBidfood platform, the bespoke data insight that has been gathered has enabled Bidfood to provide customers with value-add services such as substitute product suggestions, product usage reports, menu-planning advice, and food safety training, to proactively deal with the changing end-consumer landscape. Development and effective use of our ecommerce solution positions us to be agile enough to proactively meet to our customers' needs.

Enterprise-wide information technology supports and facilitates critical functions within each of our individual businesses and those cloud-based solutions. Risks to systems stability and security are increasing due to the frequency of global cyber and ransomware attacks, the acceleration in digitisation across our business and the increase in online transactions.

What it may mean to us

- Data privacy breach
- Critical system downtime
- Direct financial loss from fraudulent input or manipulation by an employee or an external source
- Third Party liability claims
- Security breach/hack to the Bidfood network disrupting customer activity/orders
- Cyberattacks and the impact on the security of confidential information
- Reliance on IT systems that are unable to support growth and innovation
- A lack of accuracy or delays to critical information provision having a negative impact on decision-making

How we respond

- ✓ Group Cybersecurity policy developed, setting globally accepted minimum standards in place for all environments to adhere to
- ✓ Annual peer review process established to support all businesses to meet minimum standards
- ✓ Only engage reputable vendors, employ recognised software, and share this information on group communication portal to ensure best practices adopted
- ✓ Internal Cyber Awareness campaign and programmes continue – phishing tests are conducted to highlight to employees the risk of phishing scams
- ✓ Regular testing and upgrading of contingency and DRPs
- ✓ myBidfood has world-class security modules in place, hosted in the cloud

To create value... We Serve

Serving our local communities

In each of our business we are committed to being a responsible corporate participant, to step up and lead by example to give back to the communities where we are. Across all of our operations we are actively engaged in a variety of local initiatives, supporting aged care facilities, funding school projects, feeding communities left destitute after natural disasters – where you find Bidfood, you will find a foodservice provider that cares.

We invest in social and education initiatives, focusing on programmes such as healthy eating. Senior citizen programmes, community projects, sponsorships, donations, and education programmes are just some of the many initiatives owned by each of our businesses in their individual and group efforts to make a difference

Real engagement to support inclusive economic growth for all

Our success depends on the goodwill and well-being of the communities within which we operate. We engage with our local communities to provide meaningful socio-economic support and create opportunities for sustainable economic growth that benefits all.

Positively impacting all the people that we engage with, our employees, our customers, our suppliers, the people that eat in the restaurants we serve, those that drive past our trucks on the road, those that meet us in the street – Bidfood strives to make a positive impact

Stakeholder

Communities

R24 million donated to charities and community projects

Countless **local projects** supporting those within reach

Food recycling and donation projects reported **2,2 tonnes of food donated**

How did we do? ●●●○○

Making a positive impact to our communities remains a key focus around the world. Improvements to the way we manage food waste is a key growth area, as well as identifying further opportunities to assist where possible within our communities.

How we engage

- each business, branch and depot identifies a variety of community specific social development programmes
- engagement with the local food bank teams participate in local community forums
- identify local schools and other education facilities to partner with
- small-business development initiatives, particularly in the supply chain
- participation in nation building initiatives such as the YES programme in South Africa
- Globally available anonymous whistleblower service is available to all where anyone can raise a concern identified positively or negatively

Issues raised

- economic crisis concerns due to rising cost inflation pressures
- small business development sustainability challenges
- environmental consciousness
- alignment of businesses and their support programmes with the needs of the communities they exist within

How we respond

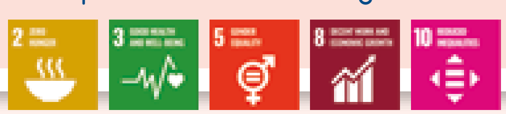
✓ reinforcement and implementation of a two-tier CSI strategy, to deliver maximum real benefit to the recipients:
  – Group support of a number of overarching worthy causes
  – Individual businesses support locally identified projects

✓ significant support of food bank and food waste initiatives globally

✓ campaigns launched on social media and in local media outlets educating and promoting healthy eating, responsible waste management, protecting our water supplies, and other sustainable living messaging

✓ Healthy eating and menu development initiatives to our customers

Bidcorp's linked social SDG targets:



Refer to the 2022 sustainability report for more information

Bidfood mission

"Contributing to the success of our clients is our main mission."

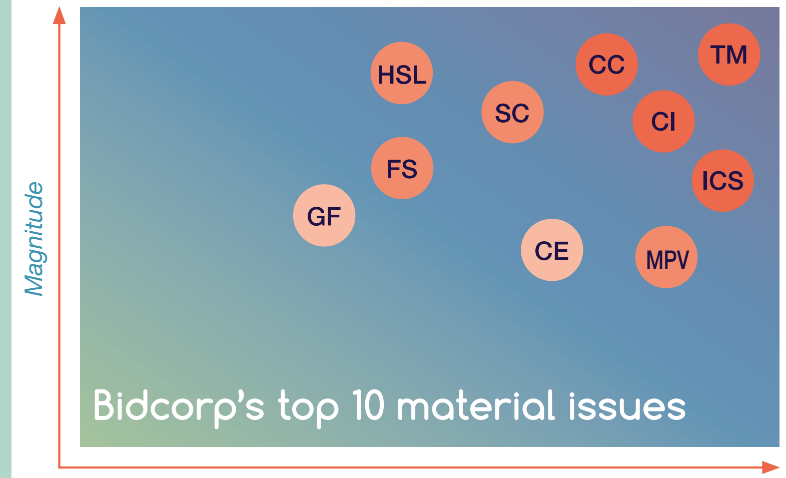
Bidcorp's value creation response

The Bidcorp board recognises that the implementation of the strategy, the identification of material issues, the effectiveness of risk management, a commitment to social and environmental responsibility, and the group's financial performance are all inseparable elements of long-term value creation

Protecting long-term value creation for our customers, suppliers, employees, and our communities remains key

Following the group's annual materiality assessment, the board agreed those material issues identified by each operation, and approved the consolidation for group reporting. These material issues are specifically related to the group strategy and are considered to be the inherent risks facing the foodservice industry today.

Value creation heat map



Bidcorp's material issues:

TM Talent management – page 26	CC Climate change – page 30
CI Cost inflation – page 29	ICS Information and cyber security – page 33
HSL Hospitality sector lockdown – page 32	SC Supply chain security and stability – page 23
MPV Macro political volatility – page 23	FS Food safety – page 26
CE Consumer environment – page 32	GF Growth and funding – page 29

The board interrogated these (and other) material issues that could impact our ability to create value for our stakeholders

Bidcorp's capital trade-offs

Some of the key trade-offs made in 2022 include but are not limited to:

- Bidcorp achieved cost efficiencies with a 28,4% increase in operating costs against an increase in revenues of 33,1% but many of the efficiencies gained through the pandemic were dissipated by rising costs and an increasingly inefficient operating environment

  SC ▲ MC ▼

- Group margins held up well at 24,2%, above 2021 (24,0%) and 2019 (23,9%), benefiting from our strategic mix of smaller independent customers. Gross margins were under pressure in geographies exposed to national accounts where it is difficult to pass on rapidly rising prices

  IC ▲ MC ▼ FC ▼

- High inflation, labour shortages, global supply chain disruptions, wage pressures, electricity load shedding (South Africa) are being dealt with by each of our businesses. The consequence of these challenges impacts our service levels as we match demand to resource. Ensuring we operate with adequate inventory levels, balancing supply disruption with robust demand, remains challenging. Our teams have come to expect unpredictability and continue to be nimble, and highly adaptive to the circumstances as they inevitably change

  HC ▲ MC ▼ FC ▼

- Increased ESG related expenditures where initial costs of ESG spend is high but economic and social benefits are to be received over time.

  FC ▼ NC ▲

OUR STAKEHOLDERS

Authorities – page 28	Communities – page 34
Customers – page 31	Employees – page 25
Investors – page 28	Suppliers – page 22