

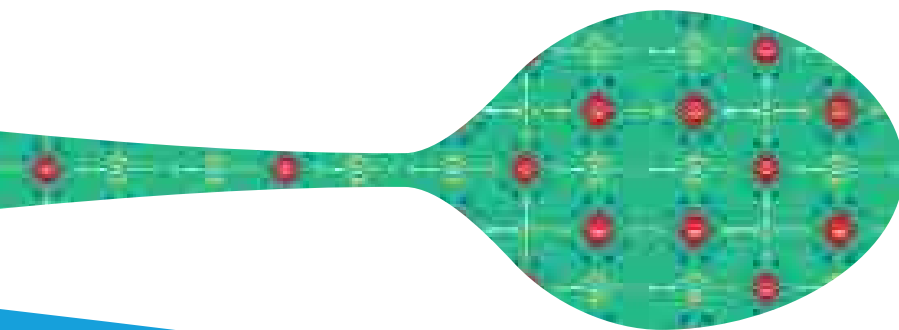
# **SUSTAINABILITY REPORT**

For the year ended 30 June 2015

# SUSTAINABILITY REPORT

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## KEY PERFORMANCE INDICATORS

	2015 Rm	2014 Rm
<b>ECONOMIC PERFORMANCE INDICATORS</b>		
Impact on suppliers:		
Total paid to suppliers	<b>17 520</b>	16 031
Major sources of suppliers:		
– transport	<b>1 547</b>	1 471
– total contract growers	<b>2 316</b>	756
– BEE contract growers	<b>430</b>	143
– electricity	<b>655</b>	523
Impact on employees:		
Total payroll and benefits	<b>3 662</b>	2 739
Impact on providers of capital:		
Total interest paid to funders	<b>374</b>	1 043
Total dividends to ordinary shareholders	<b>301</b>	
Reserves	<b>540</b>	(461)
Impact on public sector:		
Tax (excluding VAT)	<b>359</b>	(44)
Impact on community:		
Social responsibility expenditure	<b>18</b>	11
<b>ENVIRONMENTAL PERFORMANCE INDICATORS</b>		
Water consumption (Ml)	<b>8 576</b>	8 560
Energy consumption:		
– electricity (Eskom) (GWh)	<b>538,6</b>	571,5
– electricity (own generation) (GWh)	<b>223,8</b>	203,9
– coal (tons)	<b>183 444</b>	124 078
– gas (kℓ)	<b>3 072</b>	4 767
– diesel (kℓ)	<b>19 401</b>	15 193
Recycled waste products:		
– cardboard waste (tons)	<b>768</b>	435
– plastic waste (tons)	<b>486</b>	476
– scrap metal and timber (tons)	<b>425</b>	690
– treated water for recycling (kℓ)	<b>2 850 955</b>	2 465 135
– treated water as a percentage of total water consumption (%)	<b>37</b>	29
Non-compliance, prosecution and fines	<b>nil</b>	nil
<b>SOCIAL PERFORMANCE INDICATORS</b>		
Full-time employees	<b>20 479</b>	17 958
Net full-time employment increase	<b>2 521</b>	4 650
Bargaining unit employees (%)	<b>75</b>	78
Training expenditure	<b>33</b>	32
Disabling incident frequency rate		
– Foodcorp	<b>1,6</b>	2,1
– Rainbow/Vector	<b>2,0</b>	1,8
– TSB	<b>1,3</b>	1,2
Number of working days lost through strike action	<b>79</b>	54

\* 2014 statistics include 6 months for TSB and 12 months for all other Group companies.

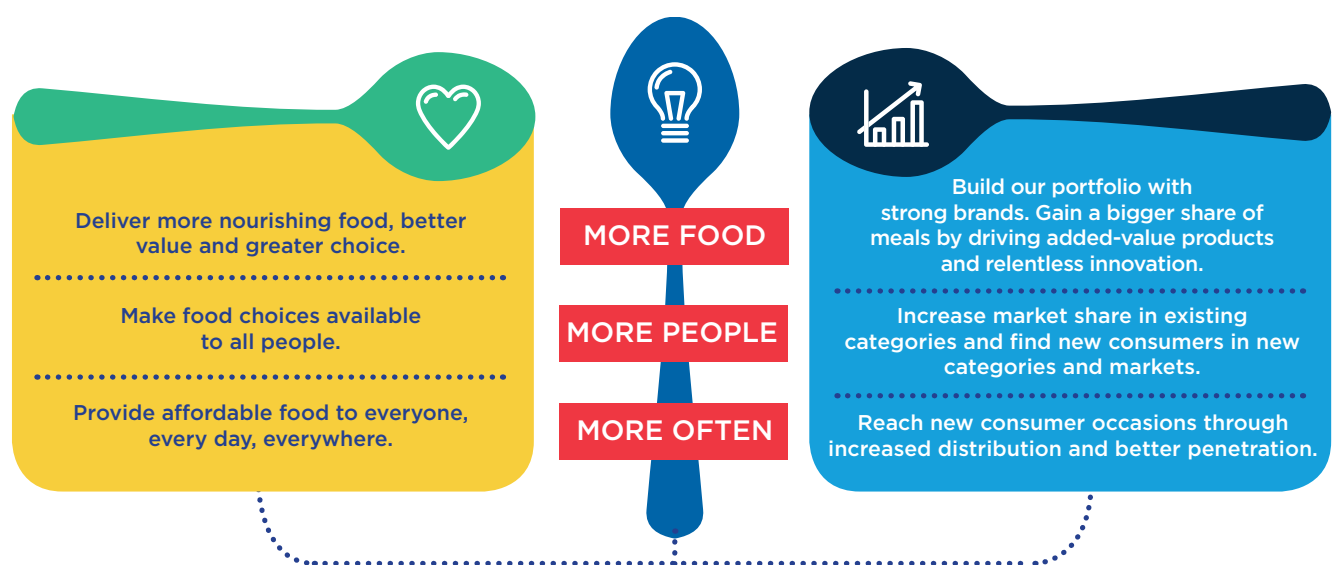


# OUR PASSION

## MORE FOOD TO MORE PEOPLE, MORE OFTEN

### WE BELIEVE IN DOING MORE...

with a single minded passion to provide more food to more people, more often. We believe that by nourishing people while sustaining our resources, everyone wins. Communities will be enriched, employees inspired and our customers and shareholders will enjoy the benefits.

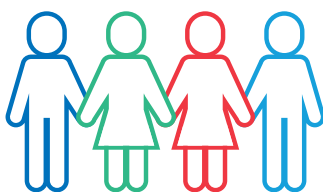


**AMBITION** To build a profitable business of scale by creating food brands that matter.

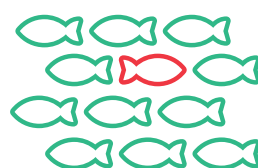
### STRATEGIC THRUSTS

- Grow through strong brands
- Extend our leading value chain
- Inspire great people
- Partner with strategic customers
- Expand into Africa
- Drive sustainable business

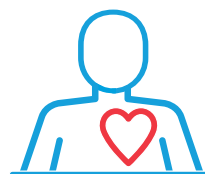
### VALUES



**RESPECT FOR PEOPLE**



**SEEING AND DOING THINGS DIFFERENTLY**



**UNCOMPROMISING INTEGRITY**



**ACT RESPONSIBLY**

## OUR PASSION FOR SUSTAINABILITY

At RCL FOODS, our Passion is to provide more food to more people, more often. We believe that by nourishing people while sustaining our resources, everyone wins. Communities will be enriched, employees inspired and our customers and shareholders will enjoy the benefits.

Today's choices impact on the future of our company, our communities and our resources, which is why we are committed to growing our business in a responsible and forward-thinking way. In our passion to do "more", we are driving meaningful business growth through food brands that matter, thereby nourishing people, enriching our communities and sustaining our resources.

We have identified "Driving sustainable business" as a key strategic thrust in the execution of our business model. We have established and are working towards a number of specific sustainability targets which are monitored by executive management.

## SCOPE AND BOUNDARY

### REPORTING APPROACH

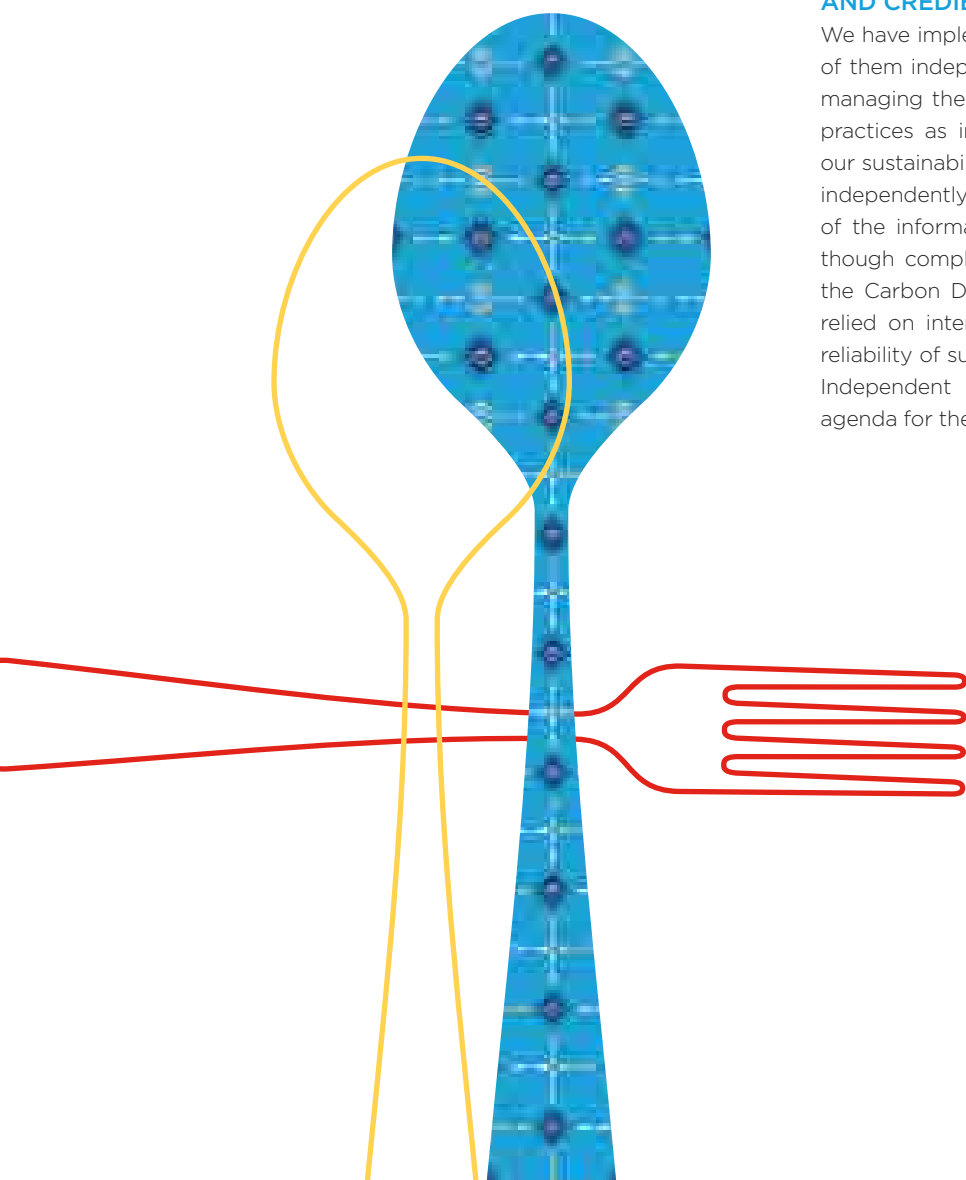
This report forms part of our annual suite of reports and covers the 12-month period from July 2014 to June 2015. The previous reporting period was July 2013 to June 2014. The information reported covers all activities of Foodcorp Proprietary Limited (Foodcorp), Rainbow Farms Proprietary Limited (Rainbow), TSB RSA Proprietary Limited (TSB) and Vector Logistics Proprietary Limited (Vector) for the stated periods which are considered relevant to its stakeholders.

The report has drawn on the Sustainability Reporting Guidelines developed by the Global Reporting Initiative (GRI), as well as the criteria of the Sustainability Reporting Index (SRI) of the JSE Limited. The criteria have been used for guidance only, with the reporting predominantly focusing on issues that are specifically material to RCL FOODS' business and stakeholder base.

The target audience for this report is all stakeholders that have an interest in the activities of RCL FOODS, with particular emphasis on shareholders, customers, consumers, employees and suppliers.

### ENSURING ACCURACY AND CREDIBILITY OF OUR RESULTS

We have implemented various management systems, some of them independently verified, that provide a platform for managing the Group's economic, social and environmental practices as indicated in the pages that follow. Although our sustainability performance and reporting have not been independently assured for the year, a significant portion of the information in this report is independently verified through compliance structures such as the ISO Standards, the Carbon Disclosure Project and others. The Board has relied on internal assurance providers with regard to the reliability of sustainability reporting in the integrated report. Independent assurance will be included on the Board's agenda for the 2016 financial year.



# SUSTAINABILITY REPORT

## GROUP PROFILE AND LEADERSHIP

RCL FOODS is a leading food producer with a large and growing portfolio of some of South Africa's best loved brands. Listed on the JSE Limited and a subsidiary of Remgro Limited (which holds 71,6% of the issued share capital), we have four wholly-owned operating subsidiaries: Foodcorp, Rainbow, TSB and Vector. Together they play a crucial role in enabling us to deliver on our ambition of building a profitable business of scale by creating food brands that matter.

Foodcorp manufactures, markets and distributes a diversified portfolio of food products ranging from basic essentials to top-end desserts and convenience meals. Many of these have a strong heritage in South Africa and are among the country's leading and best-recognised brands.

Rainbow is one of South Africa's largest processors and marketers of chicken and operates in the local retail, wholesale and foodservice channels. Its consumer brands are Rainbow and Farmer Brown and its business/service brands are Rainbow FoodSolutions, Cobb and Epol.

TSB is one of the biggest sugar producers in South Africa, producing well over one third of the country's sugar output. TSB currently owns and operates three sugar mills – two in Mpumalanga and one in KwaZulu-Natal. The company also provides farming support to over 1 600 commercial and small-scale farmers on approximately 51 000 hectares of irrigated land, supporting more than 12 800 people. In return the farmers supply approximately 75% of the sugar cane that is processed through its mills.

In 2005 RCL FOODS acquired Vector to gain control of its route-to-market. Since then Vector has expanded its service offerings to the Group by undertaking distribution for Foodcorp and, more recently, TSB. Vector also services many customers outside the Group and has grown significantly as a result.

## OUR COMMITMENT TO SUSTAINABILITY

As a Group we recognise the need to conduct business in a responsible and ethical way that contributes to the long-term sustainability of the communities and environment in which we operate. As such, we are committed to ensuring that sustainable practices are incorporated into our culture, leadership, governance and strategy. These include economic and social sustainability practices, as well as the reduction of energy and water consumption in line with our sustainability and carbon footprint reduction strategy.

## LEADERSHIP AND SUSTAINABILITY

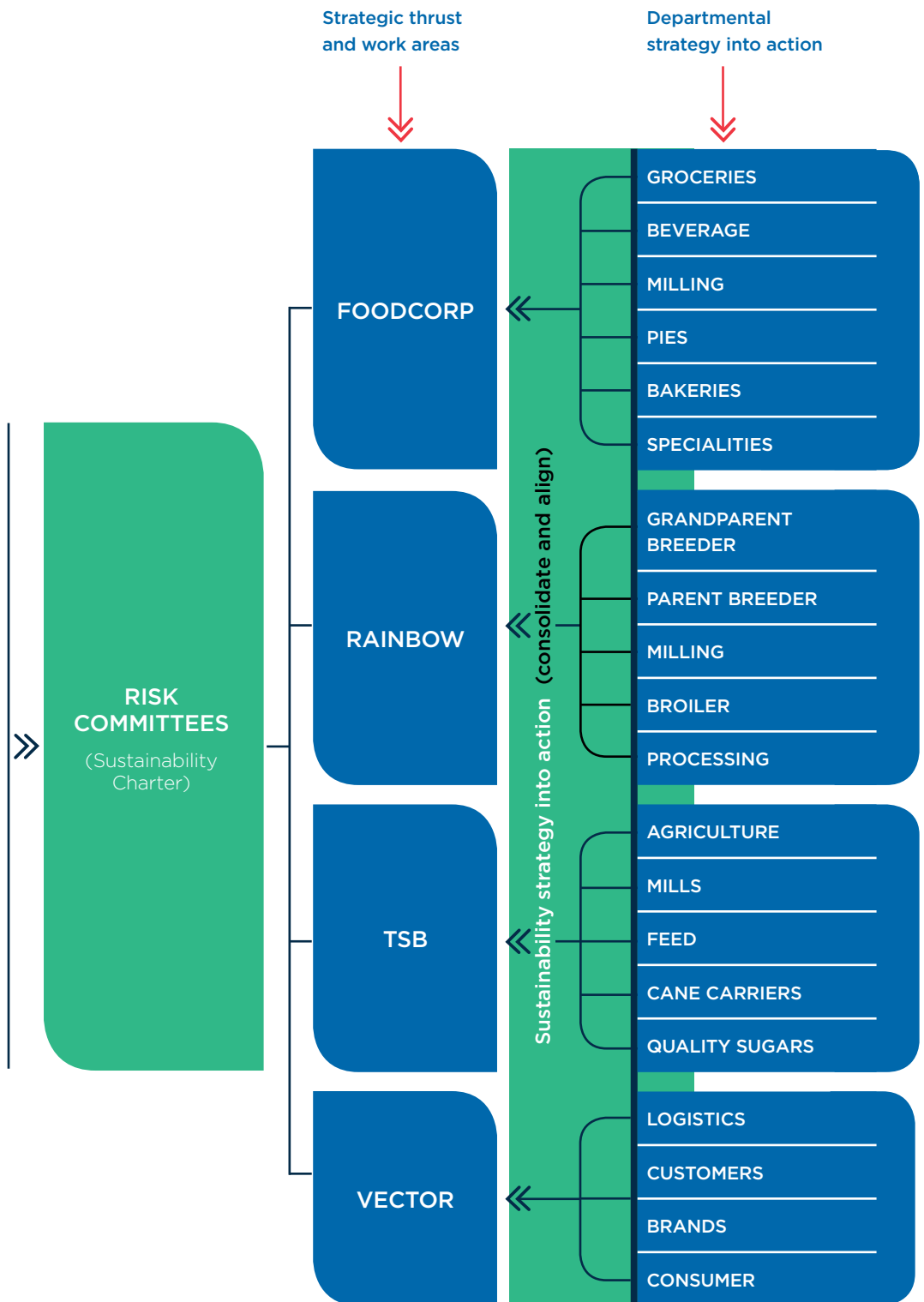
The RCL FOODS Board accepts overall responsibility for the advancement of sustainable development at RCL FOODS and as such has included a formal Sustainability Charter as part of the Risk Committee mandate. A director is responsible for championing the sustainability initiative while the Risk Committee's role is to assist the Board in monitoring all aspects of sustainability, including health, safety, economic, environmental and social impacts. The committee's oversight of the sustainability initiatives provides the business with the ideal platform to identify both risks and opportunities in an integrated way. More information on the RCL FOODS Board and governance structures are available in the corporate governance report available on our website [www.rclfoods.com](http://www.rclfoods.com).





#### Mission statement

Focus on building a diversified food business with compelling consumer brands in sub-Saharan Africa.



Long-term  
(10 years)

Medium to long-term  
(five years)

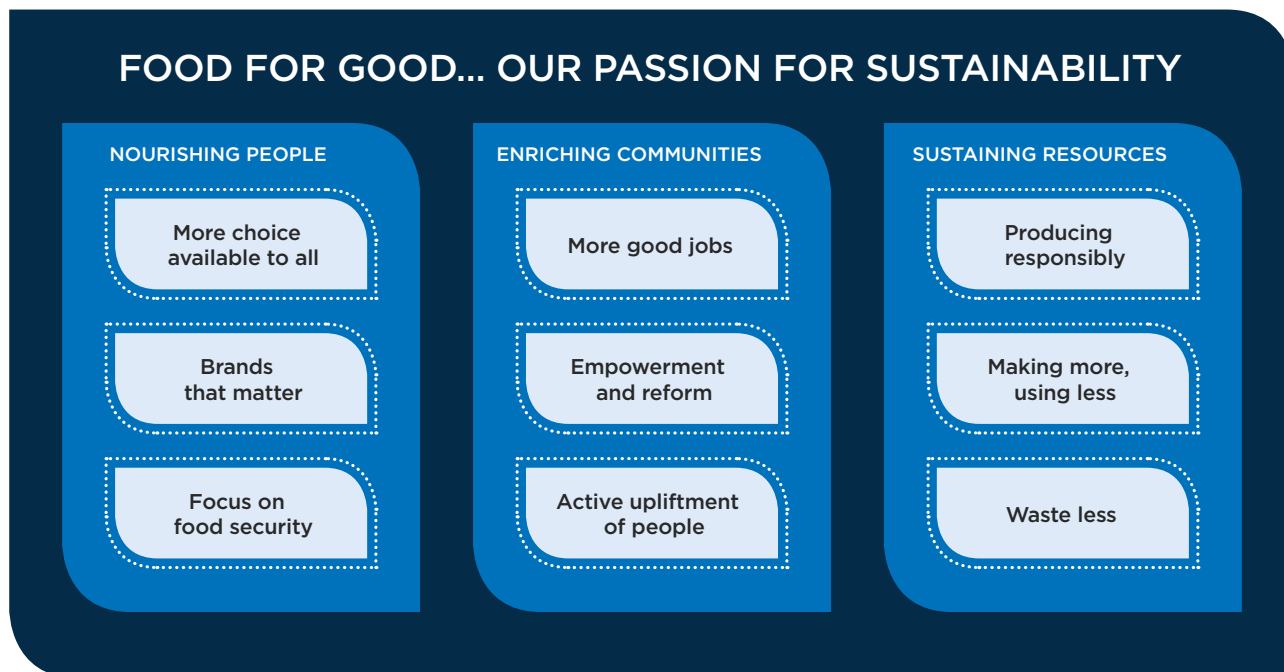
Short-term  
(one year)



# SUSTAINABILITY REPORT

## SUSTAINABILITY INTO STRATEGY

Sustainability is one of the drivers of our vision as a Group, and we have established sustainability targets which are monitored by executive management. We are currently aligning our subsidiaries' sustainability targets using the 2015 financial year as a baseline. Our long-term sustainability strategy, which we will elaborate on in the next financial year, is driven by the following goals:



At RCL FOODS we are working towards setting ambitious sustainability goals in the above areas, supporting a number of the Global Sustainable Development Goals – particularly goal 2, 8 and 12. Our sustainability vision can be summarised as follows:

- **Nourishing People** (aligned to #2: No Hunger) – We aspire to providing more choice and availability to all, defining the social purpose of our brands, and achieving food security and improved nutrition while promoting sustainable agriculture.
- **Enriching Communities** (aligned to #8: Good Jobs and Economic Growth) – We actively promote sustained, inclusive and sustainable economic growth, supported by full and productive employment and decent work for all.

- **Sustaining Resources** (aligned to #12: Responsible Consumption) – We wish to drive sustainable consumption and production patterns, improved efficiencies and increase our focus on waste reduction and beneficiation.

### NOURISHING PEOPLE

Although South Africa is considered a “food-secure” nation, producing enough calories to adequately feed every one of its 53 million people, the reality is that one in four people currently suffers hunger on a regular basis and more than half of the population live in such precarious circumstances that they are at risk of going hungry.

As one of South Africa’s largest food producers, we believe we have a responsibility to positively and significantly impact food security in our country. We continue to strive to find new ways to strengthen the nutritional profile of our products while maintaining the great taste our customers expect. We also want to help make it easier for customers to access nutritional choices, in line with the universally accepted healthy practice of eating a variety of foods from recommended food groups.



As a Group we seek to collaborate with partners so as to leverage resources and expertise to help ensure enduring impact and long-term sustainability for all our projects. Amongst other initiatives, we support a number of organisations with their monthly chicken requirements, donating a total of 24 tons of chicken and providing close on 200 000 meals during the past financial year.

### ENRICHING COMMUNITIES

We wish to enrich our communities through sustainable economic growth and development. In generating economic value for shareholders and other stakeholders, we provide a quality and affordable food source while also creating jobs, both within the business and along the supply chain in the formal and informal sectors. We are committed to doing business through fair commercial competitive practices and to trading with customers and suppliers that subscribe to the same high ethical business practices.

Our produce is sourced from over 1 600 individual farmers who support communities of more than 12 800 people. With the support of the Department of Rural Development and Land Reform, TSB partnered with farmers in KwaZulu-Natal and Mpumalanga to produce 988 516 tons of cane during the 2014/2015 season.

### SUSTAINING RESOURCES

We are committed to ensuring sustainable consumption and production patterns by producing more food with less water, as well as producing, storing and transporting more food using less energy. Our journey toward sustainable sourcing begins with our direct suppliers and extends to a complex network of indirect suppliers that source ingredients for our products. We recognise that the impacts of a large supply chain like ours are significant, and that most environmental impacts to air, land and water occur in it. That's why we work with direct suppliers who are committed to doing business responsibly in their own supply chains and making sure that they meet our requirements for environmental responsibility.

We are also actively looking for ways to convert the waste generated throughout our supply chain, into value. TSB's co-generation of electricity from biomass resulted in 37,7 GWh being exported to the national grid in the current financial year, assisting the country during its time of need. The potential of waste-to-energy conversion has been tested throughout the past financial year and commitments to invest in groundbreaking technologies have been made at Rainbow's processing facilities where several successful pilot projects have been run.

- In South Africa there are 12 million poor, food-insecure people, 70% of whom live in rural areas.
- More than 60% of chronically hungry people are women.
- Malnutrition remains the world's most serious health problem and the single biggest contributor to child mortality – more than HIV/AIDS, TB and malaria combined.
- There are about 1,5 million children under the age of 6 years whose development is stunted by chronic malnutrition.

South Africa has one of the highest rates of poverty and inequality in the world. With unemployment levels at 25% nationally and over 15 million people receiving social grants, many struggle to survive.

Fewer than 2% of households grow the majority of their own food, and the majority of small-scale producers in rural areas are unable to feed their families. Inadequate access to water, equipment and extension services means that even if rural communities have access to land, they cannot be productive enough.

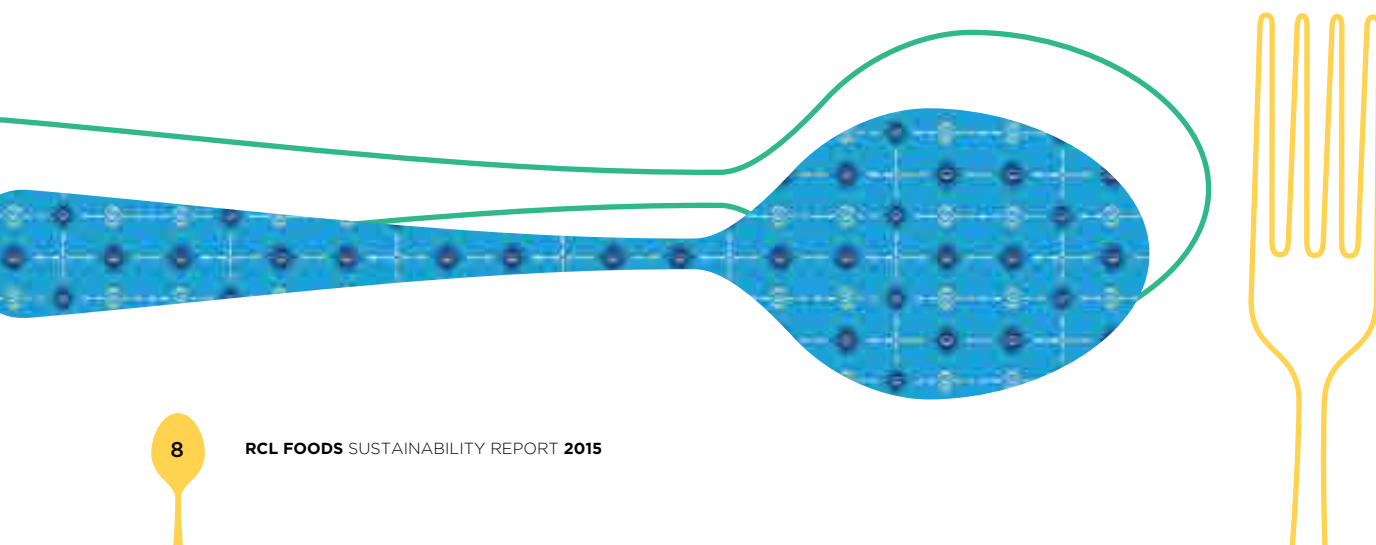
The "Food Energy Water Nexus" is central to the sustainability of South Africa's future. Unless all three elements of the system are in balance, communities cannot flourish. However, we are now faced with a system alarmingly out of balance, and the sustainable supply of water, food and energy is becoming ever less certain. Effectively averting a crisis requires enhanced information, co-ordinated planning and adaptation to a resource-scarce future. A flourishing economy underpinned by resilient ecosystems that can produce sufficient water, energy and food security for all into the future, depends on it.

# SUSTAINABILITY REPORT

## SUSTAINABILITY TARGETS

The baseline year prior to our acquisition of TSB and Foodcorp was 2010. During the past financial year we commenced with the process of re-stating the baseline, with each of the subsidiaries (divisions) starting a review of their 2020 targets.

	ACTION PLANS	LONG-TERM TARGETS	2016 TARGETS
Sustainability structure and systems	<ul style="list-style-type: none"> <li>Align Group sustainability strategy with national and global best practices and strategic thrusts</li> <li>Develop framework and strategy for Group by consulting with key stakeholders</li> <li>Establish “sustainability culture/ mindset” within the Group</li> <li>Empower sustainability “champion” for each division across the Group and align actions with Group sustainability strategy</li> </ul>	<ul style="list-style-type: none"> <li>Entrench sustainability into our systems and structures</li> </ul>	<ul style="list-style-type: none"> <li>We will review and align our sustainability goals and finalise our sustainability road map</li> </ul>
Waste management and beneficiation strategy	<ul style="list-style-type: none"> <li>Ensure sound environmental conformance (with possible cost savings) through all divisions across the Group by engaging in waste reduction initiatives (Reduce, Re-use, Renew, Recycle)</li> <li>Reduce RCL FOODS’ impact on water, air and ground by reducing and eliminating pollution</li> </ul>	<ul style="list-style-type: none"> <li>Drive ISO 14000 principles at all mills, plants and farms</li> <li>Between 2015 and 2020 reduce:                             <ul style="list-style-type: none"> <li>– food waste by 30%</li> <li>– carbon emissions by 34%</li> <li>– waste to landfill by 10%</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Following the conclusion of a pilot study at one of our plants, we will implement a poultry waste-to-energy project and continue to investigate, innovate and trial options of converting waste into value</li> </ul>
Brand development	<ul style="list-style-type: none"> <li>Brand RCL FOODS’ sustainability progress by being part of a formal programme to enlighten consumers. Align RCL FOODS’ sustainability focus with programme guidelines</li> <li>Implement sustainable sourcing strategy and policies to ensure strategic suppliers are aligned with RCL FOODS’ sustainability strategy</li> </ul>	<ul style="list-style-type: none"> <li>Live sustainability through brands</li> <li>Source products, services and ingredients from responsible, sustainable suppliers</li> </ul>	<ul style="list-style-type: none"> <li>In line with our corporate social investment strategy, we will launch a flagship initiative that will have a focused impact on the communities in which we operate</li> <li>We will continue to develop our sustainable sourcing policy (which provides guidelines for specific procurement category strategies) and initiate its roll-out to suppliers</li> </ul>



# NOURISHING PEOPLE

We understand the responsibility that comes with being a large corporate citizen and we constantly strive to be a force for positive change in the communities in which we operate. Our Passion to "provide more food to more people, more often" is the driving sentiment behind our focus on food security, both in our everyday business and in our new Corporate Social Investment (CSI) policy. This policy targets

food security and community development as core areas in which we can make a significant impact. Not all of our current CSI projects are strategic and sustainable in terms of this vision, and plans are under way to exit many of these in order to focus on priority communities where we undertake bigger, more impactful projects. Nevertheless, our current projects are making a difference and we are proud of the work that is being done. A selection of these initiatives is presented below.

## HISTORY OF CSI

**AUGUST 2014**  
New RCL Foods Group CSI Policy

.....

**JANUARY 2014**  
Acquired TSB Sugar

.....

**MAY 2013**  
Acquired Foodcorp

.....

**ACQUIRED FOODCORP**  
Formal CSI Strategy created for the Group (Rainbow and Vector)

Focus on communities in/ around where we operate

Fewer projects, greater impact with focus on education, skills development and arts

.....

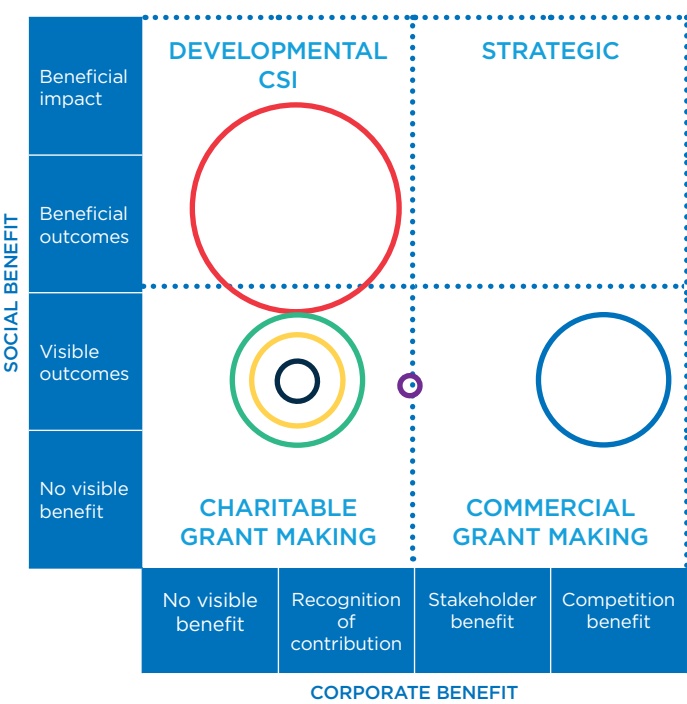
**PRIOR TO FEBRUARY 2009**  
No formal CSI Strategy







Ad hoc donations and projects

Rainbow Group did CSI work in communities around plants

Both these acquisitions focus on communities around their operations – consistent with Group CSI Strategy

## MOVE TOWARDS STRATEGIC SCI



- Rainbow and TSB Star Schools (education) 
- RCL Foods Catalina Theatre (arts) 
- TSB Selati Cup (youth) 
- Vector and Rainbow Foodbank (food security) 
- RCL Foods TOUCH programme (employee involvement) 
- Foodcorp SCARC (youth) 

# SUSTAINABILITY REPORT



## FOOD SECURITY

Food security includes the availability of food, access to food and knowledge regarding food use. Many of our current CSI projects tackle all three of these areas.

### Supporting contract growers

Rainbow supports contract growers who rear chicken on our behalf using their own farm and facilities. Rainbow supplies day-old chicks, feed and in some cases the transfer of skills, while the growers are managed and mentored against Rainbow standards and operating practices.

TSB supports over 1 600 small-scale growers in order to secure sustainable cane production and to enhance social cohesion.

### Establishing community self-sufficiency

In February 2015, TSB opened the Marula Plant Nursery in Malalane. This is an extension of the existing Marula Fresh Produce Market which TSB established with TRAC in 2012, and through which traders were taught how to grow their own produce in order to become self-sufficient.

Rainbow built a chicken house for the Ikusasa Le-Africa Foundation and supplied chicks, feed, vaccines, chemicals, training, maintenance and consulting time to the Foundation in order for them to teach the community how to grow chicken.

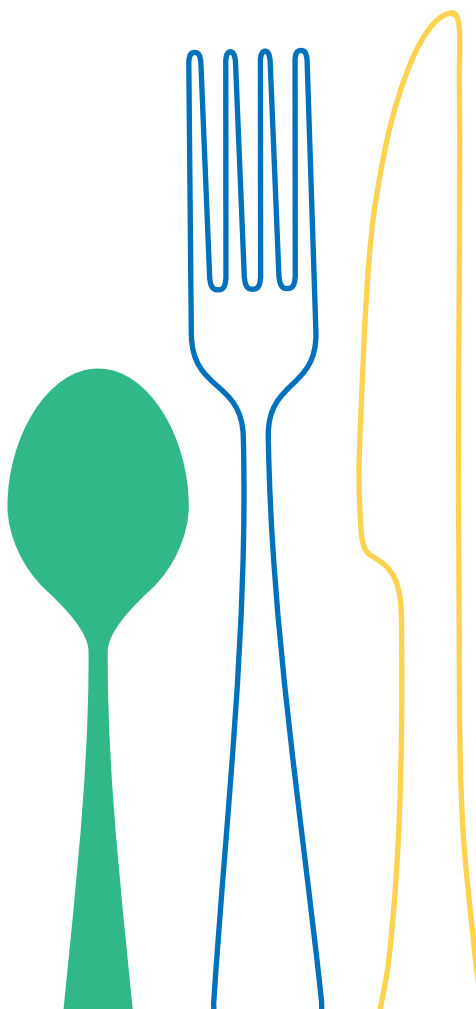
### Food donations

Rainbow supports a number of organisations with their monthly chicken requirements and also donates close-to-expired stock to NPOs near its operations. During 2015 we donated over 60 tons of chicken, providing over 350 000 meals.

Foodcorp also supports a number of organisations through food product donations.

## COMMUNITY DEVELOPMENT

We aim to become a strong participant and catalyst in community development within the communities that depend on our operations, with an emphasis on identified priority areas. The model for this development is a multi-partner collaborative approach which includes government departments, municipalities, businesses, NGOs and NPOs. In this approach we will play the part of a catalyst in strengthening current forums, supporting existing projects and driving a number of new potential projects and partnerships. Our Sugar & Milling division's approach to land reform is a successful example of this kind of initiative and is described in detail below to illustrate the potential of the model for other areas of our business and CSI.



### Case study: Sugar & Milling (TSB) land reform

Land reform has made a significant impact on communities supplying cane to the TSB mills. TSB has seen land reform as an opportunity to begin working more closely with government and communities, thereby contributing toward wealth creation, job opportunities and poverty alleviation within communities. As a development partner, TSB remains committed to building stronger relationships with both government and land reform beneficiaries to ensure a sustainable sugar industry.

#### Joint ventures

Since 2008, TSB has sold off the majority of its agricultural land and formed three joint ventures (JVs) with local communities. These JVs are 50/50 companies that lease land and infrastructure from the communities. The first two were established in 2008 and the third in 2012. The JV model has been designed to ensure that maximum benefit is received by the community through:

- Rental income;
- Dividends;
- Employment;
- Enterprise development and procurement spend; and
- Bursaries and training.

The model is set up in such a way that the majority of the benefit is through rental income, thereby guaranteeing annual payments to communities. JV partnerships have also resulted in beneficiaries being able to set up businesses supplying services to JV companies, and TSB aims to grow both its number of beneficiary enterprises and procurement spend.

LAND RESTITUTION BENEFICIARIES HAVE RECEIVED THE FOLLOWING BENEFITS TO DATE THROUGH THEIR JV PARTNERSHIP WITH TSB:	
Beneficiary Enterprise Development	24 companies awarded contracts
Beneficiary procurement spend (2012/13 and 2013/14)	R128,4 million
Lease payments	R150,6 million
Dividends	R12,3 million
Direct employment	253 jobs
Beneficiary bursaries	17
Internships	11
Training mentorships for	368 farmers

The JV companies operate an area under cane of 9 076 hectares and delivered 988 516 tons of cane during the 2014/15 season. Banana and litchi production is taking place on 309 hectares, bringing the total crop area to 9 385 hectares.

Land reform, especially restitution, has had a significant impact on land ownership patterns in TSB's cane supply areas, and approximately 70% of the cane supplied to the Nkomazi mill in Mpumalanga is grown on land owned by communities. TSB aims to grow the number of farmers involved in the programme and increase procurement spend over the coming years.

TSB, growers and communities have established innovative partnerships to support land reform efforts. Partnerships with government and parastatals have also made a significant contribution toward the long-term sustainability of land reform and cane supply. As a result of these successful partnerships, nearly 92% of all land reform farms in Nkomazi are productive and delivering cane to the mills.

#### Recapitalisation and Development Programme ("RADP")

TSB has been appointed as a strategic partner and mentor by the Department of Rural Development and Land Reform ("DRDLR") to assist with skills transfer to land reform beneficiaries under the RADP. To date 368 growers have been trained. Two attended a Junior Certificate Course and 211 are receiving practical training provided by Shukela Training Centre. Where growers have formed co-operatives, emphasis has also been placed on governance training, with 101 co-operative members receiving general governance training and 34 co-operative directors receiving directors' governance training. A further 20 growers have been on conflict resolution training.

TSB has also established a Land Reform Unit to support land reform initiatives by providing mentorship, project management and social facilitation services free of charge. To date the DRDLR has approved nearly R200,0 million in grant funding to support Proactive Land Acquisition Strategy ("PLAS") projects and small-scale growers. Approximately R110,0 million of this funding will be spent on rehabilitating small-scale grower irrigation schemes on communal land in line with the National Development Plan. This initiative should result in small-scale production increasing by approximately 350 000 tons of cane, resulting in additional revenue of R140,0 million on an annual basis to small-scale growers. It is anticipated that over 1 000 additional permanent and seasonal jobs will be created.

In order to support this initiative, TSB and the small-scale growers have established a one-stop-shop services company called TSGRO. In setting up the company, small-scale grower leadership was instrumental in enabling it to address the challenges faced by small growers. Apart from focusing on improving farm productivity, TSGRO will also be setting up enterprise development opportunities for small-scale growers to become contractors. TSB provides annual funding of R9,0 million to support TSGRO.



# SUSTAINABILITY REPORT

## Youth development

TSB has placed much emphasis on youth development. Bursaries have been made available to land reform beneficiaries and a structured programme of bringing in graduates for practical experience has been implemented.

Empowering beneficiaries to become senior managers within the JVs is also critical. JVs have to date awarded 17 bursaries to beneficiaries, totalling R1,3 million. Most recent bursaries focus on engineering and accounting degrees.

## Akwandze Agricultural Finance (“Akwandze”

Akwandze is a joint venture company between Nkomazi small-scale growers and TSB, which provides credit to small-scale growers and land reform projects. Akwandze was set up with R25,0 million capital provided by growers and TSB, and a R10,0 million donation from the South African Sugar Association (“SASA”). The company has managed to leverage a number of different funds to support land reform and small-scale farmers. Akwandze manages the following funds:

- **Khula/Akwandze Fund** – R100,0 million available for small-scale growers. R75,0 million commitment from Khula.
- **Land Bank Fund** – R150,0 million available as a rolling fund for lending to restitution projects. To date R145,0 million has been made available.
- **MAFISA Fund** – R25,0 million for small-scale growers.
- **Jobs Fund** – R50,0 million grant funding for rehabilitation of small-scale grower infrastructure.

## Community mobilisation

Government has identified the Nkomazi district, where Malalane is situated, as being particularly poor and under-resourced. Government statistics indicate that many young children in Nkomazi do not grow up with a strong foundation in the early years. Many do not have birth certificates, many do not access government health services or have a Child Support Grant, many are not fed nutritious food, and the vast

majority are not stimulated through play and early learning opportunities to ensure their success in school and in life. We are currently working with experts in the ECD field, NGOs and the Department of Social Development, amongst other role players, to identify what we as the major employer in this area can do to assist the community to overcome these issues.

In Hammarsdale in KwaZulu-Natal, we are working very closely with the LIMA Rural Development Foundation in order to identify a community project to be established in Hammarsdale. We have already had extensive engagements with community leaders, municipalities and local businesses, along with community workshops and extensive investigations into the Hammarsdale community. Together with local inhabitants, we will undertake a project that assists the Hammarsdale community to overcome the most pressing needs of the poor.

## Education projects

In partnership with the non-profit organisation Star Schools, to date we have assisted 500 underprivileged Grade 11 and 12 learners by providing access to extra lessons in Maths, Science and English. The impact of the project can be seen in the results of the 2014 Grade 12s:

- 100% pass rate on all four sites (Rustenburg, Malalane, Worcester and Hammarsdale)
- 76% achieved Bachelor's passes (qualifying for university admission)
- 44 distinctions were achieved amongst 164 candidates
- 100% pass rate in Maths and Science on three out of four sites.

In addition to this group-level initiative, TSB supports 10 Eco-Schools (a school environmental development programme that helps schools build their capacity to respond to environmental issues) and the Penreach Project (run by a private college with a developmental arm that reaches out to poorer schools).



### Staff and community parenting programme in Worcester

The Positive Parenting Programme was developed to help improve parent-child interactions in households within the community of Worcester, an area affected by social problems such as drugs, alcoholism and gangsterism. With an emphasis on “learning through play”, the programme focuses on offering information and practical skills to parents of young children, to Early Childhood Development (ECD) leaders and the local Department of Social Development. Over 200 of our staff enrolled in the six-month course and 40 ECD sites from the Worcester community have also signed up for the programme, impacting over 2 000 children in the area.

### Sports and recreational projects

Foodcorp's Yum Yum brand sponsors the Soweto Canoe and Recreation Club (SCARC), which uses water sports as a way of engaging with and providing development opportunities for underprivileged youth in Soweto. The SCARC team performed exceptionally well this year in races such as the Dusi Canoe Marathon, the SA Sprints and the South African Sprint Canoeing Championships.

TSB promotes local community upliftment through its annual soccer tournament, the TSB Selati Cup. The Selati Cup has become a visible sign of what can be achieved in areas where there are few facilities, and it has attracted the interest of other sponsors who fund infrastructure and youth development programmes around this initiative.

In KwaZulu-Natal, Rainbow supports the Amazulu Football Trust, which targets schools where Hammarsdale Star Schools learners come from, teaching them both soccer and life skills.

### Arts projects

Rainbow supports the annual Young Performers musical production, which gives high school learners the opportunity to experience working with professional directors and musicians.

### Employee involvement projects

We sponsor a number of employee involvement projects to encourage our people to make a difference in their local communities. These include:

- a monthly salary deduction scheme which gives all employees an opportunity to support deserving institutions such as the SPCA, Hospice, Reach for a Dream and Childline
- a TOUCH (Together Our United Contributions Help) internal programme that supports any employee who assists a charity or organisation by giving the charity a donation of food and allowing the employee time off to spend with the charity. Through the TOUCH programme, we have indirectly supported a number of deserving organisations through our employees.

### Other projects

RCL FOODS supports LIV Village and Vukukhanye on a monthly basis with their running costs, and our BEE partner, Ikamva Labantu, supports many community projects in and around Cape Town.





# SUSTAINABILITY REPORT

## ENRICHING COMMUNITIES

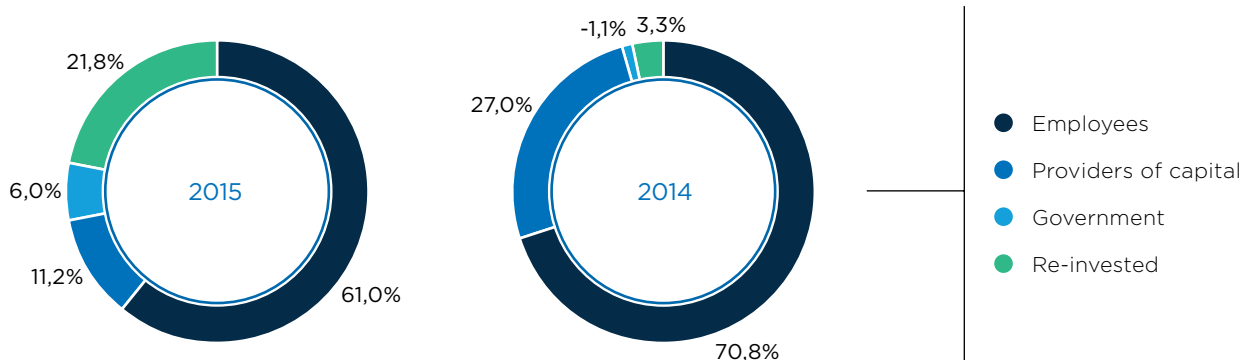
We aim to enrich our communities by promoting sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all. As we generate economic value for shareholders and other stakeholders, we provide a quality and affordable food source to the nation and create jobs both within the business and along its supply chain. We are committed to doing business through fair commercial competitive practices and

to trading with customers and suppliers that subscribe to the same high ethical business practices.

The Group recorded headline earnings of R964,5 million from continuing operations for the year ended 30 June 2015 (2014: R332,6 million loss). The value added statement below indicates the major stakeholders and their varying benefits. Employees were the main beneficiaries.

### VALUE ADDED STATEMENT

		30 June 2015 R'000		Restated 30 June 2014 R'000
	%		%	
Revenue		23 428 206		19 500 842
Paid suppliers		(17 519 586)		(15 811 840)
Value added by operations		5 908 620		3 689 002
Dividend received		46 955		27 673
Finance income		52 056		148 283
Total value added		6 007 631		3 864 958
Applied as follows:				
To pay employees				
Salaries, wages and benefits	61,0	3 661 783	70,8	2 738 733
To pay providers of capital	11,2	675 384	27,0	1 043 458
Interest paid	6,2	373 607	27,0	1 043 458
Dividend paid	5,0	301 777		
Tax (excluding VAT)	6,0	359 160	(1,1)	(44 061)
Re-invested in the business	21,8	1 311 304	3,3	126 828
Depreciation, amortisation and impairment	12,8	771 654	15,2	588 177
Retained earnings/loss	9,0	539 650	(11,9)	(461 349)
	100,0	6 007 631	100,0	3 864 958



## SUSTAINABLE PEOPLE PRACTICES

### EMPLOYEES

At RCL FOODS we believe that passion breeds success. We respect individuals and nurture them by empowering them to grow. We also value every employee's contribution to the Group as a whole, and believe that self-management and accountability are key elements in fostering an efficient and productive workforce. This provides a platform for building a community of inspirational people who have a common purpose. Specific focus areas include:

KEY AREA	BUSINESS RESPONSE
<b>Human capital</b>	<ul style="list-style-type: none"> <li>• Sustainability is synonymous with achieving long-term human capital development and corporate social responsibility objectives</li> </ul>
<b>Talent</b>	<ul style="list-style-type: none"> <li>• Attracting and retaining talent, supported by leadership and talent management programmes, is key to transforming the organisation and building RCL FOODS</li> <li>• Underpinning this are individual development plans and sound succession plans which ensure that high potential employees are recognised and prepared for the future</li> <li>• As part of the talent management process, people development systems and processes have been enhanced with greater emphasis on the integration of the 2020 Employment Equity objectives. The Leadership Standards and Behaviours have been rolled out across the business, promoting behaviours that ensure every manager is accountable for sustainable delivery. Employees are also able to access specific training within defined learning pathways, such as leadership and professional skills</li> </ul>
<b>Employee relations</b>	<ul style="list-style-type: none"> <li>• We acknowledge the right of all our employees to freedom of association, and actively drive best management practices in all our operations in order to create a work environment conducive to productivity, participation and organisational stability</li> <li>• Through constructive recognition agreements, we have a significant bargaining unit, with a total of 75% of its employees within the various bargaining units, for whom the recognised trade unions negotiate annually their salaries and conditions of employment. To ensure proper communication and engagement with the recognised trade unions, our social partners and various trade unions' regional and site-based employee representative forums are in place to facilitate information sharing and consultation, including the National Working Forum for national issues</li> <li>• In order to ensure equitable and fair working conditions, we have well developed disciplinary and grievance policies and procedures. These policies and procedures are communicated to all employees during their induction, in our on-boarding pack, through training, on the intranet and through ongoing communication of the Group's standards, policies and procedures</li> <li>• There have been a number of strikes in the various business units this year, with a total of 79 working days lost, which had a financial impact on the Group – totalling R41,6 million</li> </ul>
<b>Remuneration</b>	<ul style="list-style-type: none"> <li>• The RCL FOODS reward philosophy and the over-arching intent that guides its strategy is to remunerate and reward employees in a way that supports the achievement of the organisation's strategy and goals. It seeks to reward outputs and results rather than input and effort.</li> <li>• We aim to attract, retain and develop valuable employees of the right calibre, with the intent to create career progression and growth through learning, development opportunities and challenging jobs. We seek to reward performance and innovation, recognising those who deliver outstanding work whilst consistently demonstrating our core values.</li> <li>• As a business we wish to engage employees to such a degree that they willingly choose to work for RCL FOODS rather than other organisations.</li> <li>• We continually review our reward and remuneration policies and practices in line with industry best practice in order to ensure that we deliver market related remuneration.</li> </ul>

# SUSTAINABILITY REPORT

KEY AREA	BUSINESS RESPONSE
<b>Employment equity</b>	<ul style="list-style-type: none"> <li>• RCL FOODS is an equal opportunity employer committed to a policy of employment equity. Progress towards achieving the Group's workforce diversity objectives is measured through Group targets and quarterly progress reporting</li> <li>• There is a process of iterative consultation and engagement with the businesses' employment equity committees to ensure that the Group delivers against its employment equity plan for 2020</li> <li>• There is continuous engagement and consultation with the regional employment equity committees for all issues relating to workplace diversity</li> <li>• We have structured our working requirements and leave allowances to recognise that our employees have responsibilities and commitments outside of the workplace. All employees receive annual leave that is in line with or exceeds the statutory requirements laid out in the Basic Conditions of Employment in South Africa and other territories in which we operate</li> <li>• Our maternity and paternity leave policy and payment exceeds statutory requirements, as we believe strongly in supporting our staff in their familial requirements. Pregnant women are entitled to maternity leave for a period of 6 months. New fathers are granted paternity leave following the birth of their child. The specifics of this are outlined in the Group Leave Policy, which also covers sick leave, special leave, family responsibility leave, study leave and unpaid leave. Where possible, flexible working arrangements are agreed with employees</li> </ul>
<b>Resourcing</b>	<p>Resourcing scarce and critical skills has continued to prove challenging, especially within specific geographies. We have focused on improving resourcing strategy and practices by:</p> <ul style="list-style-type: none"> <li>• Introducing a common assessment provider (TTS) across the Group which will deliver cost savings in the recruitment process;</li> <li>• Improving the use of resourcing performance indicators as part of an integrated HR dashboard;</li> <li>• Successfully implementing an eRecruitment system which has improved the efficiency of the overall recruitment process;</li> <li>• Extending resourcing tools and processes to Foodcorp and TSB to ensure consistency and standardisation of the resourcing process across the Group;</li> <li>• Integrating eRecruitment with social media to provide a platform to access an increased target population through the use of the LinkedIn recruitment tools;</li> <li>• Using resourcing tools and processes to deliver huge savings on recruitment costs and less reliance on recruitment agencies (R2,9 million to date);</li> <li>• Continuous growth of the bursary and management trainee entry channels; and</li> <li>• Emphasis on employment equity ("EE") appointments.</li> </ul> <p>By acknowledging that no resourcing strategy operates in isolation, but rather is integrated into the overall HR strategy and policy framework, the following key activities have been implemented:</p> <ul style="list-style-type: none"> <li>• Centralisation of management recruitment across the Group, streamlining the process, creating consistency in regard to best practices, and creating a positive experience for applicants;</li> <li>• Continued focus on African, Coloured and Indian ("ACI") recruits at management level;</li> <li>• Development of professional recruitment skills amongst human resources and line management teams;</li> <li>• Development of a recruitment network to enhance RCL FOODS' employer brand in the market place; and</li> <li>• Formulation and implementation of a compelling Employee Value Proposition (EVP) for RCL FOODS will be a key focus in 2016.</li> </ul>

KEY AREA	BUSINESS RESPONSE
<b>Employee wellness and HIV/AIDS</b>	<p>We are committed to providing employee wellness programmes that ensure that our people have access to support initiatives that focus on health and wellness, alcohol and substance abuse and HIV/AIDS.</p> <p>We recognise and acknowledge the devastating impact that HIV/AIDS has had in the communities around which we operate. The RCL FOODS Chronic Illness and Life Threatening Disease policy incorporates HIV/AIDS and guides the business in its management, placing emphasis on education and peer education, prevention, de-stigmatising campaigns and voluntary counselling and testing.</p> <p>We provide a core primary health care and occupational health service on our operating sites. Regional services are influenced by the identified risk of each region. This guides the different levels of service provision to ensure service delivery that is appropriate to employee needs.</p> <p>Occupational health care is guided by legislation to ensure that employees are monitored, risk exposure is minimised and a healthy workforce and a safe working environment are all in place.</p> <p>Primary health and emergency care are absolutely essential to support employees in any large company. The Group customises these services as much as possible to meet the needs of our people.</p> <p>HIV/AIDS assistance programmes:</p> <ul style="list-style-type: none"> <li>• We provide a formalised HIV/AIDS educational and counselling service in our Northern region in conjunction with Tapologo Hospice, aimed at supporting employees and family members with counselling and delivery of ARVs. There has been a high success rate of employees returning to work once they have received treatment at Tapologo.</li> <li>• Through Corporate Investment Schemes, we support community-based prevention, education and awareness programmes and initiatives such as Lily of the Valley Children's Home and Othandweni Respite Unit at the Hillcrest AIDS Centre in Durban.</li> <li>• In our Agricultural sector, we have set up a main clinic and decentralised clinics on factory and Agriculture premises. The main clinic at Malalane is also equipped with a fully registered X-Ray facility. Some decentralised clinics are within easy reach of similar public facilities or employees are transported to the main clinic. Wellness staff are dedicated to HIV/AIDS counselling, testing and ARV treatment on a full-time basis supported by the medical team. Support is given to decentralised clinics.</li> </ul> <p>As a Group we are committed to treating employees with respect, following fair and equitable employment practices, and protecting employee health and safety in the workplace.</p>



# SUSTAINABILITY REPORT

## GROUP EMPLOYMENT EQUITY STATISTICS

At RCL FOODS we are committed to creating an organisational culture in which all employees are able to perform to their full potential. To achieve this, all Group operations strive to eliminate employment practices and processes which may result in unfair discrimination and we actively work to include people from diverse sectors of society within our employee complement.

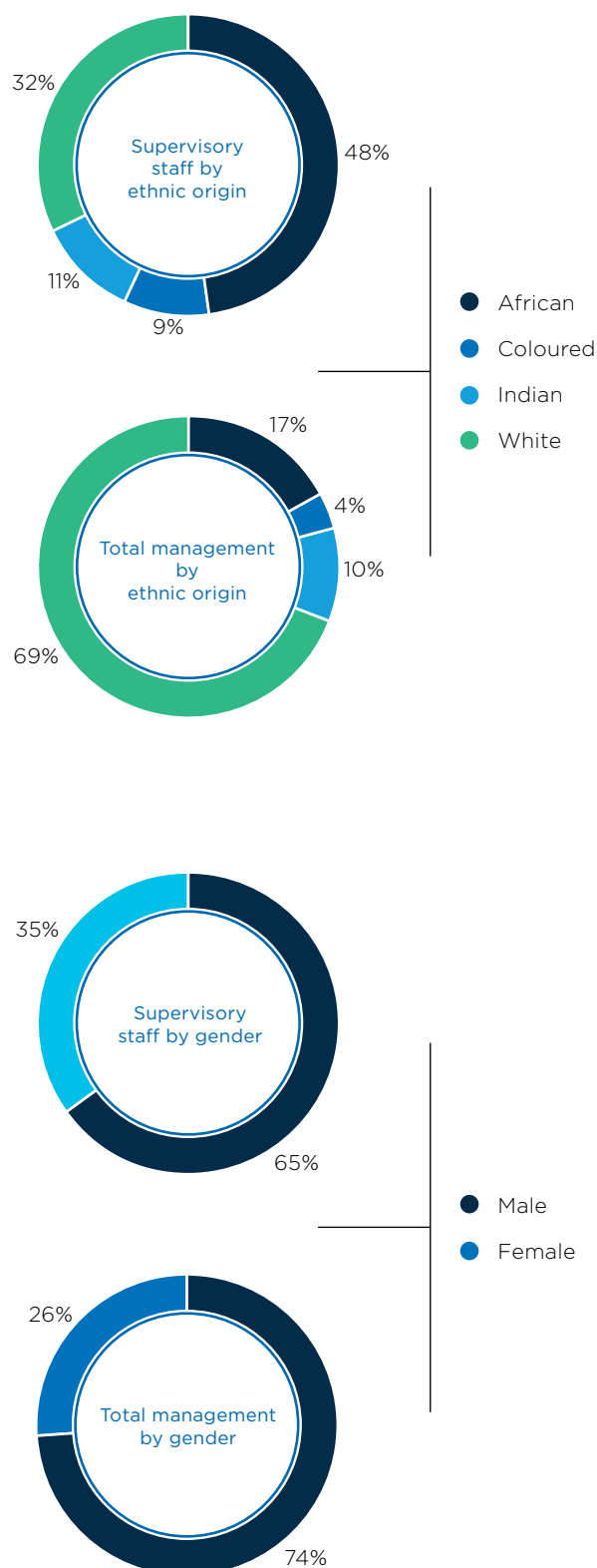
As a result of our recent acquisitions, we have revised our five-year Employment Equity plan leading to 2020. The Group employment equity targets take into account baseline data, staff attrition and recruitment and annual headcount growth. We have taken steps to ensure that our targets and processes are aligned to the Department of Trade and Industry targets. Progress against targets is monitored and reported to the Social and Ethics Management Committee. We remain focused on pursuing the transformation imperative to create a diverse and inclusive workforce that is reflective of our customer base and the society in which we operate.

GROUP EMPLOYMENT EQUITY TARGETS		
	2020 Target %	Current ACI base %
Occupational levels		
Top management	15	0
Senior management	25	17
Professionally qualified and experienced specialists and mid-management	40	33
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	75	67
Semi and unskilled – discretionary and defined decision making	90	96

EMPLOYEES AT 30 JUNE		
Occupational levels	2015	2014*
Top management	7	39
Senior management	30	162
Professionally qualified and experienced specialists and mid-management	831	716
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	2 570	2 351
Semi and unskilled – discretionary and defined decision making	17 041	14 690
Total	20 479	17 958

\* 2014 data not comparable to 2015 due to the change in grading composition at the various occupational levels.

## GROUP EMPLOYMENT EQUITY BREAKDOWN 2015



## BROAD-BASED BLACK ECONOMIC EMPOWERMENT (B-BBEE)

We fully support the constructive intentions of the government to transform South African businesses through the B-BBEE codes. The Group completed its B-BBEE verification process for the year ending 30 June 2014 and achieved a Level 4 contributor status in accordance with the Department of Trade and Industry Agriculture Codes. Our scoring improved by 10 points, in line with our commitment to organisational transformation.

TSB, also completed the verification process in accordance with the Department of Trade and Industry Agriculture Codes for the year ending 30 June 2014 and achieved a Level 3 contributor status. They were able to attain this status due to their Land Transfer and Reform practices as well as various initiatives including Enterprise Development and Skills Development Programmes for black and small-scale sugar cane growers.

We firmly believe that successful transformation is key to the Group maintaining its edge on sustainability practices.

BEE category	Element	2014		2013*	
		Weighting	Score	Weighting	Score
Direct empowerment	Ownership	20	11,70	20	9,41
	Management	10	3,54	10	3,90
HR development	Employment equity	10	2,77	10	3,56
	Skills development	20	13,79	20	6,12
Indirect empowerment	Preferential procurement	20	13,38	20	12,87
	Enterprise development	10	10,00	10	10,00
	Socio-economic development	10	10,00	10	10,00
Total score		100	65,18	100	55,86
		Level 4		Level 5	
Recognition status		100% contributor		80% contributor	

\* Scores for 2013 were attained prior to the acquisition of TSB.

**Note:** The current code (B-BBEE points) system has been amended by the Department of Labour. The amendments to the Codes (which came into effect from 11 October 2014), significantly change the manner in which a firm's B-BBEE status (or level) will be calculated, as the number of B-BBEE points required to achieve a particular B-BBEE level has been increased. These far-reaching changes will materially affect our existing B-BBEE rating and status for the 2015/2016 reporting year.

### EMPLOYEE RECONCILIATION

The total number of employees increased from 17 958 to 20 479 during the course of the year. The employment

growth of 2 521 is aligned to the strategic decision to convert temporary/casual employees to permanent staff in the light of recent amendments to labour legislation. In addition, part-time employees employed at Foodcorp Speciality who have historically been excluded from the headcount have been included in the 2015 headcount. Total staff turnover reduced year on year from 15,0% to 12,7% and avoidable turnover (resignations) declined from 8,4% to 5,8%. The table below reflects the permanent and contractor/temporary staff numbers per operating company:

Employees as at 30 June	Rainbow	Vector	RCL Group Services	Foodcorp	TSB	Total 2015	Total 2014
Employees at the beginning of the year	6 437	3 143	173	4 292	3 913	17 958	15 967
Add:							
Recruitment/intercompany transfers	1 384	758	46	2 251	364	4 803	4 365
Less:							
Deaths	23	9		26	29	87	117
Discharges	362	179	1	201	56	799	659
Disabilities	9	8		3	9	29	30
Resignations/transfers	319	325	30	276	102	1 052	1 344
Retirements	176	10		76	53	315	224
Employees at the end of the year	6 932	3 370	188	5 961	4 028	20 479	17 958

# SUSTAINABILITY REPORT

## TRAINING AND DEVELOPMENT STATISTICS

We remain committed to providing meaningful development to our employees in order to raise them to their full potential. In 2015 the Group increased its investment in Learning and Development and built on its learning framework which focuses on developing distinctive skills through functional programmes across the value chain and revising the succession planning processes, increasing the numbers of learners participating in formalised learnerships and creating skills and trainee programmes across the talent pipeline.

As a Group we take a holistic approach towards employee development using a 70:20:10 principle, where 70% is made up of on-the-job ("OJT") training and exposure, 20% is provided through mentoring and coaching and 10% relates to classroom training. We believe that training courses are only one way of developing capability and tend to have a lower impact than other methods such as OJT learning.

The Group will be introducing three New Leadership Development Programmes across each of the management levels for 2015/2016.

## NATURE OF TRAINING

These are some examples of our range of training initiatives:

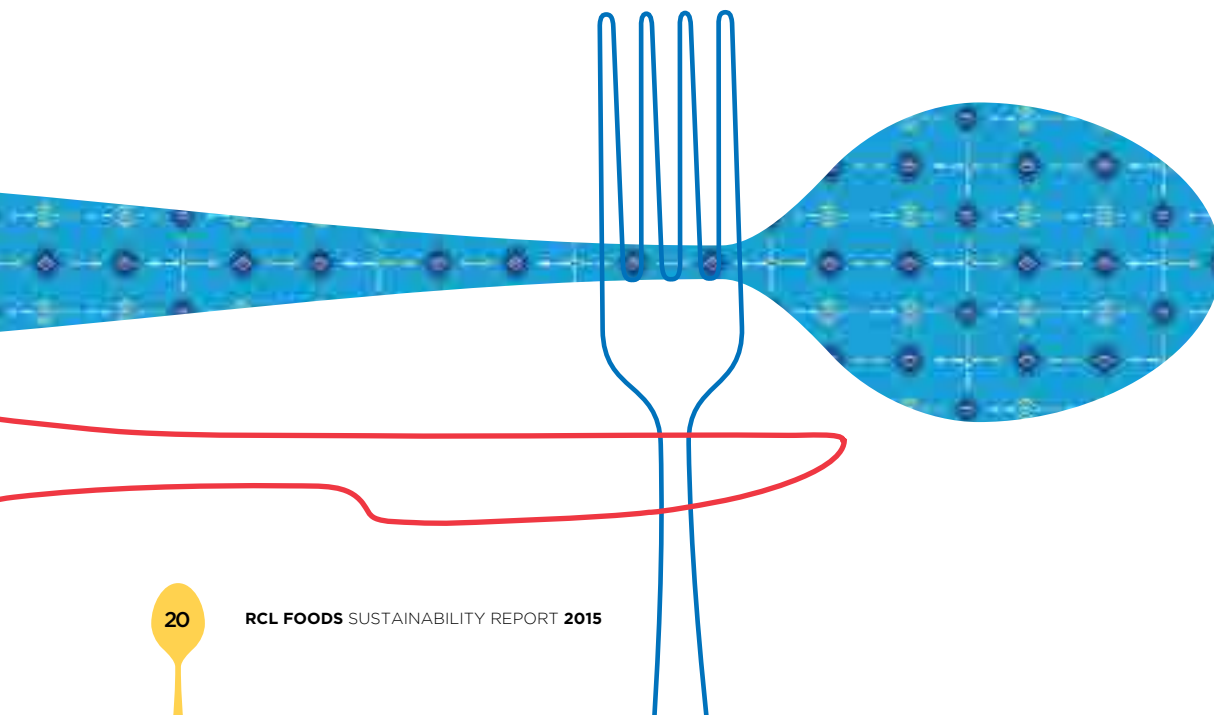
Leadership and development skills, Management skills training, Computer professional skills, SHE and sustainability practices skills, Human resources and ER skills, Standard operating procedures and Best operating practices training, Safety training, HACCP and hygiene training, Sales and merchandising skills, Engineering skills training, OTJ training (technical skills) and Apprenticeships.



TRAINING INDICATOR	A	C	I	W	Total** 2015	Total* 2014
Training budget (R million)					38,1	41,3
Training spend (R million)					33,1	32,3
Total hours of training	142 361	24 953	9 583	28 443	205 340	227 291
Average hours of training per employee	14,00	17,30	17,81	12,92	14,31	15,24
Number of employees trained	10 163	1 442	538	2 202	14 345	14 917
Number of employees on learnerships	13				13	4
Number of employees on apprenticeships	61	1		11	73	65
Number of learners on AET – ACI breakdown	102	3	2	1	108	14

\* 2014 figures have been adjusted from our previous submission to include TSB.

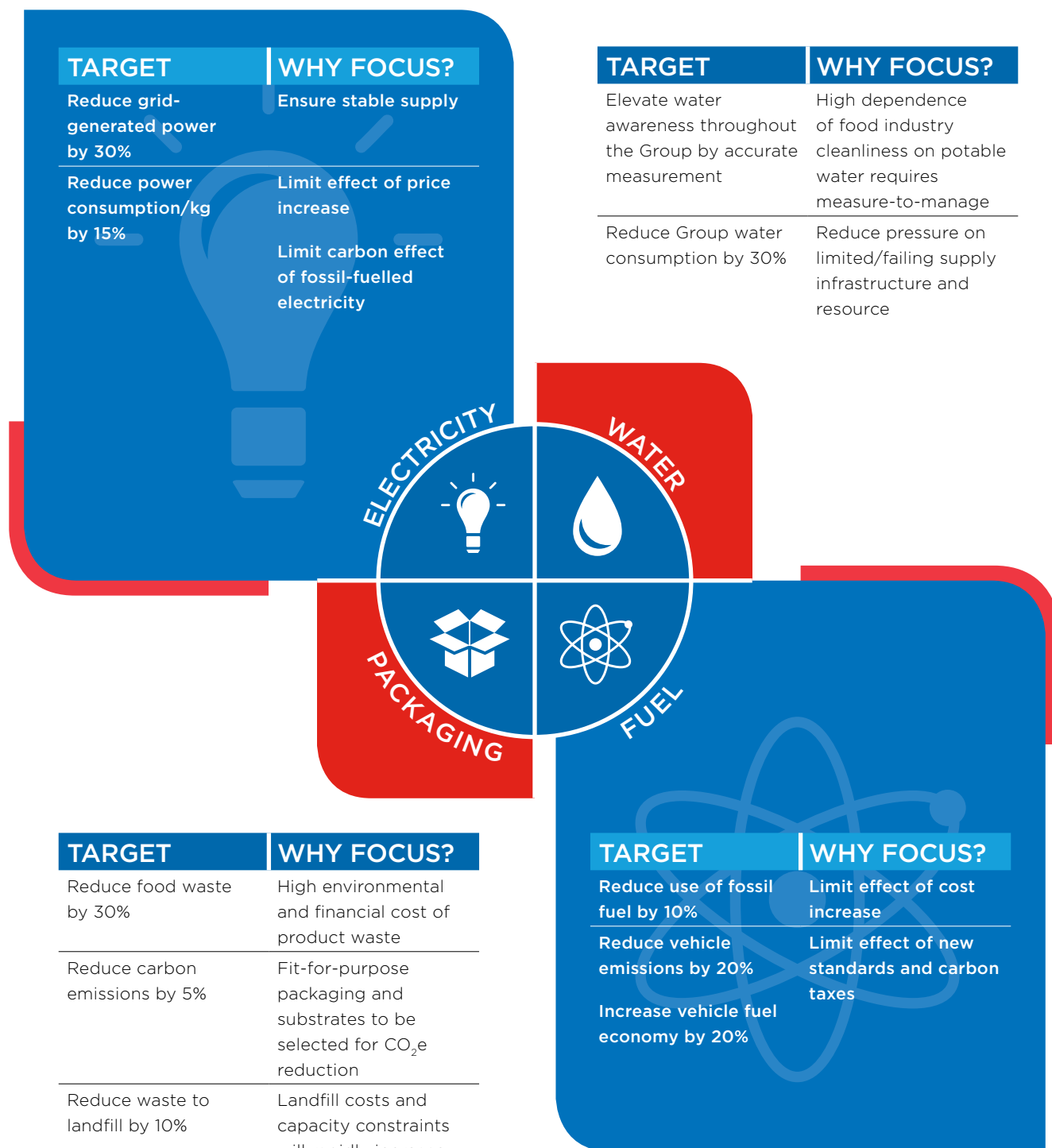
\*\* The small reduction in the 2015 budget was as a consequence of organisation integration and acquisition work which slowed spend temporarily.





## SUSTAINING RESOURCES

We take full responsibility for our operations' environmental impact by charging every RCL FOODS employee to ensure effective use of resources and limit their impact on the environment. We also favour suppliers and partners who share our values with regard to the protection of the environment. Our framework for sustainable and responsible production focuses on electricity, water, fuel and packaging and is illustrated below:



# SUSTAINABILITY REPORT

We are committed to setting quantifiable environmental objectives and targets which are implemented and regularly reviewed with the aim of improving environmental performance in the following areas:

- electricity, water, fuel and packaging;
- air emissions;
- water pollution and water scarcity;
- waste; and
- climate change.

Through our Environmental Policy we promote shared responsibility and accountability amongst employees, stakeholders, local communities and other affected parties on environmental matters of mutual concern. Our policy also requires that the Group's contractors also follow responsible environmental practices.

This policy is applicable across all operations and functions, including those situations where employees and contractors are required to work off-site. The environmental policy has been communicated to all areas of the business through the employee induction process, the intranet and is also available to the public.

At operational level, Foodcorp is currently setting up systems and processes to measure its environmental performance in line with the Group Environmental Policy. Prior to becoming part of the Group, Foodcorp focused on major environmental risks such as climate change, direct emissions to air, water scarcity waste management, and is currently in the process of expanding reporting and implementation of initiatives. A carbon footprint baselining exercise has been conducted and the results formed part of the RCL FOODS 2014 and 2015 Carbon Disclosure Project submissions.

Rainbow and Vector set quantifiable objectives and targets for each of their operations, striving for performance that does not merely comply with regulations but also reduces overall environmental impacts. TSB also understands the importance of the environment and is constantly investigating ways to improve the way resources are used and energy is transformed.



## ENVIRONMENTAL SUSTAINABILITY PRACTICES

The Group acknowledges that it has a moral and legal responsibility towards the environment, its employees, its customers, its neighbours, its business and future generations. Not only do we endeavour to conduct all our activities in such a way that the environment is not adversely

affected, but we favour suppliers and partners who have similar environmental policies.

### LAND USAGE

We strive to apply the best environmental practices on all land used for agricultural, factory and warehousing operations. The table below provides an analysis of the Group's land usage.

GEOGRAPHICAL FOOTPRINT OF OWNED PROPERTIES (hectares)					
	Foodcorp	Rainbow	TSB	Vector	Total
Agriculture		10 305	14 020		24 325
Factories/warehousing	23	141	172	37	373
Total	23	10 446	14 192	37	24 698

### NATURE CONSERVATION

The Group supports nature conservation and views it as an important aspect of our national heritage. In this regard, Rainbow leases approximately 630 hectares to the North West Parks Board for the enlargement of the Rustenburg Nature Reserve, for R1,00 per annum. Additionally, at the Group's 1 547 hectare Roodewaal farm near Koster in the North West province, Rainbow has permission from the Department of Nature Conservation to conserve game. Bordered by three game farms, it actively supports the North West Parks Board and game farming in the area by helping to ensure wildlife and plant conservation.

### ENVIRONMENTAL MANAGEMENT SYSTEM ("EMS")

The Group is in the process of implementing an EMS based on ISO 14001 principles. External management certification ensures that our environmental performance is monitored, independently verified and our operations comply with best practice. Regular internal and third party risk assessments and audits are undertaken at our operations as part of the Group's drive for continuous improvement under ISO 14001 and various other supplier audits.

Foodcorp uses ISO 14000 as a guideline framework although its facilities aren't certified. In 2015 Foodcorp continued the identification of environmental management gaps at its divisions, and regular internal and external assessments and audits are conducted by Foodcorp and Marsh to measure improvement on environmental issues and to ensure continuous improvement and conformance.

All Rainbow mills are ISO 14001 certified, whilst other Rainbow sites (excluding KZN Agriculture, Wolwehoek and Bush Valley processing facilities) have been through a Stage 1 ISO 14001 certification audit. Environmental legal compliance audits are conducted at Rainbow and Vector sites every 3 years. All Vector distribution hubs have implemented ISO 14001 and completed legal audits and certification successfully.

As a committed guardian of the environment, TSB's environmental policy sets standards for the effective management of water and other resources and governs aspects of its operations that may impact on air quality during the harvesting and sugar production processes. Effective management and disposal of waste is undertaken with an increasing focus on recycling, and where possible the NOSA system (covering safety, health and environmental management) has been implemented.

### ENVIRONMENTAL IMPACT ASSESSMENTS ("EIA")

The Group conducts EIAs as required by the Department of Agriculture and Environmental Affairs when considering investment in new facilities or upgrades to existing ones.

This process allows for comments and input from all interested stakeholders and affected parties. An Environmental Management Plan will be established for the construction phase of such projects, to serve as a guide to assist in minimising the potential environmental impact of business initiatives.

# SUSTAINABILITY REPORT

## ENVIRONMENTAL RISKS

RCL has identified the following potential environmental risks in its operations:

ENVIRONMENTAL RISKS	RISKS ARE MITIGATED BY
Natural resource depletion	<ul style="list-style-type: none"> <li>An updated environmental policy providing the framework for setting and reviewing environmental objectives and targets</li> </ul>
Air pollution Odours from processing plants and mills	<ul style="list-style-type: none"> <li>Environmental management programmes and key performance indicators that are monitored regularly</li> </ul>
Poultry disease outbreaks on farms	<ul style="list-style-type: none"> <li>Effective bio-security and security procedures at all operations</li> </ul>
Waste disposal	<ul style="list-style-type: none"> <li>Service level agreements (aligned to ISO 14000 standards) with waste management service providers for the safe disposal of diseased birds and contaminated or hazardous waste</li> </ul>
Fires	<ul style="list-style-type: none"> <li>Fire breaks maintained on all farming operations</li> </ul>
Ground and surface water pollution	<ul style="list-style-type: none"> <li>Bund walls around all tanks and storage areas containing hazardous liquids</li> </ul>
Hazardous chemical, diesel and gas spillage	<ul style="list-style-type: none"> <li>Chemical store rooms allowing for segregation of hazardous chemicals</li> </ul>
Indirect emissions from high electricity consumption	<ul style="list-style-type: none"> <li>Smart metering monitoring key electricity consumers (mills, processing facilities, distribution warehouses) and load reduction programmes implemented where applicable</li> </ul>
Direct emissions from boiler fuel combustion	<ul style="list-style-type: none"> <li>Emissions testing of boilers as per the Air Quality Act. Key performance indicators driving efficient boiler operation and fuel savings at all sites</li> </ul>
Water shortages and water quality	<ul style="list-style-type: none"> <li>Regular water quality assessments and proactive management to ensure sufficient and reliable water supply</li> </ul>
Daily operation, project related activities and related risks	<ul style="list-style-type: none"> <li>Induction of all new employees and contractors on specific site health and safety and environmental risks</li> <li>Effective training programmes focusing on environmental policy and practices</li> <li>Induction of all management staff on environmental and sustainability policies and strategies</li> <li>Effective documented health and safety procedures</li> </ul>



## ENERGY USE

Energy consumption is one of the main focus areas in our strategy to reduce our impact on climate change. We therefore follow a structured approach in selecting energy efficiency and generation initiatives by keeping track of projects at the various operations, sharing information on efficiency projects, and cross-communicating results and synergies on a Group basis.

### ELECTRICITY

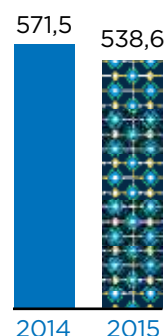
The past year has seen a continued focus on electricity measurement, management and implementation of consumption reduction and optimisation projects throughout the Group. Our total electrical energy consumption has decreased by 6,0% year-on-year, mainly due to optimisation of production facilities, including the consolidation of facilities such as distribution centres, farms and production facilities, as well as an increase in co-generation efficiency.

During the financial year, various energy efficiency improvement projects were investigated and/or implemented at most facilities. These include, but are not limited to:

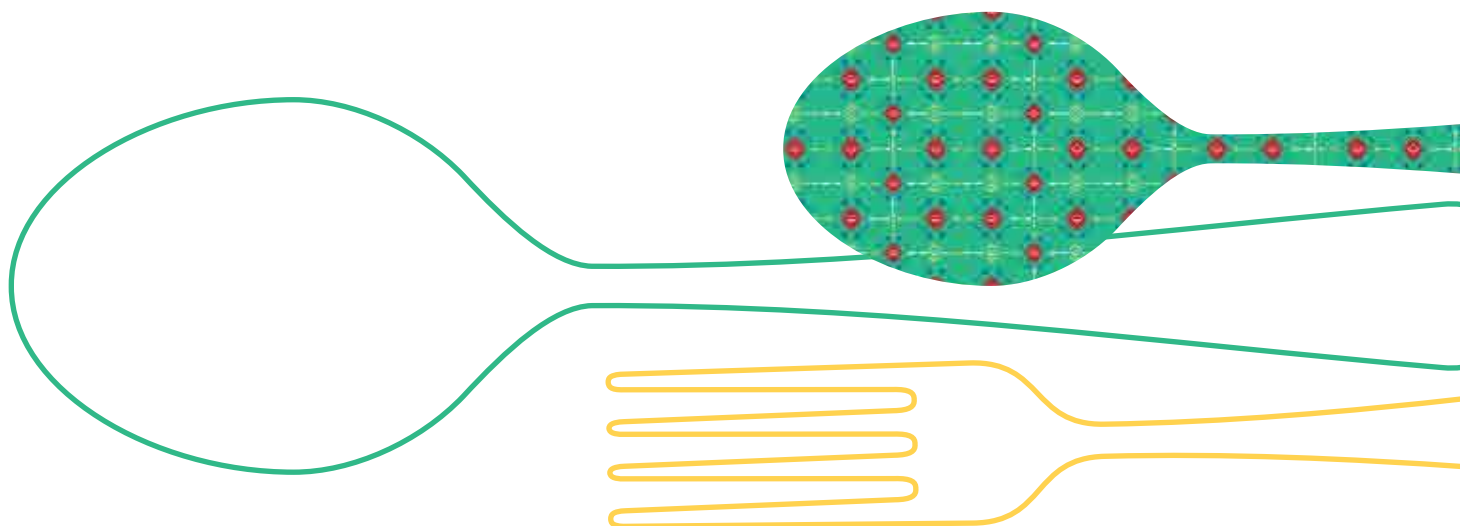
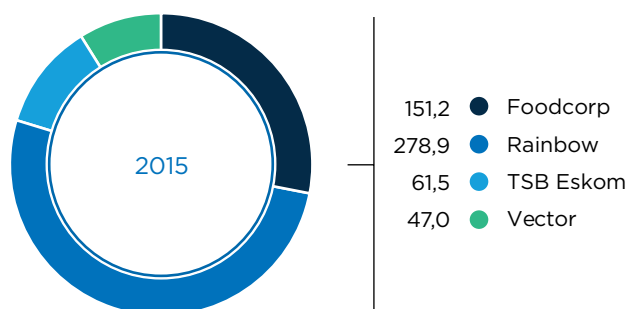
- **Foodcorp** – Production consolidation and closure of the Pieman's distribution centre.
- **Rainbow** – Variable speed drives on large pumps and fans, additional conversion of LED lights at farms.
- **TSB** – Additional renewable electricity from residual biomass.
- **Vector** – Energy efficient refrigeration controlled warehouses.

Through co-generation at our sugar mills, 37,7 million kilowatt hours of electricity were exported to the Eskom grid in addition to the 186,1 million kilowatt hours generated and used internally. Electricity produced through co-generation was increased by 10,0% through improved efficiencies and up-time.

### GROUP ELECTRICITY CONSUMPTION (ESKOM) (GWh)



### ELECTRICITY CONSUMPTION BY DIVISION (GWh)



# SUSTAINABILITY REPORT

## COAL

Coal use for steam generation at processing plants, poultry farms, feed and sugar mills remains a high focus area and good boiler management practices are in place at every operation. Coal-to-steam conversion, condensate return, make-up water and managed chemical consumption are monitored performance areas. Annual boiler inspections ensure safe and efficient operation of equipment.

At Foodcorp, sunflower husk used at the Randfontein site in 2015 was 20 315 tons versus coal usage of 7 619 tons in the same period. Total coal usage in all the divisions of Foodcorp was 12 148 tons.

Rainbow's coal consumption has increased from 0,18 ton of coal per ton of chicken produced to 0,19 ton following the switch over of additional poultry houses from LPG heating to coal-fired heating. Training of farm managers on operating procedures of newly-installed heating equipment continues and efficiencies are improving. Alternative, renewable sources of fuel, such as wood chips – a waste product from the forestry industry – are being used as and when available.

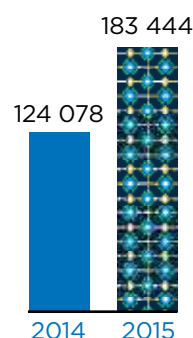
During the 2014 financial year, TSB installed additional filter area in the Malelane refinery to filter carbonated melt. The additional filters allow the refinery to operate at improved efficiencies and produce high quality sugar. Operating at a higher solids concentration resulted in better utilisation and this has had significant benefit in reducing the coal demand of the factory by about 3 900 tons per year. The company also installed new clear juice heaters at the Komati mill. Besides throughput benefits, the heating of cane juice prior to evaporation leads to a positive improvement in the factory steam system. This results in the factory being able to operate at higher solids concentration in the syrup and release bagasse to displace coal as boiler fuel. The heaters will save the equivalent of 3 200 tons of coal annually. The full impact of these upgrades was evident in the 2015 results: TSB's coal consumption reduced by 9,25%.

## DIESEL

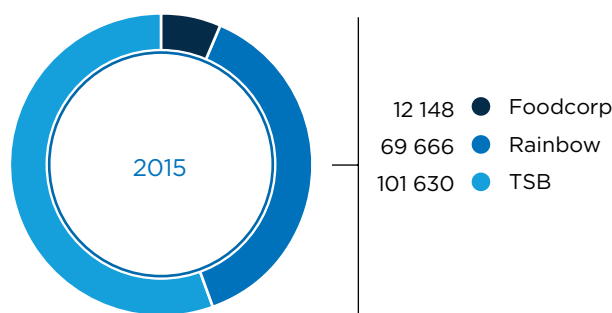
Consumption of diesel increased during the last financial period by 28,0% due to the inclusion of a full year of TSB's consumption.

Vector's consumption decreased by 4,2% and overall litres per ton delivered reduced from 13,5 to 12,4 year-on-year. Improved load efficiencies and increased utilisation of "back legs" were instrumental in the improvement.

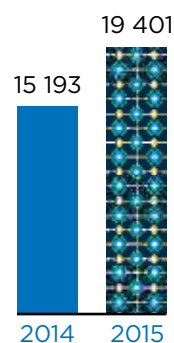
## GROUP COAL CONSUMPTION (tons)



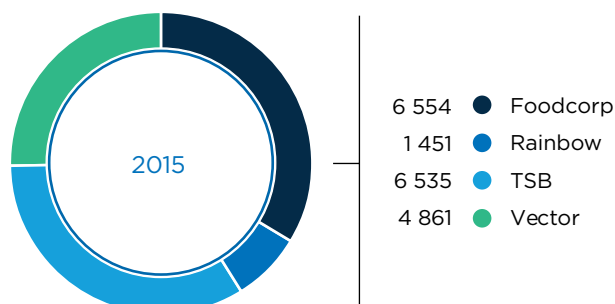
## COAL CONSUMPTION BY DIVISION (tons)



## GROUP DIESEL CONSUMPTION (kl)



## DIESEL CONSUMPTION BY DIVISION (kl)



## WATER

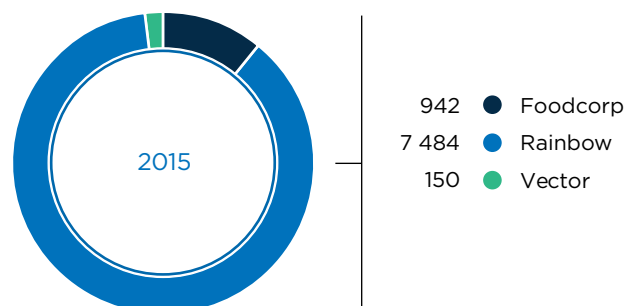
Water management, conservation and optimisation have been a focus area for the Group and its divisions for many years. Programmes and technologies such as water committees, team member education, re-use systems, reservoir systems, quality inspections and waste water treatment systems have been employed to minimise the impact on this scarce natural resource. We believe our first priority is to ensure food safety and the wholesomeness of our products, and we understand the critical role that water plays in ensuring cleanliness of facilities. We also recognise the balance between protecting product quality for the sake of the consumer and conserving a natural resource that we share with the communities where we operate.

At Foodcorp, water is one of the key ingredients. Good quality water is needed in large amounts to ensure that quality products are produced. Council infrastructures are very old, which leaves the manufacturing plants vulnerable. Water is analysed annually at all the factories as per SANS 241 standard and precautions are being taken to secure good quality water supply to every factory. Initiatives such as boreholes and holding tanks have been implemented.

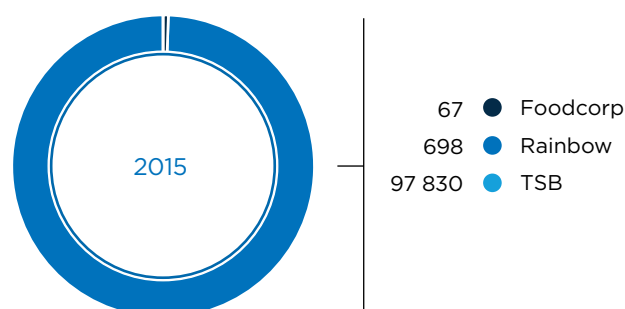
Poor water quality and water shortages are significant potential risks to the business. Rainbow has mitigated the risk of water shortages by building additional reservoirs to hold capacity in times of shortage, and is looking at ways of reducing the demand for water in rearing the parent stock, broiler birds and in the slaughtering process. With significant water usage, water effluent needs to be managed and every effort is made to recycle effluent water. Measuring wastage enables early detection of system defects that can be rectified to minimise potential losses and impact on the environment.

TSB continues to participate in water use management and is actively involved in various catchment-wide initiatives. The intent is to ensure all water use is effectively measured and consequently managed. The mills remain water positive and there is active involvement in Irrigation Boards and Catchment/River Management Forums to ensure water use throughout the catchment is effectively managed for farming operations and all downstream water users. The Inkomati Catchment Management Agency and Department of Water Affairs have been approached to assist and formalise all water related agreements and licensing with scheduled quarterly site inspections and meetings.

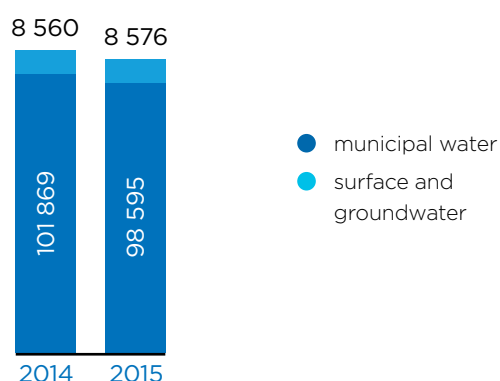
## MUNICIPAL WATER CONSUMPTION BY DIVISION (Mℓ)



## SURFACE AND GROUNDWATER CONSUMPTION BY DIVISION (Mℓ)



## GROUP WATER CONSUMPTION (Mℓ)





# SUSTAINABILITY REPORT

## WASTE AND RECYCLED PRODUCTS

The Group analyses all types of waste material generated. Options for possible re-use and disposal are assessed to ensure that waste is used or disposed of in the most environmentally friendly way.

RCL FOODS ensures that waste generated is carefully managed in its operations and at licensed waste disposal facilities in accordance with legislative requirements. The waste management hierarchy is applied to ensure that waste generated in its operations is disposed of with the least possible environmental impact. Rainbow uses the following recycled products from other suppliers in its processes:

- wood shavings as bedding for the chicken houses;
- recycled paper in the outer carton packaging of the finished product; and
- recycled plastic in the manufacture of plastic catching crates.

Foodcorp uses residual sunflower husks and other biomass to co-fuel boilers and reduce carbon emissions from fossil fuel as well as waste to landfill. Some 20 315 tons of sunflower husk were used to replace coal at the Randfontein site in the current year.

TSB operates two licensed landfill sites for hazardous and general waste respectively. Annual independent compliance audits raised no major findings. There are numerous recycling initiatives at all sites and operations and volumes have been recorded at the Malelane mill recycling station. The objective for the current financial year is for all recycling initiatives to be identified and measurement improved to allow setting of targets to assess continual improvement in the reduction of waste generated and to increase the percentage of waste recycled. Focus areas in the year ahead will include the continuation of formalising composting areas at the mills and also the identification of all potential recyclable material. Accurate measurement of recycled waste will allow for the effective management of waste streams resulting in the extended lifespan of landfills with associated cost savings and a reduction of the overall carbon footprint. A highlight of the current reporting period was the reduction in recyclables due to improved management of packaging material and associated wastage.

## PACKAGING

Packaging preserves, protects, contains, transports, informs consumers and sells the Group's products. Reducing the pre- and post-consumer impact of packaging materials is a responsibility the Group takes very seriously. We have added the recycling codes and statements such as "care for our environment" and "dispose of packaging responsibly" to all packaging material. We have also challenged our strategic packaging suppliers to assist with finding ways of implementing the 4Rs (Reduce, Re-use, Recycle, Recover) in all packaging materials used.

We strive to develop "fit-for-purpose" packaging that preserves the products we produce. Only 8,0% of resources used to make a product can be allocated to product packaging. We therefore understand the importance of protecting products through improved packaging quality. Care is taken during the packaging development process, to maximise the use of recycled or recyclable substrates and avoid unnecessary waste-to-landfill.

Greater visibility of data has allowed us to apportion specific accountability towards achieving reduction targets with the following results this year:

- reduced pallet-wrap consumption:
  - the introduction of Lock n' Pop, a water-based, pallet-stabilising adhesive at our Hammarsdale further processing plant, will result in a 2,1 ton reduction in LDPE plastic material consumed per annum. This translates into 12,6 tons CO<sub>2</sub>e less GWP and 1,5 tons of material deferred from landfill sites per annum
  - the roll-out of Lock n' Pop to the rest of our plants, will have the potential of reducing pallet-wrap consumed by and extra 12,6 tons with 75,7 tons less CO<sub>2</sub>e emitted and 8,8 tons material deferred from landfill per annum
- reduced product waste due to lower Individually Quick Frozen ("IQF") bag damages:
  - with continued focus, Rainbow has been able to again reduce year-on-year the impact that IQF product returns have on the environment
- reduced consumption of non-recyclable laminate materials
  - through supplier innovation in our polony casing materials, Rainbow was able to reduce material thickness and enjoy quality as well as financial and environmental benefits. This equates to a 6,3 ton reduction in laminate consumption, a 19,9 ton reduction in GWP and the deferral of 52,0 tons of material from landfill per annum.

## 2016 PROJECTS TARGET FURTHER POSITIVE IMPACT ON THE ENVIRONMENT

We are proud to have additional projects in final feasibility stages. Should they be adopted for implementation, the Group will enjoy further reductions in carbon emissions into the atmosphere and deferral of waste from landfill.

These additional impacts will be through:

- further innovation in the use of laminate materials in our further processing plants;
- innovations in our plastic overwrap on tray products:
  - 137 tons PVC overwrap removed
  - 426 tons CO<sub>2</sub>e avoided
  - 137 tons deferred from landfill as lightweight PVC not recycled.

- more efficient transfer of raw materials between internal facilities:
  - 272 tons corrugate removed
  - 282 tons CO<sub>2</sub>e eliminated
  - 158 tons corrugated carton-board deferred from landfill.

In the spirit of South Africa's Waste Hierarchy, Rainbow has found an avenue to recycle write-off packaging into waste bags that are used for non-food-related waste collection in its factories.

At TSB, packaging plants at Malelane and Pongola mills have been certified by FSC 22000:2010, a complete certification scheme for food manufacturers based on ISO 22000 and ISO T/S 2002-1:2009. This required a dedicated effort from the teams involved and is a major milestone in TSB's efforts to meet the expectations of its customers and provide a superior, sustainable product. In compliance with legislation, contact details are reflected on all sugar packaging which affords the customer/consumer the opportunity to report any product-related or service complaints.

### EMISSIONS TO AIR

We recognise our responsibilities in terms of the Air Quality Act, No 39 of 2004, and as such ensure that our coal-fired boilers and boiler stacks and other related equipment are well maintained and routinely inspected.

An Environmental Air Quality management procedure is in place at all Group companies. The objective of this procedure is to protect the environment by providing reasonable measures for the protection and enhancement of the quality of air, the prevention of air pollution and ecological degradation, and to enhance the quality of ambient air for the sake of securing an environment that is not harmful to the health and wellbeing of people.

Additional management process controls within Rainbow's rendering plants ensure:

- capacities of all cookers and driers are not exceeded;
- alternative disposal of raw material is available through registered waste companies;
- cooking recipes are balanced to prevent odours;
- routine scheduled maintenance is carried out for the effective running of all equipment; and
- specialist consultants are used to investigate possible further improvements in rendering of processing waste material.

While there is currently no legislation governing vehicle emissions, the Group - and especially Vector - is conscious of this impact on the environment. As a result, all vehicles are maintained and replaced on a regular basis to minimise both emissions and diesel fuel wastage.



# SUSTAINABILITY REPORT

## CARBON DISCLOSURE

The RCL FOODS 2015 Carbon Footprint Report constitutes the second carbon footprint commissioned by RCL FOODS and should be compared against the previous carbon footprint calculations from 2014. Both reports have been prepared using the Greenhouse Gas ("GHG") Protocol Corporate Accounting and Reporting Standard methodology. The 2015 Carbon Footprint Report is used as the baseline carbon footprint calculation as this is the first full year of ownership under RCL FOODS of all subsidiaries.

The GHG-emitting activities covered by the report include direct emissions resulting from stationary fuel used by RCL FOODS-owned or controlled equipment, air-conditioning gas refills, corporate aircraft and mobile fuels from fleet vehicles; indirect emissions from purchased electricity (referred to as Scope 1 and 2 emissions respectively); and selected indirect emissions resulting from RCL FOODS' business travel activities (car rental, flights and accommodation), upstream transportation and distribution (third-party vehicle fleet), travel claims by employees, the consumption of office paper and consumption of electricity using biomass feedstock (referred to as Scope 3 emissions). It is important to highlight that under the GHG Protocol, the reporting of both direct emissions and indirect emissions resulting from purchased electricity are compulsory. All other indirect emissions are reported on a voluntary basis.

In the 2010 Carbon Disclosure Leadership Index, the Group achieved 84.0% and joint seventh position in the SA top 100 companies. Due to a recent reduction in market capitalisation, the Group was not included in the 2011, 2012 and 2013 samples, however, we continued to participate in Remgro's submission of the Carbon Disclosure Project ("CDP") by providing information on our greenhouse gas emissions.

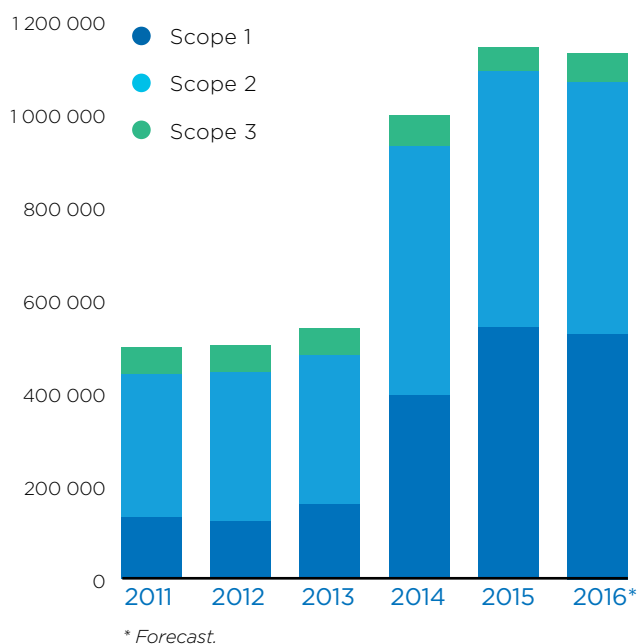
RCL FOODS has prepared an independent submission as part of the 2015 CDP and have combined information for Foodcorp, Rainbow, TSB (12 months inclusion versus six months inclusion in the 2014 report) and Vector as part of the submission.

## CARBON FOOTPRINT TRENDS

RCL FOODS has been tracking its carbon footprint in accordance with the GHG Protocol and deem this as an acceptable method to measure its impact on climate change and keep track of mitigating strategies. Each of the Group's subsidiaries is tasked to measure Scope 1 and 2 emissions. Selected Scope 3 emissions are measured by Rainbow, TSB and Vector have been included in Foodcorp's measurements for the first time in 2015.

Scope 1 and 2 emissions have risen as a result of the increase in reporting boundaries and include a full year's results for Foodcorp and TSB. The Scope 1 and 2 emissions for 2011 to 2015 are shown below.

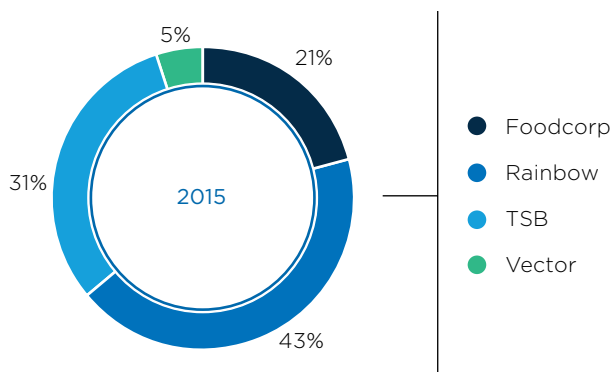
RCL FOODS CARBON FOOTPRINT BY SCOPE (tCO<sub>2</sub>e)



	2011	2012	2013	2014	2015	2016*
Scope 1	134 014	125 407	161 911	397 452	<b>544 877</b>	531 255
Scope 2	308 179	323 248	321 186	539 576	<b>554 791</b>	546 468
Scope 3	57 613	57 268	58 022	65 187	<b>50 805</b>	60 967
Total	499 806	505 923	541 119	1 002 215	<b>1 150 473</b>	1 138 690

\* Forecast.

## RCL FOODS CARBON FOOTPRINT (Scope 1 and 2)



The graph above shows the contribution of each subsidiary to the Group's Scope 1 and 2 carbon footprint.

### CARBON EMISSIONS INTENSITY

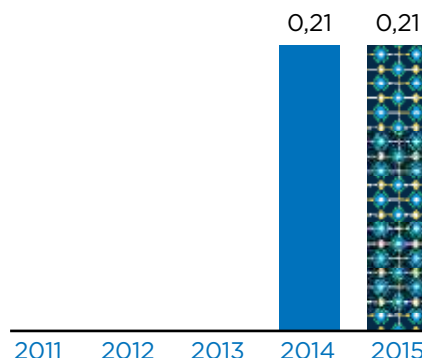
Setting up carbon emission intensity measures assists in benchmarking similar operations within the Group and in establishing the impacts of carbon emission mitigation projects.

Foodcorp's carbon intensity was measured and compared for the first time during 2014 and 2015. Due to a slight decrease in energy consumption and overall tons of product, the carbon intensity remained unchanged at 0,21 tons of tCO<sub>2</sub>e per ton of product produced.

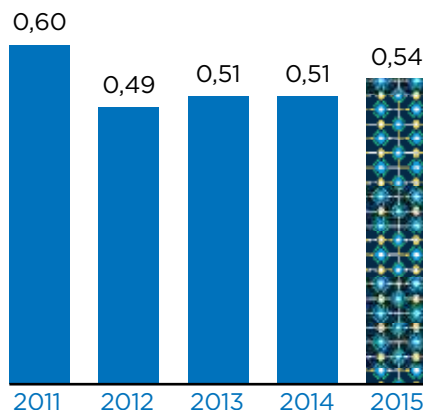
Rainbow and Vector measure a combined carbon intensity based on ton of product sold. While the absolute Scope 1 and 2 carbon footprint increased by 20,0% from 2011 to 2014, Scope 1 and 2 carbon emissions per ton of product sold reduced from 0,61 tCO<sub>2</sub>e in 2011 to 0,54 tCO<sub>2</sub>e in 2015.

TSB has seen a reduction in CO<sub>2</sub> intensity per ton of product produced from 0,28 tCO<sub>2</sub>e/ton to 0,21 tCO<sub>2</sub>e/ton due to a significant carry-over of cane following a workers' strike in 2014, as well as an increase in electricity produced and consumed through co-generation.

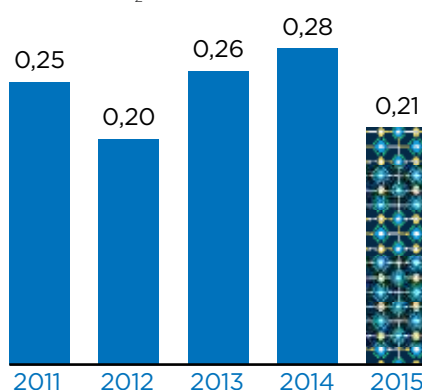
## FOODCORP CO<sub>2</sub> INTENSITY (Scope 1 and 2: tCO<sub>2</sub>e/ton processed)



## RAINBOW AND VECTOR CO<sub>2</sub> INTENSITY (Scope 1 and 2: tCO<sub>2</sub>e/ton processed)



## TBS CO<sub>2</sub> INTENSITY (Scope 1 and 2: tCO<sub>2</sub>e/ton processed)



# SUSTAINABILITY REPORT

## GREENHOUSE GAS EMISSION REDUCTION GOALS AND TARGETS

Emission reduction action plans, goals and targets are valuable as they illustrate our plans to reduce emissions, while performance tracking highlights progress with regard to targets. As a Group we will review our climate change mitigation strategy, targets and action plans during the next year to incorporate Foodcorp and TSB. The table below shows RCL FOODS' action plans, targets and performance.

CARBON EMISSION AND WATER REDUCTION TARGETS					
ACTION PLANS		LONG-TERM REDUCTION TARGETS	2015 TARGETS	PERFORMANCE (2015 versus 2014)	2016 TARGETS
Carbon Footprint	<ul style="list-style-type: none"><li>• Manage Group Sustainability report and carbon disclosure project</li></ul>	<ul style="list-style-type: none"><li>• Measurement systems to be in place measuring at least Scope 1 and Scope 2 carbon emissions in all areas of the Group</li></ul>	<ul style="list-style-type: none"><li>• Participate in CDP</li></ul>	<ul style="list-style-type: none"><li>• Participated in CDP as part of Remgro submission</li></ul>	<ul style="list-style-type: none"><li>• Participate in CDP</li></ul>
	<ul style="list-style-type: none"><li>• Add specific carbon reduction targets to Group divisional SIA's and monitor monthly</li></ul>	<ul style="list-style-type: none"><li>• As of 2011, reduce carbon emissions by 34% by 2020</li></ul>	<ul style="list-style-type: none"><li>• Reduce emissions intensity per ton produced by 5% (Rainbow and Vector)</li></ul>	<ul style="list-style-type: none"><li>• Compared to the 2010 base year RCL FOODS has increased Scope 1 and 2 emissions by 148%</li></ul>	<ul style="list-style-type: none"><li>• Reduce emissions intensity per rand turnover by 5%.</li><li>• Review and revise carbon emission reduction strategy by division</li></ul>
	<ul style="list-style-type: none"><li>• Improve monitoring and management</li><li>• Undergo energy efficiency assessments</li><li>• Consider energy efficient equipment upgrades</li><li>• Co-ordinate and manage energy consumption reduction projects</li></ul>	<ul style="list-style-type: none"><li>• As of 2011, reduce grid generated electricity by 30% by 2020</li><li>• Compared to the 2011 base year, by 2020 we aim to reduce use of fossil fuels by 10%</li><li>• Compared to the 2011 base year, by 2020 we aim to reduce vehicle emissions by 20% and increase vehicle fuel economy by 20%</li></ul>	<ul style="list-style-type: none"><li>• Reduce electricity per ton produced by 5%</li><li>• Reduce coal consumption per ton produced by 5%</li><li>• Reduce diesel consumption per ton delivered by 3%</li></ul>	<ul style="list-style-type: none"><li>• Reduced electricity by 5,75%</li><li>• Total coal consumption increased by 48% (due to full year inclusion of TSB consumption)</li><li>• Total diesel consumption increased by 27,7% (due to full year inclusion of TSB)</li></ul>	<ul style="list-style-type: none"><li>• Reduce electricity per ton produced by 5%</li><li>• Reduce coal consumption per ton produced by 5%</li><li>• Reduce diesel consumption per ton delivered by 3%</li></ul>
	<ul style="list-style-type: none"><li>• Study feasibility of co-generation projects (Waste-to-Energy, PV Solar and Wind) and re-define</li><li>• Pay-back model</li></ul>	<ul style="list-style-type: none"><li>• As of 2011, reduce grid generated electricity by 30% by 2020</li></ul>	<ul style="list-style-type: none"><li>• Roll out one renewable energy pilot project</li></ul>	<ul style="list-style-type: none"><li>• Two pilot projects rolled out and committed to proceeding with one Waste-to-Energy project of scale</li></ul>	<ul style="list-style-type: none"><li>• Implement Waste to Value project and complete EIA, Construction and Commissioning phases</li></ul>
Water Footprint	<ul style="list-style-type: none"><li>• Add specific water reduction targets to Group divisional SIA's and monitor monthly</li><li>• Co-ordinate and manage water consumption reduction projects</li><li>• Implement water efficiency projects where feasible</li></ul>	<ul style="list-style-type: none"><li>• Reduce water intensity (l/bird) by 40% from 2011 to 2020</li></ul>	<ul style="list-style-type: none"><li>• Reduce water intensity by 5% in each division of RCL FOODS</li></ul>	<ul style="list-style-type: none"><li>• Water consumption decreased by 0,2%</li></ul>	<ul style="list-style-type: none"><li>• Reduce water intensity by 5% in each area of RCL FOODS' business</li></ul>

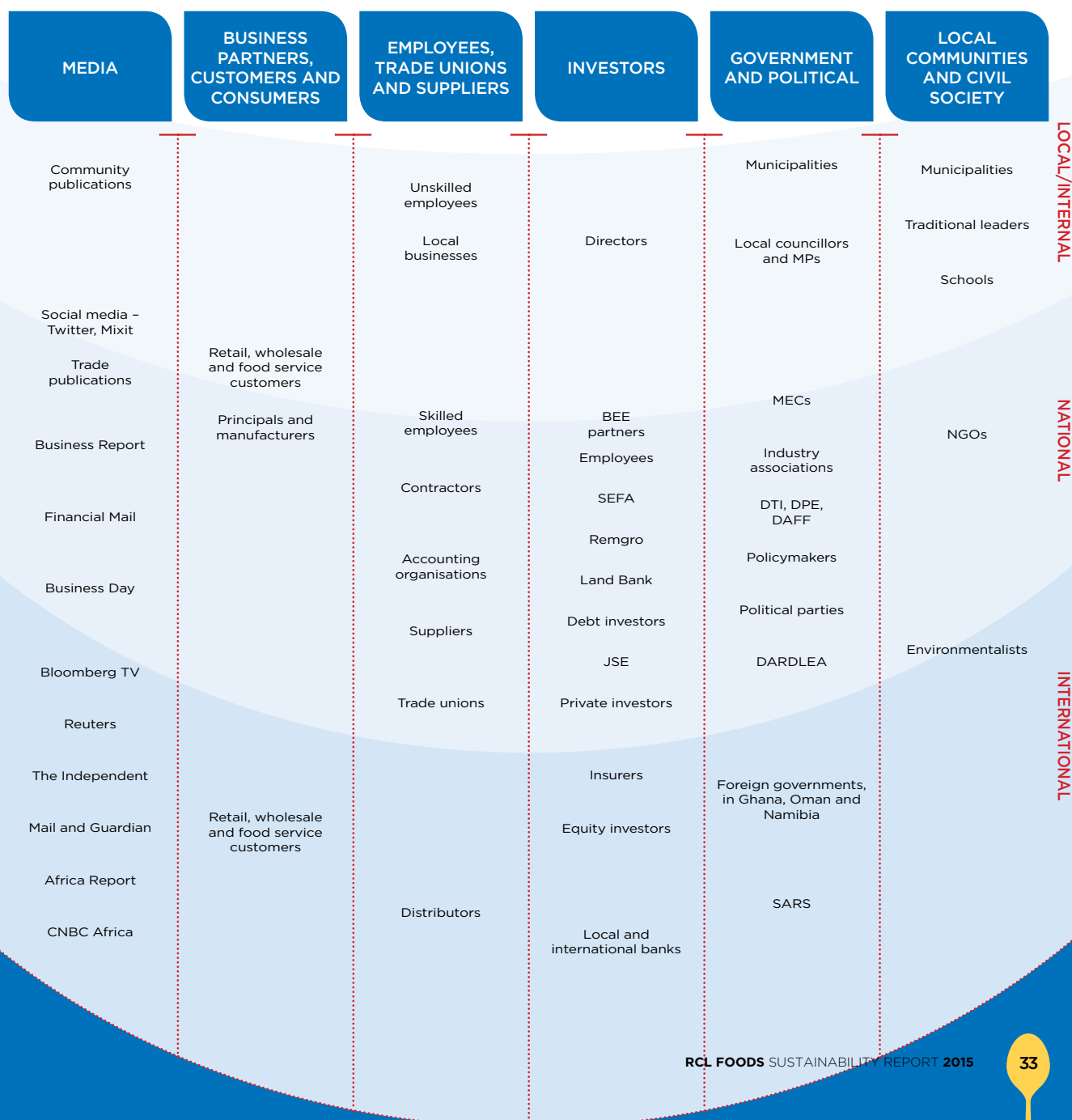
## STAKEHOLDER ENGAGEMENT

We subscribe to a partnership approach in the way that we conduct our business. So as to develop and nurture positive relationships, we strive to engage constructively with our key stakeholders via formal and informal channels and through scheduled and *ad hoc* interactions.

While our shareholders are primarily concerned with value creation, government and local communities look to us to create direct and indirect job opportunities, improve community infrastructures and protect the environment. Our stakeholder process is therefore underpinned by management's responsibility to remain visible and accessible to all stakeholders, and we will continue to emphasise open and transparent dialogue in order to anticipate trends and make changes where possible to the way we operate.

## OUR STAKEHOLDER UNIVERSE

Our Board accepts its duty to present a balanced and understandable assessment of the Group's position in reporting to stakeholders, and the greater demands for transparency and accountability regarding non-financial matters. The quality of the information is based on the principles of openness and substance over form. The integrated annual report seeks to address matters of significant interest and concern to all stakeholders and to present a comprehensive and objective assessment of the Group, so that all stakeholders with a legitimate interest in the Group's affairs can obtain a complete, fair and honest account of its performance.



# SUSTAINABILITY REPORT

## Key stakeholders

The table below sets out the Group's key stakeholders, how these engagements are undertaken and the key issues pertaining to them.

STAKEHOLDER	TYPES OF ENGAGEMENTS	INTEREST AND KEY ISSUES
Investors – Shareholders, BEE partners, investing community and banks	<ul style="list-style-type: none"> <li>• Company announcements published in the press, on SENS and posted on the RCL FOODS website</li> <li>• Annual General Meeting</li> <li>• CEO and CFO engagement with financial media</li> <li>• Communication with shareholders and investment analysts:               <ul style="list-style-type: none"> <li>– Press announcements</li> <li>– Trading updates</li> <li>– Investor teleconference</li> <li>– <i>Ad hoc</i> meetings on request</li> <li>– Conferences</li> </ul> </li> <li>• Integrated annual report</li> <li>• RCL FOODS website</li> </ul>	<ul style="list-style-type: none"> <li>• Financial results – relevant and timely reporting</li> <li>• Sustainability of the business</li> <li>• Strategic priorities, growth markets and plans</li> <li>• BEE</li> <li>• Key market conditions and forecasts</li> <li>• Key growth areas</li> <li>• Business risk management</li> <li>• Operational performances and opportunities</li> <li>• Trading outlook</li> <li>• Engagements with bankers in respect of the Group's potential funding requirements</li> </ul>
Consumers	<ul style="list-style-type: none"> <li>• Consumer care line</li> <li>• Surveys</li> <li>• Media campaigns</li> <li>• Consumer immersions</li> <li>• Websites</li> <li>• Product/brand experiences</li> </ul>	<ul style="list-style-type: none"> <li>• Positive brand experience</li> <li>• Ethical and non-collusive business practices. (Refer to page 37 for the further information on consumers)</li> </ul>
Business partners and customers	<ul style="list-style-type: none"> <li>• Conferences/workshops/functions</li> <li>• Surveys</li> <li>• Advertising</li> <li>• Product/brand awareness campaigns</li> <li>• Interactions via email/websites</li> <li>• Site visits</li> <li>• Newsletters</li> <li>• Interaction of dedicated sales teams with specific customer groups</li> <li>• Call centre operations</li> </ul>	<ul style="list-style-type: none"> <li>• Price</li> <li>• Service</li> <li>• Customer solutions/requirements</li> <li>• New product/service development</li> <li>• Organisational improvements</li> </ul> <p>(Refer to page 37 for more information on business partners)</p>
Employees	<ul style="list-style-type: none"> <li>• Group newsletters</li> <li>• Company newsletters</li> <li>• News boards</li> <li>• Intranet</li> <li>• Tip-offs Anonymous confidential hotline</li> <li>• Open-door policy with management</li> <li>• Road shows</li> <li>• Leadership and senior leadership engagement sessions</li> <li>• Work-team engagement sessions</li> <li>• Employee contracts</li> <li>• Routine and specifically scheduled functional and cross-functional meetings</li> <li>• Workshops and training sessions</li> <li>• Conferences</li> <li>• Emails/letters</li> <li>• Committees</li> </ul>	<ul style="list-style-type: none"> <li>• Create awareness on new processes, technology and continuous learning</li> <li>• Accessibility of key information across the entire business</li> <li>• Establishment of a talent management framework ensuring that skills and competency profiles are in line with requirements, incorporating recruitment, assessment and selection, employment equity and BEE considerations, career pathing, succession planning, leadership development, staff development/training, employee retention, performance management and leadership development</li> <li>• Implementation of a formal integrated safety, health and environmental risk management system to promote workplace safety</li> </ul> <p>(Refer to page 15 for further information on employees)</p>





STAKEHOLDER	TYPES OF ENGAGEMENTS	INTEREST AND KEY ISSUES
Trade unions	<ul style="list-style-type: none"> <li>• Meetings with management and representatives</li> <li>• Meetings with employees</li> <li>• Recognition/cooperation agreements</li> </ul>	<ul style="list-style-type: none"> <li>• Wage reviews</li> <li>• Working conditions</li> <li>• Employee benefits</li> </ul>
Local communities and municipalities	<ul style="list-style-type: none"> <li>• Support of local charities, partnering with local schools and other CSI projects</li> <li>• Company newsletters and advertising</li> <li>• Sponsorships and the promotion of community events and organisations</li> <li>• Regular meetings with municipalities and civil organisations</li> </ul>	<ul style="list-style-type: none"> <li>• Community upliftment</li> <li>• Partnership opportunities</li> <li>• Local business investments</li> <li>• Employment opportunities</li> <li>• Sustainability impact</li> <li>• Training opportunities</li> <li>• Participation in the Carbon Disclosure Project</li> </ul>
Government and political (national government, provincial government, SARS and other regulatory/industry bodies)	<ul style="list-style-type: none"> <li>• Regular meetings with relevant authorities</li> <li>• Participation in key industry bodies (see Participation in Industry bodies page 36)</li> <li>• Audits and inspections</li> <li>• Foreign government engagements</li> <li>• Road Freight Associations</li> <li>• Ports Authorities (Durban and Maputo and other regions)</li> <li>• Associations: Maputo Corridor</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental issues</li> <li>• Use of scarce resources</li> <li>• Creation of employment</li> <li>• Compliance with relevant standards and legislation</li> <li>• Transparent disclosure of levels of compliance</li> <li>• Tackling industry issues</li> <li>• Interactions and support of key industry bodies</li> <li>• Commenting of policy proposals</li> <li>• Forming partnerships to grow the economy and for better futures for society</li> <li>• B-BBEE</li> <li>• Reduction in value chain cost engineering</li> <li>• Service</li> </ul>
Media	<ul style="list-style-type: none"> <li>• Advertising</li> <li>• Announcements</li> <li>• Press releases</li> <li>• Share price updates</li> <li>• Engagements when strategic and newsworthy events occur</li> <li>• Company sponsorships and community engagements</li> </ul>	<ul style="list-style-type: none"> <li>• Brand communication</li> <li>• Promotions</li> <li>• Community updates</li> <li>• Financial results</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Direct relationships with suppliers to enable partnerships</li> <li>• Meetings</li> <li>• Workshops</li> <li>• Vendor audits are conducted where necessary</li> <li>• Service level agreements</li> </ul>	<ul style="list-style-type: none"> <li>• Collaboration on synergistic Group procurement policies</li> <li>• Joint customer and supplier meetings and workshops</li> <li>• Fair procurement principles</li> <li>• Sustainability impact</li> <li>• Reduction in value chain cost engineering</li> <li>• Price</li> <li>• Service</li> <li>• B-BBEE Status</li> <li>• Product Supply Innovation</li> </ul>

# SUSTAINABILITY REPORT

## PARTICIPATION IN INDUSTRY BODIES

As a Group we have active representation on and/or interaction with the following key industry bodies. A complete list of industry bodies is available on the RCL FOODS' website at [www.rclfoods.com](http://www.rclfoods.com).



INDUSTRY BODY	KEY INTERACTIONS
Animal Feed Manufacturers Association ("AFMA")	<ul style="list-style-type: none"> <li>RCL FOODS is involved in AFMA with representatives serving on the AFMA board of directors. Quarterly board meetings are held with the intention of improving the quality and impact of feed manufacturing companies in South Africa and handling any issues that affect, or may affect, the industry and its associated members. There is special focus on food and feed safety. The board is made up of senior members from the feed milling industry and includes the major players as well as some of the smaller companies. Various sub-committees have been set up to proactively handle various issues and topics with regards to technical, trade, training and other issues. Representatives from the Group serve on these committees and meet on a regular basis to debate and give recommendations on various topics.</li> </ul>
Consumer Goods Council of South Africa ("CGCSA")	<ul style="list-style-type: none"> <li>The CGCSA, established in 2002, is an organisation that represents the entire consumer goods industry and lists all products with GFSI. The CGCSA facilitates engagement between stakeholders (such as government) and the industry. RCL FOODS is one of 12 000 member companies participating in exhibitions, meetings and forums.</li> </ul>
Institute of Packaging South Africa ("IPSA")	<ul style="list-style-type: none"> <li>IPSA is a non-profit organisation dedicated to the development of the art and science of packaging in South Africa. It represents the interests of its members in this country. IPSA is a full member of the World Packaging Organisation ("WPO"). Rainbow's Packaging Development Manager is a full IPSA member and attends speaker evenings, workshops, seminars, conferences and annual general meetings. Membership provides access to information from the WPO and global best practices</li> </ul>
Packaging Council of South Africa ("PACSA")	<ul style="list-style-type: none"> <li>This voluntary industry body has members in three broad categories – converters, who are the revenue generators in the industry; associates or raw material suppliers; and affiliates, being customers and major recyclers. PACSA represents views of its members on national issues with particular focus on environmental matters.</li> </ul>
South African Sugar Association ("SASA")	<ul style="list-style-type: none"> <li>SASA promotes sound and sustainable environmental practices within the industry in line with national legislation and international requirements. This is achieved through knowledge transfer of sugar cane environmental research, including the development of best management practices; through the South African Sugar Research Institute; support of environmental committees located in the sugar cane producing areas; and collaboration with organisations such as the World Wide Fund for Nature. These interventions promote and facilitate sustainable environmental management.</li> </ul>
South African Veterinary Council ("SAVC")	<ul style="list-style-type: none"> <li>Rainbow's national veterinarian is actively involved with setting board examination question papers (poultry diseases and management) for veterinarians who qualified outside South Africa and wish to register with the SAVC in order to practise in South Africa.</li> </ul>
The South African Poultry Association ("SAPA")	<p>In February 2014, Rainbow resigned from SAPA for reasons explained in the 2014 report, but has retained its representation on the following SAPA sub-committees:</p> <ul style="list-style-type: none"> <li> <b>Animal Welfare Sub-committee</b>            A Rainbow representative sits on the animal welfare committee and has drafted a document on "Culling of adult breeders on a farm during the grow-out period" and "Action to take in the event of emergency during transportation of chickens". The committee consists of consulting veterinarians from broilers and layer industries plus one state veterinarian. The role is to advise SAPA on different aspects of animal welfare.         </li> <li> <b>Animal Disease Sub-committee</b>            The committee consists of all members of the animal welfare sub-committee plus two state veterinarians. The role is to develop a national poultry disease management plan for DAFF.         </li> <li> <b>SAPA Food Safety Committee</b>            Rainbow is represented on this committee where issues with regard to food safety were discussed during the year. Formulation of industry regulation of Independent Meat Inspection and Flavour enhancement is in progress. Furthermore, contributions were also made to the SAPA code of practice, auditing system/body for the industry and cold chain code of practice.         </li> </ul>
World Veterinary Poultry Association	<ul style="list-style-type: none"> <li>All four veterinarians are members of the association. In 2012, the South African branch won the bid to host the world congress in Cape Town in 2015. Rainbow's Dr Ntseki is a member of the local organising committee that presented the bid in Mexico and prepared for the 2015 congress that was held in Cape Town.</li> </ul>

## PARTNERING FOR GOOD

Our customers are managed by multi-disciplinary teams – from sales and marketing to new product development, safety, health, environmental and quality (“SHEQ”), engineering and finance – who ensure that our relationships with these parties are managed in the most efficient, professional and ethical manner. We are committed to ethical and non-collusive business practices.

Independent, accredited auditors conduct announced and unannounced audits at all processing facilities to verify their compliance with regard to food safety, product specifications and quality. These customer audits include, but are not limited to, compliance with the following customers’ requirements:

- KFC
- Nando’s
- Massmart
- Steers
- Wimpy
- Pick ‘n Pay
- Woolworths
- Spar

## CONSUMERS

Consumers are becoming increasingly proactive with regard to issues such as health and safety, farming practices, animal welfare, product safety and product labelling. We regard these issues as critical to our business and address them in a variety of ways. For further information on stakeholder engagement, refer to page 33.

STAKEHOLDER CONCERNS	BUSINESS RESPONSE
Product quality and safety	<p>The Group demonstrates its commitment to product quality and safety through:</p> <ul style="list-style-type: none"> <li>• Appointing product inspectors, processing and engineering personnel to ensure safe products which comply with defined specifications</li> <li>• Appointing SHEQ teams to verify processing, food safety, legal and quality compliance by conducting audits</li> <li>• Adopting integrated management systems and tools which are used to monitor, trend, verify, validate and report facility standards, equipment standards, processes and activities that impact on processing performance, food safety and product quality</li> <li>• Cold chain maintenance during processing, warehousing and transport</li> <li>• Ensuring that raw materials, ingredients and packaging materials are traceable, with mock recalls being conducted</li> <li>• Compliance with ISO 22000 and FSSC 22000 requirements</li> </ul>
Labelling	<ul style="list-style-type: none"> <li>• The Group is committed to adhering to labelling regulations</li> <li>• Labelling conforms to the regulations in the Foodstuffs, Cosmetics and Disinfectant Act, No 154 of 1972 and complies with R146 and Agricultural Product Standards Act, No 119 of 1990, including regulation R946 and R988</li> <li>• Supports the Consumer Goods Council of South Africa (“CGCSA”) and Global Standards (“GS1”) in listing of all products with GS1</li> <li>• Labelling of all saleable units with EAN-13 barcodes and cartons with ITF-14 barcodes</li> <li>• Carton label reflects production batch number, case number, production date and use-by dates</li> <li>• Suppliers of packaging material with pre-printed barcodes are obliged to comply with GS1 standards</li> </ul>
Farming practices (Rainbow)	<ul style="list-style-type: none"> <li>• The Group subscribes to the British Poultry Council’s Assured Chicken Production Programme that sets the highest standards for the nutrition and welfare of poultry</li> </ul>
Animal welfare (Rainbow)	<ul style="list-style-type: none"> <li>• Animal welfare audits are conducted by independent accredited auditors throughout our agriculture discipline to verify compliance with animal welfare requirements</li> </ul>









# SUSTAINABILITY REPORT

STAKEHOLDER CONCERNS	BUSINESS RESPONSE
Bird housing (Rainbow)	<ul style="list-style-type: none"> <li>• Birds are reared in environmentally controlled houses or temperature controlled and ventilated open-sided houses</li> <li>• Birds are able to roam around with free access to feed and water within the houses</li> <li>• By housing the birds the Group mitigates the risk of the birds coming into contact with any wild birds and their faeces, both of which could be carriers of disease</li> <li>• Stocking density of each house on a farm is determined by the floor space of the house and the equipment within the house</li> <li>• Access to all farms and houses is regulated by strict bio-security measures that include               <ul style="list-style-type: none"> <li>– use of security personnel to control access to farms</li> <li>– fences around all farms and chicken houses</li> <li>– personnel shower on entry and exit and wear company garments and gumboots</li> <li>– footbaths are present at all doors to houses</li> </ul> </li> </ul>
Feed	<ul style="list-style-type: none"> <li>• Feed raw materials are controlled by the Fertilizers, Farm Feeds, Agricultural Remedies and Stock Remedies Act, No 36 of 1947</li> <li>• Feed raw materials are mainly maize and soya based ingredients with vitamins and proteins added to ensure the development of healthy flocks</li> <li>• Feed formulations are specified by internal nutritionists</li> <li>• Raw materials for feed are supplied by reputable accredited suppliers only. New materials are fully tested prior to being approved for use. Internal raw material analysis verifies the Certification of Analysis ("COA") or Certification of Conformance ("COC") submitted by suppliers with each batch of raw materials delivered to the feed mills. Raw material microbial status is verified for each batch and salmonella-free feed is supplied. Raw material traceability is tested by conducting mock recalls</li> </ul>
Animal health and safety (Rainbow)	<ul style="list-style-type: none"> <li>• Flock treatment is controlled by the Medicines and Related Substances Control Act, No 101 of 1965</li> <li>• Medication, dosages and method of application may only be prescribed by Group veterinarians and withdrawal periods are strictly monitored</li> <li>• The Group maintains a "human list" of medicines to eliminate use of human medicines for flock health to protect consumer health</li> <li>• Notifiable disease management teams ensure maintenance and verification of the notifiable disease prevention and action programme</li> <li>• Animal welfare audits are conducted</li> <li>• SPCA regularly inspects the processing plants to ensure that the processes and practices are humane.</li> </ul>
Halaal status: <i>Rainbow</i>  <i>Foodcorp</i>	<ul style="list-style-type: none"> <li>• Chickens are slaughtered by Halaal slaughterers and all ingredients used for Rainbow brands have Halaal status</li> <li>• Inspectors from the South African National Halaal Authority ("SANHA") and from the Muslim Judicial Council ("MJC") ensure that all practices are in accordance with Halaal standards</li> <li>• Inspection from the MJC and Islamic Council of South Africa ("ICSA") ensure that all practices are in accordance with Halaal standards at the following divisions:               <ul style="list-style-type: none"> <li>– Pieman's</li> <li>– Speciality</li> <li>– Grocery</li> <li>– Baking</li> </ul> </li> </ul>
Consumer insight	<ul style="list-style-type: none"> <li>• Marketing and product development teams ensure that the Group develops and markets competitive brands at competitive prices</li> <li>• The Group keeps abreast of national and international trends, through research and consumer interactions within a variety of target markets</li> </ul>

## CONSUMER COMPLAINTS

Each subsidiary has a Consumer care line for consumers to give feedback on their experiences with our products. There is personal contact with consumers by designated personnel who manage complaints. All complaints are logged onto complaints databases, tracked, trended and communicated to the business to minimise reoccurrence. Reports are shared with relevant teams and executive management at management reviews. In 2015, Rainbow Farms responded to 99,6% of complaints within 48 hours.

Interaction and engagement with consumers take place through different channels managed at business unit level, as illustrated below:

Division	Business unit	Systems used				Consumer engagement				Other
		 Excel	 Application System	 Letter	 Email	 Consumer call line	 Twitter	 Company website	 HelloPeter.com	
Consumer	Rainbow		•	•	•	•		•	•	<ul style="list-style-type: none"> <li>• In-store Vector Sales Solutions staff</li> <li>• Telephone calls</li> <li>• Staff shop</li> <li>• Group communication</li> <li>• Marketing</li> <li>• Sales representatives (Pie)</li> <li>• Fax (Speciality)</li> <li>• Telesales (Beverage)</li> <li>• Woolworths (Speciality)</li> </ul>
	Pie	•		•	•	•		•	•	
	Grocery	•		•	•	•	•	•	•	
	Speciality		•		•					
	Beverage	•		•	•	•		•	•	
Sugar & Milling	Sugar		•	•	•	•		•	•	
	Milling	•		•	•					Customer complaints received from sales representatives
	Feed		•	•	•					Sales representatives
	Baking	•			•	•		•		Sales representatives and truck drivers
Vector	All		•	•				•	•	<ul style="list-style-type: none"> <li>• Call centre</li> <li>• Telephone</li> </ul>

Through these avenues the Group receives feedback from consumers covering complaints, compliments and queries. Complaints management is not standardised across the Group, therefore some have agreed response times and others don't. This will be reviewed as we align processes.



# SUSTAINABILITY REPORT

## REGULATORS AND COMPLIANCE

As a participant in the food industry, we comply with the strictest standards and use continuous monitoring by internal and external parties to ensure that these standards are adhered to. There were no prosecutions or fines during the review period.

KEY AREA	WHAT DO WE DO?
Total Integrated Management System ("TIMS") manages risks associated with feed safety, flock health and flock welfare, food safety, product quality, consumer safety and adherence to specifications, service delivery, effect on the environment, and occupational health and safety	<ul style="list-style-type: none"> <li>• International Standards Organisation ("ISO") principles are embedded in the TIMS across the supply chain to exceed customer satisfaction, to build customer trust, to reap commercial benefits and to drive sustainability in a changing environment</li> <li>• Reviewed by executive management annually to determine suitability and effectiveness</li> <li>• Various skills development and communication strategies ensure employee awareness</li> <li>• Internal audits and external audits by independent audit bodies verify compliance with feed safety, quality and legal requirements</li> <li>• Contingency programmes, planned preventative maintenance programmes and disaster recovery programmes are maintained and tested across the supply chain</li> <li>• Maintenance of integrity of the cold chain is managed by distribution centres with satellite hubs, as well as primary and secondary distribution fleets</li> <li>• Any product that is identified as being challenged within the cold chain, is isolated, tested and destroyed if necessary</li> </ul>
Regulatory bodies	<ul style="list-style-type: none"> <li>• State veterinarians and health inspectors concerned with consumer protection have 24-hours-a-day, 7-days-a-week access to our processing plants to verify legal compliance against the Meat Safety Act, No 40 of 2000 and the Agricultural Product Standards Act</li> </ul>
Management systems	<ul style="list-style-type: none"> <li>• Succeeded in the implementation and certification of specific ISO Management Systems as planned, refer to table on pages 41 and 42</li> <li>• External audits are performed to verify compliance</li> </ul>





## ISO MANAGEMENT SYSTEMS

ISO principles are embedded in the integrated management systems across the supply chain to ensure customer satisfaction, to build customer trust, to reap commercial benefits and to drive sustainability in a changing environment.

RCL FOODS has implemented the following ISO Management Systems:

BUSINESS UNIT	SITE	ACCREDITATION BODY	ISO 22000	FSSC 22000	ISO 17025	ISO 14001	OHSAS 18001	ISO 9001
Vector	Thekwini	SABS	●			●	●	
Vector	Roodeport PSD	SABS	●			●	●	
Vector	Roodeport VCS	SABS	●					
Vector	Peninsula	SABS	●			●	●	
Vector	George	SABS	●					
Vector	Nelspruit	SABS	●					
Vector	East London	SABS	●					
Vector	Polokwane	SABS	●					
Vector	Bloemfontein	SABS	●					
Vector	Midrand	SABS	●			●	●	
Vector	Windhoek	SABS	●					
Vector	Newcastle	SABS	●					
Baking	Pretoria West	DQS	●					
Baking	Benoni	DQS	●					
Baking	Bushbuckridge	DQS	●					
Baking	Polokwane	DQS	●					
Baking	Tzaneen	DQS	●					
Baking	Nelspruit	DQS	●					
Baking	Rustenburg	DQS	●					
Milling	Pretoria West	SABS		●				
Sugar	Malelane	SABS		●				●
Sugar	Komati	SABS		●				●
Sugar	Pongola	SABS		●				●

● Certified    ■ Audit not applicable to the business unit

# SUSTAINABILITY REPORT

BUSINESS UNIT	SITE	ACCREDITATION BODY	ISO 22000	FSSC 22000	ISO 17025	ISO 14001	OHSAS 18001	ISO 9001
Animal Feed - Molatek	Malelane	Isoqar						●
Animal Feed - Epol	Pretoria West	SABS	●			●	●	●
Animal Feed - Epol	Rustenburg	SABS	●			●	●	●
Animal Feed - Epol	Pietermaritzburg	SABS	●			●	●	●
Animal Feed - Epol	Worcester	SABS	●			●	●	●
Animal Feed - Epol	Berlin	SABS	●			●	●	●
Agriculture	Western Cape	SABS	●		●	●	●	
Agriculture	KwaZulu-Natal	SABS	●		●	#	#	
Agriculture	Northern Region	SABS	●		●	●	●	
Processing	Hammarisdale P2	SABS		●		●	●	
Processing	Rustenburg	SABS		●		●	●	
Processing	Hammarisdale P1	SABS		●		●	●	
Processing	Worcester	SABS		●		●	●	
Processing	Wolwehoek	SABS		●				
Processing	Bush Valley	SABS		#				
Grocery (Human food)	Randfontein	SABS		●	●			
Grocery (Pet food)	Randfontein	SABS		●				
Grocery (Human food)	Molteno	SABS		●				
Speciality	Centurion	MJC		●				
Speciality	Bronkhorstspuit	MJC		●				
Speciality	Spartan	MJC		●				
Pie	Krugersdorp	FSSI	●					
Pie	Centurion	FSSI		●				
Beverage	Pretoria West	SABS	●					

● Certified # Plans in place to obtain certification ■ Audit not applicable to the business unit

## FOOD SAFETY SYSTEM CERTIFICATION (FSSC) MANAGEMENT SYSTEM

The FSSC management system certifies companies in the food supply chain that process or manufacture:

- perishable animal products – such as pet food;
- perishable vegetable products; and
- products with long shelf-life at ambient temperature and most products related to the food industry.

This system is based on the ISO 22000 principles and is included in the management system. Divisions in Foodcorp which are FSSC 22000 accredited are the Grocery and Milling divisions. The Grocery division manufactures a variety of products including pet food and ambient products with a long shelf-life.

# SUSTAINABILITY REPORT

## CONCLUSION

The Board has accepted its responsibility to present a balanced and understandable assessment of the Group's position in reporting to stakeholders and understands and accepts the greater demands for transparency and accountability regarding non-financial matters. The selection of information is based on the principles of openness and substance over form. The integrated annual report seeks to address matters of significant interest and concern to all stakeholders and to present a comprehensive and objective assessment of RCL FOODS, so that all stakeholders with a legitimate interest in the Group's affairs can obtain a complete, fair and honest account of its performance.

Due to the nature of its activities, RCL FOODS has the potential to make a valuable contribution to sustainability through the management of direct and indirect impacts arising from the influence our business has on consumers and suppliers. Consumers and investors are increasingly expecting companies to demonstrate concern for their employees, to minimise the negative environmental impacts of their products, to acquire ethical performance of suppliers and to support communities in which they operate. RCL FOODS believes it makes sound business sense to embrace sustainability as a strategic issue and to proactively manage and report on its sustainability performance.



[www.rcffoods.com](http://www.rcffoods.com)

