

SUSTAINABILITY REPORT

2011

RAINBOW  **W** TM

CONTENTS

SUSTAINABILITY REPORT

Introduction	1
Stakeholder engagement process	2

ECONOMIC SUSTAINABILITY PRACTICES

Value added statement	3
Broad-based black economic empowerment	4

ENVIRONMENTAL SUSTAINABILITY PRACTICES

Nature conservation	5
Environmental management system	5
Environmental risk	5
Energy usage	6
Waste and recycled products	7
Emissions to air	7
Environmental impact assessment	7
Carbon disclosure	7
Caring for our environment	8

KEY STAKEHOLDER CONCERNS AND SUSTAINABILITY RISKS

Staff	9
Participation in industry bodies	14
Business partners	15
Regulations and compliance	16
Consumers	17
ISO management systems	18
Corporate social investment	19
Key statistics	20
Conclusion	20

SUSTAINABILITY REPORT

INTRODUCTION

RCL recognises that true sustainability cannot succeed in isolation and as such the sustainability strategy has been integrated into the overall business strategy and forms one of the five strategic drivers of the business. In line with the Group's "Strategy into Action" (SIA) process, the sustainability strategy has been converted into a number of strategic goals, each with measurable key performance indicators and targets. This integrated management approach ensures strong alignment between the sustainability strategy and the day-to-day business activities. RCL has established appropriate governance structures for the advancement of sustainable development through a formal sustainability charter which has been included as part of the Risk Committee mandate. In addition, management systems have been implemented, some of which are independently verified, that provide the platform for managing the Group's economic, social and environmental practices as indicated in the pages that follow.

Group profile and leadership

Rainbow is South Africa's largest processor and marketer 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. In 2005 Rainbow acquired Vector Logistics to gain control of its route to market. Since then Vector has expanded its service offerings and grown significantly to service many more customers outside of Rainbow. The Group is therefore a fully integrated broiler producer that breeds and rears its own livestock, mills its own feed and processes, distributes and markets fresh and frozen mainstream, value-added and further processed chicken. RCL is listed on the JSE Limited and is a subsidiary of Remgro Limited which holds 62,3% of the issued share capital. Rainbow Chicken Limited is the holding company of two principal operating subsidiaries being Rainbow Farms (Proprietary) Limited and Vector Logistics (Proprietary) Limited.

Leadership and sustainability

The Board accepts overall responsibility for the advancement of sustainable development at Rainbow and as such has included a formal sustainability charter as part of the Risk Committee mandate. The Processing and Milling director is responsible for championing the sustainability initiative. The Risk Committee's role is to assist the Board in monitoring all aspects of sustainability, including health, safety, economic, environmental and social impacts. Rainbow recognises that true sustainability cannot succeed in isolation and as such the sustainability strategy has been integrated in the overall business strategy and forms one of the five strategic drivers

of the business. In line with the company's "Strategy into Action" (SIA) process, the sustainability strategy has been converted into a number of strategic goals, each with measurable key performance indicators and targets. This integrated management approach is fundamental to the sustainability focus and ensures strong alignment between the sustainability strategy and the day-to-day business activities. The Risk Committee's oversight of the sustainability initiatives provides the business with the ideal platform to identify both risks and opportunities on an integrated basis.

More information on the Rainbow board and governance structures are available in the Corporate Governance report included in the integrated annual report on page 27.

Chief Executive's Review

The Group recognises that there is a need to conduct business in a responsible and ethical way that contributes to the long-term sustainability of the communities and environment in which the business operates. The Group places high priority on sustainability practices ensuring that they are incorporated into the business's culture, leadership, governance and strategy. The specific focus on the Group's carbon footprint was clearly demonstrated by the achievement of 84% and joint seventh position in the 2010 SA Top 100 Companies Carbon Disclosure Leadership Index. The reduction in the consumption of energy and water is integral to our sustainability and carbon footprint reduction strategy.

Sustainability into strategy

Rainbow is committed to sustainability, being one of the five drivers underpinning the Group's vision. To this end, sustainability targets have been established and are monitored by executive management.

Rainbow strives to drive sustainability by:

- Continually reducing our impact on our environment by minimising our use of non-renewable resources
- Strengthening our relationship with society by supporting health and education in our communities
- Inspired people and great brands that are driving the business to new heights.

Reporting approach

This report is aligned to the integrated report and covers the 15 month period to 30 June 2011 following the change in year-end from March to June and is prepared on a Group basis.

The previous report was for the 12 months ended 31 March 2010 and comparatives have been provided accordingly.

SUSTAINABILITY REPORT continued

Ensuring accuracy and credibility of our results

Although external assurance has not been obtained in the current year, the Group has implemented management systems, some of which are independently verified, that provide the platform for managing the Group's economic, social and environmental practices as indicated in the pages that follow.

STAKEHOLDER ENGAGEMENT PROCESS

The Group subscribes to a partnership approach in the way business is conducted. It seeks to constructively engage its key stakeholders so as to understand and be able to respond to their needs. Interaction occurs with key stakeholders in the business through a number of formal and informal channels including participation in industry forums, the investor relations function and consumer careline.

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

The 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 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.

The following table sets out the Group's key stakeholders and a brief description of the nature of interactions.

Key stakeholders	Dialogue channels and forms of engagement
Shareholders and other providers of capital	Annual general meeting Investor relations Bi-annual results announcements Trading updates SENS announcements Integrated annual report Website
Customers	Face-to-face interventions Regular meetings and workshops Market, customer and instore surveys
Local community	Selected projects as part of Corporate Social Investment Regular meetings with municipalities and civic organisations
Government and regulators	Corporate affairs, legal and investor relations functions
Industry	Southern African Poultry Association (SAPA) Animal Feed Manufacturers Association (AFMA) South African Agricultural Processors Association (SAAPA) Consumer Goods Council of South Africa (CGCSA)
Consumers	Consumer careline Consumer and product surveys Advertising campaigns in print and media Consumer immersions
Staff and unions	Roadshows Good to Great leadership journey Intranet Staff meetings and training Performance reviews and career planning Management and Union meetings Confidential hotline through "Tip-Offs Anonymous"
Suppliers	Direct relationships with suppliers to enable partnerships Face-to-face interventions Regular meetings and workshops

ECONOMIC SUSTAINABILITY PRACTICES

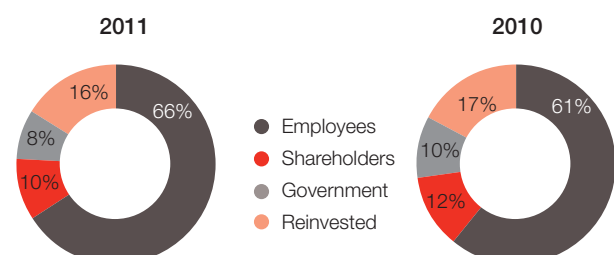
Creating value for stakeholders through sustainable economic growth and development encompasses a number of elements. In generating economic value for shareholders and other stakeholders, Rainbow provides a quality and affordable food source to the South African nation and creates jobs both within the business and along the supply chain in the formal and informal sectors. The Group is 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 generated R383,9 million in net income for the period ended 30 June 2011, from which major stakeholders benefited in varying proportions as indicated in the table below. Employees were the main beneficiaries, followed by government through taxes and shareholders through dividends.

VALUE ADDED STATEMENT

	15 months to 30 June 2011		12 months to 31 March 2010	
	%	R'000	%	R'000
Revenue		8 621 389		6 952 789
Paid suppliers		(6 338 218)		(5 191 397)
Value added by operations		2 283 120		1 761 392
Finance income		21 520		14 877
Total value added		2 304 691		1 776 269
Applied as follows:				
To pay employees				
Salaries, wages and benefits	66,0	1 520 554	61,0	1 084 281
To pay providers of capital	9,7	224 348	11,9	211 073
Interest paid	0,1	1 808	0,1	900
Dividends paid	9,6	222 540	11,8	210 173
Tax	8,2	188 139	10,0	178 155
Taxation (excluding VAT)	8,2	188 139	10,0	178 155
Re-invested in the business	16,1	371 650	17,1	302 760
Depreciation	9,1	210 340	8,9	157 425
Retained earnings	7,0	161 310	8,2	145 335
	100,0	2 304 691	100,0	1 776 269



ECONOMIC SUSTAINABILITY PRACTICES continued

BROAD-BASED BLACK ECONOMIC EMPOWERMENT (B-BBEE)

RCL continues to fully support the principles embodied in the BEE Act 53 of 2003, the BEE codes of good practice and the Agriculture BEE Sector Transformation Charter aimed at ensuring greater participation by black people in the country's agriculture sector.

During the reporting period the Group significantly improved its overall Broad-based Black Economic Empowerment (B-BBEE) ranking through focused empowerment initiatives aimed at supporting the Group's long-term B-BBEE strategies, and further entrenching its role in leading empowerment in the industry.

RCL's B-BBEE verification process was conducted by Empowerdex, an external SANAS accredited verification agency. Concluded on 31 March 2011, the Group achieved a Level 5 contribution level, equating to an 80% procurement recognition level, and a total of 55,85 points on the generic scorecard.

BEE Scorecard

BEE category	Element	Max score	Score	
			2011	2010
Direct empowerment	Ownership	20	11,04	10,63
	Management	10	2,92	2,68
HR development	Employment equity	15	5,45	2,79
	Skills development	15	4,11	4,51
Indirect empowerment	Preferential procurement	20	12,48	8,33
	Enterprise development	15	15,00	15,00
	Social economic development	5	4,85	1,64
Total score			55,85	45,58
Recognition status			Level 5 – 80% contributor	Level 6 – 60% contributor

Preferential procurement policy

Guided by our preferential procurement policy, Rainbow is committed to helping existing suppliers to improve their preferential procurement and empowerment credentials, and has focused on the building of a sustainable procurement base with emphasis on long-term relationships. Our score for the preferential procurement element is currently at 12,48 points, improved significantly from our previous verification score of 8,33, due mainly to our efforts to obtain our supplier BEE credentials, and improved focus on our internal procurement measurement systems for application of the BEE codes and interpretive guidelines. With a generic scorecard Level 5 contributor status, this also translates into an 80% procurement spend recognition for our customers.

The Group continues to focus on all BEE procurement aspects, while encouraging further Qualifying Small Enterprise and Exempt Micro Enterprise participation, and further leveraging opportunities of sourcing from black owned suppliers and black women owned suppliers.

Contract growers

Within the context of BEE enterprise development, the Rainbow contract grower initiative has proven its significant potential to deliver true empowerment to previously disadvantaged persons in the poultry industry. A contract grower is a farmer that rears chickens on behalf of Rainbow using the grower's own farm and facilities, with Rainbow supplying the chicks, feed and in some instance the transfer of skills.

The fundamental principle is that the farms must be owner managed, ensuring that there is a true transfer of skills, knowledge, accountability and responsibility from Rainbow to the grower. All growers are managed and mentored against the Rainbow standards and best operating practices. Rainbow's key performance indicators (KPIs) are used and best operating practices manuals (BOPs) are followed ensuring that the strictest animal welfare and bio-security practices are enforced.

Growers or potential growers are given all the necessary guidance and support, including the development of the business plan, accessing of finance and day-to-day management of their independent growing operation. Regular interactive workshops are held with our local and international partners, suppliers and specialists to ensure that the necessary knowledge and skills are transferred and maintained at the highest levels.

Rainbow is proud of its BEE growers and their continuing outstanding performances. For the reporting period Rainbow's expenditure on contract growers was R179 million with 26% or R46 million of that amount paid to BEE growers.

ENVIRONMENTAL SUSTAINABILITY PRACTICES

RCL takes full responsibility for the impact it has on the environment by charging every employee to ensure effective use of resources. The cost of all resources is allocated to the relevant function. In addition, the Group favours suppliers and partners who have similar environmental policies.

The Group strives to use the best environmental practices on all land used for farming, processing, milling or distribution operations, whether it be owned or leased. The table below provides an analysis of Rainbow's land usage.

ANALYSIS OF LAND USAGE							
Hectares							
	Owned	Leased	Partners	Dormant	2011	2010	2009
Farming operations	9 013		890	322	10 225	9 090	9 132
Processing and milling operations	134			1	135	57	99
Distribution and administration centres	37	33			70	36	37
Total use	9 184	33	890	323	10 430	9 183	9 268

NATURE CONSERVATION

The Group supports nature conservation and views it as an important 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 one rand per annum.

Additionally, at the company's 1 547 hectare Roodeval 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

The Group is in the process of implementing an Environmental Management System based on ISO 14001 principles. All mills are fully certified and implementation for processing facilities, agricultural farms and distribution facilities is targeted for completion by the end of the 2012 financial year. This new system will ensure improved management of environmental risks

ENVIRONMENTAL RISK

The Risk Committee is responsible for overseeing the adequacy and overall effectiveness of the Group's risk management function and its implementation by management including the oversight of sustainability within the group. The Board considers risk management to be a key business discipline designed to balance the risk and reward and to protect the Group against uncertainties that could threaten the achievement of the business objectives.

The Risk Committee reviews the Group's risk profile on a regular basis and the committee attests that there are adequate systems of internal control in place to mitigate the significant risks faced by the Group to an acceptable level. The systems are designed to manage, rather than eliminate, the risk of failure or to maximise opportunities to achieve business objectives.

The Group risk register summarises the significant risks faced by the Group, taking into account likelihood of occurrence, the potential impact and the related mitigating factors and compensating controls. Managements treatment of risks are aligned to the risk appetite and tolerance approved by the Board. Management had implemented appropriate risk response strategies in relation to the Group's major risks. The adequacy and effectiveness of these strategies are reviewed on an ongoing basis to ensure that they are responsive to changes in the dynamic environment in which we operate.



Artificial wetland

ENVIRONMENTAL SUSTAINABILITY PRACTICES continued

Rainbow has identified the following potential environment risks in its operations:

Environmental risks	Risks are mitigated by
Fires	An environmental policy providing the framework for setting and reviewing environmental objectives and targets
Air pollution	
Natural resource depletion	Environmental management programmes and key performance indicators that are monitored regularly
Hazardous chemical, diesel and gas spillage	Effective training programmes
Odours from processing plants and mills	Effective bio-security and security procedures at all operations
Poultry disease outbreaks on farms	Effective health and safety procedures
Energy consumption	Supply agreements with registered waste companies for the safe disposal of diseased birds and contaminated or hazardous waste
Ground and surface water pollution	Fire breaks maintained on all farming operations
Waste disposal	Bund walls around all diesel tanks
Water shortages and water quality	Chemical store rooms allowing for segregation of hazardous chemicals
	Electronic fuel filling and monitoring systems, a computerised vehicle routing system to route deliveries in the most efficient manner and a technologically advanced tracking system to monitor the adherence to the most efficient planned route
	Regular water quality assessments and proactive management to ensure sufficient water supply

ENERGY USAGE

Electricity

With the Group's high dependence on electricity, a number of projects have been initiated to manage this spend down. Real time electricity monitoring equipment has been installed at one facility, enabling engineering staff to monitor and manage our electrical consumption and maximum demand. This will be rolled out to other facilities. Power factor correction installed in processing plants, distribution warehouses, feed mills, and at most farms ensure that electricity is used more efficiently. Waste heat recovery ensures that "free heat" from refrigeration equipment is utilised efficiently at one of our processing facilities. This has proven to be effective and will be rolled out to other facilities.

Poultry houses are fan-ventilated and improvements in fan technology have resulted in the ability to move air more efficiently and reduce electrical consumption on each farm. LED lighting has been installed in some houses with excellent resultant savings. With the recent national electricity outages and the need to reduce electricity consumption per chicken house while retaining power to essential systems, several new generators, fitted with timers, have been purchased to ensure non-essential lighting is turned off when not required.

The design of our new Plant Based Cold Storage warehouse in Rustenburg incorporates the latest in energy saving refrigeration technology. Increased insulation wall thickness, efficient refrigeration control, and rainwater harvesting are some of the facility's "green" features.

Gas

The predominant source of heat in the poultry houses is liquid petroleum gas (LPG) and the past year has seen a number of initiatives to use gas more efficiently. During the past three years, Rainbow has been converting its heating for chicken houses from coal-fired water boilers to cleaner and more efficient gas heating. Significant investment has been made to properly insulate poultry houses in order to minimise air leakage and hence reduce LPG consumption.

Water

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 and 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.

Rainbow has invested in two artificial wetlands where natural fauna is used to break down and extract organic matter from poultry house wash water. Water samples will be taken from these wetlands on a regular basis to evaluate the efficiency of this zero energy, zero carbon water recycling solution.

Recycled water from the three primary processing plants is used as grey water for cleaning and the balance is discharged to municipal effluent plants for further recycling. Recycled water is only used once the Biological Oxygen Demand (BOD) and Chemical Oxygen Demand (COD) levels are reduced to acceptable standards.

The Worcester plant has invested in a chemical free water treatment plant which has seen a substantial improvement in waste water quality. This is the first stage of moving towards chemical free water treatment and re-cycling of water.

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 it is used or disposed of in the most environmentally friendly way.

Rainbow uses the following recycled products from other suppliers in its processes:

- Wood shavings as bedding for the chicken houses
- Recycled paper is utilised in the finished product outer carton packaging
- Recycled plastic is utilised in the manufacture of plastic catching crates.

Rainbow has also added the recycling codes and statements such as "Care for our environment" and "Dispose of packaging responsibly" to our packaging material. We have also challenged our strategic packaging suppliers to assist us with finding ways of implementing the 4R's to all packaging materials we use, i.e. Reduce, Recycle, Re-use, Recover.

EMISSIONS TO AIR

The Group recognises its responsibilities in terms of the Air Quality Act, No 39 of 2004, and as such ensures that Rainbow's animal matter reduction plants and coal-fired boilers and their boiler stacks are well maintained and routinely inspected.

Additional management process changes have taken place within Rainbow's rendering plants to 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

- The use of specialist consultants to investigate possible further improvements in rendering of processing waste material.

Rainbow has invested in an odour control system at the Worcester processing plant. Ozone deodorises and purifies by a process of oxidation permanently converting odours and bacteria into water vapour making it a safe and viable alternative to traditional chemical odour control methods.

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

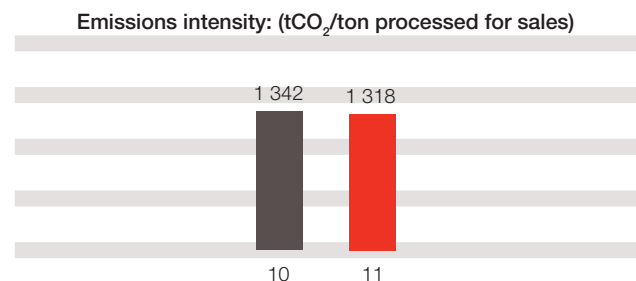
ENVIRONMENTAL IMPACT ASSESSMENT (EIA)

The Group conducts Environmental Impact Assessments as required by the Department of Agriculture and Environmental Affairs when considering investment in new or upgrading existing facilities.

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

CARBON DISCLOSURE

In the 2010 Carbon Disclosure Leadership Index, the Group achieved 84% and joint seventh position in the SA Top 100 companies.



Due to focused management of carbon emission during the period, the Group reduced its emissions intensity by 2,0% in comparison to the 12-month period ended 31 March 2010.

ENVIRONMENTAL SUSTAINABILITY PRACTICES continued

CARING FOR OUR ENVIRONMENT:

To drive energy saving and carbon footprint reduction the Group has set a target reduction of 5% on heat and power consumption that is supported by a number of initiatives:

- Boiler control upgrade in Rustenburg has reduced coal consumption
- Power factor correction modules directly reduce electricity consumption by 8% to 20% and indirectly reduce maintenance on motors, lights and other electrical equipment. Units have been installed in most operations with a small number to be completed in the next financial period
- Waste heat recovery from refrigeration compressors was commissioned during the latter part of the year at the further processing plant in Hammarsdale with a projected average saving of 300 kW.

Rainbow is Reducing:

- Rainbow has made the decision to reduce the size of the IQF bags. This will equate to a reduction of 192 tons of LDPE plastic or the equivalent 10 million bags less per annum
- Another of Rainbow's products changed carton packaging to polyethylene broiler bags. This is anticipated to result in a 225 tons per annum reduction in corrugated carton board use.

Rainbow is Re-using:

- Carton board boxes used as secondary packaging have been replaced with used Sasol bags. This initiative achieves a 5 ton carton board annual saving.

Rainbow now uses Recycled liner cartons:

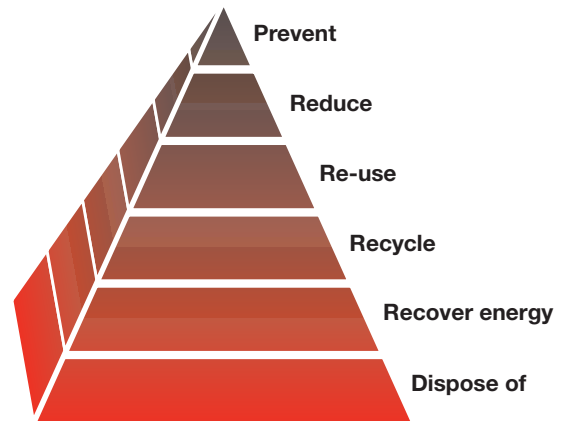
- Since June 2010 Rainbow has saved 561 tons of virgin liner by converting 23% of all our cartons to recycled liners. Our aim is to convert the remaining virgin liner cartons.

Packaging preserves, protects, contains, transports, informs and sells our products. Reducing the pre and post-consumer impact of our packaging materials is a responsibility we take very seriously.

most favoured option



least favoured option



KEY STAKEHOLDER CONCERNS AND SUSTAINABILITY RISKS

STAFF

The Group recognises the importance of its people in attaining sustained business performance. Human resource policies and operational strategies, which include an understanding of national imperatives and relevant legislation, have been implemented across the Group. This provides a platform for building a community of inspirational people who have a common purpose. Specific focus areas include:

Key area	What do we do?
Human capital	The Group firmly believes that sustainability is synonymous with achieving long-term human capital development and the attainment of our corporate social responsibility objectives. Our Strategy into Action agenda has been the vehicle to further drive investment in long-term sustainable human capital development. During the period we made good progress towards achieving our objectives, strengthening relationships with all our stakeholders and synergy with our social partnerships, and actively realising our corporate social responsibility
Talent management	<p>Attracting and retaining talent is one of our key areas of strategic focus, supported by leadership and talent management programmes aimed at engaging and retaining exceptional calibre employees who are committed to the process of transforming our organisation from “good to great”</p> <p>Underpinning this are individual development plans and this, along with sound succession planning, ensures that high potential employees are recognised and prepared for the future</p> <p>As part of our improved talent management process, we have enhanced our people development systems and processes with greater emphasis on the integration of our 2015 employment equity objectives. Our Leadership Standards and Behaviours have been rolled out across the business, promoting behaviours that ensure that 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</p>
Employee relations	<p>The Group acknowledges the right of all our employees to freedom of association, and actively drives best management practices in all its operations in order to create a work environment conducive to productivity, participation and organisational stability</p> <p>Through constructive recognition agreements, the Group has a significant bargaining unit, with 71% of our employees within the bargaining unit, and for whom our recognised trade unions negotiate annually their wages and conditions of employment. To ensure proper communication and engagement with our recognised trade unions – our social partners – various recognised trade union regional and site based employee representative forums are in place to facilitate information sharing and consultation</p> <p>In order to ensure equitable and fair working conditions, the Group has well developed disciplinary and grievance policies and procedures. These policies and procedures are communicated to all our employees during their induction, through training, on our intranet, and through ongoing communication of the Group’s standards, policies and procedures</p>
Remuneration	<p>The Group’s philosophy is to reward for performance that achieves the organisation’s objectives. Competitive remuneration packages are structured in order to attract, reward and retain the talent needed to achieve the strategic goals. Salaries are reviewed annually</p> <p>The Group continually reviews its reward and remuneration policies and strategy in line with industry best practice. By doing this, we ensure that we implement an effective and equitable compensation practice across the organisation</p>

KEY STAKEHOLDER CONCERNS AND SUSTAINABILITY RISKS continued

Key area	What do we do?
Resourcing	<p>Resourcing scarce and critical skills has continued to prove challenging, especially within certain geographies. We have focused on improving resourcing strategy and practices by:</p> <ul style="list-style-type: none"> • Enhancing the use of psychometric tools in aiding the recruitment decision • Leveraging technology and maximising use of our e-recruitment portal • Effective management of resourcing service providers and service level agreements • Maximising the effectiveness of media advertising channels for resourcing • Growing the bursary and graduate entry channels • Focusing on employment equity (EE) appointments <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"> • Centralisation of management recruitment across the Group, streamlining the process, creating consistency with regard to best practices, creating a positive experience for applicants • Continued focus on Asian, Coloured and Indian recruits at management level with preference given to EE candidates • Development of professional recruitment skills amongst human resources and line management teams • A recruitment network focusing on consistently building our employer brand across the geographies in which we operate
Employment equity	<p>RCL is an equal opportunity employer committed to a policy of employment equity. Progress towards achieving our workforce diversity objectives are measured through Group targets and monthly progress measurements and reporting on a functional basis</p> <p>During 2011 we embarked upon a process of consultation and engagement with our employment equity committees to ensure the delivery of a comprehensive employment equity plan for 2015. We are committed to achieving the Department of Labour targets within the set timeframe</p> <p>We continue to engage and consult with our representative regional employment equity committees for all issues relating to workplace diversity</p> <p>The integrated business transformation or “journey” process previously rolled out to management within the business is in the process of being rolled down to all employees at all levels within the organisation. This provides the opportunity for all employees to connect with and relate to fellow employees from different cultures, backgrounds and genders, and encourages our employees to view each other as unique individuals</p>

Key areas	What do we do?
Staff health and safety	<p>National Health and Safety Policy adopted by the Board which commits all operations and facilities to the provision and maintenance of a working environment that is healthy and safe</p> <p>Senior managers investigate lost-time injuries and determine actions to prevent a recurrence of incident</p> <p>Risk management audits (both internal and external) and Health and Safety Key Performance Indicators are key elements in evaluating performance</p> <p>Health and Safety register specifically designed to highlight and address any legal issues</p> <p>Occupational Health Care infrastructure with accredited service providers to provide best practice</p> <p>Health and Safety Risks are mitigated by having:</p> <ul style="list-style-type: none"> • Dedicated risk control personnel in each operation • Health and Safety Committees in each operation consisting of elected health and safety representatives, workers' union representatives and management, who meet on a monthly basis to address risks • Occupational Health and Safety Risk identification and assessment • Policies and procedures on how to mitigate each of the risks, in addition to ensuring compliance with all legislation • Centralised reporting and monitoring of all issues and incidents • Training programmes for all employees in all aspects of health and safety, ensuring appropriate understanding, accountability and responsibility for health and safety <p>Disabling incident frequency rate relates to the number of disabling incidents per 200 000 man-hours worked. Disabling incident is defined as any incident in which an employee is booked off work for more than a shift following the incident</p>
Employee wellness and HIV/AIDS	<p>The Group is committed to provide employee wellness programmes that ensure that its employees have access to support initiatives that focus on health and wellness, alcohol and substance abuse, and HIV/AIDS. The Group's HIV/AIDS policy covers the workforce and guides the company in the management of HIV/AIDS, placing emphasis on education and peer education, prevention, and voluntary counselling and testing</p> <p>As part of Human Resources strategy to deliver vitality and employee wellness, a National Wellness Day was held on 1 September with specific emphasis on providing assessment facilities in order to create awareness around various health and wellness issues and to empower employees to take responsibility for their health status</p> <p>The Group engages the services of "Careways" and partners with "Life Occupational Health" and "Occuwell" to ensure that the Group delivers professional onsite services in many of the operations</p>

KEY STAKEHOLDER CONCERNS AND SUSTAINABILITY RISKS continued

Group employment equity statistics

As described above the group is committed to employment equity. The employment equity statistics of the group are illustrated below:

	African		Indian		Coloured		White		Total		Total
	M	F	M	F	M	F	M	F	M	F	
Employees as at the end of June 2011											
Executive directors	2		1				11		14		14
Senior managers	6	3	6	3			60	6	72	12	84
Middle managers	16	4	20	8	14	3	99	48	149	63	212
Total management (number)	24	7	27	11	14	3	170	54	235	75	310
Total management (%)	8	2	9	4	4	1	55	17	76	24	100
Senior supervisory/staff	261	98	104	55	116	40	178	135	659	328	987
Other	3 016	1 745	123	49	847	788	42	101	4 028	2 683	6 711
Total (number)	3 301	1 850	254	115	977	831	390	290	4 922	3 086	8 008
Total (%)	41	23	3	2	12	10	5	4	61	39	100
Employees as at the end of March 2010											
Executive directors	1						7		8		8
Senior managers	3	2	6	2			65	6	74	10	84
Middle managers	20	4	17	6	9	3	78	40	124	53	177
Total management (number)	24	6	23	8	9	3	150	46	206	63	269
Total management (%)	9	2	9	3	3	1	56	17	77	23	100
Senior supervisory/staff	230	76	85	39	101	35	180	120	596	270	866
Other	2 665	1 613	130	50	804	821	51	117	3 650	2 601	6 251
Total (number)	2 919	1 695	238	97	914	859	381	283	4 452	2 934	7 386
Total (%)	40	23	3	1	12	12	5	4	60	40	100

Employee reconciliation

	2011	2010
Employees as at the end of June 2011		
Employees at the beginning of the year	7 386	7 416
Add:		
Recruitment	1 454	739
Less:		
Deaths	(59)	(68)
Discharges	(359)	(321)
Disabilities	(22)	(26)
Resignations	(314)	(259)
Retirements	(78)	(95)
Employees at the end of the year	8 008	7 386
Staff turnover (%)	18,2	10,0

Training information

The Group's employee training and skills development spend was as follows:

Training period 1 April 2010 to 30 June 2011 (15 months)											
Race											
	African		Indian		Coloured		White		Total		Total
	M	F	M	F	M	F	M	F	M	F	
ABET	178	39			12	9			190	48	238
Specific skills	4 306	1 421	288	179	3 199	1 588	672	453	8 465	3 641	12 106
SHEQ	1 276	734	92	46	230	91	196	63	1 794	934	2 728
Other	571	523	44	19	600	258	190	114	1 405	914	2 319
Total (number)	6 331	2 717	424	244	4 041	1 946	1 058	630	11 854	5 537	17 391
Total (%)	37	16	2	1	23	11	6	4	68	32	100
Total spend (Rm) excluding skills levy											15,0

Training period 1 April 2009 to 31 March 2010 (12 months)											
Race											
	African		Indian		Coloured		White		Total		Total
	M	F	M	F	M	F	M	F	M	F	
ABET	32	17			4	4			36	21	57
Specific skills	1 096	923	208	88	512	620	324	205	2 140	1 836	3 976
SHEQ	165	129	18		44	25	65	2	292	156	448
HIV	47	31	1	1	9	13	27	6	84	51	135
Total (number)	1 340	1 100	227	89	569	662	416	213	2 552	2 064	4 616
Total (%)	29	24	5	2	12	14	9	5	55	45	100
Total spend (Rm) excluding skills levy											15,4

KEY STAKEHOLDER CONCERNS AND SUSTAINABILITY RISKS continued

PARTICIPATION IN INDUSTRY BODIES

Rainbow has active representation on the following industry bodies:

Animal Feed Manufacturers Association – AFMA

Rainbow is involved in AFMA with representatives serving on the AFMA Board of Directors. Quarterly board meetings are held with the intention on 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 subcommittees have been set up to proactively handle various issues and topics with regards to Technical, Trade, Training and other issues. Representatives from Rainbow serve on these committees and meet on a regular basis to debate and give recommendations on various topics.

Focus areas during the year:

- Completion of the Code of Conduct project where all members are audited on legislative compliance
- New Training introduced by AFMA on Feed Milling to improve skills in the industry
- Food and Feed Safety focus

The South African Poultry Association – SAPA

Animal Welfare subcommittee:

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”.

SAPA Food Safety committee:

Rainbow is represented on this subcommittee where issues with regards to food safety were discussed during the year. Formulation of industry regulation of Independent Meat Inspection and Flavour enhancement is in progress. Furthermore, the SAPA code of practice, auditing system/body for industry, and cold chain code of practice were contributed to.

South African Veterinary Council – SAVC

Rainbow’s national veterinarian, Dr Nokotula Ntseki, 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.

Poultry Group of South African Veterinary Association

All Rainbow veterinarians are members of this group. This is where the poultry disease situation is discussed with other poultry vets. These meetings are usually held during the Avi Africa congress. This year a bid has been put in to bring the 15th World Poultry Veterinary Congress to South Africa in Cape Town in 2015. Rainbow’s national veterinarian is a member of the bidding committee and has the role of regulating and approving the scientific papers that will be presented at the congress.

Consumer Goods Council of South Africa – CGCSA

Rainbow representatives were involved with various activities with regards to the council:

National Recall Working Group – Concluded:

Rainbow participated in the drafting of the Recall code of practice which is already issued to CGCSA members as an industry guideline. The guideline has been submitted to DTI to be included in the Consumer Protection Act.

Frozen/Cold Chain Working Group – In Progress:

Retailers and manufacturers agree that there is a gap. Further focus is needed though as this is on SAPA’s agenda as well.

Nutritional Profiling – Concluded:

Action plans from this working group were taken to DoH to include as part of Part 2 of labelling regulations (part of R146 standard). The work conducted here will be used in the next phase to determine health claims for labelling purposes.

South African Bureau of Standards – SABS

Processed Meat Regulation SANS 885 – Concluded:

Rainbow input valuable as new and existing lines are compliant with draft SANS 885. Public comments from July to September and should be released as a voluntary standard in 2011.

Institute of Packaging South Africa – IPSA

The Institute of Packaging South Africa 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.

Packaging Council of South Africa (PACSA)

This voluntary body has members in three broad categories:

- **Converters:** who are the revenue generators in the industry
- **Associates:** or raw material suppliers
- **Affiliates:** being customers and major recyclers. PACSA represents views of its members on national issues with particular focus on environmental matters. Rainbow's Packaging Development Manager had the opportunity to view the "Draft National Waste Management Strategy".

Plastics Federation of South Africa (PFSA)

The Federation members represent all sectors of the SA Plastics Industry including polymer producers and importers, converters, machine suppliers and recyclers. The Federation provides industry training and drives the Plastics Industry Environmental initiative. Membership of PFSA ensures alignment of Rainbow's Packaging R&D focus with that of the industry. For example, PFSA put out a formal statement supporting recycling and discouraging biodegradable packaging solutions which Rainbow has followed. In addition, Rainbow is keeping a close eye on the developments around the topical PVC debates in the industry (we consume 236 tons of PVC overwrap p.a.).

Polystyrene Packaging Council of South Africa (PSPC)

The Polystyrene Packaging Council focuses their priorities on promoting the sustainable development of their products. Their activities are intended to assist the producers, customer and ultimate users. They educate and communicate whilst supporting activities that improve the industry in a generic manner (such as recycling, waste to energy, marine research, etc.). Being a PSPC associate member, Rainbow's Packaging Development Manager attends AGMs, is included in their electronic newsletter, is able to network with other industry players and is able to be part of maximising the recycling of Polystyrene in SA as part of Rainbow's Extended Producer responsibility.

BUSINESS PARTNERS

Our customers are managed by multidisciplinary teams of staff, from Sales and Marketing, New Product Development, SHEQ, Engineering and Finance, who ensure that our relationships with these parties are managed in the most efficient, professional and ethical manner. Rainbow is committed to ethical and non-collusive business practices.

Independent Accredited Auditors conduct customer announced and unannounced audits at all processing facilities to verify compliance to food safety, product specifications and quality. Customer audits include, but are not limited to compliance to the following customer's requirements:

- KFC
- Nandos
- Steers
- Wimpy
- Pick 'n Pay
- Woolworths
- SPAR

Animal welfare audits are conducted by independent accredited auditors throughout our agriculture discipline to verify compliance to animal welfare requirements.

KEY STAKEHOLDER CONCERNS AND SUSTAINABILITY RISKS continued

REGULATORS AND COMPLIANCE

As a participant in the food industry, Rainbow complies with the strictest standards and continuous monitoring by internal and external parties ensures that these standards are adhered to. There were no incidents of non-compliance, prosecution or fines during the review period.

Key area	What do we do?
<p>The 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</p>	<p>International Standards Organisation (ISO) principles are embedded in the TIMS across the supply chain (from “farm to fork”) to exceed customer satisfaction, to build customer trust, to reap commercial benefits and to drive sustainability in a changing environment</p> <p>Reviewed by Executive Management annually to determine suitability and effectiveness</p> <p>Various skills development and communication strategies to ensure employee awareness</p> <p>Internal audits and external audits by independent audit bodies verify compliance to feed safety, quality and legal requirements</p> <p>Contingency programmes, planned preventative maintenance programmes and disaster recovery programmes are maintained and tested across the supply chain</p> <p>Maintenance of integrity of the cold chain is managed by distribution centres with satellite hubs, as well as primary and secondary distribution fleets</p> <p>Any product that is identified as being challenged within the cold chain, is isolated, tested and destroyed if necessary</p>
<p>Regulatory bodies</p>	<p>State Veterinarians and Health Inspectors concerned with consumer protection have 24 hour a day, seven 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.</p>
<p>Management systems</p>	<p>Succeeded in the implementation and certification of specific ISO Management Systems as planned (refer table on page 65)</p> <p>External audits are performed to verify compliance</p>

CONSUMERS

Consumers are becoming increasingly proactive with regard to issues such as health and safety, farming practices, animal welfare, product safety and product labelling. The Group regards these issues as critical to its business and addresses them in a variety of ways:

Stakeholder concerns	What do we do?
Product quality and safety	<p>The Group demonstrates its commitment to product quality and safety through:</p> <ul style="list-style-type: none"> • Appointing certified meat inspectors, processing and engineering personnel to ensure safe products which comply with defined specifications • Appointing SHEQ teams to verify processing, food safety, legal and quality compliance by conducting audits • Adopting Total Integrated Management System (TIMS) 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 • Cold chain maintenance during processing • Ensuring that raw materials (chickens), ingredients and packaging materials are traceable and mock recalls are conducted • Compliance with ISO 22000
Labelling	<p>The Group is committed to adhering to labelling regulations</p> <p>Conforms to the regulations in the Foodstuffs, Cosmetics and Disinfectant Act, No 154 of 1972, and compliance with regulation R146 will be completed by March 2012</p> <p>Supports the Consumer Goods Council of South Africa (CGCSA) and Global Standards (GS1) in listing of all products with GS1</p> <p>Labelling of all saleable units with EAN-13 barcodes and cartons with ITF-14 barcodes</p> <p>Carton label reflects production batch number, case number, production date and sell-by date</p> <p>Suppliers of packaging material with pre-printed barcodes are obliged to comply with GS1 standards</p>
Farming practices	<p>Subscribe to the British Poultry Council's Assured Chicken Production Programme that sets the highest standards for the nutrition and welfare of poultry</p>
<i>Animal welfare</i>	<p>Animal welfare audit by independent accredited auditors throughout agricultural discipline to verify compliance with animal welfare requirements</p>
<i>Bird housing</i>	<p>Stock density of each house is determined by the floor space of the house and the equipment in the house</p> <p>Access to farms regulated by strict bio-security measures</p>
<i>Feed</i>	<p>Feed raw materials are controlled by the Fertilizers, Farm Feeds, Agricultural Remedies and Stock Remedies Act, No 36 of 1947</p>
<i>Animal health and safety</i>	<p>Flock treatment is controlled by the Medicines and Related Substances Control Act, No 101 of 1965</p> <p>Regular SPCA inspections</p>
Halaal status	<p>Chickens are slaughtered by Halaal slaughterers and all ingredients used for Rainbow brands have Halaal status</p> <p>Inspectors from the South African Halaal Authority (SANHA) and from the Muslim Judicial Council (MJC) ensure that all practices are in accordance with Halaal standards</p>
Consumer insight	<p>Marketing and product development teams ensure that the Group develops and markets competitive brands at competitive prices</p> <p>The Group keeps abreast of national and international trends, through research and consumer interactions within a variety of target markets</p>

KEY STAKEHOLDER CONCERNS AND SUSTAINABILITY RISKS continued

The Group has implemented the following ISO management systems:

ISO or SANS	Operation	2011	2010	2009	2008	2007
ISO 22000	National office	Yes	Yes	Yes	Yes	*
ISO 22000	Further processing plants	Yes	Yes	Yes	Yes	*
ISO 22000	Rustenburg and Worcester primary processing plants	Yes	Yes	Yes	Yes	Yes
ISO 22000	Hammarisdale primary processing plant	Yes	Yes	Yes	Yes	*
ISO 22000 ISO 9001 ISO 14000 OHSAS 18001	Feed mills	Yes	Yes	Yes	Yes	Yes
ISO 17025	Laboratories	Yes	Yes	Yes	Yes	Yes
ISO 22000	Distribution centres	Yes	*	*	*	N/a

* In progress of being implemented

N/a Not applicable at that time

Consumer complaints

RCL continuously engages with consumers through the following:

- National Complaints System
- Website
- Consumer immersions consumer careline
- Advertising campaigns in the print and media
- Consumer product surveys.

The National Complaints System provides a careline for all Rainbow products. All details are centrally logged and emails are forwarded daily to the National SHEQ Department where dedicated personnel manage all complaints. Personal contact with customers and consumers, response time and actions taken to prevent the same problems from occurring again, are keys to the success achieved thus far with the careline. The information is communicated to all relevant teams for action and presented to Executive Management at the National Management Review. In 2011, the Group has responded to 99% of consumer complaints within 24 hours.

Through these avenues the Group receives feedback from consumers and customers, covering complaints, queries and compliments.

ISO MANAGEMENT SYSTEMS

As a participant in the food industry, RCL complies with the strictest standards, and continuous monitoring by internal and external parties ensures that these standards are adhered to. International Standards Organisation (ISO) principles are therefore embedded in the TIMS across the supply chain (from “farm to memorable meal occasions”) to ensure customer satisfaction, to build customer trust, to reap commercial benefits and to drive sustainability in a changing environment.



CORPORATE SOCIAL INVESTMENT

RCL, as South Africa's largest processor and marketer of chicken, provides protein to a large number of South Africans, thus playing a fundamental role in feeding our nation. Rainbow therefore believes that it has a fundamental responsibility to assist in improving the lives of disadvantaged communities in the areas in which the company operates. RCL has therefore recently developed a corporate social investment (CSI) policy which is aligned to the RCL strategy, contributing to RCL's overall mission and vision, whilst making a significant impact in the communities within which it operates.

The Rainbow Corporate Social Investment (CSI) policy focuses on the number one priority in our country today: education and skills development.

"We believe that by giving young and old the tools to learn and make a better life for themselves, we will see communities begin to prosper and take charge of their own future.

The Rainbow Math and Science Incubator Programme

Incubating tomorrow's experts!

In conjunction with StarSchools, Rainbow supports promising high school learners by providing extra tuition in Maths, Science and English for Grades 10 to 12. Established in Hammarsdale in 2007, the programme has since been extended to Worcester and Rustenburg, where its other large processing plants are located. To date over 350 learners have passed through the programme, which has brought about staggering improvements in individual performance and the group pass rate. Top performers in each location are recognised and bursaries for tertiary study are awarded. Group staff also offer career guidance at each site's annual Career Day. RCL encourages the learners to continue their studies in such fields as food technology and engineering, and given the shortage of skills in these areas, will ensure a valuable future resource to the Group.

Bursary programme

Families of employees

The Group also has an established bursary programme aimed at the children of our employees, and is able to provide a bursary to children with good academic results and potential, but without the financial means to achieve a tertiary qualification.

Skills training

Putting people on the employment ladder

Rainbow's skills development work includes assisting skills training institutions which focus on developing technical skills. These programmes combine practical training with theoretical understanding in order to enhance participants' overall employability.

The Rainbow Young Performers' Project

Educating the whole person

Rainbow understands that the arts play a vital role in developing the "whole person" and boosting individual self-esteem. To give young actors and singers exposure to the "real" theatre environment, Rainbow sponsors the Young Performers Project, which for the past eleven years has been producing a top-class annual musical with a cast of performers drawn from schools around Durban.

Befriending the Catalina

Since 2008, Rainbow has been assisting Durban's Catalina Theatre – the only theatre in the city that provides a space for new actors from disadvantaged backgrounds to launch their careers and experiment with new forms. Through its financial and strategic planning assistance, Rainbow hopes to see the theatre become self-sustaining once again.

The Rainbow TOUCH Programme

TOUCH (Together Our United Contributions Help) is Rainbow's internal volunteer programme which recognises individual employees' own charitable efforts. Recipients of a TOUCH Award receive a day off to spend with their charity, and R5 000 worth of chicken to assist their nominated cause. Given that we employ over 7 500 people, there is massive potential amongst our people alone to make a significant difference in the community!

Other projects

Rainbow sponsored the building and setting up of Jamaica Pre-Primary School in Chesterville, and has also financially assisted the Ngwenyathi High School outside East London. Other once-off donations include the construction of a house at Lily of the Valley and various ad hoc charity initiatives organised by our staff during the year and at Christmas.

In addition to direct involvement in community development, Rainbow impacts the wider community through its involvement with the following organisations:

Ikamva Labantu

Ikamva Labantu is one of our BEE partners. As a non-profit, non-governmental organisation, Ikamva Labantu (the Future of our Nation) is an umbrella body with a network of over 1 000 projects targeting various sectors of the population — children, youth, families, seniors and the physically challenged.

Ikamva Labantu works through local communities so that they can become self-sufficient and sustainable. Its efforts focus on primary health care interventions, education and skills development, food security and enterprise development, and the development of community infrastructure.

KEY STAKEHOLDER CONCERNS AND SUSTAINABILITY RISKS continued

Grace Help Centre

Situated in Elandskraal near Rustenburg, the Grace Help Centre provides refuge to victims of domestic violence and abuse – including sexually abused children with no alternative accommodation. By providing counselling, shelter and referrals for specialist treatment, the Centre aims to rehabilitate and empower abused women and children to give them a “second chance” back in normal society.

Lily of the Valley

Lily of the Valley is a home for children either infected with the HIV virus or abandoned or orphaned as a result of it. Established in 1993, the Hammarsdale-based home provides the children with a multidisciplinary range of support to promote their physical, mental and spiritual welfare.

Hillcrest AIDS Centre

The Othandweni Respite Unit is part of the Hillcrest AIDS Centre near Durban. An extension to the Centre’s home-based care (HBC) service, the Respite Unit provides care for dying or acutely-ill patients where normal HBC is not possible – such as when there are no caregivers at home to take care of them.

iThemba Lethu

iThemba Lethu works with abandoned and orphaned babies in Cato Manor, assisting to integrate them into suitable family environments. Babies awaiting adoption are cared for in loving transition homes with the assistance of volunteers, and nutritional support in the form of breastmilk donations from the Breastmilk bank assist with the babies’ nutritional needs. To combat the negative impact of AIDS, iThemba Lethu also runs a highly successful school-based HIV prevention programme in eight schools in the Cato Manor area.

Vukukhanye

Vukukhanye is another organisation in the Cato Manor/Chesterville area which Rainbow sponsors monthly. Established in 2002 to provide care for AIDS-affected orphans and vulnerable children in the Durban region, Vukukhanye presently operates a Children’s Foster Home in Westville and helps to manage another Foster Home in Marselle in the Eastern Cape.

CONCLUSION

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

KEY STATISTICS

	2011 15 months Rm	2010 12 months Rm
ECONOMIC PERFORMANCE INDICATORS		
Impact on suppliers		
Total paid to suppliers	6 338	5 191
Total paid to BEE suppliers	1 924	746
Total contracted spend	1 505	1 833
Major sources of suppliers:		
– transport	519	386
– total contract growers	179	148
– BEE contract growers	46	34
– electricity	228	158
Impact on employees		
Total payroll and benefits	1 521	1 084
Impact on providers of capital		
Total interest paid to funders	2	1
Total dividends to ordinary shareholders	223	210
Reserves	161	145
Impact on public sector		
Total taxes paid	188	178
Impact on community		
Social responsibility expenditure	4	3
ENVIRONMENTAL PERFORMANCE INDICATORS		
Water consumption (kℓ)	9 472 675	7 378 805
Energy consumption		
– coal (tons)	32 769	23 515
– gas (kℓ)	41 108	31 981
– diesel (kℓ)	7 253	5 868
Recycled waste products		
– cardboard waste (tons)	482	352
– coal ash (m ³)	4 749	5 032
– litter (m ³)	585 733	401 813
– plastic waste (tons)	619	306
– scrap metal and timber (tons)	134	322
– treated water for recycling (kℓ)	3 456 558	2 318 267
– treated water as percentage of total water consumption (%)	36	31
Non-compliance, prosecution and fines	nil	nil
SOCIAL PERFORMANCE INDICATORS		
Full-time employees	8 008	7 386
Net full-time employment creation	622	30
Bargaining unit employees (%)	71	73
Training expenditure (Rm)	16,0	15,0
Disabling incident frequency rate	1,7	1,1

