

SIX CAPITAL REPORT

OVERVIEW

Clover appreciates that strategy, risk, governance, performance and sustainability are inseparable. While the report has been structured to incorporate both the requirements (Regulation 43) of the Companies Act 71 of 2008 as well as the King Report on Governance in South Africa 2009 ("King III"), Clover has also adopted the latest Integrated Reporting Framework as issued by the International Integrated Reporting Council ("IIRC") in 2013.

This framework follows a principle based approach in which Clover describes the key components of its business model it applied to create and sustain value for its stakeholders. This report is structured in accordance with the concept of the six capitals which takes into consideration the material inputs or resources required to create and preserve value since the company's incorporation. The requirements of both Regulation 43 and King III are incorporated into the six capitals as diagrammatically depicted below:

COMPANIES ACT: REGULATION 43

Good corporate citizenship

Labour and employment

Social and Economic Development

Consumer relationship

Environmental, Health and Public Safety

**Dealt with in the Report on Governance, Risk and Compliance.*

KING III

Ethical leadership and corporate citizenship

Board and Directors*

Audit Committees*

The governance of risk*

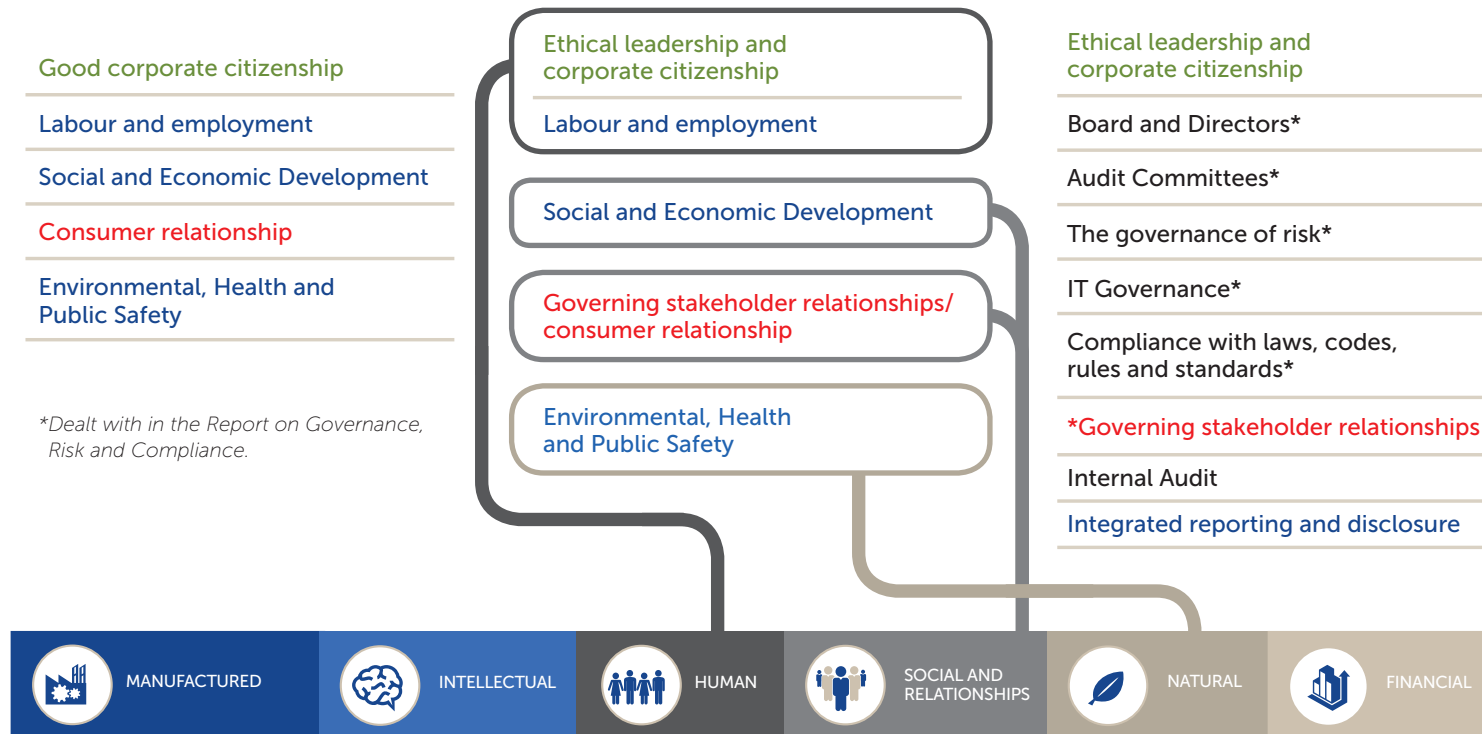
IT Governance*

Compliance with laws, codes, rules and standards*

***Governing stakeholder relationships**

Internal Audit

Integrated reporting and disclosure



◀ SIX CAPITALS

SCOPE AND BOUNDARY

The scope of this report covers Clover's South African operations and will over time be extended to its subsidiaries in other countries. The report also deals with the most relevant and material issues that could substantially impact on Clover's ability to create and sustain value for its stakeholders going forward. Clover is one of a few South African businesses that have been in existence for well over 100 years, and we recognise that in order to survive and prosper, we need to be concerned with sustainability.

The Social and Ethics committee is chaired by the Lead Independent Director of the Board and consists of a further two Independent Directors and one Executive Director. Details of the members of the Social and Ethics Committee and the number of meetings (including the attendance of the members) held for the financial year are set out in page 44 in the Report on Governance, Risk and Compliance.

The Social and Ethics Committee has considered the matters of the Integrated Annual Report that are pertinent to Clover. The responsibilities and functioning of the Social and Ethics Committee ("Committee") are governed by formal terms of reference approved by the Board and is subject to regular review. The main objective of the Committee is to assist the Board in ensuring that Clover remains a responsible corporate citizen with sustainable business practices by monitoring, developing, reviewing and enhancing the Group's social, ethical, environmental impact and governance in terms of Regulation 43 of the Act, and King III.

To accomplish these above-mentioned tasks, the Social and Ethics Committee has developed and adopted a formal work plan entailing the functions as set out in Regulation 43 of the Companies Act and King III. The implementation of this work plan is prioritised to enable Clover to fully discharge its statutory functions over a period of three years. The Board supports the Committee by setting the appropriate tone at the top, and Clover's Way Better philosophy across the organisation contributes to Clover's ethical culture. This report describes

the work and conclusions of the Committee in its third year of establishment. Over and above the requirements of the Act, the scope of the report has also taken into consideration the guidelines to the Integrated Reporting Framework and the fourth edition of the Sustainability Reporting Guidelines of the Global Reporting Initiative. In short, through the six capitals, the key aspects of Clover's business that are critical to its long-term value creation are summarised hereafter.

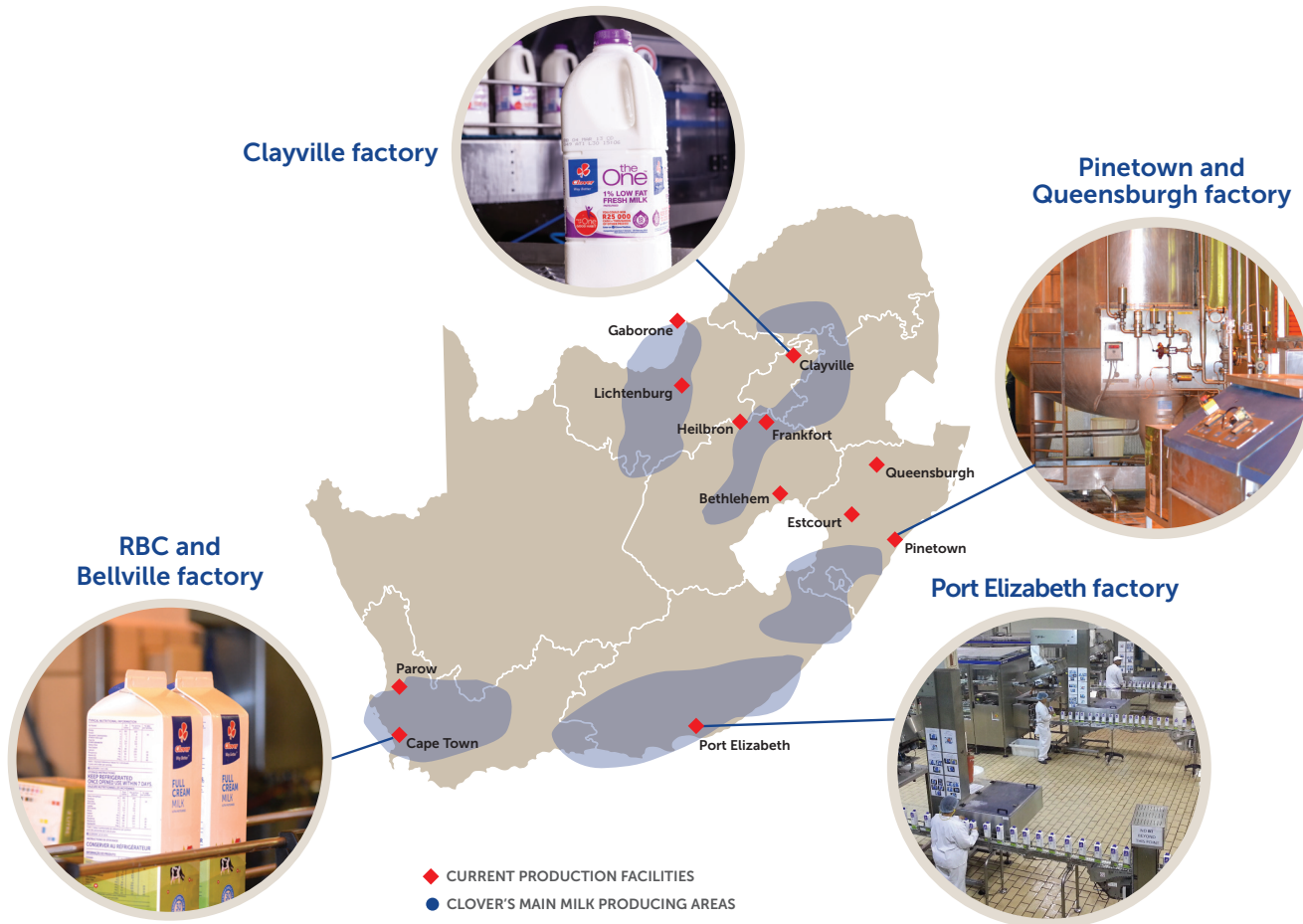
Annually, Clover defines its risk bearing capacity and risk appetite, being the basis of setting materiality levels. These materiality levels are used to annually adjust thresholds of Clover's delegation of authority, ensuring that appropriate limits of managerial approval are set. These same materiality levels are used in Clover's Enterprise Wide Risk Management Framework, which ultimately ensures that all material risks are reported to the Board Committees and considered for inclusion in Clover's Integrated Annual Report.

For purposes of compiling this Integrated Annual Report, Clover is only reporting on issues it believes to be material.





MANUFACTURED CAPITAL



Supply Chain Planning and Procurement

Clover's Supply Chain Planning Department continuously assesses what required production levels should be by taking into consideration the market demand as received from Clover's Marketing Department. These are then aligned to the availability of resources which, in the case of dairy products, is the seasonally available milk supply forecast as determined by Clover's Milk Procurement Department. The output of this comparison is considered against Clover's stock levels before the Planning Department updates the production schedules on a daily/weekly basis. The Planning Department is also responsible for the replenishment of all Clover's Distribution Centres to ensure that there is adequate stock of the correct SKUs available to meet Clover's customer's demands. Furthermore, they are also responsible for all primary transport as well as raw milk deployment planning.

Clover has a centralised Procurement department responsible to procure ingredients and packaging materials from carefully selected suppliers who are contracted to ensure that consistent and high quality materials are used in the manufacturing process. Clover's procurement philosophy is to build partnerships that shift the understanding beyond just monetary considerations. It encompasses socio-economic objectives and long-term value creation.

Milk Procurement

For the manufacture of dairy products, Clover procures milk from producers, who are contracted to ensure consistent supply and good quality milk, in order to meet market demand. Clover has developed a policy whereby 55 tests are conducted from farm to shelf to ensure that only the best quality and safe milk products are released for human consumption. To further guarantee the best possible quality raw milk, all our milk producers participate in Clover's Best Farming Practices programme, whereby the quality of raw milk is continuously improved at farm level. Almost 100% of Clover's raw milk is presently sourced from farms that have passed the Best Farming Practices audits with 80% or better.

Project Cielo Blu increased efficiencies and capacity in the production and distribution network to support current and future growth.

Objective of Project Cielo Blu was to:

- Address historical inefficiencies in the supply chain;
- Create capacity to sustain growth of the business; and
- Improve long-term profitability.



Sustainable milk supply

Clover is one of few large dairy processors who have a longstanding history of purchasing raw milk from producers including previously disadvantaged producers. Economic factors and sustainable milk quality are the largest barriers of entry for these farmers. Likewise, a number of Black Economic Empowerment ("BEE") initiatives have failed due to a lack in expertise, support and dedication at farm level. There are, however a number of very good examples of commercial producers partnering with communities and previously disadvantaged producers. Most of these projects were initiated by Amadlelo Agri (www.amadlelo.co.za) and have proved to be sustainable. Clover has made a meaningful contribution towards the implementation of some of these projects, not only by purchasing the milk, but also by subsidising the transport of this milk for quite some time.

Sustainable supply is ensured through Clover's Unique Milk Procurement System ("CUMPS") and the Company pays a market related price for raw milk. The downward trend in the Group's milk producer numbers is a result of continuous consolidation in the primary industry and is not a threat to the sustainability of milk supply in the short to medium term, but does have an impact on job creation, as bigger producers tend to mechanise more. It is therefore very important for the industry and government to find a way of ensuring a viable agricultural sector and dairy industry.

Description	2014	2013	2012	2011	2010	2009
Litres of milk procured (million litres)	632,3	667,7	648,2	652,4	608,2	638,7
Litres of raw milk transported per kilometre	98,97	70,3	69,0	73,4	80,0	88,0
Number of milk producers who supplied milk to Clover during the year	218	240	258	293	309	353
Estimated number of employees employed by above producers*	3 277	3 637	3 738	4 102	4 326	4 924
Estimated number of dependants reliant on income received from above employees*	13 867	13 656	18 690	20 510	21 630	24 710

* The number of employees is based on previous production cost survey statistics.

** The number of dependants is based on feedback from producers.

Producer selection	Clover sources its milk from 204 carefully selected collection points
Ongoing quality assurance	55 quality checks are performed on fresh milk from when it is collected at the farm to when it reaches the shelf.
Clover Way Better approach to work	Clover's production systems are flushed every eight hours to ensure freshness
Clover Way Better supply chain and warehousing capabilities	Delivering to 14 913 points through 583 trucks to an average of eight customers per day per truck

Product responsibility over raw milk intake

Clover's commitment to quality starts on the farms of its producers. In terms of Clover's Best Farming Practices ("BFP") programme, based on the International Dairy Federation's directive, the following aspects are focused on:

- Animal health and herd management;
- Animal feed and water;
- Animal medication and agricultural chemicals;
- Milk hygiene and safety;
- Environmental management;
- Personnel and people;
- Treatment and hygiene registers; and
- Required registers and records.

As a market driven company, Clover pays careful attention to the needs of the consumers and one of the strong elements that came to the fore, is the fact that the consumers want natural milk products, free from artificial hormones and inhibitors. Clover has, therefore asked its producers to sign a declaration that they will not supply Clover with milk that originated from cows that were treated with recombinant bovine somatotropin ("rBST") and each and every Clover producer has signed such a declaration. Every tanker load of milk is furthermore tested for inhibitors like antibiotics and milk that has tested positive for inhibitors is coloured with a food colorant and discarded under controlled circumstances. This is further testimony that Clover will leave no stone unturned to ensure that Clover's products are safe and nutritious.

Since June 2009, all of Clover's milk producers have participated in the BFP programme. Compliance is assured through regular audits and producers representing nearly 100% of Clover's raw milk intake have passed the audits, as already mentioned. Clover is still working on the integration of the above mentioned BFP programme into a much broader Clover Sustainable Dairy Model ("CSDM"). Given the complex and evolving nature of the programme, Clover intends phasing in the implementation over a number of years and this might include the use of consultants to ensure continuous improvement, through sharing in world-wide research and development programmes. Clover has in the meanwhile signed up as a member of the so-called Dairy Sustainability Framework ("DSF"), which forms part of the Global Dairy Agenda for Action ("GDAA").

The preliminary focus areas of this integrated programme are:

- Herd management, including managing of greenhouse gas ("GHG") emissions;
- Animal feed, pasture and soil management, including GHG emissions and retention;
- Water management and treatment;
- Animal medication and agricultural chemicals;
- Dairy parlour and equipment (including infrastructure, hygiene and safety);
- Milk composition and quality;
- Environmental management, manure handling and bio-diversity, including GHG emissions and the reduction thereof;
- Energy management and utilisation of alternative energy resources for the reduction of GHG emissions;
- Bio-security, with the main focus on disease control; and
- Personnel and the management of people visiting farms and dairies.

Quality of raw milk collected

Clover's Milk Procurement business unit continuously seeks new and better ways of conducting its business. During the 2012/2013 financial year Clover finalised its Electronic Tanker Collection System ("ETCS"). This is a first for the South African dairy industry and is a huge improvement over the methodologies used in the past. This system has been approved by the NRCS (a body of the SABS). The NRCS has found the accuracy and repeatability of the equipment to be first class. Clover Milk Procurement in conjunction with the NRCS is currently in the process of verifying each collection tanker's system, to ensure that the same specifications are adhered to throughout the whole fleet.



Clover Milk Procurement has embarked on a route to integrate this system completely into newly built vehicles and is looking for ways and means to automate this process even further. Some of the enhancements include the following:

- The new rigid tankers will be able to carry at least 20% more milk than the current rigid;
- Accidental damage to the outer panels of the new vehicles will be much cheaper to repair and maintain;
- The current scanners (identifying the bulk tank and marrying it to the sample bottle) are considered to be replaced with cell phone technology that has multiple benefits, including:
 - The same cell phone can be used to start, manage and end the collection process;
 - These cell phones can also be used to communicate and take photos of incidents, accidents, damage to parlours and other problem areas and it can be sent to the relevant manager immediately after it has been captured; and
 - The volume of milk pumped into the tanker, as well as the temperature of the milk will be displayed on the cell phone's screen through the whole process of collecting milk.
- All tankers will be fitted with 3" milk pumps, which will enhance the pump speed on-farm by more than 100%. This means that we shall have the opportunity to get the vehicles back to our branches much quicker, resulting in better utilisation of our vehicles and savings on overtime costs; and
- All tankers will be fitted with level sensors, which means that drivers will not have to climb a ladder to see if the compartment is full anymore. The milk pump will stop automatically, as soon as the milk reaches the level sensors. This will enhance the driver's safety, limit raw milk losses and help prevent driver fatigue.

Clover's Electronic Tanker Collection System ("ETCS") is without doubt another Way Better innovation and Clover has already seen some benefits falling through to the bottom line, due to much lower raw milk losses than the standard norm. Clover is now even more confident that the measurement and sampling of milk on-farm is on par with the best in the world.

Production

Once the raw milk has passed all quality tests, the milk is processed at Clover's 13 production facilities across South Africa and in selected African countries. The type of products produced include fresh milk, UHT milk, flavoured milk, as well as concentrated type products such as cheese, butter and milk powder. For the manufacturing of beverage products, the base ingredient, generally in concentrate form, is procured from carefully selected suppliers who are contracted to ensure consistent and high quality materials are used in the manufacturing process. The concentrate is mixed with good quality water to manufacture the final product such as Krush Juice and Tropika. In bottling water, water is extracted from a selected natural ground water source, upon which vigorous tests are routinely performed to ensure ongoing quality and safety of the water source.

Facility	Product type
Bethlehem	Milk powder
Clayville	Cream (UHT and Fresh) Dairy fruit mix (Fresh and UHT) Milk (UHT) Clover Krush
Estcourt	Milk powder
Frankfort	Butter Ghee Milk powder
Heilbron	Condensed milk Buttermilk powder
Lichtenburg	Cheddar cheese Gouda cheese Mozzarella cheese Tussers cheese Feta cheese
Parow	Butter Clover fruit juice Cream (Fresh) Dairy fruit mix Milk

Facility	Product type
Pinetown	Milk (UHT)
Port Elizabeth	Dairy fruit mix (UHT) Milk Cream (UHT)
Queensburgh	Dairy fruit mix Maas Milk Fresh and Extended Shelf Life Steri flavoured milk Milk (UHT) Clover Krush Dairy fruit mix Maas
RBC (Parow)	Quali/Real Juice
Clover Waters (Doornkloof)	Water Iced Tea
Inhle (contract manufacturer)	Aquartz Iced Tea

Infrastructure

Clover owns most of its properties, which are built to meet at least the minimum specifications of the national building regulations. For all Clover sites the buildings and equipment are comprehensively insured including for potential loss of profit as a result of business interruption incidents. Reliable supply of utilities to meet the needs of production on a daily basis, is a prerequisite for good market supply. New innovation in technology creates an opportunity for Clover to consolidate some of the facilities through which various synergies would be achieved. Clover constantly assesses and reduces cost in its supply chain to ensure Clover remains cost competitive, while also lowering its impact on the environment.

The factors that affect the availability, quality and affordability

Given the technological progress being made on a daily basis, the ability of companies to compete over the medium term necessitates continuous investment in order to improve efficiencies and reduce costs. Failure to do so would lead to an ineffective cost structure and an unattractive, uncompetitive

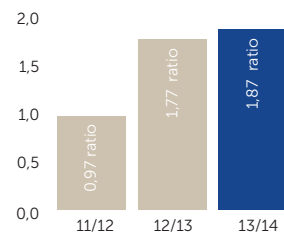


product offering. By way of example, Clover improved its competitiveness with Project Cielo Blu which was completed in August 2013. The juice and Tropika factory which was established in Clayville, also increased Clover's production capacity. More specifically, through the Cielo Blu Project, Clover improved its competitiveness by moving its UHT and juice manufacturing facilities to more appropriate manufacturing locations resulting in several cost savings. This resulted in the development of new technology used to recover milk protein content, which previously went to waste. This can be used as the dairy additive required in the manufacture of Tropika as opposed to traditional fresh milk or milk powder, resulting in cost savings going forward. To ensure long-term value creation, Clover monitors the following measures:

- Depreciation vs Capital Expenditure – Key Risk Indicators**
 The quality of Manufactured Capital will decrease if net investment is not positive. When capital expenditure is higher than depreciation, the Company invests not merely to keep the quality of manufacturing assets at the same level, but also to improve efficiency and effectiveness. An organisation whose depreciation exceeds capital expenditure over the medium term would suffer a significant decrease in the quality of manufacturing assets. As can be seen, since the 2012/2013 financial year, Clover has invested substantially to enhance the quality of its manufacturing assets and also to cater for medium to long-term growth.

CAPITAL EXPENDITURE VS DEPRECIATION

Financial year



The organisation's expectations of its ability to produce flows from its manufacturing assets to meet future demands.

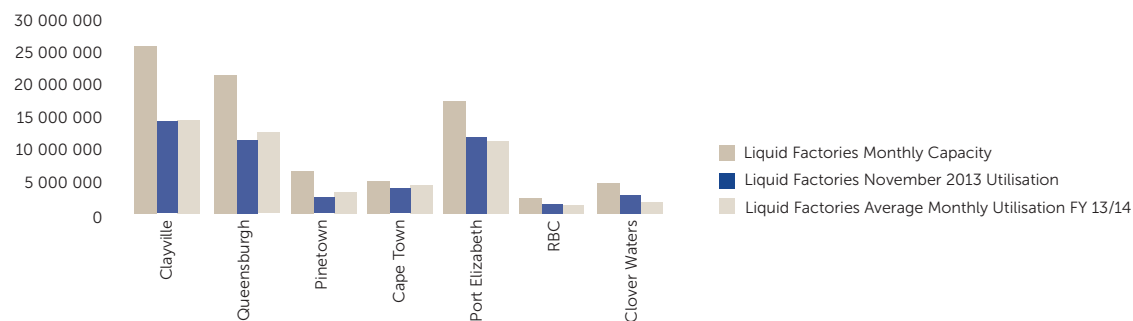
Sales growth is only possible if the manufacturing capacity exists to meet the higher volumes of production required. The ability of the organisation to manage available capacities pro-actively, is critical in order to meet unexpected demand and to reduce capacity as required in order to keep lowering unit production costs on a continuous basis.

As a measure of Clover's ability to continue producing income and other flows, it is important that the capacity utilisation per product group is within best practise. As milk intake is seasonal, with increased milk intake between August and January in any

given year, certain factories are working at full capacity in the seasonal peak cycle, whereafter production reduces substantially in the off season. Therefore Clover's capacity in the seasonal peak determines limits for increased milk intake. As our business is highly seasonal for some products, the average value as well as the peak (November) value have been communicated. For a seasonal product, the peak value is more illustrative.

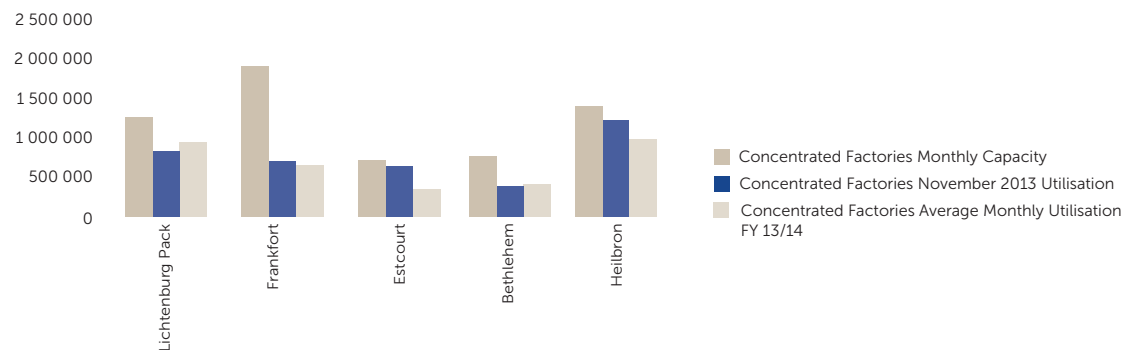
LIQUID FACTORIES CAPACITY UTILISATION

litres



CONCENTRATED FACTORIES CAPACITY UTILISATION

kilograms

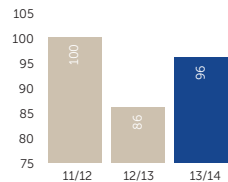




- **Material trade-offs and interdependencies between capitals**
Technological progress and the need to continuously improve, impacts the Natural Capital and Human Capital of the organisation directly. The labour requirements of the Company are changing in terms of the required skills level and capabilities. New ways of doing things also impacts on the amount of labour required per unit production. The impacts thereof is monitored by the measurement of production per manhour worked in manufacturing. Progress in this regard improves the ability of the Company to afford a more expensive/skilled labour force. Due to Cielo Blu, infrastructure changes which resulted in an interruption of the normal production process, a reduced output per manhour in 2012/2013. The 2013/2014 results were impacted by low milk intake occupied factories, which was deemed to be of a temporary nature.

OUTPUT PER MANHOUR WORKED

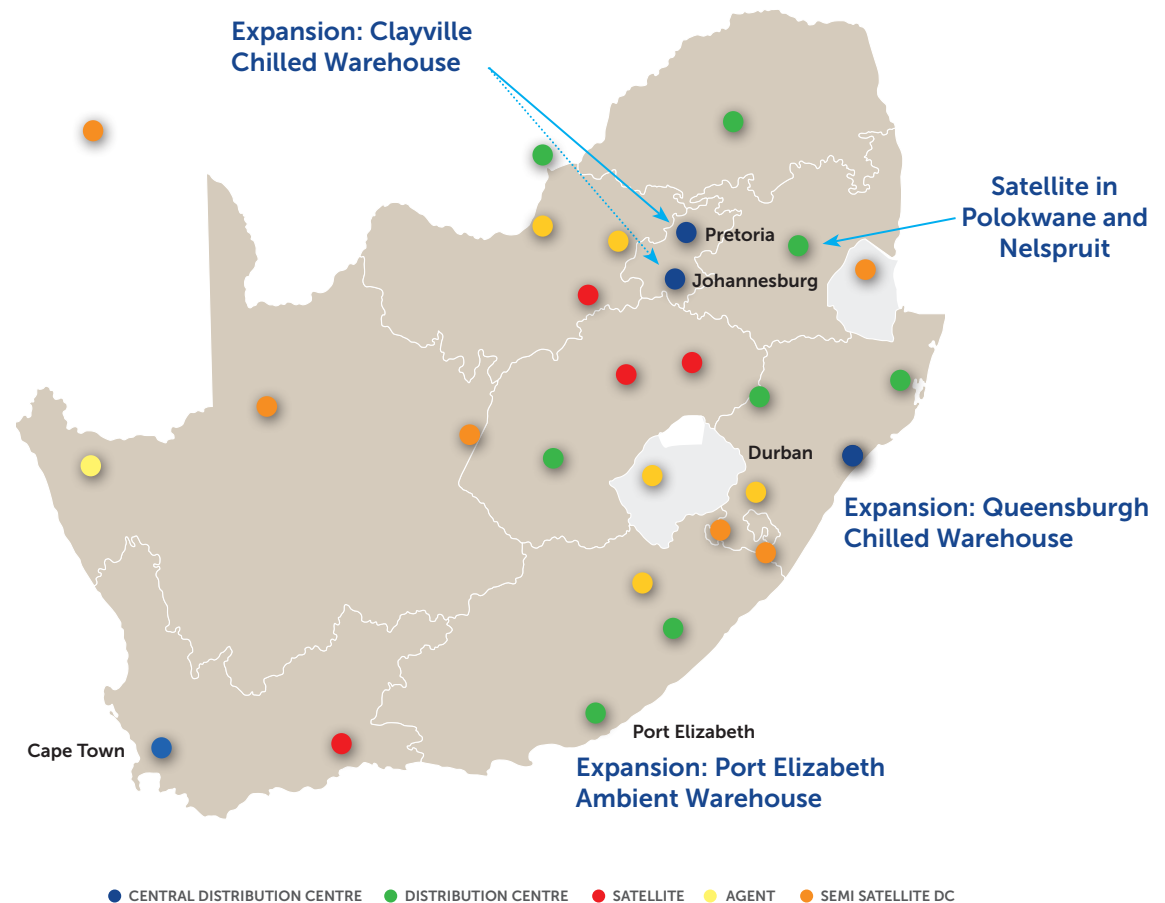
Financial year



Sales, Merchandising and Distribution

Distribution Networks

Clover makes use of its Primary Distribution Department to move all products from its factories to its distribution facilities across South Africa. On a daily basis, Clover receives customer orders electronically or telephonically at the Customer Call Centre from where orders are processed to be delivered from one of Clover's 28 distribution centres to approximately 14 913 delivery points in South Africa. Clover also has agreements with several principal customers on whose behalf Clover performs distribution and in-store merchandising services at retailers.





Despite specialising in distribution and sales of chilled products, Clover also handles a significant basket of non-perishable food products. In leveraging its capabilities, Clover provides sales and/or distribution services to a host of valued principals, including the likes of:

- Unilever;
- Eskort;
- Foodcorp;
- Orley Foods;
- Epic Foods;
- Enterprise;
- Red Bull; and
- Danone.

Project Cielo Blu was completed in the 2012/13 calendar year. The aim of the project was to address Clover's capacity constraints in Gauteng, KZN and Port Elizabeth. The distribution network was also re-engineered to a hub-on-spoke model enabling Clover to reduce stockholding and improve stock planning and replenishment.



TYPICAL NUTRITIONAL INFORMATION

As Packed	Per 200ml	Per serving (200ml)	% NRV
Energy	kJ 262	655	
Protein	g 3.2	8	16
Glycaemic Carbohydrates of which total sugar	g 5	12	34
Total Fat of which saturated	g 3.4 1.5	8.5 4.8	
Dietary Fibre	g 0	0	
Total Sodium	mg 48	120	
Calcium	mg 120	250	25
Phosphorus	mg 90	225	18
Vitamin B2	mg 0.2	0.4	35
Vitamin B12	mg 0.4	1.0	40

STORAGE INSTRUCTIONS: KEEP REFRIGERATED ONCE OPENED USE WITHIN 7 DAYS.
VALEURS NUTRITIONNELLES MOYENNES

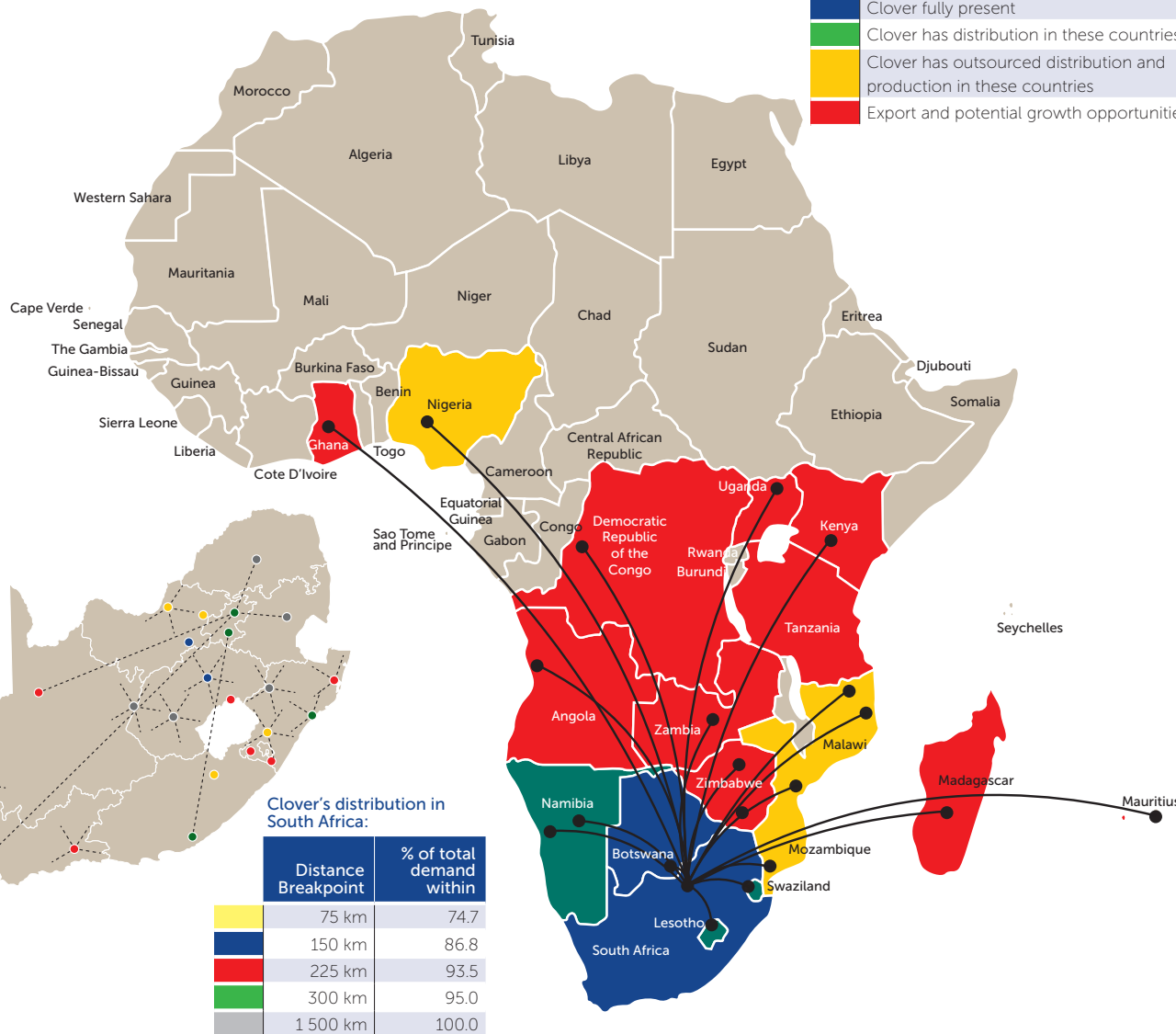
Emballage	Par 200ml	Par portion (200ml)	% NRV
Valeur énergétique	kJ 262	655	
Protéines	g 3.2	8	16
Glucides dont sucres	g 5	12	34
Lipides dont saturés	g 3.4 1.5	8.5 4.8	
Fibres	g 0	0	
Sodium	mg 48	120	
Calcium	mg 120	250	25
Phosphore	mg 90	225	18
Vitamine B2	mg 0.2	0.4	35
Vitamine B12	mg 0.4	1.0	40



Distribution network is a key enabling platform. It provides a sustainable competitive advantage to Clover and is central to the growth strategy for Clover and principal products.

Clover's distribution in Africa:

- Clover fully present
- Clover has distribution in these countries
- Clover has outsourced distribution and production in these countries
- Export and potential growth opportunities



Clover's distribution in South Africa:

Distance Breakpoint	% of total demand within
75 km	74.7
150 km	86.8
225 km	93.5
300 km	95.0
1 500 km	100.0

Stores receive direct deliveries of Clover products between two and five times per week, depending on sales volumes. Over 580 delivery vehicles are delivering stock to over 14 913 delivery points. Over 800 SKU (stock keeping units) are stored, picked, delivered and merchandised in Clover's distribution network. More than 50% of all refrigerated dairy and processed meat products delivered to stores are being supplied through the Clover Distribution Network.

Clover has also embarked on a sales initiative (Masakane Project) to grow the distribution footprint into the bottom-end markets. During 2013/14 financial year Clover added 3 309 additional delivery points or customers to its network. Currently there are 16 project teams active and we plan to extend this to 30 teams during the course of the year.

Sales (Project CAMPRO)

Clover is committed to continually improving its business processes. One of the ways in which we achieve this objective is by embarking on projects that will underpin changes in the following areas:

- Product category development;
- Better understanding of shopper behaviour; and
- Sales execution.

In 2013, Clover embarked on a programme to investigate and improve the way we work across the sales functions. Clover contracted an international consulting firm, Renoir, to assist. The project focused on three separate work streams, namely revenue enhancement, cost reduction and limiting distribution losses. It was found that Clover had pockets of excellence, but required standardisation in the "way we work" across the Company.

A diverse team of six Cloverites were identified to work hand in hand with Renoir to deal with problem identification, root cause analysis and generating, evaluating and implementing solutions. On completion of the project in 2014, the team managed to show immediate savings. Furthermore the sales force utilisation, understanding and compliance to the newly introduced systems and procedures improved to more than 90% during the course of the project.



The CAMPRO Project therefore enabled Clover to establish its own internal change management department, with the ability to identify opportunities, analyse net results and implement change management practices for continuous improvement.

CLOVER Merchandising is "WAY BETTER"!

Clover has 2 456 permanent merchandisers deployed nationally who provide a service to over 3 000 retail and wholesale outlets. These merchandisers work a maximum of 45 hours per week, and depending on volume and type of outlet, weekend merchandising services are also provided.

Clover merchandisers ensure that all Clover and principal products are correctly merchandised on shelf. Merchandisers in collaboration with store management and Clover sales staff are responsible for ensuring that products appear in the right shelf/placement within the store, are available at all times and in the correct quantities. It involves working closely with the store management team, as well as Clover's sales teams.

Quality

Quality over final product produced

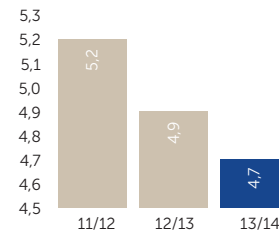
All Clover products are produced in terms of International Best Practices, regarding quality, hygiene and food safety. All Clover factories are ISO 9001 and HACCP certified and accredited by third party auditors and comply with all International Standards, required for food safety and quality management systems.

Clover Quality Assurance performs various tests in all stages of the production process of all its products, through highly trained technicians, in well-equipped laboratories to ensure constant quality, food safety and meeting minimum legal regulatory requirements.

Occupational Health and Safety

Employees can only operate efficiently and effectively in a safe and healthy working environment. Formal health and safety policies are in place as well as systems and processes are implemented and monitored. There is a standard health and safety procedure for every potentially dangerous substance or operation in the workplace. All of Clover's production facilities and major distribution facilities were audited during the review period. Measures complying with all applicable environmental legislation and the Occupational Health and Safety Act ("OHS") were used. Audits are conducted annually to monitor continuous improvement. The Lost Time Injury Frequency rate has improved during the period under review.

LOST TIME INJURY FREQUENCY RATE PER MILLION MANHOURS





INTELLECTUAL CAPITAL Brands and reputation

Clover's Marketing Department has over the years developed several household brands including Clover, Tropika, Butro and Krush, just to name a few. Continuous marketing efforts are required to ensure Clover's brands remain relevant.

Clover has enjoyed a long and successful history as part of the development of South Africa's dairy and fast moving consumer goods industry. Clover has been a household name for more than 100 years. Today, Clover is a leading and competitive branded consumer goods and products group operating in South Africa and other selected African countries with its core competencies in the production of dairy and non-dairy beverage consumer products, the distribution of chilled and ambient consumer products and the sales and merchandising of consumer goods.



Clover has won numerous accolades thereby confirming its status as a trusted household name. Some of the awards bestowed on Clover includes:

- South Africa's leading Iconic Brand in the fresh milk category for 2014; and
- Winner of Reader's Digest's Most Trusted Brands for 2014.

That being said, Clover takes pride in announcing its market shares as at 30 June 2014 in all major categories of dairy products available on the market:

	Clover's Percentage Market Share as at 30 June 2014	June 2014 Market position
Fresh milk	29,4	1
UHT Milk	17,5	3
Cream	40,1	1
Butter	33,8	1
Feta cheese	33,0	2
Natural cheese	33,3	1
Natural pre-packed cheese	30,4	1
Processed cheese	10,1	3
Pure fruit juice	44,9	1
Dairy mix	68,2	1
Fruit nectar	29,6	1
Iced Tea	21,9	2
Bottled water (including Aquarts and Nestlé)	17,7	3
Flavoured milk	32,3	2
Maas	8,1	3

Aztec Report 12 monthly moving to June 2014 (based on total defined supers, (i.e. PnP Group; Shop/Checkers Group and Spar Group).

Trademarks and Patents

Clover is the proprietor of more than 916 registered trademarks within the following jurisdictions:

Jurisdiction	Number of trade marks
South Africa	368
Rest of Africa **	536
Other countries **	12

** Botswana, Swaziland, Namibia, Angola, DRC, Egypt, Ghana, Kenya, Lesotho, Malawi, Mauritius, Morocco, Mozambique, Nigeria, OAPI and Seychelles.

Clover further holds 11 patents registered in South Africa and Namibia.

Clover's intellectual property is protected through employment contracts, confidentiality agreements and/or licence agreements. Clovers intellectual property portfolio is further managed through competent patent and trademark attorneys.

Product Innovation and Technology

Clover is focused on the ongoing revision and revitalisation of its marketing strategy by growing its brand basket and successfully maintaining existing brand market shares. This is done through developing new value added products and leveraging from its existing strong brands in the dairy and beverages categories to increase Clover's profitability. New products will either be developed by Clover's in-house Product Innovation and Technology Department or in co-ordination with a joint venture-like partnerships such as recent Clover Futurelife JV to produce a nutritional health drink.



Clover's Product Innovation Department ("PIT") is constantly looking to improve its current product offerings through improved product formulations and improved packaging, working towards 'greener' alternatives. These projects initiated also generally result in cost savings. With a dedicated PIT department, Clover is able to constantly evaluate new product opportunities that would complement its existing basket of products.

Clover's Technical Department is responsible for the construction of new factories as well as new production lines according to product specifications determined by PIT. All new lines installed have to meet product quality and safety standards benchmarked against international best practices. This is to ensure that the production environment is free from harmful bacteria not suitable for human consumption. The Technical Department ensures that all production staff are trained prior to the commencement of production.

Information Systems

Clover has an in-house Information Technology Department to support the business on its BPCS ERP environment, while also being at the forefront of supplying and developing Clover's management reporting. Please refer to the Governance, Risk and Compliance Report where this has been discussed in detail on page 48.

FRESH MILK

Clover is the market leader in fresh milk. In order to maintain our number one position and reinforce our leadership, Clover focuses on differentiation and innovation, underpinned by superior quality, providing consumers with solutions that make their lives Way Better.

UHT MILK

The quality and goodness of UHT milk is kept fresh for longer due to the UHT (Ultra High Temperature) process and special packaging that allows the product to be stored for a period of nine months without refrigeration.

CREAM

Clover cream is ultra-pasteurised to ensure a superior quality product with an extended shelf life. Clover aims to increase its markets share in this segment by creating awareness and educating consumers on the multiple uses of cream. The packaging used for our cream products are dedicated to recipes and communication on all areas of cooking and baking where cream can be used.

BUTTER

Clover is the largest manufacturer of butter in the country. Clover is the market leader in this segment, including such well-known brands as Clover Mooi River salted butter, Clover Springbok unsalted butter and Butro butter spread. Clover butter is a natural product without any additives, artificial colouring or flavouring.

FETA CHEESE

Clover feta cheese is the second largest brand in the market on and is competing for the number one position. In this extremely price sensitive market, Clover recognises that it is important to ensure pricing and quality are right. Further to this, Clover promotes feta below the line to drive growth and quality.

CLOVER'S RANGE OF CHEESES

For over 100 years, Clover cheeses have been making mealtimes more delicious. This is because they are made according to the highest quality standards, with care and dedication.

Clover is the market leader in the pre-packed cheese segment with Clover and Elite cheese sharing in this category. Clover's award-winning individually wrapped processed cheese is indicative of Clover's clear ambition to provide consumers with the highest quality, best tasting products. New Clover individually wrapped processed cheese slices are preservative free and made with great tasting, excellent quality ingredients. Sacca cheese enjoys great heritage as it has been available since 1914. Elite Gouda is the only gouda in South Africa that is made in the traditional way.





CLOVER KRUSH

Clover Krush is a premium, 100% fruit juice blend, available in 10 exciting flavours and caters for the entire family. Clover Krush will ensure not only a great healthy alternative, but the delicious tastes of nature with uncompromising everyday goodness. No sugar or sweeteners are added to the juice and it is enriched with Vitamins A, C and E. Clover Krush is the market leader in the pure juice, short life fruit juice market



TROPIKA

Tropika is made from a combination of fruit juice and dairy, which results in a unique smooth tasting beverage. After nearly 30 years in the South African market, Tropika is still the market leader in the Dairy Fruit Mix category and the bestselling fruit juice beverage in South Africa.

DANAO

Danao is a dairy fruit mix drink containing real fruit juice and dairy with added vitamins A, B2, B12, C and Calcium. The brand focuses on the inherent goodness of fruit juice and dairy – “Double the Happiness”. The plan is to broaden the appeal from being a breakfast drink to an all-day, any time refreshment with an extended consumer target market.

CLOVER LIFE NECTAR

Clover Life Nectar range offers consumers a delicious, refreshing juice nectar that is affordable enough to purchase regularly. Clover Life has always been a favourite in South African homes and occupies the number one position in the Fruit Drink/Nectar category.

MANHATTAN ICED TEA

Manhattan Iced Tea is the second biggest ready to drink Iced Tea in South Africa. Manhattan Iced Tea is a non-carbonated beverage with a tea extract base and fruit flavour blends. Manhattan Iced Tea has three tea extract variants, black, green and white tea, which is then blended with a variety of fruit flavours or fruit blend combinations, to give a refreshing and tasty ready to go Iced Tea.

AQUARTZ NATURAL MINERAL WATER

Aquartz is a natural mineral water that is bottled directly at source, this is to ensure the highest quality, purity and safety. The Aquartz water source is a naturally sweet mineral water that is low in TDS's (“Total Dissolved Salts”). Aquartz is available in natural mineral water or in sparkling flavoured water options.

NESTLÉ PURELIFE MINERAL WATER

Nestlé Purelife is a pure, still or sparkling mineral water that is bottled directly at its unique source, ensuring a good balance of minerals and a crisp mouth sensation that revives your palate and is pure hydration for the whole family.

AMASI

Amasi (so called in Zulu and Xhosa, and “maas” in Afrikaans) is the common word for fermented milk that tastes like cottage cheese or plain yogurt. Clover brings the love for tradition into dairy with Clover Amasi. Clover’s maas recipe is rich and creamy to reignite the love in their customers hearts with this cultural and delicious treat.

SUPER M

Super M is the coolest teenage flavoured milk. It is available in four great flavours: chocolate, strawberry, banana and cream soda. Where the competing market leading brand’s strategy is based on flavour, offering a variety of flavours for each consumer, Super M decided to follow global trends and offer variety in pack sizes in the top four selling flavours.

CONDENSED MILK

Full-cream sweetened condensed milk manufactured by Clover is prepared from standardised bovine milk and pure refined sugar. The product does not contain any preservatives except sugar.





HUMAN CAPITAL

Clover constantly strives to improve employee competencies by providing ongoing training through skills development programmes focusing on areas where there is a general shortage of skills. For Clover to remain at the forefront, it needs to constantly innovate and improve its business model requiring the appropriate staff complement in support thereof through lucrative attraction and retention strategies. All of this is done in compliance within the labour related regulatory universe. Clover also aspires to achieve objectives set out in respect of employment equity.

The Human Capital Strategy (Project Driven):

- Focuses on positive initiatives to ensure the long-term sustainability of the business;
- Acknowledges that the right people are the primary source of a competitive advantage; and
- Contributes to the establishment of an engaged workforce that strongly identifies with the company's vision and mission and objectives.

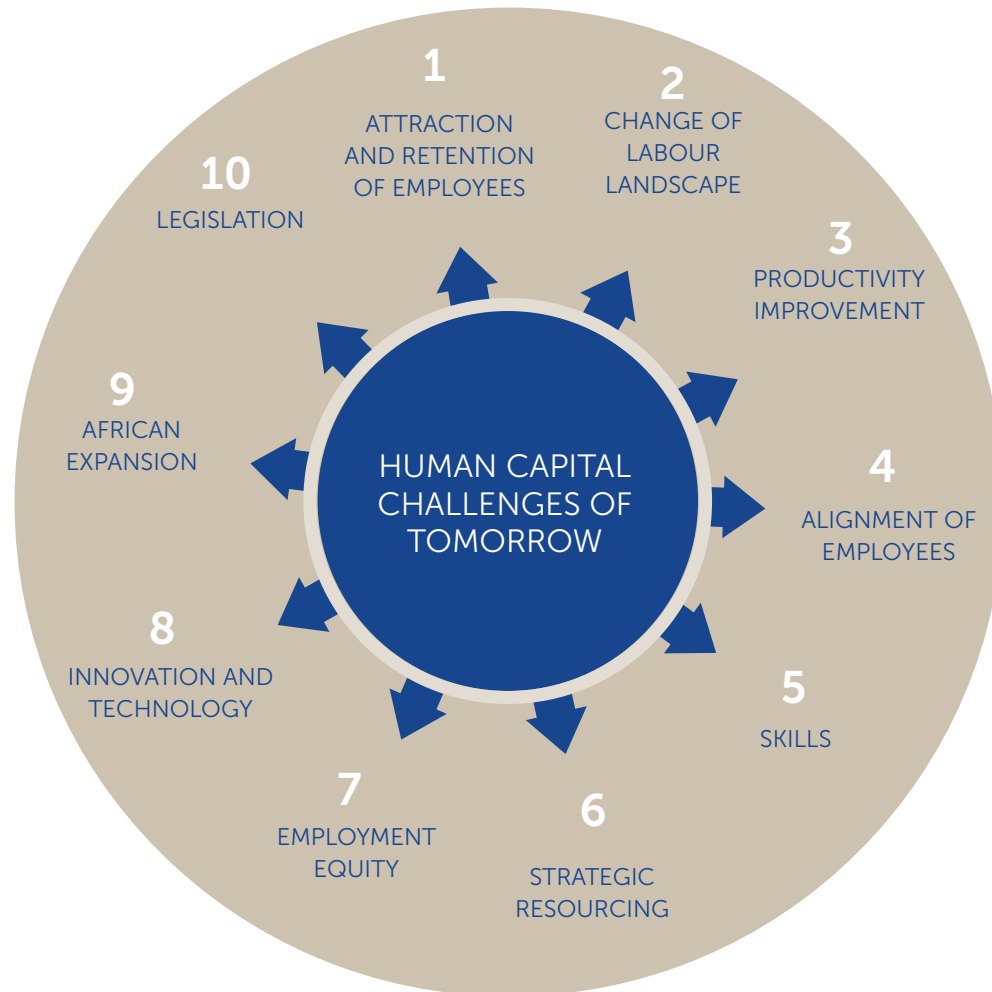
The Human Resources Department works closely with other business units to ensure that risks associated with Human Capital are identified and addressed. Special focus is also placed on regulatory compliance as it relates to day-to-day activities at Clover. The Human Resources Department is pro-active in supporting the business to utilise opportunities that will add value to the business and its 6 424 permanent employees.

1. Labour and Employment

Following the launch of Project Driven during 2013 the Company reconfirmed its strategic focus with regard to human capital:

- To establish a culture of exceptional performance.
- To commit to a culture of legal compliance.
- To develop and grow all employees.
- To create a competent and diverse workforce.
- To create a pleasant, healthy and motivating working climate.

Project Driven outlines Clover's broad strategy for addressing the Human Capital's response to:





1.1 Attraction and retention of employees

Clover recognises that there is a limited pool of skilled people available, and as part of our "Way Better" and "Driven" campaigns, we aim to enhance the attraction and retention of employees. Achieving our Vision and Mission is largely dependent on Clover's ability to attract and retain high-calibre individuals.

Clover therefore participated in the 2013 Best Company to Work for Survey conducted by Deloitte. As a virtual participant, for the second year in a row, the overall rating achieved was described as "very positive/excellent". Action plans have been developed for areas that can be improved upon and which will impact positively on the attraction and retention of employees.

1.2 Change of the labour landscape

Clover recognises the need to assess and respond to the dynamics in the social and labour environment on an ongoing basis. Despite the industrial action that has been prevalent in certain sectors, a harmonious working relationship has been maintained in the Company. This has been as a result of open and regular communication between the parties involved. We acknowledge the need to react appropriately to the changing circumstances.

Special focus is placed on optimising industrial relations platforms at different levels in the Company. At Clover, we respect the rights of our employees.

1.3 Productivity improvement

Productivity and continuous improvement initiatives are part of the Clover culture. Through Project Driven there is renewed focus on team performance, multiskilling, variable pay opportunities and a number of other Way Better initiatives.

1.4 Alignment of employees

We believe the alignment of employees is critical for business success, and to build a culture of exceptional performance. Our approach towards performance management and the mechanisms that support individual and team performance are being reviewed. A range of communication platforms are used to enhance alignment – examples include management breakaway sessions, team meetings, in-house publications, union meetings, etc.

1.5 Skills

To secure Clover's position as one of Southern Africa's leading fast moving consumer goods companies, the Group proactively engages in the development of employees in all disciplines.

Specific focus has been on Wholesale and Retail Operations Learnerships, Job Technical Training Programmes at our production facilities, the upskilling of sales personnel and management as well as leadership development. Financial assistance for study purposes was further extended, and a number of internships were introduced.

Equipping our employees with the right skills remains a high priority. With this in mind the Company has invested in training and development as follows during the year:

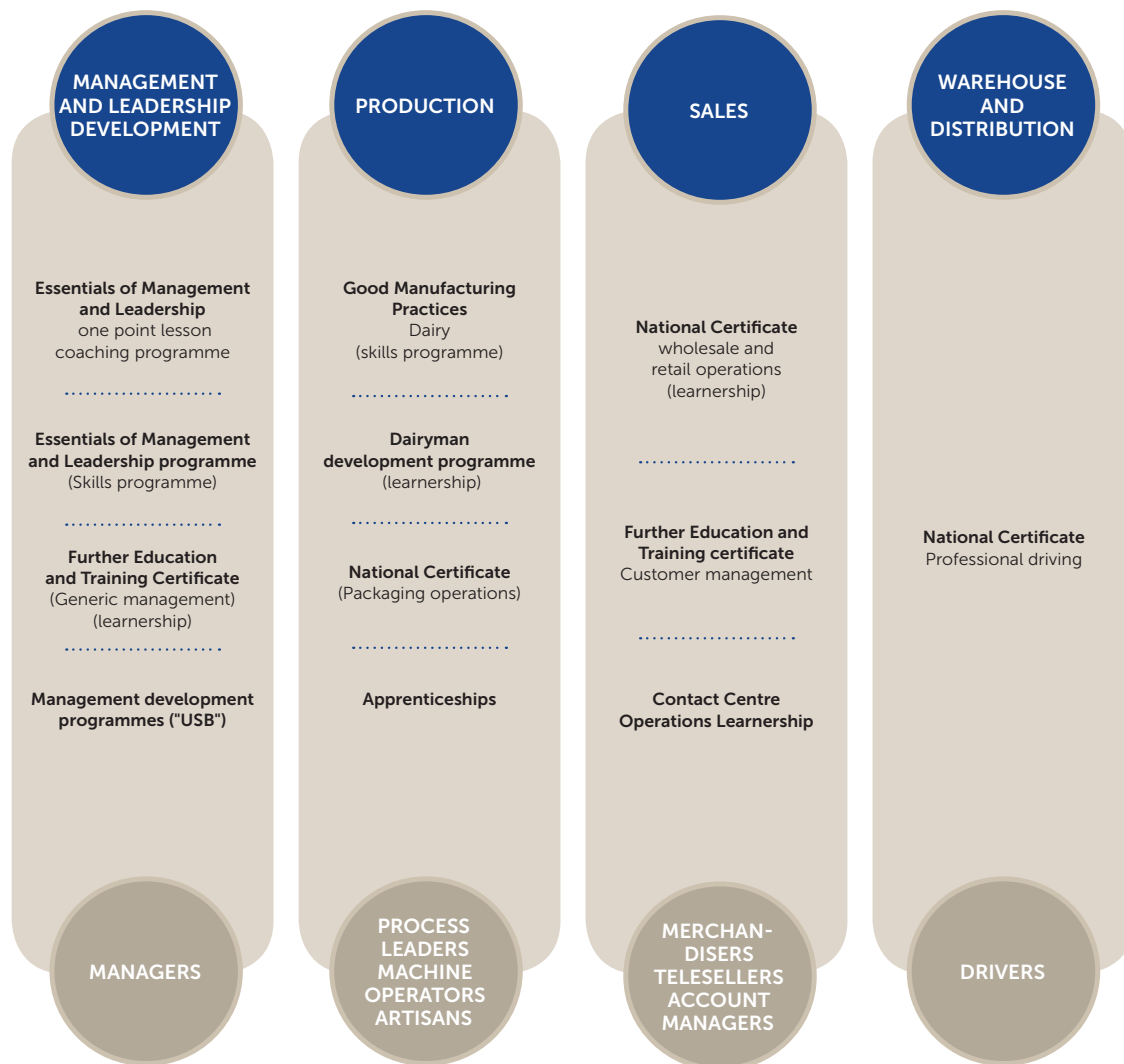
Intervention	2014	2013	2012	2011	2010
Number of employees trained	2 127	1 953	2 224	2 058	1 550
Total training spend per year (R'000)	8 337	7 965	4 879	3 450	3 942
Training spend per total number of employees per year (R'000)	1 298	1 219	744	543	619
Number of man days spent on training	6 705	4 627	2 965	2 744	2 067

Intervention	2014		2013	
	Total employees	Black employees	Total employees	Black employees
Number of employees trained	2 127	1 715	1 953	1 601
Number of employees enrolled on Learnerships, Skills Programmes and Apprenticeships	344	308	299	266
Number of employees on Formal Workplace Experience and In-Service Training Programmes	38	29	24	17
Number of bursaries (employed/unemployed) granted for degree and diploma studies	36	17	54	23
Value of bursaries granted for Degree and Diploma Studies	678 023	461 135	720 000	453 000

Going forward, it is acknowledged that a range of new skill sets will be required. This will necessitate a renewed focus on fast tracking, coaching and mentoring of young talent and the continuation of competence building training and development initiatives.



Responding to business needs and to maximise our return on skills upliftment, the following formal programmes are in progress or are in the final stages of development for implementation in 2015.



Significant achievements include:

- National Skills Authority Recognition Award (Department of Higher Education and Training) for Creating Work Placement Opportunities for young diploma and graduate students on completion of their In-Service or Workplace Experience Training with Clover; and
- First person qualified as Dairyman via the Quality Council for Trade and Occupations Curriculum Based Model.

1.6 Strategic resourcing

The dynamic environment in which we operate and our expansion plans demand that we review our resourcing strategies. Project Driven will enhance how Clover attracts, engages, motivates and rewards our workforce, so as to maximise the likelihood of achieving our vision through developing and reinforcing a shared mindset. Through strategic resources, Clover would ensure optimum levels of productivity, whilst catering for changing business demands as well as new legislative requirements. Regular review of our labour force composition and the optimisation of resources is constantly required.

1.7 Employment Equity

The Company fully supports employment equity in the workplace and various measures are in place to assist in reaching employment equity objectives. These include bursaries, internships and other employee development initiatives.

Employment Equity remains a focus area and various measures are in place to contribute towards the achievement of employment equity objectives:

- Steps are taken to appoint suitably qualified candidates from the designated groups where vacancies arise;
- Various training and development initiatives are aimed at having a positive impact on the Company's longer term employment equity objectives; and
- In compliance with legislated requirements, the Company has prepared and submitted a new two year employment equity plan.



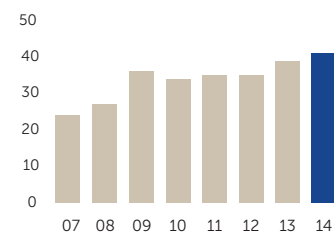
Clover subscribes to Employment Equity legislation and relevant Codes of Good Practice; this is also encompassed in the Clover Employment Equity policy. There should be no unfair discrimination in respect of *inter alia*, race, colour, language, religion, gender or political views or on the grounds of disability. Therefore all employees will receive equal opportunities to develop according to their merit and ability.

In line with the requirements of the Employment Equity Act, Clover has drafted its Employment Equity plan. The objectives of the plan are to give effect to the Company's employment equity policy in so far as it relates to employment equity goals. The Executive Committee is responsible for the implementation and monitoring of Clover's Employment Equity plan. The Executive Committee, in execution of its duties, will assign specific responsibilities to individuals and managers in general. The responsibility to implement employment equity plans at the different Clover sites is delegated to site managers. All appointments should be conducted in line with Clover's Employment Equity policy. Clover's Human Resources department is responsible to monitor these activities and report to the Social and Ethics Committee at least annually on progress towards Employment Equity targets.

Percentage of staff from designated groups

Clover defines designated groups in line with the Employment Equity Act. Designated groups means black people, women and people with disabilities. Clover has been increasing the number of employees from designated groups as tabled below:

PERCENTAGE OF STAFF FROM DESIGNATED GROUPS



This graph reflects only middle management and above.

Employment Equity Plan objectives

To improve diversity in the workplace, and especially to address the levels of representation of people from designated groups, Clover is committed to achieving the goals set out below:

Affirmative action measures and objectives	2013/2014 Objective	Achieved 30/06/2014	2014/2015 Objective
Black people on F Band	14,20%	14,29%	14,29%
Black people on E Band	9,50%	11,11%	14,28%
Black women on E Band	4,70%	5,56%	9,52%
Black people on C5 – D5 Band	20,00%	20,85%	24,55%
Black women on C5 – D5 Band	6,70%	6,20%	8,10%
Black people on C1 – C4 Band	52,40%	53,33%	55%
Black women on C1 – C4 Band	10,60%	11,07%	12,7%
Disabled people	0,85%	0,80%	0,74%

Broad-Based Black Economic Empowerment ("B-BBEE")

Clover supports the legislative framework aimed at transforming South Africa's economy. The Group's overall business strategy is regularly reviewed in the context of the principles embraced by B-BBEE.

The last financial year that Clover was assessed was in respect of the June 2013 year end, which assessment was performed by EmpowerLogic, a SANAS approved external verification agency. The Group was assessed against Agri sector B-BBEE Code for the first time and the Group's overall score improved by 13,9% year-on-year.

Clover is a Level 6 B-BBEE contributor and the Group has embarked on ambitious plans to achieve a higher level of compliance in the coming year.

It is understood that the current Agri sector B-BBEE Code, will be affected with more stringent requirements of the amended generic B-BBEE Codes that was released

in October 2013, effective from April 2015, which may change the targets that are set forth in the Agri sector B-BBEE Codes. It is understood that no guidelines are available as yet from the DTI on how sector codes will be amended with changed amended generic codes, but understand sector codes have to be amended by October 2014, which should allow for an implementation period.

1.8 Innovation and technology

We encourage innovation in Clover and acknowledge the need to equip personnel with technology that will enhance performance. A number of projects that will result in new generation business systems, are in progress:

- A fully integrated payroll and human resources system consolidating all human resource applications into one system.
- Standardising to a single ERP environment, enabling Clover to benefit from advanced management reporting available on the new environment.
- 'Big Data' analytics for improved business intelligence.



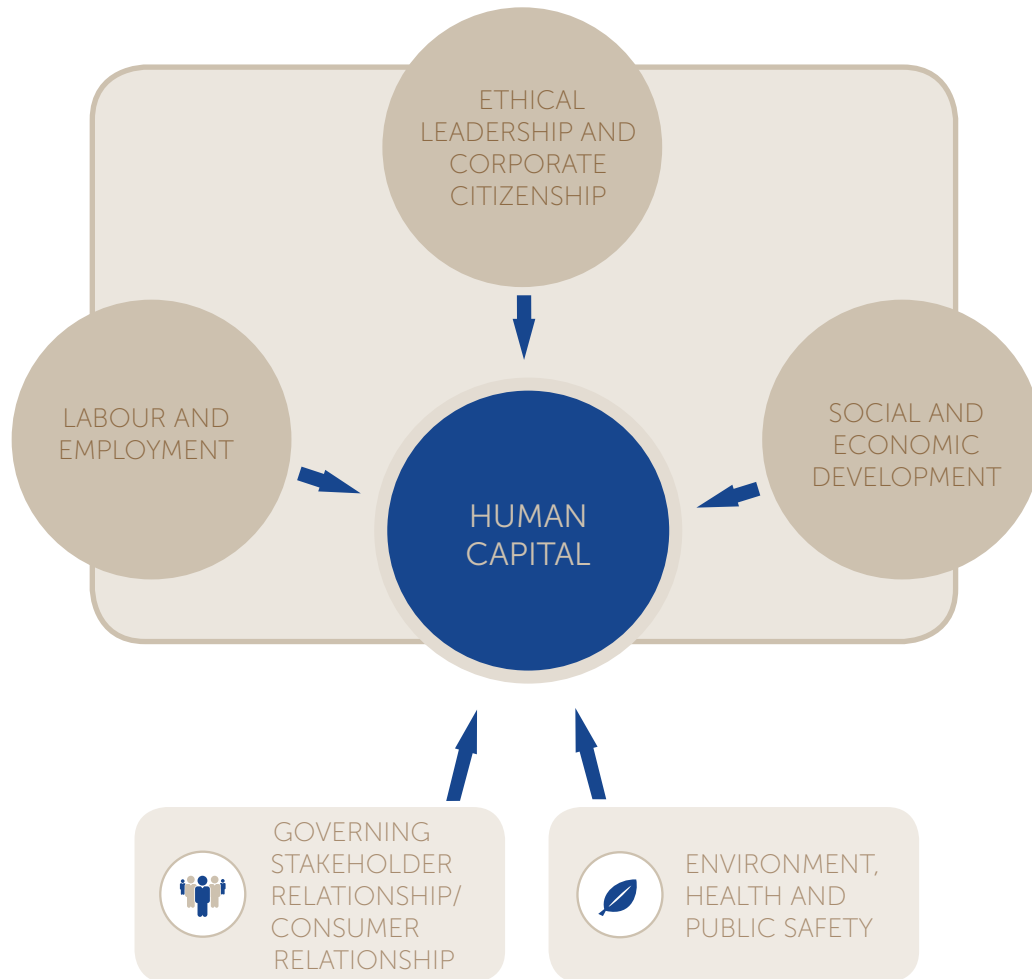
1.9 Africa expansion

Our decision to exploit opportunities which exist in Africa are placing new demands on the business. The Human Resources function is assisting with the process of manning these operations. Clover prides itself in successfully embracing diversity in the different African countries we operate in, as in these countries, Clover employs local staff to ensure that we take into account the specific culture of each country in order to better understand our customer's needs, as depicted below:





REGULATION 43 OF COMPANIES ACT



 Environment, health and public safety are dealt with under the Natural Capital.

 Governing stakeholder relationship/consumer relationship dealt with under the Social and Relationship Capital.

1.10 Legislation

Clover is committed to conducting its business activities lawfully and ethically. The Company will take reasonable steps to ensure that amendments to legislation are communicated and implemented throughout the business.

Clover's Social and Ethics Committee monitors and takes cognisance of relevant legislation, other legal requirements and prevailing codes of best practice with regard to its responsibility to comply with Regulation 43 of the Companies Act as diagrammatically presented on the left of this page:

Ethical leadership

Clover and its leaders have adopted a philosophy that respects the rights and dignity of others. At Clover we are aware of how our decisions influence others, and these principles are integrated in our thinking and decision making processes. Our ethical leadership principles are an integral part of our vision and mission, and are demonstrated by our people through the execution of their functions and projects.

Effective leadership based on an ethical foundation

Clover's strategy to build a sustainable business considers the long and short-term impacts of our operations on the economy, society and the environment. It is our intention not to compromise the environment, and we consider the impact of our operations on both internal and external stakeholders.

Promotion of equality, prevention of unfair discrimination and reduction of corruption

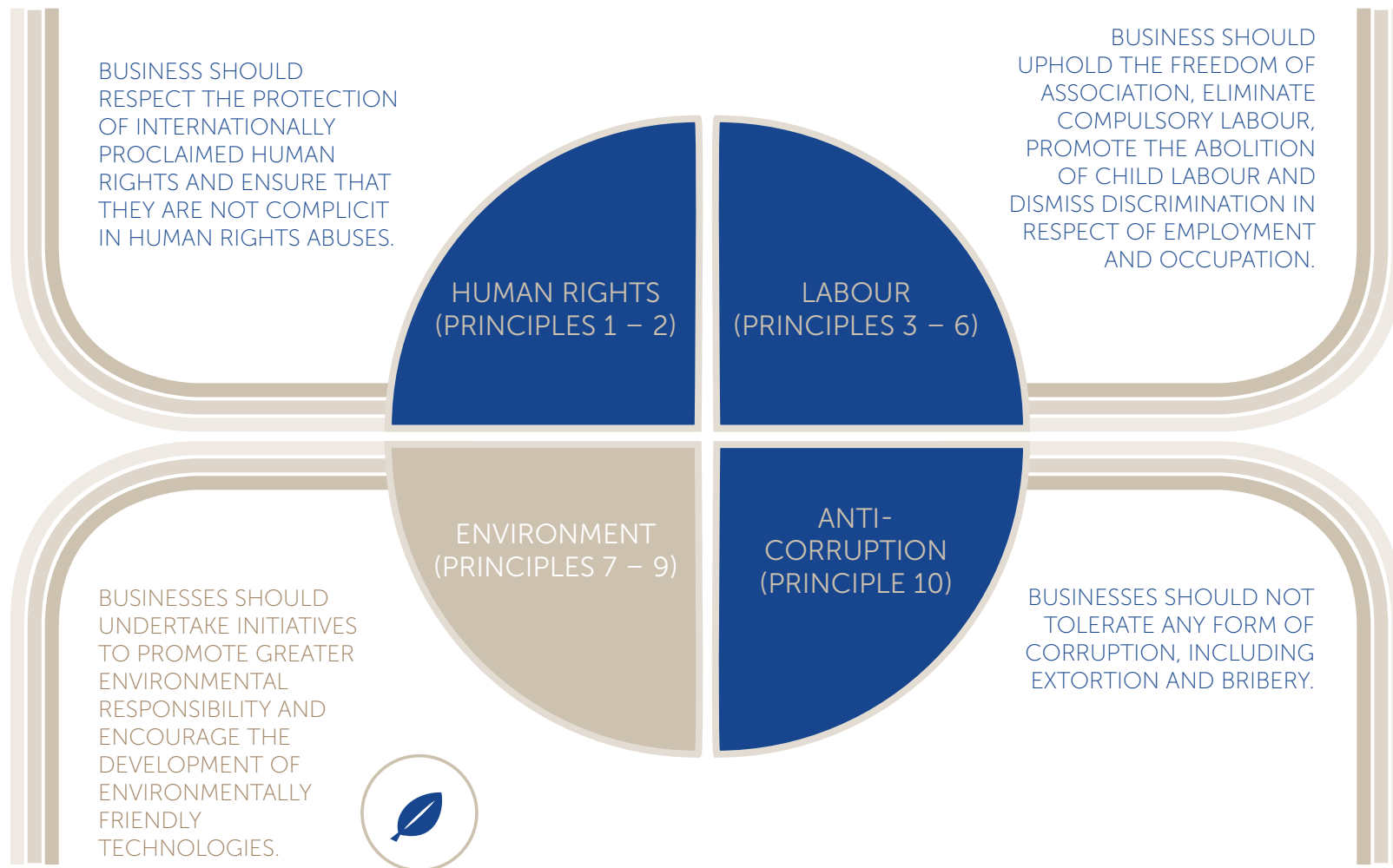
Clover is committed to the promotion of equality, and prevention of unfair discrimination with all its stakeholders, as is demonstrated in the Clover Ethics policy. We are committed to using our best endeavours to adhere to the following principles:

- The United Nations Global Compact principles;
- The Organisation for Economic Co-operation and Development ("OECD") principles on corruption; and
- International Labour Office ("ILO").



The United Nations Global Compact principles

The universal principles to which Clover is committed to include human rights, labour, the environment and anti-corruption, as listed below:



 Environmental discussed under the section on Natural Capital.

● **The OECD recommendations on corruption**

Clover is committed to conducting its business activities lawfully and in a manner that will enhance the qualities valued by Clover, in particular, ethics, integrity and compliance with the law. Corruption can occur in many forms including extortion, nepotism, embezzlement, bribery, cronyism, patronage amongst others. Corruption impacts directly or indirectly on sustainable development of Clover's stakeholders. Clover's business processes, employee behaviour and daily activities at all levels of the organisation are conducted in accordance with the OECD recommendations on corruption. Further disclosure on the combatting of corruption can be found in our reports on Risk Governance and Compliance.

In order to ensure compliance to these principles, Clover's Human Resources function and Risk Department conduct annual evaluations of the Group's performance. Based on the evaluations performed for the year under review, no material deviations were reported.

Our Ethical Leadership principles dealing with corruption are further disclosed in our Report on Governance, Risk and Compliance. Ongoing awareness is raised through Clover's ethics awareness campaigns at all operations for purposes of enforcing Clover's ethical principles.

Clover has formalised its ethical values into its Ethics policy, which is available on Clover's website.



NATURAL CAPITAL

The growing demand for natural resources will force dairy companies to process products more efficiently by lowering its carbon and water footprint by making use of the latest technologies in South Africa similar to those already developed in Europe. In addressing its dispersed factory locations, Clover is evaluating its options to consolidate these factories and install latest technology, enabling it to improve its cost competitiveness, while also achieving synergies in sustainability of its operations, such as reduction in Clover's carbon and water footprint. As some of the technologies are expensive, Clover is constantly reviewing available government tax incentives and grants to ensure business cases are viable and that the project would result in Clover to be more cost competitive at a unit cost level.

Clover is evaluating available government incentives within Agro processing, to benefit cost competitiveness of milk producers, including black farmer development.

Objective	Outcome
Continuously improve on environmental performance.	Implement and maintain an effective environmental management system ("EMS"). Provide a structured framework for continual improvement.
Inform staff on the EMS and policy and equip them with skills to achieve requirements of the policy.	Staff engagement, formal development and training.
Ensure consistent quality of products in line with legal, regulatory and best practise requirements.	Implement quality assurance models in both Clover's milk collection as well as the production environments with laboratories monitoring and testing quality of products. Ultimately quality is monitored through feedback at Clover's Consumer Centre handling general enquiries, complaints as well as compliments.
Reduce carbon footprint.	Quantify the carbon footprint associated with operations and key elements of the supply chain. Set annual targets for reducing Clover's overall climate impact.
Reduce water usage across operations.	Monitor water usage and set targets for reducing water consumption.
Limit the generation of solid and liquid waste and the impact of their disposal.	Implement programme, monitor waste sent to landfill and set targets for reducing waste to landfill.
Minimise returns and damages and the impact thereof on the environment.	Implement programmes and monitor.
Reduce energy consumption and associated emissions.	Monitor energy usage and set targets for reducing consumption.
Manage impacts for on-site storage of fuels and chemicals, both during normal operation and in the event of spills and emergencies.	Implementation and monitoring of procedures.
Optimise the use of primary and secondary packaging.	Monitor wastage and implement improvement processes and targets.
Adhere to all applicable environmental legislation.	Continuously review and revise the ambit and effectiveness of the EMS.
Ensure continuous monitoring of and reduction in the impacts associated with milk supply.	Support and development of the Best Farming Practices Programme.
Inform supply chain partners on activities to reduce environmental impact and partner with them to reduce their own impact.	Formally engage with partners in the supply chain.
Ensure Health and Safety throughout all operations.	Continuous monitoring to ensure safe working environment.



Environmental

Clover strives to manage its business in such a manner that the environment is adequately protected, the use of natural resources is minimised, and that environmental management programmes are established to contribute towards the sustainability objectives of the company. Clover's green initiative strategy was formalised and commenced in the 2011 financial year with the aim of establishing a formal environmental sustainability ("green") strategy. In terms of achieving this vision, Clover recognises its responsibility to reduce, and as far as possible, to eliminate the impact of its business on the environment. Clover recognises that in achieving environmental excellence, it would obtain a competitive advantage over its peers, as a food manufacturer's energy and services costs comprise approximately 30% of fixed costs.

This responsibility not only relates to operations within Clover's control, but also to Clover's supply chain partners, who in the course of supplying Clover, could be responsible for significant environmental impacts. In the realisation of this responsibility, Clover has developed an environmental management system ("EMS") which provides a structured framework against which continuous improvement can be measured. Clover actively monitors environmental, health, safety and quality through the use of its dedicated Entropy risk management system and other forms of assurance. It is envisaged that the Entropy measurement will be progressively extended to other areas of environmental sustainability.

The Social and Ethics Committee requires each business unit to regularly report its impact on the environment based on agreed measures. The Chief Engineer: Maintenance and Safety, Health and Environment ("SHE") for production together with the Divisional Engineer for distribution are both responsible for reporting on Clover's green strategy and on the SHE compliance to the Social and Ethics Committee on a quarterly basis.

Water, Electricity, Fuel, Wastage and Carbon footprint

Clover invests in air filtration to ensure that products are produced in hygienically safe conditions to ensure that quality standards are adhered to, irrespective of external air quality. Clover is also actively striving to reduce carbon emissions per unit produced. This is especially relevant in an environment of constantly above inflation increases in the cost of electricity and fuel. Clover is reliant on a constant good quality water source to ensure that products meet its minimum quality standards.

In areas where water quality is inconsistent, Clover installs water purification/filtration systems to ensure a quality water supply to the factory. Clover is exposed to areas where factories are located in water scarce areas, as no factory can be operational without water supply which is required to clean manufacturing lines on completion of production batch runs or where water is used as a base of the product, such as juice. Future climate change may also impact on milk supply areas and available supply. Clover makes use of available grants and tax allowances to implement "Green technology" reducing its carbon and water footprint to improve its operations to be more sustainable in future. This will also result in the reduction of Clover's cost to produce, and enhancement of its competitiveness.

Waste and operational efficiency

	2011/2012	2012/2013	2013/2014
Water consumed per kg of product produced	4,353	4,5616	4,2902
Electricity consumed per kg product produced (kWh/kg)	0,1553	0,1735	0,1505
Fuel consumed for steam generation (coal, diesel, HFO) per kg product produced (kWh eq/kg)	0,4912	0,5229	0,4509
Waste to landfill in kg per kg produced	0,0155	0,0147	0,0097
Waste recycled (kg)	1 100 503	2025670	1 793 590
Lost time injury frequency rate	5,21	4,90	4,74
Carbon Footprint			
Total Scope 1 and 2 emissions (tonnes Co ₂ eq)	250 869	265 627	245 357
Total Scope 1 emissions (tonnes Co ₂ eq)	119 605	122 765	116 659
Total Scope 2 emissions (tonnes Co ₂ eq)	131 264	142 862	128 698
Trends per Source			
Stationary combustion (tonnes Co ₂ eq)	75 633	72 827	67 304
Mobile combustion (tonnes Co ₂ eq)	39 954	44 956	45 595
Fugitive (refrigerants) (tonnes Co ₂ eq)	4 018	4 982	3 759
Electricity (tonnes Co ₂ eq)	127 678	137 397	123 955
Purchased steam (tonnes Co ₂ eq)	3 586	5 465	4 744

Carbon footprint

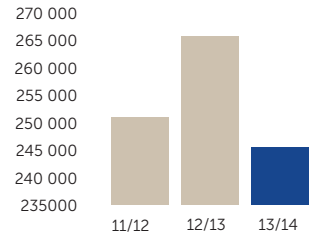
Clover's carbon footprint extends over the operations of the following five business units:

Business unit	Description/key activity
Head office	Corporate administration, marketing, management
Procurement	Transportation of raw milk and materials from suppliers to Clover facilities
Production	Facilities for the processing, packaging and dispatching of products
Primary distribution	Transport of products from production facilities to primary and secondary distribution centres
Secondary distribution	Clover controls a large number of secondary distribution facilities across South Africa that handles own and principal clients' products. Distribution is to retail customers through leased vehicles, under the control of Clover



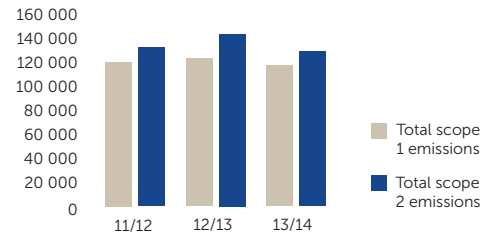
CARBON FOOTPRINT

Total scope 1 + 2 emissions – tonnes CO₂e



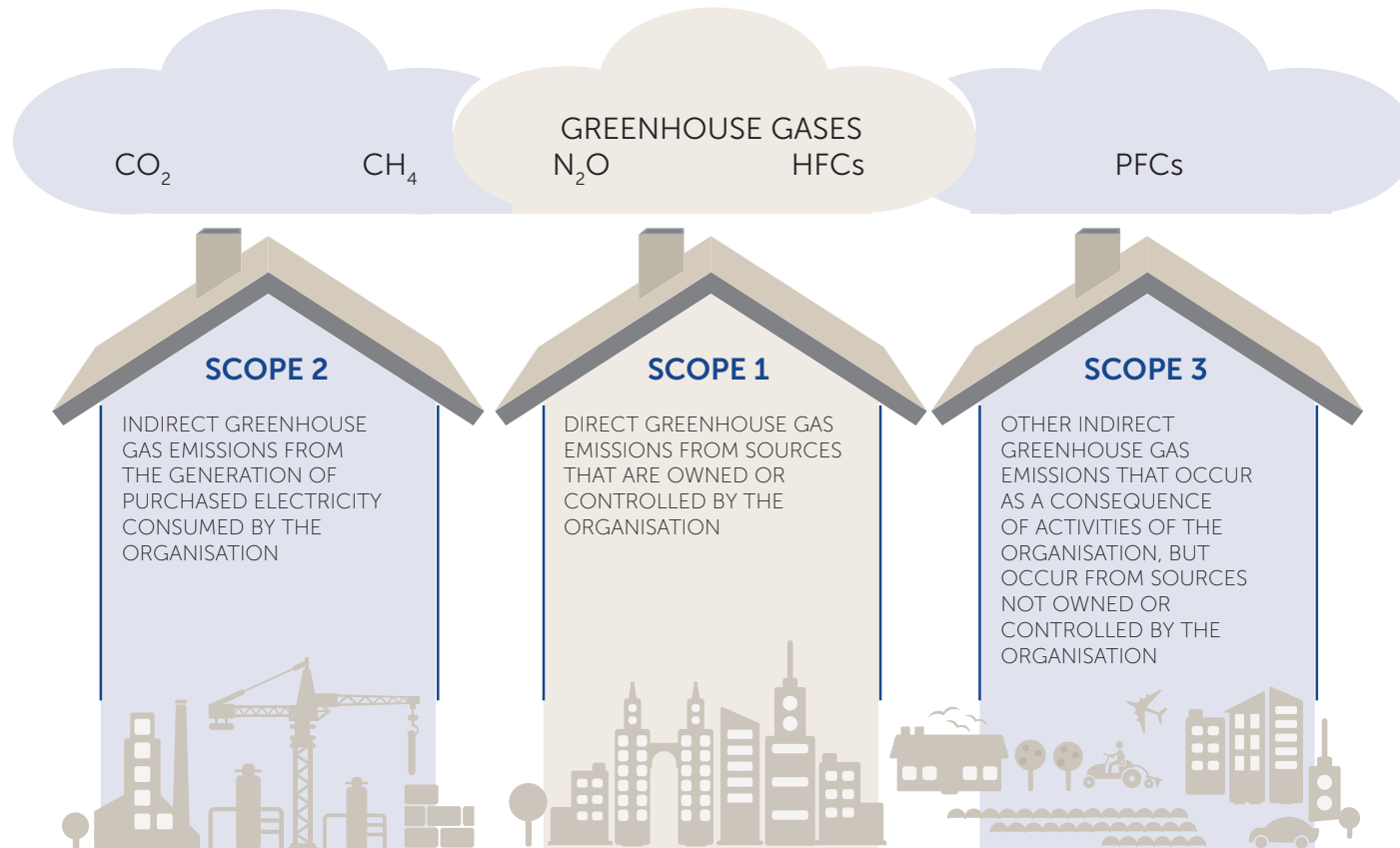
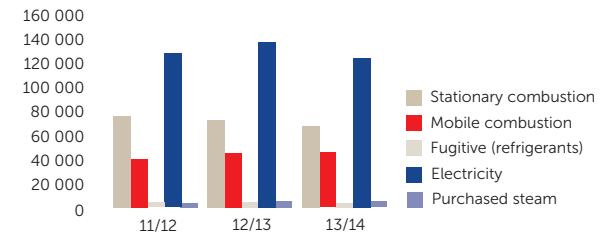
CARBON FOOTPRINT – BY SCOPE

tonnes CO₂e



CARBON FOOTPRINT

tonnes CO₂e





SOCIAL AND RELATIONSHIP CAPITAL

Clover has its own Corporate Social Investment programme, which the Group developed to support community projects. Clover identified all its material stakeholder groups and prioritises its stakeholder concerns as part of its risk management activities.

Clover Mama Afrika

Good corporate citizenship

Clover prides itself in conducting business by taking into account our legal, ethical and economic responsibilities. While it is our goal to preserve profitability for our shareholders, we also aim to create higher standards of living and quality of life in the communities in which we operate.

- **Corporate social and community investment**
Clover Mama Afrika Trust was started ten years ago in 2004. Over the past decade, Clover Mama Afrika has established a reputation for being one of the country's most innovative, effective and sustainable corporate investment programmes, bringing tangible benefits to the people it aims to uplift.

The Clover Mama Afrika initiative has set out to restore some of the best aspects of African tradition into modern life, such as caring for one another, passing on skills and protecting the young, the weak, the aged as well as HIV/AIDS victims. Today, the Clover Mama Afrika project places a strong emphasis on assisting people in disadvantaged communities to learn to help themselves so that they may regain their pride, establish self-sustaining livelihoods and become valuable members of their communities and to society at large.

At the heart of the programme are the carefully chosen "mamas" who already act as pillars of strength in their communities. Hand-picked by Clover, the mamas are incredibly special ladies who already make a difference in the lives of the people around them and want to empower others to become self-sustaining too. The programme sees that they are trained in a variety of essential skills that can then be passed on to other community members. Cooking, baking, sewing, curio making, hair care and food gardening

are just some of the training they receive and significantly, they are also presented with the necessary tools, equipment and infrastructure to create an income for their communities on the back of their newly acquired skills. Currently, the Clover Mama Afrika project has 40 Mamas countrywide who collectively care for over 15 500 children and more than 2 500 elderly across the whole of South Africa.

Value drivers of the Clover Mama Afrika initiative

- **Skills selection centres**
Relevant, employable and marketable skills are aligned to the needs of each respective community to ensure that the centres become self-sustainable. After skills-training, Clover Mama Afrika provides start-up equipment to allow for immediate income generation and passing on of skills.
- **Site improvement**
Clover Mama Afrika assists communities with the repairs and renovations to basic facilities such as appropriate ablution facilities. It is important for us to create a safe haven for all the children in the care of a Clover Mama Afrika.
- **Monitoring and Evaluation**
Regular monitoring and evaluation of each self-help project is implemented, which allows for the identification of strengths and weaknesses on an individual basis. Immediate support and assistance is provided where necessary.
- **Partners**
Clover is of the firm belief that the best way for Clover Mama Afrika to have the greatest possible impact is through partnership and collaboration with other organisations and individuals that want to embed sustainability into the fabric of South African society. Besides, the wide-ranging needs of South African communities require committed teamwork from as many people as possible who have the means to make things happen for those who are less fortunate.

Hugely important to the success of Clover Mama Afrika is the open-hearted attitude of the programme's corporate partners and sponsors who assist to make it meaningful for so many needy people across South Africa. Professor Elain Vlok, Clover's manager of Corporate Services who drives Clover Mama Afrika with passion, dedication and insight, believes that

the programme's on-going success is built on a generosity of spirit that is at the same time, the very essence of "Ubuntu".

Blue chip partners which contribute to the success of Clover Mama Afrika and co-fund 40% of the Trust's expenses include:

- Expeditors International;
- HCI Foundation;
- Eqstra Holdings Limited; and
- MiX Telematics.





Recipients of the Clover Mama Afrika project

Below is an illustration of the number of people who benefitted from the Clover Mama Afrika project during the 2013 and 2014 year ends:

Skills training	Members trained 2013	Members trained 2014	Operating centres 2013	Operating centres 2014	Skills transferred 2013	Skills transferred 2014	Employed member earning wages/salaries as reported 2013	Employed member earning wages/salaries as reported 2014
Sewing	101	107	29	28	640	1 501	93	60
Bread oven project	503	562	27	26	1 049	1 563	114	92
Cooking and baking	79	82	27	22	519	762	69	63
Food gardens *	549	557	25	23	577	684	36	28
Quilting	39	42	15	14	165	295	12	15
Crochet and knitting	49	28	35	15	553	454	37	16
Hair-dressing	16	18	3	4	16	67	12	13
Pottery	1	1	1	1	20	20	2	3

* Food gardens feed up to 5616 (2014) and 6260 (2013) members per day

Value-added skills training

Skills training	Members trained 2013	Members trained 2014	Operating centres 2013	Operating centres 2014	Skills transferred 2013	Skills transferred 2014	Employed member earning wages/salaries as reported 2013	Employed member earning wages/salaries as reported 2014
Poultry egg laying	–	10	–	3	–	24	–	11
Beadwork	40	21	31	16	263	845	21	43
Art	–	40	–	26	–	–	–	–
Flower arrangement	37	39	11	12	244	523	18	19
Mobile phones	79	79	30	26	–	–	10	–
Save a child	175	125	13	13	–	–	–	–
Welding	–	8	–	–	–	–	–	–
MKI health information	18	–	18	–	–	–	–	–
Basic admin/finance	27	45	27	27	–	–	–	–
Totals	1 713	1 764	292	245	4 046	6 738	424	363



AWARDS

Clover Mama Afrika has won prestigious awards since the inception of the project:

- 2005 PMR Diamond Arrow Award 2005 – PRISA Prism Gold Award
Proudly SA Homegrown – Bridge Builder of the Year Award
- 2006 Proudly SA Homegrown – Corporate Social Investment of the Year Award
- 2008 PMR Gold Arrow Award
- 2009 PMR overall Diamond Arrow Award 2010 – FoodBev SETA Baobab Award
- 2010 PMR overall Diamond Arrow Award 2010 – Mail & Guardian Investing in the Future Award – Corporate category
- 2011 Proudly SA Homegrown – CSI Champion of the Year Award
- 2012 PMR Diamond Arrow Award
- 2013 2nd Annual SA Premier Business Awards – Rural Development
- 2014 PMR Diamond Arrow Award

Clover Mama Afrika has positioned itself as a successful, award-winning example of a sustainable and effective CSI project, which is making a real difference in the lives of many needy South Africans.

Based on the most recent B-BBEE verification performed by Font, Clover achieved a full allocation of available points under the Socio-Economic Development section of the B-BBEE balanced scorecard. In addition, the Clover Mama Afrika project made a contribution to Enterprise Development which resulted in Clover achieving almost full points in this area on the overall scorecard.

As a respected JSE-listed company with a century-long history of serving farmers and the public through a wide range of world class “Way Better” dairy and beverage products, Clover is committed to maintaining Clover Mama Afrika’s status as a corporate social investment programme that makes a real difference. In line with its commitment to the programme, Clover also ensures that Clover Mama Afrika meets the highest levels of transparency and corporate governance.

Record of sponsorship and charitable givings

Clover’ sponsorship budget for the period under review was submitted and approved by Executive Management. Management is responsible for the tracking, accounting and reporting to the Social and Ethics Committee all sponsorships, donations and charitable givings. Supporting documentation is maintained by each business unit to enable transparent reporting. Sponsorships are used with a purpose of gaining brand awareness, corporate identity or consumer loyalty, which is aligned with Clover’s vision and mission.

Governing stakeholder relationships/ consumer relationships

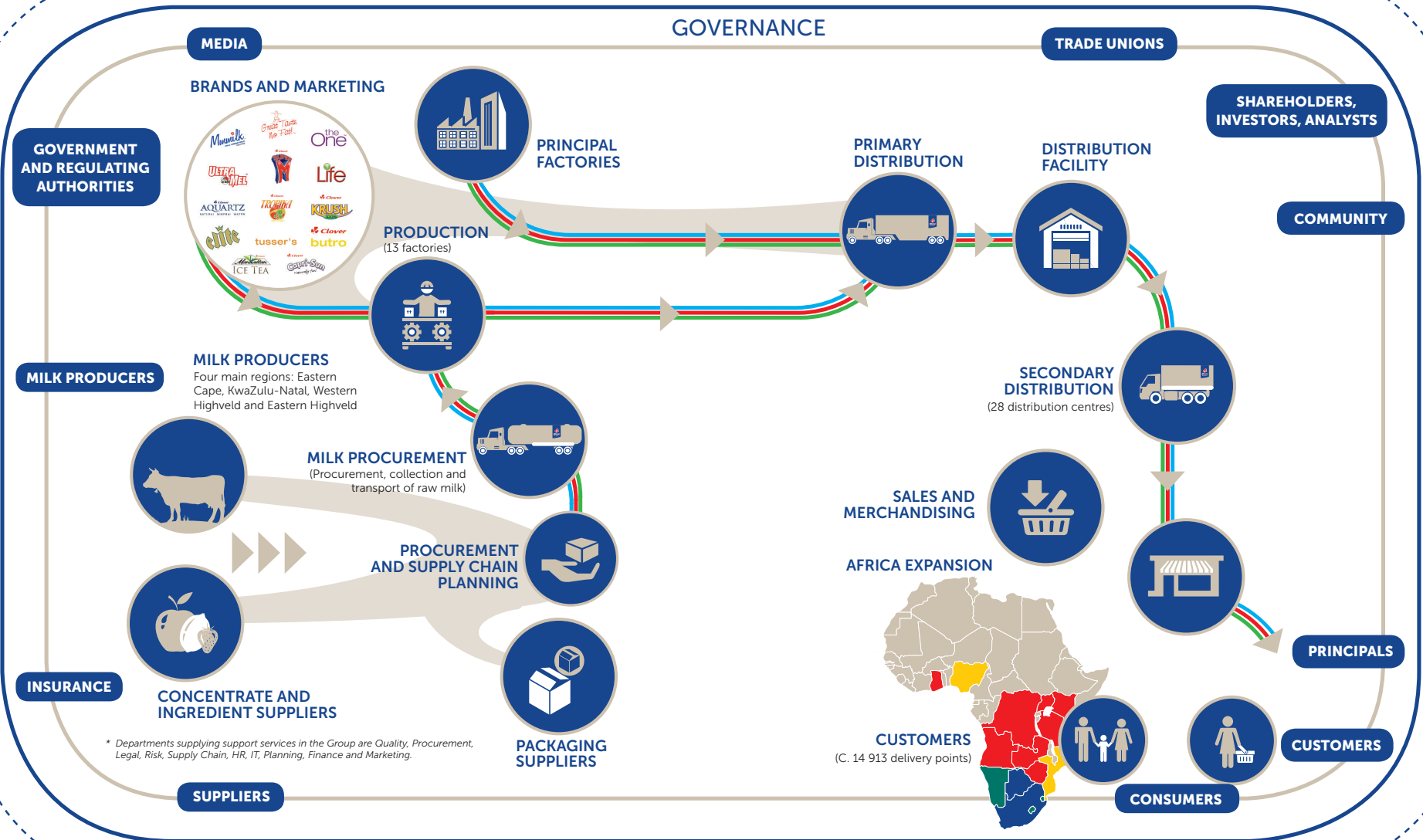
Throughout the 2014 financial year the Group has actively engaged with all its key stakeholders. Management have identified all material stakeholders as well as their legitimate interests in and expectations of the Group on a continuous basis as stakeholders’ interests in the Group are dynamic and subject to change. Once stakeholders are identified, management decides through consultation with the various stakeholder groups how to further engage with each constituency. This process forms part of the Group’s risk management framework. As a result of Clover’s diverse business model, Clover interacts through a wide range of functions within the business with various stakeholder groupings on an ongoing basis. The Clover stakeholders that have been identified are all stakeholder groups that can materially influence the attainment of Clover’s strategic objectives, but also more specifically it is those groups, individuals or entities, who can be affected by the actions and operations of Clover or, on the contrary, whose operations can materially impact on Clover’s operations. Amongst all the major stakeholder groupings identified, Clover has a distinct criterion for its strategic stakeholder partners whose relationships are required for the Group to attain its future strategic objectives.



CLOVER'S STAKEHOLDERS

MISSION AND VISION

GOVERNANCE



* Departments supplying support services in the Group are Quality, Procurement, Legal, Risk, Supply Chain, HR, IT, Planning, Finance and Marketing.

EXTERNAL ENVIRONMENT

— People (HR)
— Process
— Technology



Stakeholder engagement

Stakeholder Group	How we engage with our stakeholders	Their contribution to value creation	What our stakeholders expect from us	What concerns our stakeholders	Method of Governance
Communities, traditional and civic society	Direct interaction through various corporate social investment initiatives and environmental campaigns in various communities	Participation with the community affords Clover the opportunity to understand their needs and to further align our business in a way that improves the lives of our communities at large	Ongoing commitment to our core strategic social investment initiatives adding to the wellbeing of the community	<ul style="list-style-type: none"> ● Consideration of community interests; ● Corporate social investment and donations; ● Preferential procurement policy; and ● Clover Mama Afrika. 	Corporate Governance policies
Consumers	Promotions and community-based initiatives, social media, Clover consumer centre, Consumer Goods Council	Loyal consumers continued support of their most admired brands and trusted products	Providing high quality and trusted products of their most admired brands in fulfilling consumers' needs	<ul style="list-style-type: none"> ● Research in gaining consumer insights in product categories; ● Regular communication on all core brands via social media; ● Effective consumer centre dealing with complaints and enquiries; ● GDA table (Guideline daily amount) informs consumers of nutritional values in Clover products; ● Cost competitiveness of products; and ● Food safety standards. 	Social media policy, Consumer crises policy, Competition Law policy, product quality assurance programmes
Customers/trade	Meetings, conferences and workshops, CSC taking orders from trade	Extensive retailer footprint providing the basis for continued growth. Clover's brand expansion through retail expansion into Africa	Providing good quality products at competitive prices	<ul style="list-style-type: none"> ● Quality of products; ● Effective product stewardship; ● Effective merchandising services; ● Valued partnerships to drive efficiency and continued future growth; ● Promotional activities; ● Trading terms; ● Category expansion; and ● Cost efficiencies. 	Service level agreements



Stakeholder Group	How we engage with our stakeholders	Their contribution to value creation	What our stakeholders expect from us	What concerns our stakeholders	Method of Governance
Employees/ Management	Intranet, CE briefs, management and general staff briefings, Corporate bi-monthly newsletter (In Clover), workshops and conferences, training programmes, notice boards, intranet communication and performance reviews	Employees acting in accordance with Clover's values of respect, integrity, fairness and responsibility form the foundation of our business. By providing Clover employees timely updated business information and relevant strategic information, Clover would embed its strategy while achieving company objectives	A stimulating and gratifying work environment, while offering prospects to meet career growth aspirations	<ul style="list-style-type: none"> ● Health and safety; ● Ongoing training and development; ● Open communication between employees and managers; ● Transformation in line with EE Plan; and ● Access to HIV counselling and employee wellness programmes. 	SHE Policy, EE Plan Employment policy
Government and regulating authorities	Personal meetings, written and verbal communication, through business organisations, Parliamentary portfolio committees	Government gives us our licence to operate and provides the enabling regulatory framework	Continued contribution to the economic growth and social upliftment of the communities in which we operate. Exercise good corporate governance practices while ensuring compliance with all applicable legislation	<ul style="list-style-type: none"> ● Increased contribution to the South African economy, including job creation and youth development; ● Good corporate citizenship; ● Timeous payments of taxes; ● Empowerment, transformation and adherence to the revised BEE Codes; ● Reduction of energy consumption; ● Disclosure and management of carbon emissions; and ● Provide input on policy changes in the agricultural sector and food security. 	Public participation
Insurers	Meetings and site surveys	Ensure Clover has insurance cover for material insurable loss events	Open and transparent communication enabling insurers to assess risk appropriately	<ul style="list-style-type: none"> ● Adequacy of fire protection measures; and ● Maintenance of fire protection equipment. 	Insurance policies
Media	Media statements and briefings, Social media pages and site visits	The media contributes in sustaining our brand reputation and increase awareness on new products, community development programmes and changes in our business strategy	Good Corporate Citizenship	<ul style="list-style-type: none"> ● Transparent and responsible reporting; and ● Non-compliance to legislation. 	Protocol to respond to media set in social media policy



Stakeholder Group	How we engage with our stakeholders	Their contribution to value creation	What our stakeholders expect from us	What concerns our stakeholders	Method of Governance
Milk producers	Circulars, regional individual and group meetings with producers, media and the Clover producer forums	Clover's milk producers provide good quality raw milk used in manufacturing of our dairy products	A stable market for milk produced for delivery to Clover	<ul style="list-style-type: none"> Large fluctuations in milk prices; Increases in farm overhead costs; and Land reform. 	Producer agreements
Principals	Contract and service level agreements, meetings, transactional information integrated via respective ERP systems	Participation in growing the footprint of retailers while achieving economies of scale and reducing costs in the supply chain	Timely delivery of ordered product with professional in store merchandising	Clover not meeting the agreed service levels in distribution and merchandising activities	Service level agreements
Shareholders, investors and analysts	Investor presentations and road shows, circulars to shareholders, Integrated Annual Report, Annual General Meeting, Press releases, announcements and notifications through SENS, Clover website and site visits	Investors provide the financial capital necessary to sustain growth. Shareholders are encouraged to attend the Company's Annual General Meeting to vote on resolutions and to discuss relevant issues with the Company's Directors and management	Providing sustained returns on investment by achieving business objectives through delivery on embedded strategy, sound risk management identifying strategic growth opportunities and good governance practices	<ul style="list-style-type: none"> Delivering consistently superior financial results for sustainable growth; Leadership and strategic direction seizing strategic opportunities; Policies and procedures ensuring governance i.e. ERM Policy; Corporate governance and ethics; Progress with project pipeline and future growth projects; Capital expenditure for current and future periods; Effectiveness of risk management process; and Stability of IT systems. 	Price sensitive information policy, Insider trading policy, ERM policy, Governance policy
Suppliers and service providers	Supplier meetings, site visits, performance evaluation and audits, business association meetings	Our suppliers provide us with good quality raw materials and services that enable us to produce quality products for our consumers	Conducting business in a transparent manner that is mutually beneficial and sustainable	<ul style="list-style-type: none"> Long-term security of supply; Effectiveness of planned procure-to-pay process; Preferential procurement; and Efficiency with imports. 	Procurement policies
Trade unions	Regular meetings with Unions and collective bargaining forums	To engage organised labour in a positive manner on matters affecting their members as well as matters of mutual interest	Positive work relationships in dealing with matters sensibly during the negotiation process	Provision of competitive remuneration packages and safe working conditions	Exco, collective bargaining agreements



Consumer relationships, advertising, public relations and compliance to consumer protection laws

Regulation 43(5)(a)(iv) of the Companies Act (Act 71 of 2008) requires companies to monitor their activities around consumer relationships including the Company's advertising, public relations and compliance with consumer protection laws.

Consumer relations are managed through the Clover Consumer Centre ("CCC"). The CCC strives to consistently service our consumers' expectations and needs by demonstrating the required respect for their needs and opinions. All complaints and enquiries dealt with professionally by trained consultants to ensure that the image of Clover, Clover's brand names and services are protected, while ensuring compliance with the Consumer Protection Act. As required by the Consumer Protection Act, a procedure is in place and will be applied in situations where a serious risk or threat exists for Clover in general, Clover's brand names or products, Clover's personnel or on possible environmental impact.

Type of call	Description
Priority 1	<p>Critical calls Complaint which can:</p> <ul style="list-style-type: none"> • Damage the image of Clover or the Clover brand name. • Threaten the health or safety of the consumer and/or Clover personnel. • Hold a contamination threat to the environment. • Result in a consumer suffering damages as a result of a Clover product. • Possibly result in negative publication in the media. • Possibly result in legal action against Clover. • Possibly result in the consumer referring the matter to the Consumer Council.
Priority 2	<p>Client requests feedback in writing The complaint receives urgent attention and the consumer is kept informed by the head of the Consumer Centre until such time as the investigation is completed and complies with the requirements of the consumer.</p>
Priority 3	<p>Client wants to speak with manager Complaints, which are not satisfactorily dealt with by the consultant and where the consumer insists on communicating with the head of the Consumer Centre, the complaint must be escalated to her for her attention.</p>
Priority 4	<p>Completed by consultants Complaints are attended to by the consultant with the information at hand and no further escalation of the complaint/incident is necessary.</p>

During the year under review, Adams and Adams conducted a review of all our product labelling and corrective measures have been implemented where risks were identified.

Public and Investor Relations

Public Relations within Clover is managed through the Corporate Services department. No Clover employee may comment or conduct any interviews with the media on behalf of Clover. This function is managed by Dr. Chris Lerm who is assisted by the Company Secretary, Jacques van Heerden as well as Prof Elaine Vlok (Manager: Corporate Services) when required.

With regards to Investor relations, this function is delegated to Johann Vorster (Chief Executive), Jacques Botha (Chief Financial Officer) and Jacques van Heerden (Company Secretary) who are responsible for all investor communications with the assistance of an external agency.

Compliance with Consumer Protection Laws

The Group has taken proactive steps to ensure that it is fully prepared for the application of the Consumer Protection Act ("CPA"). High-level induction programmes to key individuals in the Group on the potential effect of the application of the CPA are ongoing. The process of establishing a CPA Centre of Excellence is in progress which will enable Clover to maintain its commitment towards compliance with laws and regulations. The marketing department provides the Social and Ethics Committee with a regular reports on its activities to enable the Social and Ethics Committee to monitor compliance with the CPA. Furthermore logs are maintained for any promotional and trade coupon promotions in line with the CPA. The Company Secretary together with the Group Manager: Product Innovation and Technology are responsible for the annual review of the company's compliance with regards to the following acts:

- Consumer Protection Act;
- Food stuff, Cosmetics and Disinfectants Act;
- Other labelling legislation; and
- Various other acts that impact our stakeholders.

Please refer to the Governance, Risk and Compliance report where this has been discussed in detail on pages 48 to 49.



FINANCIAL CAPITAL

We believe the financial statements present fairly, in all material respects the financial position, financial performance and cash flows of the Company in accordance with International Financial Reporting Standards, and are free of material misstatements. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements section of this Integrated Annual Report. As members of management of the Company, we believe that the Company has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act.

For more information refer to the Chief Financial Officer's report on page 30 and the annual financial statements which follow.



COMBINED ASSURANCE

Although King III requires that sustainability reporting be independently assured, the Committee has obtained partial assurance over the six capitals to the extent disclosed in the combined assurance framework as reflected in the table on the right. It is the Group's intention to enhance qualitative and quantitative information as systems are progressively bedded down. All material risks considering the sustainability of Clover's business model and in complying the requirements of Regulation 43 of the Companies Act, as well as King III are incorporated into Clover's risk universe and are monitored under Clover's risk management process as described more comprehensively under the Governance section of this report.

Furthermore, legal compliance with Regulation 43 of the Act is described fully under the Six Capitals of this report, while compliance with Clover's regulatory universe is described under Compliance in the Governance section. All legal compliance falls under the supervision of the Company Secretary who ensures that the full regulatory universe is monitored. During the year under review, the Social and Ethics Committee has monitored and assessed Clover's standing under the headings set out below. In the opinion of the Committee, based on the information provided to it, the statements set out below fairly reflect the standing of the Group.

SOCIAL AND ETHICS COMMITTEE REPORT

This Report of the Social and Ethics Committee will be presented by one of its members to the Company's Annual General Meeting. In the opinion of the members of the Committee, this report fairly presents the standing of the Company and Group in relation to the matters specified in regulation 43 to the Companies Act 2008 for the year ended 30 June 2014.

TA Wixley
Lead Independent Director

In relation to the Six Capitals Clover obtain external assurance against the respective capitals as described below:

Capitals	Independent assurance providers: Clover's 3rd line of defence
Manufactured Capital	<ul style="list-style-type: none"> Clover factories are annually certified by the SABS on ISO 9001 as well as ISO 22000 in respect of Port Elizabeth. Clover factories are annually certified by the SABS on HACCP standards. Clover is subjected to SEDEX audits from its clients on an ad hoc basis on selected factories. Safety audits are performed internally as well as by Makrosafe covering all Clover sites. Marsh performs fire risk surveys over a three year cycle of all Clover's sites. Internal and External Audits are performed on assets.
Natural Capital	<ul style="list-style-type: none"> Internal Audit benchmarked Clover's Integrated Annual Report against GRI 3 and GRI 4 principles. Internal Audit assessed Clover's carbon emissions calculations.
Human Capital	<ul style="list-style-type: none"> Deloitte Best Company to work for survey. Internal Audit gave independent assurance over the risk management function. Clover was assessed as a Level 6 contributor on the last EmpowerLogic assessment performed in respect of Clover's June 2013 year-end.
Intellectual Capital	<ul style="list-style-type: none"> Clover brands have won numerous accolades confirming its status as a trusted household name. Clover's portfolio of trademarks and patents are managed by Adams and Adams attorneys. Clover's migration to eRMS ERP platform is currently been overseen by External Audit.
Social and Relationship Capital	<ul style="list-style-type: none"> Clover Mama Afrika positioned itself as a sustainable and effective CSI project as evident from prestigious awards received, with the PMR Diamond Arrow award most recently received in 2014. Clover received a full allocation of points on Social Economic Development as assessed at 30 June 2013 by EmpowerLogic. Internal Audit conducted a comprehensive audit on the Mama Afrika campaign.
Financial Capital	<ul style="list-style-type: none"> External Audit assess management's representation over material internal financial controls. Unqualified audit opinion by External Audit. Internal Audit performed various financial control audits and provided an opinion on material financial controls.

