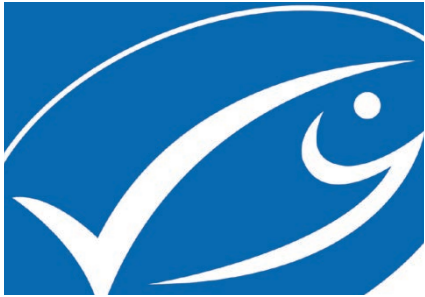


# SUSTAINABLE DEVELOPMENT REPORT



## Introduction and overview

Sustainable development enables corporate citizens to prosper in a responsible manner and within a framework that safeguards both their and future generations’ long-term sustainability. It requires the identification and active management of those issues that could materially affect the long-term successful existence of the enterprise in the context of all stakeholders – including, but not exhaustively, shareholders and institutional investors, consumers, employees, customers, suppliers, government, unions, and local communities.

AVI Limited (“the Company”) has a well-run governance framework that enables it to identify and manage those material sustainability issues that exist, or that may come to exist. The Company operates in a manner that ensures that the needs of the present generation of stakeholders are met without compromising future generations. Sustainability matters are monitored and managed, for example, by the appropriate diversity committee, health and safety committee, internal review committee, audit committee or social and ethics committee, while the overarching responsibility for matters before these committees remains vested with the Company’s Board of directors (“Board”).

Sustainability matters that are deemed to be of a material nature, or that require heightened focus, are elevated to the Board. Executives within the Company remain responsible for specific matters and are held accountable for their successful implementation and management.

The Company considers its sustainability responsibilities under the following three broad categories:

- **Ethics** – ethics are at the foundation of an effective and sustainable organisation that must be able to operate without censure or compromise in the long term. Proper ethics and appropriate values are central to the Company’s culture and therefore the behaviour of its employees. They assist in establishing a willingness to accept and embrace broader issues in our society, forming the basis of the Company’s interactions with its stakeholders.
- **Scarce resources** – in order to ensure future generations have access to the resources on which the Company is reliant, and that the Company’s viability is not compromised in the long term, the Company is intent on carefully managing those resources relevant to its operation. In addition to managing the very specific risk relating to its finite Cape Hake fishing resources, the Company is committed to the application of sustainable practices across its operations.

- **Transformation and good corporate citizenship** – the Company recognises the moral, social and economic imperative to embrace and support transformation in South Africa and to be regarded as a valuable participant in the South African economy and society. The Company also recognises the need to be, and to be seen as, a good corporate and socially responsible citizen that it is desirable to do business with.

## Guiding framework

The following guidelines and/or standards were consulted when compiling this report:

- The King Report on Corporate Governance for South Africa, 2009 (“King III report”);
- The Listings Requirements of the JSE Limited (“Listings Requirements”);
- The JSE Socially Responsible Investment Index (“JSE SRI”) criteria; and
- The Global Reporting Initiative (“GRI”) framework.

While the King III report and Listings Requirements require the Company to prepare an integrated report, various other reporting frameworks deal with the underlying sustainability reporting criteria. The GRI framework and JSE SRI have been identified by the Company as appropriate frameworks for reporting on these issues based on the Company’s specific needs, its areas of operation and stakeholder concerns.

During the year the Company identified material group-wide issues for reporting purposes and an index indicating where these issues are referenced throughout this annual report can be found on page 51. While these issues have been categorised according to the GRI framework, the Company has not undertaken a detailed self-assessment nor been formally assessed and the decision to use the GRI and JSE SRI frameworks for guidance in compiling this report is not intended to declare compliance as understood in either framework. The Company remains committed to ongoing review and re-assessment of the scope of its reporting, as well as to the advisability and need for formal reporting or assessment against the accepted frameworks.

Disclosures on the Company’s approach to managing the matters reflecting on the Company’s sustainability can be found throughout the report either as an introduction to the relevant sections or as specific disclosures on relevant issues.

## Social and Ethics Committee

The Social and Ethics Committee was constituted in August 2011 in terms of the Companies Act 71 of 2008, as amended, and the Regulations thereto (“the Companies Act 2008”), and adopted formal terms of reference, delegated to it by the Board, as its charter. The charter is subject to the provisions of the Companies Act 2008 (in particular section 72 as read with Regulation 43). The committee has discharged its functions in terms of its charter, and in particular reviewed the Company’s activities, having regard to relevant legislation and other legal requirements and best practice, relating to:

- Social and economic development;
- Good corporate citizenship;
- The environment, health and public safety;
- Consumer relationships;
- Labour and employment; and
- The Company’s ethics codes and performance.

The committee has unrestricted access to all Company information, employees and directors and is authorised, after discussion with the Chairman of the Board or the Chief Executive Officer where necessary, to investigate any matters within its terms of reference; seek external professional advice; secure the attendance of relevant consultants at its meetings; and implement policies approved by the Board. In addition, the committee has the mandate to bring matters within its remit to the attention of the Board and to report back to shareholders at the Annual General Meeting.

For further details regarding the composition and meetings of the committee, shareholders are referred to the corporate governance report on page 62.

## Stakeholder engagement

Stakeholder engagement is an important aspect of the Company’s sustainability responsibilities and it formally identifies and recognises the material stakeholders with legitimate interests with whom it engages on relevant issues. Engagement with these stakeholders takes a variety of forms, depending on the matter at hand, and may vary in frequency. Where key topics and concerns are raised through such stakeholder engagements, the Company responds to the relevant stakeholders in a variety of ways, including directly or through its annual reporting. The table on the following page lists the more obvious stakeholders and provides examples of the nature of the engagements that the Company has with them.

# SUSTAINABLE DEVELOPMENT REPORT continued

Stakeholder type	Nature of engagement
<b>Shareholders, analysts and media</b>	<ul style="list-style-type: none"> <li>• Annual general meeting at which shareholders have an opportunity to vote on material resolutions, including the appointment and remuneration of directors</li> <li>• Distribution of information via the website, including financial, brand, governance, social, ethics, and sustainability matters</li> <li>• Press releases and SENS announcements</li> <li>• Formal presentation of the half year and final financial results in Cape Town and Johannesburg</li> <li>• Annual integrated report</li> <li>• Interviews and media briefings</li> <li>• Scheduled bi-annual meetings with analysts</li> <li>• Ad hoc meetings with analysts and investors, both locally and overseas, as required</li> <li>• Meetings to resolve queries on specific matters, e.g. the remuneration policy</li> </ul>
<b>Customers and consumers</b>	<ul style="list-style-type: none"> <li>• Daily contact in own and customers' stores</li> <li>• Meetings</li> <li>• Consumer and product research</li> <li>• Marketing campaigns</li> <li>• Websites</li> <li>• Customer care and complaint lines</li> <li>• Customer audits</li> </ul>
<b>Employees and employee representative bodies (including unions)</b>	<ul style="list-style-type: none"> <li>• Intranet and published newsletters or notices</li> <li>• Bi-annual presentations by the Chief Executive Officer to the executive community</li> <li>• Presentations and written communication (e.g. newsletters and posters) on material issues and regulations affecting employees</li> <li>• Conferences and general staff meetings</li> <li>• Performance appraisals</li> <li>• Union representative forums</li> <li>• Workplace forums such as the employment equity and learning and development forums</li> <li>• Industry relevant Sector Education and Training Authorities</li> <li>• Independent anonymous reporting hotline</li> <li>• Intranet-based incident reporting system</li> <li>• Ad hoc events</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Supplier product and relationship management conferences</li> <li>• Visits and meetings</li> <li>• Supplier audits</li> <li>• Senior operational and procurement staff day-to-day interactions</li> </ul>
<b>Communities and non-profit organisations</b>	<ul style="list-style-type: none"> <li>• Corporate social investment programmes</li> <li>• Workplace learning and development programmes for unemployed learners</li> <li>• AVI graduate development programme</li> <li>• Partnerships and sponsorships</li> <li>• Ad hoc community engagements in surrounding communities, including Company sponsored employee volunteer days</li> </ul>
<b>Business associations</b>	<ul style="list-style-type: none"> <li>• Participation in, or membership of numerous associations such as the South African Chamber of Commerce &amp; Industry; Accelerate Cape Town; the Consumer Goods Council; a number of fishing industry associations including the South African Deep-Sea Fishing Industry Association, the Responsible Fishing Alliance, the World Wildlife Fund's South African Sustainable Seafood Initiative, the Abalone Farmers Association and the South African Mid-water Trawling Association; the Association of Food and Science Technology; the Restaurant Association; the Speciality Coffee Association; the Cosmetic, Toiletry and Fragrance Association; the Aerosol Manufacturers' Association; the Institute of Packaging; the South African Rooibos Council, and the Responsible Packaging Management Association of South Africa</li> <li>• Participation in association initiatives</li> </ul>
<b>Government or regulators</b>	<ul style="list-style-type: none"> <li>• Regular contact with significant industry regulators through business associations</li> </ul>

## Ethics

The Company has a well-established and comprehensive Code of Conduct and Ethics ("the code") that applies to all directors and employees and provides clear guidance on what is considered to be acceptable conduct. The code requires all directors and employees to maintain the highest ethical standards and ensure that the Company's affairs are conducted in a manner which is beyond reproach. The code is communicated to all new employees as part of their induction training, published on the intranet for access at all times by employees, and published on the external website for public access. The code is aligned with the recommendations in the King III report and is regularly reviewed to ensure that it remains up-to-date and relevant.

In order to monitor ongoing compliance with the code, the Company has a formal governance framework. Within the governance framework material issues are highlighted in management reports that are reviewed by the operating executives. If appropriate, matters are elevated to the Company's Board or Audit and Risk Committee. This formal framework is supported by the Company's internal audit function, which is responsible for investigating identified areas of concern and reporting its findings to the Company's Chief Financial Officer and the Audit and Risk Committee. The Company subscribes to an independent, professional hotline disclosure service as an important component of an ethical environment. This service facilitates confidential reporting on fraud and other unethical conduct. Communication drives are undertaken from time to time to remind employees of this "whistleblowing" service. In addition the Company has implemented an in-house intranet-based incident reporting service that requires employees to report incidents, or potential incidents, which have caused, or could have caused, harm to the Company's property or people on the Company's premises. A senior employee actively manages the incident management reporting system and also engages with the ethics hotline service providers. All anonymous reports and other reported incidents are reviewed on a daily basis, and, if appropriate, thoroughly investigated. The Company has a proven track record of dealing appropriately with matters arising from the ethics hotline and incident management reporting systems. Investigations and disciplinary hearings have been held and, where appropriate, civil and criminal action has been taken.

In addition to the formal framework, it is imperative to promote a culture that is consistent with the ethical values that the Company aspires to. This is achieved through the example set by the Board and executive management, consistent enforcement of these values, and the careful selection of employees that display the desired attributes and values. The Company continues to communicate formally with suppliers and customers to secure their support for and compliance with its ethical standards.

## Scarce resources and biodiversity

### Fishing resources

The Company's primary exposure to scarce resources that could materially impact its business is the performance of fishing resources in South Africa. I&J has secured long-term hake fishing rights at a level that can support economic returns provided that the resource remains healthy.

A number of fishing rights that were allocated in 2005 expired at the end of 2015 and had to be reapplied for by means of the 2015 Fishing Rights Allocation Process ("FRAP2015"). After numerous delays in the process, the Department of Agriculture, Forestry and Fisheries ("the Department") announced the outcomes of the applications to the respective sectors between the end of 2016 and middle of 2017. Based on the allocation process I&J was allocated 9,3% of the Hake Inshore Trawl (previously 34,1%) and 4,3% of the Horse Mackerel (previously 11,7%) total allowable catch. No rights were awarded to I&J for Patagonian Toothfish or Kelp.

As provided for in FRAP2015 and, owing to concerns identified by I&J in regard to the allocations granted, I&J appealed to the Department against the outcome of each sector for which allocations had been announced. To date only the Hake Inshore Trawl appeal has been adjudicated by the Department which resulted in I&J's allocation being increased from 9,3% to 18,4%. Although the outcome of the Hake Inshore Trawl appeal addressed a number of concerns which had been raised by I&J and the fishing industry in general, the Department has yet to issue individual score calculations supporting the final allocation following the appeal process. As such, I&J has been unable to verify whether or not the final allocations of Hake Inshore Trawl rights allocated following the appeals process are fair and reasonable. Despite this the decision in the Hake Inshore Trawl rights appeal confirmed the requirement to follow the established allocation methodology.

The remainder of the FRAP2015 rights, currently under appeal, are expected to be adjudicated by the Department's appeal board in the near future.

The current Hake Deep Sea Trawl long-term rights expire at the end of 2020. The Department has indicated that they intend to initiate this rights allocation process during the course of 2018. Whereas I&J's experience in FRAP2015 has created a level of uncertainty regarding the 2020 process, I&J is working hard to be successful in that process.

The health of the South African fishing resource is managed by the Department. The Department sets an industry-wide annual "total allowable catch" ("the TAC") for each species under management and, for certain species, also sets a "total allowable effort" ("the TAE") in which a limit is placed on the number of boats,

## SUSTAINABLE DEVELOPMENT REPORT continued

number of men, and the number of days per year that each boat is licensed to fish. In addition to the TAC, hake trawling sector and effort limitations apply which seek to ensure that the capacity of the deep-sea trawling fleet does not grow too big for the available resources.

In response to falling catch rates – as evidenced by scientific surveys – the TAC was substantially reduced between 2002 and 2009, followed by a period of sustained health and growth in the hake resource resulting in TAC increases annually from 2011 to 2013. Again in response to scientific data showing a poor recovery of hake, the TAC was reduced by 0,5% in 2014 and by 5% in 2015 and 2017, resulting in an I&J quota of 37 901 tons (including the recently allocated Hake Inshore Trawl quota). The TAC remained unchanged in 2016. In the past two to three years I&J has caught a high proportion of small fish, negatively impacting freezer catch rates and land-based processing owing to an increase in the number of fish to be processed for an equivalent volume. This has been experienced previously and is part of the natural biomass cycle, which is influenced by various environmental factors, such as El Niño. Although this proliferation of small fish negatively impacts performance in the short term, it is understood that this is attributable to a strong recruitment, with the expectation that this will give rise to an abundance of larger fish in the coming years as the current high volume of small fish mature.

After a four year lay-up, during which it underwent a major re-fit, the Departmental research vessel, the RV Africana, used to maintain the scientific input underlying the TAC calculations, was re-commissioned in May 2016. All six Departmental vessels are now back at sea, fulfilling the patrol and research requirements of the Department.

In May 2015 the Marine Stewardship Council recertified that the South African hake resources met the requisite environmental standards for sustainable fishing for a further five years. This certification gives assurance to buyers and consumers that the seafood comes from a well-managed and sustainable resource, which is increasingly relevant in I&J's export markets.

I&J strives to lead initiatives to manage fishing effort and protect breeding areas off the South African coast. Effort control measures, such as the ring-fencing initiative for the demarcation of trawling grounds, are being monitored and I&J continues to partner with the Department to ensure compliance and enforcement thereof. I&J has a good working relationship with the World Wildlife Fund South Africa ("WWF-SA") which has resulted in the development of projects such as the responsible fisheries training programme and initiatives

to reduce the incidental mortality of sea birds. During 2009 WWF-SA and I&J, together with other major South African fishing companies, formed the Responsible Fisheries Alliance ("RFA"). The alliance is intended to ensure that all stakeholders understand and support the implementation of an Ecosystem Approach to Fisheries ("EAF") management in South Africa's fisheries. EAF seeks to protect and enhance the health of marine ecosystems. The goals of the RFA include promoting responsible fisheries practices, influencing policy on fishery governance, and supporting skills development and research in the industry.

I&J is a signatory to a Participation Agreement with WWF-SA's Sustainable Seafood Initiative ("WWF-SASSI") which provided that by the end of 2015 all seafood sold by I&J would be either:

- certified by the Marine Stewardship Council ("MSC") for wild caught products; or
- certified by the Aquaculture Stewardship Council ("ASC") for farmed products; or
- green-listed by the South African Sustainable Seafood Initiative ("WWF-SASSI"); or
- the subject of a credible, time bound improvement project.

I&J's commitments have been incorporated into the I&J Sustainable Seafood Policy ("SSP"), a comprehensive document that sets out the standards to which I&J strives to adhere and the standards expected from its suppliers. With the policy in place customers are assured that all I&J seafood products are derived from sustainably managed fisheries or aquaculture operations or fisheries working under an improvement programme. However, notwithstanding this policy, during I&J's fishing operations there will be incidences where species with sustainability concerns may be caught as unavoidable by-catch. I&J cannot completely avoid or exclude these species from its fishing operations but it is committed to ensuring that these species are included in an effective By-Catch Management Plan and best practice solutions are proactively implemented to manage and mitigate the impact on these vulnerable species.

I&J's Danger Point abalone farm is situated immediately adjacent to the sea and is the Company's only property in or adjacent to an area of high biodiversity. South Africa's high energy coastline is generally unsuitable for offshore fish farming and land-based aquaculture allows for better control over environmental factors so that the impact on the environment can be limited. Although abalone aquaculture has a relatively low impact on the environment, in order to minimise any potential harm, the global abalone farming industry, including I&J, has

engaged with the WWF to develop a set of standards. The Danger Point abalone farm has adopted these recently developed Global Abalone Standards and has been audited by the ASC. Accreditation was granted in November 2015 and this eco-label is used to guarantee that I&J's abalone products are and continue to be raised in an environmentally responsible manner.

## Water

I&J is highly dependent on potable water to produce ice for the fishing operations as well as for the processing and cleaning of fish at both the Woodstock Primary Process and Paarden Island Value Added Processing facilities. To date, I&J has implemented a number of water saving initiatives across the business, resulting in a significant reduction in usage. However, in view of the ongoing drought in the Western Cape and risk of significant water supply restrictions in Cape Town, I&J has engaged with both government and water specialists to assist in the process of investigating alternatives with a view to securing the supply of water sufficient to maintain operations, into the future.

## Transformation and good corporate citizenship

### Transformation

The Company recognises the moral, social and economic imperative to embrace and support transformation in South Africa and to be a valuable participant in the South African economy and society. A transformed company in the South African context is not only one that has a workforce that is representative of the country's racial and gender demographics and that operates with a bias towards broad-based empowerment opportunities, but one that also embraces diversity.

The Company continues to focus on its transformation and remains intent on providing a workplace that encourages diversity. Transformation is considered in the context of Broad-Based Black Economic Empowerment ("BBBEE") and is measured annually by an external verification agency against the generic BBBEE scorecard. A central senior manager actively coordinates the Company's efforts and ensures that the subsidiaries are well educated on the various facets of transformation. The subsidiaries' progress is monitored and they are centrally assisted in the implementation of targets and various initiatives. During the year under review significant time and funds were invested in advancing the transformation plans that had been developed during the previous years. The progress of these plans was reviewed at half year and appropriate and revised activities were agreed upon, where necessary.

From FY10 to FY14, on the original BBBEE Codes of Good Practice, AVI materially improved its rating from a level 6 contributor (at 53,78%) to a level 4 contributor (at 70,25%). Since 2015 the verifications have been done against the amended Codes. The 2017 consolidated score was level 7 (65,86 points), but discounted to level 8 for failing to achieve the required 40% threshold on supplier development, which is an ongoing area of focus. The other minimum thresholds for equity ownership, skills development, preferential procurement and enterprise development were all met.

### BBBEE scorecard

A comparison of the FY15, FY16 and FY17 scorecard elements is set out below. As the amended Codes differ significantly from the "old" Codes, a comparison to years prior to 2015 would not be meaningful without an accompanying analysis of the underlying data.

### Three-year BBBEE scorecard

Element	2017 %	2016 %	2015 %
Ownership	76,39	58,20	55,95
Management control	27,74	24,33	25,94
Skills development	57,82	68,73	69,26
Enterprise and supplier development	62,31	56,66	43,09
Socio-economic development	100	100	100



**EMPOWERLOGIC**  
Your Logical Empowerment Solution

Broad Based Black Economic Empowerment Verification Certificate  
A Consolidated Verification Certificate issued to

**AVI Limited and Subsidiaries**

**Level 8 Contributor**

Measured Entity

<b>Company Name</b>	AVI Limited and Subsidiaries
<b>Registration Number</b>	1944/017201/06
<b>VAT Number</b>	Refer to second page
<b>Address</b>	2 Harries Road, Illovo Johannesburg 2196

B-BBEE Status			
<b>B-BBEE Status Level</b>	Level 8		
<b>Element Points Obtained</b>	EO: 19,1 points; MC: 5,27 points; SD: 11,56 points; ESD: 24,93 points; SED: 5 points		
<b>Discounting Principle Applied</b>	Yes		
<b>Empowering Supplier</b>	Yes		
<small>*Black Owned: &gt;=51% and # points for New Value</small>		<small>*Black Women Owned: &gt;=30% and # points for New Value</small>	
<b>Black Voting Rights</b>	20,14%	<b>Black Women Voting Rights</b>	9,09%
<b>Black Economic Interest</b>	15,91%	<b>Black Women Economic Interest</b>	7,09%
<b>51% Black Owned *</b>	No	<b>30% Black Women Owned *</b>	No
<b>Black Designated Group Supplier</b>	No	<b>Normal Flow Through Principle Applied</b>	
<b>Issue Date</b>	26/08/2017		
<b>Expiry Date</b>	25/08/2018		
<b>Certificate Number</b>	ELC7275-2RGENBB replacing ELC7275RGENBB		
<b>Version</b>	Final - Revised 15/9/2017		
<b>Applicable Scorecard</b>	Amended Codes - Generic		
<b>Applicable BBBEE Codes</b>	Amended Generic Codes Gazetted on 11 October 2013		
<b>EmpowerLogic (Pty) Ltd</b>			
Reg No : 1995000523/07			
BBBEE Verification Agency			
Per E Ackroyd CA(SA)			
Member - Verification Committee			
SANAS Accredited BVA018			

Level	Qualification	%
1	≥ 100 Points	135%
2	≥ 95 but < 100	125%
3	≥ 90 but < 95	110%
4	≥ 80 but < 90	100%
5	≥ 75 but < 80	80%
6	≥ 70 but < 75	60%
7	≥ 55 but < 70	50%
8	≥ 40 but < 55	50%
	Non Compliant	<40 0%

Enquires  
Tel:  
086 111 4003  
Fax:  
086 505 7284  
[verification@empowerlogic.co.za](mailto:verification@empowerlogic.co.za)  
[www.empowerlogic.co.za](http://www.empowerlogic.co.za)

This certificate is the result of an independent and impartial verification of the BBBEE status of the measured entity measured against the Codes of Good Practice on Broad Based Black Economic Empowerment. The objective of our verification is to verify the validity and accuracy of the BBBEE status represented by the measured entity. EmpowerLogic is not responsible for ensuring completeness of information provided to support the BBBEE status. This certificate must be validated at [www.bbbeescorecards.co.za/search/new](http://www.bbbeescorecards.co.za/search/new) before reliance is placed thereon. EmpowerLogic does not take responsibility for certificates that have not been validated.

# SUSTAINABLE DEVELOPMENT REPORT continued

## Ownership

The Company achieved an ownership score of 76,39% and met the 40% threshold for Net Value (one of the sub-elements of equity ownership). This is in part owing to the Company's Black Staff Empowerment Share Scheme ("the Scheme"), which was launched during January 2007 and the changes made to the Scheme in 2010, which allowed the Company to secure recognition of the Scheme for BBBEE rating purposes, thereby visibly providing support to the Company's transformation agenda. The Scheme placed 7,7% of the Company's total issued share capital or 26 million ordinary AVI shares in a trust for the benefit of its eligible black employees and, in aggregate, the participants will benefit from growth in the share price over a seven-year period, with the first tranche vesting after five years.

The first tranche of shares, being one-third of the total allocation made on 1 January 2007, vested on 1 January 2012. Over the life of the scheme to date, approximately 16 855 participants have benefited from the scheme and received a total gross benefit of R776,8 million, including 1 543 participants who left the Company's employ in a manner that classified them as "good leavers" and which good leavers received a total gross benefit of R101,3 million.

In accordance with the changes made to the Scheme during 2010, participants were entitled to – and many did – vote on the resolutions proposed at the Company's Annual General Meeting held on 3 November 2016.

At a subsidiary level, the Company remains committed to ensuring that a direct economic benefit flows to I&J employees and the Company's Board has approved the continuation of a 5% black staff shareholding up to 2020. The total amount paid to participants since commencement of the scheme in May 2005 amounts to R27,8 million – a significant contribution towards the financial and social upliftment of I&J's employees. This is an important aspect of the focus on the transformation of the fishing industry.

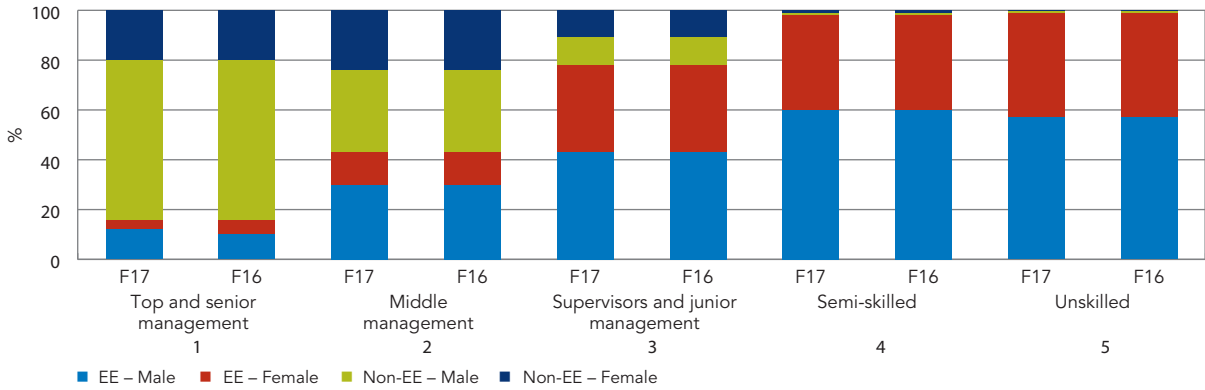
## Management control

Management control now measures both Board participation and employment equity as one element.

The Company achieved a score of 27,74%. Whilst management control is not a priority element in terms of the Codes, it remains an area of material importance and heightened focus for the Company.

Attracting senior black candidates from their current employment in these less certain economic times is difficult. During the year the Company has furthered its efforts to appoint, develop and retain black employees, especially where representation is required in the middle, senior and top management bands. The Company's employment equity efforts remain behind training, developing and mentoring black employees with the objective of retaining them and preparing them for more senior roles.

AVI employment equity demographics



## Skills development

Development of the Company's employees remains a priority and the central learning and development service has made material progress over the years by successfully originating relevant learning opportunities for a broad community of employees, continually reviewing current learning services and requirements and enhancing their alignment to the Company's needs, assisting the Company in developing its

employees in an appropriate manner and progressing the Company's transformation agenda.

The Company continues to have strong and credible relationships with six key Sector Education and Training Authorities ("SETA"), including the Food and Beverage SETA (which presented the Company with an award for excellence in implementing occupationally directed training programmes), the Wholesale and Retail SETA,

the Transport SETA and the Chemical Industries SETA, which enabled the Company to successfully receive discretionary grant payments of R7,5 million. Total SETA funding to the Company during FY17 was R10,2 million.

The Group skills development facilitator continues to focus on the management of learnership programmes, apprenticeships, internships, and graduate and work experience programmes and during the year the Company had 700 learners (the majority of whom were black) on these types of skills development programmes.

Learnership programmes remain a priority through the Group, particularly in I&J and Field Marketing. Field Marketing is currently supporting 121 learners on key programmes including Contact Centre Operations and Support. In I&J, 177 people received formal training in the past year on programmes including NQF2 Production Technology, NQF1 Food and Beverage Handling and NQF2 Fish and Seafood. Indigo Brands trained 32 learners and focused their attention on Production Technology and Stores & Warehousing learnership programmes. Green Cross put nine unemployed learners through learnership programmes in Manufacturing Processes, of whom five were retained as permanent employees. Spitz successfully enrolled 115 people on the Unisa retail programmes, including Retail Management and Introduction to Retail. Ciro enabled 12 unemployed people to complete their Barista Upliftment Programme. Snackworks trained 11 people in Production Technology and 54 on NQF4 Generic Management.

The AVI Graduate Programme, started in FY16, has now been running for 18 months. There are currently 12 engineering graduates on the programme, all of whom are actively involved in projects at their respective workplaces. Feedback from the sites and the executive mentors has been extremely positive. All 12 graduates – joined by other recognised young talent from across the Group – were enrolled on the Duke Corporate Education junior leadership programme. Other ongoing business skills programmes are run in areas as and where required, including programmes such as computer skills, financial acumen, assertive communication, and performance management.

National Brands' SETA accreditation allows the Company to run accredited internal programmes and offers access to additional funding opportunities. Several programmes have been submitted for approval and a pilot programme was implemented in FY17 to secure full accreditation. The programmes include Food Safety and certain Baking elective modules, such as Mixing, Forming and Baking. Final approval of the programmes is currently under way and full accreditation is expected by November 2017.

In the past year the Company has continued to focus on the development of online training courses in an effort to reduce the cost and complexity of classroom-based programmes, particularly in the retail businesses. Spitz launched a customer service online programme to 960 employees, 600 of whom have already completed the programme, which has been well received. Ciro launched, inter alia, the Vending Excellence Certificate, the Lavazza Excellence Certificate, the Tea Excellence Certificate and the Ciro Contact App. Indigo is currently developing an online Quality Management System. Online training programmes will continue to be identified to replace classroom options where possible.

FY17 saw the launch of the Sales Academy, which is focused on enhancing commercial and business acumen as well as providing development for the progression of top performers within Field Marketing into the business unit sales structures. The programme was well received by attendees from Field Marketing and International. Participation by the National Brands' sales teams will take place during FY17.

The amount spent on recorded skills development initiatives in FY17 was R35,2 million, an amount equivalent to 1,6% of leviable amount. Of the total workforce 4 419 employees or 49% (including permanent and fixed term contract employees), were trained during the year, 92% of whom were black (African, Coloured and Indian).

The Company achieved a score of 57,82% in the June 2017 verification and met the required 40% threshold. Skills development remains a priority area for the Company.

### Enterprise and supplier development

Under the amended codes this element now comprises preferential procurement, enterprise development and supplier development.

The Chief Procurement Officer, in collaboration with specialist procurers in the Company and with a focus on favouring local empowering suppliers (as defined in the amended Codes), plays a large role in the Company's enterprise and supplier development strategy. Measured on the amended Codes, the Company scored 62,31%, a further improvement over the 56,66% scored in 2016 and the 43,09% scored in 2015, and an endorsement of the Company's enhanced procurement practices. The Company met the 40% threshold in both preferential procurement (67,23%) and enterprise development (100%) but failed to meet the threshold in supplier development. There was, however, an improvement in the supplier development score from 9,89% in 2016 to 31,2% in 2017 and procurement continue working on this element. In particular the Group Supplier Development Manager partners with



# SUSTAINABLE DEVELOPMENT REPORT continued

relevant stakeholders to develop and implement sustainable supplier development initiatives.

The Company engages with suppliers regarding their transformation needs and requires its suppliers to register on the Department of Trade and Industry IT portal, which provides a single national catalogue of vendors and their BBBEE profiles. In addition the Company engages with suppliers regarding their empowering supplier status and assists suppliers where necessary to achieve this requirement.

The subsidiaries have procurement policies in place addressing such matters as BBBEE targets, origin of materials, environmental awareness and sustainability, as well as labour practices and ethics. Potential suppliers are required to undergo a thorough vendor evaluation and selection process in which they address these issues. Wherever possible, locally based suppliers are preferred over international suppliers. The Company makes every effort to ensure that it only does business with suppliers who comply with all applicable legislation and has not identified any of its suppliers where employees' labour and human rights are, or are at risk of, being violated.

## Good corporate citizenship

The Company recognises the benefits of being a good corporate citizen with a commitment to contributing to sustainable economic, social and environmental development through working with employees, their families, the local communities and society at large to improve quality of life, and being an organisation that it is desirable to do business with.

### Labour data and practices

	2017	2016
Number of permanent employees (South Africa at 30 June)	8 535	8 677
<b>Gender split (%)</b>		
Male	59	59
Female	41	41
<b>Ethnic split (%)</b>		
African	63	62
White	8	9
Indian/Chinese	4	4
Coloured	24	24
Non-South African	1	1
<b>Ethnic and gender split (%)</b>		
Black (African, Indian/Chinese and Coloured) male	53	53
White male	5	5
Black female	37	37
White female	4	4

Approximately 37,77% of the Company's permanent employees are members of recognised trade unions covered by collective agreements defining the terms of the relationship between the Company, the unions and the members, as well as their engagement on matters ranging from operational changes to annual negotiations on wages and other substantive issues. Union engagement is managed at an executive level within the subsidiaries, with oversight from the Company, in particular from the Group HR executive.

The Company requires the subsidiaries to have appropriate policies and procedures in place to address employee and industrial relations issues and to ensure that these policies and procedures are communicated to all employees and other relevant stakeholders.

The Company complies with all applicable labour and employment legislation, including legislation pertaining to freedom of association, child labour, and forced and compulsory labour, and is committed to the protection of all employees' human rights, the provision of decent work, and fair and sustainable labour practices. During the year no infringements of these rights or incidents of discrimination were reported.

### Health, safety and wellness

The Company provides a healthy and safe work environment to its employees as a basic right and recognises that a healthy and safe workplace enhances employee morale and productivity. It is also recognised that a healthy and safe workplace is essential in the food handling industry and ensures that consumers are protected and product quality assured.

Health and safety requirements are firstly monitored and reviewed within the risk management framework of the Company and legislative compliance is required as a minimum standard. The requisite health and safety committees are in place and training occurs on an ongoing basis. These on-site committees deal with issues as and when required, and if necessary they elevate matters to the internal review committees that they report to. If necessary, matters are referred to the Company's Board of directors or Audit and Risk Committee. In addition, the Social and Ethics Committee monitors these matters. There are also various supplementary health and wellness initiatives that form part of the Company's employee engagement framework.

Statistically the Company's safety record is viewed against the industry standard disabling injury frequency rate ("DIFR"), which measures the percentage of employees that suffer a disabling injury for every 200 000 man hours worked. A disabling injury is an injury that causes an employee to miss a shift following the one on which they were injured. At a Group level the Company experienced 84 disabling injuries resulting in 1 034 lost days and achieved a DIFR of 0,60 for the year,

a slight deterioration over the previous year's rating of 0,57. Steps are continually being taken to proactively identify and prevent potentially harmful situations and improve employee training.

As Company-wide statistics can mask events, the Company categorises all injuries into one of three classes. Class 1 being damage that permanently alters a person's life ranging to class 3 that inconveniences a person's life. During the year under review there was an increase in class 2 and 3 injuries but a decrease in class 1 injuries with many of the injuries resulting from employees failing to take due care or, in the case of I&J, working in poor weather conditions. Three of the Company's employees suffered class 1 injuries – a reduction in the seven class 1 incidents experienced the previous year – comprising one crush injury, one finger amputation and one partial finger amputation, all owing to inattention or lack of communication while using equipment. The businesses in question have implemented additional safety measures and retrained employees.

The high safety standards adopted by the operations are continually being enhanced by accreditation with independent standard-regulating authorities.

Store robberies in the retail sector remain a reality and both Spitz and Green Cross are taking all possible measures to limit the probabilities of and risks associated with robberies in their stores. In addition they maintain a close relationship with the AVI Employee Wellness Programme to ensure that all affected staff receive counselling after any traumatic event.

The Westmead and Isando biscuit factories, and the Isando coffee and creamer factory are FSSC 22000 certified (version 3), an international standard for the certification of Food Safety Management Systems. The Westmead and Isando biscuit factories have maintained certification to the AIB (American Institute of Baking) Food Safety Standard, a certification which the Rosslyn snack factory has also recently achieved. The Durban tea factory and Rosslyn snack factory are both ISO 22000 (food safety quality management system) certified. The biscuits, snacks, coffee and creamer, and tea factories have all acquired their Certificates of Acceptability from their local municipal authorities and the Isando biscuits factory has maintained its OHSAS 18001 certification. The Indigo Brands cosmetics factory is ISO 9001 (quality management system) and SANS 1851 (Control of Quality: Trade Metrology Act) certified. The I&J Woodstock and Valued Added Processing sites have "A" listed BRC (British Retail Consortium for Global Standards), Higher Level IFS (International Food Standard) global food safety certification, MSC Chain of Custody Certification (a sustainability certification) and SABS 1841 (Control of Quantity – Trade Metrology Act)

certification. The Micro laboratory at the Woodstock factory has SANAS 17025 accreditation and the Auckland Cold Store in Paarden Eiland is ISO 22000 accredited and ZA282 certified (certification by the Department of Agriculture allowing the export of frozen product into the Southern African Development Community). The I&J chicken processing plant is ZA111 certified (certification by the Department of Agriculture allowing the processing of chicken products). In addition to applying standards to the Company's own operations, the factories continue to make progress through supplier audits with a view to having all their suppliers certified to a recognised food safety standard.

All of the Company's sites are reviewed annually by independent risk management consultants and continual improvement is driven through risk committees at each site, which in turn report their findings to the Company's Audit and Risk Committee, which has the responsibility for the consideration of risk management throughout the Group.

The Company is also a Top 50 subscriber to the Food Safety Initiative which operates under the auspices of the Consumer Goods Council of South Africa. It takes all reasonable steps to collaborate with stakeholders to ensure that food produced, distributed and marketed in South Africa meets with the highest standards of food safety and nutrition and complies with legal requirements or recognised codes of good practice.

The Company continues to recognise the detrimental social and economic impact that HIV/Aids is having in South Africa. The Company has a formal HIV/Aids policy which details, inter alia, the Company's philosophy, responsibilities, and support programmes. The Company's Board accepts responsibility for the Group's response to the issue of HIV/Aids and holds the boards of the Group subsidiaries accountable for the implementation and monitoring of the response strategies as set out in the policy framework. Flowing from this policies and practices have evolved over the years that include the placement of permanent clinics at the larger sites; knowledge, attitude and practices surveys; awareness and education programmes; voluntary counselling and testing programmes; individual case management; the provision of universal precautions to prevent accidental transmission in the workplace; and the dispensing of free condoms.

Following the success of the Company-wide HIV/Aids voluntary counselling and testing ("VCT") programme that was introduced in 2007, the Company continues to offer this service at all sites to all employees. The VCT programme achieves the objectives of raising awareness, increasing significantly the number of employees that know their HIV status and providing the Company with detailed information per site so that its efforts are appropriately focused.

# SUSTAINABLE DEVELOPMENT REPORT continued

The Company's larger sites have active primary health care clinics either on a full-time or part-time basis. They are well equipped and managed by appropriate medical professionals, including a doctor employed on a full-time basis in I&J. These clinics play a material role in the day-to-day healthcare management of the Company's lower income earning employees, and in a number of instances provide an out-reach programme for immediate family members. Many of the clinics are involved in doing annual medical checks for all employees, running VCT programmes, and providing flu vaccines to high-risk employees at no cost to the employees.

Utilisation levels of the employee wellness programme, managed by ICAS and introduced throughout the Company during April 2009, remain constant and the programme is well used by the Company's HR community, the Company's employees and their immediate families. The employee wellness programme covers areas that address the entire spectrum of psychosocial stressors in the workplace and at home, lifestyle diseases, and work-life balance by providing an independent, impartial, professional and confidential counselling and advisory service that extends beyond healthcare and, amongst other services, gives the Company's employees and their immediate family members access to financial and legal advisory services. The Company and its subsidiaries continue to actively promote the use of the employee wellness programme.

In addition to the formal employee wellness programme, a number of sites from time to time hold wellness programmes and days on matters such as diabetes; tuberculosis; HIV/Aids; eye care; cancer awareness; and generally maintaining a healthy lifestyle.

### Corporate social investment

The Company's corporate social investment ("CSI") programme is aimed at bringing about positive social and economic changes to historically disadvantaged communities in the environments in which the Company operates. The Company achieved a score of 100% for its socio-economic development in the most

recent BBBEE rating. On an annual basis an amount of approximately 1% of the Company's pre-tax profits achieved in the previous year is set aside for this purpose. The areas of focus are broadly education and skills development; sports, arts and culture; the environment; and health and welfare. Grants are managed through the Company's Community Investment Trust. This trust is served by elected employees who have shown an interest in CSI and an ability to manage the CSI programme. All material projects are properly vetted and monitored by the trustees to ensure that they achieve what was initially intended. In addition the Company is always cognisant of the impact, both negative and positive, that its operations could have on local communities and commits to identifying any such communities and to engaging with them regarding the prevention or mitigation of negative impacts.

During the year under review R23,2 million was available to the Company's CSI programmes. As at 30 June 2017, R22,8 million of these funds had been disbursed and the balance had been allocated to formal initiatives but not yet spent. The disbursement of these funds continues into the new financial year.

The greatest portion of the Company's CSI funding was spent on education and skills development projects. The Company supported a large group of senior scholars and channelled further support into a more focused group of tertiary students in the following manner:

- The Supplementary Trust, part of the Star Schools Programme, established two new centres in Winterveldt and Durban. They support 270 students from 19 beneficiary schools who attend the Star Schools Programme. Learners are assisted over a three-year period, from grades 10 to 12, and are provided with expert tuition on Saturdays and during the school holidays, necessary study materials, as well as career guidance, transport and food.
- The Company provided full or partial bursaries to 22 students through its Tertiary Bursary Programme. The bursaries assisted these students to further their higher education at various universities, technikons



and colleges. The students were selected based on their financial means, academic results and preferred fields of study, which were aligned to the Company's graduate recruitment needs. In addition and where possible, the Company places students within the business to complete one year of in-service training required to qualify in their chosen fields. A student mentorship programme runs in parallel to this initiative which provides extensive and ongoing support to these students.

- The Company again partnered with the Foundation of School Leadership and Management, an initiative established by former school principals aimed at sustainable, proactive and skills-based interventions which directly benefit schools' leadership, learners and their communities.
- The Diepsloot Foundation (previously St Mungo Diepsloot Community Action) allows disadvantaged youths over the age of 18 years who have not achieved their matric to achieve a matric equivalent education and skills and enables them to become employable or self-employed through the Adult Basic Education and Training, or carpentry and sewing programmes. The project also provides formal mentoring and other support to graduates in their employment location for as long as is needed.
- The Company has supported the Kliptown Youth Programme since 2008. The organisation is situated in the Kliptown informal settlement in Soweto and provides a safe haven and educational support for 460 children between the ages of 7 and 18 years. The Company's support has not only been monetary but has included support through a transfer of business, finance and leadership skills and direct involvement by the Company's employees through the AVI employee volunteer programme. In addition learners from this organisation are recipients of scholarships through the Theo Jackson and Ruth First scholarship programmes, both of which are supported by the Company. The Company also contributes towards tertiary education loans by paying the shortfall for a number of students who received National Student Financial Aid Scheme loans.

- The Rural Education Access Programme ("REAP") assists disadvantaged youth to access tertiary education through a partnership with the National Student Financial Aid Scheme and the National Skills Fund. REAP has supported 479 students from all nine provinces, enrolled at 16 universities and studying a broad range of disciplines. To date 66% of these students have successfully completed their studies, 75% of whom have found full-time permanent employment. All of the students came from economically disadvantaged homes and matriculated from rural schools, many of which are severely under-resourced.
- The Theo Jackson and Ruth First Scholarship programmes sponsor disadvantaged boys' and girls' attendance at Jeppe High Schools for Boys and Girls respectively, with full tuition and boarding costs to grade 12. The Company is currently sponsoring two boys and three girls. Three of these scholars originated from the Kliptown Youth Programme.
- The Rapport Onderwysfonds which supports young students from disadvantaged communities with bursaries to enable them to gain a tertiary education qualification with a view to qualifying as teachers. In 2016 the Company sponsored 12 new bursary recipients.
- The St Mary's School Waverley Foundation which provides critical resources and opportunities to girls from disadvantaged communities by supporting their education and training as teachers, and the funding of community affairs programmes. The Company has committed to the funding for one girl for five years to enable her to complete her studies. The bursary includes payment for tuition, boarding, study materials, uniforms, and extra-mural activities, including money to provide the necessary equipment for cultural and sporting activities.

1. Red Cross Children's Hospital Trust
2. Learn to Earn
3. Peninsula School Feeding Association
4. Symphonia
5. Kliptown Youth Service
6. Love Trust



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## SUSTAINABLE DEVELOPMENT REPORT continued

- The Learn to Earn foundation which trains students in Basic Computer skills, Office Administration, Sewing and Baking for Profit. The Company sponsored 62 students with a completion rate of 96%.

Other worthy CSI initiatives that the Company supported during the year were:

- The Peninsula School Feeding Scheme that feeds children in six primary schools in the Western Cape on a daily basis. Often this is the only meal of the day for many of the children.
- The Service Dining Rooms which have been serving nourishing meals every weekday to Cape Town's most vulnerable people and communities for more than three generations. This objective is served in various ways, including the famous daily 5 cent meal served at Canterbury Street, and by sourcing, cooking and providing meals, food parcels and food supplies to various at-risk communities such as old age pensioners and school-going children by partnering with several other organisations doing work in these communities.
- The Love Trust which has established a skills development centre (the Nokuphila School) to train early childhood development educators in and around Tembisa. The Company sponsors the employment of an ECD trainer and made a contribution towards the completion of the school building. The school currently accommodates 340 learners in 17 classes from grades 000 to 6.
- The National Sea Rescue Institute ("the NSRI") of which I&J is a platinum member and to which it makes an annual donation. Over the years I&J has made a substantial contribution to the organisation's infrastructure, building a state-of-the-art rescue station in Cape Town harbour, donating a number of rescue craft, and supporting the "Waterwise" initiative which teaches children between the ages of nine and 14 what to do in an emergency and how to "breathe for their buddy" whilst waiting for the emergency services to arrive. Over 320 000 children have been through the "Waterwise" programme since its inception in 2011.
- I&J is a founding sponsor of the Two Oceans' Aquarium in Cape Town and has supplied fresh fish to this spectacular educational facility since it opened in November 1995. I&J also sponsors the Aquarium's Young Biologist training programme.
- The Red Cross Children's Hospital where I&J's contributions since 1997 have funded the construction of consultation rooms, a radiology facility in the trauma unit, an isolation ward in the burns' unit and, in collaboration with government and the Red Cross Children's Trust, the establishment of the Child Speech and Hearing Clinic at the Mitchell's Plain Hospital.
- The Whale Coast Conservation Trust ("WCCT") was established in 2002 with the mission to unify, coordinate and promote environmentally sustainable

living in the Cape Whale Coast region of the Western Cape. I&J has collaborated with the WCCT to inspire environmental learning and an understanding of one-planet/sustainable lifestyles by sponsorship of the environmental education programmes for three schools in the Gansbaai district. Following completion of the programme these schools will be given "eco-school" status.

- Enactus, which is an international non-profit organisation that brings together student, academic and business leaders who are committed to using the power of entrepreneurial action to improve the quality of life and standard of living for people in need. The Company supported the Enactus teams at the University of Fort Hare, the Mangosuthu University of Technology and the University of Zululand.
- Afrika Tikkun, which provides education, health and social services to vulnerable children, youth and their families through centres in six South African communities with the aim of ensuring a sustainable future for the children and empowering the communities to develop generations of productive citizens.
- Arebaokeng Hospice, which operates a terminal and respite care hospice, and day care centre for orphans and vulnerable children in Tembisa. The Company contributed towards the cost of building and equipping the facility and has a further five-year commitment to assist with running costs.
- Both Sides of the Story, which aims to improve relationships between parents, educators and learners through improved communication and mutual understanding.
- The Young Entrepreneur Foundation Programme, which teaches children between the ages of seven and 15 vital entrepreneurial and financial literacy skills and helps them to start and grow their own micro-enterprises in a fun and experiential way.

The Company has also been involved in or made donations to a number of smaller but just as important initiatives, such as the Regenesys Foundation, Look Good Feel Better, Heartworks, Carel du Toit Trust, Symphonia for Africa, and (through the Green Initiative programme in Epping to which Green Cross contributes) the Langa Baptist Church and the Church of Nazarene which both run soup kitchens and hand out food parcels to the homeless, as well as the Cart Horse Protection Association and the Khayelitsha Special School.

At a more personal level, the Company's employees are encouraged to become involved with their local communities on Company sponsored employee volunteer days branded as "I am Inspired". All of the projects are selected from organisations with which the Company has established relationships and the Company gives employees time off to provide their services to these projects.

## Environmental policy

The Company recognises that its use of natural resources has a socio-economic impact and a physical impact on the environment, accepts responsibility for such impacts, and pursues responsible environmental and climate change practices. This involves:

- Reducing the Company's environmental impact and continually improving the Company's environmental performance as an integral part of the Company's business strategy and operating methods;
- Compliance with all applicable environmental legislation or standards;
- The practice of responsible environmental management related to inputs (material, energy and water) and outputs (emissions, effluents and waste) affecting ecosystems and communities;
- Independent annual environmental audits at each manufacturing site measuring the impact that the particular operation has on its environment and reviewing compliance with legislation and Company policy;
- Providing a framework for setting and reviewing objectives and targets;
- Ensuring that all employees understand the environmental policy and conform to the standards it requires; and
- Reporting in the Company's annual report on performance against targets.

The Company's Board of directors is responsible for the environmental policy and for ensuring that its principles are taken into consideration in formulating the Company's business plans, and the Company's Chief Executive Officer and senior management are in turn responsible for implementation of the business plans, and communication of the policy. The Board of directors has delegated the responsibility for monitoring compliance with the policy to the Company's Audit and Risk Committee. Certain aspects of this subject are also considered by the Social and Ethics Committee.

The Company remains committed to the responsible management of all applicable environmental matters, including those which impact climate change and relate to responsible and sustainable environmental practices, such as greenhouse gas emissions; raw materials usage and recycling; resource usage and efficiency (including water and electricity); impacts on biodiversity; and emissions, effluents and waste management. In particular the Company is alert to the impact that climate change could have on natural resources and the effect that legislative changes could have on the way the Company does business. The Company monitors relevant global and local legislation, regulations and emission-reduction targets.

## Environmental data

During the year under review the Company identified key areas of environmental impact for measurement, management and reporting.

Indicator	Unit	2017	Data			
			2016	2015	2014	2013
<b>1 Total water consumption by source</b>						
1.1 Municipal*	Litres	<b>927 850 679</b>	1 094 362 412	1 063 057 427	1 043 354 478	981 630 869
1.2 Ground water (borehole)	Litres	<b>1 811 000</b>	1 301 000	2 224 000	2 152 000	43 690 000
<b>2 Total energy consumption</b>						
2.1 Purchased electricity	kWh	<b>102 473 146</b>	107 211 709	99 915 717	106 484 439	104 363 238
2.2 Coal	Tons	<b>13 219</b>	19 612	14 038	13 541	14 364
2.3 Petrol	Litres	<b>1 062 496</b>	1 138 870	1 155 078	996 017	1 089 360
2.4 Diesel	Litres	<b>6 790 025</b>	10 585 592	9 481 650	12 268 956	19 039 640
2.5 Liquefied petroleum gas ("LPG")	Litres	<b>1 747 653</b>	1 961 562	1 680 034	1 823 823	1 591 998
2.6 Natural gas	Cubic metres	<b>3 130 938</b>	3 396 701	3 289 399	3 482 760	3 283 150
2.7 Marine/heavy fuel oil*	Litres	<b>16 141 409</b>	14 071 795	10 727 200	8 234 325	–
2.8 Paraffin	Litres	<b>422 060</b>	821 770	855 096	970 877	1 064 317
<b>3 Carbon emissions for above indicators</b>						
3.1 Total carbon emissions	Metric tons	<b>221 358</b>	231 568	188 626	196 794	216 558
3.2 Carbon emissions per employee	Metric tons	<b>25,51</b>	26,69	22,66	24,44	28,24

\* The FY16 municipal water consumption for Green Cross was restated by 2 908 kilolitres to reflect municipal credits given after year-end.

# SUSTAINABLE DEVELOPMENT REPORT continued

Owing to ongoing initiatives the past year has seen reductions across the Group in the majority of energy sources with a resultant reduction in total carbon emissions and carbon emissions per employee. The Company will continue defining and implementing the scope and methods of monitoring and reporting on these issues as well as setting relevant objectives and targets (within the operational objectives of the Company) and managing progress towards those.

In addition to the key areas referred to above the Company will, during the year ahead, consider further areas of environmental impact for possible measurement and reporting, as well as initiatives to mitigate environmental impacts of products and services, where relevant.

## Environmental practices

During the year, the subsidiary companies continued their initiatives to measure and mitigate detrimental environmental impacts. Some of the Company's activities and achievements were:

- **Environmental management systems** – The Isando coffee and creamer factory, the Durban tea factory and both the Isando and Westmead biscuit factories have maintained their ISO 14001 certification. This environmental quality management system enables the factories to identify and control the environmental impact of their activities; continually improve their environmental performance; and implement a systematic approach to setting environmental objectives and targets, achieving these and demonstrating that they have been achieved. I&J has the MSC's Chain of Custody Certification for sustainability in the fishing industry and the Aquaculture Stewardship Council Certification for sustainable abalone farming.
- **Energy conservation** – The current energy shortage, and global efforts to reduce greenhouse gas emissions, make conserving energy a priority for the Company. Efforts include electricity saving initiatives such as:
  - Improving the efficiencies of production machinery, equipment and processes, and the installation of energy efficient lighting solutions, to maximise energy savings and limit wastage.
  - Optimising the use of cold storage space at I&J and decommissioning under utilised cold storage space.
  - The installation of electricity meters per site for the measurement of electricity consumption and consumption patterns and Demand Site Management Surveys by Eskom to enable the formulation of improvement plans to correct excessive use or wastage.
  - Electrical load-shifting where possible, bearing in mind the Company's operational requirements and the installation of power correction units to maintain a constant, minimum level power supply.
  - The installation of a photovoltaic array on the rooftop of the extended Bryanston office to

provide clean energy and the installation of louvres which passively control heat gain allowing for maximum heat gain in winter and maximum shade in summer, ensuring that the building responds precisely to the various sun angles along the full length of its perimeter.

In addition the Company's subsidiaries are taking steps to measure and manage their carbon footprint through, inter alia, the use of the Greenhouse Gas Accounting Protocol and the ISO 14064 International Standard for GHG Emissions Inventories and Verification.

- **Water conservation** – Poor water quality and shortages are a significant potential risk to the Company and the subsidiaries take steps to minimise these risks. These steps include utilising borehole water where appropriate, reservoirs for storing water, recycling condensate produced during the heating processes back to the boilers, recycling production effluent with a view to reclaiming waste water, and adopting environmentally friendly storm water reticulation, whilst simultaneously taking measures to measure and manage water consumption.
- **Fuel consumption** – Within its distribution operations there is ongoing focus on optimisation of delivery routes and consideration of distribution networks through the utilisation of routing and scheduling software throughout the Company, the deployment of on-board technology, advanced fuel management systems, more efficient engines and matching of loads to vehicles, as well as driver training academies, which all remain key issues in reducing fuel consumption and the Company's carbon footprint.
- **Emissions, effluents and waste** – The Company is committed to an overall waste management strategy, reducing the use of raw materials, reducing waste, re-using waste wherever possible, and recycling waste that cannot be eliminated or re-used. Key to managing waste is the monitoring and analysis of waste volumes and component parts to give the Company the information it needs to manage waste effectively. The Company also recognises its responsibility in terms of the Air Quality Act of 2004 and is committed to efficient and effective air quality management and thus ensures that all ovens, paraffin- and oil-fired boilers, and boiler stacks are correctly operated, well maintained and routinely inspected. In addition the factories engage with approved inspection authorities and conduct air emission surveys. Green Cross in particular is part of a Green Initiative programme in Epping involving the collection of recycled waste paper and cardboard by a local recycling business (also generating job creation) and contribution of a part of the proceeds received for the waste towards the Epping City Improvement District. These funds are then used to support various charitable organisations in Cape Town. The programme therefore supports not only

the environment but also directly contributes to the society in which Green Cross operates. Green Cross was awarded a Green Certificate for its role in this programme and is recognised by both Wasteplan and the City of Cape Town.

Other initiatives include the following:

- Effluent management at the Isando biscuit factory through the installation of a new water recycling and treatment plant with a view to reclaiming at least 50% of the waste water. At the Westmead biscuit factory effluent management involves flocculation and removal of solids from the water, and reduction of the pH and chemical oxygen demand (“COD”) levels. At the distribution centres all vehicles are washed using biodegradable chemicals and grease traps are cleaned regularly to prevent contamination of the main sewer system. In general, waste materials are classified for possible re-use, recycling or disposal and disposals are done through registered waste disposal and recycling companies.
- Where appropriate the factories are installing new equipment and modifying old equipment in order to reduce emissions.
- I&J routinely recycles metal, corrugated cartons, used sunflower oil and used marine oil. Entyce Beverages has implemented various initiatives to reduce the weight (and resultant waste) of packaging by down-gauging of flexible packaging and tin and removing excess packaging. In addition it is encouraging consumers to recycle by including recycle logos and categorisation on packaging.
- Indigo Brands has developed a waste management plan which is aligned with statutory requirements and local government initiatives regarding waste management. Indigo also participates in related initiatives. The waste management plan guides the compliance with legislation as well as the identification of initiatives to ensure effective waste reduction and control. A proposal for the upgrading of the effluent treatment facility has been developed and will be completed during FY18.
- **Raw materials** – The Company’s use of sustainable raw materials, including recycled and recyclable materials and materials derived from ethical and sustainable sources as certified by bodies such as the Roundtable on Sustainable Palm Oil (“RSPO”), the Forestry Stewardship Council (“FSC”) (for packaging materials produced from sustainable forests), the Convention on Biological Diversity, and the Right Rooibos initiative, is an integral part of the Company’s sustainability strategy. The Company is a member of and has representation on the Board of the South African Rooibos Council, a non-profit organisation whose goal is to protect the Rooibos industry and to ensure the sustainability of this scarce raw material. All of the palm oil procured by the Company is from RSPO certified suppliers and the yellow maize procured for the manufacture of liquid glucose is certified as non-genetically modified.

The high performance paperboard used in I&J retail packs is produced from SFI (Sustainable Forestry Initiative) and FSC certified, renewable resources and all paperboard materials can be recycled multiple times. These retail cartons are packed into outer cartons supplied by local companies that meet the environmental management standard FSSC 22000, and all I&J outer cartons are 100% recyclable. All paperboard materials used by National Brands are produced from sustainable forests which are FSC compliant, contain no heavy metals or mineral oils, and no fossil fuel energy is used in the production of these products. These materials are also 100% recyclable. Furthermore, National Brands’ major corrugate, carton and tin packaging suppliers are certified by SEDEX (a not for profit membership organisation dedicated to driving improvements in ethical and responsible business practices in global supply chains) and the business continues to encourage its wider supply base to aim for SEDEX certification. Ciro Full Service Coffee Co. sells a range of Fairtrade, Organic, Rain Forest Alliance and UTZ (an international standard for sustainable farming of coffee, cocoa and tea) certified products, and a partnership with Mbokomu Rural Cooperative Society in Tanzania assists farmers and farming communities to improve the quality of their coffee and improve processing to reduce waste.

During the first half of FY17 four non-compliance notices were issued to the Westmead biscuit factory by the eThekweni Municipality’s Pollution Control Division and Water and Sanitation Division and fines were levied in the amount of R4 000,00. There have, however, been no further notices issued or fines levied following the outsourcing of management of the effluent plant to a specialist company. The Isando biscuit factory received 14 non-compliance notices and fines in the amount of R29 892,00 were issued for high levels of aluminium and sodium owing to the type of flocculent used in the plant, high pH levels and commissioning of the new effluent plant. The Isando coffee factory received four non-compliance notices and fines in the amount of R86 200,00 for high COD and sodium levels in the waste water. A mini-upgrade of the effluent plant has now been done and a full effluent plant project is in progress in order to improve the effectiveness of the plant in FY18, which will include automation and outsourcing of the management of the plant. Other than the notices and fines referred to above, no other fines or non-monetary sanctions for infringement of or non-compliance with environmental laws and regulations were recorded and/or levied against the Company, directors, officers or employees during the period under review and the Company experienced no major environmental incidents. No formal requests or directives have been issued by government agencies or local authorities for the reduction of air emissions.



# SUSTAINABLE DEVELOPMENT REPORT continued

### Consumer and product legislation

The Company’s internal legal advisers keep the Company abreast of generic and industry-specific consumer and product-related legislative and regulatory developments, both pending and apparent, and ensure that the Board, management and employees are informed and, where necessary, trained on these developments and the implementation thereof.

In the year under review the Company continued monitoring and addressing changes brought about by relevant legislation, including the Carbon Tax Bill, the Health Promotion Levy on sugary beverages, Healthy Food Options, advertising to children, sodium reduction regulations and numerous food safety and packaging regulations, including the Global Trade Item Number Management Standard. The Company works closely with relevant industry and government bodies, such as the Consumer Goods Council and the Department of Health, to develop sensible and sustainable criteria for, inter alia, nutrient profiles, advertising and marketing.

The Company’s central marketing and group legal functions ensure that there is adherence to laws, standards and voluntary codes relating to marketing and communications, including advertising, promotions,

competitions and sponsorships. All applicable labelling legislation is regularly reviewed and, where appropriate, changes are made. The research and development managers in the subsidiary companies are responsible for ensuring applicable compliance.

The Company remains a member of a number of industry associations as set out in more detail in the stakeholder engagement table.

No judgments, damages, penalties, or fines for infringement of or non-compliance with consumer or product-related legislation were recorded and/or levied against the Company, directors, officers or employees during the period under review.

### Major risks

The Company and its subsidiaries have well run governance processes and sound systems of internal control which are effective in managing the conventional key areas of business risk such as brand management, manufacturing, financial management and information technology. Other risks that are often more challenging to manage, and pose a greater threat to business success, are summarised below:

Key risks	Comments
<b>Failure to stay in touch with and react quickly to changing consumer perspectives and needs, resulting in lost growth opportunities or erosion of market share</b>	<ul style="list-style-type: none"> <li>Product formats and price points are managed flexibly in different parts of the consumer cycle, in line with consumer needs</li> <li>Each business unit gives high priority to understanding the risks and opportunities that South Africa’s growing black consumer base presents, and responding in a manner appropriate to each category</li> <li>The characteristics of our African export geographies are studied carefully so that we can enhance the relevance of our offering in each geography</li> <li>New product development is aligned with the points above and actively pursued</li> <li>Brand investment is material and consistent, with ongoing efforts to improve the efficiency and effectiveness of this spend. Under- or over-spend of marketing money without an economic imperative could lead to unsustainable or diminishing brand equity</li> </ul>
<b>Availability of experienced and commercially minded business leaders to seek improvement and grow profits</b>	<ul style="list-style-type: none"> <li>This is an ongoing challenge, particularly given the diversity of AVI’s operations. Considerable resources are expended in identifying people and, where appropriate, attracting them</li> <li>The Group has a flexible operating model which provides high transparency to the centre and facilitates effective interaction on key matters when needed</li> <li>Remuneration and reward systems provide meaningful wealth generation opportunities for managers who excel but a low level of retention in share option schemes in periods of low share price growth, and delays in addressing this means a loss of senior employees to more attractive opportunities, lower morale for senior employees in general, and an environment in which it is harder to attract the best people. This has been mitigated to some extent by the implementation (with shareholder approval) of new share incentive schemes in FY17</li> <li>Various formal and informal internal learning and development initiatives are provided but developing in-house talent is becoming increasingly more important</li> <li>Inadequate progress with transformation would make it difficult to attract top equity candidates and reduce credibility with stakeholders and business partners</li> <li>The difficulty in recruiting scarce skills creates, inter alia, poor management depth and limited succession planning with a risk of reduced business credibility and business effectiveness</li> </ul>

Key risks	Comments
<p><b>Changing competitive landscape that impacts profitability</b></p>	<ul style="list-style-type: none"> <li>• A volatile currency with the risk of rapid and material weakening has traditionally been an effective protection against import competition, but has proven less so in the last few years and may not be in the future</li> <li>• A fairly small domestic market reduces the attractiveness of major greenfields investment in South Africa. There is the risk that surplus capacity in the market will inhibit the ability to generate economic returns on investment</li> <li>• New suppliers or customers entering the South African FMCG market can present both risks and opportunities. We believe that the Company has sufficient scale and relevance with its strong brand portfolio to be important to new entrants, and to be able to forge mutually beneficial trading relationships</li> <li>• The Company's best protection in a changing competitive landscape is to continually work to keep our brands and products relevant to consumers, to improve efficiency so that margins can be sustained when prices are constrained, and to be diligent in managing the price/volume/margin equation flexibly as circumstances require</li> <li>• A growth of house brands means increased price competition, difficulty in getting fair representation on shelf, pressure to manufacture house brands, and changes in consumer perceptions of house brands which could lead to increased support and investment in capacity for those brands</li> </ul>
<p><b>Over reliance on third-party brands and diminished profitability if licences are not renewed</b></p>	<ul style="list-style-type: none"> <li>• Most of the Company's core brands are owned</li> <li>• Key third party brands that the Company has access to are the Lacoste brand in Spitz, the Coty brand in Indigo Brands, and the Lavazza brand in Entyce Beverages. While we have a long history of strong and successful relationships with all of these parties and believe that our business units represent compelling opportunities to each licensor that will be difficult for other licensees to match, there is always a risk of disproportionate dependence on third-party brands and under-investment in owned brands</li> </ul>
<p><b>Sustaining and growing profit margins</b></p>	<ul style="list-style-type: none"> <li>• Top-line growth is a continual focus area for all of our businesses and brings with it the opportunity to leverage fixed costs and expand profit margins</li> <li>• Over-reliance on the strength of core brands could lead to the retardation of key disciplines</li> <li>• A failure to recognise the importance of product attributes in current or innovated products leads to a reliance on brand equity and/or marketing investment</li> <li>• A failure to adjust objectives and strategies to current realities may lead to sudden or gradual under-performance and/or enterprise failure</li> <li>• A failure to invest in manufacturing capacity and/or technology at the correct time may create a risk of market share erosion from both local sources and imports, and major capacity investment remains imperative</li> <li>• Many of the Company's Key Value Items ("KVIs") enjoy a brand premium because of their long legacy of delivery and quality. We seek to preserve this premium through retention of product intrinsics and high focus on product quality. We will continue to invest in replacement capital expenditure in those parts of our business where it is necessary to sustain efficient and high quality production</li> <li>• The Company has extensive exposure to foreign exchange and commodity price volatility. These exposures are hedged in a manner that allows selling prices to be managed predictably and responsibly and historically our businesses with their strong brands have demonstrated the ability to recover lost profit margin fairly quickly after periods of pressure. The notable exception being I&amp;J, which has little ability to compensate for the impact of a strong Rand on its material export revenues, but similarly also benefits materially when the Rand is weaker</li> <li>• There remain many opportunities to improve profit margins across the Group over the next few years. These include initiatives such as central procurement, ongoing improvements in logistics and field marketing, new technology and increased automation in our factories</li> </ul>

# SUSTAINABLE DEVELOPMENT REPORT continued

Key risks	Comments
<p><b>Social and political environment</b></p>	<ul style="list-style-type: none"> <li>• I&amp;J's long-term fishing rights are dependent on an ongoing review process. If this process becomes politicised it may result in a reduced allocation of hake quota to I&amp;J</li> <li>• Timeous resolution by the Department of Agriculture, Forestry and Fisheries of the renewal of fishing rights.</li> <li>• Ongoing increases in administered charges for electricity, water and property rates create additional cost pressure and reduce competitiveness relative to imports</li> <li>• In a two-tiered economy the Company increasingly competes with smaller operators who are not measured or monitored effectively against increasing and onerous legislated requirements where there is an increasing new entrant risk due to low barriers to entry technology and high margins</li> <li>• Increasingly inflexible labour legislation, including in particular the changes effected to the Labour Relations Act early in 2015, the interpretation of this legislation by the Courts in favour of permanent employment, and increasing demands and industrial action by labour unions, reduce competitiveness against imports, increase investment hurdles and create a growing disparity in wage costs between formal (unionised) and informal sectors</li> <li>• Availability of vital utilities, such as power and water, necessary to run business can be mitigated at extra cost, but reduce competitiveness. The declining quality of municipal water in many areas could force increased dependence on borehole water (where available) or the installation of water filtering and purification plants, all at an extra cost to the businesses</li> <li>• The imposition of price controls pursuant to a populist political and social agenda could impact parts of the Company's product portfolio</li> <li>• Dissatisfaction with service delivery by government and municipalities could lead to civil disruption and strikes with a material adverse effect on volumes and profit</li> <li>• The continued decline of educational standards erodes the supply of essential skills to maintain our medium-term competitiveness</li> <li>• The emergence of new and ambitious social programmes that place too heavy a burden on organised business and taxpayers, to the extent that the availability of capital reduces in South Africa, and over time that compromises our ability to sustain our current asset base and competitiveness</li> <li>• Compliance with increasing consumer-facing legislation such as in respect of labelling, advertising, genetically modified organisms ("GMOs"), salt, and sugar and the increased focus on providing "healthy" alternatives to existing products, requires increased work and pressure on research and development</li> <li>• Changes to the Broad Based Black Economic Empowerment Codes of Good Practice with, inter alia, substantially increased financial requirements for meeting minimum compliance levels, have had a material negative impact on the scorecard rating and made it difficult to achieve and maintain the historical rating</li> <li>• There is increasing financial demand on the private sector to fund the government's budget deficit and over reliance on the private sector to address social issues, e.g. university fees</li> <li>• Regulators such as the Competition Commission and the Department of Trade and Industry increasingly see their role as maintaining jobs without regard for the underlying economic merit of their decisions and proposals</li> </ul>
<p><b>Environmental</b></p>	<ul style="list-style-type: none"> <li>• The impact of climate change on natural resources through changing weather patterns and increased global temperatures could affect natural and agricultural resources on which the Company is dependent</li> <li>• Climate change will attract regulatory costs which will increase operating costs</li> <li>• Government commitments to emission-reduction targets could have a significant impact on the operating and distribution practices of the Company</li> <li>• Deteriorating water quality through pollution, including tainted groundwater from mining operations</li> </ul>

## Going forward

The Company will continue reporting on sustainability issues in a way that focuses on the material issues and provides a balanced view of the economic, social and environmental aspects of the Company to stakeholders. In particular there will be focus on:

- Further defining and implementing the scope and methods of monitoring and reporting on the environmental issues identified during the year under

review, and establishing a method to set relevant objectives and targets.

- Reviewing and evolving the principles and practices of sustainable development established throughout the Company.
- Reviewing and evolving the Company's integrated reporting to ensure the appropriate reporting of environmental, social and economic sustainability, underpinned by good corporate governance.

## Index of material issues

Aspect	Core indicator	Page/not reported	
<b>General standard disclosures</b>			
<b>Strategy and analysis</b>	G4-1	Statement from the most senior decision maker of the Company about the relevance of sustainability to the Company and its strategy, particularly with regard to managing the challenges associated with economic, environmental and social performance	6 – 9
	G4-2	Description of key impacts, risks and opportunities	6 – 9; 48 – 50
<b>Organisational profile</b>	G4-3	Name of the Company	Inside front and back covers
	G4-4	Primary brands, products and/or services	1
	G4-5	Location of Company's headquarters	Inside back cover
	G4-6	Number of countries where the Company operates and names of countries with major operations or that are specifically relevant to the sustainability issues covered in the report	92 – 95
	G4-7	Nature of ownership and legal form	1
	G4-8	Markets served (geographical, sector and types of customers)	92 – 95
	G4-9	Scale of the Company, including: <ul style="list-style-type: none"> <li>• Number of employees</li> <li>• Number of operations</li> <li>• Net sales</li> <li>• Total capitalisation in terms of debt and equity</li> <li>• Quantity of products provided</li> </ul>	Annual financial statements from page 81
	G4-10	<ul style="list-style-type: none"> <li>• Total number of employees by contract and gender</li> <li>• Total number of permanent employees by employment type and gender</li> <li>• Total workforce by employees and supervised workers and gender</li> <li>• Total workforce by region and gender</li> <li>• Report whether substantial portion of work is performed by workers who are legally recognised as self-employed or individuals other than employees or supervised workers, including employees or supervised workers of contractors</li> <li>• Report significant variations in employment numbers</li> </ul>	40
	G4-11	Report the percentage of total employees covered by collective bargaining agreements	40
	G4-12	Describe the organisation's supply chain	32 – 50
	G4-13	Significant changes during the reporting period regarding size, structure or ownership	83 – 85

# SUSTAINABLE DEVELOPMENT REPORT continued

Aspect	Core indicator		Page/not reported
<b>Organisational profile</b> continued	G4-14	Report whether and how the precautionary approach or principle is addressed by the organisation	32 – 50
	G4-15	List externally developed economic, environmental and social charters, principles or other initiatives to which the organisation subscribes or which it endorses	32 – 50
	G4-16	List members of associations in which the organisation: <ul style="list-style-type: none"> <li>• Holds a position on the governing body</li> <li>• Participates in projects or committees</li> <li>• Provides substantive funding beyond routine membership dues</li> <li>• Views membership as strategic</li> </ul>	32 – 50
<b>Identified material aspects and boundaries</b>	G4-17	List all entities included in the consolidated financial statements and report whether any entity included in the consolidated financial statements is not covered by the report	Annual financial statements from page 81
	G4-18	Explain the process for defining the report content and the aspect boundaries and explain how the organisation has implemented the reporting principles for defining report content	Inside front cover
	G4-19	List all the material aspects identified in the process for defining report content	Inside front cover, 32 and 33
	G4-20	For each material aspect report the aspect boundary within the organisation	32 and 33
	G4-21	For each material aspect report the aspect boundary outside the organisation	32 and 33
	G4-22	Report the effect of any restatements of information provided in previous reports and the reasons for such restatements	Entire Integrated Annual Report, where applicable
	G4-23	Report significant changes from previous reporting periods in the scope and aspect boundaries	Not applicable
<b>Stakeholder engagement</b>	G4-24	Provide a list of stakeholder groups engaged by the organisation	33 and 34
	G4-25	Report the basis for identification and selection of stakeholders with whom to engage	33 and 34
	G4-26	Report the organisation's approach to stakeholder engagement, including the frequency of engagement and an indication of whether engagement was undertaken specifically as part of the report preparation process	33 and 34
	G4-27	Report key topics and concerns that have been raised through stakeholder engagement and how the organisation has responded. Report the stakeholder groups that raised each of the key topics and concerns	33 and 34
<b>Report profile</b>	G4-28	Reporting period	Inside front cover
	G4-29	Date of most recent previous report	Inside front cover
	G4-30	Reporting cycle	Inside front cover
	G4-31	Contact point for questions regarding the report or its contents	Inside front cover
	G4-32	<ul style="list-style-type: none"> <li>• Report the "in accordance" option the organisation has chosen</li> <li>• Report the GRI Content Index for the chosen option</li> <li>• Report the reference to the External Assurance Report</li> </ul>	32 and 33
	G4-33	Policy and current practice with regard to seeking external assurance	33

Aspect	Core indicator		Page/not reported
<b>Governance</b>	G4-34	Governance structure of the Company, including Board committees	62 – 72
	G4-35	Report the process for delegating authority for economic, environmental and social topics from the Board to senior executives and other employees	62 – 72
	G4-36	Report whether the organisation has established an executive-level position/s with responsibility for economic, environmental and social topics and whether post holders report directly to the Board	62 – 72
	G4-37	Report processes for consultation between stakeholders and the Board on economic, environmental and social topics	62 – 72
	G4-38	Report the composition of the Board and its committees	62 – 72
	G4-39	Report whether the Chairman of the Board is also an executive officer (and, if so, their function within the Company's management and the reasons for this arrangement)	62 – 72
	G4-40	Report the nomination and selection processes for the Board and its committees including any considerations of diversity, and whether and how stakeholders are involved	62 – 72
	G4-41	Processes in place for the Board to ensure conflicts of interest are avoided and managed and whether conflicts of interest are reported to stakeholders	62 – 72
	G4-42	Report the Board and senior executive's roles in the development, approval and updating of the organisation's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts	62 – 72
	G4-43	Report the measures taken to develop and enhance the Board's collective knowledge of economic, environmental and social topics	62 – 72
	G4-44	<ul style="list-style-type: none"> <li>Report the processes for evaluation of the Board's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment</li> <li>Report actions taken in response to the above evaluation</li> </ul>	62 – 72
	G4-45	<ul style="list-style-type: none"> <li>Report the Board's role in the identification and management of economic, environmental and social impacts, risks and opportunities</li> <li>Report whether stakeholder consultation is used to support the above</li> </ul>	62 – 72
	G4-46	Report the Board's role in reviewing the effectiveness of the organisation's risk management processes for economic, environmental and social topics	62 – 72
	G4-47	Report the frequency of the Board's review of economic, environmental and social impacts, risks and opportunities	62 – 72
	G4-48	Report the highest committee that formally reviews and approves the organisation's sustainability report and ensures that all material aspects are covered	62 – 72
	G4-49	Report the process for communicating critical concerns to the Board	62 – 72
G4-50	Report the nature and total number of critical concerns that were communicated to the Board and the mechanisms used to address and resolve them	62 – 72	

# SUSTAINABLE DEVELOPMENT REPORT continued

Aspect	Core indicator		Page/not reported
<b>Governance</b> continued	G4-51	Report the remuneration policies for the Board and senior executives for the below types of remuneration: <ul style="list-style-type: none"> <li>• Fixed pay and variable pay</li> <li>• Sign-on bonuses or recruitment incentive payments</li> <li>• Termination payments</li> <li>• Clawbacks</li> <li>• Retirement benefits</li> </ul> Report how performance criteria in the remuneration policy relate to the Board and senior executives' economic, environmental and social objectives	73 – 80
	G4-52	Key topics and concerns that have been raised through stakeholder engagement, and how the Company has responded to those key topics and concerns, including through its reporting	33; 34 and 72
	G4-53	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable	33; 34 and 72
	G4-54	Report the ratio of the annual total compensation for the organisation's highest paid individuals to the median annual total compensation for all employees (excluding the CEO)	Not reported
	G4-55	Report the ratio of percentage increase in annual total compensation for the organisation's highest paid individual to the median percentage increase in annual total compensation for all employees	Not reported
	G4-56	Describe the organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics	32 – 35; 45; 62 – 72
	G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behaviour, and matters related to organisational integrity, such as helplines or advice lines	35
	G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behaviour, and matters related to organisation integrity, such as escalation through management, whistle-blowing mechanisms or hotlines	35

## Specific standard disclosures by aspects

<b>Environmental</b>	G4-EN1	Materials used by weight or volume	45
	G4-EN2	Percentage of materials used that are recycled input materials	45 – 47
	G4-EN3	Energy consumption within the organisation	45
	G4-EN4	Energy consumption outside the organisation	Not reported
	G4-EN5	Energy intensity ratio	Not reported
	G4-EN6	Reduction of energy consumption	45
	G4-EN7	Reductions in energy requirements of sold products and services	Not reported
	G4-EN8	Total water withdrawal by source	45
	G4-EN9	Water sources significantly affected by withdrawal of water	Not reported
	G4-EN10	Percentage and total volume of water recycled and re-used	Not reported
	G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	35 – 37

Aspect	Core indicator	Page/not reported	
<b>Environmental</b> continued	G4-EN12	Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	35 – 37
	G4-EN13	Habitats protected or restored	35 – 37
	G4-EN14	Total number of ICUN red species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	35 – 37
	G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	45
	G4-EN16	Energy indirect greenhouse gas emissions (Scope 2)	Not reported
	G4-EN17	Other indirect greenhouse gas emissions (Scope 3)	Not reported
	G4-EN18	Greenhouse gas emissions intensity	Not reported
	G4-EN19	Reduction of greenhouse gas emissions	45
	G4-EN20	Emissions of ozone-depleting substances	Not reported
	G4-EN21	NO <sub>x</sub> , SO <sub>x</sub> and other significant air emissions	Not reported
	G4-EN22	Total water discharge by quality and destination	Not reported
	G4-EN23	Total weight of waste by type and disposal method	Not reported
	G4-EN24	Total number and volume of significant spills	None
	G4-EN25	Weight of transported, imported, exported or treated waste deemed hazardous, and percentage of transported waste shipped internationally	Not applicable
	G4-EN26	Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected by the organisation's discharges of water and runoff	35 – 37
	G4-EN27	Extent of impact mitigation of environmental impacts of products and services	45 – 47
	G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	Not reported
	G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	47
	G4-EN30	Significant environmental impact of transporting products and other goods and materials for the organisation's operations and transporting members of the workforce	Not reported
	G4-EN31	Total environmental protection expenditures and investments by type	45 – 47
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	Not reported	
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	45 – 47	
G4-EN34	Number of grievances about environmental impacts filed, addressed and resolved through formal grievance mechanisms	None	



# SUSTAINABLE DEVELOPMENT REPORT continued

Aspect	Core indicator		Page/not reported
<b>Human rights</b>	G4-HR1	Percentage and total number of significant investment agreements and contracts that include human rights clauses, or that underwent human rights screening	Not reported
	G4-HR2	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to the operations, including the percentage of employees trained	Not reported
	G4-HR3	Total number of incidents of discrimination and corrective actions taken	None
	G4-HR4	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights	None
	G4-HR5	Operations and significant suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour	None
	G4-HR6	Operations and significant suppliers identified as having significant risks for incidents of forced or compulsory labour, and measures taken to contribute to the elimination of all forms of forced or compulsory labour	None
	G4-HR7	Percentage of security personnel trained in the organisation's human rights policies or procedures	Not reported
	G4-HR8	Total number of incidents of violations involving rights of indigenous people and actions taken	None
	G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	100%
	G4-HR10	Percentage of new suppliers that were screened using human rights criteria	Not reported
	G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	40
	G4-HR12	Number of grievances about human rights impacts filed, addressed and resolved through formal grievance mechanisms	None

Aspect	Core indicator		Page/not reported
<b>Labour practices and decent work</b>	G4-LA1	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Comply with labour and employment legislation and collective agreements
	G4-LA2	Return to work and retention rates after parental leave, by gender	Comply with labour and employment legislation and collective agreements
	G4-LA3	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	Comply with labour and employment legislation and collective agreements
	G4-LA4	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes	Comply with labour and employment legislation and collective agreements
	G4-LA5	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism and total number of work-related fatalities	40 and 41
	G4-LA6	Workers with high incidence or high rates of diseases related to their occupation	Not reported
	G4-LA7	Health and safety topics covered in formal agreements with trade unions	Comply with labour and employment legislation and collective agreements
	G4-LA8	Average hours of training per year per employee, by gender and by employee category	38 and 39
	G4-LA9	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	38 and 39
	G4-LA10	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Not reported
	G4-LA11	Composition of governance bodies and breakdown of employees per employee category by gender, age, minority group membership, and other indicators of diversity	40; 62 – 65
	G4-LA12	Ratio of basic salary and remuneration of women to men by employee category	Not reported
	G4-LA13	Percentage of new suppliers that were screened using labour practices criteria	Not reported
	G4-LA14	Significant actual and potential negative impacts for labour practices	Not reported
	G4-LA15	Number of grievances about labour practices filed, addressed and resolved through formal grievance mechanisms	Not reported
	G4-LA16	Percentage and total number of business units analysed for risks related to corruption	100%

# SUSTAINABLE DEVELOPMENT REPORT continued

Aspect	Core indicator		Page/not reported
<b>Society</b>	G4-SO1	Percentage of operations with implemented local community engagements, impact assessments and development programmes	32 – 48
	G4-SO2	Operations with significant actual and potential negative impacts on local communities	32 – 48
	G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	100%
	G4-SO4	Communication and training on anti-corruption policies and procedures	33 and 35
	G4-SO5	Confirmed incidents of corruption and actions taken	Not reported
	G4-SO6	Total value of political contributions by country and recipient	None
	G4-SO7	Total number of legal actions for anti-competitive behaviour, anti-trust and monopoly practices and their outcomes	None
	G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	None
	G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	Not reported
	G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	32 – 48
	G4-SO11	Number of grievances about impacts on society filed, addressed and resolved through formal grievance mechanisms	None
<b>Product responsibility</b>	G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	48
	G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	Not reported
	G4-PR3	Type of product and service information required by the organisation's procedures for product and service information and labelling, and percentage of significant product and service categories subject to such information requirements	Not reported
	G4-PR4	Total number of incidents of non-compliance with legislation and voluntary codes concerned product and service information and labelling, by type of outcomes	None
	G4-PR5	Results of surveys measuring customer satisfaction	Not reported
	G4-PR6	Sale of banned or disputed products	None
	G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship, by type of outcome	Not reported
	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	None
	G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	None

Aspect	Core indicator		Page/not reported
<b>Economic</b>	G4-EC1	Direct economic value generated and distributed	27
	G4-EC2	Financial implications and other risks and opportunities due to climate change	45 – 47
	G4-EC3	Coverage of the organisation’s defined benefit plan obligations	98; 99; 121; 127 – 132
	G4-EC4	Significant financial assistance received from government	38 and 39
	G4-EC5	Report the ratios of standard entry level wage by gender compared to local minimum wages	Not reported
	G4-EC6	Report proportion of senior management hired from local community	Not reported
	G4-EC7	Development and impact of significant infrastructure investments and services supported and impact on communities and local economies through commercial, in-kind, or pro-bono engagement	Not reported
	G4-EC8	Report significant indirect economic impacts, including the extent of impacts	Not reported
	G4-EC9	Report the proportion of spending on local suppliers	Not reported