

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 material sustainability issues. 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 operate without censure or compromise over the long term. Proper ethics and appropriate values are central to

the Company's culture and therefore to the behaviour of its employees. They assist in establishing a willingness to accept and respond to broader issues in our society, forming the basis of the Company's interactions with its stakeholders.

- **Scarce resources, biodiversity, and environmental** – in order to ensure that 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 scarce resources relevant to its operations, where practical, and ensuring that its operations do not detrimentally impact vulnerable and/or endangered natural habitats, wildlife or local communities. 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 imperatives 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 is desirable to do business with.

COVID-19

The national state of disaster relating to the Novel Coronavirus Disease 2019 (COVID-19) outbreak, declared by the South African Government in the first half of 2020, continued into the second half of 2020 and into 2021.

Further waves of infection continue with government lockdowns of various levels being imposed from time to time.

The Government's phased rollout of the COVID-19 vaccine started slowly in 2021 but is gaining momentum.



The Company continued applying the legal health and safety framework outlined in relevant legislation and captured in the Company's COVID-19 Preparedness and Response Policy. Despite taking all reasonably practicable steps to identify, mitigate, and eliminate potential exposure to the COVID-19 virus in the workplace, the Group has, together with the rest of the country, experienced the human impact thereof. As at date of writing the human toll, sadly and regrettably, included 19 deaths. More detail regarding the Group's experience is set out in the health and safety section of this report.

The Company has been fortunate to be able to sustain its role as a provider of essential products during the various stages of lockdown and thereby sustain its cash flows, and pay its employees and suppliers. There were no material disruptions to the operations in the current financial year.

Guiding framework

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

- The King IV Report on Corporate Governance for South Africa, 2016 ("King IV report");
- The Listings Requirements of the JSE Limited ("Listings Requirements");
- The JSE Responsible Investment Index criteria; and
- The Global Reporting Initiative ("GRI") framework.

While the King IV 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 Responsible Investment Index 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 61. 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 Responsible Investment Index frameworks for guidance in compiling this report is not intended to declare compliance as understood in either framework. In addition, the Company has been independently assessed by FTSE Russell (FTSE International Limited and Frank Russell Company) on behalf of the JSE against the FTSE Russell ESG Rating framework and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong environmental, social and governance practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.



The Company remains committed to ongoing review and re-assessment of the scope of its reporting, as well as to regular consideration of 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.

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Social and Ethics Committee

The Social and Ethics Committee was constituted in August 2011 in terms of the Companies Act No. 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 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 71.

Stakeholder engagement

Stakeholder engagement is an important aspect of the Company's sustainability responsibilities and it formally identifies and recognises 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 below lists the more obvious stakeholders and provides examples of the nature of the engagements that the Company has with them.

Stakeholder type	Nature of engagement
Shareholders, analysts and media	<ul style="list-style-type: none">• Annual General Meeting at which shareholders have an opportunity to vote on material resolutions, including the appointment and remuneration of directors• Distribution of information via the website, including financial, brand, governance, social, ethics, and sustainability matters• Press releases and SENS announcements• Formal presentation of the half year and final financial results to the investment community• Integrated Annual Report• Interviews and media briefings• Scheduled bi-annual meetings with analysts• Ad hoc meetings with analysts and investors, both locally and overseas, as required• Meetings to resolve queries on specific matters as required
Customers and consumers	<ul style="list-style-type: none">• Daily contact in own and customers' stores• Meetings• Consumer and product research• Marketing campaigns• Websites and social media platforms• Customer care and complaint lines• Customer audits

Stakeholder type	Nature of engagement
Employees and employee representative bodies (including unions)	<ul style="list-style-type: none"> • Intranet and published newsletters or notices • Bi-annual presentations by the Chief Executive Officer to the executive community • Presentations and written communication (e.g. newsletters and posters) on material issues and regulations affecting employees • Conferences and general staff meetings • Performance appraisals • Union representative forums • Workplace forums such as the employment equity and learning and development forums • Industry relevant Sector Education and Training Authorities • Independent anonymous reporting hotline • Intranet-based incident reporting system • Ad hoc events
Suppliers	<ul style="list-style-type: none"> • Product conferences • Visits and meetings • Participation in manufacturing improvement projects and waste legislation compliance teams • Supplier audits • Senior operational and procurement staff day-to-day interactions
Communities and non-profit organisations	<ul style="list-style-type: none"> • Corporate social investment programmes • Workplace learning and development programmes for unemployed learners • AVI graduate development programme • Partnerships and sponsorships • Ad hoc community engagements in surrounding communities, including Company sponsored employee volunteer days
Business associations	<ul style="list-style-type: none"> • Participation in, or membership of numerous associations such as the South African Chamber of Commerce & 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 • Participation in association initiatives
Government or regulators	<ul style="list-style-type: none"> • Regular contact with significant industry regulators directly or through business associations • Participation in crisis management teams

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 IV Report and is regularly reviewed to ensure that it remains up to date and relevant.

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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, biodiversity, and environmental

Fishing resources

One of the Company's primary exposures to scarce resources that could materially impact its business is the sustainability of fishing resources (primarily deep water hake) in South African territorial waters. I&J currently has long-term hake fishing rights at a level that can support economic returns provided that the resource remains at sustainable harvest levels.

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, including an extended appeal process, the Department of Forestry, Fisheries Environment ("DFFE") (previously the Department of Forestry and Fisheries and the Department of Environmental Affairs, which were merged in 2019)

announced the outcomes of the applications in the respective sectors. Based on the allocation process I&J was allocated 18,4% of the Hake Inshore Trawl (previously 34,1%), 13,4% of the Patagonian Toothfish (previously 17,8%), and 4,3% of the Horse Mackerel (previously 11,7%) total allowable catches.

In adjudicating the appeals on the Horse Mackerel allocation, the Minister upheld the quantum allocation methodology applied by the Delegated Authority, namely the Deputy-Director-General: Fisheries Management, when awarding rights. Together with industry counterparts, I&J took this decision on review in the Western Cape High Court. The Court has now declared the aforementioned quantum allocation methodology to be unlawful. In terms of the order granted the Minister has been directed to re-adjudicate the appeals on the Horse Mackerel allocation by no later than 3 November 2021.

The current Hake Deep Sea Trawl long-term rights, along with a number of other fishing rights, were due to expire at the end of 2020 but were extended to the end of 2021 to allow adequate time for the completion of the FRAP. The FRAP timeline published on 26 June 2020 has not been complied with and it remains unclear whether the FRAP will be completed by December 2021. Thus far, draft socio-economic impact assessment studies ("SEIAS") in the sectors scheduled to be part of the FRAP were published between 14 and 20 May 2021. These studies are a requirement for Government when there is an intention to review existing policy and/or draft new policy. I&J and other industry bodies and counterparts, submitted comprehensive comments on the draft SEIAS within the allotted timeframe and further feedback is waited for from DFFE.

Although I&J's experience in FRAP2015 has created a level of uncertainty regarding the 2020/2021 process, there are several initiatives in progress to ensure that I&J is well positioned to compete effectively for hake long-term rights in this process. In addition, there is ongoing engagement between the South African Deep Sea Trawling Industry Association, DFFE, and the broader fishing industry to emphasise and promote an understanding of the role of the large fishing companies in the deep sea trawling industry and the vital role they play in the ocean economy, and to seek alignment on the role and promotion of small scale fishing within the industry. To this end the South African Deep Sea Trawling Association supported a professional, independent economic study of the hake deep sea trawl industry during 2019 (subsequently updated in 2021), which report has been distributed to relevant stakeholders in the industry.

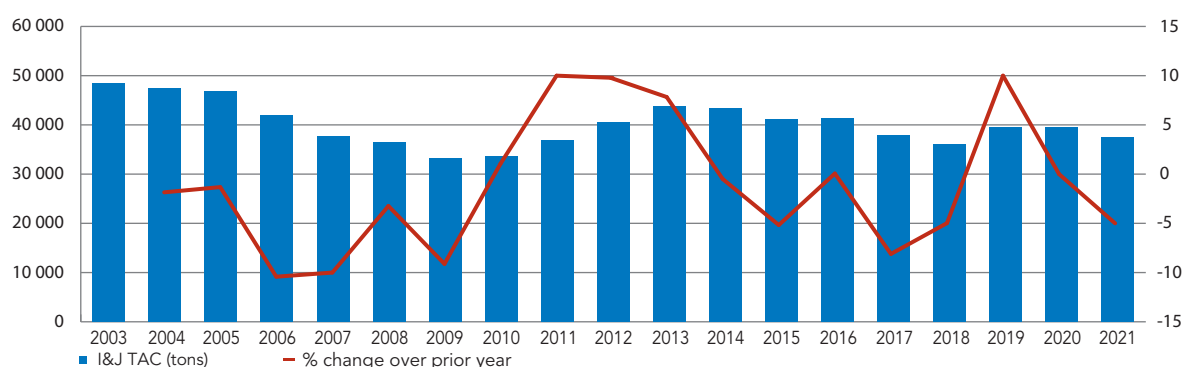
The health of the South African fishing resource is managed by DFFE. DFFE sets an industry-wide annual "total allowable catch" ("the TAC") for each species under management and, for certain species, also sets a "total allowable effort" ("the TAE") in which a limit is placed on the number of boats, number of men, and the number of days per year that each boat is licensed to fish. In addition to the TAC, hake trawling sector

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.

The TAC level is managed conservatively based on scientific modelling of catch data recorded by fishing companies and annual resource survey voyages conducted by the Department using either their own or chartered vessels. The graph below shows the I&J TAC

over an extended period, with movements tracking the performance of the hake resource over time. After a period of several years of decreases in quota in line with resource performance, the TAC was increased by 10% in 2019, reflecting an expectation of an improvement in resource performance after a period of strong recruitment. The TAC was left unchanged in 2020 but was reduced by 5% in 2021.

I&J TAC 2003 to 2021



In the past few 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. Although this proliferation of small fish negatively impacts performance in the short term, it is indicative of strong recruitment. This has been evidenced by an increase in larger fish more recently as these small fish mature.

I&J strives to lead initiatives to manage fishing effort and protect breeding areas off the South African coast to ensure a sustainable resource for future generations. Notable accreditations and initiatives are set out below:

- Certification by the Marine Stewardship Council ("MSC") since 2004: The MSC is a global organisation that works with fisheries, seafood companies, scientists, conservation groups, and the public to promote sustainable fishing. Its fishery certification programme recognises and rewards sustainable fishing. In 2021 the South African Hake fishery was recertified for the 4th time, providing assurance to buyers and consumers that the fishery is well managed and sustainable, which is increasingly relevant to I&J's customers and consumers.
- Responsible Fisheries Alliance ("RFA"): In 2009 I&J joined the global conservation organisations WWF, BirdLife South Africa, and other local fishing companies to form the Responsible Fisheries Alliance. The RFA 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 fisheries' governance, and supporting skills development and research in the industry.

- OMP and TAC: The South African Hake Trawl Fishery was one of the first in the world to implement Operational Management Practice ("OMP") for Hake, which sets Total Allowable Catch ("TAC") and determines how it is calculated using scientific methods and data. This is achieved and enforced through partnering with DFFE, which appoints a number of scientific working groups to formulate research advice.
- Ring Fence Initiative: In 2006 I&J and other members of the South African Deep-Sea Trawling Industry Association agreed to ring-fence areas in order to protect the seabed and preserve our natural resources by creating a natural refuge for Hake and other fish species.
- Responsible By-Catch Management: During I&J's fishing operations there will be incidents where species with sustainability concerns are caught as unavoidable by-catch. I&J cannot completely avoid or exclude these species from its fishing operations but is committed to ensuring that these species are included in an effective By-Catch Management Plan and best practice solutions are pro-actively implemented to manage and mitigate the impact on these vulnerable species.
- Certification by the Aquaculture Stewardship Council: I&J's Aquaculture Division achieved recertification of the Farmed Abalone operation in 2021.

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Water

Water is and always will be a scarce resource throughout South Africa. Potential shortages, interruption of municipal supply, and quality of water have all been identified as risks at many of the Companies' facilities. The subsidiary companies have invested substantial time and money to mitigate these risks, which include using borehole water, installing water reservoirs, recycling condensate and effluent, installing a desalination processing plant at I&J, and simultaneously taking action to measure and better manage water consumption.

I&J in particular 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 the Paarden Island Value Added Processing facilities. I&J has implemented a number of water saving initiatives across the business, resulting in a reduction in usage of municipal water of approximately 80% since FY16. In 2017/2018 and in view of the drought in the Western Cape and the risk of significant water supply restrictions in Cape Town, I&J engaged with both Government and water specialists to assist in investigating alternatives with a view to securing a supply of water sufficient to maintain operations into the future. To this end a substantial investment in producing potable water from non-potable ground water, and a desalination process have been installed, both of which have assisted substantially in the reduction of I&J's dependence on municipal water.

Indigo Brands maintained its water saving initiatives and, notwithstanding good rainfall in the Western Cape, Indigo Brands will continue relying on potable water transported from the I&J water purification plant in the event of municipal supply interruptions.

A project to supply borehole water to meet more than 90% of the Rosslyn factory's water requirements is being evaluated. This will require investment in water purification equipment and storage tanks. Additional back-up water tanks are being considered for the Isando factory and the Rosslyn snacks factory to reduce the impact of water supply constraints and disruptions.

Electricity

The extreme energy shortages experienced in South Africa highlight the need for the Company to be more self-sufficient and to make energy conservation a priority. Numerous energy saving initiatives have been implemented by the subsidiary companies to manage energy usage and, at the same time, generators have been installed at most of the Company's facilities to ensure continuity of supply. The generator installations across the Group ran for a total of 1 230 hours in 2021, compared to 1 505 hours in 2020, helping to sustain production throughput and customer service levels despite increasingly unpredictable supply, albeit at an increased cost.

Biodiversity

South African biodiversity includes a wide variety of natural resources. Despite its relatively small land surface area, South Africa is home to 10% of the world's plant species, many of which are endangered and vulnerable. The loss and degradation of South Africa's biodiversity has serious implications for society and the economy. Large portions of the country's economy are dependent on biodiversity, including the fishing industry and agriculture based on indigenous 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, together with the WWF, developed a set of standards. The Danger Point abalone farm has adopted the Global Abalone Standards and has been audited by the Aquaculture Stewardship Council ("ASC"). Accreditation was granted in November 2015 and renewed in 2019. This eco-label is used to guarantee that I&J's abalone products are and continue to be raised in an environmentally responsible manner. The processing plant has successfully been relocated from Walker Bay in Hermanus to the farm. The new facility complies with all ASC, DFFE, and National Regulator Compulsory Specifications, standards.

The Rooibos plant *Aspalathus linearis* is part of the Cape Floral Kingdom, commonly known as "fynbos". Rooibos is indigenous to the Cederberg Mountains around Clanwilliam. At the turn of the 19th century it was common practice for the inhabitants of the Cederberg region to harvest the wild-growing Rooibos plants. The leaves and fine stems were chopped, fermented and dried to be used in a variety of ways. In 1904 a Russian immigrant and descendant of generations of tea traders, introduced Rooibos to the wider world. By 1930 a local medical doctor and botanist had discovered the secret of germinating Rooibos seeds and, together with a local farmer, developed new cultivation methods on a larger scale along the slopes of the Cederberg Mountains. This is still the only place in the world where Rooibos is grown and the European Commission has recently approved the registration of the designation "Rooibos/Red Bush" in its register of protected designations of origin and protected geographical indications. Rooibos is the first African food to receive the status of a protected designation of origin in the EU register. It is hoped that this registration will assist in sustaining the Rooibos industry and that higher consumption flowing from increased recognition will contribute to the preservation of traditional knowledge and further uplift small-scale farmers in the indigenous communities producing Rooibos.

The commercial farming and production of Rooibos has resulted in the establishment of a worldwide distribution network and medical science is only starting to discover the many health benefits of Rooibos. In 2010 the South African San Council ("SASC") approached DFFE requesting negotiations with the Rooibos industry in accordance with the National Environmental Management (Biodiversity) Act of 2004 ("NEMBA"). In 2012 they were joined by the National Khoi & San Council ("NKSC") in seeking recognition as joint traditional knowledge rights' holders. Under the facilitation of DFFE these two parties met with the South African Rooibos Council for the first time in 2012 to start the process of negotiating an Access and Benefit-Sharing ("ABS") agreement for Rooibos. One of the fundamental principles of an ABS is the fair and equitable sharing of the benefits arising from the commercial utilisation of indigenous biological resources.

After a long process of negotiations, a historic, industry-wide, ABS agreement was signed in 2019 between the SASC, the NKSC, and the South African Rooibos industry. The ABS seeks to balance the interests of the indigenous communities and the sustainability of the industry and forms the basis on which these communities will access a percentage contribution from the sale of Rooibos. The ABS ensures the Rooibos industry's compliance with South Africa's bioprospecting laws and regulations. The benefits generated will be paid to the communities through two community trusts. These trusts will be overseen by trustees selected from within the traditional communities and the local farming communities. Additional members may include independent legal advisors and representatives of DFFE, the Department of Cooperative Governance and Traditional Affairs, and the Department of Science and Technology. The trusts will also be under the oversight of the Master of the High Court.

On a global scale, natural forests are amongst the most bio-diverse habitats and are home to many people who derive their livelihoods from forest biodiversity. Large scale industrial logging and monoculture plantations cause damage to natural forests. Protecting these and other bio-diverse habitats must be a priority for all industries and the Company is committed to addressing the issue of corporate deforestation through the development and implementation of environmentally friendly, responsible and sustainable procurement programmes. Details of such procurement programmes are set out in the environmental practices section below.

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 applicable environmental legislation and relevant standards;
- Responsible environmental management of inputs (material, energy and water) and outputs (emissions, effluents and waste);
- Independent annual environmental audits at each manufacturing site that measure the impact the particular operation has on the environment and that review 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 considered in formulating the Company's business plans. The Company's Chief Executive Officer and senior management are in turn responsible for the 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.

The Company remains committed to responsible management of applicable environmental matters, including those which impact on 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 aware that climate change will impact on natural resources and legislative changes that will affect the way the Company does business. The Company monitors relevant global and local legislation, regulations and emission-reduction targets.

The Carbon Tax Act, 15 of 2019 came into effect on 1 June 2019. Carbon Tax is aimed at reducing greenhouse gas ("GHG") emissions in a sustainable, cost effective and affordable manner and gives effect to the polluter-pays-principle. The Company has licensed each of its affected facilities for environmental levy purposes and the relevant emissions are measured. Carbon Tax paid since implementation is reflected in the environmental data table on the following page.

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Environmental data

The Company has identified the following environmental impact areas for measurement, management and reporting:

			DATA									
INDICATOR	UNIT	CARBON (kg)	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
1	Total water consumption by source –											
1.1	Municipal ¹	Litres 175 113	587 626 793	500 806 371	530 332 908	717 199 757	927 850 679	1 094 362 412	1 063 057 427	1 043 354 478	981 630 869	876 674 227
1.2	Ground water (borehole) ²	Litres 38 323	128 601 729	125 811 000	123 284 000	7 719 200	1 811 000	1 301 000	2 224 000	2 152 000	43 690 000	48 650 000
1.3	Desalinated	Litres 88 342	24 885 000	25 783 351	20 176 000							
2	Total energy consumption –											
2.1	Purchased electricity	kWh 104 688 937	101 639 745	102 393 633	105 411 043	99 633 276	102 473 146	107 211 709	99 915 717	106 484 439	104 363 238	102 942 232
2.2	Coal	Tons 41 513 564	14 532	14 444	14 384	13 164	13 219	19 612	14 038	13 541	14 364	13 479
2.3	Petrol	Litres 1 664 877	594 599	674 732	786 396	946 631	1 062 496	1 138 870	1 155 078	996 017	1 089 360	1 101 370
2.4	Diesel ³	Litres 59 566 057	20 093 935	12 363 446	8 214 665	8 132 364	6 871 614	10 585 592	9 481 650	12 268 956	19 039 640	6 498 706
2.5	Liquefied petroleum gas (LPG)	Litres 1 964 525	2 017 449	1 927 767	1 885 807	1 701 445	1 794 734	1 961 562	1 680 034	1 823 823	1 591 998	1 493 206
2.6	Natural gas	Cubic metres 7 851	2 876 062	3 107 232	3 049 839	3 084 274	3 130 938	3 396 701	3 289 399	3 482 760	3 283 150	3 371 258
2.7	Marine/heavy fuel oil ³	Litres 2 568 138	856 046	7 742 419	12 097 912	13 431 358	16 141 409	14 071 795	10 727 200	8 234 325	–	11 247 428
2.8	Paraffin	Litres 5 220 105	518 920	570 662	610 803	422 352	422 060	821 770	855 096	970 877	1 064 317	1 011 376
3	Carbon emissions for above indicators		217 495 833									
3.1	Total carbon emissions	Metric tons 217 496	217 512	216 416	220 767	213 410	221 358	231 568	188 626	196 794	216 558	208 837
3.2	Carbon emissions per employee	Metric tons 25,07	25,07	24,95	25,96	24,59	25,51	26,69	22,66	24,44	28,24	28,86
3.3	Carbon tax paid	Rand	2 356 272									

¹ There was increased water usage at a number of sites owing to COVID-19 hygiene protocols.

² The 2020 volume for I&J was restated as it incorrectly reported both volumes drawn and used, which created a duplication.

³ The change in fuel-type usage reflects I&J's compliance with the requirements of the new standards imposed by the International Maritime Organisation.

In addition to the key areas referred to above the Company considers, on an ongoing basis, further areas of environmental impact for possible measurement and reporting, as well as new initiatives to mitigate environmental impacts of products and services, where relevant.

Environmental practices

During the year, the subsidiary companies continued their measurement and mitigation of detrimental environmental impacts. Some of the Company's activities and achievements include:

- Environmental management systems – 4 of the National Brands' factories have ISO 14001 Environmental Management System accreditation and it is expected that the Rosslyn site will achieve this certification in F22. 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 energy shortage, and global efforts to reduce greenhouse gas emissions, make conserving energy a priority for the Company. Projects in past years include: improving the

efficiencies of production machinery, equipment and processes; installation of energy-efficient lighting solutions; installation of electricity meters per site for the measurement of electricity consumption and consumption patterns; Demand Site Management Surveys by Eskom to enable the formulation of improvement plans; electrical load shifting where possible; installation of a photovoltaic array on the rooftop of the Bryanston office building, with louvers to passively control heat gain; installation of LED lighting at various sites; installation of solar photovoltaic panels on the roof of the Isando warehouse; installation of energy efficient compressors at I&J Woodstock; installation of low power consumption LEDs in the majority of the Indigo Brands' facility as well as an upgrade of the power factor correction to optimise energy demand; and upgrading of the air compressors at the Isando biscuit factory to include variable speed drive and heat recovery functionality in order to provide warm water for ancillary processes. In the past year the project to install energy-efficient lighting solutions at the Westmead and Rosslyn factories was completed, resulting in a 6% reduction in electricity usage at Westmead, despite an increase in production volumes. Furthermore, the replacement of air compressors at the Rosslyn factory resulted in a 15% reduction in electricity usage.

- Water conservation – Poor water quality and shortages remain significant potential risks to the Company and the subsidiaries take steps to minimise

these risks. These steps include using 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, installing a desalination processing plant at I&J, and adopting environmentally friendly storm water reticulation, whilst simultaneously taking measures to measure and manage water consumption. During F22 an Aerosol Optical Thickness ("AoT") water measurement and monitoring system will be installed and implemented at the Rosslyn factory, which will provide visibility of water use in the various processes and enable the site to find opportunities for reduction of water usage.

- Fuel consumption – Within the distribution operations there is ongoing focus on optimisation of delivery routes and distribution networks through utilisation of routing and scheduling software, the deployment of on-board technology, advanced fuel management systems, more efficient engines and matching of loads to vehicles, the conversion of diesel forklift fleets to electric (which reduces both fuel consumption and harmful emissions), as well as driver training academies, which are all key issues in reducing fuel consumption and the Company's carbon footprint.
- Paraffin – The paraffin boiler at the Westmead factory was converted to LPG, eliminating more than 50 000 litres of annual paraffin consumption on the site, with a consequent reduction in CO₂ emissions from paraffin of approximately 30%.
- Emissions, effluents and waste – The Company is committed to a 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 provide the information needed to manage waste effectively. The Company recognises its responsibility in terms of the Air Quality Act of 2004 and is committed to efficient and effective air quality management, and ensures that all ovens, 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. Some of the material initiatives over the years have been as follows:
 - The International Maritime Organisation 2020 legislation required a significant reduction in sulphur emissions from maritime vessels from January 2020. I&J was able to comply with the requirements of the new standards within the timelines allowed by the South African Maritime Safety Authority.
 - Effluent plant management has been outsourced to specialists at the Isando and Westmead biscuit factories, and the Isando coffee and creamer factory. During the year the effluent treatment plant at the Rosslyn factory was replaced and the site is investigating opportunities for solid waste to be used for energy generation purposes. 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.

- I&J routinely re-cycles metal, corrugated cartons, used sunflower oil and used marine oil.
- National Brands reduced packaging waste by right-gauging flexible packaging and removing excess packaging. The business also encourages consumers to recycle and makes them aware of the recycling categorisation of the packaging.
- The phasing-out of lead acid batteries and replacement with new generation lithium-ion batteries, which carry no risk of acid spills, corrosion, hazardous gas emissions, or any sort of contamination. In addition, lithium-ion batteries are 30% more energy-efficient than lead acid batteries and virtually maintenance free.
- Waste to landfill –
 - A new waste management service provider was appointed in F21. This supplier created and fostered many alternative waste disposal streams, reducing waste to landfill. During F21 National Brands reduced its waste to landfill by 47% across all its sites. The major contributors to this reduction include:
 - Dough waste was combined with dough from other bakery and confectionery operations, baked and crushed for animal feed.
 - Crushers were installed at all National Brands' sites and crushed waste was combined with other ingredients for animal feed.
 - Site and cleaning staff were trained to improve waste stream segregation for increased recycling.
 - Balers were installed at all National Brands' sites, which reduced waste transport and carbon emissions.
 - Boiler ash was used at landfill sites to stabilise pH and create stratification in landfills.
 - Waste tea filter paper is composted rather than being sent to landfill.
 - Trials were completed to use shredded BOPP (Biaxially Oriented Polypropylene) packaging in brick-making, which project will be implemented in F22.
 - Engagement with DFFE to reclassify boiler ash for use in cement making.
- Raw materials (excluding packaging) –
 - 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 raw material.
 - All yellow maize procured for the manufacture of liquid glucose is certified as non-genetically modified.
 - 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. A partnership with Mbokomu Rural Cooperative

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Society in Tanzania assists farmers and farming communities to improve the quality of their coffee and improve processing to reduce waste.

- Palm oil is a vegetable oil from the fruit of oil palm trees and is more solid than liquid at room temperature. This makes it ideal for cooking and it is an ingredient in many foods and beauty products. Palm oil has developed a poor reputation as a raw material owing to slash-and-burn deforestation. A balance needs to be found between the demand for palm oil, the economic benefits of the product, and protecting forests, wildlife and local communities. Therefore, the use of palm oil from ethical and sustainable sources as certified by bodies such as the RSPO is an integral part of the Company's environmental and sustainability policies and strategy. The RSPO is a not-for-profit association that works with stakeholders across the palm oil supply chain to make sustainable palm oil the norm. Members include plantations, processors and traders, consumer goods manufacturers and retailers, financial institutions, and non-governmental organisations. The RSPO has developed a set of environmental and social criteria which companies must meet in order to produce certified sustainable palm oil. When they are properly applied these criteria help to minimise the negative impact of palm oil cultivation on the environment, wildlife, and communities in palm oil-producing regions. However, according to the RSPO *"although using other vegetable oils seems like a practical solution, it would actually create similar – if not even larger – environmental and social problems. Therefore, the best solution is to ensure you buy products that contain sustainable palm oil"*. To this end all the palm oil procured by the Company is from RSPO certified suppliers.
- The National Brands' factories are replacing current barcode and date code printing solutions with a new technology that eliminates the need for paper labels and glue. This also reduces environmental exposure to Volatile Organic Compounds to just 1/10th of current systems and uses up to 80% less energy.
- Packaging –
 - National Environmental Management: Waste Act, 2008 ("Waste Act") –

In July 2015 DFFE published a notice to the Paper and Packaging Industry, Electrical and Electronic Industry, and Lighting Industry in terms of section 28 of the Waste Act, to prepare and submit to the Minister their Industry Waste Management Plans for approval. Amended notices were subsequently published in August and September 2016. In September 2016 the Department also published its National Pricing Strategy for Waste Management. The National Pricing Strategy contains a methodology and approach for waste management changes in South Africa and outlines possible waste management charges or economic instruments which may be applied within the overall fiscal and taxation policy of South Africa.

The Company, through its Group Procurement department, engaged with various industry bodies with a view to participating in relevant Waste Management Plans. Extensive engagement also started with Government regarding the published notices and comment was provided by, inter alia, the members of the Consumer Goods Council of South Africa, and various packaging industry bodies.

In December 2019 the Department withdrew all previous notices calling for Waste Management Plans in which the Minister stated that *"a new approach is required in order to achieve the same objectives that were intended when this section 28 notice process initially began"*.

In June 2020 the Department published a notice calling for consultation on proposed regulations regarding Extended Producer Responsibility in terms of sections 65, 72 and 73 of the Waste Act. Further extensive engagement with Government then started and on 5 November 2020 the Department published the regulations regarding Extended Producer Responsibility and a notice calling on, inter alia, producers in the Paper and Packaging Industry to implement specified Extended Producer Responsibility measures.

The regulations were finally implemented with effect from 5 May 2021. The regulations give effect to sections 18 and 69 of the Waste Act and apply to the Electrical and Electronic Industry, the Lighting Industry, and the Paper and Packaging Industry, including some single use product sectors. They seek to increase the recycling, reduction, reuse, and recovery rate, to achieve one of the aims of the National Waste Management Strategy.

Extended Producer Responsibility requires manufacturers, users and importers of affected products ("producers") to bear a degree of responsibility for these products and ensure that the products are either recycled or up-cycled, and that waste products diverted to landfill are kept to a minimum. Producers must develop and submit their own EPR schemes or establish a Producer Responsibility Organisation ("PRO") that will prepare and submit an Extended PRO Scheme.

AVI Group Procurement is working closely with relevant industry bodies to create the required PROs, which the Group companies can join. In addition, it is working closely with suppliers to ensure that they are compliant with the regulations.

- The Sustainable Forestry Initiative ("SFI") and the Forestry Stewardship Council ("FSC") are the two most recognisable and legitimate certifications in paper packaging, with FSC being the most demanding. Both the SFI and FSC certify forest management programmes according to their set

principles and criteria, including sustainable harvest levels, conservation of biodiversity and old growth, protection of endangered species, protection of water quality, recognition of the rights of indigenous people, prompt reforestation, forest conversion, plantations, clear-cutting, chemical use, and genetically modified trees. The Company's preferred certification for its paperboard suppliers is FSC. FSC has three product labels, namely FSC 100%, FSC Recycled, and FSC Mix. FSC 100% is wood that comes entirely from FSC-certified, well-managed forests; FSC Recycled is wood or paper that comes from reclaimed or re-used material; and FSC Mix is wood that is from FSC-certified forests, recycled wood, or controlled wood. Whilst not FSC-certified, controlled wood cannot be: (a) illegally harvested; (b) harvested in violation of traditional and civil rights; (c) harvested in forests where high conservation values are threatened; (d) harvested in forests being converted to plantations or non-forest use; or (e) harvested in forests where genetically modified trees are planted. Currently 98% of the Company's paperboard spend is with FSC-certified suppliers. The remaining 2% is under review. In addition, all paperboard materials can be recycled multiple times. All paperboard materials used by National Brands are not only produced from sustainable forests, which are FSC-compliant, but also contain no heavy metals or mineral oils. 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.

- In addition to compliance with the Extended Producer Responsibility regulations, Indigo Brands supports the consistent growth in both customer

and consumer requests for sustainable products with the roll out of "Design 4 Recyclability" as a packaging development enabler to drive greater levels of both circular economy supportive solutions and as a continuing effort to reduce existing problematic materials. Indigo Brands has increased its use of post-consumer recycled plastics ("PCR") plastics with the successful introduction of over-caps using 50% PCR polypropylene and the final validation of trials for a further 30% PCR inclusion into body lotion bottles.

- As part of continuing innovation, 3% of all plastic products used by National Brands now contain recycled material. This packaging has BRC (Brand Reputation through Compliance – formerly the British Retail Consortium) Food Safety certification.
- During the course of F21 the Company measured its use of various categories of packaging materials. Paper and board products were categorised according to the FSC categories. Plastics were categorised as follows:
 - Recyclable: plastics that are currently recyclable, e.g. single-layer films and most clear, unprinted films;
 - Potentially recyclable: plastics such as multi-material laminates that require specialised facilities/infrastructure and supply chains for recycling;
 - Compostable: plastics that need to be managed separately in the waste stream, e.g. bio-polymers, and corn-starch based plastics; and
 - Non-recyclable: all other non-sustainable plastics such as PVC and polystyrene.
- The following tables reflect the annual tonnages of cartons, corrugates and plastics used by the Company in the categories described above, and the percentage of these materials against the total of such materials used:

	Cartons	% of annual	Corrugates	% of annual	Total	% of total
	Annual tonnage		Annual tonnage		Annual tonnage	
FSC 100%	3 556	40,79		0,00	3 556	14,38
FSC mix/recycled	5 150	59,07	16 004	100,00	21 154	85,57
Non-FSC/non-compliant	12	0,14		0,00	12	0,05
Total	8 718		16 004		24 722	
Percentage of total tonnage all cartons and corrugates (%)	35		65		100	

	Contains recycled material	% of annual tonnage containing recycled material	Contains zero recycled material	% of annual tonnage containing zero recycled material	Total	% of total annual tonnage
	Annual tonnage		Annual tonnage		Annual tonnage	
Plastics						
Recyclable	137	100,00	1 066	25,79	1 203	28,18
Potentially recyclable	–	0,00	3 051	73,82	3 051	71,45
Compostable/bio-degradable	–	0,00	–	0,00	–	0,00
Non-recyclable	–	0,00	16	0,39	16	0,37
Total	137		4 133		4 270	
Percentage of total tonnage all plastics (%)	3		97		100	

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Contraventions

During F21 the Westmead factory received a contravention notice for a paraffin discharge, associated with a paraffin boiler, which boiler was in turn subsequently converted to LPG. In November 2020, effluent pH at the Westmead factory dropped below the lower control limit and resulted in an effluent contravention. This was caused by an effluent tank stirrer malfunction, which was corrected and preventative measures implemented. In June 2021 the Isando coffee and creamer factory received a contravention notice from the Ekurhuleni Municipality for water-diluted creamer extract discharged to a storm water drain owing to a failed nozzle supply pipe at a creamer tower. The matter was quickly dealt with and action taken to prevent recurrence. No fines were issued for any of these contraventions.

Other than the notices 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.

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 management and employees are informed and, where necessary, trained on these developments and the implementation thereof. Some of the developments being monitored are the White Paper on Audio and Audio-visual Content Services Policy Framework dealing, inter alia, with the protection of children and consumers in the regulation of media content; Front of Pack labelling research and proposals by the Department of Health in support of the Healthy Food Options initiative; Nutrient Profiling for purposes of amendments to the Labelling Regulations; GMO labelling regulations; legal challenges to the fee structure for assignees appointed for the inspection of agricultural products; the Food Loss & Waste Voluntary Agreement; amendments to the Regulations relating to the protection of geographical indications used on agricultural products intended for sale in South Africa; scheduled reviews of local and international compulsory specifications, operational standards, and food composition regulations; and CODEX reviews.

The Company continued monitoring and addressing required changes, which included packaging changes under the final Tea and Coffee Regulations published under the Agricultural Product Standards Act, 119 of 1990; and the recognition of Rooibos as a protected

designation of origin, which will allow National Brands to market Rooibos products in Europe using the EU PDO logo.

The Department of Agriculture, Land Reform, and Rural Development ("DALRRD") recently overturned a 2020 agreement reached with the Department of Trade and Industry ("DTI") regarding the powers of enforcement of DALRRD in respect of the prohibition in section 6 of the Agricultural Products Standards Act ("APS Act") on misleading trademarks. It was agreed in 2020 that trademarks (registered or in the process of being registered) fall within the remit of the DTI and that DALRRD inspectors should ignore any trademarks that were regarded as misleading on condition that they obtained proof that the trademark concerned is in the process of being registered, or already registered. Going forward however, inspectors have been instructed to act against trademarks which may be regarded as misleading in terms of section 6 of the APS Act.

The Hazardous Chemical Agents regulations were published in March 2021 by the Department of Employment and Labour, bringing Globally Harmonised System (GHS) Classification, Safety Data Sheets, and Product Labels into law, with an 18-month phase-in period. Indigo Brands is on track to be compliant with the regulations by September 2022.

To ensure compliance with the Protection of Personal Information Act, 4 of 2013, by 1 July 2021, the Company conducted a full compliance review and took all steps necessary to make sure that appropriate policies, consents, and security safeguards for the lawful processing of personal information, were in place. The Group CEO was appointed as the Information Officer and registered with the Information Regulator. The Company's Manual in terms of the Promotion of Access to Information Act, 2 of 2000, and privacy policies can be found on the AVI and all other Group company websites.

The Company works closely with relevant industry and government bodies, such as the Consumer Goods Council, Business Unity South Africa, the Department of Health, the Department of Trade and Industry, DFFE, and the Department of Employment and Labour, to contribute to the development of sensible and sustainable legislation and regulations.

The Company's central marketing and group legal functions ensure that there is adherence to laws, standards and relevant voluntary codes relating to marketing and communications, including advertising, promotions, competitions and sponsorships. All applicable labelling legislation is regularly reviewed and, where appropriate, changes to Company packaging are made. The research and development and regulatory 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 and on the following pages:

Key risks and impact	Comments
COVID-19 <ul style="list-style-type: none"> Most of the Group's businesses fall within "essential services" as defined in the COVID-19 regulations and are required to operate during all lockdown regulations; the retail, cosmetics and fragrance operations are not allowed to operate during level 5 lockdown The loss of life and physical and emotional stress caused by the lockdowns, forced isolation and quarantine, illness, medical expenses, and the potential loss of employment and income will have long-lasting implications for the general well-being of all South Africans and other residents of the country Restructuring and retrenchments cannot be ruled out in an economy that was already under strain from social, financial and political uncertainty Lost sales owing to changes in consumer demand, particularly in Ciro and the fashion brands Business interruption arising from infectious diseases and quarantine protocols and regulations Domestic and international restrictions on movements of persons and goods Delays in clearing of imported products, raw materials, parts and other supplies, as well as exported products, through customs Additional governance and compliance structures and costs Heightened risk of debtors, suppliers and service providers going into business rescue or liquidation 	<ul style="list-style-type: none"> The Group's employees have worked exceptionally hard to comply with lockdown regulations and operational disruption during the 2021 financial year has been minimal The AVI employee wellness programme offers counselling to employees and their extended families Specialist providers have been contracted to provide vaccines to employees on some of our bigger sites The Board is reviewing programmes to encourage vaccine take-up, including the possibility of implementing a vaccine mandate Costs have been reduced as far as possible in the areas of the business most impacted by COVID-19, to ameliorate the impact of lower volumes and revenue Potential logistics delays have been effectively managed and where appropriate additional buffer stocks are held The Company monitors supplier risk reports from a specialist service provider on a monthly basis, thus enabling the Company to timeously implement mitigating actions wherever possible
Failure to stay in touch with and react quickly to changing consumer perspectives and needs <ul style="list-style-type: none"> Lost growth opportunities or erosion of market share Pressure on margins in constrained categories Under or over-spend of marketing money without an economic imperative could lead to unsustainable or diminishing brand equity 	<ul style="list-style-type: none"> Product formats and price points are managed flexibly in different parts of the consumer cycle, in line with consumer needs Each business unit gives 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 Consumer trends in more developed markets are studied for relevance to local markets The characteristics of our African export geographies are studied carefully so that we can enhance the relevance of our offering in each geography New product development is aligned with the points above and actively pursued Brand investment is material and consistent, with ongoing efforts to improve the efficiency and effectiveness of this spend

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Key risks and impact	Comments
<p>Availability of experienced and commercially minded business leaders to seek improvement and grow profits</p> <ul style="list-style-type: none"> • 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 • 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 • Inadequate progress on transformation would make it difficult to attract top equity candidates and reduce credibility with stakeholders and business partners 	<ul style="list-style-type: none"> • The Company has a flexible operating model which provides high transparency to the centre and facilitates effective interaction on key matters when needed • Remuneration and reward systems provide meaningful wealth generation opportunities for managers who excel but a low level of value in share option schemes in periods of low share price growth means a risk of 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 option schemes in FY17 • Various formal and informal internal learning and development initiatives are provided but developing in-house talent is becoming increasingly more important
<p>Changing competitive landscape that impacts on profitability</p> <ul style="list-style-type: none"> • The growth of house brands, often based on imported product, 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 • There is the risk that additional capacity is created which generates surplus supply and inhibits the ability to generate economic returns on investment 	<ul style="list-style-type: none"> • 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 • A volatile currency with the risk of rapid and material weakening has traditionally been an effective protection against import competition • A fairly small domestic market reduces the attractiveness of major green fields investment in South Africa • 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

Key risks and impact	Comments
Reliance on third party brands and diminished profitability if licences are not renewed	<ul style="list-style-type: none"> • Most of the Company's core brands are owned • 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. Whilst 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
Inability to sustain and grow profit margins <ul style="list-style-type: none"> • In a volume constrained environment this will lead to decline in profit and return on capital employed 	<ul style="list-style-type: none"> • 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 • Many of the Company's Key Value Items ("KVI's") 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 • 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 • 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&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 • Over-reliance on the strength of core brands could lead to the retardation of key disciplines • 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

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Key risks and impact	Comments
<p>Deteriorating social and political environment</p> <ul style="list-style-type: none"> • Diminished capability of government departments and state owned entities impacts their delivery with concomitant impact on businesses • Ongoing increases in administered charges for electricity, water and property rates create additional cost pressure and reduce competitiveness relative to imports • 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 • The imposition of price controls pursuant to a populist political and social agenda could impact on parts of the Company's product portfolio • Dissatisfaction with service delivery by government and municipalities could lead to civil disruption and strikes with a material adverse effect on volumes and profit • The continued decline of educational standards erodes the supply of essential skills to maintain our medium-term competitiveness • 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 • Compliance with increasing consumer facing legislation such as that 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 • The outsourcing of government functions to private entities which results in the creation of additional layers of administration and costs to business, for example the appointment of external assignees in terms of the Agricultural Products Act 	<ul style="list-style-type: none"> • I&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&J • Delays in the Fishing Rights Application Process prolong uncertainty and delay long term investment decisions • In a two-tiered economy the Company increasingly competes against smaller operators that are not measured or monitored against increasingly onerous legislated requirements, where there is an increasing new entrant risk due to low barriers to entry technology and high margins • Availability of 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 forces increased dependence on borehole water (where available) or the installation of water filtering and purification plants, all at an extra cost to the businesses • 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 • 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, such as through increasingly restrictive merger control to deal with employment, broad-based ownership, supplier development and localisation, investment, and downstream beneficiation; market enquiries; and changes to the Competition Act to include specific provisions to enable historically disadvantaged persons, and small and medium-sized businesses to participate effectively in the economy • 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
<p>Environmental</p> <ul style="list-style-type: none"> • 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 • Government commitments to emission-reduction targets and associated regulatory costs could have a significant impact on the operating and distribution practices of the Company 	<ul style="list-style-type: none"> • The Group's activities generally have low environmental impact, and compliance with legislation is good • Carbon tax is currently relatively low, and work in progress to reduce coal consumption should offset future tax rate increases • I&J's fishing and aquaculture activities are well regulated and there is also compliance with a number of industry adopted practices that support sustainable fishing of the hake resource • The Group continues to evaluate opportunities to invest in alternative power and water sources

Going forward

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

- Has noted efforts to unify reporting requirements, in particular the White Paper published by the World Economic Forum in September 2020 and titled “Measuring Stakeholder Capitalism: Towards Common Metrics and Consistent Reporting of Sustainable Value Creation”, published in September 2020 and which seeks to “develop a core set of common metrics and disclosures on non-financial factors”. The report sets out a core and expanded

set of “Stakeholder Capitalism Metrics”, which can be used by companies to align their reporting on environmental, social and governance indicators (“ESG”). The Company will consider the metrics and disclosures with a view to continual improvement of its own reporting and the setting of relevant objectives and targets.

- Will continue focusing on ESG factors that are directly relevant to the Company’s business.
- Will, where appropriate, expand its reporting in response to shareholder requests. In this regard, we have reviewed the recommendations of the Task Force on Climate-related Financial Disclosures and included a summary below of risks, opportunities and financial impacts following the framework provided.

Climate related risks, opportunities and financial impacts

1. Climate related risks	
(a) Transition risks	
i. Policy and legal risks	<ul style="list-style-type: none"> • AVI complies fully with the recent carbon tax legislation and expects to be able to maintain compliance with all existing legislation that relates to consumption of different energy sources as well as emissions, effluent and waste disposal. • The Group has not experienced disruption from its suppliers due to the impact of policy and legislation changes on their businesses, and the majority of our purchase spend is with suppliers who have a strong commercial imperative to meet the climate change credentials required by their customers. • Wholesaling and retailing AVI’s products to consumers is a low impact activity, nevertheless many of our customers have implemented meaningful programmes that support increases in alternative energy consumption and improved waste recycling. • We anticipate that policy changes will continue to support increased use of alternative energy in South Africa, providing further opportunities for the Group to evaluate.
ii. Technology risks	<ul style="list-style-type: none"> • Typically the Group is in a position to adopt well established alternative technologies with low operational and cost risk. To date, the majority of changes made in our own supply chain have been accomplished within normal replacement cycles or with the prospect of reasonable return on investment.
iii. Market risk	<ul style="list-style-type: none"> • AVI is committed to meeting consumer expectations of how brand owners should respond to climate change. • The Group is not a direct participant in the climate change industry of goods and services, or adjacent industries that are likely to be impacted.
iv. Reputation risk	<ul style="list-style-type: none"> • The Group has a good compliance history and continues to make progress in responding to the impacts of climate change, particularly with regard to energy efficiency and emissions.
(b) Physical risks	
i. Acute risk	<ul style="list-style-type: none"> • The Group consumes a wide basket of commodities and has always been exposed to events that impact the supply and demand of these items. More frequent and severe climate driven events have the potential to increase physical supply risk and price volatility.
ii. Chronic risk	<ul style="list-style-type: none"> • Longer-term shifts in climate patterns may impact supply of key commodities and consumer behaviour in time. These risks will be monitored together with other key business risks, and responded to as appropriate.

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2. Climate related opportunities	
(a) Resource efficiency	<ul style="list-style-type: none"> The Group has a continuous improvement approach to energy efficiency. For example, many of our sites have been converted to low energy lighting solutions; as a matter of course electrical drives are converted from fixed speed to variable speed when they are replaced, and fuel consumption of our vehicle fleets is managed against demanding benchmarks.
(b) Energy source	<ul style="list-style-type: none"> Following an initial project to install solar power at the Isando distribution centre, a group-wide evaluation of other suitable sites is in progress. Some of the manufacturing sites still utilise coal fired boilers and we are evaluating conversion from coal to gas, which will significantly reduce carbon emissions.
(c) Products and services	<ul style="list-style-type: none"> Given the relatively low impact of the Group's activities, consumers have not expressed climate change concerns related to our products.
(d) Markets	<ul style="list-style-type: none"> The Group is not a direct participant in the climate change industry of goods and services, or adjacent industries that are likely to be impacted.
(e) Resilience, being the capacity to respond and manage the risks and opportunities relating to climate change	<ul style="list-style-type: none"> The Group's activities relating to climate change will develop and mature to keep pace with the environment in which we operate. This will include changes in legislative and reporting requirements, as well as consumer preferences.
3. Financial impacts	
(a) The direct costs of meeting legislative changes is likely to be material over time. AVI's annual carbon tax is approximately R2,4 million per year at current rates, and the recent change to fuel requirements for I&J's fishing vessels increased their fuel costs by approximately R10 million per year.	
(b) Capital investment costs have not been onerous and will be managed in a balanced way, so that required spend is married to return on investment as far as possible.	
(c) Cost pressures from emissions taxes and changing legislation requirements within our own, and our suppliers' supply chains, will be ameliorated by cost savings from lower energy consumption as well as other efficiency improvements.	
(d) Increasing physical and price risk of key commodities may lead to additional investment in working capital over time.	
(e) AVI will continue to protect the long term profitability of its categories and so far the consequences of changing legislation have been successfully managed within our overall cost basket.	
(f) Additional compliance requirements and operating costs add pressure to an already constrained consumer environment, and it is hoped that Government will respond to this reality by adopting reasonable timelines and providing effective subsidies for future changes that are required.	

Transformation

The Company recognises the moral, social and economic imperatives 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 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 their implementation of targets and other initiatives. During the year under review significant time and funds were invested in advancing the transformation plans that had been developed in 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 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 and for the first 3 years the Company consistently achieved a level 7 rating, discounted to level 8. In FY18 the Company improved its score and achieved a level 6 rating (78,22 points), which was then discounted to level 7 for failing to achieve the required 40% threshold on supplier development. FY19 saw further improvement to a level 5 rating, with no discounting owing to the minimum thresholds for equity ownership, skills development, preferential procurement, supplier development, and enterprise development having been achieved. The consolidated score achieved for F20 was level 6 (at 71,48 points) with no discounting. The main element that contributed to the change from level 5 in 2019 to level 6 in 2020 was Skills Development. This was for two reasons, firstly the inability of the Company to continue with and complete its skills' programmes during the COVID-19 lockdown, and secondly a change in the interpretation of the provision relating to the absorption of unemployed learners at the end of their skills programmes. No dispensation was given by the Department of Trade and Industry to take account of the impact of COVID-19.

In F21 the Company again achieved a score of level 5 and met the 40% threshold on all 3 priority elements, namely ownership, skills development, and enterprise and supplier development.

BBBEE scorecard

A comparison of the scorecard elements for the last five years is set out below.

Element	2021 %	2020 %	2019 %	2018 %	2017 %
Ownership	64,22	54,99	56,45	77,50	76,39
Management control	40,10	32,67	29,81	28,94	27,74
Skills development (including bonus points)	60,13	68,04	100,75	90,97	57,82
Enterprise and supplier development (including bonus points)	87,87	78,38	81,61	75,39	62,31
Socio-economic development	100	100	100	100	100

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EMPOWERLOGIC

Broad Based Black Economic Empowerment Verification Certificate
A Consolidated Verification Certificate issued to
AVI Limited and Subsidiaries
Level 5 Contributor

Measured Entity

Company Name AVI Limited and Subsidiaries
Registration Number 1994/01701/06
VAT Number Refer to second page
Address 2 Harries Road
Illovo
Johannesburg
2196

B-BBEE Status		BEE Procurement Recognition Levels	
B-BBEE Status Level	Level 5	Level	Qualification %
Total Points Obtained	77.61	EO: 16.05 points; MC: 7.62 points; SD: 12.03 points; ESD: 36.91 points; SED: 5 points	1 ≥ 100 Points 125%
Discounting Principle Applied	No	Measurement Period Year End 30/06/2021	2 ≥ 95 but < 100 125%
Empowering Supplier	Yes	Participated in Y.E.S Initiative	3 ≥ 90 but < 95 110%
Black Voting Rights	21.78%	Achieve Y.E.S Target and 2.5% Absorption	4 ≥ 80 but < 90 100%
Black Women Voting Rights	12.07%	Achieve Y.E.S Target and 5% Absorption	5 ≥ 75 but < 80 80%
Black Economic Interest	14.36%	Achieve Overall Y.E.S Target and 5% Absorption	6 ≥ 70 but < 75 60%
Black Women Economic Interest	7.81%	Black New Entrants	7 ≥ 55 but < 70 50%
51% Black Owned*	No	Black Designated Groups	8 ≥ 40 but < 55 10%
30% Black Women Owned*	No	Black Youth	Non Compliant < 40 0%
Normal Flow Through Principle Applied	Yes	Black Disabled	Enquiries Tel: 086 111 4003 www.empowerlogic.co.za
Modified Flow Through Principle Applied	No	Black Unemployed	
Exclusion Principle Applied	No	Black People Living in Rural Areas	
		Black Military Veterans	

Issue Date 20/08/2021
Expiry Date 19/08/2022
Certificate Number ELC10459RGENBB
Version Final
Applicable Scorecard Amended Codes - Generic
Applicable BBEE Codes Amended Generic Codes Gazetted on 11 October 2013 and Amendments Gazetted on 31 May 2019

EmpowerLogic (Pty) Ltd
Reg. No. - 1995/000523/07
BBBEE Verification Agency

Per Gianna Le Roux
Member - Verification Committee

sanas
SANAS Accredited

BVA018

This certificate supersedes any previous certificates issued to the Measured entity. 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. This certificate has been issued in accordance with the EmpowerLogic Verification Certificate Policy. EmpowerLogic uses the Law Trust advanced electronic signature system (AeSign) which is compliant with the Electronic Communications and Transactions Act no 25 of 2002. The validity of the certificate is ensured as long as the digital signature details corresponds with the Technical Signatory's details as displayed on the certificate.

Ownership

The Company achieved an ownership score of 64,22%, an improvement over the prior year, and met the 40% threshold for net value (one of the sub-elements of equity ownership). The increase was largely owing to an increase in holdings by mandated investments and, in part, to continuing recognition of the Company's Black Staff Empowerment Share Scheme ("the Scheme"), which was launched during January 2007. The Scheme terminated in December 2018 but over the seven-year life of the Scheme, 18 301 participants benefited from growth in the AVI share price and received a total gross benefit of R841 million, including 1 598 participants

who left the Company's employ in a manner that classified them as "good leavers", which good leavers received a total gross benefit of R106,7 million.

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 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 R52,9 million – a significant contribution towards the financial and social upliftment of I&J's employees. The current vesting cycle matures during the 2022 financial year. In addition, 20% of the shareholding in I&J is held by two broad-based Black empowered companies with strong commitments to the South African fishing industry. Both of these are important aspects of the focus on the transformation of the fishing industry.

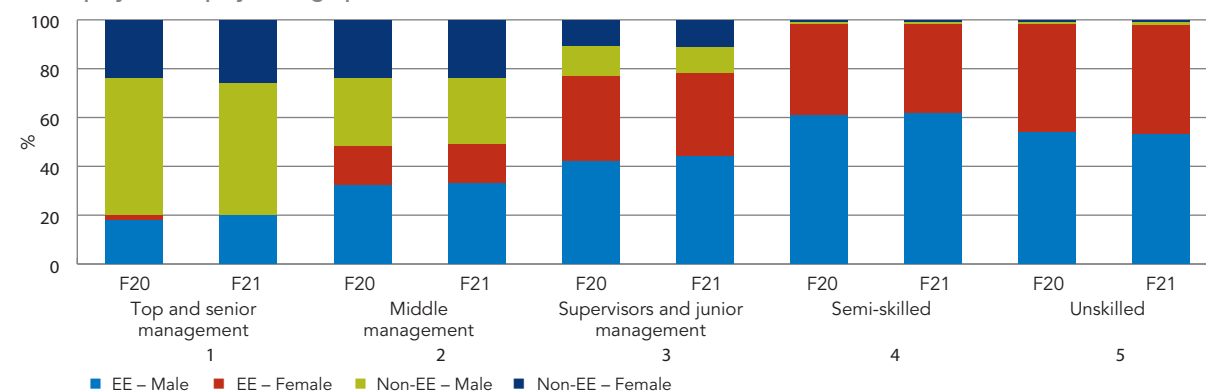
Management control

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

The Company achieved a score of 40,10%, continuing the upward trend in this element. Management control is an area of heightened focus for the Company. The Management Control element measures transformation at the Senior, Top, and Board levels and the Employment Equity element measures transformation at the Junior and Middle Management levels.

Attracting senior Black candidates from their current employment in these less than certain economic times is difficult with employees often being loathe to leave existing employment. The Company nonetheless continues 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. Material progress has been made over the years by 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. This has assisted the Company in the development of its employees in an appropriate manner, and in progressing the Company's transformation agenda.

The amount spent on recorded skills development initiatives in the past financial year was R90,79 million, equivalent to 3,84% of the leviable amount as defined in the Skills Development Levies Act, namely the total amount of remuneration, paid or payable or deemed to be paid or payable by the Company to its employees during any month. 3 032 employees, or 33,90% of the total workforce (including permanent and fixed term contract employees), were trained during the year, 92,48% of whom were Black.

The Company achieved a score of 60,13% in the June 2021 verification (including Bonus Points) and met the required 40% threshold. The reduction in the skills development score over the past 2 years is the continuing result of the inability of the subsidiary companies to run many of their skills programmes under COVID-19 lockdown conditions.

The Company continues to have strong and credible relationships with five key Sector Education and Training Authorities ("SETA"), including the Food and Beverage SETA, the Wholesale and Retail SETA, the Transport SETA, the MICT SETA, and the Chemical Industries SETA, which enabled the Company to receive mandatory grant payments of R4,25 million and discretionary grant payments of R1,19 million.

The Group Skills Development Facilitator continues to focus on the management of PIVOTAL (Professional, Vocational, Technical and Academic Learning) programmes. During the year the Company had 440 learners (the majority of whom were Black) on such programmes.

Learnership programmes remain a priority throughout the Group. In the past year National Brands supported 152 learners of whom 21 were unemployed disabled persons on key programmes, including Contact Centre Support.

I&J has made substantial investments in training unemployed youth for the fishing and broader maritime industry. I&J was also the first Group business to participate in the Youth Employment Service (YES programme) initiated by Government in F20 in terms of the BBBEE Act and aimed at youth employment. In F21 I&J registered a further group of 60 unemployed youths on 12-month youth employment contracts, thereby giving them their first opportunity at employment. During the past year I&J invested in the formal training of 134 people (of whom 53 are disabled) on programmes including NQF4 and NQF5 Management and Leadership Development, NQF4 Business Administration, and NQF3 Contact Centre, NQF2 Environmental Practices, NQF3 Wholesale and Retail Distribution, NQF4 Generic Management, as well as Apprenticeship programmes for both employed and unemployed individuals. I&J makes

every effort to find employment for learners within the business and was able to permanently employ 25 learners from the previous YES programme.

Indigo Brands trained 26 learners and focused on NQF2: Production Technology. For the period F21 Indigo Brands invested in an unemployed NQF2: Production Technology learnership programme, and 2 apprenticeships. Indigo Brands has 11 employees enrolled on the AVI GIBS People Effectiveness programme.

Spitz successfully enrolled 83 people on the NQF5 and NQF6 UNISA retail programmes, including Retail Management and Introduction to Retail. In addition, 8 store managers participated in the NQF5 Generic Management programme for wholesale and retail and 10 unemployed, disabled learners have been enrolled on an NQF4 Wholesale and Retail Operations learnership. 6 Spitz employees are enrolled on the AVI GIBS People Effectiveness programme, and 4 employees' higher education studies are being funded by Spitz bursaries.

Ciro enrolled 8 disabled people on the NQF2 Contact Centre Support learnership.

Since the inception of the AVI Graduate Programme in FY16, students have had various opportunities within the Group. There are currently 22 graduates enrolled on a 24-month programme, whilst 13 have been appointed to permanent positions, having proven themselves through their respective programme experiences. Of these, 73% are Black. All 22 current graduates have had the opportunity to engage in soft skills and business specific training in order to fast track their development, with those students in their 2nd year having had the opportunity to participate in an accredited foundation management programme hosted by the Project Management Institute. This accreditation has contributed positively towards the Skills Development element of the BBBEE scorecard. There are 14 new graduate positions available for F22, including the introduction of 6 Marine Engineers into a Cadet programme.

The 58 middle managers who enrolled in F20 on the AVI People Effectiveness Programme hosted by GIBS, are progressing well. This is a 24-month programme that aims to enhance, equip and motivate leaders within the businesses to enable them to effectively navigate and contribute to the changing business environment.

The Company remains focused 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. This has been a valuable training tool over the past 18-months when the Company was obliged to cancel most classroom training initiatives. The Customer Service and Payment Administration online courses are run successfully throughout the Spitz business and continue to add value to our customer focus proposition.

Various other modules, including IT Awareness, Incident Reporting, and Behavioural Development were implemented in F21 and rolled out across the Company. The Company will continue identifying other

sustainable development report continued

appropriate online training programmes to replace classroom options. In support of this programme an improved reporting functionality was developed and will be implemented early in F22. This function will provide the Company with, inter alia, improved statistics and information regarding individual employees' development, a very useful tool in talent and succession management.

Enterprise and supplier development

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

The Head of AVI Group Procurement, 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. The Company achieved a score of 87,87%. The Company met the 40% threshold in all three elements, namely preferential procurement (92,43%), supplier development (49,50%), and enterprise development (100%).

The Group Supplier Development Manager works closely with the business unit procurement teams to identify and review potential supplier development projects, both to replace imported raw material/packaging suppliers and to develop Black-owned suppliers for locally supplied raw materials, services and/or packaging. Each potential project is reviewed to ensure that the potential supplier meets the criteria stipulated in the Group's Enterprise and Supplier Development Plan and that the project is sustainable. Suitable projects are hard to find and take considerable time to review but once they have been identified and verified as being both commercially viable and contributing towards the sustainable development of local suppliers, agreements are signed and priority given to implementing the projects. Some of the projects that have been implemented and continue to be managed include:

- Funding of rooibos tea farmers, who supply unprocessed rooibos tea, to enable them to sustainably farm the tea on the basis of off-take agreements with National Brands and other third parties.
- Heightened focus on increasing early payments to Exempt Micro Enterprises ("EME") and Qualifying Small Enterprises ("QSE").
- Funding of select supplier development initiatives across a wide range of sectors in collaboration with reputable third party institutions, such as Inyosi Empowerment and B1SA.
- Continued focus on graduating enterprise development beneficiaries into long-term Group suppliers.
- Growing the Company's business relationships with existing EMEs and QSEs within the supply chain. In particular, extensive work was done to procure goods and services from Black-owned suppliers of temporary point of sale equipment, flexible and paper-based packaging consumables, personal protective equipment, and transport services.
- Engaging non-compliant suppliers and providing them with training on the BBBEE Codes of Good Practice in order to empower them to improve their BBBEE scores.

- Establishment and management of an initiative with a QSE with the requisite technical competence to blend and co-package coffee and hot chocolate for selected Ciro products.
- Localisation as part of the Company's Enterprise and Supplier Development Plan for Imported Goods and Services, in terms of which the Company achieved the localisation of previously imported flexible packaging used for key stock-keeping units in the snacks portfolio, which, in F21, resulted in the localisation of 90% of this portfolio, an amount of R23 million moved into local procurement.
- A supplier development project for the development and commercialisation of a customised, live and simple web-based Procurement e-Catalogue to allow buyers to centrally select product, negotiate price and publish product and price, of low value, high volume products, with a view to enabling suppliers, particularly small and medium sized enterprises, to gain low cost access to purchasers such as the Company.

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 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. 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.

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 again 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 the Department of Trade and Industry issued a clarification memorandum regarding the distinction between corporate social investment programmes and socio-economic development, the latter being limited to the promotion of sustainable access for beneficiaries to the economy. The Trust reviewed the projects, which it supports, and changes were made as appropriate, taking care not to unnecessarily cancel funding to needy beneficiaries that did not qualify for recognition in terms of the socio-economic development element of the BBBEE scorecard.

During the year R22,2 million was available to the Company's CSI programmes.

The greatest portion of the Company's CSI funding was spent on education and skills development projects, as follows:

- The Ikusasa Student Financial Aid programme, whose stated purpose is to provide needs-based assistance to students from poor and working-class families (the "missing middle"). This support enables students to acquire a broad set of knowledge, skills and character traits that will significantly improve their meaningful participation in the economy. Areas covered include the economy, human development, leadership, ethical behaviour, and broad citizenship. The intention is to advance equal opportunity and equitable income distribution for all South Africans. The Company's contribution has assisted students in the engineering sector with their 4 year degrees and includes providing meals, accommodation, transport, books and stipends, in addition to paying tuition fees.
- The Supplementary Education Trust (formerly Star Schools), continues to be a meaningful cause. Through their incubator programme learners from grades 10 to 12 are exposed to high-quality educational materials and provided with expert tuition in English, Mathematics and Science, on Saturdays and during school holidays. The Trust also provides necessary study materials, career guidance, life skills training, transport and food. The programme seeks to upgrade the learners' academic standards to enable them to further their education at a tertiary institution. The Company has contributed over R10 million to the Durban and Winterveldt incubator programmes since 2013. This money has supported learners from impoverished homes and underperforming schools in areas such as Umlazi, Inanda, Kwa-Mashu, Claremont, and Mabopane.
- The Company, in partnership with the Study Trust, has been providing full or partial bursaries to students since 2009 through its Tertiary Bursary Programme. In 2021, 5 students were provided with bursaries to assist them to further their education at various universities. 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.

1. Afrika Tikkun
2. Just Grace
3. Kliptown Youth Programme
4. REAP Science and Maths Schools
5. National Sea Rescue Institute School of Education
6. Learn To Earn Foundation
7. The Whale Coast Conservation Trust



sustainable development report continued

- The Diepsloot Foundation provides Adult Basic Education and Vocational Training as a key component of its strategy to uplift and empower the community through education, vocational training and enterprise development. The key objective is to channel funding, skills and resources into sustainable projects that will benefit and build the competencies of individuals and groups within Diepsloot. The projects also allow disadvantaged youth over the age of 18 who have not achieved their matric to achieve a matric-equivalent. In 2017 funding from the Company enabled the opening of an Early Childhood Development Centre – Khulani (meaning “to grow”).
- The Company has supported the Kliptown Youth Programme since 2008. The organisation was founded in 2007 and is situated in the Kliptown informal settlement in Soweto. It provides a safe haven and educational support for 902 children and youth in grades 1 to 12. The programme provides food for the children to take to school and offers a free after-school centre with a hot lunch and additional weekend activities. 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.
- The Ruth First Scholarship Programme sponsors disadvantaged girls’ attendance at Jeppe High School for Girls, one of the country’s foremost public schools for girls, with full tuition, boarding costs and pocket money, to grade 12. The Company is currently sponsoring 10 girls in different grades.
- The Rapport Onderwysfonds supports young students from disadvantaged communities with bursaries to enable them to gain a tertiary qualification with a view to qualifying as teachers, many of whom are now teaching at schools in under-privileged communities. The Company currently supports 26 students.
- The St Mary’s School Waverley Foundation provides critical resources and opportunities to girls from disadvantaged communities by supporting their education and training, and the funding of community affairs programmes. The Company is currently committed to funding for 2 girls for the full terms of their secondary school studies. The bursary includes payments for tuition, boarding, study materials, uniforms, and extra-mural activities, including money to provide the necessary equipment for cultural and sporting activities.
- The Learn to Earn foundation trains students in Basic Computer skills, Office Administration, Sewing, Hospitality, and Barista programmes, across 3 learning centres in the Western Cape. During the past year the Company sponsored 28 students.
- Afrika Tikkun focuses on education, personal development, career development, nutrition, health, family support, skills development, and ultimately, work placement, through its Cradle to Career Model. The programme focuses mainly on young people between the ages of 18 and 29. The goal is to ensure that young graduates of the skills programmes enjoy a better quality of life through access to employment or self-employment.
- Kingsway Centre of Concern operates the Kingsway School and the Thandanani House of Refuge. The school caters for 257 learners, providing high quality early childhood education to disadvantaged pre-school children from the informal settlement of Zandspruit and its surrounding areas. In addition, the children receive food parcels to take home. During F21 the Company also made a further ad hoc contribution in order to buy furniture for a new classroom.
- The My Maths Buddy project of the South African Mathematics Foundation is an initiative to promote excellence in mathematics, improving results for both teachers and learners. This is done through focused workshops using the My Maths Buddy book. The book is a mathematics dictionary developed to help understand mathematics terminology. Teachers and learners are taught by the My Maths Buddy project to use the book. The Company has, to date, funded the roll-out of the project in the Reagile Primary School in Thembisa, the Bonteheuvel Primary School in Cape Town, 2 schools located in Mangangeni in KwaZulu-Natal.
- The Theo Jackson Jeppe Trust provides scholarships for boys at Jeppe High School for Boys. The Company currently sponsors 4 boys from disadvantaged backgrounds.
- The Two Oceans Education Foundation was established to promote and expand on the Two Oceans Aquarium educational, conservation, and research initiatives. The Foundation places emphasis on marine sciences and includes environmental education outreach programmes through the Marine Sciences Academy. The Company currently supports the Junior Biologist programme.
- Just Grace aims to alleviate poverty in the Langa community in Cape Town by supporting education attainment and skills training. They deliver a range of education, community development, and entrepreneurial projects. They identify projects with community members or through partnerships with local organisations. The Company helps to fund the Just Grace Qhubeka programme, which provides participating youths with comprehensive support and guidance over a four-year period (from grade 9 to grade 12) through 10 sub-projects, namely: academic support, social work counselling and psychosocial support, youth opportunity programme, computer training, weekly book club, computer coding/programming, life skills, women’s discussion group, job shadowing, and the holiday club.
- Love Trust grows leaders and delivers excellent, values-based education to early childhood development teachers and, through the Nokuphila School in Midrand, to vulnerable children from, primarily, Ivory Park and Tembisa in Gauteng. The Love Trust Teacher Training course is SAQA accredited to ensure the teachers are provided with the required skills.
- LEAP Science and Maths Schools provides free education to students from high-need communities, with mathematics, physical science, and English as mandatory subjects. The extended school day is 9 hours and special programmes are held on Saturdays and during school holidays. Every LEAP assisted school is partnered with a more privileged school within the surrounding area. The Company’s support of 1 learner in 2020 expanded to 8 learners in 2021.
- The Michaelhouse Community Partnership Trust invests in local public schools. The Trust currently partners with 18 schools between Lions River and Mooi River in the KwaZulu-Natal Midlands to improve their standard of education and to offer

teacher development through training and mentorship. In F21 the Company provided funding for the appointment of 4 Edu-helpers who are qualified or qualifying teachers and are recruited to teach, tutor, coach, or assist with any necessary development programmes in the schools supported by the Trust.

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

- The National Sea Rescue Institute ("the NSRI") of which I&J is a platinum member, and to which the Company 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 the Cape Town harbour, donating a number of rescue craft, and supporting the School Drowning Prevention Programme aimed at teaching children how to recognise and react appropriately to the threats posed by open bodies of water and to assist in helping those in a potential life threatening situation. The Survival Swimming Programme is a practical approach to drowning prevention using a host of basic swimming principles to increase the chances of survival.
- 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, the upgrade and expansion of the Paediatric Intensive Care 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. In the past year the support from the Company was applied to various ongoing upgrades and expansions, including the emergency centre. The emergency centre is the only dedicated children's emergency unit in South Africa and operates 24 hours a day, seven days a week, providing high quality medical, surgical, nursing and acute services in a child-friendly environment.
- The Whale Coast Conservation Trust ("WCCT") was established in 2002 with a mission of unifying, coordinating and promoting 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 through sponsorship of environmental education programmes. Following completion of the programme, schools are given "eco-school" status.
- The Worldwide Fund for Nature is one of the world's largest and most respected independent conservation organisations. The Company contributes directly to the WWF-South African Sustainable Seafood Initiative ("WWF-SASSI"), which is positioned as the interface between civil society, the private sector and government to drive responsible consumption and sustainable practices throughout the seafood supply chain.
- Enactus promotes and supports leadership and professional development for registered students, challenging students to take entrepreneurial action to enable progress in order to ultimately improve the quality of life and standard of living of marginalised communities. Enactus brings together students, academics and business leaders who are committed to using the power of entrepreneurial action. Guided

by the academics and business leaders, the students create and implement community empowerment projects. During the past year the Company supported the Enactus teams at the Durban University of Technology, the University of the Western Cape, the University of the Witwatersrand, and the University of Pretoria.

- St Mary's Outreach Programme started in 2004 as a Catholic mission and now operates in the rural areas of Marianhill in KwaZulu-Natal, catering for destitute, unemployed youth, women and children. The programme offers a home drop-in centre for orphaned and vulnerable children, psychosocial counselling, a school health programme, community-based developments, income generation projects, and gardening projects.
- The Carel du Toit Centre, operated by the Carel du Toit Trust, offers detection, intervention and treatment for hearing impaired children to enable them to enter mainstream schooling. Previous support by the Company went towards the transport programme, enabling the programme to have 5 transport routes across the Western Cape for children whose parents are unable to pay for transport. The Centre is the only school of its kind in the Western Cape and most of the learners come from far outlying areas. More than 60% of the learners depend on the transport programme to get to school and back home. In the past year the Company also provided additional funding for the development of a system for testing babies' hearing at birth, which is a much-needed resource in the public health sector in particular.
- Heartwork reaches prisoners who have never been exposed to personal therapy or have never been afforded the opportunity to learn about their personal emotions in a controlled and secure environment. The programme objectives have enabled this access to curb the re-admittance rate that most prisoners experience. The programme also teaches coping mechanisms and integration skills. The Company's support has enabled the programme to be implemented in six correctional centres across Gauteng.
- Little Eden cares for children and adults with profound intellectual disabilities. They are provided with 24-hour nursing care, medicines, therapy, food, clothing and shelter. The Company has adopted and supports 5 residents at the centre.
- Look Good-Feel Better offers skincare and make-up workshops to cancer patients. The programme is designed to assist women in active cancer treatment to address their appearance, improve mental health, and manage the side effects of the treatment, thus helping them to regain their self-confidence during trying times. The programme reaches patients in the Groote Schuur Hospital in the Western Cape and the Charlotte Maxeke Hospital in Gauteng.
- Unjani Clinics is an enterprise development initiative aimed at empowering Black women professional nurses, creating permanent jobs, and developing a sustainable clinic model for providing primary healthcare. The clinics serve the "bottom of the pyramid" and under-served markets. The clinics are founded on an owner-operator model and are based in the communities that they serve. In F20 the Company funded the set-up of a clinic in the Gansbaai area. The only other affordable health facility is the Gansbaai Clinic, which has to serve

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approximately 8 000 to 10 000 people. In F21 the Company funded basic ultrasound equipment for 8 clinics in the Unjani network.

- The Domino Foundation partners with establishments such as early childhood development centres to provide meals and with community organisations to provide relief hampers. The Company contributed towards the Foundation's programmes in KwaZulu-Natal.
- Feed the Nation started as a campaign in April 2020 and through partnering with funders (including the Company), Pick n Pay customers, suppliers, and welfare organisations, has provided almost 28 million meals since the start of the COVID-19 lockdown in 2020. The campaign is now a registered public benefit organisation, officially named Feed the Nation Foundation.

The Company has also been involved in or made ad hoc donations to a number of other important initiatives, such as the South African Air Force Association, Action for Blind, Hermanus Child and Family Services, Friends of Chinsta, Makabongwe Pre-school, Buhle Farmers' Academy, CATCH Projects, Coalition of Anglican Children's Homes, Education Africa, Eureka School, Lesedi La Batho, Nehemiah School, SAME Foundation, Symphonia for South Africa (Partners for Possibility), and The Bookery.

In addition to contributions made to various organisations by the Trust, I&J also contributed just over R1 million directly to a number of programmes aimed at the communities in which its employees live and work, such as Abraham Kriel Childcare, Eleven Express Football Club, Gansbaai Academia, Heideveld Rescue Mission, Lifesaving Cape Town, Overstrand Municipality community projects, Sessterretjies Early Childhood Development Centre, Service Dining Rooms, the Homestead Project for Street Children, the Trauma Centre for Survivors of Violence and Torture, and the Ukama Community Foundation.

The AVI Graduate CSI Project was launched in F21 in collaboration with the Trust. The Project is aimed at exposing graduates to social challenges in the country and positioning them to become social change leaders and contributors to the communities in which they live. The graduates chose 4 beneficiaries, which each received R50 000 from the Trust and offered the graduates the opportunity to get involved with the activities of the beneficiaries. This year the chosen beneficiaries were the Farouk Abrahams Goalkeeper & Life Skills Academy, GirlCode, Centre for the Advancement of Science and Mathematics Education ("CASME"), and the Life4U Foundation.

At a more personal level, the Company's employees are encouraged to become involved with their local communities on Company sponsored employee volunteer days. 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. In 2020 employees were unfortunately not able to participate personally owing to COVID-19 restrictions but the Trust contributed to the GROW Educare Foundation on their behalf for Mandela Day. The GROW Educare Centres were established in 2014 from a desire to address the

lack of access to quality early childhood development education in marginalised communities in South Africa. The Foundation partnered with 14 ECD centres to open their centres quickly and safely in accordance with COVID protocols, and provided the centres with financial assistance to enable them to acquire infrared thermometers, no-touch foot operated sanitiser dispensers, personal protective wear for all staff and face shields for children. In addition, staff and children were given individual consumable care packs containing hand sanitiser, liquid soap, bleach, paper towels, and face cloths.

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. This is achieved through working with employees, their families, the local communities and society at large to improve quality of life, and being an organisation with which it is desirable to do business.

Labour data and practices

	2021	2020	2019
Number of permanent employees (South Africa at 30 June)	8 471	8 909	8 504
Gender split (%) (including non-South African)			
Male	58	59	60
Female	42	41	40
Ethnic split (%)			
African	70	70	69
White	6	6	7
Indian/Chinese	3,5	4	4
Coloured	19,5	19	19
Non-South African	1	1	1
Ethnic and gender split (%)			
Black (African, Indian/Chinese and Coloured) male	54	55	55
White male	3	3	4
Black female	39	38	37
White female	3	3	3
Non-South African	1	1	1

Of the Company's permanent employees, 42% 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.

The Company requires the subsidiaries to have appropriate policies and procedures 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 such a workplace enhances employee morale and productivity. It is also recognised that a healthy and safe workplace is essential particularly in the food handling industry and ensures that consumers are protected and product quality is 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. The Company experienced 84 disabling injuries. These injuries resulted in 830 lost days for the year, against 761 for the previous year, and an achieved DIFR of 0,67 for the year.

The Company categorises all injuries into 1 of 3 classes. Class 1 being damage that permanently alters a person's life to class 3 that inconveniences a person's life. During the year under review there were 2 class 1 injuries, a reduction from 5 in the previous year. Both injuries resulted in the amputation of fingers or part thereof, resulting primarily from the affected employees' failure to comply with health and safety protocols. Each injury was properly reported and investigated and remedial and preventative actions taken, including where necessary, additional or improved employee training or changes to the work environment. In addition, all employees who sustained class 1 injuries are provided with access to counselling. Throughout the businesses steps are taken to proactively identify and prevent potentially harmful situations and improve employee training.

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

Store robberies in the retail sector remain problematic and both Spitz and Green Cross are taking all practical measures to limit the probabilities of and risks associated with robberies in their stores, including continually updating and improving electronic surveillance, and physical security measures. As staff safety is paramount, staff are trained on how to react in the event of a robbery. In addition, Spitz and Green Cross maintain a close relationship with the AVI Employee Wellness Programme to ensure that affected staff receive counselling after any traumatic event.

All of the National Brands manufacturing facilities achieved their Food Safety System Certification ("FSSC") 22000 V5.1 during F21. They also maintained their American Institute of Baking ("AIB") Food Safety Standard certifications and acquired and maintained their annual Certificates of Acceptability (now the R638 certificate) from their local municipal authorities. The Westmead and Isando biscuit factories, the Isando coffee and creamer factory, and the Rosslyn snacks factory all achieved their ISO 45001 Occupational Health and Safety Management system certification, with the Durban tea factory having completed its certification in August 2021.

The Indigo Brands cosmetics and aerosol factories are ISO 9001:2015 (quality management system), ISO 22716:2007 (Cosmetics Good Manufacturing Practice) and SANS 1841 (Control of Quality: Trade Metrology Act) certified. In the year under review Indigo Brands maintained compliance against SANS 1841 and ISO 22716 in both factories. 12 supplier quality management system audits were successfully completed in F20.

The I&J Woodstock and Valued Added Processing sites have Hazard Analysis and Critical Control Points ("HACCP") accreditation, which is regulated by the National Regulator for Compulsory Specifications. In addition, both I&J processing facilities have "A" listed British Retail Consortium for Global Standards ("BRC"), Higher Level International Food Standard ("IFS") global food safety certification, Marine Stewardship Council ("MSC") Chain of Custody Certification (a sustainability certification) and SANS 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 Island is ISO 22000 and HACCP accredited, as well as ZA 282 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 ZA 111 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. In accordance with customer requirements, the next Amfori BSCI social audit is scheduled to be conducted at I&J in the last quarter of 2021. During the previous audit in September 2019 an "A" rating was achieved in each performance area with zero non-compliances, in recognition of which the audit interval was increased to every 2 years.

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The Amfori BSCI code of conduct refers to international conventions such as the Universal Declaration of Human Rights, the Children's Rights and Business Principles, UN Guiding Principles for Business and Human Rights, OECD Guidelines, UN Global Compact, and International Labour Organisation conventions and recommendations relevant to improve working conditions in the supply chain.

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. Following the civil unrest in July 2021 a Group-wide review is in progress to assess measures that can be taken to assist in securing the sites and keeping employees safe.

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 has a formal HIV/AIDS policy which details, inter alia, the Company's philosophy, responsibilities, and support programmes. 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 offers 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.

The Company and all subsidiaries have implemented and comply with the relevant COVID-19 regulations published by the Department of Employment and Labour. Soon after the announcement of the pandemic

and implementation of the restrictions and protocols, the Company created an online COVID-19 database and dashboard in order to record and track all COVID-19 related events. A summary of these events is set out in the following table:

Sent for testing	Positive cases	Hospitalised	Deceased
2 313	1 302	56	16

Primary health care clinics are located at each of the Company's larger sites, manned on a full-time or part-time basis by appropriate medical professionals. These clinics are well equipped to play a material role in the day-to-day healthcare management of the Company's shop floor employees, and in a number of instances provide basic medication to these employees as well as an out-reach programme for immediate family members. They also facilitate the management and distribution of chronic medication to employees with chronic conditions, primarily hypertension, diabetes, and HIV/AIDS. During 2020 and 2021 the clinics were used for COVID-19 screening and the medical staff performed an essential role in screening and identifying high risk employees to enable appropriate mitigation measures to be implemented. The clinics also perform annual and occupational medical checks for all employees, facilitate VCT programmes, and provide flu vaccines to high-risk employees, all 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 hold wellness programmes and days on matters such as diabetes; tuberculosis; HIV/AIDS; eye care; cancer awareness; and generally maintaining a healthy lifestyle.

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	201-2	Financial implications and other risks and opportunities due to climate change	36 to 50
	201-3	Defined benefit plan obligations and other retirement plans	109 and 110
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Market presence	202-1	Ratios of standard entry wage by gender compared to local minimum wage	Not reported
	202-2	Proportion of senior management hired from the local community	Not reported
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	205-3	Confirmed incidents of corruption and actions taken	Not reported
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	301-2	Recycled input materials used	36 to 50
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	304-2	Significant impacts of activities, products, and services on biodiversity	38 and 39
	304-3	Habitats protected or restored	38 and 39
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	38 and 39
Emissions	305-1	Direct (Scope 1) GHG emissions	40
	305-2	Energy indirect (Scope 2) GHG emissions	Not reported
	305-3	Other indirect (Scope 3) GHG emissions	Not reported
	305-4	GHG emissions intensity	50
	305-5	Reduction of GHG emissions	50
	305-6	Emissions of ozone-depleting substances (ODS)	Not reported
	305-7	Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	Not reported
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	306-3	Significant spills	44
	306-4	Transport of hazardous waste	Not applicable
	306-5	Water bodies affected by water discharges and/or runoff	Not reported

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Environmental compliance	307-1	Non-compliance with environmental laws and regulations	44
Supplier environmental assessment	308-1	New suppliers that were screened using environmental criteria	Not reported
	308-2	Negative environmental impacts in the supply chain and actions taken	36 to 50
Employment	401-1	New employee hires and employee turnover	58
	401-2	Benefits provided to full time employees that are not provided to temporary or part-time employees	Not reported*
	401-3	Parental leave	Not reported*
Labour/management relations	402-1	Minimum notice periods regarding operational changes	Not reported*
Occupational health and safety	403-1	Workers representation in formal joint management-worker health and safety committees	Not reported*
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	59 and 60
	403-3	Health and safety topics covered in formal agreements with trade unions	Not reported*
Training and education	404-1	Average hours of training per year per employee	53 and 54
	404-2	Programmes for upgrading employee skills and transition assistance programmes	53 and 54
	404-3	Percentage of employees receiving regular performance and career development reviews	53 and 54
Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	52; 66 to 77
	405-2	Ratio of basic salary and remuneration of women to men	Not reported*
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	Not reported*
Freedom of association and collective bargaining	407-1	Operations and suppliers in whom freedom of association and collective bargaining may be at risk	Not reported*
Child labour	408-1	Operations and suppliers at significant risk for incidents of child labour	Not reported*

* Comply with labour and employment legislation and collective agreements.

Aspect	Core indicator		Page/not reported
Forced or compulsory labour	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Not reported*
Security practices	410-1	Security personnel trained in human rights policies or procedures	Not reported*
Rights of indigenous people	411-1	Incidents of violations involving rights of indigenous people	Not reported*
Human rights assessments	412-1	Operations that have been subject to human rights reviews or impact assessments	Not reported*
	412-2	Employee training on human rights policies or procedures	Not reported*
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Not reported*
Local communities	413-1	Operations with local community engagement, impact assessments, and development programmes	36 to 50
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	414-2	Negative social impacts in the supply chain and actions taken	Not reported
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	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	44 and 45
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Customer privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	None
Socio-economic compliance	419-1	Non-compliance with laws and regulations in the social and economic areas	None

* Comply with labour and employment legislation and collective agreements.