

Sustainability report



AFGRI creates value for all its stakeholders, be they shareholders, employees, customers or the communities in which it operates. Community development is an important aspect of the Group's transformation, and plays a key role in enhancing the company's reputation as a totally South African company.

AFGRI conducts its business in an holistic manner, and both financial and non-financial strategies are implemented to create value for its stakeholders.

This report provides information on the following:

- Employment equity
- Black Economic Empowerment
- Health and safety
- HIV/AIDS
- Community involvement
- Training and development (Education)
- Environmental management

Employment equity

AFGRI is mindful of its responsibility to address the imbalances of the past – in particular in the workplace. For this reason employment equity (EE) is viewed as a strategic business imperative by the Group, to which the high rate of employment of people from designated groups attests.

AFGRI's experiential learning programme has gained momentum in the period under review. All young graduates on the programme last year have been permanently employed. The Group also accepts the importance of promoting fair employment practices. Its transformation agenda includes a vision to make AFGRI a preferred company to work for.

AFGRI Trading has established a trainee programme, in which students from a designated group are exposed to all aspects of the Trading department and trainees spend six months in each of Procurement, Forwarding and SAFEX. This initiative aims to get more individuals through tertiary education without financial concerns and addresses future diversity within the Trading department.

A number of staff members from designated groups have been earmarked to participate in the Group's succession plan. A development plan has been formulated for each of these staff members to ensure that EE targets at senior levels are met.

All recruitment activities are monitored by the Group's Human Resources department. This ensures that EE candidates are shortlisted and interviewed, and managers are advised on the legal and fair recruitment practices and procedures within the Basic Conditions of Employment Act.

The above methods and flexible strategies are effective in attracting potential employees, and in time, gaps in diversity will be closed.

Black Economic Empowerment

The Agri Sizwe Empowerment Trust partnership has set the standard for transformation in the agricultural sector. The first formal BBBEE scorecard for AFGRI Operations Limited was completed during the period. The score achieved was 48,29, and this places the Group as a 'Level six contributor'. The Group is working towards improving on this level when next rated.

AFGRI Farming was established to assist community-owned and individually owned black farms. It specialises in supplying a holistic solution to participants, from land preparation to harvest to produce storage and sales. All work is carried out on a profit-share basis. A total of 11 500 hectares was cultivated and planted during the 2007/8 season.

Local residents are used as tractor drivers, sub-contractors and casual labour. Special training sessions and courses are held on farmers' days to facilitate skills transfer. Ongoing communication, to establish priorities on specific training for selected community individuals, is part of the solution offered. The ultimate goal is to enable farmers to be self-reliant and commercially viable.

An indirect spin-off of these projects is the revitalisation of storage infrastructure in these areas and the stimulation of local economies and job creation.

Health and safety

Much has been accomplished in terms of establishing health, fire and first aid training, inspection, risk registers and disaster recovery plans. Fire alarm systems have been installed and additional installations to computer sites have been made. Employees are familiar with the actions required in the event of emergencies. All documentation, such as installation and commissioning certificates and procedure manuals, is available on site.

HIV/AIDS

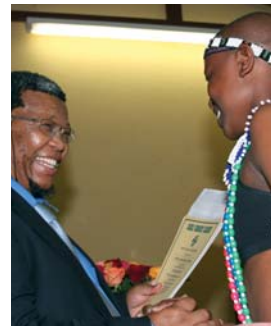
AFGRI has embarked on an HIV/AIDS intervention project to mitigate the impact of the disease in the Group. The objective of the project is to develop a comprehensive implementable outcomes-based HIV/AIDS workplace programme for all employees.

In the period, the following programmes were undertaken:

- Knowledge, attitudes and practices survey
- HIV and AIDS policy
- Information, education and communication
 - Information sessions
 - Peer education programmes
 - Awareness campaigns
- Condom distribution
- Voluntary counselling and testing (VCT)

Implementation of the above programmes was highly appreciated by employees and managers, demonstrated by the high level of participation and the number of calls received on how to deal with a suspected chronically ill individual.

A total of 1 108 people participated on the VCT programme. The HIV infection rate (prevalence) was 14,9%, which translates into 165 employees being infected with the virus. The figure excludes those that knew their status and did not partake. Assistance will be offered to all employees who need attention, be it counselling or advising on the way forward.



Sustainability report continued

AFGRI is in the process of contracting an employee wellness company to further manage all employees with chronic conditions. During the project, other tests for blood sugar, cholesterol, body mass index and hypertension were conducted. All those diagnosed to be at risk were advised on what to do. The project was a success and helped many employees become aware of their health status. The HIV prevalence (as guided by VCT) is high but is not above most high impacted industries like construction and mining. AFGRI has shown commitment in taking care of its employees beyond testing HIV positive.

Community involvement

AFGRI's approach to community involvement is responsive to the Group's needs whilst upholding its commitment to the communities in which it operates. The strategy of having annual flagship projects and several philanthropic projects proved successful and has been adhered to. Support has been given to a number of projects which provide assistance to orphaned and vulnerable children, as well as providing educational toys and food garden implements to primary schools. Additional projects include the following:

- **Buhle Farmers' Academy** – A dedicated poultry training facility has been established at this academy, offering effective practical and business skills to new and emerging farmers. The six poultry units house 400 chickens each and each student is responsible for 100 chickens. An intake of 24 students is trained during a cycle.
- **Bethlehem Farmers Trust (BFT)** – AFGRI has donated a newly refurbished bus to the 74 farmers who travel to and from the apple farm and pack house daily. This has ensured that the beneficiaries are transported in dignity to and from their homes.
- **Roundabout PlayPumps** – Enthused by the success of the first three installations, AFGRI has sponsored two further PlayPumps in primary schools in the Mpumalanga and Limpopo areas. This has resulted in one of the schools starting a vegetable garden, and these vegetables supplement the food that is cooked in the kitchen as part of the school's nutritional programme.
- **Vulture Evaluation project** – AFGRI has entered into a three-year strategic partnership with the World Wide Fund for Nature (WWF) in order to actively participate in the preservation of South African's natural resources and environment.
- **Asiphephe Primary School** – Following up on the success of providing lapdesks for the learners the previous year, four classrooms and an ablution block for the teachers were built in order to alleviate overcrowding and provide upgraded facilities for the dedicated teaching staff.



Training and development (education)

During the period, AFGRI has given much attention to staff training and development, with most of the budget spent on functional and technical training. Functional training focuses on legislative requirements, such as safety and fire fighting, while technical training aims to improve the working knowledge of employees for their own benefit, as well as the economic welfare of AFGRI.

An induction programme for newly appointed staff was launched during the year with great success. Training needs are constantly evaluated and training strategies adapted to fill the needs.

A new recruitment drive was initiated to train more technical staff such as tractor technicians in disciplines where the skills shortage is expected to become more acute. A second learnership initiative is the Training Outside Public Practice training programme where Financial Accountants are trained to obtain the Chartered Accountant (SA) qualification. The third learnership is within the Silo industry where AFGRI has launched several courses to address skills shortages.

All of the Group's business units are encouraged to apply equity in all training initiatives in line with the recruitment of designated employees. This global approach means that different functions, such as recruitment and training, are integrated into the broader human resources strategy of the Group. Developments are monitored through quarterly reports and adjustments made constantly.

All training activities for the year are consolidated in the annual skills report that is submitted to the AgriSeta.

Environmental management

AFGRI places great importance on all risk issues, including environmental concerns, and puts in place measures to address potential environmental risk exposure.

The following actions have been taken in the respective business pillars:

- **Products**

- **Animal Feeds:** The Feeds operation follows stringent ISO 9002 and 14001 standards, ensuring compliance with environmental requirements.
- **AFGRI Oils & Proteins (Nedan Oil and Cotton Seed Processors):** In addition to dust control, the need for bunding (concrete retention walls) for the volumes of flammable liquids on site has been addressed. Both these operations have had "Major Hazardous Installation" (MHI) studies completed and are now registered at the Department of Labour as MHIs.

- **Primary inputs**

- **Seed:** AFGRI Seed is in the process of becoming ISO 9002 compliant.
- **Tsunami Crop Protection:** This Group company is dealing with compliance issues regarding the storage of products held at several distribution centres that need to be separated and banded. At these centres, storage is managed by way of interspersing risk products with water-based products to serve as diluents in the event of a spill. A bulk flammable liquids store and a new finished goods store are near completion, for relocation of product currently stored in a warehouse in Heidelberg, effectively alleviating the main environmental exposure of this business.

- **Logistics Services**

- **Handling and Storage:** Dust extraction equipment and procedures are in place to minimise the inconvenience caused by dust generated at the silo intake bins.

- **Producer Services**

- **Retail and Equipment:** The issue of storage facilities for bulk oils and flammable liquids, including service stations and non-compliant wash-bays at mechanisation outlets, is being systematically addressed, corrected and managed according to the level of exposure and viability.

