

# SUSTAINABILITY REPORT

As Remgro is an investment holding company, disclosure regarding sustainability is limited to that of the Company and its wholly owned subsidiaries, including Wispeco and Tsb Sugar. Social and sustainability reporting for listed investees is contained in the annual reports of those entities.

The main aspects to report on are as follows:

## STAKEHOLDER RELATIONS

The following are recognised as stakeholders in the Company:

- Shareholders and lenders as providers of capital
- The State as policy maker and regulator
- The investment community as interested party
- The community, through the creation of employment, and part benefactor of taxes paid by profitable organisations and as a recipient of social contributions

The Board regularly reviews its strategies against the requirements of the stakeholders to ensure balanced long-term growth and the viability of the Company and the environment in which it operates.

## GROUP ETHICS

Dr Anton Rupert, founder of the Group, which today includes Remgro Limited, more than 40 years ago drew up guidelines for doing business successfully. These guidelines developed into what is today Remgro's value system. The Company believes that these values incorporate the spirit in which it strives to be a good corporate citizen. It furthermore believes that ethical behaviour stems from the value system, as communicated and demonstrated by the Board of Directors.

Remgro's commitment to ethical behaviour is contained in the following documents:

- Code of ethics
- Gift policy
- Internet policy
- Disciplinary code

## SAFETY AND ENVIRONMENT

The Company has a duly constituted safety and health committee, as required by the Occupational Health and Safety Act. This committee assists the Board in ensuring that the Company provides and maintains a safe and healthy risk-free environment for staff and visitors by identifying risks and ensuring that controls designed to mitigate these risks are effective and complied with.

Most of the Company's core activities are regarded as having a low impact on the environment.

The Company benchmarks its current environmental practices against the criteria stipulated in the Global Reporting Initiative™ (GRI) Framework. These include:

- Materials
- Energy
- Water
- Biodiversity
- Emissions, effluents and waste
- Suppliers
- Products and services
- Compliance
- Transport

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Where deemed appropriate, usage and impact are being quantified and measured against best practices. Where appropriate, compliance with safety, health and environmental systems are measured against formal standard systems such as ISO and subject to independent review. Independent boards monitor capital projects aimed at reducing environmental usage while increasing biodegradable recycling.

Tsb Sugar has set itself performance measures to minimise its environmental impact, for example bagasse, a by-product of the sugar production process, that is utilised to generate electricity. Approximately 60% of Tsb Sugar's electricity needs are generated from bagasse. Surplus electricity is supplied into the Eskom national network.

## HIV/AIDS POLICY

From an investment holding company perspective, the risk of HIV/Aids comprises two elements, namely:

### GROUP RISK

Given the potential impact of HIV/Aids on the markets, on human capital cost of employment and on the operational processes of the various businesses invested in, this risk is managed within the governance structures of the various companies.

The progress of these policies and strategies is monitored against best practice standards.

### COMPANY RISK

Remgro and M&I have a formal HIV/Aids policy and are committed to manage the pandemic, and the business risks associated with it, actively. The policy makes provision, inter alia, for the following:

- Compliance with all legal requirements as far as HIV/Aids is concerned
- No discrimination against employees or potential employees based on their HIV status
- Strict confidential treatment of information on the HIV status of employees
- General measures to prevent accidental infection

Remedi Medical Aid Scheme, of which most of M&I's staff are members, has a management plan for HIV/Aids in which employees can choose to participate.

## EMPLOYEES

Summary of employees of the operating subsidiaries

	2007	2006
Rainbow Chicken	7 223	6 686
Wispeco	963	888
Tsb Sugar (excluding contract workers)	2 533	2 308
Other	14	10
	<b>10 733</b>	9 892
M&I	172	188
	<b>10 905</b>	10 080

The boards of directors of the individual operating subsidiaries are responsible for their own strategies regarding employment equity, HIV/Aids programmes, training and other personnel matters. Further analyses in categories are therefore not given here.

## PANDEMICS

As part of its awareness of community risk, the Group monitors pandemic risks, such as bird flu, and will take appropriate steps as and when required.

## EMPLOYMENT EQUITY

M&I strives, in accordance with the Employment Equity Act, to afford all staff the opportunity to realise their full potential.

M&I's management and personnel are continuously involved in determining training and development needs and in implementing and monitoring a labour plan. Special attention is given to those groups which, because of historic reasons, may be in a disadvantaged position.

In accordance with the requirements of the Employment Equity Act, M&I annually submits a labour plan to the Department of Labour.

Because of the nature of its operations, inter alia to provide core services to Remgro, M&I's work force is characterised by the following:

- ♦ A high level of expertise within the top structure of the organisation and in various specialised divisions
- ♦ A young employee profile, especially with regard to management
- ♦ A low turnover rate of staff and, consequently, limited opportunities for new appointments

M&I believes that the quality of its staff is an important sustainable competitive advantage. Therefore it believes that its success does not lie in the uniformity of its staff, but in the diversity and development of their collective talents. For these, space and opportunity will always be created.

Human resource policies and procedures also address the issues of non-discrimination, child labour, disciplinary practices, human rights, etc.

## BEE – BLACK ECONOMIC EMPOWERMENT

The Board believes that BEE on a broad basis is a social, political and economic imperative and we therefore support the Company's subsidiaries and associated companies' initiatives in this regard. Although the ideal is to support people to realise their full potential, special focus is needed on those who, for historical reasons, have lagged behind. The aim is to enable them to compete on merit in the market. We look forward to the day when all South Africans, especially our children, can fully participate in our economy on a non-racial and equal basis.

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## SOCIAL INVESTMENT

Corporate citizenship, namely the commitment of business to contribute to sustainable economic development, endorses the principle that no business exists in isolation but is undeniably an integral part of the environment in which operations take place. In its relations with all stakeholders (clients, personnel and the community), Remgro strives to be a value partner.

During the past few years, the focus of the Company's donation programme has shifted increasingly to the development of young people from disadvantaged communities as well as to assisting people in need, knowing that social investment brings dignity and a sense of hope.

Donations to deserving institutions are usually made over specific periods and although they cover quite a wide range, there is one noticeable exception: political parties. Although the Company respects the individual's right of choice to get involved with these organisations, it does not exercise a choice itself.

During the past year, the Company has been involved in the following projects and institutions:

### ENTREPRENEURSHIP AND TRAINING

The proceeds from a loan Remgro made available to the Peace Parks Foundation (PPF) some years ago support the activities of the *SA College for Tourism* in Graaff-Reinet and the *Southern African Wildlife College* near the border of the Kruger National Park. Both colleges are involved in practical training and job creation.

**SA College for Tourism (SACT)** – the demand for the services of this College, where especially young black women from previously disadvantaged communities are trained for careers in the hospitality industry, has increased to the extent that 90 students from eight Southern African countries were enrolled this year – 50% more than the previous year. To make provision for this intake, some structural changes had to be made to the Panorama Guesthouse in Graaff-Reinet, a subsidiary of the SACT.

Besides following courses in culinary arts, food and beverage studies, room and front-of-house services and guesthouse management, the students gain excellent practical experience from exposure to public events – during the past year these have included eleven wedding receptions, four large banquets and 22 conferences, while a restaurant was managed during a large Eastern Cape golf tournament.

The excellent work of the College has been acclaimed by two recent audits: one by Educor, South Africa's largest private education institution, and the other by THETA (the Tourism, Hospitality and Sport Education and Training Authority) during an unannounced on-site visit. The SACT received three perfect ratings from THETA, the only training provider who could achieve this rating thus far, while Educor in its report commended the quality of the training team and the practical nature of the course.

**Southern African Wildlife College** – since 1997 this College, on the western boundary of the Kruger National Park, has trained and empowered people from Africa to manage and conserve some of the world's most biologically diverse areas. This training has proved to be extremely valuable to transfrontier conservation areas in Angola, Botswana, Malawi, Mozambique, South Africa, Uganda, Zambia and Zimbabwe.

Besides training in the management and conservation of natural resources, courses are also presented in personnel management skills and community conservation strategies, while field trips provide students with sound practical experience.

**SciMathUS** – after six years this post-matric programme of the University of Stellenbosch, which gives talented black students from disadvantaged communities the opportunity to gain access to mainstream higher education, is well under way. The success of the programme is evident from the number of students involved in it since 2001 who are now following degree courses, with mathematics, science and accounting as major subjects.

Many students come from very low income families and some of them travel from places as far afield as Wellington and Mitchell's Plain by train, car or taxi to attend classes starting at 08:00 in the morning. The most needy students are offered accommodation in Stellenbosch. These expenses are afforded from the budget of SciMathUS.

At the end of 2006, 47 students from the Western, the Eastern and the Northern Cape as well as Gauteng and the Free State completed the National Senior Certificate examination, with a significant improvement in their maths, science and accounting results. Most of these students are currently studying at the University of Stellenbosch.

**Paul Roos Academy** – has almost come full circle with the first intake of Gr. 7 learners in 2003. This group, now in Gr. 11, will receive their last holiday tuition during this year and will write matric in 2008. For the Academy this examination will provide an excellent value test of the investment made in these learners over five years.

However, academic achievement is only one side of the coin of this project, which also focuses on identifying leadership talent in disadvantaged schools and on assisting these learners by providing additional tuition to realise their full potential. The growth in self-confidence, visible at an early stage, as well as the development of other skills, ensures that these learners are just so much better prepared to face the future.

In 2006, a total of 237 learners from Gr. 7-10 received tuition at the Academy. During school holidays they are accommodated in the hostels of Paul Roos Gymnasium and Rhenish and also take part in sport and other educational activities.

**Rally to Read** – celebrates its tenth year with a proud record. Since this literacy programme got under way in 1998, R21.5 million has been invested in the quality of literacy training in some of the most remote areas of the country. This year an additional R4.3 million will be spent at the 135 schools participating in the programme.

Annually in May, convoys of off-road vehicles depart from various centres to deliver books and other educational material to some of the country's most neglected schools. This year a total of 425 vehicles visited nine areas in eight provinces. Remgro is one of approximately 100 sponsors of this project.

**Equip** – is a school development programme of the National Business Initiative focusing on leadership and the quality of education at historically disadvantaged schools. Remgro's sponsorship for this purpose is used at two secondary and three primary schools in the Stellenbosch region.

Good progress has been made at two of the schools, while unfortunately conflict and disputes in one of the school management teams and a lack of strong leadership by principals at other schools hampered progress. As far as teacher development is concerned, more than fifteen teachers from five schools have been invited to register for an advanced certificate in education at the Cape Peninsula University of Technology.

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## ENVIRONMENT

**WWF South Africa (WWF-SA)** – is a conservation organisation supported by Remgro since 1968. During the past year the organisation has sharpened its focus on the interplay between biodiversity and the impact of human activities. This focus comprises the following three initiatives:

The Marine Programme, which looks at the sustainability of seafood; the Freshwater Programme, which places emphasis on internationally traded water-intensive crops such as sugar; and the Biodiversity and Wine Initiative (BWI), a partnership between WWF-SA, The Green Trust, numerous members in the conservation sector and the South African wine industry.

Good progress has been made with all three initiatives. Some 800 officials have been trained for Marine Protected Areas, while a major breakthrough was achieved for the Freshwater Programme by the signing of a memorandum of understanding with the sugar industry. As far as the BWI is concerned, more than 70 wine farms could be involved in an attempt to bring a better balance between conservation and agriculture in the highly sensitive Cape Floral Region.

## CULTURAL DEVELOPMENT

**Klein Karoo National Arts Festival (KKNK)** – this year the Remgro/VenFin bursary will be brought to the notice of young people in the Eden District Municipality as part of the *Absa KKNK on Tour*, after which applications will be invited and a winner be selected by an expert panel before the end of the year.

Remgro's sponsorship of the festival in 2007 has also been used to sponsor the artistic programme which includes several dramas, amongst which were three translated into Afrikaans. One of the dramas, *'n Ander Tongval (Another Dialect)*, is based on the book with the same title by Antjie Krog. It has been compiled with a European tour in mind.

**Field Band Foundation (FBF)** – music is a catalyst for many of the problems encountered by the country's youth. This is how the FBF, which celebrates its tenth anniversary in 2007, approaches its role. With 30 bands at its disposal and a membership of 4 000, the Foundation harnesses music to improve the skills and career opportunities of young people who could otherwise have landed on the street.

An awareness of the dangers of HIV/Aids forms an integral part of the project. A recent survey on the prevalence of the disease amongst members between ages 16 and 26 has shown figures considerably lower than the national average. Regular exposure to international musicians and role models also reiterates the message to young people that there are many reasons for protecting themselves against HIV infection.

Last year, for the first time, the Foundation was able to send one of its members to university. This year two are receiving tertiary education, while many more are doing a bridging course which will enable them to follow suit. Remgro's investment in the FBF can be seen as a contribution to help change the "risk profile" of our youth.

**WAT** – the Dictionary of the Afrikaans Language (WAT) is 80 years old and is still in the forefront of renewing the language and making it as supple and as user-friendly as possible. Testimony of the relevance of its efforts is the fact that during the past two years six large South African universities, amongst which are Unisa and the US, have purchased the internet version of the WAT as an electronic source.

Besides collecting and recording Afrikaans words in all their forms, the WAT also plays an important role in the training of lexicographers as well as in the educational use of dictionaries. During the past year five doctoral students from Gabon and four employees of the Oxford University Press attended courses in lexicography at the WAT. Over a period of three years Remgro will contribute to the trust fund of the WAT.

#### SPORT DEVELOPMENT

**SA Golf Development Board (SAGDB)** – in a year of many challenges, the SAGDB has completed its restructuring process and committed itself anew to spending its money where most needed on the needs of the children in the national programmes. Structures were brought in accordance with this objective and administrative costs cut considerably to bring about a more performance-driven organisation. Besides its normal contribution, Remgro has made an additional R1.5 million available for the restructuring process.

SAGDB has also adopted Project 312 to assist development managers in assessing their own performance as well as those of coaches. In addition, coaches taking part in the National Training Programme completed their first year of study. The programme provides an opportunity to coaches to gain an accredited tertiary-level education and a coaching qualification from the PGA, which could help raise the standard of the programmes they are involved in.

**Western Cape Cricket Academy** – the ripple effect of the investment made in this Academy since 1993 is growing all the time. During the past year the names of current and former Academy players surfaced everywhere, not only in the SA World Cup squad and the SA “A” side to Australia, but also in the winning sides of the Lions, Titans and Cobras, respective winners of the Standard Bank Pro20, the SuperSport Competition and the MTN 45 Championships.

And it doesn't stop there. Six women from Western Province (WP), and an equal number from Boland, all part of the Academy structure, represented their provinces at the national tournament for women where 20 teams participated. WP and Boland reached the finals, which was won by WP. To cap it all during a very successful year, several of the Academy's umpires gained access to international and national panels.

#### COMMUNITY DEVELOPMENT

**Ikamva Labantu** – thanks to an administrative sponsorship by Remgro and VenFin, currently totalling just over R2 million a year, Ikamva, a community project with its roots firmly in the townships of the Western Cape, could, besides its involvement in early childhood development, family services and care for the visually impaired, continue its role as mentor for other community organisations.

During the past year, 120 more preschools joined Ikamva and 5 500 additional children between the ages of 0 and 6 were reached. Food was delivered to 110 indigent preschools, while 20 food gardens were successfully initiated for these schools. In the family services sector, children were cared for in 14 homes, while 15 “magnificent mothers” cared for 90 children from broken families.

A project launched by Ikamva in Philippi East at the request of Remgro to determine how many children were without support, is progressing well. Initially the programme was planned to provide for 100 vulnerable children, but this number soon grew to 247. Support comprises food parcels, school uniforms, stationery and financial assistance. The aim is to create a standard model of intervention which could be replicated elsewhere in the country. This also includes a disengagement process as families become more self-sustainable.

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**u Mephi Child Care Programme** – offers abused, unwanted and abandoned orphans a place of security. In 2006, 409 children were admitted to the programme. The ideal for u Mephi is that children should grow up within their biological families. If this is not possible, the children are cared for in homes or, in the case of babies, they are made available for adoption. In 2006, 142 babies were adopted locally and internationally.

Childhood should be the happiest time in a child's life. The unfortunate reality is that many are physically, emotionally and sexually abused, are rejected and are denied the basic necessities for a normal life. Seven social workers assist these traumatised children to come to terms with their past in order to cope with the future.

**St Joseph's Home** – runs a ward of 25 beds for the treatment of HIV/Aids paediatric patients. Actually the ward is a step-down facility for children discharged from tertiary hospitals but still too ill to be sent home. Nursing care and rehabilitation are provided, and parents and caregivers are instructed in administering antiretroviral drugs.

Remgro's partial sponsorship of the ward helps to care for children who otherwise would have been sent home to suffer and even to die. Approximately 90% of the children admitted come from the Cape Town Metropole and most of them have only a single parent or grandparent.

**Yabonga** – is a HIV/Aids project in the Western Cape to which Remgro has made a once-off contribution of R1 million during the past year to assist the organisation in extending its activities to the rural areas of the Eastern and the Northern Cape.

In its 2006 annual report Maria Ramos, patron of Yabonga, wrote that the project developed into a meaningful and sustainable one over the past eight years, benefiting some 10 000 underprivileged children and those in dire need in our communities. More than 1 000 preschool children are also exposed to quality educational programmes prior to entering Grade 1.

## HEALTH CARE

**Wits/Donald Gordon Medical Centre (WDGMC)** – this year the first private academic hospital in the country is celebrating its fifth anniversary and is still making good progress. The accreditation programme has been strengthened by confirmation of the status of medical practitioners working at the WDGMC.

The transplant unit of the WDGMC has become the prominent liver, kidney and pancreas transplant centre in the northern provinces of South Africa, while the oncology and intensive care units are going from strength to strength. Together with the ear, nose and throat unit and the surgery department, these have all developed into centres of excellence.

**Organ Donor Foundation of SA** – dedicates itself to the task of providing many people with a second chance to a normal life by making life-sustainable organs available to them. Remgro supports this effort by sponsoring four flights per year for the transport of these organs. The excellent service provided by Falconair's staff in this regard is appreciated by all, by the doctors performing the transplants and the recipients of the organs.

## New commitments

Since 1 April 2007 the Company has made new commitments to the following programmes:

- **Shalamuka Foundation** – supporter of the Penreach programme, the largest school outreach project in Africa, through which the quality of education is promoted and a learning culture inculcated at disadvantaged schools.

Penreach started in 1994 and in that year reached 40 teachers and 10 schools. The latest figure is 2 000 teachers and 900 schools and the ripple effect of this intervention is such that some 200 000 schoolchildren in Mpumalanga are benefiting from it. Penreach runs workshops for principals, student governing bodies, preschool, primary school and secondary school teachers and represents an excellent example of the best education practice in emerging communities.

Remgro has committed itself to R2 million over two years to enable Penreach to extend its activities and to replicate the model elsewhere.

- ✦ **Beyers Naudé School Development Programme (BNSDP)** – this programme is managed by the Kagiso Trust, which has dedicated itself over more than 20 years to social justice in some of the poorest rural areas in the country. The programme concentrates on the sustainable development of rural schools in the former homeland Venda, which is plagued by poverty, a shortage of facilities and resources, poor teaching standards and dismal results.

Where the BNSDP is implemented, the morale and the functioning of school communities improve, absenteeism and vandalism are reduced, more learners enter for the matric examination and the pass rate increases. In one of the schools taking part in the programme the pass rate increases from 44% to 79.8% over two years. A total of 766 children from nine BNSDP schools wrote matric in 2005, 170 of whom passed with exemption, while 34 distinctions were attained. Six of the schools achieved a pass rate higher than the national average.

The BNSDP was launched in 2004 as a living legacy to the values and principles practised by Dr Beyers Naudé, founder of the Kagiso Trust. Remgro has agreed to contribute, in partnership with VenFin, R3.6 million over three years to the BNSDP.

- ✦ **Stellenbosch Community Development Programme (SCDP)** – was founded in 2005 with the aim of:
  - ✦ feeding malnourished, underprivileged, poverty-stricken and orphaned children, many of whom are infected by HIV/Aids;
  - ✦ providing primary health care;
  - ✦ assisting unemployed parents to lay out vegetable gardens and to learn new skills; and
  - ✦ acting in partnership with other organisations such as Child Welfare and clinics.

The SCDP's primary focus is on Kayamandi, where 568 children are fed daily and monthly food parcels provided to 60 families. An estimated 12% of the black townships' children are not attending school because their parents are too poor. Approximately 23% of Kayamandi's residents live in dwellings with only one room, 45% of households still use paraffin for heating, while 25% of adults indicated that they have gone hungry periodically during the past year.

- ✦ **Children's Art Festival (CAF)** – runs concurrently with the annual National Arts Festival in Grahamstown and has been designed to help children discover their own artistic potential.

International research has shown that 98% of children between the ages of 3 and 5 enjoy a superior level of creativity. By the age of 10 it diminishes to 32% and at age 15 to just 10%. Adults above 25 years retain only 2% of their natural creativity!

Skilled hands are a powerful tool for upliftment and empowerment and this is the focus of CAF's activities. During the festival an intensive development programme is presented to primary school learners to stimulate their creative skills. At several workshops the children are exposed to diverse cultures and the talents of artists, dancers, actors and musicians.