

SUSTAINABILITY

1. INTRODUCTION

We regard sustainable development as an integral and essential part of conducting business and we endeavour at all times to inform our stakeholders in terms of the three pillars of sustainability, namely economic, social and environmental.

2. RESPONSIBILITY FOR SUSTAINABLE DEVELOPMENT

The board accepts overall responsibility for the advancement of sustainable development with the assistance of the board sub-committees. Day-to-day responsibility is delegated to executive management.

Sustainability awareness and training workshops for all employees are held with the aim of achieving the following objectives:

- creating an awareness and explaining the importance of sustainability in the workplace;
- encouraging business units to work together towards establishing a sustainable business;
- making employees aware of the company's goals with regard to sustainability;
- providing training to employees to complete the monthly sustainability reports; and
- explaining the implementation and monitoring process of identified sustainability projects.

2.1 Approach to data collection and reporting

As part of our commitment to improving non-financial reporting, we have tasked all senior management at business unit level to report on aspects of integrated reporting as part of their budgeting process on an annual basis. The board has charged management with ensuring that adequate resources are applied and sufficient attention is given to the implementation of sustainable development principles throughout the group.

Function	Responsibility
Chief Operating Officers and General Managers	Managing efficient operations, environmental controls, corporate social investment projects, components of social and labour plans and community engagement at operational level
Company Secretary	Corporate governance, including all aspects related to the King IV Report (See pages 79 to 83)
Finance	Managing and providing advice on the company's finances, putting in place policies, procedures and systems to protect the company from fraud and corruption and ensuring economic sustainability (See pages 114 to 178)
Human Resources	Skills development, recruitment, transformation, protecting employee human rights, implementing the company's Wellness strategy (which includes the HIV/AIDS initiatives).

A group safety, health and environment (“SHE”) report is compiled and is reviewed by the Audit and Risk Management Committee on an annual basis. Underpinning our Enterprise Wide Risk Management Programme, are the following meetings which incorporate aspects of SHE:

- monthly Health and Safety meetings;
- bi-monthly Corporate Risk Management meetings;
- quarterly Operational Risk Management meetings;
- three Audit and Risk Management meetings; and
- an annual Group Risk Management meeting.

2.2 Assurance

We are committed to ensuring that all information provided in this report is accurate. During the course of the year, systems and procedures were put in place to record the relevant data by way of an internet web-based data collection system for all divisions. As part of the annual budgeting process, business units are required to identify social, environmental and financial issues that impact on their businesses. Key performance issues (“KPI’s”) are also identified and reported on.

2.3 Governance, ethics and values

Governance, ethics and values are addressed in the corporate governance section of the report on pages 79 to 83. Financial compliance is assured through internal structures and controls and independent financial audit. We also have our own internal set of values and ethics which guide all our activities and relationships, both individual and corporate.

A copy of our Abridged Code of Ethics is available on our website, www.astralfoods.com.

2.4 Group risks

The major business risks that have been identified and which could have an impact on the group achieving its objectives are dealt with on pages 84 to 88.

3. ECONOMIC SUSTAINABILITY PRACTICES

The distribution of economic value generated for stakeholders is reflected in the group's value added statement which is reflected below.

VALUE ADDED STATEMENT				
	2018		2017	
	R'000	%	R'000	%
Value added				
Sales of goods and services	12 979		12 417	
Less cost of materials and services	(9 099)		(9 574)	
Value added from trading operations	3 880	98.4	2 843	99.8
Income from investments	63	1.6	5	0.2
Total value added	3 943	100.0	2 848	100.0
Value distributed				
To Labour	1 775	45.0	1 598	56.1
To government	572	14.5	321	11.3
Income tax	560		311	
Skills development levies	12		10	
To providers of capital	740	18.8	128	4.5
Dividends to shareholders	730		108	
Interest on borrowings	10		20	
Total distributions	3 087	78.3	2 047	71.9
Income retained in the business	856	21.7	801	28.1
Depreciation/amortisation	152		149	
Retained profit for the year	704		652	
Total value distributed and reinvested	3 943		2 848	100.0

	2018	2017
	%	%
Revenue generated in South Africa	97	97
Net profit after tax generated in South Africa	99	99
Total taxes paid in South Africa	99	97

4. SOCIAL ASPECTS

Issues:

- **Broad-based black economic empowerment (BBBEE)**
- **Equality**
- **Employees**
 - **Value creation**
 - **Health and safety**
 - **Employment equity**
 - **HIV/Aids**
 - **Training**
 - **Employee turnover and absenteeism**
 - **Human Rights**
 - **Workplace improvement programme**

Broad-based black economic empowerment (BBBEE)

We support and are committed to the concept of broad-based black economic empowerment and actively promote the empowerment of staff members and the communities in which we operate. We have a 100% score on enterprise development, mainly as a result of our strategy to use contract growers with a Black ownership component. We also scored 100% in socio-economic development as a result of our wellness programme. Our rating improved to a Level AA, which is an improvement of 140,09% since our first rating.

Equality

We are committed to gender equality and the removal of any discrimination based on gender, race, religion or disability.

Employees

Our long-term success rests on our ability to attract, develop and retain globally competitive employees. We have strategies and initiatives in place, mainly through our 20 Keys workplace improvement programme, to ensure value creation by and for employees. This facilitates individual and collective wisdom within the operations, encourages employee participation and enables employees to share in the value created for stakeholders.

African, Indian, Coloured (AIC) vs. White employees in our South African operations:

	2018	
	AIC	White
Board (Non-executive directors)	2	3
Executive – F		5
Senior management – E	7	38
Middle management – D	40	100
Skilled upper/technical - C	248	332
Semi-skilled/apprentice/trainee – B	1 576	159
Labourers/unskilled – A	4 175	9
TOTAL	6 048	646

Note 1: Employee categories are defined using the Patterson grading methodology (F-A)

Number of employees at the end of September – group

	Feed		Poultry		Other Africa		Corporate		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Permanent	478	533	5 872	6 551	315	345	29	29	6 694	7 458
Contract	205	228	4 549	5 072	94	101	1	1	4 849	5 402
TOTAL	683	761	10 421	11 623	409	446	30	30	11 543	12 860

Group	%
Female employees	45,62
Workforce (employees and contractors operating in South Africa)	96,43
Management (top and senior) who are deemed HDSA	0,13
Employees who are deemed HDSA	90,35
Permanent employees	58
Employees belonging to a Trade Union	36,2
Employee turnover (number of persons who departed relative to the total number of employees at year end)	10,24
Employees trained in South Africa	25,16
Training spend in South Africa	0,10
Percentage of total CSI/SED spend in South Africa	100,00

Group	
Total number of Person Hours worked	16 861 644
Total number of employees trained including internal and external training interventions – skills development	1 684
Total Person Days lost due to absenteeism	33 765

Value creation for employees

Our leadership within the group is inspirational. High but achievable standards are set, employees are motivated by realistic objectives and they are allowed to participate in setting those objectives.

We have a sound value system, based on integrity, openness honesty and accountability. Employees understand these values as management lead by example.

The benefits of employees are market related and all employees can benefit from incentive schemes by meeting set targets. All vacancies within the group are advertised internally, as we believe that employees should have the first opportunity to be promoted before we recruit externally.

A number of unions are represented in the company with a total membership of approximately 36,2% of bargaining units. The company experienced no strike action during the year.

Unions are recognized at our different business units. We conduct collective bargaining on an annual basis and in most instances the outcome is to the

satisfaction of both parties. Circulars and notice boards are used for basic communication with staff. Road shows are held twice a year in the different regions to communicate the results of the company and two multi-level meetings per annum are held with staff to communicate important matters relevant to each business unit.

Health and Safety

We comply with the Occupational Health and Safety Act 85 of 1993 and similar legislation in other countries.

Senior management within each operation is responsible for compliance to occupational health and safety requirements and is committed to provide the necessary financial and human resources to ensure that the following objectives are implemented, monitored and maintained:

- Compliance: Adherence to all applicable health and safety legislation, standards, frameworks and best practice relevant to the Astral group.
- Risk assessment: Continually identify, evaluate, mitigate and control health and safety risks within the group. Internal and independent external audit are conducted on a regular basis.
- Risk mitigation: Identification of workplace hazards and the provision of the required safety equipment, safe work procedures and training to employees to mitigate against accidents, injuries and diseases.
- Training and awareness: Promote awareness and sense of responsibility among employees with effective health and safety communication, training and awareness and consultation with all levels of employees, contractors and other stakeholders directly affected by our activities and processes.
- Commitment: Integrated comprehensive management systems which ensure accountability for employees' wellbeing.
- Continual improvement: Periodical review of the relevance and appropriateness of the above endeavours to ensure continually improvement in the group's health and safety efforts.

Astral aims to minimise and prevent any injuries and accidents. The Lost Time Injury Frequency rate is calculated by all business units. This provides for accurate benchmarking between business units and a measuring tool to compare current and past performances. The group has set an Injury frequency rate target of 2.5 for the milling operations and 3.0 for the processing facilities

Operational targets were also set to reduce the recordable injuries by 10%.

Lost Time Injury Frequency Rate is calculated by taking the number of disabling injuries times 200 000 divided by the number of man hours worked by all employees and contractors.

	AGRICULTURE		COMMERCIAL		FEED		TOTAL	
	2018	2017	2018	2017	2018	2017	2018	2017
Number of fatalities	0	0	0	0	0	0	0	0
Number of first aid cases	31	13	93	247	15	25	139	285
Number of medical treatment cases	5	0	65	87	12	4	82	91
Number of disabling injuries	79	64	167	182	24	24	270	270
Number of recordable injuries	115	77	325	516	51	53	491	646
Injury frequency rate	2.22	1.53	1.99	2.13	1.38	1.66	1.92	1.97
Fatal Injury frequency rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total recordable injury frequency rate	3.23	2.32	3.78	4.07	2.56	3.20	3.39	3.58

Employment Equity

All our operations comply with the Employment Equity Act and annual reports are submitted to the Department of Labour. Employment equity committees have been established at every business unit to set and monitor progress. The different occupational levels below management level reflect that between 83% and 99% of employees are from the designated groups. We believe that no unfair discrimination exists in the workplace.

Wellness programme

Our first initiative was to focus on HIV/AIDS.

We recognize the implications of the pandemic on the family structure, the community and long-term issues of sustainability. The reality is that the prevalence of HIV/AIDS among our workforce is currently estimated to be about 22% overall. This figure was determined through a voluntary counselling and testing update.

We have implemented a policy on HIV/AIDS focusing on:

- educational programmes at all operations;
- voluntary testing;
- counselling of affected employees;
- training of peer educators.

A total of 79% of employees participated in the Wellness screening and 89% participated in voluntary counselling and testing.

We changed our strategy to a wellness programme during 2009 focusing on:

- height and weight (body mass index);
- blood pressure (hypertension);
- cholesterol;

- diabetes; and
- voluntary counselling and testing for HIV/AIDS.

The past financial year Astral spent R6.122 million on this programme.

Training

Much emphasis is placed on the development of technical skills, including training under our technical agreements with Provimi Holding BV of Holland, a world leader in animal nutrition solutions.

The “CEO Pinnacle Programme”, which consists of management training and development interventions, was introduced during September 2011. The interventions focus on senior, middle and fundamental management levels as well as supervisory training. The management programmes are presented by the North West University (Potchefstroom Business School).

During the past year, 49 participants in the Middle Management Programme (MMP) and Advanced Management Programme (AMP). Of these participants close to 54% were from the designated group.

Other training and development interventions that we focus on are:

- information technology skills;
- supervisory skills;
- sales;
- quality systems; and
- production and processing skills

We are committed to the Skills Development Act. Our submission of skills development plans and our implementation against targets have ensured the maximum benefit in this regard. We have appointed 30 apprentices (electricians, millwrights, fitters and turners) with assistance from the Sectorial Training Authority for Agriculture.

We have a study loan policy providing employees with financial assistance to further their academic qualifications in line with current and future job requirements.

Apart from the above initiatives, we spent R7,610 million on training and development of our employees.

Employee turnover and absenteeism

We continuously evaluate our recruitment processes to ensure that high potential talent is employed, taking cognisance of leadership capabilities, identified competencies for positions and employment equity plans. Our approach is to attract the best people in the industry with focus on the appointment of persons from the designated groups.

The employee turnover for this year was close to 10,24% on average for the group.

The absenteeism rate increased from 1.10% (2016/17) to 1,72% (2017/2018) which equates to a cost of R9 526 349 per annum.

Human Rights

Human rights are central to our legitimacy and are addressed in our code of ethics, including:

- obeying the law;
- respecting others;
- acting fairly; and
- being honest.

Breaches are addressed through the applicable legal system, internal procedures and through “Tip-Offs Anonymous” and employees may use established grievance procedures and they may also seek Union or industry assistance.

All incidents reported through “Tip-Offs Anonymous” are investigated by internal audit and appropriate action taken in terms of the relevant policies and disciplinary procedures.

"TIP-OFFS ANONYMOUS" DATA	2018	2017
Number of calls received	42	28
Number of reports generated	26	17
Number of reports investigated	26	17
Number of convictions	3	2

We apply a “zero tolerance” approach towards fraud and corruption and protect employees who raise concerns relating to fraud and corruption from victimization.

The following alleged offences were reported to the “Tip-Offs Anonymous” line:

ALLEGED OFFENCE	2018	2017
Theft	1	1
Human resource infringements	17	13
Fraud	1	2
Unethical behaviour	7	1
Customer complaints	0	0

It is not our policy to support political parties and no funds were made available for this purpose during the year.

5. STAKEHOLDERS

Issues:

- Stakeholder engagement
- Consumers
 - Product responsibility
- Customers
- Suppliers
 - Preferential procurement
 - Contract growers
 - Packaging and ingredient suppliers
 - Research and development
- Membership of industry organisations
- Employees
- Regulators and compliance
- Community
- Corporate Social Investment

Stakeholder engagement

We believe that continuous, open and transparent communication with all stakeholders is essential to our legitimacy, core to our values and consistent with our sustainable value creation objective. Mutually beneficial outcomes are sought at all times.

Being a listed entity, we comply with legal communication requirements. Furthermore, we believe in regular dialogue with stakeholders and the investor community as a whole. Numerous interviews with financial analysts are conducted and regular sessions are undertaken with investors and media.

STAKEHOLDERS	COMMUNICATION
Shareholders and other providers of capital	Website SENS announcements Trading updates Bi-annual results announcements Integrated annual report Investor relations Face-to-face meetings Site visits
Customers	Face-to-face meetings Regular discussions Advertising through local media
Local communities	Projects which form part of corporate social investment
Industry	South African Poultry Association Consumer Foods Council of South Africa South African Agricultural Processors Association Animal Feed Manufacturers Association
Staff and unions	Confidential hotline through "Tip-offs Anonymous" Bi-annual road shows Management and union meetings Internal newsletters and notice boards
Suppliers	Presentations to Procurement Committee

	Regular discussions
Government	Adhering to laws and regulations Face-to-face meetings

To communicate our strategy, performance, developments and other information relevant to employees, we deploy a number of electronic communication channels, including a communiqué from the desk of the chief executive officer.

Presentations are made by the Chief Executive Officer to employees twice annually on the group's financial performance and future plans.

Our website provides up-to-date information to stakeholders.

Astral's branded chicken products are distributed widely and reach consumer groups across the spectrum of society. Our consumers can choose from an extensive range of products, from affordable frozen secondary products to higher value fresh chicken, including free range and prepared value added convenience products. The *Goldi* brand has maintained loyal support from the middle to lower income consumers, driven by consistent and trusted quality, availability and good value. *County Fair* and *Festive* brands on the other hand have developed strong equity in the middle to upper income consumer sectors where demand for prime products is stronger. We have recently launched a fresh range offering under the *Mountain Valley* brand.

Product responsibility

The need for manufacturers to market products that meet the required food safety standards has resulted in a number of on-going initiatives and practices to comply with legislation. The Consumer Goods Council of South Africa in recent years founded the Food Safety Institute, to which we subscribe. Reviews of various statutory requirements and industry legislation have been implemented to better control product quality and food safety.

We take a proactive approach to ensure all processing plants involved in the food chain are Hazard Analysis and Critical Control Point Systems (HACCP) or Quality Management Systems Certification (ISO) certified in terms of Food Safety Management Systems. We follow the farm-to-fork approach, from control of animal feed quality, health of grandparents, parents and broilers as well as hygiene at the abattoirs, processing plants, cold chain facilities and distribution points to end users. Preventative medicine to control food-borne diseases is strictly practised in line with legislation. Monitoring for biological and chemical residues is done by reputable independent laboratories. A team of in-house consulting veterinarians assists the group. All our abattoirs consistently perform above 80% in the Department of Agriculture's Hygiene Program.

We emphasise the importance of traceability of final product and are in a position to trace any emergency situation arising through the system from final product to chicken growing and feed supply. We are actively involved in a number of forums such as the South African Poultry Association, Codex Committees and Statute Committees.

Bird welfare

We consider the well-being of our biological assets, the chickens, and safety of derivative products (poultry meat and meat products) for human consumption as paramount. This is achieved through implementation of the South African Poultry Association's Code of Practice that serves as a guide on standards for bird welfare.

Genetics and nutrition

The broiler breed called Ross 308 was chosen by Astral for its improved production efficiencies which are realised only when a fine balance between genetics, nutrition, disease control and housing environment is achieved. Birds have free and easy access to nutritious and safe feed as well as clean water. No hormones are used to improve growth and feed utilization.

Health and product safety

Strict hygiene standards are maintained through cleaning of floors and equipment with detergents (soap) followed by disinfection (sanitation) at the end of each production cycle. Bacterial tests are regularly conducted on cleaned floors and equipment to ensure the efficacy of cleaning chemicals and methods. This practice eliminates disease-causing organisms, thereby improving bird health. Furthermore, our team of veterinarians continually monitors the health status of chickens. Antibiotics are used under strict veterinary supervision for prevention, control and treatment of specific conditions in order to reduce stress, pain and suffering of the birds. Antibiotics are withdrawn timeously from live chickens prior to slaughter in order to comply with regulations.

Housing environment

As none of our chickens are kept in cages, floors in all houses are bedded with clean good quality wood shavings, sunflower husks or wheat straw which keep the birds dry and warm and enables them to scratch and wallow. The bedding that our chicks are placed on in the houses is turned to prevent excessively wet or uncomfortable conditions. Our chicken houses are specifically designed for optimum ventilation and temperature control.

The lighting period is kept longer during the first few days of the birds' life in order to encourage them to eat and drink. Once the chicks have acclimatised to the new environment, lighting is adjusted to enable them to sleep naturally, as they may require.

Handling

Handling, transportation and slaughter practices of birds are as stipulated in the South African Poultry Association's Code of Practice.

Husbandry

Toe-clipping and beak trimming are done humanely in breeder males using laser technology and hot blade in order to prevent injury to hens by cocks during mating.

Customers

Our key customers lie primarily in top end retail chains and wholesalers, mainly independently owned, and highly entrepreneurial by nature. Longstanding trading relationships are in place with the major retail groups, who continue to play important roles in reaching our targeted consumers and building our brands. Most of our independent wholesale customers have been partners for decades and have driven distribution of our chicken brands strongly into the independent retail sector. We have a strong association with The Cold Chain which continues to provide crucial services that include warehousing, distribution and merchandising to the retail and wholesale chains on our behalf.

Suppliers

Raw material availability is synonymous with two main risk areas, namely price and quality/supply. The agricultural commodity markets, as with other commodities, equities and currencies, have been extremely volatile over the past twelve months as a result of the financial crisis, global recession, inclement weather, market sentiment and money flows. High volatility leads to increased price risk which is managed by having a conservative approach to market exposure together with access to knowledgeable and respected advisors and suppliers. These risks are managed through an established process whereby the various conditions which influence commodity prices are monitored on a daily basis. Animal feed is an industry where raw material substitution is an essential skill to optimize feed quality and price. We are a major player in the South African arena but only use approximately 0.1% of the global maize and soya production. Our skill in raw material substitution and access to suppliers with an international footprint will ensure that we will remain a reliable supplier of quality feed.

Preferential Procurement

The BEE scorecard is the key instrument used to direct preferential procurement activities and a BEE supplier database is maintained to ensure compliance. Existing suppliers are encouraged to improve BEE levels, and the search for value adding BEE compliant suppliers is an on-going process. The procurement strategy is in the process of being realigned to the amended B-BBEE codes from preferential procurement to enterprise and supplier development.

The search for empowering suppliers with minimum 51% black ownership is a continuous process. These empowering suppliers are given opportunities to showcase their product offerings through conducting product trials at business units. Suppliers that perform well at business unit level are given opportunities to expand within Astral. To comply with the amended B-BBEE codes, empowering suppliers with 51% black ownership and 30% black female ownership will be given more preferential procurement opportunities.

Historically Disadvantaged South Africans (HDSA) Spend

1. HDSA companies – companies owned and controlled by HDSA – companies with 51% and more Black ownership.
2. Discretionary procurement spend – the sum of all spend on capital, consumables and services excluding inter-company, government, parastatals, municipalities, imported technology and material that is not available locally.

Discretionary Procurement Spend

Astral - Historically Disadvantaged South Africans (HDSA) Procurement Spend

1. HDSA Companies - Companies owned and controlled by HDSA - Companies with 51% and more black ownership - See BEE certificate

2. Discretionary Procurement Spend - Discretionary procurement spend is the sum of all spend on capital, consumables and services excluding inter company , government, parastatals, municipalities, imported technology and material that is not available locally

No.	Type of Procurement Categories	Percentage of Spend with HDSA Companies - F2018	Percentage of Spend with HDSA Companies - F2017
1	Capital	11,2%	6,6%
2	Consumables	5,8%	6,8%
3	Services	15,2%	13,8%
TOTAL		9,6%	10,0%

Contract Growers

We make use of contract growers at our Festive and Goldi operations and are continuously seeking opportunities to expand the number of contract growers, especially those that have a BBBEE component involved.

Contract growers are regarded as enterprise development on the BBBEE scorecard.

CONTRACT GROWERS	2018	2017
Total number of contract growers	87	89
Number of BBBEE contract growers	16	18

Packaging and ingredient suppliers

Packaging and ingredient suppliers have a major impact on the risk management of food quality and safety and are managed accordingly. We drive a policy to exclude dealings with suppliers that pose a threat to our product responsibility. Food safety certification is a compulsory requirement for ingredient suppliers and continuous communication and controls have been established to prevent potential risks occurring such as the notorious Melamine food contamination scandal in previous years.

Research and development

Astral does not spend any funds on research and development of poultry breeding stock. We do however have a supply agreement in place with Aviagen Limited, a United Kingdom-based group for the supply of poultry breeding stock. Aviagen has the leading poultry breeding programme with an investment of over 10% of gross revenue in research and development annually. This investment is focused on gaining continuous product improvement and in delivering the genetic potential of the Ross 308 to our customers. The United States and United Kingdom facilities have introduced a number of “industry firsts” from the application of new technologies, advanced selection techniques and data analysis which have improved selection accuracy and genetic improvement. Aviagen has an established tradition of providing customers with the products and services to meet their current and future business needs. The product development programme is primarily focusing on adding performance improvements that are designed, with the support of several regional technical service teams, to maximise value to the customer. Data from the field suggests an improvement of 2 points in feed conversion and 0.2% increase in eviscerated yield is available to customers annually. To achieve this goal, Aviagen works closely with Astral’s Ross Poultry Breeders division to identify the specific customer needs in the market. The constant improvement, the meticulous evaluation and the development of new products will enable Aviagen to remain at the forefront of the global poultry industry and together with Astral’s Ross Poultry Breeders division, the supplier of choice for South Africa.

Membership of industry organisations

Astral and its employees are members and/or participate in the following organisations:

- Agricultural Business Chamber (Agbiz)
- Animal Feed Manufacturers Association
- Chartered Secretaries of South Africa
- Consumer Goods Council of South Africa
- Health Professions Council of South Africa
- Institute of Directors
- Institute of Internal Auditors
- South African Agricultural Processors Association
- South African Board of People Practices
- South African Institute of Chartered Accountants

- South African Institute of Professional Accountants
- South African Poultry Association
- South African Society for Animal Science
- South African Veterinary Council
- World Poultry Science Association
- South African Ethics Institute

Employees

To communicate our strategy, performance, developments and other information relevant to employees, we deploy a number of electronic communication channels, including a communiqué from the desk of the Chief Executive Officer.

Presentations are made by the Chief Executive Officer to employees twice annually on the group's financial performance and future plans.

We encourage business units to actively and regularly engage with employees.

Regulators and compliance

As we are a participant in the food industry, we comply with the strictest standards and are continuously monitored by internal and external parties to verify adherence.

	FSSC 22000	EXPORT	McDonalds	YUM FSA	YUM QSA	NANDO'S	HALAAL
Festive	Certified	Approved	Approved	Exempted	Approved	Approved	MJC
Goldi	Certified	Approved	Not required	Exempted	Approved	Approved	MJC
Goldi Further Pro-cessing	Certified	Approved	Not required	Not required	Not required	Approved	MJC
Mountain Valley	Certified	N/A	Not required	Not required	Not required	Not required	SANHA
County Fair Hocroft	Certified	Approved	Approved	Not required	Not required	Approved	MJC
County Fair Epping	Certified	N/A	Not required	Not required	Not required	Not required	MJC

FSSC - Certification Scheme for Food Safety Systems including ISO 22000; ISO/TS 22002-1: 2009 and additional FSSC 22000 requirements
 QSA - Quality Safety Management System
 MJC - Muslim Judicial Council certified
 SANHA - South African National Halaal Authority certified

FEED DIVISION

	ISO 22000 : 2005	ISO 9001:2015	AFRI COMPLIANCE
Meadow			
Randfontein	√	√	√
Delmas	-	√	√
Standerton	√	√	√
Pietermaritzburg	√	√	√
Paarl	√	√	√
Port Elizabeth	-	√	√
Ladismith	-	√	√

ISO 22000:2005 - Food Safety Management Systems certification

ISO 9001:2018 - Quality Management Systems certification (Replaces ISO 9001:2008 in 2018)

AFRI COMPLIANCE - Compliance to AFRI Compliance Protocol –Legal Focus viz Act 36 of 1947

Our combined assurance model includes management, internal and external assurance providers.

Management oversight: Line management is accountable and responsible for the management of risk and performance. A key element of this activity is the extent of management reviews and the actions that follow such as policies and procedures, delegation of authority, performance measurement, risk management and control self-assessment.

Risk and legal bases: Corporate functions provide support to line management in executing assurance duties. These include functions such as human resources, procurement, compliance, risk management, quality assurance, health and safety, engineering, forensic (fraud risk management), insurance and actuaries.

Independent assurance providers Internal audit, external audit and the independent compliance service providers.

Community

We play an active role in the communities in which we operate through a social investment strategy which focuses on education, HIV/AIDS and upliftment.

Corporate social investment

The Wellness Programme is an initiative in corporate social investment ("CSI") and benefits not only our employees but extends into the broader community.

Enterprise Development

Astral has in 2018 invested R17 million in enterprise development initiatives aimed at developing and empowering emerging farmers through training and development initiatives, preferred procurement and capital investment.

6. ENVIRONMENT

South African companies face a number of long-term sustainability challenges and management teams are finding difficulty to read and adapt to complicated business environments. Governments and companies globally face increasing pressure to address the growing threat of climate change. Business has got personal. The global community expects business, as a key player in society, to take a leading role to adapt to sustainability challenges. Carbon pricing in South Africa, through a carbon tax or a budget, is gaining momentum towards implementation.

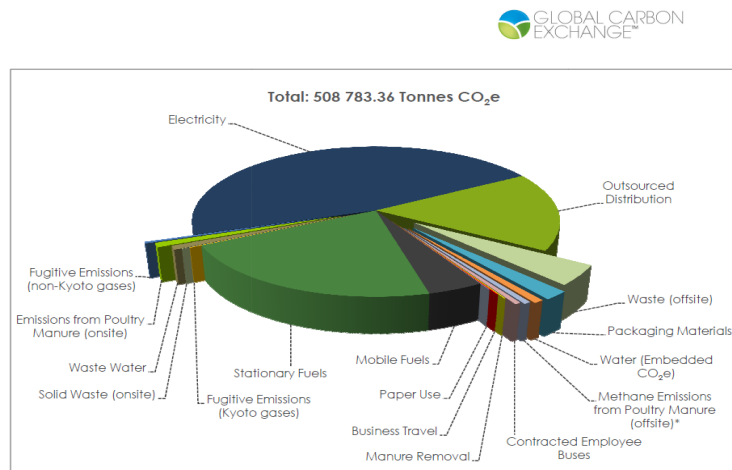
Proactive sustainability measures are required by businesses in South Africa to mitigate business risk, posed by a cash-strapped Eskom and the unstable electricity infrastructure of municipalities. The water crisis in South Africa is not a temporary phenomenon as the widespread changes in weather patterns is associated with climate change.

Astral acknowledges its responsibility to the environment extends beyond legal and regulatory requirements and understands, ***business sustainability is about doing all that is sustainably necessary in the short to medium term in return for a sustainable business in the long term.*** In this regard, Astral established a sustainability committee, predominantly comprising of executive management to mitigate and adapt to the risks and opportunities associated with sustainability.

Environment Impact Assessment (EIA)

In 2011, Astral commissioned Global Carbon Exchange (GCX) to conduct a carbon footprint analysis of its operations.

Astral total emissions by source (Oct 09 to Sept 10):



Key findings for Scope 1 and 2 emissions:

- Scope 1 emissions accounted for 141 684 tonnes CO₂e, or 28% of total measured emissions. Stationary and mobile fuels were the major contributors.
- Coal and LPG were identified as the major CO₂e contributors to stationary fuels.
- Diesel was identified as the major CO₂e contributor to mobile fuels
- Scope 2 emissions accounted for 237 954 tonnes CO₂e, or 47% of total measured emissions.
- Electricity contributed to all of scope 2 emissions.

A holistic approach, managing risk and sustainability form an integral part of Astral's management process.

Executive team members are appointed to manage sustainability matters and regularly monitored action plans are in place to track progress. Members of the executive committee meet on a regular basis to monitor and discuss action plans.

In support of meeting sustainable development goals, the following teams are in place at Astral:

- The Sustainability Investigation Team – This team works closely with service providers and business units to find workable sustainable solutions that are aligned to Astral's vision and sustainable goals.

- The Sustainability Committee – Included in the sustainability committee are the members of the sustainability investigation team as well as the following senior executive team members:
Managing Director: Commercial Division – Andy Crocker
Managing Director: Agriculture – Gary Arnold
Managing Director: Feed Division – Michael Schmitz
Director: Risk Management – Evert Potgieter

The purpose of the sustainability committee is defined as follows:

- Facilitation of sustainability project proposals
- Coordination and consolidation of all sustainability projects
- Review of projects
- Evaluation and selection of viable projects
- Presentation of viable projects to the Astral Executive Committee for approval
- Provide assistance to Astral business units regarding potential projects

Environmental sustainability vision

To drive sustainability through the implementation of innovative, sustainable and value adding proven solutions.

Environmental sustainability mission

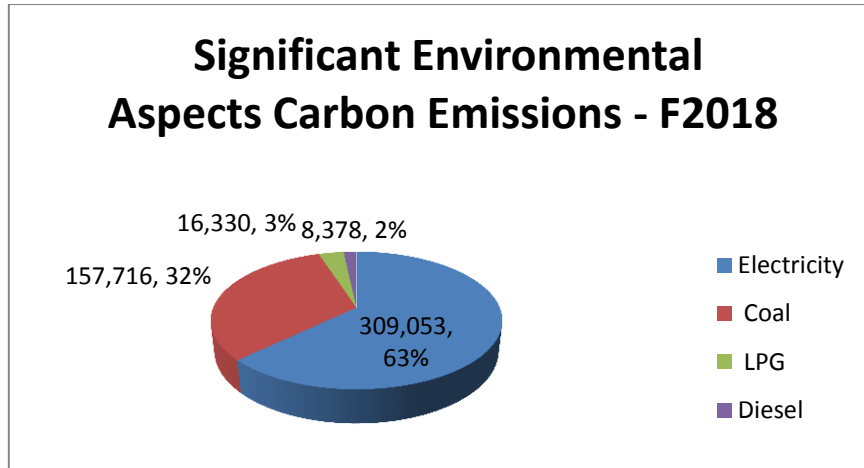
Through participative management, innovative and sustainable solutions will be investigated and value adding proven solutions will be implemented.

Significant environmental aspects

The following environmental aspects were identified as significant through the carbon footprint analysis conducted by Global Carbon Exchange (GCX) in 2011:

- Scope 1 emissions - Coal
- Scope 1 emissions - LPG
- Scope 1 emissions - Diesel
- Scope 2 emissions – Electricity

Significant environmental aspects – Carbon Emissions for F2018



The significant environmental aspects carbon emissions for F2018 are at 491 476 tonnes CO₂e. Electricity accounts for 63% of the significant environmental aspects carbon emissions, followed by coal at 32%.

Objective and Targets

Objective

To reduce carbon emissions on significant environmental aspects through the implementation of innovative proven sustainable solutions in the medium to long term.

Targets

Significant environmental aspects carbon emissions reduction target for F2019:

No.	Significant Environmental Aspects	F2019 - Carbon Emissions Savings Target (tCO ₂ e)
1	Electricity	2232
2	LPG	0
3	Diesel	0
4	Coal	102
Total		2 334

The following targets are also set for F2019:

No.	Environmental Aspects	UOM	F2019 Savings Target
1	Packaging Material Recycled	Tons	486
2	Water - Conservation and Efficiency Improvements	kl	2 700
3	Water Recycled	kl	408 446

Process Outline

- Each business unit is responsible to meet its environmental targets and interacts with other business units and stakeholders to search for innovative sustainable solutions.
- The sustainability investigation team assists business units to find innovative sustainable solutions towards meeting targets.
- To mitigate risk, business units are encouraged to implement proven sustainable solutions that have been tried and tested within the Astral group.
- At year end, business units set environmental targets for the following year.
- Included in the annual environmental sustainability report is a report on environmental targets as well as an action plan on sustainability progress.

Responsibilities

- The Chief Operating Officer (COO) is responsible for environmental sustainability at each business unit.
- The financial manager is responsible for the reporting of sustainability data on an internal accounting reporting programme.

Sustainability Data

Environmental Aspects	2018 Actual	2019 Target	Change
Stationary Fuels			
Coal (GJ)	1 565 122	1 578 954	13 832
<i>Coal saved due to conservation and efficiency improvements (GJ)</i>	8 580	1 014	(7 566)
LPG (GJ)	253 724	256 502	2 778
<i>LPG saved due to conservation and efficiency improvements (GJ)</i>	0	0	0
Mobile Fuels			
Diesel (GJ)	114 255	134 548	20 293
<i>Biofuel (GJ)</i>	0	0	0
<i>Diesel saved due to conservation and efficiency improvements (GJ)</i>	914	0	(914)
Energy			
Electricity (GJ)	1 119 301	1 137 132	17 831
<i>Energy saved due to conservation and efficiency improvements (GJ)</i>	7 646	8 034	388
Water			
Water consumption (kl)	5 541 502	5 640 887	99 385
From boreholes (kl)	1 062 579	1 062 430	(149)
From municipal sources (kl)	4 478 923	4 578 457	99 534
<i>Water saved due to conservation and efficiency improvements(kl)</i>	41 882	2 700	(39 182)
<i>Recycled Water (kl)</i>	339 156	408 446	69 290
<i>Recycled water as a percentage of total water</i>	6%	7%	1%
Materials			
Packaging Material (tons)	11 400	11 694	294
<i>Recycled – Packaging material recycled (tons)</i>	486	486	0
Effluents and Waste			
Waste to landfill (tons)	6 639	5 656	(983)
Hazardous waste disposed (tons)	36	36	0
Water discharged (kl)	3 236 710	3 302 256	65 546
Litter (m ³)	415 974	419 576	3 602
Number of significant spills	0	0	0
<i>Recycled- Litter (m³)</i>	402 458	406 712	4 254
<i>Recycled waste as a percentage of total waste</i>	95%	96%	1%
Other			
Number of environmental non-compliance prosecution and fines	0	0	0

Implementation Plan

- Sustainability projects implemented are aligned to Astral's vision and strategic goals. Operational action plans are aligned to strategic action plans and through participative management practices, strategic goals are realised.
- Business units and various stakeholders work closely together to implement projects and strategic alliances with key

stakeholders, such as the NCPC-SA are invaluable to the sustainability journey.

Astral Energy Management Team

Astral Energy Management Team			
No.	Name Of Business Unit	Energy Management System (EnMS) Implementation Training	Name Of Energy Champions
1	Mountain Valley	✓	Keith Elleker
2	National Chicks		David Stock
3	Meadow Feeds Pietermaritzburg	✓	Malcolm Pickard
4	Goldi		Allen Duncan
5	Meadow Feeds Standerton		Wolfgang Stuckler/ Boysie Naidoo
6	Meadow Feeds Delmas		Phillip Henry
7	Meadow Feeds Randfontein	✓	Shaveer Chathury
8	Cal		Jacky Felix
9	Ross Poultry Breeders		Dave Kraitzick
10	Festive	✓	Sakkie De Wet Marais
11	Meadow Feeds PE	✓	Ernest Swanepoel
12	Meadow Feeds Paarl	✓	Cobus Buckle
13	Meadow Feeds Ladismith		Jonny Grundling
14	County Fair		Wilfred Haman/Philip Tolken

The Astral Energy Management team works closely with business units, the sustainability investigation team and various stakeholders to implement sustainable projects at business units.

The NCPC-SA offers experiential learning opportunities in sustainability, resource efficiency and cleaner production methodologies to industry through its various expert level training programmes, by partnering with particular organisations who volunteer as host plants for these training programmes. The Energy Expert training is a twelve month programme and the energy champions that pass the qualifying examination are certified as energy experts.

In F2017, Festive, Meadow Feeds Randfontein and Meadow Feeds Paarl participated in the expert training programme. In F2018, the following energy champions qualified as **ENERGY EXPERTS**:

Cobus Buckle – Energy Expert Meadow Feeds Paarl



Shaveer Chathury – Energy Expert Meadow Feeds Randfontein



Sustainability Investigation Team

The purpose of the sustainability team is to work with business units, service providers and other stakeholders to find workable sustainable solutions to propose to the sustainability committee to evaluate before projects are presented to the Astral Executive Committee for approval. The following members of the sustainability investigation team are also members of the sustainability committee:

- Anil Rambally – Purchasing and Sustainability Executive
- Gerrit Visser – National Processing Executive
- Andries Steyn – Manager: Integrated Poultry Planning

Bridging the Gap between Procurement and Sustainability

Service Provider Database

At Astral there are three types of service providers namely:

- Local suppliers – Local service providers used at respective business units.
- National suppliers - Service providers used by more than one business unit.
- Preferred national suppliers – National service providers appointed by Astral to supply business units, specific products and services.

Supplier Vetting

Supplier vetting forms and integral part of Astral's procurement function as the goal is to ensure, reputable, reliable and value adding service providers are appointed to Astral's procurement database. In order to ensure good governance, the supplier vetting function is outsourced to an external party.

Procurement of products and services relating to sustainability

Irresponsible procurement of products and services relating to sustainability can negatively affect the sustainability of a company. To mitigate such risk, extensive research and if possible, pilot projects are conducted before projects are implemented.

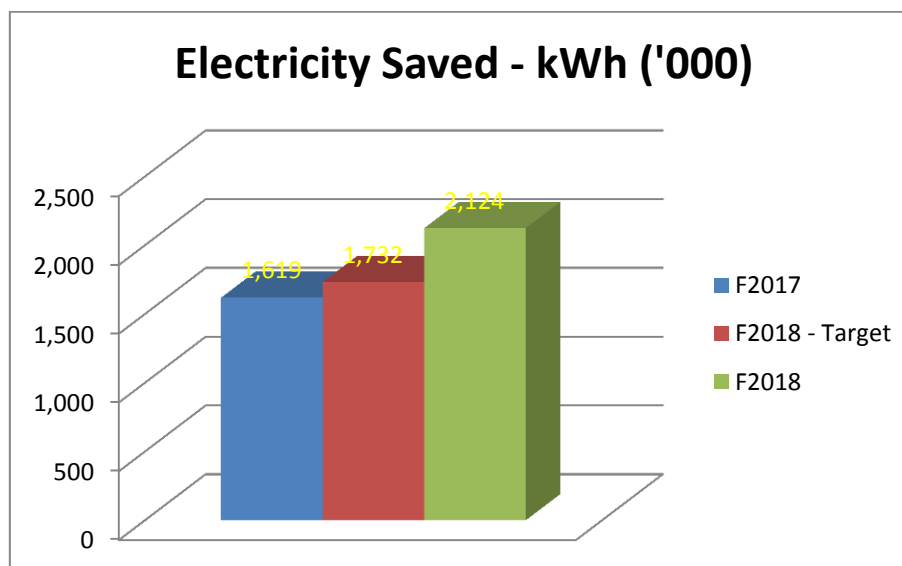
To promote uniformity in the procurement processes, reputable, reliable and value adding service providers are appointed as preferred national suppliers to supply specific products and services.

Working relationships with procurement, energy champions and other stakeholders

The Energy Management Systems (EnMS) training embarked upon via the NCPC-SA, contributed towards promoting closer working relations with energy champions, procurement, business units and service providers. Through closer working relations cost effective, sustainable products and services are procured.

Action Plans

Electricity Savings Analysis



Electricity saved in F2018 is at 2 124 kWh'000 versus the F2018 target of 1 732 kWh'000 and prior year of 1 619 kWh'000, an increase of 31.19% in comparison to prior year.

Energy savings were achieved through the implementation of the following projects at Astral:

- Installation of Variable Speed Drives (VSD)
- Installation of energy efficient lighting
- Installation of energy efficient compressors
- Repair of refrigeration leaks
- Repair of piping – Refrigeration and steam pipes

Replace Coal with Light Straight Run (LSR) at Mountain Valley



Although coal is low cost energy source, the long term sustainability risks associated with coal in South Africa are:

- Domestic coal prices are consistently rising due to high export demand
- New mines are not opening fast enough to replace depleted mines, contributing to a decline in the availability of coal for domestic use
- Strikes at mines, relating to employees and communities are on the incline
- South Africa is part of the 195 nations that signed the Paris agreement in 2015 to combat climate change, committing South Africa to make investments towards a low carbon economy.
- According to the 2018 budget speech, the proposed implementation of carbon tax is in 2019.

With Eskom in dire straits, the demand for Liquid Petroleum Gas (LPG) is expected to increase. Since local refineries are unable to meet current demand,

higher volumes of LPG are expected to be imported, leading to an incline of LPG prices and service delivery challenges.

Therefore, the demand for an alternate energy source to replace coal is high. The Light Straight Run (LSR) project proved, LSR to be highly efficient energy source that meets operational compliance.

A costing analysis, comparing the use of coal and LSR at Mountain Valley was requested by the sustainability committee. Plans are in place to compile a costing analysis and submit to the sustainability committee in October 2018.

Resource Efficiency and Cleaner Production (RECP) project feedback

Below is the Resource Efficiency and Cleaner Production (RECP) progress report embarked with the National Cleaner Production Centre South Africa (NCPC-SA) in F2014:

ASTRAL/NCPC - SUSTAINABILITY PROJECT STATUS SUMMARY							
NO.	DIVISION	NAME OF BU	RESOURCE - OPPORTUNITY IDENTIFIED	PROJECTED COST SAVINGS (R/YEAR)	PROJECTED ANNUAL RESOURCE SAVINGS	DATE IMPLEMENTED	COMMENTS
NC001	Poultry	National Chicks - Hatchery (KZN)	Waste heat recovery from compressor	R 43 560	4150 litres of paraffin		Cost +-R270000 - Capex - Not budgeted
NC002			Solar energy for water	R 9 250	7650 kWh	Done	Implemented - F2015
NC003			Power Factor Correction	R 59 100	636 kVA of maximum demand	Done	Implemented - F2016
NC004			VSD on air compressor	R 21 000	17 400 kWh		Capex - Not budgeted
NC005			Fixing compressed air leaks	R 18 300	15100 kWh	Done	Implemented- F2015
MV001	Poultry	Mountain Valley	Replace geysers/water heater with heat pumps	R 59 500	Coal - 109 tons, 116 000 kWh	May-17	Implemented in May 2017, Coal boiler replaced with Limpfield Burner- LSR Project
MV002			Pumps efficiency improvement	R 30 950	46 400 kWh		To investigate further in F2019
MV003			VSD on air compressor	R 14 750	22 100 kWh	Nov-14	Implemented - Nov 14
MV004			Electronic condensate drain trap	R 1 500	2250 kWh	Oct-14	Implemented - Oct 14
MV005			Variable head pressure on condenser	R 128 000	192 000 kWh	Jul-14	Implemented - Jul 14
MP001	Feed	Meadow Feeds Pietermaritzburg	Improve boiler efficiency	R 416 850	397 tons of coal		Capex budget not approved - To be reconsidered in F2020
MP002			Resizing of fans	R 57 700	65 500 kWh	Ongoing	Spot filters are being installed in a phased approach and Capex submitted for approval F2019
MP003			VSD on palleting fans	R 206 700	1045 tons of steam	Jun-15	Implemented - Jun 15 (Project Complete)
MP004			Stopping compressed air leaks	R 10 940	12 428 kWh	Aug-14	Repaired leaks in Aug -14 - ongoing.
MP005			Stopping steam leaks	R 67 250	340 tons of steam	Aug-14	Repaired leaks in Aug -14 - ongoing.

Alternate Energy Solutions

Beneficiation of Waste Project at Festive



Typical waste to energy plant

Negotiations are currently taking place with a supplier for the beneficiation of waste at Festive

The plan is for waste water and condemned organic waste to be transferred from Festive to the central thermal plant, operated by the supplier in exchange for treated water and steam. The treated water will be reused in production and 12 megawatt turbines will be used to convert steam into electricity at Festive. In addition, the secondary heat from the turbine will be recycled to reduce coal based energy usage at the abattoir.

Solar Photovoltaic Energy Solution – National Chicks Boschkop



Typical photovoltaic energy solution

Investigations are under way to source a solar photovoltaic energy solution for National Chicks Boschkop.

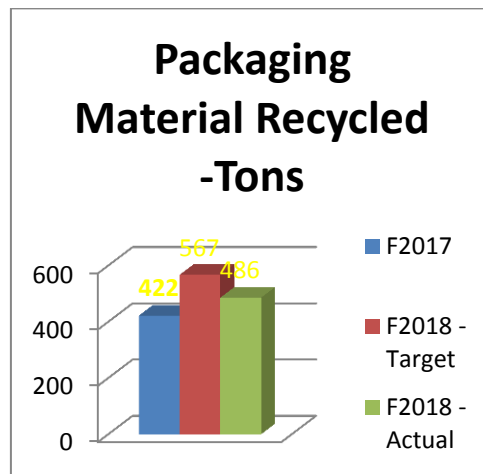
Natural Gas Project – Goldi Abattoir



Typical gas project

The possibility of erecting a gas powered energy plant at the Goldi abattoir is currently being investigated that has the potential of securing electricity utilising gas as an alternative source of energy.

Recycling of Waste



Packaging material recycled in F2018 is at 486 tons versus the F2018 target of 567 tons and prior year of 422 tons, an increase of 15.17% in comparison to prior year. The increase is due to higher waste recycled in F2018 by the following business units:

- Meadow Feeds Pietermaritzburg
- Meadow Feeds Eastern Cape
- Mountain Valley
- Goldi
- Festive

Waste Recycling Project



The Festive team set a zero to landfill goal, ensuring compliance to environmental legislative requirements. Effective 01st October 2016, Festive partnered with a supplier with a triple multi-site certification. The overall strategy of the supplier is SHEQ excellence and turning waste into a resource.

In F2018, 7 496 tonnes of waste were collected from the Festive Abattoir and 6 639 tonnes of waste was diverted from landfill sites, a diversion of 89%.

In F2018, the Festive Kaalfontein hatchery also teamed up with the supplier and 989 tonnes of waste was collected whilst 495 tonnes was diverted from landfill sites, a diversion of 50%.

Water Management

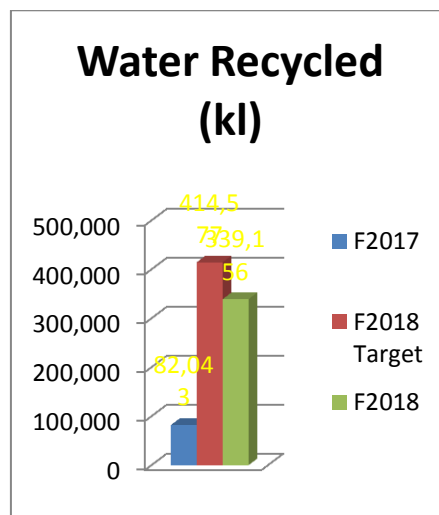
Water Security



In F2017, County Fair partnered with a supplier and designed a 2.8 million litre per day tertiary water treatment plant for the second largest poultry processing facility at Astral, County Fair Hocroft. The water treatment plant utilises an aqua mobile ultrafiltration and reverse osmosis technologies to provide County Fair with potable water for reuse in production. The reverse osmosis water treatment plant was commissioned in October 2017.

Plans are in place to obtain quotations from suppliers to construct a water treatment plant at Goldi in Standerton.

Water Recycled



Water recycled in F2018 is at 339 156 kl versus the F2018 target of 414 577 kl and prior year of 82 043 kl, an increase of 313.39% in comparison with prior year. In F2018, recycled water as a percentage of total water, increased to 7% from 6% in F2017.

Procedures

The procurement of sustainable solutions is governed by the financial and procurement policies and procedures in place at each business unit.

Sustainable projects of a capital nature are governed by Astral's financial policy. The approval's framework is adhered to, before projects are submitted to the board for authorisation.

Each business unit is responsible to report sustainability data on an internal accounting reporting programme.

At year end, the purchasing and sustainability executive, consolidates the sustainability data and compiles the annual environmental sustainability report. Thereafter, the report is submitted to the Company Secretary and Financial Director.

This environmental sustainability report is available online for public viewing.