



INTEGRATED REPORT

2013

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ABOUT THIS REPORT

Sekunjalo Investments Limited is fully committed to complying with the principles of the King III Code on Corporate Governance. We acknowledge that an exclusive financial focus in our reporting is no longer appropriate given the broad spectrum of environmental, socio-economic and governance factors that play an integral part in ensuring the long-term viability of our business.

This integrated report encompasses the Group's sustainability related activities for the period under review. It covers the material issues regarding the direct business operational units.

Our journey from compliance-based sustainability to integrated sustainability is ongoing. The Group is fully committed to and conscious of the necessity for environmentally sound practices. We have improved reporting from financial and corporate

social issues to also reporting on matters creating shared values that sustain and enhance the systems and resources upon which that value depends. This encompasses the five capitals – financial capital, manufactured capital, human capital, societal capital and natural capital.

The Group continues to report on creating shared value in terms of economic and societal benefits relative to cost, joint company and community value creation.

The Group has rolled out its sustainable development management framework for its diverse group of companies. The Group is cognisant of the fact that we have to report on our ability to operate effectively in a time of systemic change by reviewing our organisational competencies which are required to achieve our strategic objectives. The Group monitors and

reports on material impacts, risks and opportunities associated with the changing business environment and the implications these have on our strategic growth objectives. These include:

- Reducing our environmental footprint across the Group;
- Fostering value-driven ethical behaviour and good governance practices;
- Making a positive socio-economic contribution by stimulating job creation, supporting skills development and promoting Broad-based Black Economic Empowerment;
- Providing a work environment that is stimulating and rewarding to retain our skills talent; and
- Ensuring a safe working environment.

APPROVAL AND ASSURANCE OF REPORTS

The audit and risk committee is responsible for reviewing and recommending the Integrated Report and Annual Financial Statements to the Board for approval. The audit and risk committee has approved the Integrated Report.

This integrated report has been compiled in accordance with the integrated reporting principles contained in the Code of Corporate Practices and Conduct as set out in the King III Report, The International Integrated Reporting Council and the Global Reporting Initiative.

This report covers all our operations in the Group and has been structured to provide stakeholders with the relevant financial and non-financial information to enable them to obtain a balanced view of our business.

External verification has been provided for the Broad-Based Black Economic Empowerment (BBBEE) accreditation level and the verification is carried out by an organisation accredited by the Independent Regulatory Board of Auditors (IRBA).

DIRECTORS' RESPONSIBILITY

The board of directors acknowledges its responsibility to ensure that the integrity of the integrated report is uncompromised. The Board has applied its mind to the Integrated Report and believes that it addresses all material issues and fairly represents the integrated performance of the Group.

The special resolutions passed during the year for the Company relate to the:

- Amendment of the memorandum of incorporation to align with the new Companies Act for the Company;
- Approval of remuneration for executive and non-executive directors;
- Approval of inter-company loans;
- Approval for the Company or its subsidiaries to repurchase company shares;
- Cancellation of the preference shares;
- Conversion of the Company's share capital to shares of no par value.

ABOUT US

RANKED AS **SOUTH AFRICA'S TOP MOST
EMPOWERED COMPANY** 2013 – MAIL &
GUARDIAN/EMPOWERDEX EMPOWERMENT
PARTNER OF CHOICE

BROAD-BASED
BLACK ECONOMIC EMPOWERMENT
LEVEL 1 STATUS

R569.2m

Revenue | 2012: R455.9m

R67m

Operating profit | 2012: R59m

R43m

Operational cash flow | 2012: R53m

FINANCIAL HIGHLIGHTS

Revenue (R'000)	Operating profit (R'000)	Operational cash flow (R'000)
2013: <i>569 198</i>	2013: <i>67 116</i>	2013: <i>42 959</i>
2012: <i>455 860</i>	2012: <i>59 266</i>	2012: <i>53 302</i>
2011: <i>440 390</i>	2011: <i>38 022</i>	2011: <i>21 821</i>

	2013 R'000	2012 R'000	2011 R'000	2010 R'000	2009 R'000
Revenue	569 198	455 860	440 390	403 169	399 481
Profit/(loss) before tax	58 665	48 130	36 500	21 085	(44 223)
Profit/(loss) after tax (including portion attributable to non-controlling interests)	30 352	18 199	29 205	8 790	(58 772)
Headline earnings	29 829	18 350	34 181	12 898	7 571
Net asset value – Group	476 996	451 864	435 065	403 202	392 297
Net asset value – Company	754 559	699 913	682 706	639 344	629 268
Total assets – Group	903 230	855 303	778 761	727 638	723 457
Total assets – Company	944 667	915 807	816 901	807 103	774 845
Earnings per share (cents)	6.08	3.67	5.38	1.67	(12.05)
Headline earnings per share (cents)	6.10	3.75	6.99	2.64	1.55
Net asset value per share – Group (cents)	96.50	90.49	86.83	82.22	80.57
Net asset value per share – Company (cents)	154.20	143.03	139.52	130.65	128.20

FIVE-YEAR REVIEW

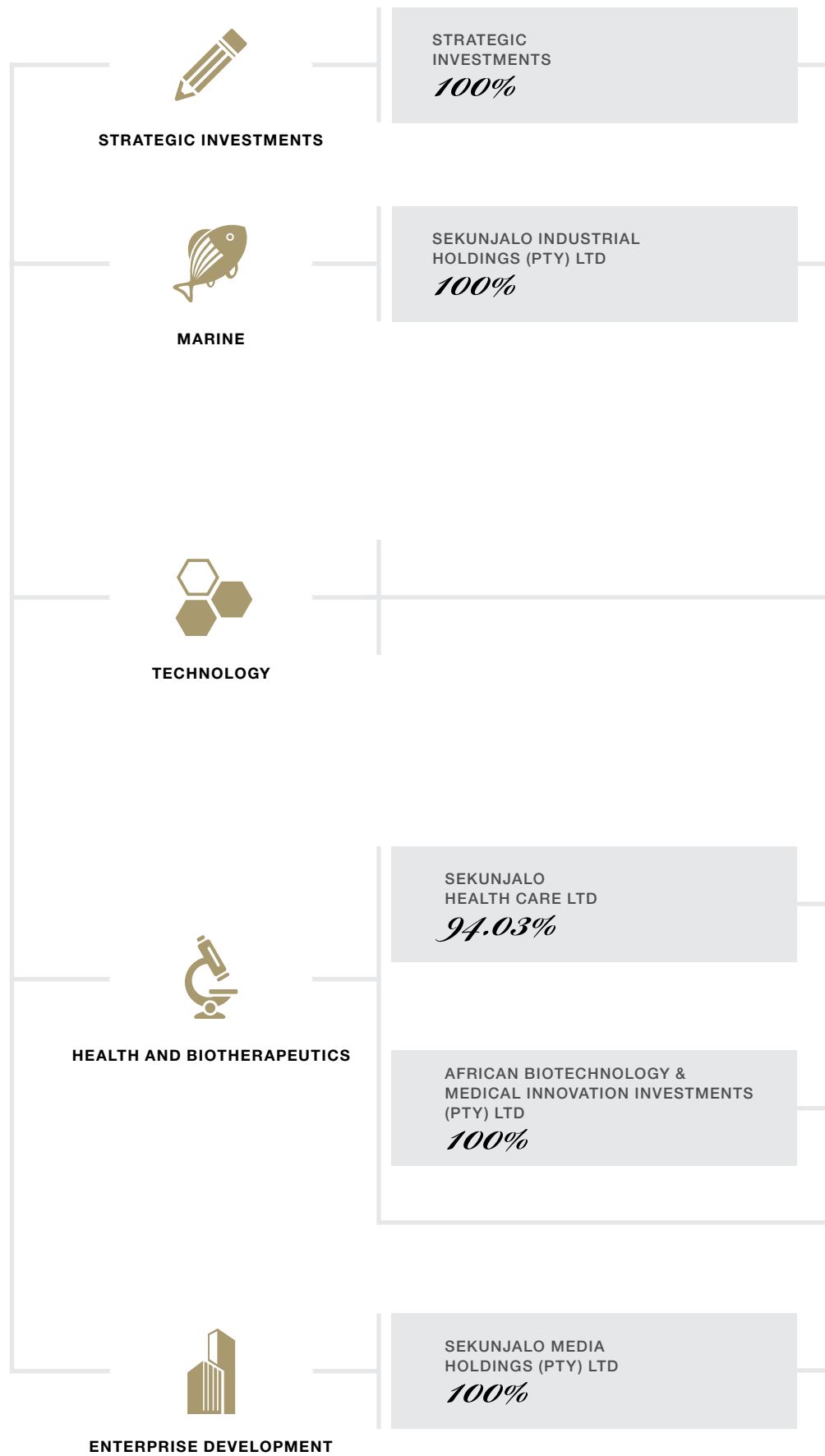
Statement of financial position

	2013 R'000	2012 R'000	2011 R'000	2010 R'000	2009 R'000
Assets	903 230	855 303	778 761	727 638	723 457
Property, plant and equipment	126 890	135 500	143 443	138 193	143 614
Intangible assets	50 108	49 833	57 887	73 608	121 206
Investments and loans and other receivables	531 789	463 003	368 218	314 518	246 990
Deferred tax assets	17 498	25 219	24 804	24 956	31 332
Current assets	174 818	181 748	187 409	173 027	161 929
Assets of disposal groups classified as held for sale	2 127	–	–	3 336	18 386
Equity	476 996	451 864	435 065	403 202	392 297
Equity attributable to equity holders of the parent	472 234	442 823	424 870	402 335	394 239
Non-controlling interest	4 762	9 041	10 195	867	(1 942)
Liabilities	426 234	403 439	343 696	324 436	331 160
Non-current financial liabilities	149 873	130 683	75 738	55 960	58 923
Deferred tax liabilities	132 721	123 189	102 124	97 239	93 044
Current liabilities	143 640	149 567	165 834	165 561	165 971
Liabilities of disposal groups classified as held for sale	–	–	–	5 676	11 741
Net asset value					
Group	476 996	451 864	435 065	403 202	392 297
Company	754 559	699 913	682 706	639 344	629 268
Net asset value per share (cents)					
Group	96.50	90.49	86.83	82.22	80.57
Company	154.20	143.03	139.52	130.65	128.20

Statement of comprehensive income

	2013 R'000	2012 R'000	2011 R'000	2010 R'000	2009 R'000
Revenue	569 198	455 860	440 390	403 169	399 481
Profit/(loss) before depreciation and amortisation (EBITDA)	99 124	91 887	72 275	51 761	(5 863)
Profit/(loss) before taxation	58 665	48 130	36 500	21 085	(46 244)
Taxation	(28 313)	(29 931)	(7 295)	(12 510)	(13 928)
Profit/(loss) for the year from continuing operations	30 352	18 199	29 205	8 575	(60 172)
(Loss)/profit for the year from discontinued operations	–	–	(1 165)	215	(668)
Profit/(loss) for the year	30 352	18 199	28 040	8 790	(58 772)
Attributable to:					
Equity holders of the Company	29 734	17 953	26 304	8 176	(58 941)
Minority interests	618	246	1 736	614	169
Headline earnings	29 829	18 350	34 181	12 898	7 571
	cents	cents	cents	cents	cents
Earnings per share	6.08	3.67	5.38	1.67	(12.05)
Headline earnings per share	6.10	3.75	6.99	2.64	1.55
Diluted earnings per share	6.08	3.67	5.38	1.67	(12.05)

GROUP STRUCTURE



BRITISH TELECOMS SA (PTY) LTD
30%

SAAB SA (PTY) LTD
5%

PIONEER FOOD GROUP (PTY) LTD
0.75%

PREMIER FISHING SA (PTY) LTD
100%

PREMFRESH SEAFOODS (PTY) LTD
100%

MARINE GROWERS (PTY) LTD
100%

SARATOGA SOFTWARE (PTY) LTD
42.5%

EMERGENT ENERGY (PTY) LTD
25%

HEALTH SYSTEM TECHNOLOGIES
(HELD UNDER HEALTH CARE BUT
MANAGED UNDER TECHNOLOGY)
100%

AMETHST (PTY) LTD
(UNDER TECHNOLOGY)
50%

DIGITAL MATTER (PTY) LTD
75%

WORLD WIDE CREATIVE (PTY) LTD
75%

SEKUNJALO MEDICAL & HEALTH
COMMODITIES (PTY) LTD
100%

SEKUNJALO MEDICAL
SERVICES (PTY) LTD
100%

WYNBERG PHARMACEUTICALS
(PTY) LTD
100%

BIOCLONES (PTY) LTD
49.99%

RIBOTECH (PTY) LTD
60.02%

SEKPHARMA (PTY) LTD
100%

TRIPOS TOURISM
INVESTMENTS (PTY) LTD
51%

espAFRIKA (PTY) LTD
51%

INTRODUCING OUR BOARD OF DIRECTORS

Executive board members

Dr M Iqbal Survé
Executive chairman



1

Khalid Abdulla
Chief executive officer



2

Chantelle Ah Sing
Chief financial officer



3

Cherie Felicity Hendricks
Corporate affairs and sustainability director



4

Refer page 51 for further details.

Non-executive board members

Salim Young
Independent non-executive director



1

Professor Vukile Charles Mehana
Independent non-executive director



2

Johannes Mihe Gaomab
Independent non-executive director



3

Aziza Begum Amod
Non-executive director



4

Takudzwa Tanyaradzwa Hove
Non-executive director



5

Refer pages 52 and 53 for further details.

VISION AND MISSION

CORPORATE PROFILE

Sekunjalo Investments Limited (“Sekunjalo” or “the Company” or “the Group”) is a majority black-owned and black-controlled investment holding company based in South Africa. The Group holds strategic investments, some with international partners as well as investments in Marine, Technology, Health and Biotherapeutics, Private Equity and Enterprise Development supporting Broad-Based Black Economic Empowerment (“BBBEE”) and Small, Medium and Micro Enterprises (SMMEs).

Sekunjalo appoints the boards and management of all its subsidiary companies. It currently directly and indirectly employs over 2 100 employees, and over 11 000 people, predominantly in southern Africa, benefit through its investments and associated companies. Sekunjalo is a significant exporter and generates a large portion of income in foreign currency.

Sekunjalo has a growing international reputation as a founder member company of the World Economic Forum (“WEF”) New Champions and Community Global Growth Company (“CGGC”), member of the Advisory Board of the Community of Global Growth Companies and the Green Growth Action Alliance (G2A2).

Sekunjalo has strong BBBEE credentials and has been ranked as the country’s top most Empowerment Company in 2013, 2012 and 2010 by the Mail & Guardian/Empowerdex and Financial Mail/Empowerdex and the 2nd most Empowerment Company in 2011 by the Financial Mail. The Financial Mail/Empowerdex awards have also authoritatively ranked the Company in 2006 as the Top

Empowerment Company and in 2004 and 2005 as one of the Top Empowerment Companies (2nd and 7th respectively) out of the Top 200 companies listed on the Johannesburg Stock Exchange. Sekunjalo also won the award in its sector in 2004, 2005, 2006 and 2010. Sekunjalo was a finalist of the 2011 Metropolitan Oliver Empowerment Awards in the Financial Services Category for Business Excellence.

It is the empowerment partner of choice to many large and small businesses and enjoys solid investments with multinationals such as British Telecoms South Africa and Saab South Africa and partnerships with Siemens, Microsoft, Julphar and GlaxoSmithKline.

As a BBBEE business, Sekunjalo has strong roots among historically disadvantaged individuals (“HDIs”) and community organisations. These form the majority of the Group’s shareholder base. Black ownership of Sekunjalo exceeds 90% and the majority of its economic benefits are enjoyed by black stakeholders.

Sekunjalo is recognised by its peers as a pioneer in promoting the interests of HDIs and previously marginalised communities. The Sekunjalo Group has received numerous awards for its business performance and its achievement of real economic transformation for marginalised South Africans.

The Group’s commitment to transformation, including employment equity, skills and enterprise development, as well as corporate social investment, makes it a role model for BBBEE.



MISSION STATEMENT

Sekunjalo is an investment holding company that seeks to empower individuals and communities through sustainable and profitable investments. It provides affordable products and services to achieve this goal.

“Empowering people through profits” is a key foundation of Sekunjalo’s mission statement. The Company recognises that the best way for business to be sustainable is to partner with communities and government in a social contract to achieve economic growth and give more South Africans access to this growing prosperity.



TRANSFORMATION

For Sekunjalo, transformation is beyond the need for BBBEE but is inclusive of transformation of the culture, ethics and values of the organisation.

Sekunjalo was established when opportunities were created for black business people and professionals to participate in the economic mainstream, due to the political and legislative framework initiated in 1994.

From the outset, the Company’s ethos was a transformational one. The majority of its founding members had been social activists. They participated in the struggle to transform South Africa from a state that denied the majority of its citizens’ political, social and economic participation, to a democratic country in which absolute participation was made possible.

The BBBEE Codes of Good Practice, promulgated in 2007, emphasised the need to extend empowerment to a broader base of South Africans. They provided guidelines and a balanced scorecard to measure the transformation of a business entity from an empowerment perspective. Sekunjalo championed transformation within the Group and has since been recognised for its contribution to this process.



INVESTMENT PHILOSOPHY

Sekunjalo’s investment philosophy is to follow sound business principles and practices in its quest to create sustainable wealth for all of its stakeholders. The Company identifies and promotes entrepreneurs with potential and flair in its prospective business ventures.

Sekunjalo also teaches its employees to have respect for the regulatory institutions in the public and private sectors. The Group’s management team is encouraged to run each business unit in a sustainable manner, and with due regard to the broader interests of communities and the environment.

Sekunjalo’s business model has resulted in it acquiring control of the majority of its operational investments. This enables it to add value through its extensive networks, while promoting an entrepreneurial culture within its management structure and staff.

Sekunjalo will acquire strategic non-controlling stakes in investments which are identified, provided that the Company is able to add value and influence the business process to create wealth and achieve transformation.

A cornerstone of Sekunjalo’s philosophy is the upliftment of previously marginalised groups by creating employment, emphasising development and the transfer of skills. Its investment philosophy is value driven and it is always aware of the need to maintain and strengthen corporate governance.

EXECUTIVE CHAIRMAN'S REPORT

Dr Iqbal Survé



It is an exceptional honour and privilege to reflect and report on Sekunjalo Investments Limited's performance in its 14th year as a JSE-listed company.

As Chairman of Sekunjalo Investment Holdings (Pty) Ltd, the controlling shareholder of Sekunjalo Investments Limited (Sekunjalo) and the Sekunjalo Private Equity Fund, I am delighted by the performance of Sekunjalo as a member of the Sekunjalo Group of companies. The Sekunjalo Group continues to grow from a solid financial and economic base into one of Africa's most successful investment holding companies. The Group is unquestionably the partner of choice to multinational businesses on the African continent and remains a pioneer in the areas of African Investment, Black Economic Empowerment, and social transformation and in promoting the connectedness of African business into the global investment community and multilateral organisations.

Sekunjalo continues to be a pioneer through government's Black Economic Empowerment codes ("BEE") and has once again been ranked as South Africa's top most empowerment company in the Empowerdex Empowerment Survey for 2013. Sekunjalo continues to contribute to the transformation of South African society, the support of entrepreneurs, the development of micro entrepreneurs, enterprise development, employee development and through its corporate social investment programmes.

Sekunjalo's recognition of its leadership in the transformation of our society, its strong business ethos of developing a business model which attempts to narrow the inequality gap in our society and that uses the talent of all South Africans to build a model company for the future that continues to be invited to participate in a number of global forums and multilateral organisations.

Sekunjalo is a founding member of the Global Growth Companies of the World Economic Forum (WEF), also known as the New Champions. Sekunjalo continues to play a prominent role and joined a number of countries in the Green Growth Action Alliance (G2A2) where Sekunjalo, together with other members of the WEF and the G20 group, will be supporting initiatives to limit the impact of climate change. Climate change affects all of us and Sekunjalo's executives have become actively involved on the issues of climate change.

Through my position as executive chairman, Sekunjalo plays a role on the Global Growth Company Advisory Board of the WEF and recently on the Global Agenda Council for Emerging Multinationals. Sekunjalo sees its role as a partner member to the WEF as an important bridge between Africa and the global business community to restore the global economy especially as it relates to the African continent.

Sekunjalo's philosophy of creating sustainable value for all our

stakeholders requires that we continue to operate, manage and report on the economic, environmental and social aspects of our activities in an integrated and harmonious manner. At Sekunjalo we measure our performance sustainability through our social and environmental achievements as well as investing in new innovative ventures that will contribute to a more sustainable world environment in the years to come. We are committed to our African origins and values while we expand into new markets beyond the continent.

Sekunjalo prides itself on its commitment to innovation, diversified portfolios, strong leadership and a clear vision for the future. For Sekunjalo, our vision is to create a modern African company that can take pride of place on the global business stage. The Board of Sekunjalo, management and our employees are without a doubt committed to our African origins and values while we are expanding into new markets outside the continent. Our objective is that through our business initiatives, social development programmes and innovative leadership, we will narrow the gap between the rich and the poor and in doing so, enable people to have dignity. Sekunjalo's thinking is to create value through our investments over the next few decades as compared to many companies that think in terms of short-term returns over months and years. Our ethos has always been to build for the future and thinking in terms of the next 50 years what Sekunjalo and the African economy should look like.

Despite the challenging environment, Sekunjalo is financially sound and flexible enough to navigate the unpredictable trends facing most

South African companies. Our executive management team has been focussing on operational excellence, expense management and superior performance in our underlying businesses. This year we struck a balance in certain of our business areas by shifting our direction where we were under-performing and this is covered comprehensively in the chief executive's report.

Our corporate governance report outlines our commitment to the highest ethical business standards. It would be amiss if I were not to mention the numerous initiatives of the Sekunjalo Development Foundation in supporting the arts, young musicians, educational programmes with a focus on extremely poor students, and entrepreneurship support initiatives. Some of these programmes are highlighted in the integrated report that follows.

One of the highlights of the Sekunjalo calendar is the recognition of our employees at the annual employee awards ceremony. Sekunjalo would not be as successful as it is today without the rich talent of its many diverse and competent employees. It is my particular delight to see young people who have climbed this great hill of success and who continue to excel in our various businesses as entrepreneurs, business leaders and scientists. Most importantly, many of these awardees are young people who exemplify the kind of leadership which is aligned with the core values of Sekunjalo.

I would also like to express my gratitude and appreciation to our team of highly talented employees for their passion, loyalty and dedication for their efforts, and who continue to contribute to the success of

Sekunjalo. I know that their continued passion, dedication and commitment to our company and its goal to bring about a more prosperous society would not be possible without the support of their families.

Sekunjalo and I thank them for this commitment and continue to consider our employees as our partners in our onward journey to remain a group with integrity, singular dedication to upliftment, multiple innovation, and a company that respects and applauds the diversity of its employee base. Sekunjalo's representatives continue to represent the company in Africa and globally in multilateral forums. Our initiatives are directed at the creation of value for all of our stakeholders and a very clear vision of the kind of South African society that we need to work towards, especially in the early days of our democracy.

Now is the time to create a vision for the future that people can believe in, *now is the time* to make the challenges of economic and social deprivation history. This is the kind of company that Sekunjalo is.

It would be amiss if I did not thank the Board and our senior management team for their continued wise stewardship and strategic guidance. My sincere thanks also goes to our investment partners who remain committed to the success of our Group.

Furthermore, I would like to welcome our two non-executive directors, Mrs Aziza Amod and Mr Takudzwa Hove who joined the Board post year-end.

In closing, as a member of the Siemens Sustainability Advisory Board, the global think-tank which advises Siemens AG on sustainability,

I am reminded of the quote by Werner von Siemens, the founder of Siemens who said that *"I won't sell the future for short-term profit"*. It is appropriate that as this chapter in Sekunjalo's history comes to a close, that the Company can proudly say that it did not sell the future for short-term profit and has always seen sustainability as the key to its success.

Its measurement of sustainability has always been to balance profitability with its commitment to job creation, employee development, extensive enterprise development investment, a sound social impact strategy along with a deep respect and infinity for the planet's resources. This approach remains the very core of Sekunjalo and the DNA that is embedded in its leadership and executive team. I know that when I pass on the baton to the next generation of Sekunjalo leaders, the very ethos and principles which have guided the Company from its inception will remain deeply rooted in its decision-making and will continue to guide the decisions of our executives for the years to come.

It is a singular privilege and honour to have founded the Sekunjalo Group and to have been the Chairman of Sekunjalo Investments Limited for the last decade. My gratitude and appreciation goes to many of the employees, friends, associates, customers, suppliers and partners with whom we have had the privilege

of travelling together on this journey. The resounding success of Sekunjalo as a pioneering company, a truly African company, with a global footprint is also the success of all who have been part of this historic journey. Sekunjalo, I have no doubt, will continue to be a beacon of hope and an inspiration to the many thousands of entrepreneurs and young people. They can see that it is possible to do the impossible if you believe, and have the will and are committed to a future in which all can truly participate.



Dr Iqbal Survé
Executive chairman

CHIEF EXECUTIVE OFFICER'S REPORT

Khalid Abdulla



It is with great pleasure that I report to shareholders on the performance of Sekunjalo Investments Limited (Sekunjalo) for the year ending 31 August 2013.

We are reporting at a time when the global economy shows a gradual and inconsistent economic recovery, with certain economies in Europe experiencing a double-dip recession. We are located within this global economic framework and are not unscathed by its impact, especially with regard to trade imports and exports. Interestingly, during this economic turbulence, the African economy has demonstrated consistent, real growth which has tripled since 2000, with positive economic prospects forecast. Certain African economies are predicted to have the fastest economic growth in the world, making our continent an attractive investment destination. Sekunjalo sees this opportunity in this scenario as a company committed to the development of our country and continent.

Sekunjalo is an investment holding company and its interests include strategic investments, technology, marine, health and biotherapeutics and enterprise development.

Sekunjalo has been fortunate that the business decisions made over the past few years have contributed to its consistent and solid growth. This is once again demonstrated during the year under review, as conveyed in this integrated report.

I am pleased with some of the highlights of 2013 detailed below which are testimony to the executive management team's vision, leadership and hard work with all the employees of the Group:

- Group revenue has increased by 25% to R569m (2012: R455m), thereby surpassing the half a billion mark for the first time, which reflects the underlying operational organic growth of the operations.
- The profit attributable to the Group equity holders is R30m (2012: R18m). The headline earnings have increased from R18m to R30m in 2013, with headline earnings per share (HEPS) increasing from 3.75c to 6.10c. This is mainly due to the increase in the value of the strategic investments and operational performance. Prior-year headline earnings were impacted by the change in the capital gains tax rate.
- The operating profit has increased from R59m to R67m which demonstrates that consistent returns were achieved from the underlying investments.
- The Group net asset value (NAV) increased by approximately 5.5% from R452m to R477m which shows the strength of the Group's financial position. The NAV per share increased from 90.49c to 96.50c. Tangible net asset value per share increased from 80.31c

CHIEF EXECUTIVE OFFICER'S REPORT (CONTINUED)

to 86.26c. Sekunjalo's strategic intent to increase its investment asset base has been achieved.

- Sekunjalo posted a R58.6m profit before tax, compared to R48.3 in the previous financial year.
- The marine division performed well, with performance well ahead of budget, as a result of additional sales volumes from the lobster division, better market pricing and favourable exchange rates. Profit growth for the fishing division was excellent compared to the prior year, with operating profit increasing by 54% to R25m.
- The acquisition of the leading digital marketing company, World Wide Creative, underlining expansion of a key division in the Group, as per the growth strategy outlined in the previous year.

REVIEW OF INVESTMENTS

STRATEGIC INVESTMENTS

The Group's strategic investments consist of British Telecom Communication Services South Africa (BTSA), Saab South Africa (Pty) Ltd (Saab SA) and Pioneer Food Group Limited (Pioneer Foods). These investments have delivered solid returns for the Group and we anticipate that this trajectory will continue.

The decision to invest in BTSA has been affirmed year on year as we continue to derive an excellent return on our investment, which continues to perform well. BTSA has consistently delivered dividends for Sekunjalo and this year has been no exception. The investment is extremely well positioned to grow consistently in the future. BTSA is making great strides in

Southern Africa and our investment is proving extremely robust. The success of this investment reinforces Sekunjalo's status as a partner of choice for international companies venturing into Africa.

Saab SA is the South African operation of Swedish multi-national Saab AB, which specialises in civil safety, security and defence. The Group expects this investment to return a dividend in the medium term.

Our 0.75% investment stake in Pioneer Foods grew from R84m to R125m. Dividends were received in the current year from the listed food group which has provided consistent returns. The relationship with Pioneer Foods is aligned with a strategic objective of Sekunjalo, which is to identify opportunities to increase our investment in the food sector.

TECHNOLOGY

The expected growth of Sekunjalo Technology Solutions Group (Sek TSG) division is shown in the revenue growth of 27%, an increase from R152m to R193m. The operating profit to the Group is R35m which allows that the technology division continues to perform consistently.

Companies in the Sek TSG sector include Health System Technologies (HST). HST is a leading provider of Hospital Information and Laboratory Information Systems (HIS) for the South African public sector and continues to show consistent growth due to the successful implementation of its IT contracts and projects over the past three years. Saratoga Software (Pty) Ltd (Saratoga) which is a software development house primarily focused on the insurance

and financial industry, Digital Matter (Pty) Ltd (Digital Matter), a 75% Saratoga-owned subsidiary providing mobile data solutions and World Wide Creative, a leading digital marketing company which we acquired during the year.

HST partnered with AME International through AmetHst (Pty) Ltd (AmetHst), which won the Gauteng Department of Health's HIS contract which entails implementing systems in over 60 Gauteng hospitals and clinics.

As previously reported, the contract entered into between AmetHst as part of the Baoki Consortium and the Gauteng Department of Health for the implementation of the HIS has been cancelled by the Baoki Consortium. This action was taken as a result of a non-delivery by the Gauteng Department of Health on their contractual obligations. The arbitration for this legal claim is ongoing.

As indicated in our previous integrated report, the technology division was being positioned for growth; our first acquisition to achieve this objective was made in the year under review. World Wide Creative (Pty) Ltd, a leading digital marketing agency in South Africa, was acquired by Saratoga. This acquisition facilitates the expansion of its operations into a new sector. In addition, the synergy between the companies within Saratoga enables cross-leveraging of resources, skills and expertise, to expand the capacity within each of the companies. World Wide Creative has been profitable since acquisition and has integrated well within the Group.

MARINE

Premier Fishing SA (Pty) Ltd (Premier Fishing) is the largest black-owned and controlled fishing company in South Africa and the most transformed in terms of its management and employees.

Operating profit of R25m was achieved compared to R16m in the previous year, a 54% increase from the prior year, with this division demonstrating a solid performance.

The major product lines for Premier Fishing are south coast rock lobster, west coast rock lobster, squid, abalone and pelagic, with the core contributors being lobster and abalone.

Premier Fishing performed well, with good catch rates in the lobster sector, and obtained favourable market pricing.

The south coast rock lobster division's revenue was affected by 16% of the quota which had not been caught at year-end due to poor weather conditions. As a result, the balance of the 2013 quota was caught in the first quarter of 2014. A good catch size mix, which resulted in better prices and consistent sales, drove the good performance from this division.

The west coast rock lobster division performed considerably well taking into account the extra sale volumes achieved in the current year.

The abovementioned factors, along with the effects of the weakened rand, were the additional factors contributing to the good performance.

The pelagic sector across the industry did not fare well in the 2013 season. This was due to poor catch rates of anchovy fish, which affected this division, with only a portion of our quota landed. This was offset by some degree by landing most of our pilchard quota, which enabled us to recover the losses in this division.

The squid industry faced another tough year in terms of landing volumes, with huge losses across in the industry. However, despite these challenges, management achieved a small profit in this division. It is important to note that squid is not a material component of our business and we are therefore less affected by the vicissitudes of this quota species.

Marine Growers (Pty) Ltd, the abalone subsidiary of Premier Fishing, delivered good revenues with additional volumes sold to the Far East. The abalone farm continues to perform well despite the tough economic climate and national strike action in the first quarter of the financial year. The environmental impact assessment for the additional land is progressing well.

Premier Fishing, among other fishing companies, during 2008 received a summons from the Competition Commission pursuant to the Commission's investigation into the pelagic fishing industry which has been ongoing ever since. Premier Fishing's attorneys have undertaken an extensive investigation to settle the matter. The settlement terms are currently being negotiated. A provision for the expected penalty has been accounted for during this financial year.

HEALTH AND BIOTHERAPEUTICS

The health care division is not yet profitable but we continuously seek ways to unlock value in our interests. The company has not gained traction in the market, due to a small product portfolio, with limited recognisable brands. Despite this, the product offerings in the natural disinfectant and sanitiser sector is growing well and good traction is being achieved with these products. Our nine new consumer products has been introduced into the market over the last 18 months.

Genius Biotherapeutics (Genius), formerly known as Bioclones (Pty) Ltd, is South Africa and Africa's largest medical biotechnology company, with strategic interests in biogenerics and novel compounds.

Genius also holds global patents for personalised medicine and vaccines. Genius's novel technology is in advanced stages, with the next stage of development proceeding well towards pre-clinical trials. The company has partnered with the University of Cape Town (UCT) Department of Medicine, UCT Lung Institute and Pulmonology and Immunity unit to develop the therapeutic vaccine against cancer, Dendritic Cell Vaccine (DCV), during the year under review.

Management continues with its plans to upgrade the manufacturing facility and scale up existing technologies to prepare for improved production to increase efficiency at its facilities.

During the year, the scientific team at the Cape Town facility continued with their efforts to replicate the protocol for the granulocyte-colony stimulating factor (G-CSF) technology and we expect to prove biological activity within the short term.

ENTERPRISE DEVELOPMENT

The Sekunjalo Media (Sekmedia) division incurred a loss due to the cancellation and postponement of certain new events. Sekmedia owns espAfrika (Pty) Ltd which owns the rights of and manages the Cape Town International Jazz Festival (CTIJF). The CTIJF continues to bear fruit and contributes greatly to the gross domestic product of the Western Cape and national economy and has established itself as a world-renowned music event.

We have embarked upon a turnaround strategy for this division aimed at unlocking commercial sponsorship based on the value proposition of the CTIJF, introducing operational efficiencies, as well as sourcing other event opportunities locally and on the continent.

FUTURE PROSPECTS

As an investment holding company, our primary aim is to increase the value of our investments, create employment and build communities, and I believe that we will enhance our commitment to these factors in the years to come.

Looking ahead, I believe Sekunjalo is well positioned to bolster its net asset value through improved operational organic growth, acquisitions and strategic initiatives.

Our balance sheet is strong, cash flow is improving and prospects for Sekunjalo's mainstay businesses are looking promising. We are also likely to see further benefits from new deals as Sekunjalo builds on its reputation as a value-adding BEE partner of choice.

The core operational investments in our technology and marine sectors have shown excellent growth during the year under review in line with our strategic objectives. We are confident that the strategic direction being pursued will continue to promote sustained profitability, underpinned by the core operational interests of the Group.

The Group has built a solid platform for further operational and acquisitive growth over the next few years. As we have built on our financial successes over the past few years, we believe that Sekunjalo is well positioned to further enhance its earnings and net asset value growth through organic growth, acquisitions as well as strategic initiatives.

APPRECIATION

I would like to thank the Sekunjalo board of directors under the leadership of our executive chairman for their continued wise stewardship, strategic guidance and commitment in ensuring the continued success of the Sekunjalo Group. I would like to welcome our two non-executive directors, Mrs Aziza Amod who joined the Board on 14 November 2012 and Mr Takudzwa Hove who joined the Board, just after the year under review, on 5 September 2013.

In addition, I would also like to express our sincere gratitude and appreciation to all our executives, our team of highly talented employees and our strategic partners for their passion, loyalty and dedication for their efforts and who continue to contribute to the success of Sekunjalo.



K Abdulla
Chief executive officer

CHIEF FINANCIAL OFFICER'S REPORT

Chantelle Ah Sing



NAV per share up by **7%** from **90.49c**
to **96.50c**

Revenue up by **25%** from **R455m** to
R569m

Headline earnings up by **63%** to **R30m**

INTRODUCTION

The Sekunjalo Group delivered sustainable results for 2013, with consistent earnings growth and cash generation from its underlying divisions. With continued focus on improving efficiencies we were able to deliver favourable sales volumes from some of the divisional operations. Our main focus is to maximise income and generate additional returns from underlying investments while managing margins and containing costs.

The financial review is set out with the intention for stakeholders to gain an insight into the elements that affect the delivery of the financial results of the Group.

FINANCIAL REVIEW

The profit attributable to shareholders is higher than the prior year at R30m (2012: R18m). The headline earnings increased to R30m (2012: R18m) in 2013 with headline earnings per share higher at 6.10c (2012: 3.75c). Prior-year earnings were affected by the capital gains tax rate change and a large deferred tax charge was passed in the prior year. The abovementioned tax factor and the increase in the value of the underlying strategic investments together with the consistent operational performance from the divisions were the major reasons for the increase in the earnings growth.

Key performance margins were maintained with the operating margin in line with the prior year and gross margins above 30%. Operating profits

for the year increased by 13% to R67m where profitable returns from the underlying investments show consistency with the strategies set for the Group.

The net asset value (NAV) increased by 5.5% from R452m to R477m. This is reflected in the Group's improved financial position. The NAV per share increased from 90.49c to 96.50c with tangible NAV per share increasing from 80.31c to 86.26c. The total assets have increased from R855m to R903m after an increase in financial assets from R314m to R380m.

FINANCIAL PERFORMANCE

The revenue for the year under review grew by 25% to R569m from R455m. This was mainly driven by the fishing and technology solutions divisions.

Gross margins dropped from 33% to 31% due to expected lower margins from the technology solutions division.

Operating expenses, excluding exceptional items, increased by 9% to R135m in line with the growth in revenue. The exceptional charges include legal settlement fees, provision for regulatory penalties, impairments of financial assets and sundry write-offs.

The Group's operating profit increased by 13% from R59m to R67m, with the primary drivers being:

CHIEF FINANCIAL OFFICER'S REPORT (CONTINUED)

- The expected growth of the technology solutions division is shown in its profitability of R35m. This division continues to meet its targets and is strategically positioned to expand in the health care IT sector.
- The Premier Fishing Group's operating profit rose by 54% from the prior year to R25m, due mainly to the improved performance in the lobster division.

Loans of R30m have been impaired in the Group which related to the loans provided to Genius Biotherapeutics (Genius). The impairment is based on a prudent approach of considering the recoverability of the amounts over a five-year period. In view of the current progress of the company from the research and development phase to production phase, operational management reported that further time is required to reach this milestone.

Finance costs increased by 5.7% to R20.3m due to preference dividends incurred on the preference liability raised to fund the strategic investments. This increased substantially from R4.4m to R7.6m as a result of holding the Pioneer Food Group (Pioneer Foods) investment for the full year as compared to a partial period in the prior year. Interest cover has improved slightly from 3.50 times to 3.88 times.

Dividend revenue from strategic investments increased from R10.9m to R12.9m which increased the investment revenue by 15% to R19.9m.

The group taxation charge for the year amounted to R28m which includes a deferred tax charge of R17m. The effective tax rate of 36% (2012: 62%) is the result of the recognition of the

deferred tax liability for the increase in the value of investments. The effective tax rate from the prior year was impacted by the capital gains rate change.

FINANCIAL POSITION

Tangible assets decreased from R135m to R127m as a result of the normal depreciation charge of R17m (2012: R19m) and additions of R11.8m (2012: R12.2m) as well as disposals of R1.1m.

Intangible assets decreased from R16m to R12m due to the amortisation charge of R2.2m for the year with no additions or disposals for the Group. Goodwill of R3m has arisen from the acquisition of a business in the technology solutions division, hence goodwill increased from R34m to R37m.

Financial assets increased from R314m to R380m due to an increase in the value of the investment in British Telecom Communication Services and Pioneer Foods. These investments provided consistent dividend returns in the past two years.

The total liabilities increased from R403m to R426m mainly due to the increase in borrowings from other financial institutions and shareholder loans to fund the growth in assets.

CASH FLOWS

Cash generated from operations remained relatively consistent to the prior year with R56.7m (2012: R57.6m) indicating the operating investment assets' consistency in producing stable cash profits. The core investments in technology solutions and fishing contributed R56m to the Group meeting our financial objective to maximise cash generation.

Dividends were received in two payments which were carried over in the prior year's cash flows. This net result created a negative decrease in the net cash flows from operating activities from R53m to R43m.

Taxation paid increased from R8.5m to R9.2m for the Group as result of the improved operational performance from the underlying divisions.

Cash utilised by investments increased with the acquisition of World Wide Creative (Pty) Ltd under the technology solutions division. The capital purchase of property, plant and equipment amounted to R11.8m of which R9m relates to maintenance and replacement costs in the fishing division.

Cash utilised in financing activities amounted to R28m which includes a repayment of financial liabilities of R35m as well as advances to Genius.

KEY RISKS THAT MAY AFFECT THE GROUP'S PERFORMANCE

The following risks have been identified which could impact the future performance of the underlying divisions and investments.

- *Economic climate*
The current outlook in the global economy is uncertain and financial markets appear volatile, with recovery being slow since 2008.

Although global growth has slowed down in major markets in the US and China, the demand for our fish products remains high and the fishing company continues to negotiate the best pricing for its fish in all foreign markets. Alternative strategies have been devised to reduce the impact on the company by diversifying its operations.

- *Market risk*
Global pricing remains under pressure with the Far East regulatory market increasing import tariffs. Competitive pricing to maximise margins has been implemented.

Other divisions have contracted customers over the medium term to manage costs and margins under agreed terms.
- *Macro-economic factors – exchange rate, diesel price, electricity*
Currency volatility could impact the fishing division's export business enabling a greater foreign exchange exposure. Preventative measures have been implemented with customers to reduce the impact of any major currency fluctuations.

As we move away from the implementation phase of projects in the information technology division, the higher cost of imported products are less impactful on our margins. Foreign exchange cover is taken out to prevent any meaningful losses.

Volatility on the diesel price makes the cost of moving fish more expensive. Efficient transport routes have been planned, ensuring that the cost of moving stock is contained.

Electricity is a significant cost driver, particularly in the abalone farm. Better tariffs have been negotiated with the local municipality and green energy is currently being reviewed.
- *Dependence on principals and suppliers*
The success of certain operations is linked to the ongoing financial stability and quality of products and services.

The operations depend on suppliers with infrastructures that are appropriate to ensure long-term viability from both parties.
- *Delivering on capital projects and contracts*
Key management are involved in the day-to-day operations to ensure timeous delivery to customers.

Medium-term contracts are held and renewed every three years as a result of the stakeholder relationships. Management is focused on retaining existing customers as well as to extract value-added related work within the current contracts.
- *Credit risk management*
We have a focused approach regarding credit risk management. Our working capital is managed by improving and negotiating credit terms and our exposure to our debtors is closely monitored. Credit management is the responsibility of each individual business operation.

CHIEF FINANCIAL OFFICER'S REPORT (CONTINUED)

- *Delivering sustainable results*
All business divisions focus on strengthening relationships with key stakeholders. Management teams collaborate with business partners, customers and suppliers to deliver on budgetary plans. Progress is monitored and reported on including any challenges that the divisions may face.

There is a collective strategy to further diversify certain divisions in order that there is no one area of dependence for income generation.

OPERATING PERFORMANCE

TECHNOLOGY

Health System Technologies (Pty) Ltd (HST) has delivered consistent financial results for this financial year. The IT contract remains on track and HST has rolled out 80% of the contracted laboratories in the country. The impact of HST's contracts enabled revenue to increase by 12%.

The technology solutions division posted good profits, with performance in certain divisions exceeding management's expectations. This division has the capability to expand its product offerings to new sectors with the acquisition of Worldwide Creative (Pty) Ltd, a digital marketing agency.

MARINE

Premier Fishing SA (Pty) Ltd (Premier Fishing) profitability improved to R25m (2012: R16m) due to the excellent performance of the lobster division. Revenue generation was achieved by the fishing division obtaining good catch rates in the lobster sector. The weakening of the rand/dollar

exchange rate as well as obtaining favourable market pricing had a positive impact on the business.

The gross profit for this division increased from 31% to 33% resulting in excellent cash flows as a result of the performance of the west coast and south coast rock lobster divisions.

The south coast rock lobster division performed well, with a 36% increase in revenue to R86m. A small portion was uncaught from own quota due to weather conditions; however, 31 tons rolled over from 2012 has been included in the current year.

The west coast rock lobster division performed well with additional sales and a favourable rand/dollar exchange rate. As an industry, the pelagic sector performed poorly in catching anchovy fish. A good catch rate was achieved on the pilchard quota.

The squid division managed to produce a small profit despite the decline in fishing volumes. This decline was an industry-wide occurrence in the sector.

The abalone division achieved a 25% increase in revenues resulting from the increased sales prices and volumes. An increase in the fair value adjustment of the biological assets indicates the strong pipeline of animals stocked on the farm.

HEALTH AND BIOTHERAPEUTICS

Sekunjalo Health Care Limited (SHC) has continued its growth into new niche health care areas with its product offerings of dermatological products, mineral supplements, infection control products and sanitiser.

The sales strategy to compete with price against generic competitors has had a positive impact on volume but negative impact on profitability. Management continues with its effort to promote all products.

The product offering into the infection control sector is beginning to show traction in revenue.

Genius Biotherapeutics, formerly known as Bioclones (Pty) Ltd, is the largest medical biotechnology company in South Africa. Genius reported a loss of R16m and our share of the group loss for the year is R8m.

The company partnered with the University of Cape Town's Department of Medicine and its affiliates to develop a therapeutic vaccine against cancer, enabling the company to enter the pre-clinical trial phase for its novel technology.

The company continues with its plan to improve efficiencies at the Centurion plant as well as upgrade the production facility. Its subsidiary, Ribotech (Pty) Ltd, continues with research and development activities to further develop its protocol.

ENTERPRISE DEVELOPMENT

Sekunjalo Media produced 15% of the Group's revenue and was not able to break even due to a loss incurred by espAfrika (Pty) Ltd, as a result of the cancellation and postponement of certain new events.

The company has revised its strategy to own events and continues to actively promote other music genres and arts festivals to add to its portfolio of events.

FINANCIAL STRATEGIES

The Group delivered sustainable financial results against the three financial strategies that were implemented in 2011.

Our first financial strategy was to maximise the net investment asset base to increase shareholder wealth.

The Company's net asset value (NAV) per share increased from 143c to 154c in the current year under review due to an increase in the value of our underlying investments.

The strategic investments in the Group increased their fair value from R314m to R380m. The investment in British Telecom Communication Services SA and Pioneer Foods delivered dividends of R11m in the current year.

The Group has once again achieved its strategic and financial objective to increase its investment asset base.

Our second financial strategy was to maximise cash generation and thereby maximise income sustainably.

Cash generated from operations is in line with the prior year which demonstrated consistent operating cash flow from the underlying divisions. This is the true performance indicator for the Group.

This strategy has been met and the increase in revenue has ensured that income has been maximised for this year.

Our third financial strategy was cost containment.

The operating and administrative expenses in the Group increased from R124m to R148m as a result of revenue-related activity increase as well as once-off exceptional charges amounting to R13m. Without the exceptional items, the increase in expenses is in proportion to the increase of 25% in revenue.

The Group continues with its strategy to further reduce costs in all divisions and to ensure that in the medium term operating expenses remain contained within acceptable limits.

CONCLUSION

Under the current global economic climate where the outlook is uncertain, our underlying investments continue to perform well and I am satisfied that the Group continues to meet its financial objectives by maximising revenue and generating sustainable cash in the underlying operations. The strategies set in the previous financial years have enabled sustainable organic growth and provides a platform for further acquisitions in the next financial year.

Our financial objectives are being reassessed for the next phase with innovative ways being sought by the executive management team to attract more customers, better suppliers and partner with strategic stakeholders to add more value to shareholders and the Group.

ACKNOWLEDGEMENT AND THANKS

I extend my sincere thanks to all the financial teams in the Group for their diligence, hard work and support throughout the year.

To the board of directors and executive management teams, your invaluable guidance and contribution have ensured that the Group continues on its road to sustainable success.



Chantelle Ah Sing
Chief financial officer

OUR COMMON VISION AND COMMON OBJECTIVES



OUR SHARED VALUES

Our shared values reflect the Group's objectives and behaviours and underscore individual accountability. Our partners, business associates and suppliers are expected to align with our shared values.

To always act with integrity in whatever we do	To work towards a positive culture and attitude in Africa
To always respect fellow employees, customers and partners	To provide sustainable employment opportunities for all of our employees and others
To be creative and innovative in our solutions	To have responsible and accountable leadership that addresses the expectations of diverse stakeholders and to embrace these responsibilities with efficiency
To have self-criticism and self-reflection of our success and our failures	To foster social justice as a key principle of the Group
To ensure that all our employees are given the opportunity to optimally advance their knowledge base and skills	To lead initiatives through our businesses on climate change to ensure a better world for the future
To use our innovative spirit to commit towards social good in our business practices	To stimulate investment in the areas of green enterprises, social innovation and societal development
To augment our historic social compact as a business that is responsive to society's needs	To have strong and knowledgeable commitment to social, environmental and economic change with an emphasis on marginalised groups
To aim to integrate all of the above in the Group's core functionality and attributes, to use our many awards to inspire us to continuously work towards transformation and social good.	

OUR COMMON VISION

To grow profitability and sustainability while delivering value to our stakeholders by empowering individuals and communities through our sustainable profitable investments and to provide affordable products and services to achieve this goal.

To create a modern African company that can take pride of place on the global business stage.

OUR COMMON OBJECTIVES

To sustain profitability by partnering with communities and government in a social contract to achieve economic growth and giving more South Africans access to this growing prosperity.

OUR COMMON GOAL

To ensure that the Group delivers long-term value to all of its shareholders, stakeholders and employees. Increase shareholder wealth, economic transformation and the development and the upliftment of social communities and building long-term stakeholder relationships.

OUR STRATEGY

Sekunjalo's strategy for the future is to build on its trusted relationships with consumers and engage them as citizens in the context of sustainable values. We continually support the development of a positive public attitude towards increased innovation, the stimulation of new green enterprises, the upskilling of new and existing employees and managers, investing in research and development and developing research centres relevant to our industry and intellectual property.

A key strategic objective is to create sustainable value for all our stakeholders and to integrate sustainable development into strategy, management and reporting, with the objective of reducing the negative impact on the environment.

Our financial strategy is to increase shareholders' wealth by maximising the net investment asset base and cash generation, thereby maximising income sustainably as well as cost containment.

Our risk strategy approach is to assess whether the risk process is effective in identifying and evaluating risks and to determine whether the business operations have managed the risks in line with the Group strategy and to consider the mitigation of the impact on the sustainability of the business.

OUR BUSINESS MODEL AND INTEGRATED VALUE CHAIN

Sekunjalo has for many years tried to develop a business model where, at its core, there is a social contract for responsible business between it and society.

Sekunjalo's business model has resulted in it acquiring control of the majority of its operational investments. This enables it to add value through its extensive expertise and networks, whilst promoting an entrepreneurial culture within its management structure and staff. Through our assets and investments, we drive the businesses to become efficient on a sustainable basis which generates revenue and cash flow to support the Group as a whole.

Through the Company's achievement of economic growth and its social contract, it remains the only company to have consistently topped the rankings in its sectors overall over the last few years and is placed as the number one empowerment company in South Africa due to its strong ethos of developing a business model which attempts to narrow the inequality gap in our society and that uses the talent of all South Africans to build a model company for the future.

As a result of Sekunjalo's recognition of its leadership qualities in the transformation of its society and its innovative business models in South Africa, the Company continues to be invited to participate in a number of global forums and multilateral organisations.

The Group looks at innovative ways to sustain its existing businesses by adapting to changing environments as well as through our acquisition and new business development approach. With our risk management approach and the impact of changing markets, competitors and the economic environment, management is constantly aware of how the Company can improve sustainability through the constant change.

OUR COMMON VISION AND COMMON OBJECTIVES (CONTINUED)

OUR KEY PERFORMANCE INDICATORS

FINANCIAL KPIs

- Revenue growth
- Operating profit
- Operational cash flows
- Increasing net asset value
- Growth in total assets

NON-FINANCIAL KPIs

- Broad-based Black Economic Empowerment
- Health and safety
- Stakeholder relationships
- Brand value

OUR FUTURE OUTLOOK AND PRIORITIES FOR 2014

- Expand into new markets outside the continent
- Through our business initiatives, social development programmes and innovative leadership, narrow the gap between the rich and poor

OUR AWARDS/ACHIEVEMENTS

- Ranked South Africa's top most Empowerment Company in 2013, 2012 and 2010
- Finalist of the 2011 Metropolitan Oliver Empowerment Awards in the Financial Services Category for Business Excellence
- Founder member company of the World Economic Forum ("WEF") New Champions and Community Global Growth Company ("CGGC")
- Member of the World Economic Forum's Advisory Board of the Community of Global Growth Companies
- Member of the World Economic Forum's Green Growth Action Alliance (G2A2).

OUR KEY RELATIONSHIPS STAKEHOLDER ENGAGEMENT AND RELATIONS

Sekunjalo places great value on the high standards of communication, transparency of information in terms of the Promotion of Access to Information Act, 2000, regulatory and other directives relating to the dissemination of information. The company has identified stakeholder groups with whom it engages in a structured manner. Refer page 45 for full details.



2013 VALUE DISTRIBUTION (%)

<i>61.2%</i> Employees	<i>3.0%</i> Communities
<i>20.0%</i> Retained for growth	<i>9.7%</i> Debt providers
<i>5.1%</i> Government	<i>1.0%</i> Capital providers

Refer page 65 for full details

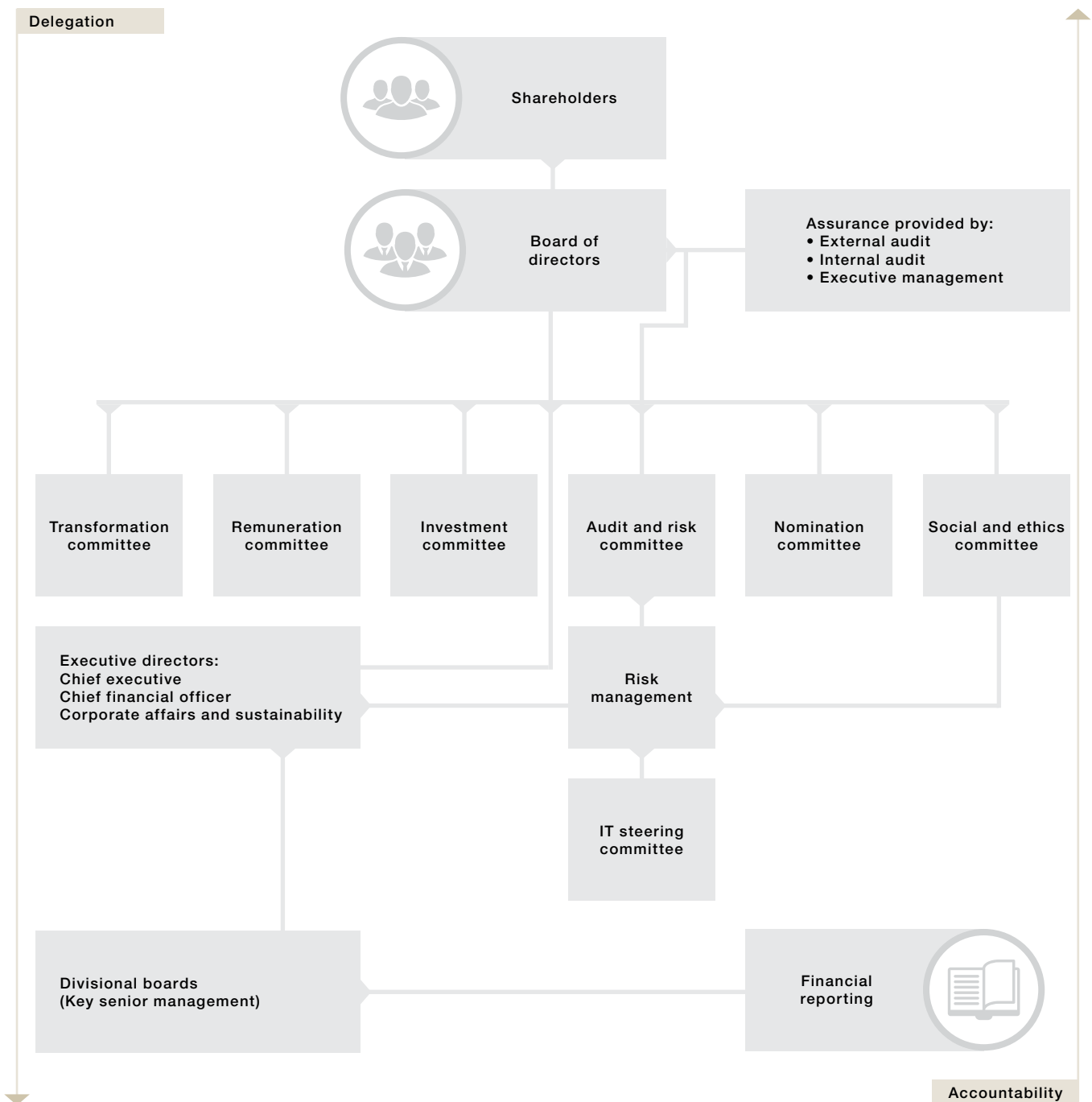
VALUE ADD

A measure of the value created by the Group is the amount of value added by its diverse activities to the cost of raw materials, products and services purchased.

This statement shows the total value created and how it was distributed.

GOVERNANCE

CORPORATE GOVERNANCE STRUCTURE



CORPORATE GOVERNANCE REPORT

Sekunjalo Investments Limited ("Sekunjalo") is incorporated in South Africa under the provisions of the Companies Act, 2008 (No. 71 of 2008), as amended ("Companies Act"). It is listed on the Johannesburg Stock Exchange ("JSE") and complies fully with the spirit and form of the continuing obligations of the Listings Requirements of the JSE.

The Board considers sound corporate governance structures and processes as pivotal to delivering responsible and sustainable growth to all of its stakeholders. The Group's governance structures and processes are reviewed to incorporate and accommodate new corporate developments.

KING III ON CORPORATE GOVERNANCE

The Board of Sekunjalo remains committed to and endorses the principles of the Code of Corporate Practices and Conduct as set out in the King III Report. Corporate governance ensures that the manner in which directors manage and control the Company, treat stakeholders and interact with the environment is done with respect, integrity, transparency and responsibility.

In supporting the Code, the directors recognise the need to conduct the Group's businesses with integrity and in accordance with International Financial Reporting Standards (IFRS) and international best practice.

The Sekunjalo level of compliance continually increases since the introduction of the Code. All the principles of the King III Code have been applied save for the principles listed below:

	Principle	Comment
2.16	The Board should elect a chairman of the Board who is an independent non-executive director. The CEO of the company should not also fulfil the role of chairman of the Board	The chairman of the Board is an executive chairman employed by the Company. The Company has a lead independent director. Mr S Young is the lead independent director
2.26	Companies should disclose the remuneration of each individual director and certain senior executives	Details of the directors' remuneration are disclosed and the aggregate amounts paid to executives have been disclosed separately.
2.21	The Board should be assisted by a competent suitably qualified and experienced company secretary	The role of the current company secretary was reviewed and a suitable candidate has been identified. The candidate will be appointed to the role of company secretary in 2014 financial year.
2.27	Shareholders should approve the Company's remuneration policy	The Board, through the remuneration committee, is reviewing the policy and this will be tabled to the Board for approval before being submitted to shareholders.
9.3	The Board should ensure that sustainability reporting and disclosure should be independently assured	External assurance will be obtained in the future.

Refer www.sekunjalo.com for full details.

BOARD POWERS AND PROCEDURES

The Company is controlled by the Board of directors. Collectively, the Board believes that the current mix of knowledge, skill and experience meets the requirements to lead the Company effectively.

The Board comprises five non-executive directors and four executive directors, who determine the standards and policies to ensure that the highest quality of corporate governance is maintained within the Group.

The non-executive directors are considered to have the necessary skill and experience to bring balanced and independent judgement to bear on the Group business. While all directors have equal responsibility for managing the Group's affairs, it is the role of the executive chairman, chief executive officer and the executive management team to run the business within the parameters prescribed by the Board and to produce clear, accurate and timely reports, thus enabling the Board to make informed decisions.

Through the contributions of all directors, Sekunjalo has established a suitable balance of power and a solid framework for the examination, calculation and management of risk.

According to the Company's memorandum of incorporation, all directors are subject to retirement by rotation and re-election by shareholders on an annual basis.

The Board has a policy that allows for the clear division of responsibilities at board level to ensure a balance of power and authority. This means that no one individual has unlimited powers when it comes to decision-making.

The Board met six times during the year, to review the financial and operational performance of the Group and to consider issues that may have a significant impact on the Group. Senior managers of the Group attend board meetings by invitation.

Directors are required to seek the authority of the chairman prior to dealing in shares of Sekunjalo. Accordingly, directors are not permitted to make use of internal Company information when deciding to deal in the Company's shares.

The Board has full and unrestricted access to all Company information, records, documents and property and monitors the non-financial aspects relevant to the business of the Group.

The Board recognises its responsibility to report and communicate all matters of significance to all of its stakeholders and to ensure effective communication between internal and external stakeholders.

The Board encourages attendance at annual general meetings (AGMs) of its directors and chairpersons of its committees. It appraises the performance of the chief executive officer on an annual basis.

The Board is satisfied that it discharged its duties and obligations as described in the Board charter during the year under review.

THE ROLE OF THE BOARD

- The Board assumes ultimate responsibility and accountability for the performance and affairs of the Company.
- The Board has a responsibility to all its stakeholders.

- Executive and non-executive directors carry full fiduciary responsibility and owe a duty of care and skill in terms of laws and the Company's Code of Ethics, always acting in the best interests of the Company.

- The Board oversees, monitors, approves and reviews corporate strategy, including company policies, business plans, annual budgets and appropriate systems.

- The Board has a clear scope and delegation of authority which is evaluated on a regular basis.

- The Board exercises leadership and integrity in directing the Company's affairs. Strategy, risk, performance and sustainability are inseparable.

- The Board oversees the Company's values and ethics.

- The Board is responsible for ensuring that succession plans are in place for the Board as a whole, executive management and key posts as well as Board committee members.

- The Board protects and manages the Company's financial position with the assistance of the chief financial officer and audit and risk committee.

- The Board ensures that the Company complies with all the relevant laws, regulations and codes of business practice.

- The Board monitors and maintains a risk management framework and ensures that key risks are identified and monitored.

- The Board ensures that it regularly communicates with its shareholders and stakeholders.
- The day-to-day management of the Company vests with executive management within the power and authorities delegated to it by the Board. The Board provides strategic direction and support in the execution of duties.
- Board members have unrestricted access to all Company information and records. The company secretary assists any Board member in providing information that may be required.
- The Board promulgates policies consistent with the Company's interests, Code of Ethics and good business practice and subscribes to fair, equitable and non-discriminatory employment practices, enhances the communities they serve and protects the environment. Sustainability reporting is integrated with the Company's financial reporting.
- The Board shall consider business rescue proceedings and/or turnaround mechanisms as soon as the Company is financially distressed.
- The Board is responsible for ensuring that the succession plans are in place for the chief executive officer and other members of the Group executive committee.

COMPOSITION OF THE BOARD AND APPOINTMENT OF DIRECTORS

The nomination committee makes recommendations to the Board for the appointment of non-executive directors. Directors are chosen for their business skills and business expertise. In the Board's opinion, all directors have the relevant knowledge, skills and experience to make a meaningful contribution to the business of the company. The executive chairman, together with the remuneration committee evaluates the performance of the executive directors on an annual basis.

Appointments to the Board are formal and transparent and a matter for the Board as a whole. The Board believes that as long as non-executive directors remain completely independent of management and relationships that could significantly affect their decisions and advice and are of the right calibre and integrity, they can perform the required function of looking after the Company's interests.

The majority of the directors are non-executive directors and the Board comprises of four executive directors and five non-executive directors. Board membership comprises of three women and six men of which two men are non-South African citizens. All South African citizens are from historically disadvantaged groups.

The Board is of the view that all the non-executive directors exercise independent judgement at all times with respect to material decisions of the Board. Mrs Aziza Amod was appointed to the Board in November 2012 as an executive director and became a non-executive director in July and Mr Takudzwa Hove was appointed post year-end to the Board as a non-executive director.

EXECUTIVE CHAIRMAN

The executive chairman of the Board, Dr MI Survé, is an executive employed by the company. The executive chairman ensures that the Board is functioning efficiently and provides guidance and overall leadership for the Board and the Group. The Sekunjalo Board elects the chairman.

The executive chairman is responsible for ensuring the integrity and effectiveness of the Board and its committees. The executive chairman is primarily responsible for the functioning of the Board.

The executive chairman:

- Ensures that Board members are fully involved and informed of any business issue/s on which a decision has to be taken;
- Ensures that executive members play an effective management role and participate fully in the operation and governance of the Company;

- Ensures that Board members exercise independent judgement, act objectively and ensure that relevant matters are placed on the agenda and prioritised properly;
- Avails himself to the chief executive officer between Board meetings to provide counsel and advice;
- Ensures that the performance of the chief executive officer is evaluated frequently; and
- Serves as the chief spokesperson of the Company.

The offices of the chairman and chief executive officer are separate. As the executive chairman is not independent, the Board has a lead independent non-executive director. The executive chairman will recuse himself from Board meetings where he could potentially be conflicted.

LEAD INDEPENDENT DIRECTOR (“LID”)

The lead independent director is Salim Young. The Board recognises that conflicts of interest will arise. The lead independent director is responsible to the Board.

The lead independent director is required to:

- Lead governance within the Board;
- Report to the Board;
- Serve as a liaison between the executive chairman, chief executive officer, management and independent directors where necessary;

- Preside at Board meetings where the executive chairman is absent or conflicted;
- Consult with the executive chairman, chief executive officer and company secretary on the content of the agenda;
- Convene meetings of independent directors or non-executive directors as appropriate.

CHIEF EXECUTIVE OFFICER

Khalid Abdulla is the chief executive officer of the Group and is appointed by the executive chairman of the Board.

The chief executive officer:

- Is responsible to focus on operations of the Company, ensuring that it is run efficiently and effectively in accordance with the strategic decisions of the Board;
- Is accountable to the executive chairman for among other things:
 - the development and recommendation to the Board of the strategy and vision of the Company and the annual business plans and budgets that support the Company’s long-term view;
 - achievement of performance goals, objectives and targets;
 - maintenance of an effective management team and management structures;

- ensuring that appropriate policies are formulated and implemented to guide activities;
- ensuring that effective internal organisation and governance measures are deployed.

CHIEF FINANCIAL OFFICER

Chantelle Ah Sing is the chief financial officer of the Group and is an executive director.

The chief financial officer’s responsibility:

- To assist the Board to protect and manage the Company’s financial position with the assistance of the audit and risk committee;
- To ensure that the financial statements are fairly presented and contain proper disclosures;
- To ensure that appropriate internal controls and regulatory compliance policies and processes are in place; and
- Non-financial aspects relevant to the business of the Company are identified.

The audit and risk committee has considered her expertise and experience and deems it appropriate. The audit and risk committee has considered and is satisfied that the finance department has the appropriate expertise and is adequately resourced.

COMPANY SECRETARY

Cherie Hendricks is the company secretary and is an executive director. The company secretary is accountable to the Board for:

- Guidance to the directors in terms of their duties, responsibilities, powers, training and induction of the responsibilities and liabilities under the Companies Act;
- Making the Board aware of any law relevant to and/or affecting the Company;
- Preparation of board packs and recording of proper detailed minutes of meetings;
- Ensuring proper and orderly conduct at all board, committee and annual general meetings;
- Disclosure of corporate actions of SENS announcements and directors' dealings in securities;
- Preparation and timely delivery of the Integrated Report and Annual General Meeting Notice and Proxy to shareholders;
- Compliance with JSE Listings Requirements and the Companies Act, 2008 (No. 71 of 2008), as amended;
- Updated board policies, board charters in compliance with statutory, regulatory and legislative requirements.

The Board has considered the competence, qualifications and experience of the company secretary and is satisfied that they are appropriate. This was concluded after due assessment following a review by the remuneration committee of the

Company regarding the company secretary's qualifications, experience and performance. The Board is aware that due to the company secretary being an executive director, there is not an arm's length relationship with the Board and the directors and that this is not desirable from a governance perspective and an external resource has been identified and will be appointed in 2014.

BOARD COMMITTEES


The Board has established a number of committees to assist it in performing its duties and to fulfil its effective decision-making processes. Specific responsibilities have been formally delegated to the subcommittees, with defined regulations and terms of reference.

The chairman of each committee reports back to the Board at each Board meeting and embraces a principle of transparency and full disclosure.

The delegation of authority to Board committees does not mitigate or discharge the directors and the Board from their duties and responsibilities.

Board committee members are authorised to obtain independent outside professional advice when necessary.

GOVERNANCE (CONTINUED)

		AUDIT AND RISK COMMITTEE	REMUNERATION COMMITTEE
	COMPOSITION	Three independent non-executive and one non-executive director	Two independent non-executive directors
	COMMITTEE MEMBERS	S Young (chairman) JM Gaomab Prof. VC Mehana TT Hove	S Young (chairman) Prof. VC Mehana
	FREQUENCY OF MEETINGS	Four times a year	Twice a year
	BOARD-APPROVED CHARTER	Yes	Yes
	INVITEES	Meetings are attended by the internal and external auditors and members of the management team and a consultant	Meetings are attended by members of the management team and a consultant
	OTHER	The auditors have unlimited access to the audit and risk committee ensuring independence is not compromised in any way.	

INVESTMENT COMMITTEE	TRANSFORMATION COMMITTEE	NOMINATION COMMITTEE	SOCIAL AND ETHICS COMMITTEE
Two executive directors, one independent non-executive and one non-executive director	One independent non-executive director and one executive director	Three independent non-executive directors	Two executive directors and two independent non-executive directors
Dr MI Survé (chairman) Prof. VC Mehana K Abdulla TT Hove	Prof. VC Mehana (chairman) CF Hendricks	S Young (chairman) Prof. VC Mehana JM Gaomab	Dr MI Survé (chairman) CF Hendricks Prof. VC Mehana JM Gaomab
Quarterly	Twice a year	Annually	Twice a year
Yes	Yes	Yes	Yes
Meetings are attended by members of the management team			Meetings are attended by members of the management team

AUDIT AND RISK COMMITTEE

This committee's responsibilities include ensuring that internal controls are in place and that management is continuously improving these controls. The committee is also responsible for reporting to the Board on the final Group financial results.

The main objectives of the committee include the following:

- Assisting the Board of directors in fulfilling their responsibilities by ensuring that the system of internal controls, accounting practices, management information systems, financial reporting systems and auditing processes are functioning effectively.
- To perform duties that are attributed to it by the Companies Act, the JSE Limited and King III.
- To facilitate effective communication between the Board of directors, senior management and the external auditors.
- To establish the credibility, objectivity and reliability of published financial reports and ensuring that the financial statements comply with International Financial Reporting Standards (IFRS). By doing this, the committee can provide an objective independent forum for the resolution of significant accounting and reporting-related matters.
- To promote the overall effectiveness of corporate governance.
- To evaluate the independence and effectiveness of the external auditors.

- To monitor the ethical conduct of the Group, its executives and senior officials.
- To oversee the effectiveness of the internal audit function.
- The external auditors can communicate with the chairman of the audit and risk committee and all of its members throughout the year. The chairman of the committee is also available at the annual general meeting to answer questions about the committee's activities.

REPORT OF THE AUDIT AND RISK COMMITTEE

The main purpose of the audit and risk committee is to ensure the integrity of the financial statements and oversee the effectiveness of the internal financial controls and the external and internal audit functions.

The audit and risk committee comprises four non-executive directors who act independently and have been appointed by the Board. The chairman of the committee is Mr S Young who is a Board member and attends the annual general meeting of the Company. Mr JM Gaomab, Prof. VC Mehana and recently appointed Mr TT Hove are members. The company secretary is the secretary of this committee. The committee met four times during the year under review with full attendance by the members. Attendance of the external auditors PKF (Cpt) Inc., directors, management and internal auditor is by invitation.

The audit and risk committee has a formal Audit Policy Document which has been adopted by the Board. The policy document deals with duties, membership and authority. The

committee has formal rules governing the services provided by the external auditors in terms of systems and processes. The committee considered and determined the terms of engagement and fees of the external auditors.

The external and internal auditors have unrestricted access to the audit and risk committee and attend all audit and risk committee meetings by invitation. Detailed reports are presented by both the internal and external auditors. The chairman of the audit and risk committee reports on the findings at the Board meetings.

The Group has internal controls and systems designed to provide assurance as to the reliability and integrity of the financial statements. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve the Group business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss and to adequately safeguard, verify and maintain accountability for its assets.

In accordance with section 94 of the Companies Act, the committee reports as follows:

- The scope, independence and objectivity of the external auditors were reviewed.
- The audit firm PKF (Cpt) Inc. and audit partner are, in the committee's opinion, independent of the Company, and have been proposed to the shareholders for approval to be the Group's auditors for the 2014 financial year.

- On an ongoing basis, the committee reviews and approves the fees proposed by the external auditors.
- The appointment of the external auditor complies with the Companies Act and with all other legislation relating to the appointment of external auditors.
- The nature and extent of non-audit services provided by the external auditors have been reviewed to ensure that the fees for such services do not become so significant as to call into question their independence.
- The nature and extent of future non-audit services have been defined and pre-approved.
- Obtaining assurance from the external auditors that adequate accounting records are being maintained.
- Approving the internal audit charter and internal audit manual and evaluating the independence, effectiveness and performance of the internal auditor and compliance with its charter.
- Recommending to the Board the interim and preliminary announcements of results and reports to shareholders, the annual financial statements and integrated report.
- Considering concerns regarding accounting practices or internal audit matters.
- The appropriateness of the expertise and experience of the financial management team was reviewed and reported to be adequate.

- Reviewing the compliance with legal, regulatory, codes and other standards and continually monitoring the implementation of the legal compliance processes.

INTERNAL AUDIT

The prime objective of the internal audit function is to examine and evaluate whether the Company and its subsidiaries' framework of risk management, control and governance processes is adequate and functioning properly.

The system of internal control is designed to ensure that the significant risks are appropriately managed and provide reasonable assurance that:

- Operations are efficient and effective;
- Company assets and information are safeguarded; and
- Applicable laws and regulations are complied with.

The role of the internal auditor is also to:

- Perform reviews on the Company's governance processes and ethics;
- Perform an objective evaluation of the risk management and internal control framework;
- Systematically analyse and evaluate the business processes and associated controls;
- Provide a source of information on fraud, corruption, unethical behaviour and irregularities; and
- Follow a risk-based approach.

Key findings are reported to the chief executive officer and the audit and risk committee. A progress report on the key findings is presented to the audit and risk committee until all matters have been resolved satisfactorily. This enables the committee to ensure that action has been taken to address the areas of concern.

EXTERNAL AUDIT

PKF (Cpt) Inc. provides an audit opinion in accordance with the Companies Act as well as the JSE Listings Requirements. Under company law, their responsibility is to the shareholders of the Group. In addition, they have professional responsibilities to report Reportable Irregularities, in terms of Section 45(1) of the Auditing Profession Act, 2005.

The audit is conducted in accordance with International Standards on Auditing (ISA). Their objective is to provide a comprehensive service to the Group.

They have a statutory responsibility to report to the shareholders whether in their opinion the financial statements fairly present the financial position, results of operations and cash flow information of the Group, in conformity with International Financial Reporting Standards and in the manner required by the Companies Act. The audit involves such tests of transactions and of the existence, ownership and valuation of assets and liabilities. The audit includes:

- Evaluating the appropriateness of the accounting policies;
- Examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;

- Assessing the reasonableness of significant estimates; and
- Considering the appropriateness of the overall financial statement presentation.

As the auditors of a public interest company, the same individual may not serve as audit director of the engagement for more than five consecutive financial years.

The external auditor liaises with the internal auditor and attends the audit and risk committee meetings by invitation.

As the auditors, they attend every annual general meeting of a public interest company where the financial statements of the company for a financial year are to be considered or agreed to, so as to respond accordingly and to answer any question relevant to the audit of the financial statements.

EXPERTISE AND EXPERIENCE OF THE CHIEF FINANCIAL OFFICER AND THE FINANCE FUNCTION

In terms of the JSE Listings Requirements, the audit and risk committee is satisfied that the chief financial officer has the appropriate experience and expertise to meet the responsibilities of the position.

The audit and risk committee has considered and is satisfied that the finance department has the appropriate expertise and is adequately resourced.

RISK MANAGEMENT

The Board is responsible for the governance of risk and is assisted by the audit and risk committee which reviews and monitors the effectiveness of the risk management processes within the Group in accordance with corporate governance requirements. The executive committee of the divisional subsidiaries and associate companies is accountable and responsible for managing risk within their business units.

Risk officers from each divisional subsidiary and associate company provide the committee with assurance that significant business risks are systematically identified, assessed and reduced to acceptable levels in line with the Board's risk appetite. The Group complies with a risk management framework that was approved by the audit and risk committee to ensure that a best practice risk assessment approach is followed.

Risk registers have been improved in the current year and the changes have been adopted by the executive committees of the underlying business units to ensure that all identified risks are documented, weighted according to the risk assessment framework and action plans are identified to mitigate the risks. Status updates of the risks are reported on a monthly or quarterly basis at executive meetings as well as at the audit and risk committee meetings on a quarterly basis.

The risks are identified under the categories of strategic, operational, financial, legal and other risks in the risk register. From the risk evaluation in the risk register, significant risks are reported to the audit and risk committee who in turn will report these risks to the Board. Risk registers are reviewed thoroughly on an annual basis by the audit and risk committee.

From the risk assessment approach, the Board is able to assess whether the risk process is effective in identifying and evaluating risks and to determine whether the business operations have managed the risks in line with the Group strategy and to consider the impact on the sustainability of the business.

The significant risks that are currently impacting the Group are:

Financial risk	<ul style="list-style-type: none">Limited access to funding may slow down the ability to capitalise on the various niche growth opportunities.
Operational risk	<ul style="list-style-type: none">Labour strikes and wage demands can bring disruption to the business operations and delay the ability of the companies to produce.The increasing diesel and electricity prices will escalate the cost of doing business and make it more challenging to compete in the market.
Strategic risk	<ul style="list-style-type: none">Exposure to significant large customers will make the Company dependent on the customers' financial viability or capacity.Some businesses in the Group are dependent on a small number of principals and/or suppliers and their success is linked to their ongoing financial stability and competitiveness of products/services.The sustainability of the business operations will be determined by the ability to resource itself at a lower cost.
Market risk	<ul style="list-style-type: none">The going concern risk may become high if a division does not meet its strategic and operational objectives due to the inflexibility in the market and high barriers to entry.
Human resource risk	<ul style="list-style-type: none">Skills retention and succession planning remain a constant challenge for all divisions.The inability to recruit skilled staff and the challenge of training inexperienced staff could take longer than anticipated and could impact the overall company strategy.

The responsibility for monitoring the management of each of these risks is assigned to the executive committee of each business unit. The risks are then considered at a Group level through the monitoring process of the risk management. The Group's executive committee and the risk committee will consider the impact on its ability to achieve its strategic objectives on a sustainable basis.

INFORMATION TECHNOLOGY MANAGEMENT

The Board is responsible for information technology ("IT") governance. Management on a Group level is accountable for operational governance of information management.

The Group has recognised the importance of IT and the dependence thereof on the operations to meet its business needs and sustainability objectives. The IT proposal was accepted and adopted by the Group's executive committee to upgrade the IT infrastructure.

An IT steering committee was implemented to perform an oversight function in the post-implementation phase of the IT infrastructure to ensure all IT management risks have been identified, monitored and reduced to an acceptable level. The current IT environment has a 24/7 server uptime, effective backups and restore management, anti-virus management and network security maintenance.

The IT steering committee reported that the new IT infrastructure has enabled almost 100% server efficiency and control over data usage and user access is being managed more effectively.

An integrated approach for IT governance in all the business units was considered where the IT steering committee has recommended that with the new server infrastructure, more user policies and security practices should be instituted to ensure that a standardised approach is followed by all users within various Group operations.

The audit and risk committee receives quarterly updates and reports from the risk management forum and these include an annual report on IT governance. This report presents all significant IT issues and such matters are considered by the committee to ensure compliance with the IT governance requirements of the King III Code.

COMPLIANCE WITH LAWS, RULES, CODES AND STANDARDS

The Board ensures that the Company complies with all the laws, codes, rules and standards including, but not limited to, the JSE Listings Requirements, King III Code, Companies Act, Competition Law, legislative, environmental standards, consumer protection laws, employment legislation, international laws and legislation as well as compliance risk. The Board considers adherence to non-binding rules, codes and standards.

The Board continually reviews the compliance of legal, regulatory, codes and other standards and continually monitors the implementation of the legal compliance processes. Board policies and charters are updated in compliance with statutory, regulatory and legislative requirements.

CORPORATE CODE OF ETHICS

The Group subscribes to the highest levels of professionalism and integrity in conducting its businesses and dealing with all stakeholders. All employees are expected to share its commitment to high moral, ethical and legal standards.

All directors and employees are aware of the Code of Ethics that is maintained throughout the Group. The Group subscribes to a Code of Ethical and Moral Behaviour that requires total transparency for all stakeholders. Sekunjalo prides itself on fairness and honesty and is intolerant of theft and dishonesty.

STAKEHOLDER RELATIONS

Building and maintaining trust and respect with our various stakeholders impacts our reputation positively and is essential in addressing risks and opportunities. Our stakeholders' expectations are identified through regular engagements, personal interactions and our financial and sustainable reports.

The Company has identified the following key stakeholder groups with whom it engages in a structured manner:



GOVERNANCE (CONTINUED)

The Company is proactive in its engagement with local, national and international authorities and regularly engages with government authorities on diverse matters.

Below is an overview of our principal stakeholders and how we engage with them, including what our stakeholders expect from us.

Stakeholder group	Communication Forum – how we engage with our stakeholders	Why we value our stakeholders – their contribution to value creation	What our stakeholders expect from us	Concerns of our stakeholders
Shareholders and investors	<ul style="list-style-type: none"> Interim report Annual report Annual general meeting SENS announcement Roadshows Website Media releases 	Financial capital for sustainable growth on a long-term basis	<ul style="list-style-type: none"> Sustainable growth and return on investments Value add Ethical operations on a sustainable basis 	<ul style="list-style-type: none"> Sustainable returns Corporate governance and ethics Leadership and strategic direction
Employees and unions	<ul style="list-style-type: none"> Newsletters Emails Notice boards CEO's communiqué Internal meetings with trade union representatives 	Is foundation of our business through innovation, integrity and productivity	<ul style="list-style-type: none"> Skills training Staff benefits Market-related remuneration Ethics Safe working environment 	<ul style="list-style-type: none"> Training and education Open communication between managers and employees Market-related remuneration Transformation Access to HIV treatment and employee wellness programmes
Sponsor	<ul style="list-style-type: none"> Regular meetings 	Ensuring we adhere to statutory compliance and JSE Listings Requirements	<ul style="list-style-type: none"> Transparent communication 	<ul style="list-style-type: none"> Corporate governance and ethics Adherence to JSE Listings Requirements
Business partners	<ul style="list-style-type: none"> Board meetings Participation in meetings 	Services that support our growth	<ul style="list-style-type: none"> Ensuring joint growth and development/business opportunities 	<ul style="list-style-type: none"> Long-term security

Stakeholder group	Communication Forum – how we engage with our stakeholders	Why we value our stakeholders – their contribution to value creation	What our stakeholders expect from us	Concerns of our stakeholders
JSE Limited	<ul style="list-style-type: none"> Handled by sponsor 	Sustainability JSE Listings Requirements	<ul style="list-style-type: none"> Compliance with JSE Listings Requirements 	<ul style="list-style-type: none"> Minority shareholders are not prejudiced
	<ul style="list-style-type: none"> Regular meetings 	Services that support our growth	<ul style="list-style-type: none"> Risks and sustainable issues Financing 	<ul style="list-style-type: none"> Meeting financial obligations Servicing debt Complying with covenants
Bankers	<ul style="list-style-type: none"> Written communiqué Meetings 	Provide licences and regulatory frameworks	<ul style="list-style-type: none"> Compliance with law Adherence to rules of regulator 	<ul style="list-style-type: none"> Empowerment, transformation and adherence to BEE codes Sustainable job creation
	<ul style="list-style-type: none"> Meetings Performance Associations 	Continued growth opportunities	<ul style="list-style-type: none"> Financing Quality of products 	<ul style="list-style-type: none"> Long-term security of product Quality of products Effective product stewardship
Government authorities and regulatory bodies	<ul style="list-style-type: none"> Meetings and visits Performance Associations 	Value, safe and quality products that support our growth Meetings	<ul style="list-style-type: none"> Quality of products Delivery Financing Legal compliance 	<ul style="list-style-type: none"> Long-term security of supply Planned procurement Payment process
	<ul style="list-style-type: none"> Corporate social investment initiatives Meetings Community outreach programmes 	Building trusted relationships, with the community interest as the base	<ul style="list-style-type: none"> Contributing transparently and responsibly to societal needs 	<ul style="list-style-type: none"> Sponsorships Bursaries Ongoing support of initiatives Employment opportunities Environmental impacts
Customers	<ul style="list-style-type: none"> Partnership arrangements Academic partnerships 	Opportunities to develop our innovative products and services. Develop our talent with educational bodies	<ul style="list-style-type: none"> Investment in our research and development infrastructures 	<ul style="list-style-type: none"> Sponsorships Skills development Engagement with students Bursaries
	<ul style="list-style-type: none"> Meetings and visits Performance Associations 	Value, safe and quality products that support our growth	<ul style="list-style-type: none"> Quality of products Delivery Financing Legal compliance 	<ul style="list-style-type: none"> Long-term security of supply Planned procurement Payment process
Service providers and JV partners	<ul style="list-style-type: none"> Corporate social investment initiatives Meetings Community outreach programmes 	Building trusted relationships, with the community interest as the base	<ul style="list-style-type: none"> Contributing transparently and responsibly to societal needs 	<ul style="list-style-type: none"> Sponsorships Bursaries Ongoing support of initiatives Employment opportunities Environmental impacts
	<ul style="list-style-type: none"> Partnership arrangements Academic partnerships 	Opportunities to develop our innovative products and services. Develop our talent with educational bodies	<ul style="list-style-type: none"> Investment in our research and development infrastructures 	<ul style="list-style-type: none"> Sponsorships Skills development Engagement with students Bursaries
Communities, community-based organisations	<ul style="list-style-type: none"> Partnership arrangements Academic partnerships 	Opportunities to develop our innovative products and services. Develop our talent with educational bodies	<ul style="list-style-type: none"> Investment in our research and development infrastructures 	<ul style="list-style-type: none"> Sponsorships Skills development Engagement with students Bursaries
	<ul style="list-style-type: none"> Partnership arrangements Academic partnerships 	Opportunities to develop our innovative products and services. Develop our talent with educational bodies	<ul style="list-style-type: none"> Investment in our research and development infrastructures 	<ul style="list-style-type: none"> Sponsorships Skills development Engagement with students Bursaries
Research institutions and educational bodies	<ul style="list-style-type: none"> Partnership arrangements Academic partnerships 	Opportunities to develop our innovative products and services. Develop our talent with educational bodies	<ul style="list-style-type: none"> Investment in our research and development infrastructures 	<ul style="list-style-type: none"> Sponsorships Skills development Engagement with students Bursaries
	<ul style="list-style-type: none"> Partnership arrangements Academic partnerships 	Opportunities to develop our innovative products and services. Develop our talent with educational bodies	<ul style="list-style-type: none"> Investment in our research and development infrastructures 	<ul style="list-style-type: none"> Sponsorships Skills development Engagement with students Bursaries

GOVERNANCE (CONTINUED)

THE YEAR AHEAD

- Ongoing implementation of formal engagement forums and feedback sessions with all stakeholders
- Ongoing stakeholder engagement
- Ongoing employee engagement on the sustainable development of the various business units
- Further enhancing our relationships with communities and community-based organisations within which the Group operates
- Further roll-out of our stakeholder engagement policy and charter

SHAREHOLDER INFORMATION AS AT 31 AUGUST 2013

ANALYSIS OF SHAREHOLDINGS

Shareholder information as at 31 August 2013

Analysis of shareholdings	Number of share-holders	Percentage of total share-holders	Number of shares	Percentage of total issued shares
1 – 5 000	801	46.03%	1 745 299	0.36%
5 001 – 10 000	291	16.72%	2 420 160	0.49%
10 001 – 100 000	475	27.30%	16 136 679	3.30%
100 001 – 1 000 000	137	7.87%	42 932 316	8.77%
1 000 001 – and more	36	2.07%	426 104 980	87.08%
Total	1 740	100.00%	489 339 434	100.00%

Major shareholders (5% and more of the shares in issue)	Number of share-holders	Number of shares	Percentage of total issued share capital
Sekunjalo Investment Holdings (Pty) Ltd		264 769 581	54.11%
Miramare Investments (Pty) Ltd		38 868 106	7.94%
The Fisk Trust		24 056 098	5.24%
Total		2 327 693 785	67.29%

	Shareholders in SA	Shareholders not in SA
	Number of shares	Percentage of issued share capital
	Number of shares	Percentage of issued share capital
Public shareholders	130 414 314	26.65%
Non-public shareholders	350 677 015	71.66%
Total	481 091 329	98.31%
		8 248 105
		1.69%

GOVERNANCE (CONTINUED)

	Share-holders	Share-holders	Number of shares	Percentage of issued share capital
Public vs non-public				
Public shareholders	1 732	99.54%	138 662 419	29.34%
Non-public shareholders	8	0.46%	350 677 015	71.66%
Total	1 740	100.00%	489 339 434	100.00%

Distribution of shareholders	Shareholders		Shares	
	Number	Percentage	Number	Percentage
Individuals	1 520	87.36%	91 631 002	18.72%
Nominee companies and trusts	103	5.92%	46 141 431	9.43%
Public companies	8	0.46%	1 207 467	0.25%
Close corporations and private companies	109	6.26%	350 359 334	71.60%
Total	1 740	100.00%	489 339 434	100.00%

Share trading statistics

Market price per share (cents)

High	67
Low	40
Year-end	50
Volume traded (shares)	19 381 507
Value traded (rand)	9 951 028
Volume of shares traded as a percentage of issued capital	3.96%
Market capitalisation at 31 August 2013 (rand)	244 669 717
Market capitalisation at date of integrated report (rand)	264 243 294

DIRECTORS' INFORMATION

Executive chairman

1. Dr M Iqbal Survé (50)

MBChB, BSc (Med) (Hons) Sports Med (UCT), Fellow of the American College of Sports Medicine (FACSM), MBA (UCT), SEP (Harvard)

Appointed: 20 May 1996
Nationality: South African

Chairman of the investment and social and ethics committees

Dr Survé is a medical doctor, an influential African entrepreneur, a global business leader and a recognised philanthropist.

Dr Survé serves as chairman of a number of NGOs. These are strongly supportive of social entrepreneurs and young people in education, arts, sports and music. Dr Survé has a strong commitment to education and academia and is chairman of the UCT (University of Cape Town) Graduate School of Business and a governor of the UCT Foundation.

Dr Survé is co-chairman of the Global Growth Companies (GGC) Advisory Board of the World Economic Forum. He is on the Advisory Board on Sustainable Innovation of the World Economic Forum. He is a regular invitee and participant at both the Davos and Summer Davos meetings of the World Economic Forum. He was appointed by Siemens Ltd as one of the ten global leaders on the Siemens Global Sustainability Advisory Board. He is chairman of the Saudi South Africa Business Council and a former council member of the South Africa-USA Business Council. He was appointed by President Zuma as one of the five South African business leaders to the BRICS Business Council as well as the chairman of the South African Business Council. He is a council member of the World Economic Forum Global Agenda Council for Emerging Multinationals.

Dr Survé is a director of significant multinational private sector companies.

Major directorships: Siemens Ltd, Nokia Siemens Networks (Pty) Ltd ("NSN RSA"), British Telecoms South Africa (BT), Saab South Africa (Pty) Ltd, Sekunjalo Investment Holdings (Pty) Ltd, Sekunjalo Independent Media (Pty) Ltd, Independent Newspapers (Pty) Ltd and Independent News and Media South Africa (Pty) Ltd.

Chief executive officer

2. Khalid Abdulla (48)

MBA (UCT), BCompt (Hons), CTA (Unisa), Project Management (UCT), Member of Institute of Accounting and Commerce (MIAC)

Appointed: 29 August 2007
Nationality: South African

Member of the investment committee

Mr Abdulla is the chief executive officer of Sekunjalo Investments Limited and has been with the Group since 1999. He has served as CEO of a health care subsidiary, the information technology and capital businesses, and Group CFO before being appointed as CEO in 2009.

Mr Abdulla has been appointed to and participates on various boards and NGOs. He has over 25 years varied commercial experience directly related to health care, information technology, financial services and fishing. He is a regular invitee and participant at the World Economic Forum's Summer Davos. He was the recipient of the Black Business Executive Circle (BBEC)/Absa Bank Kaelo Awards in April 2010.

Major directorships: British Telecoms South Africa (BT), Saab South Africa (Pty) Ltd, Health System Technologies (Pty) Ltd, espAfrika (Pty) Ltd, Amethst (Pty) Ltd, Sekunjalo Technology Solutions Group (Pty) Ltd, Sekunjalo Capital (Pty) Ltd and Premier Fishing SA (Pty) Ltd.

Chief financial officer

3. Chantelle Ah Sing (39)

Appointed: 19 November 2009
Nationality: South African

Miss Ah Sing is the chief financial officer of Sekunjalo Investments Ltd. She joined the Sekunjalo Group in 2007 and held financial directorship positions in Bioclones (Pty) Ltd and later at Sekunjalo Health Care Ltd before being appointed group financial officer and executive director in 2009.

Major directorships: Premier Fishing SA (Pty) Ltd, Sekunjalo Health Care Ltd, Sekpharma (Pty) Ltd, Wynberg Pharmaceuticals (Pty) Ltd, Bioclones (Pty) Ltd and Ribotech (Pty) Ltd.

Corporate affairs and sustainability director

4. Cherie Felicity Hendricks (50)

Appointed: 18 March 2009
Nationality: South African

Member of the transformation and social and ethics committees

Miss Hendricks is the corporate affairs and sustainability director responsible for corporate affairs which include sustainability, regulatory compliance, corporate social investment and group communication. She has more than 14 years' experience in the Sekunjalo Group and currently sits on the boards of the Group's major investments and links the Group's subsidiaries with the Group corporate office.

Major directorships: Health System Technologies (Pty) Ltd, Premier Fishing SA (Pty) Ltd, Ribotech (Pty) Ltd, Sekunjalo Capital (Pty) Ltd, Sekunjalo Health Care Ltd, Sekunjalo Technology Solutions Group (Pty) Ltd, espAfrika (Pty) Ltd, Independent Newspapers (Pty) Ltd and Independent News and Media South Africa (Pty) Ltd.

NON-EXECUTIVE DIRECTORS' INFORMATION

1. Salim Young (56)

Independent non-executive director

BProc LLB (UWC), LLM (Tulane University, USA)

Appointed: 12 December 2005

Nationality: South African

Chairman of the remuneration, nomination and audit and risk committees

Mr Young is an experienced corporate lawyer and is a former director of Mallinicks Inc – now Webber Wentzel – where he started his legal career. He is currently an executive director on the board of British American Tobacco South Africa and is the appointed representative in South Africa of BAT plc who has a secondary listing on the Johannesburg Stock Exchange. He maintains board positions in a number of other companies where he chairs or sits as a member of various subcommittees. Mr Young holds a master's degree in international commercial law.

Major directorships: British American Tobacco SA (Pty) Ltd, British American Tobacco Holdings (Pty) Ltd, International Tobacco Company Ltd and Unipalm Investments Ltd.

2. Professor Vukile Charles Mehana (60)

Independent non-executive director

BTh (Rhodes University), AMP (INSEAD Business School, France), Certificate on Public Enterprises (National University of Singapore), MBA (De Montfort University, UK), DPhil (University of Johannesburg), ordained minister of the Methodist Church of Southern Africa, adjunct professor of UCT: Graduate School of Business and Top Management Certificate on Public Enterprise: National University of Singapore.

Appointed: 8 August 2007

Nationality: South African

Chairman of the transformation committee and member of the audit and risk, investment and social and ethics committees

Professor Mehana is the chairman of the LR Management Group (Pty) Ltd and also sits on the boards of various companies as well as being an active leader in non-profit organisations.

Major directorships: LR Management Group (Pty) Ltd (chairman), Mazwe Financial Services (non-executive chairman), Jakavula Investments (Pty) Ltd, Makana Investment Corporation (Pty) Ltd (non-executive director representing the Ex-Political Prisoners Trust), Modjadji African Empowerment Consortium Ltd, Sekunjalo Technology Solutions Group (Pty) Ltd, espAfrika (Pty) Ltd, Community Schemes Ombud Service (CSOS) (chairman), National Lotteries Board Sport and Recreation Distribution Agency (non-executive member).

3. Johannes Mihe Gaomab (50)

Independent non-executive director

Appointed: 13 September 2006

Nationality: Namibian

Member of the audit and risk, nomination and social and ethics committees

Mr Gaomab is an international businessman with major business interests in Namibia and South Africa. He is the executive chairman of Falcon Resources Holdings (Pty) Ltd and African Renaissance Mining Company (Pty) Ltd. He is also the founder and executive chairman of Namibia Atlantic Petroleum and Shipping Corporation (NASCORP).

Major directorships: Falcon Resource Holdings (Pty) Ltd (executive chairman), Namibia Atlantic Shipping Corporation (Pty) Ltd (chairman), Symphony Resources (Pty) Ltd and African Renaissance Mining Company (Pty) Ltd. Director of Summit On-Site, a South African company with subsidiaries in Namibia, Democratic Republic of the Congo, Malawi and Zambia.

4. Aziza Begum Amod (51)

Non-executive director

Appointed: 12 November 2012
Nationality: South African

Mrs Amod is a businesswoman having successfully grown her import, export and manufacturing business into four branches and has more than 30 years' experience. She established a network of industries related to manufacturing and provided employment opportunities to the wider local community. She has published articles and her business was featured in various business magazines. She is actively involved in various NGOs, outreach programmes and women's associations.

After exiting her business, she has taken up directorships on various organisations and business entities.

Major directorships: Sekunjalo Investment Holdings (Pty) Ltd, Haifams Investments (Pty) Ltd, Pro Direct Investments (Pty) Ltd, Sekunjalo Power and Renewable Energy (Pty) Ltd, Sekunjalo Oil Trading (Pty) Ltd, Saffron House (Pty) Ltd, Premier Fishing SA (Pty) Ltd, Sekunjalo Health Care Ltd and Sekunjalo Technology Solutions Group (Pty) Ltd.

5. Takudzwa Tanyaradzwa Hove (31)

Non-executive director

Appointed: 4 September 2013
Nationality: Zimbabwean

BCom Hons Accounting (Nelson Mandela Metropolitan University), CA(SA), ACMA, CGMA,

Member of the investment and audit and risk committees

Mr Hove joined Sekunjalo Investments Ltd in April 2009 and has held several positions mainly as group financial manager and corporate finance executive. He is very knowledgeable of the Group's diverse operations having worked closely with the operational heads of the Group's diverse businesses. He is currently an executive director of Independent News and Media (South Africa) (Pty) Ltd and is also responsible for mergers and acquisitions.

Major directorships: Independent News and Media (South Africa) (Pty) Ltd, Sekunjalo Independent Media (Pty) Ltd, Premier Fishing SA (Pty) Ltd, Marine Growers (Pty) Ltd, Sekunjalo Health Care Ltd, Health System Technologies (Pty) Ltd, 3 Laws Capital (Pty) Ltd and Sekpharma (Pty) Ltd.

REMUNERATION

REMUNERATION REPORT

Statement from the Chairman of the Remuneration Committee – Mr Salim Young

I am pleased to report that our remuneration practices were aligned with our performance and strategic objectives during the 2013 financial year.

Shareholders have become more vocal on matters relating to remuneration. Reporting and disclosures are evolving to ensure that stakeholders are able to understand how remuneration decisions are made and to assess the outcome of these decisions.

There has been a focus on the levels of executive remuneration and the relativities between this and the remuneration of employees in general, particularly those in the lower end of the earnings spectrum. We have consistently applied the principle that our remuneration should be fair and competitive and should reflect the performance of the business and the business units. We consistently seek to close the wage gap and improving the lives of the lower-paid employees by paying attention to the issue of minimum wages and income differentials.

The remuneration committee has been cognisant of the evolving local and global environment within which remuneration is governed and reported on. Some decisions and their related impact in setting targets in terms of performance-related remuneration were made. Weightings of performance as well as specific financial targets were reviewed and amended accordingly for the year under review.

Our remuneration policy and strategy is reviewed annually to ensure that they adapt to changing market conditions and that they remain appropriately aligned with our overall business strategy.

REMUNERATION COMMITTEE

The remuneration committee's main purpose is to ensure that the Company's remuneration practices and policies are aligned with good corporate governance. The main aim of the committee is to assist the Board in fulfilling its responsibilities in establishing formal and transparent policies and guiding principles of a standardised approach in the application of remuneration practices within all the business units and functions.

The remuneration committee determines the fees to be paid to non-executive directors, but its primary focus is on executive remuneration and benefits. Consideration is given to the relative contribution of each non-executive director and their participation in the activities of the Board and its committees.



The remuneration committee's responsibilities are to:

1	Review and approve the Remuneration and Benefits Policy adopted by the Company
2	Review and approve the Reward Philosophy and Strategy adopted by the Company
3	Determine the remuneration packages of the executive directors of the Company
4	Determine the remuneration packages for senior executives of the Company
5	Recommend to the Board the fees to be paid to non-executive directors for their services on the Board and its committees
6	Disclose the directors' remuneration and to ensure it is transparent, accurate and complete
7	Approve the executive and senior management incentive policy to be adopted by the Company

Remuneration committee's objectives and strategy

The strategic objectives of the remuneration committee are to ensure that appropriate remuneration and incentive policies are adopted which:

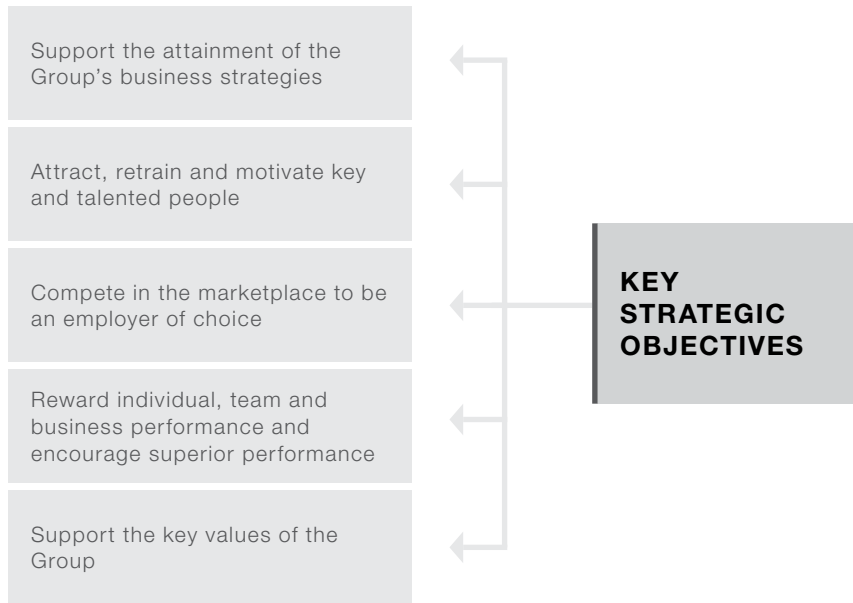


The remuneration of executives is determined on a cost to company basis and is subject to an annual review by the remuneration committee. Provident fund and health care provision form part of the overall cost to company packages.

REMUNERATION POLICY

The remuneration policy is to implement the guiding principles of a standardised approach in the application of remuneration practices within all the business units and functions of the Group through sustainable, high-performance based on the organisational culture and aligning it with the Group's approach to risk management.

The policy is aimed to provide competitive market-aligned remuneration balanced with the need for cost containment.



GOVERNANCE (CONTINUED)

TOTAL GUARANTEED PACKAGE

The term refers to the cost of basic salary and benefits. Annual increases are determined with reference to the level of an employee's role, benchmarks and individual performance.

EXECUTIVE DIRECTORS' SERVICE CONTRACTS

The directors do not have fixed term contracts but have permanent employment agreements with the Company.

NON-EXECUTIVE REMUNERATION

The non-executive directors receive fees for serving on the Board and Board committees. The fees for non-executive directors are recommended by the remuneration committee to the Board for approval. The Board recommends the fees to shareholders for approval at the annual general meeting of the Group.

The 2013 remuneration of the executive directors is set out in the table below

Executive	MI Survé R'000	K Abdulla R'000	C Ah Sing R'000	CF Hendricks R'000	Total R'000
Salary	4 200	1 627	721	628	7 176
Bonus	–	–	–	100	100
Provident fund	–	273	120	135	528
Expense allowance	–	18	9	10	37
	4 200	1 918	850	873	7 841

The 2012 remuneration of the executive directors is set out in the table below

Executive	MI Survé R'000	K Abdulla R'000	C Ah Sing R'000	CF Hendricks R'000	Total R'000
Salary	4 200	2 316	850	598	7 964
Bonus	–	300	140	100	540
Provident fund	–	264	110	122	496
Expense allowance	–	31	11	9	51
	4 200	2 911	1 111	829	9 051

The remuneration of the non-executives is set out in the table below.

2013

Non-executive	S Young R'000	JM Gaomab R'000	VC Mehana R'000	AB Amod* R'000	Total R'000
Directors' fees	200	160	160	55	575

* AB Amod's non-executive remuneration is for a two-month period only.

2012

Non-executive	S Young R'000	JM Gaomab R'000	VC Mehana R'000	Total R'000
Directors' fees	200	160	160	520

INTERNAL POLICIES

As a leading JSE-listed black empowerment company and through our brands position the organisation is dominant in a global context relating to a variety of issues, technology changes, globalisation, rapid change, dynamic markets and sustainability legislation.

These issues impact the overall business strategy of the Sekunjalo Group while focusing on: organic growth, acquisitions, geographic expansion, new categories, margin improvement and transformation.

The Company has a number of policies in place – some of them have been implemented and others are in the process of being implemented:



* Still to be implemented

SOCIAL AND ETHICS COMMITTEE

The committee assists the Board in ensuring that the Group is and remains a committed socially responsible corporate citizen. The commitment to sustainable development involves ensuring that the Company conducts its operations in a manner that meets existing needs without compromising the ability of future generations to meet their needs. The committee's primary role is to supplement, support, advise and provide guidance on the effectiveness or otherwise of management's efforts in respect of sustainable development, social and ethics-related matters.

The duties of the committee include the monitoring of the Company's activities (inter alia via other committees of the Board), having regard to all relevant legislation, legal requirements or prevailing codes of best practice with regard to the following matters:

- Social and economic development, including the Company's standing in terms of the goals and purposes of the 10 principles set out in the United Nations Global Company Principles, the Organisation for Economic Cooperation and Development regarding corruption, the Employment Equity Act and Broad-Based Black Economic Empowerment Act;
- Good corporate citizenship, including the Company's promotion of equality, prevention of unfair discrimination and reduction of corruption, contribution to development of communities in which the Company activities are conducted, record of sponsorship, donations and charitable giving;

- The environment, health and public safety, including the impact of the Company's activities and/or its products or services;
- Consumer relationships, including the Company's advertising, public relations and compliance with consumer protection laws;
- Labour and employment, including the Company's standing in terms of the International Labour Organisation Protocol and the Company's employment relationships and its contribution toward the educational development of its employees; and
- Sustainability.

INVESTMENT COMMITTEE

The main purpose of the investment committee is to evaluate opportunities that present themselves to the Group and to advise the Board on such investment opportunities in a transparent manner and to ensure that sufficient consideration has been afforded to such opportunities. However, the Board is responsible for the final decision on all such investments.

The committee is currently in negotiations around new opportunities which still have to be concluded.

TRANSFORMATION COMMITTEE

The purpose of the transformation committee is to lead transformation within the Group and to ensure that there are appropriate policies and procedures in place to address transformation by levelling the playing fields both socially and economically for a broader participation of all South Africans.

The committee's duties include:

- Approving the appointment of the verification agency;
- Providing the scorecard targets for timeous submission to the agency;
- Approving the employment equity plan to be submitted to Department of Labour;

Reviewing the equity ownership of the Group; and
- Reviewing the skills development and employment equity plan of the Group and making recommendations.

NOMINATION COMMITTEE

The nomination committee is constituted as a subcommittee of the board of directors. The duties and responsibilities of the members of the committee are in addition to those as members of the Board. The deliberations of the committee do not reduce the individual and collective responsibilities of board members in regard to their fiduciary duties and responsibilities, and they continue to exercise due care and judgement in accordance with their statutory obligations.

The role of the committee is to assist the Board to ensure, on an annual basis, that:

- The Board has the appropriate composition in terms of structure, size, composition and independence for it to execute its duties effectively;
- Directors are appointed through a formal process;

- Induction and ongoing training and development of directors take place; and
- Formal succession plans for the Board, chief executive officer and senior management appointments are in place.

The committee must perform all the functions necessary to fulfil its role as stated above, including the following:

- Ensure the establishment of a formal process for the appointment of directors, including:
 - Identification of suitable members of the Board;
 - Performance of reference and background checks of candidates prior to nomination; and
 - Formalising the appointment of directors through an agreement between the Company and the director.
- Oversee the development of a formal induction programme for new directors.
- Ensure that inexperienced directors are developed through a mentorship programme.
- Oversee the development and implementation of continuing professional development programmes for directors.
- Ensure that directors receive regular briefings on changes in risks, laws and the environment in which the Company operates.
- Consider the performance of directors and take steps to remove

directors who do not make an appropriate contribution.

- Find and recommend to the Board a replacement for the chief executive when that becomes necessary.
- Ensure that formal succession plans for the Board and chief executive appointments are developed and implemented.
- Evaluate the performance of the chairperson and of the Board as whole.
- Report, in the annual report, the list of directors' current details, composition of Board committees, number of meetings held; and attendance at meetings.
- Make recommendations for the reappointment of directors with regard to resignations or retirements due to rotation.

The committee chairman reports back to the Board on activities of the committee.

ANNUAL FINANCIAL STATEMENTS

The directors are required by the Companies Act to maintain adequate accounting records and are responsible for the preparation of the annual financial statements.

Statements are based on appropriate accounting policies, as set out in the notes to the financial statements and are supported by reasonable and prudent judgements, as well as estimate support documentation.

The external auditors are responsible for providing an independent assessment of internal controls and

reporting, on whether the financial statements are fairly presented and whether they conform to IFRS.

The external auditors offer reasonable, but not absolute, assurance on the accuracy of financial statements. Sekunjalo's management is responsible for the preparation of the financial statements.

External auditors consult with the audit and risk committee to ensure an efficient and accurate auditing process. The audit and risk committee also sets the principles for recommending the use of external auditors for non-auditing services. The external auditors do not provide significant non-auditing services.

The directors believe that the financial statements fairly present the financial position of the Group at the end of the financial year. They also reflect the result of the operations and cash flow information for the year under review and that the Group has complied with IFRS.

SUSTAINABILITY REPORT

The Group has a key strategic objective to create sustainable value for all our stakeholders.

Sekunjalo's goal has always been to provide innovative solutions to every subsidiary and client, while remaining committed to social responsibility.

DEALING IN GROUP SHARES

Directors, officers and employees of the Company are not permitted to trade in the shares of the Company during closed periods, which commence at the end of the financial half-year and financial year-end and during periods when cautionary announcements are made. The Group

GOVERNANCE (CONTINUED)

company secretary disseminates written notices to all directors and senior management throughout the Group informing them that dealing in Sekunjalo shares during the closed periods may not be undertaken.

Directors are updated according to any changes in terms of the JSE Listings Requirements.

All dealings in Company shares by the directors are reported on SENS within 48 hours of the trade having been made.

COMMUNICATION

The Group subscribes to a policy of full, accurate and consistent communication with regard to all its affairs. The Board seeks to present a balanced and understandable assessment of the Group's position when reporting to stakeholders at all times.

The executive chairman and chief executive officer regularly communicate with major shareholders, institutional investors, analysts and the media.

The Group encourages shareholders to attend the annual general meeting (AGM), which provides shareholders with an opportunity to raise concerns and ideas and to participate in discussions at the AGM. The Group publishes its financial results on SENS and shareholders are advised that a copy of the integrated report is available on the company website and the registered offices of the company.

The integrated report deals adequately with disclosures relating to financial statements, auditors' responsibility, accounting records, internal controls, risk management, accounting policies, adherence to

accounting standards, going concern issues, as well as the Group's adherence to established codes of governance.

The Group acknowledges the role of the media, especially that of financial journalists, and it endeavours to assist these role players as much as possible.

The Group has a key strategic objective to create sustainable value for all our stakeholders and to integrate sustainable development into strategy, management and reporting with the objective of reducing the negative impact on the environment. The responsibility and accountability for sustainable development rests with the Board and chief executive officer and the daily responsibility is delegated to divisional management.

Sekunjalo acknowledges its responsibility to all employees and the public for compliance with environmental standards. It has also established policies, identified standards and determined regulatory requirements. The Group has identified monitoring and measuring programmes to further increase its environmental accountability.

The Group is committed to environmental sustainability, especially when it comes to fishing resources. In this regard, Premier Fishing works closely with the relevant authorities to safeguard the various fish species and pays careful attention to the environmental impact of its operations.

The Board has affirmed the practice with regard to procurement by its subsidiaries from black economic empowerment companies. The Board has put policies in place to ensure

that the entire Group's subsidiaries act in an environmentally friendly manner that takes into account the existence of the communities in which the subsidiary operations are located.

The Board is firmly committed to the development of intellectual and human capital. In line with this, the performance assessment of senior managers includes an assessment of how they have developed the human capital of the organisation. The Board focuses on the development of historically disadvantaged individuals in particular.

SUSTAINABILITY REPORT

Material areas of sustainability

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Ensuring sound governance

Our sustainability governance practices

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Engaging our stakeholders

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Fostering ethical behaviour and good governance

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3

Responsible products and services to our customers

Financing and empowerment infrastructure

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Treating our clients fairly

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Promoting responsible investment

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Investing in a prosperous society

Transformation and empowerment

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Responsible procurement and enterprise

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Promoting environmental responsibility

Managing our direct environmental impact

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Promoting sustainable water use

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Materials and waste management

p 66

SUSTAINABILITY REPORT (CONTINUED)

The Group has a key strategic objective to create sustainable value for its stakeholders.

With global business having entered a new era of responsibility and accountability in addition to producing solid financial results, business leaders are now responsible for managing their company's environmental and social impact, as well as addressing the expectations of stakeholders, including legislators, investors, customers and employees.

Sekunjalo's goal has always been to provide innovative solutions to every subsidiary and client, while remaining committed to social responsibility.

Sekunjalo's strategy for the future is to build on its trusted relationships with consumers and engage them as citizens in the context of sustainable values. We continually support the development of a positive public attitude towards increased innovation, the stimulation of new green enterprises, the upskilling of new and existing employees and managers, investing in research and development and developing research centres relevant to our industry and intellectual property, i.e. patents, trademarks, licences and copyrights.

Sustainability has a special meaning for Sekunjalo since it has for many years tried to develop a business model where, at its core, there is a social contract for responsible business between it and society. Sustainability for Sekunjalo is also linked to the challenge of developing innovative solutions linking economic issues, climate change and innovation. Sekunjalo is driven by its core values and strong commitment to social, environmental and economic change, with a great emphasis on marginalised groups. This report again emphasises how we have integrated all of these into our business processes in the past year.

ECONOMIC SUSTAINABILITY

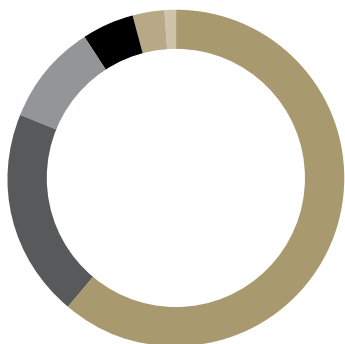
VALUE ADDED STATEMENT

A measure of the value created by the Group is the amount of value added by its diverse activities to the cost of raw materials, products and services purchased.

This statement shows the total value created and how it was distributed.

VALUE ADDED STATEMENT		2013 R'000	2012 R'000
Cash value generated from revenue		575 276	479 458
Less cost of materials and services		(385 555)	(313 916)
Value added		189 721	165 542
Investment revenue		19 935	17 333
Wealth created		209 656	182 875
Distributed as follows:			
	%		%
Employees	61.2	128 235	54.4 99 517
Capital providers	1.0	2 217	0.8 1 401
Debt providers	9.7	20 348	10.5 19 251
Communities	3.0	6 265	1.6 2 869
Government	5.1	10 714	5.1 9 236
Retained for growth	20.0	41 877	27.6 50 601
Wealth distribution	100.0	209 656	100.0 182 875
Employee statistics			
Number of employees at year-end		610	583
Turnover per employee		943	822
Value added per employee		311	284
Wealth created per employee		344	314

2013 VALUE DISTRIBUTION (%)



- 61.2%** Employees
- 20%** Retained for growth
- 9.7%** Debt providers
- 5.1%** Government
- 3.0%** Communities
- 1%** Capital providers

SUSTAINABILITY REPORT (CONTINUED)



ECONOMIC

	R'000
Total revenue	569 198
Total profits (before tax)	58 665
Total compensation paid to executive directors	35 239
Rand value of HDSA procurement	83 960
Rand value of all payments to governments (taxes, royalties, etc.)	52 634
Total rand value of research and development spend	9 529
Total rand value of dividends paid by subsidiary companies to shareholders	20 000
Total rand value of earnings retained	52 137



ENVIRONMENTAL

The Group is fully committed to and conscious of the necessity for environmentally sound practices. The Group has identified monitoring and measuring programmes to further increase its environmental accountability.

Total direct energy consumption (GJ)	2 317 326
Total indirect energy consumption (GJ)	138
Total electricity consumption (MWh)	2 279 686
Total water consumption (kℓ)	8 504
Total non-hazardous waste (tons)	0
Total hazardous waste (tons)	< 1
Total volume of waste sent for recycling (m ³)	0

Human capital



The Group believes in creating a working environment that will allow its people to develop their abilities, and to benefit from being part of a progressive and dynamic organisation.

Our employees have benefited through extensive skills development, wellness and employment equity programmes and the Group has fully complied with the Employment Equity Act.

The aim during the year under review was to build internal capacity through the adoption of relevant recruitment, upliftment, development, job involvement, training and promotion programmes for employees, with and beyond the Group's employment equity and workplace skills plan.

Close attention was paid by management and labour representatives to meeting the challenges of accelerated employee growth and development, as set out in the Department of Labour's National Skills Development strategy.

In terms of the Skills Development Act, incentives are offered to employers who systematically train and develop their personnel.

The Group's employees play a vital and exciting role in achieving its vision and Sekunjalo ensures that it nurtures, understands and values its employees with the same care and coherence that it fosters for its stakeholders.

Throughout the organisation, Sekunjalo encourages the pride that its teams feel in working for this business and is proud and grateful for the passion they put into serving the Group's stakeholders.

Sekunjalo has played an active role in the advancement of previously disadvantaged persons, a fact that is reflected in the Group workforce. The majority of its employees are from historically disadvantaged communities.

The Group encourages individuals wishing to study further and has an active policy in place.

PERFORMANCE REVIEW

The managers in the Group conduct formal reviews of their direct reports as set out in their key performance areas and rate such employees accordingly. Targets are set for the ensuing period. This review forms part of the training report and skills development plan. The performance rating of the employee will determine the salary increase during the annual salary review process.

The Human Resources department plays a vital role in the business philosophy of the Group. It acknowledges external trends that could impact its staff and practices.

HEADCOUNT AND OCCUPATIONAL LEVELS

The headcount in the Group, as at the end of August 2013, reflects 610 permanent employees. During the year temporary employment was created for approximately 2 000 people.

Direct employees by employment category and gender

Category	Male	Female	Total
Board	6	3	9
Executive	8	2	10
Senior management	17	3	20
Middle management	20	18	38
Skilled upper	87	35	122
Semi-skilled	32	39	71
Labour/unskilled and seasonal	265	75	340
Total	435	175	610

African		Coloured		Indian		White		Sub-total	Sub-total	Total
M	F	M	F	M	F	M	F	M	F	
173	66	177	73	15	6	70	30	435	175	610

SKILLS DEVELOPMENT

The Group is committed to recruiting employees from the local communities in which it operates. The employees are the foundation of the Group's success. The Group has a bursary programme that encourages growth and further education for all staff through various learnership initiatives and development programmes. The employees in the Group are actively involved with the University of the Western Cape, the University of Cape Town ("UCT"), the University of Cape Town's Graduate School of Business, Stellenbosch University and various other tertiary institutions.

The Group complies with the Skills Development Act whereby the relevant reports are submitted timeously to the Sector Education and Training Authority (SETA). A total of R2 428 166 was spent on training during the period under review.

HUMAN RIGHTS

The Group adheres to all labour legislation in South Africa, including the Constitution, Labour Relations, Employment Equity, Occupational Health and Safety, Skills Development and Levies and the Basic Conditions of Employment Act. The Group subscribes to freedom of association and collective bargaining. The Group has employee-elected forums consisting of both organised (unionised) and non-organised (non-unionised) members which are involved in deliberations and an ongoing drive to ensure equity in all aspects of the work place.

The Group rule is that:

- employees are educated on human rights;
- no child labour is permitted;

- no forced and compulsory labour is permitted; and
- zero tolerance towards fraud, corruption and related activities.

There were no human rights violations for the period under review.

INDUSTRIAL RELATIONS

The Group has formal policies and procedures in place in line with the Labour Relations Act 66 of 1995.

Subsidiary companies in the Group engage with various unions: Food & Allied Workers Union, the Trawler and Line Fishermen's Union and the National Certificated Fishing and Allied Workers Union.

The Group has an open relationship with the unions with whom it is involved and this was reaffirmed with the annual wage negotiations.

EMPLOYMENT EQUITY

The Group has been successful in providing equal employment opportunities and in promoting internal candidates. The Group subscribes to the Employment Equity Act and has appointed senior executives to work with the Department of Labour in ensuring compliance and proactive implementation of regulations and plans.

The Group subscribes to equal opportunity and embraces diversity in all of its operations. It supports women in management and inspires and aims to retain female managers.

SUSTAINABILITY REPORT (CONTINUED)

The Group further subscribes to affirmative action measures to address any employment disadvantages experienced by historically disadvantaged groups and individuals. The training and development of employees within subsidiary companies is an important strategic objective of the Group. As such, the Skills Development Act has provided a useful framework and guide for the further education and training of the Group's employees.

Employees

Number of employees	610
Percentage of employees who are unionised	19.3%
Employee turnover as a percentage	3.3%
Person hours worked	1 161 600
Total number of employees trained	109
Rand value of total employee training spend	2 428 166
Number of days lost due to industrial action/strikes	2

HEALTH AND SAFETY

Sekunjalo rigorously applies health and safety regulations in its quest for an accident-free working environment. The Group has actively created greater awareness of risk exposure in these areas, and controls have been increased to proactively reduce its stakeholders' vulnerability to environmental, health and safety hazards.

Strategies are in place to manage and minimise the potential impact of HIV/Aids and the consequential loss of skills and productivity. Sekunjalo has an appropriate and comprehensive HIV/Aids strategy throughout its subsidiaries.

This strategy includes, where possible and appropriate, the provision of antiretroviral treatment. The Group further emphasises the need for education and the inclusion of working representatives in terms of its HIV/Aids policy.

HEALTH AND SAFETY

Number of fatalities	0
Number of first aid cases	9
Number of medical treatment cases	3
Number of lost-time injuries	90 days
Total number of recordable injuries (medical treatment, lost time and fatalities)	12
Fatal injury frequency rate	0
Lost-time injury frequency rate	90/365
Total recordable injury frequency rate	12/365
Number of employees and contractors receiving voluntary counselling and testing for HIV/Aids	0
Employees tested for HIV/Aids	11
HIV/Aids prevalence rate	0

EMPLOYEE BENEFITS

Employees are extremely important stakeholders in the success of the Group. In order to foster the growth and well-being of the employees of the Group, the following have been put in place:

- *Provident fund:* To assist employees in investing for their future retirement. This investment is made monthly as part of the benefit package offered to employees in the Group.
- *Group risk insurance (linked to the provident fund):* This insurance provides a lump sum payment in the event of the death of an employee in order to provide financial relief for the family of the deceased employee. In addition, the risk insurance pays a reduced monthly salary to an employee to retirement age in the event of the employee becoming disabled and being unable to earn a living.
- *Employment equity (EE):* Each Group company complies with the labour laws requiring an employment equity committee to be established and to meet regularly to consider any obstacles in their company's policies, procedures or conventions that present obstacles to the hiring, development or promotion of black people in the company. In addition, the EE committees maintain a register of the classification of each employee in terms of race and occupational category, which is used by the company in planning for improved employment equity, and submit this plan to the Department of Labour, as required.
- *Skills development:* Each Group company is registered with the South African Revenue Service for the payment of their skills development levy. They budget for and execute staff training plans in order to ensure that the correct level of skills are available within the company to deliver on the goods and services required by their current and future customers. This skills development focus assists in the development of employees, thereby enhancing their abilities, sense of self-worth and value to the company.
- *Disciplinary code:* All Group subsidiaries operate within the Group's HR policies and procedures aimed at ensuring respect and fairness are displayed by management in all dealings with employees, while in turn clearly stating the expectations that the company has of employees in terms of employee behaviour and contribution to the business of the company in return for their remuneration.
- *Employee retention:* Intellectual property resides substantially in the knowledge of the employees and not in patents or physical technology. As such, the attraction, development and retention of management and key employees are of paramount importance and a key strategic objective. In order to promote the attraction and retention of such employees, the following strategies have been employed:
 - The execution of succession plans for key persons in wholly owned subsidiaries.
 - Meaningful share ownership schemes for key management are in place in a number of group subsidiaries and associate companies.
- *Funeral cover:* Funeral cover is provided either through the existing retirement funds within the Company or as part of the collective bargaining council agreements.

PROCUREMENT

The objective of BBBEE procurement is to assist in the promotion of black businesses, with a specific focus on small, medium and micro enterprises (SMMEs). The Group strives to ensure that these businesses have access to its extensive supply chain and that procurement is consistent with governmental strategies on BBBEE.

SUSTAINABILITY REPORT (CONTINUED)

BLACK ECONOMIC EMPOWERMENT (BEE)

Sekunjalo has been rated, as per the Department of Trade and Industry's Codes of Good Practice gazetted in February 2007, as a Level 1 Contributor. In obtaining the BEE status, Qualifying Small Enterprise Principles of Statement 000 of Code 000 Paragraph 5.2 were used on the information provided to Veridex BBBEE Verification Agents, an independent option-based verification agency accredited by the Independent Regulatory Board of Auditors (IRBA).

Sekunjalo was ranked as South Africa's Top Empowered Company in 2013 by the Mail & Guardian/Empowerdex, ranked 1st in 2012 and 2nd in 2011 and 1st in 2010 by the authoritative Financial Mail/Empowerdex Survey. The results were compiled after collecting data from companies listed on the main board of the JSE. The survey was aimed at providing the public with an overview of the empowerment status of JSE-listed companies in order to raise awareness of BBBEE.

BEE SCORECARD AND RATING

Level 1 contributor

		2013 Element weighting	2013 Score	2012 Element weighting	2012 Score
Scorecard rating					
Direct	Ownership	25	27.00	25	27.00
Empowerment	Management	25	27.00	25	27.00
HR Department	Employment equity	25	Excluded	0	Excluded
	Skills development	25	Excluded	0	Excluded
Indirect	Preferential procurement	25	Excluded	25	Excluded
Empowerment	Enterprise development	25	25.00	25	25.00
	Socio-economic development	25	25.00	25	25.00
Total score			104.00		104.00
	Value-adding supplier		Yes		Yes
	More than 50% black owned	Yes	94.01%	Yes	90.27%
	More than 30% black woman owned	No	12.00%	No	10.58%
	Broad-based BEE status				
	Broad-based BEE procurement recognition level		135.00%		135.00%



REGULATORY INSTITUTIONS

The Group complies with, inter alia, the following regulatory institutions:

		ACCREDITATION
Department of Health	Department of Agriculture, Forestry and Fisheries	
Medicines Control Council	South African Bureau of Standards	Hazard Analysis and Critical Control Points (HACCP)
South African Pharmacy Council	South African Maritime Safety Authority	Food Drug Administration (USA)
Marine and Coastal Management	European Union	Good Manufacturing Practice
National Regulator for Compulsory Specifications	South African Reserve Bank (SARB)	South African Bureau of Standards (SABS)
	Johannesburg Stock Exchange (JSE)	National Regulator for Compulsory Specifications (NRCS)



SOCIAL SUSTAINABILITY

The Sekunjalo Group subscribes to a sustainable approach in conducting its business.

For Sekunjalo, corporate citizenship goes beyond legislative compliance. It recognises the rights and responsibilities of businesses within a broader societal context and reinforces the mission of Sekunjalo to implement a social contract between business, government and civil society.

Sekunjalo is well aware of the critical role that business has to play in the upliftment and development of the previously disadvantaged majority. A task of this magnitude will, for a substantial period of time, be beyond the scope of state resources alone.

It is for this reason we need to give back to the community in which Sekunjalo operates. The Group is committed to investing in the upliftment of society and in playing a pivotal role in improving the quality of life among the disadvantaged communities through its corporate citizenship initiatives.

The Group also continually strives to meet and exceed the benchmarks set by the BBBEE Codes of Good Practice, and in light of this its initiatives include corporate social investment in different areas and fields. These include skills development, enterprise development, procurement and ensuring that employment equity structures and programmes are in place within the Group.

CORPORATE SOCIAL INVESTMENT

Sekunjalo has an active corporate social investment (CSI) programme managed by the Sekunjalo Development Foundation. We have selected focus areas that have an impact on individual and societal development and play a significant role in nurturing young people who represent the future. This strategy is shaped by an increasing need to ensure effective stakeholder relations and the socio-economic needs of the communities in which the Company conducts its business. Certain subsidiaries are also engaged in CSI projects. The major focus areas of our CSI programme are:

- Arts and culture
- Education
- Sports development
- Enterprise development
- Special projects
- Social development

The year under review consisted of the following corporate social investment initiatives:

ARTS AND CULTURE

The Sekunjalo Edujazz Concert

2013 saw the birth of "The Sekunjalo Edujazz Journey" which encapsulates the journey from inception.

The concert is an accolade to South Africa's musical calendar. The Sekunjalo Edujazz Concert celebrated its 13th anniversary this year, which brought together a culmination of school jazz bands mentored under some of the Western Cape's most talented educators.

The Sekunjalo Edujazz Concert has two primary objectives. The most important objective is to raise funds for educational bursaries for disadvantaged students at disadvantaged primary and high schools in the Western Cape. The other is to promote the rich culture of jazz music in Cape Town, by staging a well-known group or artist alongside up-and-coming young artists from either primary or high schools. It also supports and promotes the development of young black musicians in our communities by providing them with a platform to showcase their talents to the public. This year the bands featured were MiCasa, Rondebosch East Primary Orchestra and The Delft Big Band.

The concert raises funds for educational bursaries, unifies disadvantaged youth and provides a platform for inspiration and hope.

This event has become synonymous with Sekunjalo, as a BEE corporate concerned with the promotion of both education and the arts, specifically among previously disadvantaged communities. The beneficiary list has grown from 15 to 75 schools since inception. The money raised at the concert during the past financial year

benefited more than 75 primary and high schools in the Western Cape in the form of bursaries, as well as jazz workshops held during the year. Audiences can also be proud in the knowledge that they have played a role in contributing to a better education for our disadvantaged children.

This year, we moved home to The Artscape where we received a substantial amount of support.

Cape Town International Jazz Festival

The Cape Town International Jazz Festival, known as Africa's grandest gathering, is the fourth largest festival of its kind globally, outshining events such as Switzerland's Montreaux Festival and the North Sea Jazz Festival in Holland. The 13th annual festival attracted in excess of 35 000 visitors, and more than 40 international and local artists participated in the event held over two days on five stages.

Preceding the festival, espAfrika held a series of workshops targeted at previously disadvantaged individuals which included school workshops, arts journalism, music business, master classes, gigs for kids and the pre-festival free community concert. espAfrika also has mentoring programmes and internships across all departments, including Media and Marketing, Project Management, Talent, Production, Logistics and Public Relations. Our children from Where Rainbows Meet are active participants in these workshops.

Delft Big Band – Youth Music Development Programme

The Delft Big Band, under the directorship of Ian Smith, started in August 2008 as an initiative by the Department of Social Development and NGO, Cape Outdoor Adventure Service and Training.

This development programme is targeted at vulnerable youth from high schools in Leiden, Rosendal and Voorbrug in the Western Cape.

Through this programme, which has early intervention as a core element, music is used as a vehicle to equip the youth with valuable life skills. Currently more than 100 learners from these areas participate in the programme of which more advanced musicians make up the Delft Big Band. When the programme started, none of the students had either picked up or played a musical instrument.

The band has already performed to accolades at a number of high-profile events and NGO events, including the Sekunjalo Edujazz Concert, The Cape Town Big Band Festival, The Cape Town International Jazz Festival and the Community Jazz Festival in Gugulethu for the Amy Biehl Foundation and recently combined with SA Army Band where they received standing ovations. The vocalist, Adelia Douw, recently won a scholarship to the prestigious Berklee College of Music in the United States.

Ian Smith and seven members of the Delft Big Band, aged between 13 and

16, last year performed at the 12th World's Children's Prize for the Rights of the Child in Sweden. Sweden's Queen Silvia presides over the awards, taking place at the Gripsholm Castle. The young group delighted the audiences at all their performances, making many international fans and friends. Organisers felt the South African group was the best ensemble from the country in 10 years.

The 20-piece band left in September 2013 to take part in the South African Autumn in Burgundy, France season of concerts which lasts until November. They are certain to blow away the audiences.

Their performances form part of a reciprocal season held in the Western Cape last year when a French season of cultural activities was hosted here.

Youth camp workshop

Sekunjalo sponsored a youth camp in an impoverished area in the Western Cape that covered a music workshop as well as areas of employment and peer pressure. The students enjoyed the interactive workshop with tutors, trainers, singers and the grand finale was their performance to a live audience.

Steenberg High Jazz Band

Steenberg High has been a recipient of Edujazz bursaries since 2003. Since the band was formed in 2011 under the leadership of ex learner,

Sammy Webber, the band has striven and the young musicians have blossomed. Their first public performance was at the Edujazz concert in 2012 where they blew the crowd away.

Sekunjalo assisted the school jazz band by sponsoring them with a sound system for their jazz band. They were also featured at the 2013 Cape Town International Jazz Festival. A number of students attending Steenberg High School are residents in the Vrygrond Community and also benefit from our school drive.

EDUCATION

The Dr Iqbal Survé Bursary Trust (Education)

This bursary, initiated by the executive chairman of Sekunjalo, gives the opportunity for further tuition at universities, technikons and specialised academies to many of South Africa's young men and women who aspire to become qualified professionals within various sectors.

The bursary is directed at the poorest students who, without the support of the bursary, would lack the funds and resources to fulfil their dreams. The bursary fulfils the country's dire need for more professionals and to improve the accessibility of better education for a broader base of South Africans. The bursary includes the promotion of high school and tertiary education in the country. To date the bursary trust has more than 15 students.

Premier Fishing Bursary Trust

This bursary trust assists employees to further educate their dependants wanting to study at a tertiary institution. The bursary also includes dependants in Grades 11 and 12 wanting to qualify for future higher education by assisting them with

additional lessons. To date the bursary trust has assisted more than 30 dependants.

Premier Fishing Learnership Programme

The learnership programme covers all staff in the advancement of skills and training in society and the contribution to the socio-economic conditions of society. To date the learnership programme has assisted 25 staff members.

Stella Clark Teachers Award

The ongoing crisis in basic education has a huge impact on South Africa's ability to train the next generation of scientists, engineers, technicians and other professionals. The shortage of suitably qualified teachers, especially in township and rural schools, is often blamed for the poor quality of education. However, there are some schools, even in the most impoverished areas, which produce superb results. The success of these schools, in spite of their enormous challenges, can be attributed to remarkable school leadership and, in particular, skilled and dedicated teachers.

The Stella Clark Teachers' Award acknowledges the work of exceptionally talented teachers – the unsung heroes who go beyond the call of duty to motivate and inspire their learners to perform well and rise above their poverty-stricken circumstances.

The Award was established in honour of Stella Clark, an extraordinary UCT lecturer from the Centre of Higher Education Development's (CHED) Academic Development Programme.

CHED invites students to nominate high-school teachers, who they

believe helped make it possible for them to pursue their dream of accessing tertiary education and, in particular, UCT.

The variety and large number of exceptional applications from students tell inspiring stories about remarkably dedicated teachers, some with national reputations and many, active beyond the boundaries of their classrooms.

This is the final year of the three-year funding contract in support of this excellent initiative. The 2013 recipient was Mr Neil Solomons of Edgemead High School.

Where Rainbows Meet – Training & Development Foundation

Selwyn Early Childhood Development (ECD) Programme

Where Rainbows Meet – Training & Development Foundation is based in the community of Vrygrond, the oldest informal settlement in the Western Cape. The foundation is based within the community, providing services for that community and is managed and facilitated by members from the same community and surrounding areas.

The programme started in 2010 with four children and now hosts over 100 children. The need arose as the children were left unsupervised and alone on the streets during the day as their parents are involved in alcohol and drug abuse. A safe supervised environment has been created for these young children during the day. The children are supervised for approximately one year, thus making space for new children to attend the programme. During this period, the staff were actively engaged and tried to secure sponsorship for the children to be placed either into a local crèche or school.

Sekunjalo employees have become active participants in the quest to give back to the communities within which the Company operates and became involved in this community project with a hands-on approach. Ongoing staff support took place during the year under review and, together with the contribution from the Company, they were able to assist in the basic day-to-day needs of the children.

Youth programme

More than 100 students from the community of Vrygrond were assisted with the payment of their school fees, school clothing and school stationery in order to keep them in school for the year. Some of these students have gone back to school with the financial assistance of the Company. Some of these students have benefited from the Company's bursary programme.

Hillview fire victims

One week before the start of the 2013 school year, flames quickly spread through Hillview 1 and people took their beloved ones and ran. There was no time to save their homes let alone school uniforms from their burning shacks. Having heard what the Company does with the Youth Programme in Vrygrond, a desperate plea for assistance was received. The Company assisted more than 65 children with school uniforms thus ensuring that they were able to go back to school at the start of the calendar year.

Post-doctoral Research Fellowship

Sekunjalo supports a candidate doing his Postdoctoral Research Fellowship. Postdoctoral Research Fellowships are normally awarded to individuals within five years of having achieved a doctor's degree. Postdoctoral Research Fellows are neither students, nor employees of a

university. The purpose of the Postdoctoral Research Fellowship is to provide an opportunity for experiential learning in research, which may serve as a path for further academic and professional development. This is the final year of support for this candidate.

SPORTS DEVELOPMENT

Saldanha Bay Rugby Club

The Saldanha Bay Rugby club, situated in the heart of the west coast, is open to all members of the community. The club has a strong focus on sport development for the youth of the community. Sekunjalo assisted with sponsorship of the gymnasium in their club house as this will allow the players to condition themselves to be competitive in the sport of rugby.

ENTERPRISE DEVELOPMENT

The Business Place, eKapa

The Business Place (TBP), eKapa, is a joint initiative between the City of Cape Town, the Provincial Government of the Western Cape, a bank and Sekunjalo. TBP eKapa and is one of several TBPs in Southern Africa.

TBP eKapa, situated in central Cape Town, is a network of services, networking organisations and community-based organisations (CBOs) clustered under one roof. TBP eKapa provides a range of relevant services to aspirant and existing SMMEs and creates an inspirational enabling environment that stimulates creativity, innovation and opportunity in order to unleash individual potential. TBP eKapa has a strong focus on the youth.

In 2012 the City of Cape Town awarded TBP eKapa a three-year

agreement to develop an entrepreneurial ecosystem for the Mother City. This ecosystem supports the City's vision of developing entrepreneurship by fostering and creating an enabling environment for enhanced collaboration among both public and private sector stakeholders operating within the entrepreneurship arena.

National Business Initiative (NBI)

National Business Initiative works with companies to grow the economy of our country, society and a healthy environment in South Africa. NBI also acts as a catalyst of the private and public sectors to contribute to political and economic stability and enhancing our country's competitiveness as a key to sustainability and development. The NBI's focus on the role of business in schooling has both a programmatic and a strategic component, through the Education Quality Improvement Partnerships (EQUIP) programme and the facilitation of a dialogue between business and government on the role of business in schooling respectively.

Equip

Sekunjalo contributes to the Education Quality Improvement Partnerships Programme (Equip) which is implemented in 86 schools in the Western Cape, Gauteng, Mpumalanga, the Northern Cape, Limpopo and the North West. Since inception of the programme, 500 schools in eight of the nine provinces, benefiting more than 550 000 learners, 15 000 teachers and support staff, 5 000 principals, deputy principals and heads of departments and 4 500 school governing body members, were affected by it. The Equip programme supports government in the implementation of its education quality improvement

programmes and policies, by building the capacity of schools to develop into strong and viable institutions with sound and strategically designed development plans.

The programme assists schools in taking responsibility for their own development towards self-reliance and the delivery of quality teaching and learning. It also supports government in the implementation of its education quality improvement programmes and policies.

To date, 406 teachers and school managers have participated in the accredited two-year teacher development programme and graduated from leading South African universities with professional teaching qualifications in the areas of Mathematics, Science and Technology and School Leadership and Management.

Equip embraces sustainability by ensuring that schools take responsibility for their own development, and works in partnership with the education departments at various levels to ensure that investment in the schools is sustained beyond the exit phase. High on its list of critical objectives is the aim of assisting schools in taking responsibility for their own progression towards self-reliance and the delivery of quality teaching and learning. A small grant is given to schools in the course of their three-year relationship with Equip. This serves as an incentive to draft and to promote the implementation of school development plans.

Since its inception in 1995, Equip has achieved a number of long-term improvements in schools and, as one of the original whole school development programmes in the country.

Inyathelo

Sekunjalo supports Inyathelo – The South African Institute for Advancement, which promotes philanthropy and a culture of social investment, voluntarism and self-reliance. They build a culture of “giving” in a strong and stable society and democracy in South Africa. Their work includes: building sustainable organisations and institutions; creating and sharing new advancement knowledge and practice; promoting a culture of social investment, voluntarism and self-reliance; developing valued and trusting partnerships.

Funding for Business

We have assisted with start-up costs to various female black empowerment companies in South Africa, in varied industries. Ongoing financial assistance and infrastructure are provided on a monthly basis to assist with the operational costs, including mentoring and business skills.

SPECIAL PROJECTS

Greenland Learning Journey on Climate Change

Sekunjalo supports the Greenland Learning Journey on Climate Change – “How to stop the ice melting”. The Tällberg Foundation, based in Sweden, and Active Philanthropy, based in Germany, organised the intensive journey on how, address the adverse effects of global warming. They not only study climate change in action but also focus with clarity and passion on what needs to be done. The Tällberg Foundation helps participants think through complex problems, creating time for reflection and discussions with peers to identify and commit to actions within their personal field.

QuadPara Association of South Africa

The QuadPara Association of South Africa (QASA) is a non-profit organisation which represents the needs of quadriplegics and paraplegics in South Africa. QASA's mission is to be an effective coordinating, policy-making and supporting organisation striving to prevent spinal cord injury and to promote and protect the interests of people with mobility impairments through advocacy, lobbying and delivery of services and products to people with disabilities. Sekunjalo continues to sponsor Quads4Quads, an annual event where up to 600 quad bikes and two-wheel motor cycles ride from Johannesburg to Durban and back over eight days, to raise funds for QASA.

SOCIAL DEVELOPMENT

Sekunjalo/Health System Technologies (HST) Annual Golf Day

This event was launched by HST in 2004, and to date has raised nearly R700 000. Public hospitals in the Western Cape, such as Groote Schuur (paediatric ward), GF Jooste, Brooklyn Chest Hospital, Mowbray Maternity, Somerset Hospital, Victoria Hospital, DP Marais SANTA Hospital, West Fleur Hospital and Helderberg Hospital have all been recipients of the generous proceeds raised at this Golf Day, which is now a firmly established annual event.

Victoria Hospital utilised their funds to build and sustain a palliative care unit. Palliative care concentrates on the improvement of quality of life for those unfortunate people with debilitation or terminal illnesses. With more pressing priorities in the public health care system, patients are typically left with little or no palliative care.

The DP Marais SANTA Hospital, one of the few facilities that cater for TB patients in the Western Cape, has also been a beneficiary.

The proceeds of this year's Golf Day went to the Prince Albert Hospital.

Direct support for NGOs and community groupings

The Group acknowledges its responsibility to the social upliftment of the communities within which it operates. Through the continuation and expansion of its social responsibility programmes, Sekunjalo provides donations or other support to various individuals, NGOs, community projects and education causes. The Group has committed itself to contributing to the alleviation of hunger, poverty, illiteracy, unemployment, crime and all those ills which negatively affect the moral fibre of South African society. During the current year, the following organisations received financial support:

- **Women and Beyond** – is an NPO that supports women and children who have been victims of violence. Sekunjalo contributed to their monthly running costs to keep the facility open.
- **Women in Praise** – support of the Kraaifontein Centre for Abused Women through the Women's Month calendar whereby a concert was scheduled with a major artist, as well as up-and-coming and semi-established artists. All proceeds from the concert went to the Kraaifontein Centre for Abused Women.
- **Students for Law** – Sekunjalo sponsored the workshop for Students for Law from impoverished areas in the community.

- **Mallet House** – the company contributed to the sponsorship drive for Red Cross Children's Hospital.
- **Community contribution** – the company sponsored the purchase of a Wendy House for a community member who is wheel-chair bound.
- **Commission for Gender Equality** – Sekunjalo sponsored and supported the Commission for Gender Equality by contributing financial support as well as sponsoring T-shirts.

OTHER

Sekunjalo has also made a significant number of ad hoc donations to various organisations and causes. We believe that these groups are doing very necessary work in their respective communities and we support them gladly.



CSI/SED EXPENDITURE

Total rand value spend on education	R1 375 421
Total rand value spend on skills development	R1 000 000
Total rand value spend on health and HIV/Aids	R0
Total rand value spend on basic needs/social	R50 000
Total rand value spend on enterprise development	R2 002 692
Total rand value spend on arts and culture	R2 354 144

RESPONSIBLE INVESTMENTS



MARINE

PREMIER FISHING SA (PTY) LTD ("PREMIER FISHING")

The Premier Fishing Group has been in existence since 1952 and has four operating divisions, two subsidiary companies and a number of joint venture operations. Premier Fishing is a vertically integrated group which specialises in the harvesting, processing and marketing of fish and fish-related products.

Premier Fishing and its subsidiaries hold medium to long-term fishing rights in west coast rock lobster, south coast rock lobster, small pelagics (anchovy and sardine), hake deep-sea trawl, longline and squid. In addition, Premier Fishing owns an abalone farm and invests in organic agriculture through the Seagro range of products.

Premier Fishing Group is the largest black-owned and controlled fishing company in South Africa and aims:

- to implement innovative procedures within the value chain to increase efficiency in line with environmental best practices, thereby reducing their carbon footprint;
- invest in reliable technology which allows the company to reduce mortalities for live lobster kept for the export market, therefore assisting in obtaining the best market price;
- develop all of their employees;



- assist small businesses to grow and achieve their full potential; and
- ultimately delivering good sustainable returns to all of their stakeholders.

STRATEGIC PLANNING AND MONITORING

The board of Premier Fishing has approved a formal delegated authority schedule which informs executive management of the necessary levels of approval for all key business transactions. In this way there is assurance that there is a senior manager, or the board itself, reviewing each key business transaction/initiative to ensure that key business activities are aligned with the company strategy, is lawful, will contribute to the company's sustainability and will not be harmful to any stakeholders and/or the environment.

Premier Fishing monitors its financial performance against strategies set for the year and evaluates this against the key performance areas of management and key staff. Through this process the sustainability of operations is ensured.

RESPONSIBLE INVESTMENTS (CONTINUED)

	<p>West coast and south coast rock lobster</p> <ul style="list-style-type: none"> • Lobster is marketed through its widely recognised South Atlantic Lobster brand; • They are a supplier of tailed south coast rock lobster to US markets and live and frozen west coast rock lobster to the Asian market; • They have contracts with independent rights holders for the west coast rock lobster; and • They operate three south coast vessels and two west coast vessels.
	<p>Squid</p> <ul style="list-style-type: none"> • Squid is marketed through their widely recognised Sea Diamond brand; • They are a supplier of frozen squid to European markets; • They operate three squid vessels; and • They also have a joint operation in this sector with an independent rights holder.
	<p>Small pelagic</p> <ul style="list-style-type: none"> • Their small pelagic fish (anchovy and pilchards) is sold to canning and fishmeal factories situated in local communities; and • They operate a fleet of three vessels in this sector.
	<p>Hake deep-sea trawl and longline</p> <ul style="list-style-type: none"> • They have a joint operation with another independent rights holder in this sector; and • Their hake is sold to the European markets.
	<p>Abalone</p> <ul style="list-style-type: none"> • They have an abalone farm in Gansbaai; and • Live, dried and canned abalone is marketed to the Asian market through their widely recognised Atlantic Abalone brand.
	<p>Organic fertiliser</p> <ul style="list-style-type: none"> • The company produces and markets organic liquid fertiliser which is made from fish oil; and • The organic fertiliser is marketed under their Seagro brand and is sold in retail outlets throughout South Africa.

GOVERNANCE

The company, through the application of policies and structures within the Sekunjalo Investments Group, complies with all sound governance and regulatory functions and has had no reported fraud or deviations in the application of these principles in the current period. The continued training and exposure of employees to the ever-changing regulatory environment and regulations of the Companies Act ensure that all staff are fully informed of their responsibilities

KEY CHALLENGES

- Ensuring that natural fish resources are protected for the foreseeable future;
- Poaching – as it can influence the sustainability of the resource;
- Government – ensuring regulatory compliance in dealing with environmental issues;
- Declining biomass from overfishing by unregulated parties;
- Maintaining and increasing the commercial fishing rights; and
- Attracting and retaining skilled and experienced staff.

RESPONSIBLE INVESTMENTS (CONTINUED)

RISK MANAGEMENT

The business risks facing Premier Fishing's ability to sustain itself in the future is noted below as well as the mitigation against those risks.

Risk identification	Impact on business	Response
Reduction in fish quotas by the Department of Agriculture Forestry and Fisheries	<ul style="list-style-type: none"> • Growth impact • Margin impact 	<ul style="list-style-type: none"> • Procurement of additional fish from existing quota holders. • Ensure compliance with all environmental laws to ensure sustainability of the marine resources • Associations with industry bodies to ensure marine resources are protected
Laws and regulations	<ul style="list-style-type: none"> • Fines • Closure of business if material disregard for laws 	<ul style="list-style-type: none"> • Regular general compliance in place with all staff in the organisation • Annual focused updates to key staff dealing with matters that could be impacted by laws and regulations • Consulting with legal advisors on advice regarding laws and regulations impacting their business
Reputation	<ul style="list-style-type: none"> • Brand reputation • Loss of market share 	<ul style="list-style-type: none"> • Ensure that they follow strict guidelines on best operating practices in all their operating divisions. • Ensure consistency in quality and service to all customers by adopting good manufacturing practices (GMP) • All operational facilities currently HACCP, SABS and FDA approved
Foreign exchange risk	<ul style="list-style-type: none"> • Cash flow loss • Margin loss 	<ul style="list-style-type: none"> • Manage local business efficiently to offset any foreign exchange downside
Quality staff retention	<ul style="list-style-type: none"> • Loss of valuable skills 	<ul style="list-style-type: none"> • Investing in staff in terms of training and staff development • Performance bonus targets to key staff members
Health and safety	<ul style="list-style-type: none"> • Loss of lives • Reputational damage • Injury 	<ul style="list-style-type: none"> • Annual training to all staff on health and safety policies of the organisation • Health and safety posters visible to all staff at operational sites

ECONOMIC SUSTAINABILITY

The Premier Fishing Group aims to deliver good sustainable returns to all of its stakeholders. A measure of the value created by the Premier Fishing Group is the amount of value added by its wide range of activities to the cost of products and materials purchased.

ENVIRONMENTAL SUSTAINABILITY

As a predominantly fishing business, the strategic plan for the short and long term incorporates sustainable usage of its resources. This is an important aspect that is discussed internally as well as in the industry that they operate within, as they deal with natural resources.

To meet the objective of sustainable resources, the Premier Fishing Group:

- is committed to the best local and international fishing practices;
- is supportive of various stakeholders involved in the proper management of marine resources;
- is supportive of regulatory policies to manage the marine resources; and
- has implemented plans and strategies to ensure that it maintains its fishing rights.

STATUS OF THE SOUTH AFRICAN SMALL PELAGIC FISHERY

The Operational Management Procedure ("OMP") is used to determine total allowable catch ("TAC") recommendations for the small pelagic fishery using formulae that calculate these amounts from resource monitoring data. The OMP formulae have been selected with the

objective of maximising the average directed sardine and anchovy catches in the medium term, subject to constraints on the extent to which TACs can vary from year to year in order to enhance industrial stability.

Sardine recruit biomass amounted to just over 102 000 tonnes and anchovy recruit biomass amounted to just over 1 164 000 tonnes. This recruit biomass estimate has improved compared to previous few years – refer to the table below.

Year	Anchovy recruitment			Sardine recruitment		
	Biomass (tonnes)	CV	Numbers (x10 ⁹)	Biomass (tonnes)	CV	Numbers (x10 ⁹)
2011	281 260	0.283	104.17	53 680	0.475	5.47
2012	990 378	0.138	210.56	86 088	0.321	8.1
2013	1 164 278	0.180	352.99	102 169	0.420	12.12

STATUS OF THE WEST AND SOUTH COAST ROCK LOBSTER RESOURCES

West coast rock lobster

The west coast rock lobster resource is managed by means of a TAC setting formula, or OMP, which is based on information for five so-called super areas.

Key indicators on the health of the stock in each of these super areas are the commercial catch per unit effort ("CPUE"), separately for hoop net and trap fishing, the Fisheries Independent Monitoring Survey ("FIMS") (index, and the somatic growth rates).

The super-area information is combined into resource-wide indices in order to calculate the global TAC. This global TAC has to then be divided up among different sectors of the fishery (near shore, offshore, interim relief, recreational) each of which has to be divided and allocated by super area. OMPs are revised every four years and at present the OMP is in the process of being revised.

Estimates of trends in the resource over the last few years indicate that the desired degree of rebuilding has not been achieved for the resource. The available stock assessments all suggest that since 1996, contrary to the resource rebuilding intentions of the various OMPs implemented since 1996, the resource abundance has declined. This suggests that the view taken on the future productivity of the resource when the prevailing OMP formula was developed was overoptimistic. Stock assessments carried out with these new data reflect a less optimistic position on this resource. A number of additional key features are also likely to introduce less optimism into the management of this resource.

The industry is considering steps such as effort controls to limit the exposure of the resource to the excess fishing capacity that exists for the exploitation of west coast rock lobster.

For many years the west coast rock lobster resource has been managed on the assumption that moult increments for the fishery, which used to be at a level of 4 – 6 mm per annum for a typical size lobster caught and are now far below this, would eventually increase to historically higher levels. This scenario has typically not transpired and, as a result, scientists are of the view that this possibility should receive less weight in the future.

The factors described above led to an industry decrease in the global TAC for 2013/2014 of 10.67% from that of 2011/2012.



West coast rock lobster TAC	2014	2013
Main areas	2 167 Mt	2 426 Mt
Recreational	84 Mt	183 Mt
Subsistence	276 Mt	181 Mt
Near shore	451 Mt	451 Mt
Offshore	1 356 Mt	1 541 Mt

Notwithstanding the comments contained in the foregoing paragraphs, there are some positive signs coming from the resource.

Further factors in the determination of the OMP are constraints on inter-annual changes in the global TAC. It is unclear at this stage whether it is biologically feasible to guarantee a maximum change in the TAC such as a 10% change constraint. Also unclear at this stage is the extent to which proposed ringfencing of allocations to certain sectors will occur over the medium term, as well as the feasibility of a proposed 10% inter-annual change constraint to the offshore allocation.

South coast rock lobster: Status, TAC, prospects

This fishery is managed by means of an OMP which sets a TAC through the measurement of, among others, the CPUE (catch per unit effort).

The calculation builds in a 5% maximum TAC change constraint which brings about stability in the fishery. The overall objective of this fishery is to grow the spawning biomass by 20% from 2006 to 2025. The most recent estimates put the biomass at 2 537 metric tons which brings the resource to lie at a depletion level of about 22%.

TAC calculations during 2013 recommended an increase of 5% to bring the TAC from 326 Mt to 342 Mt for the 2013/2014 season. This TAC calculation of 342 Mt is approximately 13.5% of the available biomass which is at an acceptable and sustainable level.

STAKEHOLDER MANAGEMENT

Premier Fishing Group recognises the importance of constant engagement with stakeholders. The principal stakeholders for the Group are shareholders, employees, customers, suppliers, regulatory authorities, trade unions, government and local communities.

The Premier Fishing Group has various procedures in place with regard to stakeholder management. These are summarised as follows:

Stakeholder	Relationship	Expectation	Expectation managed
Shareholders	Owners of the business	<ul style="list-style-type: none"> Integrity Shareholder wealth creation Ethical business practices 	<ul style="list-style-type: none"> Sound corporate governance rules are implemented in the business
	Consumers of Premier Fishing's products	<ul style="list-style-type: none"> Products are sold legally and are traceable Quality products that meet recognised industry standards Reliable long-term supply of products 	<ul style="list-style-type: none"> Ensure inventory availability Ensure that all products supplied have legal paperwork from relevant authorities in place Ensure that they adhere to all necessary standards such as HACCP, SABS, FDA and EU standard tests Direct contact with major customers locally and internationally Compliance with international laws, regulations and legislation
Suppliers	Procurement of goods and services such as raw materials for their operations and other business units etc.	<ul style="list-style-type: none"> Ethical business relationships Commitment to BBBEE policies Prompt payment 	<ul style="list-style-type: none"> Ensure that they conduct business with reputable businesses – Code of Ethics Ensure that they support the policy on BBBEE Negotiate, manage and conclude contracts Timeous payment
	Promulgate and monitor regulatory framework and comply with current regulations, laws and legislation	<ul style="list-style-type: none"> Compliance with laws and regulations of authorities 	<ul style="list-style-type: none"> Continuous training of management and staff responsible for compliance with various regulations by the respective authorities Internal control procedure checklist to ensure compliance with respective laws and regulations Immediate corrective action noted in the event of findings raised by authorities Participation in industry working groups Meeting with industry regulators
Trade unions	Employee representation	<ul style="list-style-type: none"> Engagement of the parties Addressing of grievances negotiation 	<ul style="list-style-type: none"> Communicating to employees via employee forums Engaging with unions via recognised industry bodies

Regulatory authorities such as SARB, SAMSA, MCM and NCRS
 Accreditation: HACCP, FDA, SABS, NCRS

RESPONSIBLE INVESTMENTS (CONTINUED)

Shareholders

Premier Fishing's shareholders provide capital and technical support. They recognise the need for a return on investment for their shareholders and strive to generate positive returns, at the same time maintaining sound and ethical business practices.

Employees and trade unions

Premier Fishing is an eminent black economic empowerment company that understands the importance of investing in human capital. Staff is key to the success of their business and to ensure that they retain the required skills set, their organisation implemented the following:

- Training of all staff members to improve their skills in the job function that they are performing;
- Bursary schemes for staff who want to further their studies;
- Mentorship at all levels in the organisation; and
- Performance management bonus schemes.

Premier Fishing aims to provide safe and healthy working conditions to its entire staff in addition to offering skills training and market-related remuneration. They also aim to maintain a low level of staff turnover and retain needed skills. Employees of the Group belong to the following unions, with which they have good working relationship:

- Food and Allied Workers Union (FAWU);
- Trawler and Line Fishermen's Union (TALFU); and
- National Certificated Fishing and Allied Workers Union (NCAFAWU)

The Premier Fishing Group engages with the various trade unions to address employee grievances. During the year under review strike action in their aquaculture division occurred and was successfully resolved between the parties. No production days were lost as a result thereof.

Wage negotiations in their other divisions were successfully concluded during the year under review.

Health and safety

Health and safety at Premier Fishing is of utmost importance. They invest in the health and safety of their staff to ensure that they are properly trained and informed regarding health and safety issues.

They have a department to manage this part of their business as well as utilise the services of a consultant when necessary.

Customers

They aim to maintain customer satisfaction through a reliable supply of quality products that meet recognised industry standards, competitive pricing and ensuring that products are sold legally and ethically. They maintain constant direct contact with their major customers locally and internationally.

Suppliers

Their suppliers provide a critical service to their operations. They strive to maintain positive business relationships with their suppliers as well as ensure that they procure from reputable businesses. Furthermore, they aim to promote black businesses, with a specific focus on small, medium and micro enterprises (SMMEs). They strive to ensure that these businesses have access to its supply chain and that procurement is

consistent with governmental strategies on BBBEE.

Government and regulatory authorities

They strive to maintain direct regular contact with government and regulatory authorities. They have maintained a good compliance record with regard to the regulatory requirements of Department of Agriculture Forest and Fisheries, Hazard Analysis and Critical Control Points, South African Bureau of Standards, Food and Drug Administration and the European Union.

Local communities

They recognise the need to engage with the communities from which they operate. They believe in assisting small businesses to grow and achieve their full potential in the communities from which they operate by:

- Providing small enterprises the opportunity to engage with their factory, administration, finance and operational divisions for skills development, training and support;
- Assisting with finance for start-up of businesses;
- As a black economic empowerment company, ensures the availability of services by assisting with the development and growth of previously disadvantaged partners; and
- Imparting skills and resources with small business partners to improve business management capacity.

REMUNERATION

The Premier Fishing Group aims to be a competitive and attractive employer in the marketplace. Remuneration and benefits are important drivers, as are career opportunities, personal development, culture and values, leadership, company performance and reputation. As stated in the Code of Conduct, the company complies with applicable laws, agreements and industry standards on working hours and compensation.

The Premier Fishing Group has various incentive schemes in place in order to retain talent and experienced staff. Company policy requires all staff to belong to the company pension or provident fund in order to plan for their retirement, and medical insurance is compulsory.



TECHNOLOGY

SEKUNJALO TECHNOLOGY SOLUTIONS GROUP (PTY) LTD (“SEKUNJALO TSG”)

As a niche market enterprise, Sekunjalo TSG provides effective information communication technology (ICT) business solutions and services that enhance business performance in government and to corporate customers. The Group is comprised of businesses that are leaders in their respective niche

markets, have solid client bases and are achieving high levels of sustained organic growth with particular focus on the healthcare and financial services sectors and secondary focus on mobile solutions in the industrial sector.

Sekunjalo TSG Group companies have international partnerships with leading technology suppliers, including Intersystems Inc, Siemens Medical, JAC (UK), Microsoft and Fujitsu Computers.

STRATEGIC PLANNING AND MONITORING

Sekunjalo TSG and its subsidiaries manage their businesses strategically, following a process which includes an annual review of past performance, products/services, markets as well as a review of the internal and external environments. This review is followed by the setting of strategies and action plans, aimed at both growth and sustainability in current markets.

In addition to the annual strategic planning exercise, quarterly reviews of strategy achievement and how changes in the internal and external environments may positively, or negatively, affect each company, are held. Strategies and actions are adjusted to ensure the growth and sustainability of each entity.

The board of each Sekunjalo Group company has approved a formal

delegated authority schedule which informs executive management of the necessary levels of approval for all key business transactions. In this way the respective boards ensure that there is a senior manager, or the board itself, reviewing each key business transaction/initiative to ensure that key business activity is aligned with the company strategy, is lawful, will contribute to the company's sustainability and will not be harmful to any stakeholders and/or the environment.

In this manner, Sekunjalo TSG can monitor its financial performance against strategies set for the year and evaluate this against the key performance areas of management and key staff. Through this process the sustainability of operations are ensured.

GOVERNANCE

The ICT division, through the application of policies and structures within the Sekunjalo Investments Group, complies with all sound governance and regulatory functions and has had no reported fraud or deviations in the application of these principles in the current period. The continued training and exposure of employees to the ever-changing regulatory environment and regulations of the Companies Act ensure that all staff are fully informed of their responsibilities.

RESPONSIBLE INVESTMENTS (CONTINUED)

KEY CHALLENGES

Present	2013 Financial year
<p>Strategic focus is aimed at overcoming the following potential challenges in the Sekunjalo TSG Group:</p>	<p>In the 2013 financial year the Sekunjalo TSG Group recorded the following progress from the pursuit of the strategies listed:</p>
<ul style="list-style-type: none"> Positioning Group companies to win new significant contracts in 2013/14 in order to sustain steady growth of the ICT division's revenue and profits. 	<ul style="list-style-type: none"> Although potential South African based health ICT projects have been identified, the slow progress in issuing tender documents for these new government health ICT projects has negatively impacted the Group's strategy of securing significant new health ICT contracts, which has in turn led to a 35% decline in budgeted health ICT revenue.
<ul style="list-style-type: none"> Increasing the amount of business in the private sector, customers to equal that of their government customers in order to spread the risks arising from slow and erratic payments by government customers as well as the long intervals between government's issuing of tenders for large new ICT projects. 	<ul style="list-style-type: none"> A significant growth in annual revenues from the private sector by 57% to R69m or 37% of the total Sekunjalo TSG Group revenue which is a significant improvement on the 2012 financial year's contribution to total revenue.
<ul style="list-style-type: none"> Reducing the potential negative impact of customer loss by growing the customer base to spread revenue sustainability across a larger number of customers. 	<ul style="list-style-type: none"> Targeted marketing efforts into Africa continue, with a joint venture for the delivery of health information systems having been formed. It is anticipated that the first revenues from this joint venture company will flow in the 2014 financial year.
<ul style="list-style-type: none"> Reducing dependence on the South African economy for all revenue by expanding marketing to select African customers. This strategy is aligned with the concept of South Africa being a gateway into Africa, with the intention of using the most appropriate South African and imported products to meet the needs of their customers in Africa. 	<ul style="list-style-type: none"> Bids to secure the two significant health ICT opportunities identified in the 2012 financial year were not successful. However, the competitive information obtained from the bidding processes has informed a restructuring of their solution offerings to increase their competitiveness in future opportunities.
<ul style="list-style-type: none"> The increasing price of energy both for travel and electrification is an external environment trend that drives demand for more energy-efficient ICT hardware and the use of collaboration tools. These factors are a consideration in all of their ICT hardware supplied and the operations of their businesses. 	<ul style="list-style-type: none"> The establishment of Wisdom Global, a maintenance management software solution business in the 2011 financial year, targeting both local government and private customers, did not secure sufficient business in the 2012/13 financial years to cover its costs and provide an optimistic forecast. Following a number of adjustments to both the business model and management which did not produce a significant improvement in the sales performance, Sekunjalo TSG management closed the business after following appropriate consultation and reaching agreement with all stakeholders.

Present**2013 Financial year**

- Maintaining cost efficiency in order to be price competitive in winning and retaining their customers has been one of the drivers behind the strategy to consolidating the Sekunjalo ICT businesses under a single subsidiary holding company.
- The consolidation of the ICT businesses under Sekunjalo Health Care Limited, as the subsidiary holding company, was achieved in the 2013 financial year. It is envisaged that the consolidation will reduce administration costs, bring greater focus to the ICT businesses and facilitate the deregistration of a number of dormant Group companies. The choice of Sekunjalo Health Care Limited, a public non-listed company 94% held by Sekunjalo Investments Limited, as the ICT subsidiary holding company, was decided on due to its ICT subsidiary Health System Technologies being the largest ICT company in the Sekunjalo Investments Limited Group. Sekunjalo Health Care Limited is to be renamed in the near future.

RISK MANAGEMENT

Risk management is integrated into each of the Group business management process. Each Sekunjalo TSG Group company maintains a risk register, which is compiled and maintained by the executive management, with the risk status and execution of planned actions being reviewed monthly. Executive management is responsible for the identification, classification and management of all operational risks.

Significant strategic and going-concern risks can be identified at all levels in a Group company. However, the responsibility for directing the actions necessary to manage these risks is the responsibility of the Board of directors of the company in which the risk arises. Sekunjalo TSG has representation on all of the Group subsidiary and associate company boards and shares in this responsibility. Strategic and going-concern risks are reviewed at the quarterly board meetings and executive directors are charged with the execution of approved risk management actions.

In the year under review, although a number of identified risks could not be avoided, the pre-planned management strategies for these risks were successful in mitigating or

avoiding the severity of the impact on the respective companies and overall Group financial performance.

ENVIRONMENTAL SUSTAINABILITY

Although the ICT industry in which the Sekunjalo TSG companies operate is not considered to make particularly heavy demands on the natural environment in which their community stakeholders live, management is consistently mindful of reducing CO₂ emissions, reducing paper usage and appropriate electronic waste disposal in operating decision-making.

In addition, Sekunjalo TSG has made an investment in a renewable energy/energy-efficiency engineering consulting firm, Emergent Energy (Pty) Ltd, to contribute towards reducing South Africa's consumption of and reliance on fossil fuels.

STAKEHOLDER MANAGEMENT

A key element of the strategic planning process in each Sekunjalo TSG Group company is the documenting of the values and culture of the business. Stakeholder-oriented values include the following:

- Honesty and integrity
- Passion for customers

- Quality in all that they do
- Development of and respect for employees
- Accountability and commitment
- Protecting/conserving the environment.

From a communication and stakeholder management perspective, the chief executive or managing director of each Sekunjalo TSG Group company is the point of contact for stakeholder communication to and from the company.

For certain stakeholders, the chief executive or managing director may formally delegate this responsibility to a particular manager or prescribed officer in order to improve the level of communication and/or access to the company.

Should an event of significance impact a stakeholder or group of stakeholders, the company, and possibly representatives of the Board of directors, will engage with the company chief executive or managing director to assist in managing the impact of the said event on the stakeholder and the company alike.

RESPONSIBLE INVESTMENTS (CONTINUED)

Stakeholder	Expectation/Expectation managed
Customers	<ul style="list-style-type: none"> • Customers are considered to be the most important stakeholders. • Timely and professional delivery of quality goods and services to their customers is a key focus of operational management and is reviewed monthly along with the finances of the company. • In larger customer projects, a formal project management methodology is employed to ensure professional delivery of the contracts on time, in budget and to the anticipated quality standards. • Senior management is involved in the review of all contracts with customers to ensure compliance with the Group values and, when difficulties in relationships arise, to assist in the preservation of business value in the contract while maintaining cordial relationships with the customer for the long term.
Employees	<ul style="list-style-type: none"> • Employees are extremely important stakeholders in each group business and developing human capital is a strategic focus. • In order to foster the growth, productivity and well-being of the employees of group subsidiary companies, the following have been put in place: <ul style="list-style-type: none"> o Provident Fund ICT Group Risk Insurance (linked to the provident fund) o Employment equity policies and procedures o Skills development policies and procedures o A disciplinary code o Employee retention programmes
Shareholders	<ul style="list-style-type: none"> • Management recognises that without the vision and finance provided by the shareholders of each Sekunjalo TSG Group company and the calculated risks that these stakeholders have been prepared to take in order to establish or acquire the relevant Group business, there would be no business. • Management recognises the right and need for shareholders to receive a return on their investments which is commensurate with the success of the business and the level of investment made in the business, while maintaining sufficient liquidity in the company for its foreseeable needs. Management strives to provide this return through the sustainable achievement of revenue growth, cash and profit generation with regular dividends and/or loan repayments made to shareholders. • In addition, shareholders are entitled to regular communication through comprehensive and accurate reporting via the audited annual financial statements as well as the attendance of their shareholder representatives at quarterly board meetings and the annual general meeting.

Stakeholder	Expectation/Expectation managed
Communities	<ul style="list-style-type: none"> As corporate citizens of South Africa, Sekunjalo TSG Group companies continually seek to improve their Broad Based Black Economic Empowerment ratings as defined in the codes of good practice. To this end, formal engagements with two enterprise development beneficiaries were established by Sekunjalo TSG and assistance with strategy, marketing and skills transfer was provided during 2013 financial year. It is anticipated that these businesses will grow to sustainable, medium-sized enterprises that are significant players in their respective market niches, at which time the Group may consider acquiring an equity stake. In addition, Sekunjalo TSG Group companies comply with all laws of the country and bylaws of the metropolitan municipalities in which they reside, thereby contributing to a harmonious co-existence within their local and national communities.
Government	<ul style="list-style-type: none"> Sekunjalo TSG Group companies are required to comply with all the laws of South Africa but with particular emphasis on the labour and income tax laws.
Suppliers	<ul style="list-style-type: none"> Sekunjalo TSG companies interact with their suppliers in an honest and transparent manner, by complying with agreed contractual terms relating to intellectual property ownership and payment in particular. Where compliance is not possible due to events beyond the control of a Group company, it is the practice to engage with the supplier in a timely and transparent manner and to seek ways of minimising the impact of the event on both parties. The settlement of disputes and avoidance of legal action is a high priority in order to avoid expensive and time consuming legal action.

REMUNERATION

The ICT division focuses its remuneration policy on the balance between fixed and risk remuneration practices. Salary packages are evaluated on both job-specific and market trends to ensure that they remain competitive. Affordability and sustainability are also factors that influence the remuneration model with incentive-driven targets to stimulate growth.



HEALTH AND BIOTHERAPEUTICS

SEKUNJALO HEALTH CARE LIMITED ("SHC")

SHC's mission is to become a recognised force in the South African health and pharmaceutical market.

They focus on professionalism, affordability and sustainability in the delivery of cost effective and relevant solutions in healthcare services to the citizens of South and Southern Africa.

They recognise that their roots are in the communities they serve. They target niche markets and strive for market leadership.

SHC has three business units – Sekpharma (Pty) Ltd ("Sekpharma"), which focuses on ethical and consumer products, and Sekunjalo Health Care Commodities ("SHMC"), which is the trading arm of SHC that incorporates medical supplies manufacturing and distribution and Wynberg Pharmaceuticals.

SEKPHARMA is the supplier of a leading range of pharmaceutical

products in the South African state and private markets in both the ethical and consumer market sectors. The ethical product range includes Topical Corticosteroids Dermovate and Betnovate, wound- and burn-healing ointment Mebo, and antibiotic injections Fortum. The consumer range includes Vitamin and mineral supplements developed by Sekpharma and marketed under the name of Chela Plus. In addition to the Chela plus range, the company also brought their range of Galenical creams and ointments to the market focused on meeting the requirements of state hospitals to provide cost-effective medicines to their outpatients. What is of significance is the fact that these products are locally designed and manufactured.

RESPONSIBLE INVESTMENTS (CONTINUED)

WYNBERG PHARMACEUTICALS

supplies its extensive range of totally natural chemicals that are human, animal and plant safe, internationally recognised and certified as both food and water safe. The products are also registered and manufactured locally and are being used with success in the agricultural, food, and general health and hygiene sectors.

SHC is in partnership with Julphar, the largest pharmaceutical company in the Middle East, OmniMed who is well known in both the private and public health care sectors, and GlaxoSmithKline, one of the largest pharmaceutical companies in the world.

Significantly, the Group has also signed a licensing agreement with a UK-based company to manufacture and market an extensive and totally natural range of hygiene and sanitation products into the health care, food and agricultural post-harvest processing sectors. This range of products, known locally as ViBacSan, is manufactured and marketed through Wynberg Pharmaceuticals.

With the expansion of the last 12 months the Group now operates in both South and Southern Africa with the potential to establish a significant export network in the future. In all cases, except Julphar, the initiatives have focused on and created work in the local manufacturing sector.

SCOPE AND BOUNDARY

SHC has diversified into key sectors of the total health delivery system in South Africa and Southern Africa during the 2011/12 financial period. They intend to continue increasing their product offering by acquiring innovative new products in the medical, general health care and food safety sectors.

They have highly motivated staff with the required skills to grow the company in each chosen sector and continue to develop internal skills and acquire external expertise to secure the skills requirements to meet their future strategic direction.

They focus on servicing the public and private sector and strategically maximising opportunities that arise from legislative changes. They continue to form local and international alliances to introduce cost-effective services and treatment relevant to the needs of South African citizens.

The pharmaceutical industry is acknowledged as one of the key industries by government and it also recognises that local companies in both distribution and manufacture need to be supported and given preference in tenders, based on the fact that they create local employment.

Notably, the initiatives taken in Wynberg with the ViBacSan range of products within the agricultural sector has offered local farmers alternative products to the synthetic chemicals which are being eliminated through the REACH Accord to which South Africa is a signatory. They believe that this ongoing collaboration with the research and production of food will have a positive impact on sustainable production of food and the use of ViBacSan and will positively enhance the environmental impact reducing the use of harmful chemicals in the production of food.

KEY FEATURES

SHC continues to diversify into several sectors of health care delivery as well as in the fast-growing sector of personal/self-medication, prescription medication and personal hygiene.

When compared to the last reporting period the following key achievements are of significance:

- The consumer portfolio of products has been extended since 2012. These products have been further enhanced and the demand in the state sector has grown significantly year on year.
- The introduction and successful registration of additional products to the original 15 products in the ViBacSan range focused initially on improving hygiene and sanitation with a major emphasis on infection control in health care facilities such as hospitals and clinics, has enabled the company to impact positively on food production and processing.
- These additional products coming on line in 2013/2014 will result in a significant growth in revenue and profitability.
- The strategy of increasing product offerings and competing in diverse sectors is well progressed and with the support of Sekunjalo Investments Limited during this rapid growth phase, the Group has a very sustainable business going forward.
- The model for manufacturing and distribution being used for the Wynberg range is specifically designed to maximise local value-added features and create jobs in both the manufacturing and distribution within the SMME sectors. In 2012/13 two manufacturers were certified and appointed and several distributors signed agreements.

STRATEGIC PLANNING AND MONITORING

While SHC, through its subsidiaries, will continue its strategy of developing its own products in the consumer sector of the market and acquiring and registering prescription products from international and local companies, it may have to consider changing its overall business structure to take into account the ever-increasing complexity of the market mainly brought about by importation of generic drugs and increasing regulatory and compliance costs.

However, the key values are to be retained in the implementation of the above strategic direction and they are:

- The introduction of relevant drugs and services for the South African and African needs;
- The development of local opportunities in manufacturing and distribution;
- The creation of employment;
- The upliftment of the communities and all sectors of the population; and
- The expansion into the food and hygiene sectors expands on their core values by adding positive environmental alternatives to synthetic chemicals in several sectors of industry currently under threat.

The response to affordability issues in the health delivery system must be sustainable while maintaining quality in all products.

GOVERNANCE

The company, through the application of policies and structures within the Sekunjalo Investments Group, complies with all sound governance and regulatory functions and has had no reported fraud or deviations in the application of these principles in the current period. The continued training and exposure of employees to the ever-changing regulatory environment and regulations of the Companies Act ensure that all staff are fully informed of their responsibilities

KEY CHALLENGES

Key challenges that must be overcome to achieve their strategic objectives within their value set are:

Regulation and legislation	<ul style="list-style-type: none"> • The compliance and demands placed on companies in this highly regulated industry require continuous review of business capacity and strategy.
Acquisition of new and innovative products	<ul style="list-style-type: none"> • The industry, being open to both local and international companies, is highly competitive and the biggest challenge is competing with companies who have critical mass and funding.
Staff skills and retention	<ul style="list-style-type: none"> • This remains the key challenge as experience and reputation are critical factors in influencing the market. • Limited resources of high-quality personnel make staff mobility one of the highest risk factors.
Technology	<ul style="list-style-type: none"> • The high-tech nature of the industry requires that companies establish a presence in the market and present themselves as stable, professional and sustainable entities. • This is achieved through the quality of information, the professionalism of their employees and the ability to deliver new products to the markets.
Employees and community	<ul style="list-style-type: none"> • In meeting these values, SHC has at its core the development of both the individual employee and the creation of opportunity for the broader community.

RESPONSIBLE INVESTMENTS (CONTINUED)

RISK MANAGEMENT

Risk identification	Response
A key risk remains the current disarray in the regulatory departments of government which delay the registration of new products and the issuing of licences and other requirements.	<ul style="list-style-type: none"> The company has employed additional resources to manage this risk and develop sound business relationships within the regulatory sector.
Entering the market with unique products which will also have some degree of risk, as large pharmaceutical companies will not stand back but increase their efforts to compete.	<ul style="list-style-type: none"> The company has increased their sales force and improved their customer communications to ensure that they remain in the forefront in providing service and information.
The introduction of ViBacSan has required intensive local trials to validate the product despite having international certification.	
Financial support and staff retention are key risks to mitigate against as in both instances the current Group size makes it vulnerable to challenge when competing with larger pharmaceutical firms who have critical mass in the market.	<ul style="list-style-type: none"> The company has strengthened their staff recruitment policies and put in place sound performance management and reward policies to ensure revenue growth which they believe will go a long way in mitigating against this risk although this will always remain high in a market driven by acquisitions and mergers as the only sustainable way to acquire products and market share.
Foreign exchange exposure may increase the cost of the product and will therefore not be affordable to the local market.	<ul style="list-style-type: none"> The current worldwide financial crisis has increased the risk levels for RSA in importation and the escalation of local production costs. Forward cover is taken out to limit the risk.
Dependence on principal suppliers	<ul style="list-style-type: none"> Close liaison with their international partners is a major mitigating factor which could have a negative impact on their markets.

KEY PERFORMANCE INDICATORS AND TARGETS

- Growth of product portfolio – the opportunities to capitalise on their empowered status and successfully attract international and local partners to expand their product portfolio.
- Diversity of product and market – the diversity of their portfolio and their strategy to manufacture using local companies support the changes to the tender process which has an increased preference for local suppliers and manufacturers.
- Expansion into new sectors with innovative products – a significant opportunity exists to capture a large portion of the infection control and hygiene and sanitation markets in the health delivery system, the food processing and hospitality sectors, with the internationally recognised, totally natural range of sanitation and hygiene products. By having obtained the licence to manufacture locally they have created a unique position for themselves in a diverse market sector.
- Retention of business won – in a business environment that is based on a high level of relationship building the successful retention of business won on this basis is a key measure of their performance.

STAKEHOLDER MANAGEMENT

The main ministerial or departmental stakeholders are listed below and the business model for all subsidiaries is based on strong relationship and the dissemination of highly technical information.

Stakeholder	Expectation/Expectation managed
Employees	<ul style="list-style-type: none"> On strong relationships and the dissemination of highly technical information which requires skilled staff in all areas of operation. Key to SHC's success is the skill set of their employees and their ability to operate effectively in this highly competitive environment.
Government	<ul style="list-style-type: none"> The industry is highly regulated through several different Acts, making government a key stakeholder and one that has to be interacted with on a regular basis.
The Medicines Control Council	<ul style="list-style-type: none"> Responsible for the registration of all medicines sold in South Africa.
The Department of Health	<ul style="list-style-type: none"> Both national and regional – which regulates the health industry as a whole and sets out policies regulating the delivery of health services.
Treasury and distribution depots	<ul style="list-style-type: none"> For State Enterprises that regulate tenders, the procurement and distribution of medical supplies to all governmental and regional entities.
Health professionals	<ul style="list-style-type: none"> In both the private and public sector who treat patients and determine the use through prescription of all scheduled medicines. These include: general practitioners, specialists in all disciplines, nursing staff, pharmacists in the private and public sectors.
Health professionals and pharmacists	<ul style="list-style-type: none"> Who prescribe and supply their drugs have a profound impact on the end users who are the patients.
The South African Bureau of Standards	<ul style="list-style-type: none"> The bodies regulating food safety have also become key stakeholders as has the regulatory sector of the agricultural and food industry in which they have become active competitors.
Organised agriculture	<ul style="list-style-type: none"> The expansion of the ViBacSan range has brought this sector into the realm of significance as a stakeholder in their business.
Financial institutions	<ul style="list-style-type: none"> Shareholders to fund the acquisition of drugs and services.
Distributors	<ul style="list-style-type: none"> The company relies on distributors to ensure the storage and delivery of their products into the markets.
Third-party manufacturers	<ul style="list-style-type: none"> The company uses third-party manufacturers for certain of their products locally as opposed to buying fully imported products.
International and local research bodies and certification authorities	<ul style="list-style-type: none"> The company collaborates with international and local research bodies in developing products to have them certified in South Africa.
The customer	<ul style="list-style-type: none"> The ability to influence the professional community and pharmacists requires intense relationship building as they can and do influence the final user, the patient, positively or negatively regarding the company's products.
Employees	<ul style="list-style-type: none"> Have to deal professionally and effectively with both internal and external customers, therefore have great influence on the success of the business.
Shareholders	<ul style="list-style-type: none"> Are both institutional and private and considered key to the future of any company. All correspondence with shareholders is done through the office of the CEO of the SHC Group.

RESPONSIBLE INVESTMENTS (CONTINUED)

REMUNERATION

The SHC Group focuses its remuneration policy on the balance between fixed and risk remuneration practices. Structuring pay packages evaluated on both job-specific market trends to ensure that they remain competitive. Affordability and sustainability are also factors that influence the remuneration model with incentive-driven targets to stimulate growth.

GENIUS BIOTHERAPEUTICS (“GENIUS”) (FORMERLY BIOCLONES)

The report aims to provide shareholders, investors and stakeholders with an overview of the business, its challenges, opportunities, its people and its impact on the environment and wider society.

Established in 1982, Genius is arguably the oldest healthcare biotechnology company in South Africa, if not the African continent, having been in existence for well over 30 years with a track record of successfully commercialising its product Repotin in South Africa and Namibia.

Genius operates a production facility based in Centurion and has an in-house testing laboratory that is situated at the University of Cape Town/Groote Schuur Hospital in Cape Town. The Centurion facility is involved with the production of human erythropoietin, marketed as Repotin. The product is used for treating anaemia in patients as a result of kidney disease and is responsible for the improvement in the quality of life of patients.

A subsidiary of Genius, known as Ribotech, is based in Goodwood, Cape Town. The facility was re-designed to meet Good Manufacturing Practice (GMP) standards for the production of granulocyte-colony stimulating factor (G-CSF), an important drug used to treat cancer patients suffering from neutropenia as a result of chemotherapy treatment.

Genius has a strong pipeline of patent-protected technologies that is focused on the enhancement of cellular immune response in humans. The dendritic cell vaccine technology relates to ‘personalised medicine’ as a cellular immune response treatment of patients undergoing cancer treatment. Pre-clinical trials will commence in collaboration with the Department of Medicine, the Immunology Division and the Lung Institute at the University of Cape Town to develop the therapeutic drug.

STRATEGIES FOR THE SUSTAINABILITY OF THE BUSINESSES

- Facility – the facility has been upgraded with a state-of-the-art sterile facility including a sophisticated building management system.
- Funding – proposals have been submitted to support the only local biologics manufacturer to compete equally with imported products which are more expensive.
- Product – it is the intention of the company to have final product ready for market utilisation during the first half of 2015.

- Regulatory compliance – the Medicines Control Council (MCC) has requested the re-submission of product dossiers due to the latest revision and updating of the technology.
- Skills – to address the skills shortage in the industry, the company has engaged newly qualified graduates as interns to work alongside and be supervised by scientists in the biotechnology process. This ensures the transfer of skills as well as bolsters the expertise required in the local manufacturing environment.
- External stakeholders – improving the relationship with key external stakeholders to ensure a better understanding of the business and its requirements. This includes the suppliers of raw materials, the testing laboratories and the regulatory agency.

GOVERNANCE

The company, through the application of policies and structures within the Sekunjalo Investments Group, complies with all sound governance and regulatory functions and has had no reported fraud or deviations in the application of these principles in the current period. The continued training and exposure of employees to the ever-changing regulatory environment and regulations of the Companies Act ensure that all staff are fully informed of their responsibilities.

KEY CHALLENGES

The following key challenges have been identified for the two business units:

GENIUS

Funding	<p>Raising funds for projects still remains a major challenge.</p> <p>Concerted effort is underway to raise the funds necessary to strengthen the technology behind its current products and to expedite the other opportunities that will transform it from a single product to a multiple product company.</p>
Industry	<p>The understanding of the biotechnology industry and its funding model still presents a major challenge for companies, particularly for new projects and to support existing ones to reach commercial stage.</p> <p>The industry is often viewed as high risk by potential investors as returns on investment are longer than in other pharmaceutical industries.</p>
Products	<p>The company is in negotiation to secure an alternative delivery mechanism to house the manufactured product. This will ensure increased marketability of the product against multi-national companies.</p>
Centurion facility	<p>With the facility having been in existence for more than 15 years, it needs to be upgraded to comply with the latest Good Manufacturing Code (GMP) and the Standard Operating Procedures being revised.</p> <p>Regulatory requirements have evolved over the years resulting in more stringent requirements.</p>

RIBOTECH

Funding	<p>To commercialise G-CSF will require further funding for phases 2, 3 and 4 of the development phase.</p>
Clinical trials	<p>Commencement of clinical tests on patients or a bioequivalent study.</p>
Regulatory compliance	<p>A critical milestone will be the successful outcome of the clinical stage leading to the product registration with the MCC.</p> <p>Revenue generation can start with the commencement of sales and marketing of the product.</p>

RESPONSIBLE INVESTMENTS (CONTINUED)

FUTURE OUTLOOK

The company currently holds patents in new technologies. Strategic plans for their commercialisation must be expedited in the next few years.

The company lobbies with government and other stake-holders to address the issues that they face as a local manufacturer as a consequence of restrictive policies that counter the development and growth of small and medium-sized company such as Genius.

ECONOMIC SUSTAINABILITY

The company is currently dependent on its major shareholder for financial support. Alternative funding partners are being sourced to fund their new initiatives.

ENVIRONMENTAL SUSTAINABILITY

The size and scale of the Genius production facilities are based on a typical pilot plant scale and therefore negligible when compared to other production facilities locally that are much larger in size and may have a more significant impact on the environment.

The only monitoring that has to be implemented based on regulatory requirements involves the disposal of biological waste that it generates during production. This also includes a minimal amount of radioactive waste that results from some of the testing. All disposals are contracted out to an accredited third party that collects the waste and sees to the final disposal.

The heating, ventilation and air-conditioning (Hvac) system is at the heart of a biopharmaceutical manufacturing facility and consumes about 70% of the electrical energy demand of the business. The facility was recently upgraded with the latest technologies for the Hvac system at the Centurion facility in Building Management System (BMS). Ribotech is investigating a similar energy-saving method to reduce some of its energy cost.

SOCIAL SUSTAINABILITY

Genius has put in place a sustainability framework to assess their progress on sustainability.

Plans are in place to update their web page so that it is more accessible on other social platforms. The site will host numerous articles and information on their products. It will also inform and educate the patient on their illness providing them with useful hints and tips to better manage their condition thereby enhancing their quality of life. Promoting a healthy life style and promoting the general well-being of the population as a whole, may also assist in reducing the incidence of the disease.

RISK MANAGEMENT

The following risks have been identified and are being managed. Means of mitigating these risks have been identified as well as the costs associated with them.

Market	Market developments could affect plans and delay in market entry of products which may lead to new competitors.
Regulatory bodies	All products to be sold in the United States or Europe need to be FDA and EMEA approved by local government or regulatory authorities in any market in which the company decides to enter. For newly developed products, the registration process can take 6 – 24 months for approval by the MCC.
Employees	Loss of key staff would lead to training of incoming staff. The shortage of skills in South Africa may require the company to recruit personnel from abroad and there is no guarantee that the company will be able to recruit such staff given the competition posed by pharmaceutical and biotechnology companies as well as universities and research institutes locally and abroad.
Manufacturing capacity	The manufacturing capacity will need to be scaled up to meet global EPO market demands. There is always a risk when scaling up manufacturing capacity and production delays may be faced.
Competitors	The company operates in a highly competitive market that attracts both global biotechnology leaders and new biotechnology companies in developing countries.
Products	Numerous biotechnology companies have and continue to develop second and third generation erythropoietin and G-CSF products with potentially lower dosage requirements and patent protected for 20 years. These products may reduce market demand for first generation erythropoietin and G-CSF products.
Intellectual property	The company currently holds 22 patents in the manufacturing techniques and technologies as well as trademarks. Patent laws will protect its proprietary manufacturing techniques and brands. The company will take legal action to protect any infringements.

RESPONSIBLE INVESTMENTS (CONTINUED)

STAKEHOLDER MANAGEMENT

Genius's business is based on strong relationships with external stakeholders ensuring the understanding of their business and its requirements. The industry is highly regulated and subject to several legislative acts. The main stakeholders are:

Stakeholder	Expectation/expectation managed
Employees	The responsible pharmacist and quality assurance persons have very important roles to play in the production process and they also carry a legal responsibility for the release of the final product to the market. The senior scientist takes responsibility for the production process. This person ensures that the production process will be robust and meet the GMP standards.
Suppliers	For the supply of raw materials used in the process and the formulation and filling of their product. Long-term availability of the raw materials for the products is essential.
Shareholders	The vision, strategic planning and financial support is provided by the shareholders to ensure the sustainability of the business.
Regulatory	MCC is responsible for the registration of all medicines, dossiers and licences.
Government	A key stakeholder and one that has to be interacted with on a regular basis. They lobby with government to address the issues they face as a local manufacturer as they are subject to restrictive policies that counter the development and growth of their business.

REMUNERATION

The company focuses its remuneration policy on the balance between fixed and risk remuneration practices. Structuring pay packages evaluated on both job-specific market trends to ensure that they remain competitive. Affordability and sustainability are also factors that influence the remuneration model with incentive-driven targets to stimulate growth.



ESPAFRIKA (PTY) LTD ("ESPAFRIKA")

espAfrika is a cutting-edge global competitor in events management. Over the past decade, they have staged international music festivals

throughout Africa and under their leadership; the Cape Town International Jazz Festival has been named the 4th best jazz festival worldwide by Melodytrip Independent Survey in 2007. The festival contributes over R0.5 billion to the economy of the Western Cape and R0.9 billion to the gross domestic product (GDP) of the South African economy.

espAfrika's highly skilled and talented team is able to produce and host a range of events, from festivals to corporate functions.

This innovative events management company thrives on challenges and their collective energy produces dynamic results. The company's primary strategy is utilising indigenous resources and they collaborate with local businesses and the public to

ensure that all stakeholders benefit from this collaboration.

espAfrika consistently aspires and inspires new business within the events and entertainment sector throughout Africa.

Having diligently established trustworthy relationships in the international music industry, espAfrika ensures a lucrative flow of artists and expertise between Africa, Europe, Asia and the United States.

espAfrika's management and staff have an Imbizo annually to discuss the long and short-term targets that need to be reached and diversify in order to maintain their existing economic, operational and environmental sustainability. Monthly targets are agreed upon and managed through the financial director and various

heads of departments. espAfrika believes that in order to achieve the utmost, sustainability, financially and holistically, it is essential to formulate these objectives collectively. Therefore responsibility and understanding is shared among the staff and a sense of achievement is felt when targets are met.

KEY PERFORMANCE INDICATORS (KPIs) AND TARGETS

Following the adoption of the turnaround strategy for the company the following KPIs and targets have been identified:

- Create one new espAfrika owned event during the financial year;
- Retain and train its staff to meet new challenges;
- Manage its limited cash resources in order to deliver on its objectives;
- Deliver on its budgeted profit; and
- Redress the liquidity position of the company to ensure it has enough cash resources to meet all of its obligations and deliver on all its stated objectives.
- espAfrika is also looking at various ways of increasing its revenue generation for the Cape Town International Jazz Festival as well as reducing its cost base.

GOVERNANCE

The company, through the application of policies and structures within the Sekunjalo Investments Group, complies with all sound governance and regulatory functions and has had no reported fraud or deviations in the application of these principles in the current period. The continued training and exposure of employees to the ever changing regulatory environment and regulations of the Companies Act ensure that all staff are fully informed of their responsibilities.

KEY CHALLENGES

espAfrika has strategic plans in place to meet its challenges and identified the following key challenges:

- The raising of sponsorship income is critical to the success of the company.
- Creating new espAfrika-owned events to widen its offerings and footprint.
- Retaining and training staff to meet new challenges.
- Managing its limited cash resources in order to deliver on its strategic objectives.

RESPONSIBLE INVESTMENTS (CONTINUED)

RISK MANAGEMENT

In order to identify, evaluate and address risk issues, they have implemented a risk register where risks are categorised and monitored by the senior executives of the company. This is reported on at the monthly management meetings and at the board meetings.

The following risks have been identified and are being managed:

Staff	Retaining key staff is critical to the success of the company. As part of its sustainability plan, they train their staff internally to develop their skills as well as ensuring a safe working environment and they offer a market-related remuneration.
Revenue	As sponsorship revenue is an integral part of the Cape Town International Jazz Festival and other espAfrika-owned events, the failure of the company to attract potential sponsors will have a detrimental effect on both the liquidity and profitability of the company. The responsibility of raising funds will remain with the executive directors of espAfrika with the assistance of a company specialising in sponsorship and event marketing.
Succession planning	Succession planning is a critical aspect of the long-term future of the business. The board has undertaken to establish a working committee in order to ensure continuity of the business in case any of its key management staff were to leave the company.

ECONOMIC SUSTAINABILITY

espAfrika's business model is a mix of organising and producing its own company-owned event and events on behalf of clients (third-party events). As a result of the current economic climate a number of projected third-party events were cancelled and/or postponed. This in turn caused severe financial strains on the company.

In order to mitigate this and ensuring that the company is able to develop a more sustainable business model for the future and one where it is not reliant on third-party events. The company has developed a strategy on further developing the world acclaimed Cape Town International Jazz Festival as well as introducing new annual espAfrika-owned events. The intention is to attract additional sponsors as well as increase the people footprint in the corporate village by expanding the current lounge offerings and introducing new lounges with different price segmentation.

By devoting more time and effort on building its own company-owned events, the desired results of building a more controllable and sustainable business with projected growth will be achieved.

In addition, the company is reviewing its entire cost base to ensure that this is in line with its revenue and business growth expectations and ensuring the return on investment is in line with the industry standard. A number of cost-cutting exercises as well as cost containment has been put in place to ensure that the company is profitable during the current and future financial years.

As a result of the current year's financial performance which resulted in a significant loss, the company with the full support of the staff and the board adopted a turnaround strategy which will return the company to profitability and ensure its sustainable growth and profitability in the next financial year and beyond.

ENVIRONMENTAL SUSTAINABILITY

espAfrika adheres to a strict internal environmentally friendly policy when producing events.

This is implemented through:

- Waste management; and
- Recycling

All their events incorporate a recycling and waste management plan, using the different coloured bins spread throughout the event. The bins are transported to a waste management complex where the waste is then recycled.

SOCIAL SUSTAINABILITY

The integrated sustainability plan is two-pronged:

- To develop from within the company and grow their human capital.
- To develop small businesses within the industry and to grow community-based services to alleviate poverty. During the year espAfrika held many workshops to further promote this initiative. The initiative is fully supported by the National Department of Arts and Culture as part of the Mzansi Golden Economy.

espAfrika is an active member of SETA and strongly believes in internal training and development. During the year a number of staff attended training seminars to further enhance their skills. The events industry strongly relies on skilled contractors. However, espAfrika always matches a skilled contractor with a permanent member of staff so that a transfer of skills can occur.

espAfrika believes each and every resource should be utilised creatively to support and develop music, arts, culture and job creation. espAfrika, through the Cape Town International Jazz Festival, created in excess of 2 700 jobs in addition to the numerous skills transfer and development projects held during the event.

RESPONSIBLE INVESTMENTS (CONTINUED)

STAKEHOLDER MANAGEMENT

Stakeholder group	Communication Forum – how we engage with our stakeholders	Why we value our stakeholders – their contribution to value creation	What our stakeholders expect from us	Concerns of our stakeholders
Shareholders and investors	<ul style="list-style-type: none"> Quarterly board meeting General meetings 	Financial capital for sustainable growth on a long-term basis	<ul style="list-style-type: none"> Sustainable growth and return on investments Value add to the economy Ethical operations on a sustainable basis 	<ul style="list-style-type: none"> Sustainable returns on their investment and value creation Corporate governance and ethics Leadership and strategic direction
Employees	<ul style="list-style-type: none"> Emails Notice boards CEO's communiqué Regular staff meetings Staff forums 	The foundation of our business is through innovation, integrity and productivity and accountability	<ul style="list-style-type: none"> Skills training Staff benefits Market-related remuneration Ethical behaviour and mutual respect Safe working environment Empowerment 	<ul style="list-style-type: none"> Training and education Open communication between managers and employees Market-related remuneration Transformation Career progression and plan
Partners	<ul style="list-style-type: none"> Board meetings Participation in meetings 	Services that support their growth	<ul style="list-style-type: none"> Ensuring joint growth and development/business opportunities 	<ul style="list-style-type: none"> Long-term security
Bankers	<ul style="list-style-type: none"> Regular meetings 	Services that support their growth	<ul style="list-style-type: none"> Risks and sustainable issues Financing 	<ul style="list-style-type: none"> Meeting financial obligations Complying with covenants
Government authorities and regulatory bodies	<ul style="list-style-type: none"> Written communiqué Meetings 	Provide licences and regulatory frameworks	<ul style="list-style-type: none"> Compliance with law Adherence to rules of regulator 	<ul style="list-style-type: none"> Empowerment, transformation and adherence to BEE codes Sustainable job creation

Stakeholder group	Communication Forum – how we engage with our stakeholders	Why we value our stakeholders – their contribution to value creation	What our stakeholders expect from us	Concerns of our stakeholders
Customers	<ul style="list-style-type: none"> Website Media releases Adverts and magazines Social media Press and radio interviews 	Continued support and feedback	<ul style="list-style-type: none"> Good event artist line-up Safety and security Good value Good facilities 	<ul style="list-style-type: none"> Continuity of event/s Quality of event/s Effective event stewardship
	<ul style="list-style-type: none"> Meetings and visits 	Value, safe and quality products with reliable and trustworthy deliverables that support their event planning	<ul style="list-style-type: none"> Quality of products and deliverables Terms granted Legal compliance 	<ul style="list-style-type: none"> Long-term ability of supplier to supply services and perform to required standard Planned procurement Payment process and terms Alternative suppliers
Communities, community-based organisations	<ul style="list-style-type: none"> Corporate social investment initiatives Meetings Community outreach programmes 	Building trusted relationships with the community interest as the base	<ul style="list-style-type: none"> Contributing transparently and responsibly to community needs Continuation of their training workshops and training programmes 	<ul style="list-style-type: none"> Sponsorships Bursaries Employment opportunities

RESPONSIBLE INVESTMENTS (CONTINUED)

REMUNERATION

The remuneration policy of the company is based on the industry standard plus a premium to ensure that it retains and attract the best calibre of staff. When structuring individual pay packages, consideration is given to the position being considered as well as inbuilt incentive-driven targets to stimulate growth and development.

TRIPOS TOURISM INVESTMENTS (PTY) LTD (“TRIPOS”)

The travel and tourism industry is highly sensitive to external forces as well as being highly competitive. Events such as the global recession, acts of terrorism, volcanic ash clouds etc., impact their industry. This is a major challenge of travel and tourism.

The sustainable plan for Tripos has been adhered to and continued efforts are in place to ensure sustainability.

The global recession has had a major impact with clients spending less and many competitors closing their doors.

GOVERNANCE

The company, through the application of policies and structures, complies with all sound governance and regulatory functions and has had no reported fraud or deviations in the application of these principles in the current period. The continued training and exposure of employees to the ever changing regulatory environment and regulations ensure that all staff are fully informed of their responsibilities.

KEY CHALLENGES

Their business model does not give them a reliable and predictable revenue stream as travel and tourism is:

- Cyclical – being very sensitive to economic cycles.
- Profit-driven and arrangements with staff are attractive but many of the higher-calibre travel professionals do not want to be self-employed but want a fixed income.
- Sensitive to natural and political disasters around the world. It is imperative that they have a good cancellation policy in place and to be ready to handle difficult situations.
- “Grudge purchase” where the price increases rapidly and they have to put a lot of emphasis on the education of clients and the value-add areas of what they do.

In travel, the general rule is that “the longer the haul”, the longer and more expensive the trip will be. Inbound tourism business is more predictable and they are placing more emphasis on expanding in this area. Corporate clients are relatively predictable with their travel expenditure.

Notwithstanding the inherent unpredictability of travel and tourism, the South African economy is in relatively good shape on the international stage and they have no reason to believe that they will not experience steady organic growth from their existing client base and the momentum of existing sales and marketing projects.

RISK MANAGEMENT

The following risks have been identified:

Credit card and credit control	Many emerging companies as well as the public sector do not utilise the credit card system. This is alleviated through their vigorous credit checks, strict control limit system and is managed effectively through their finance department.
Proposals	All proposals are in writing with full terms and conditions and they endeavour to obtain their clients' instructions in writing. They have a "Client Acceptance" document which all clients are required to sign at time of payment. In addition, they have an acknowledgement of an agreement to their terms and conditions on the account application.
Succession planning	There is no succession plan in place. This is currently being addressed through their management hierarchy.
Staff fidelity and negligence	Consultants who have the ability to issue documents with a very high value and in large quantities. All invoicing is scrutinised on a daily basis. Errors on tickets could result in significant additional costs with penalties being imposed by the airlines. Formal policies are in place within the company to address this risk.

ENVIRONMENT SUSTAINABILITY

Air travel could never be described as an environmentally friendly business and airlines are coming under increasing pressure to account for their contribution to climate change, with the aviation industry expected to account for 15% of man-made global warming by 2015. Air transport was exempted from the Kyoto protocol on climate change, provided that airlines sought a way to reduce emissions through a trading scheme by 2007. Airlines took another three years to reach an agreement when the 190 members of the International Civil Aviation Organisation approved a resolution in which they agreed to improve fuel economy and strive to limit GHG emissions from aircrafts. The resolution set a goal to improve fuel efficiency 2 percent per year through to 2050, cap GHG emissions at 2020 levels, develop a global framework for the use of alternative fuels, and propose a GHG emission standard for aircraft engines by 2013.

The industry strongly opposes new taxation and argues that its contribution to carbon dioxide emissions is comparatively small, accounting for around 2% of global emissions currently.

At Triplos, they introduced the reporting on their invoices of CO₂ emissions with respect to flights.

SOCIAL SUSTAINABILITY

Over the years they have supported the following organisations by way of their corporate social responsibility:

Ilitha Labanthu, Springfield Convent, The Rainbow Children's' Fund, The Sunflower Fund and Zip Zap Circus.

RESPONSIBLE INVESTMENTS (CONTINUED)

STAKEHOLDER MANAGEMENT

Stakeholder group	Communication Forum – how we engage with our stakeholders	Why we value our stakeholders – their contribution to value creation	What our stakeholders expect from us	Concerns of our stakeholders
Shareholders and investors	<ul style="list-style-type: none"> Quarterly board meetings 	<ul style="list-style-type: none"> Minority shareholder(s) run business and provide all finance. 	<ul style="list-style-type: none"> Sustainable growth and return on investments Ethical operations on a sustainable basis Good corporate governance 	<ul style="list-style-type: none"> Sustainable returns on their investment and value creation Corporate governance and ethics
Employees	<ul style="list-style-type: none"> Ad hoc staff meetings Email circulars 	<ul style="list-style-type: none"> Staff is the most important asset in a company of this nature – securing client satisfaction and loyalty (especially operational staff) Ethical behaviour and mutual respect 	<ul style="list-style-type: none"> Skills training Staff benefits Market-related remuneration 	<ul style="list-style-type: none"> Training and education Market-related remuneration Career progression and plan Direction of and future of industry Future of ownership of business
Clients	<ul style="list-style-type: none"> Ad hoc meetings Site inspections/trips Events/launches Website Emails/email shots 	<ul style="list-style-type: none"> Revenue generation Referrals of new business Assisting us in improving our service 	<ul style="list-style-type: none"> Value for money Availability of and quick response from staff Good knowledge State-of-the-art technology Service excellence Friendly and helpful attitude 	<ul style="list-style-type: none"> Internet as an alternative (not clear to clients what value is) Value for money Availability of and quick response from staff Good knowledge State-of-the-art technology Service excellence Friendly and helpful attitude

Stakeholder group	Communication Forum – how we engage with our stakeholders	Why we value our stakeholders – their contribution to value creation	What our stakeholders expect from us	Concerns of our stakeholders
Suppliers	<ul style="list-style-type: none"> Meetings and visits Workshops 	<ul style="list-style-type: none"> Value good rates and credit lines Product knowledge – there is a lot of product differentiation and knowledge is vital for their clients' satisfaction 	<ul style="list-style-type: none"> Payment on time Support wherever possible Legal compliance 	<ul style="list-style-type: none"> Payment on time Support/loyalty Legal compliance Fraud
Communities	<ul style="list-style-type: none"> Corporate social investment initiatives 	<ul style="list-style-type: none"> Building trusted relationships 	<ul style="list-style-type: none"> Contributing transparently and responsibly to community needs where possible 	<ul style="list-style-type: none"> To get assistance from the business community in any way possible

REMUNERATION

The company focuses its remuneration policy on the balance between fixed and risk remuneration practices. Structuring pay packages evaluated on both job-specific market trends to ensure that they remain competitive. Affordability and sustainability are also factors that influence the remuneration model with incentive-driven targets to stimulate growth.