





NAVIGATING THIS REPORT

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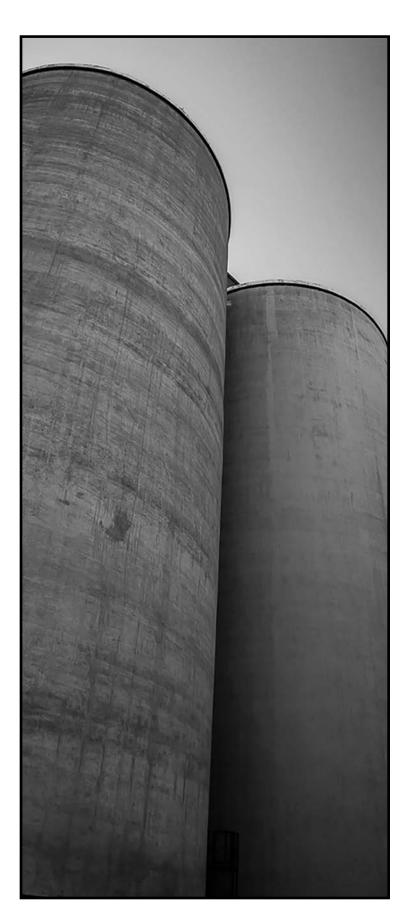
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APPROACH TO REPORTING



Scope and boundaries

This sustainability report provides detailed information relating to the Senwes group's operational and business performance for the year 1 May 2016 to 30 April 2017. The objective of this report is to present a balanced, transparent and reasonable account of the group's sustainability performance during the year.

Target audience

The report is aimed at all stakeholders with an interest in the Senwes group's sustainability performance. Stakeholders that could affect and/or be affected by our activities, products and associated performance, include our employees, shareholders, suppliers, communities, investors, customers, NGO's and government.

Reporting principles and guidelines

This sustainability report should be read in conjunction with the integrated report as well as the annual financial statements (AFS). The reporting process for all our reports has been guided by the principles and requirements contained in the GRI's G4 Sustainability Guidelines, the International Financial Reporting Standards (IFRS), the IIRC's International Framework and the King Code of Governance Principles for South Africa, 2016 (King IV).

Assurance

Ernst & Young Inc. conducted an independent audit of the group's annual financial statements. The rest of the report, consisting of non-financial information, has not been subjected to an independent audit or review and has been compiled based on internal records and information in the public domain under supervision of CF Kruger, CA (SA), Group Chief Financial Officer.

Board approval

The Senwes board of directors acknowledges its responsibility relating to the integrity of the information presented in this sustainability report for the 2016/17 financial year. According to the board and executive committee, the information presented in this sustainability report provides a fair and balanced view of the group's performance and matters considered to be material in Senwes' value creation process.

Danie Minnaar CHAIRMAN

Francois Strydom

GROUP CHIEF EXECUTIVE
OFFICER



SENWES BRAND - THE STORY

The beginning

In the year 1909, the founders of the company identified an opportunity to assist farmers in central South Africa by providing them with grain storage facilities. For the past 108 years Senwes has been building on this foundation - to assist farmers and to ensure food security.

The foundation

The brand is built on six sound corporate values that employees embrace and live by. These include integrity, business orientation, self-motivation, innovation, loyalty and accountability.

The company

Senwes strategically uses joint ventures to expand its geographic presence and mitigate its concentration risk, whilst effectively realising its purpose of providing innovative and integrated solutions to its customers. The company operates as a group of companies from eight of the nine provinces in South Africa, with a personnel complement of 3 157 employees.

The responsibility

Senwes has a responsibility towards making a meaningful contribution and creating sustainable value for all stakeholders, thereby contributing towards food security in South Africa. As a corporate brand, Senwes strives to be the preferred in-

vestment partner, employer, supplier and distribution channel and a good corporate citizen.

Statement of commitment

Senwes is committed to making a meaningful contribution to sustainable livelihoods through sustainable agriculture, by providing innovative and integrated solutions to food producers and other role players in the applicable stages of the food value chain. Senwes is also committed to creating value for all our stakeholders by conducting sustainable business through ethical dealings, protecting the environment and contributing to the socio-economic development of our employees and societies in which we conduct business.

The promise

Senwes is known for its integrity, loyalty and professionalism, which are reflected in all its business activities. Throughout each and every segment of the company's involvement in the food value chain, Senwes adopts a strategic approach to rather deliver fewer products/services of exceptional quality than trying to service various markets with numerous activities which do not add sufficient value for our key stakeholders. This approach is aimed at growth and diversification by bringing about innovative and integrated solutions and sustainable practices within the agricultural environment and food value chain.



GROUP STRATEGY

Purpose

Our purpose is to provide innovative and integrated solutions to our customers to enable them to do their business.

Mission

Senwes is one of the leading agricultural companies in Southern Africa that provides financing, input supplies, insurance, storage, handling, logistics and trading to grain producers as well as financing to off-takers.

Where we are going?

Strategic goal

To be an integrated agri-business and a significant role player in the food value chain.

Strategic focus

The strategy is focused on growth and diversification through consolidation and integration within the agricultural and food value chain.

Strategic objective

To create sustainable value for all our stakeholders and to become a preferred investment partner, employer, supplier and distribution channel and a good corporate citizen.

Strategic evolution

Senwes' strategy has evolved to the extent where the company focuses on its current markets, new initiatives within these markets and also in the broader spectrum, on new initiatives in new markets.

provide innovative and integrated solutions

one of the **leading** agricultural companies

integrated agri-business

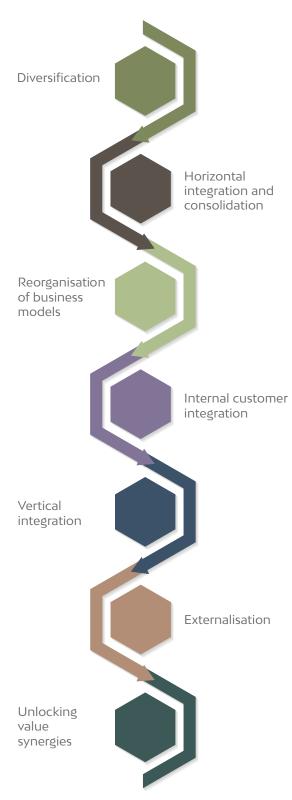
growth and diversification

create **sustainable value**for our stakeholders

How are we getting there?

Strategic priorities

[Discussed in more detail on p. 7]

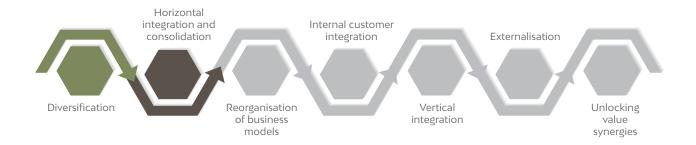


GROUP STRATEGY | continued Senwes' strategy evolution highlights how the different aspects of the Where we are going business can be seen at this point in time but also indicates how each of these aspects are projected to transform in future. This illustration also underlines the new initiatives in the company's current markets as well as new initiative in new markets. Integrated input solution and rural services linked Where we are to agri-services **Expanded products with** Agricultural retail a national footprint for business customers and businessto-business solutions Integrated but also stand-Credit: Integrated alone credit solution in agri market Local agri-focus Fully integrated national insurance solution financial services company **SENWES STRATEGIC** Grain trading business National soft commodity mostly deployed in trading business **EVOLUTION** traditional area Storage solution integrated Storage solution logistics, finance, to deliver deployed mostly to service the producer/ an end-to-end service on customer both sides Equipment solution Equipment solution to a to our customer base bigger share nationally as **New initiatives in current markets** New initiatives in new markets Agri-advice for future producers

- Counter cyclical soft commodities and agri-related products
- Water solution
- Farming property solutions
- Re-engineering of business model and advanced operations
- Consolidation
- Expanded capital expenditure programmes to enhance service delivery

Strategic priorities

Strategic Priority Focus area	Description	Strategic Progress	Top of Mind Risks	Future Prospects
Horizontal integration and consolidation	Diversification of the business to mitigate concentration risk. The group's diversification efforts focus on the following: Diversification of product and/or service offering. Geographic expansion. Local agricultural consolidation. Diversification into different market segments. Diversification of client base. Effective horizontal integration and consolidation of the agri-business sector to facilitate expansion into a national footprint. The group's efforts in this regard focus on: Mergers/consolidations and acquisitions. Market share drive. Capital investment in the optimisation of current infrastructure and expansion of networks for products and services. Expanding the group's presence in current operational activities and/or diversification of current product and service offering. Client base growth. Geographic expansion (South Africa).	 Consolidation of the financial services group in order to create a more sustainable platform for consolidation and expansion into other markets – Certisure with NWK as partner. Expansion of the John Deere mechanisation agency to the Eastern and Western Cape – JDI with the Tomlinson family as partner. Establishment of a retail leader – Hinterland SA with AFGRI as partner. Expansion of capacity in the lime industry and the acquisition of a larger share in the business – Grasland Ondernemings with NWK as partner. Expansion into new areas by Senwes Credit. Agrico acquisition – as part of Agrico effectively dissolving its John Deere agency, Senwes Equipment acquired two of their branches (Aliwal-North and Agrico Ugie). JDI acquired Agrico George at the same time. JCB – Senwes Equipment is now the official distributor of the JCB product range. 	4, 5, 6, 7, 9, 10	 Joint ventures have, up to now, been one of the success stories of the Senwes strategy and the group will continue to build thereupon. Further upscaling, through consolidation and new market expansion, will bring about critical mass as well as synergies which will position the business for growth and long-term survival. De-risking into other commodities. Sustained/continued market share drive. Continued capital investment in the optimisation of our current infrastructure.

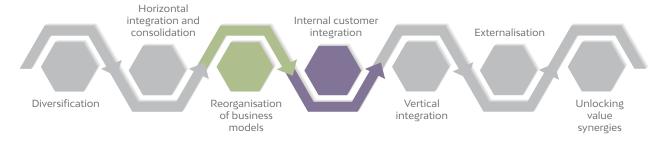


GROUP STRATEGY | continued

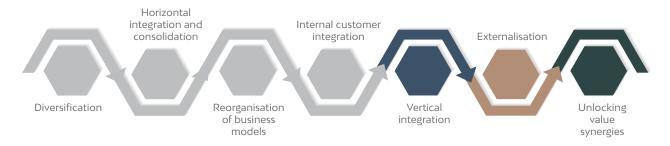


Strategic priorities | continued

Strategic Priority Focus area	Description	Strategic Progress	Top of Mind Risks	Future Prospects
Reorganisation of business models	Reorganisation of business models focuses on the following: Optimisation of current product and/or service offering. Operational restructuring – addition of new business units to the existing business model. Focus on improving operational efficiencies. Optimisation of corporate and other support functions and/or services. Improved reporting.	 Senwes subjected some of its business units to an external process of analysis and investigation. The business models of the said units underwent total redesign and enhancement. Senwes increased its appetite in the high probability trading book and concentrated and centralised this ability. Additional channels were established and Senwes launched its hedge fund in the market in co-operation with Absa during September 2016. The group's loyalty scheme (Agri-Rewards) obtained regulatory approval and already applies for the 30 April 2017 reporting period. Margin enhancement projects. 	1, 2, 4, 8, 9, 10, 11, 12, 13	 Creating value lies in constantly attempting to improve the basics and therefore the group will continue to subject its business units to analyses and investigations in order to establish whether or not any enhancements or redesigns are necessary. Improved and/or revamped products and/or service solutions.
Internal customer integration	The objective of internal customer integration is to achieve increased client intimacy and consequent retention of clients to obtain new clients and an increased share of wallet by offering a fully integrated business solution rather than a once-off product.	 The innovation and integration division was established to gain new clients, retain current clients and increase the share of clients' wallets. Establishment of Hinterland Fuels (Pty) Ltd. 	4, 6, 7, 9	Given continuous technological advancements and the rate at which clients' needs are evolving, there will be a constant drive to increase clients' share of wallet "owned" by Senwes through innovative, integrated, top-of-therange products and service solutions.

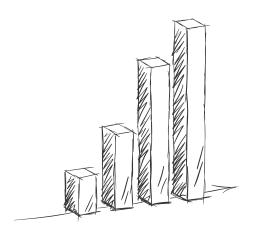


Strategic Priority Focus area	Description	Strategic Progress	Top of Mind Risks	Future Prospects
Vertical integration	Vertical integration of the business by means of a specialised focus in the value chain in order to identify areas of opportunity.	 Establishment of a specialised and focused logistics partnership with the objective of empowering imports, exports and local transport requirements – Grainovation with Imperial Logistics as partner. Alignment with and integration into the logistics value chain – 20,4% shareholding by Grindrod/Remgro in Senwes Limited. Access gained to the wholesale market (distribution centre) – Prodist with AFGRI and LRB (Mica, DIY and House of Paints) as partners. Astral contract – the largest single maize contract in South Africa for the supply of 800 000 tonnes of maize concluded between Astral, Senwes and Tradevantage. 	4, 5, 6, 9, 10	 Some areas of the grain value chain have been yielding good long-term returns and Senwes will continue its attempts to increase involvement and/or expansion into these areas. More extensive participation in the logistics network is foreseen. Import/export programmes.
Externalisation	Externalisation focuses on the investigation of beneficial opportunities globally (outside the borders of South Africa) and expansion into these new, lower risk jurisdictions.	Various areas/new markets which could have possible benefits/ opportunities for Senwes outside the borders of South Africa have been identified and are being evaluated.	3, 4, 5, 6, 7, 9	It remains part of Senwes' 10-year rolling strategy to 2025 to continue to simul- taneously externalise and diversify through expan- sion into new, lower risk, markets (outside of South Africa).
Unlocking value synergies	The primary focus of unlocking value synergies is on reaping the benefits of shared corporate functions and operational efficiencies across the group.	Establishment of an innovation and integration division to create improved co-ordination between business units, ensure better client service, increase control over marketing actions, better product development and the design of technological solutions.	4, 6, 9, 10, 11	There is significant benefit in unlocking value synergies and therefore it makes sense to maintain a con- stant drive to unlock the synergies. This focus is to ensure that the synergies of the shared corporate functions and operational efficiencies are tapped into and fully utilised across the entire Senwes group.



Sustainability performance highlights: 2016/17 at a glance

Indicator	Variance	2016/17	2015/16
Human Capital			
Senwes group employee complement	5,3%	3 157	2 997
Operating profit per employee (R'000)	1,8%	268,8	264,2
Employee turnover (%)	1,0%	16,2	15,2
DIFR (Disabling Injury Frequency Rate)	0,0%	1,8	1,8
Social and Relationship Capital			
Total CSI (Corporate Social Investment) expenditure (R'm)	28,6%	0,9	0,7
Total spending in respect of authorities	(37, 3%)	153	244
Paid to suppliers of goods and services (R'm)	7,4%	9 066	8 438
Financial Capital			
Net profit after tax (R'm)	7,1%	167	156
Distribution of wealth to employees	(2,0%)	38,0%	40,0%
Distribution of wealth to shareholders	2,0%	22,0%	20,0%
Distribution of wealth to government	(9, 0%)	16,0%	25,0%
Distribution of wealth to financiers	5,0%	22,0%	17,0%
Manufacturing Capital			
Maintenance expenditure (R'm)	5,1 %	41	39
Silos audited	0,0%	100%	100%
Intellectual Capital			
Investment in respect of innovation (R'm)	18,4%	4,5	3,8
Training and education (R'm)	3,2%	9,6	9,3
Loyalty scheme awarded (R/ton)		54	New Initiative
Natural Capital			
Head office electricity consumption (GWh)	44,9%	1,64	2,98
Head office water consumption (kl)	0,8%	5 480	5 522
Head office energy saving (R'm)		30,3	New Initiative



nsuring effective sustainability management throughout Senwes' operations has been a priority. The focus is to integrate sustainability best practices in all the business units in order to have the advantage of turning potential risks into opportunities. Senwes focuses on integrating strategy and sustainability, ensuring cost effectiveness and operational efficiency, improving efficiency of resource utilisation, increasing and optimising revenue streams and effectively mitigating its risks. This is undergirded by a talent strategy that ensures that the company attracts, develops, engages and retains the right talent and a deliberate strategically-guided effort that maintains healthy stakeholder relations with all its stakeholders.

Senwes is committed to ensuring the sustainability of its business, while sustaining the ability to create value for all its stakeholders. The aim is to be transparent about what the company does, communicate effectively, report progress, demonstrate responsible leadership and best practices in every aspect of the business. The long-term sustainability of the company remains the most important focus.

Sustainability governance structure

The Senwes board delegates the responsibility of ensuring that sustainability issues are handled with high priority to its Social and Ethics Committee, which is chaired by James Botha. The committee comprises of both non-executive and executive directors. Besides being responsible for sustainability and integrated reporting, the committee oversees the company's sustainable culture and values, labour matters, B-BBEE-matters, consumer protection and sound business practices, Code of Ethics, Code of Conduct and stakeholder management.

The following table reflects the Senwes group's governance structure:

SENWES BOARD COMMITTEES EXECUTIVES Social & Ethics Committee
 Group Chief Executive (SQC) Officer **Audit Committee** Group Chief Financial Officer • Investment Committee Group Executive Nomination Committee Director (Nomco) Remuneration Committee (Remco) Risk Committee

Business integrity and ethics

Senwes is committed to conducting business in an ethical manner and strives to promote ethical behaviour in all its dealings. The company's Code of Ethics addresses issues such as corruption, bribery, conflict of interest and human rights, which governs its approach to promoting an ethical culture and fair business practices. The document explains what is expected of everyone working for and with Senwes, including employees, contractors and suppliers.

The document clarifies the values, guidelines and standards which everyone should observe in their dealings with both internal and external stakeholders. It also covers all its interactions with employees, contractors, suppliers, service providers, as well as subsidiaries and joint ventures. All employees and directors are expected to pledge their commitment to the company's values and ethics.

The Human Resources policy and the Crime Prevention policy serve as complimentary policy documents in support of the Code of Ethics. At Senwes we ensure compliance with the provisions of all applicable domestic and international legislation, as well as the appropriate standards and principles.

The Senwes Code of Ethics is a high-level document, which articulates the company's commitment to conducting business in a manner that is legally and ethically acceptable and is applicable to all employees and directors in the group. At Senwes we undertake training and awareness initiatives. Senwes has an active Ethics Committee which comprises of ethics officers from all the divisions. All reported incidents are investigated and should sufficient information be provided, the appropriate corrective action is taken.

The following Code of Ethics guides Senwes' interaction with all stakeholders:

- To be a responsible and accountable corporate citizen, committed to managing a sustainable business with due regard to our stakeholders, the environment and society;
- To treat all stakeholders with respect, sensitivity and dignity under all circumstances;
- To scomply with all relevant legal and regulatory requirements as a minimum standard;
- To act with integrity and professionalism in all business activities, reject all forms of dishonesty and be intolerant of deceitful acts such as theft, bribery, corruption, fraud, falsification and misrepresentation;
- To subscribe to effective corporate governance principles in line with national and international guidelines;
- To avoid and declare conflicts of interest;
- To ensure that information to all our stakeholders is timely, accurate, balanced, contains no misrepresentations and is not misleading;
- To compete fairly and honestly and respect the rights of competitors to fair competition;
- To honour duly authorised agreements entered into by Senwes:
- To respect human rights and dignity and to not discriminate on the basis of race, gender, religion or sexual orientation;
- To conduct our personal affairs in a respectable and responsible manner with due regard to the protection of Senwes' reputation at all times; and
- To investigate all reported acts of misconduct and to take appropriate action, regardless of who is involved.

STAKEHOLDER ENGAGEMENT

Key relationships that drive the Senwes businesses

enwes' stakeholders are the critical individuals or groups that Senwes needs to nurture and to focus on sound relationships with these groups as they are the core of the business which creates value over the short, medium and long term. The table below identifies these groups and provides a brief overview of the nature of the company's relationship with these stakeholders, the stakeholders' interests and Senwes' inclusive and interrelated approach in dealing with these:

Stakeholder grouping **Material relationship Stakeholder material interests** Advice on business decisions The reason for the **Clients and Customers** company's existence Quality of goods and services because they Price buy our products Volatility and services Critical market information Effective solutions for industry-related problems Main source of revenue Customer experience During the past financial year Senwes implemented a new

Senwes implemented a new client-centric log-on process called OneAgri to assist clients by using only one username and password for all the platforms across the Senwes group. The AgriRewards loyalty scheme was also launched successfully.









Senwes' material response

- Integrated client service approach and a clear understanding of the needs of clients
- Proactive marketing strategy
- Infinite client knowledge
- Knowledgeable staff
- Business-driven and appropriate solutions
- Strong advice business model
- Effective communications
- Relevant infrastructure and retail networks
- Personal contact at business units
- Independent third party consulting project on customer interaction

Related risks

Lower pricing from competitors

Suitable alternative products and services

Lower cost business models which will serve the client at the same level

Related strategies

- AgriRewards: Rewards customers for their business and loyalty
- Appropriate client integrated products and services
- Integration project to improve our service levels
- Technology improvements to add value to the client

New contracts are being concluded in various segments of the business which will provide certainty and sustainability.





The board approved the second year of the AgriRewards scheme and added further business units, besides Grainlink, that will participate in the scheme.



STAKEHOLDERS | continued

Stakeholder grouping **Material relationship Stakeholder material interests Shareholders** Strategy to ensure sustainable financial performance Owners of the and Investors Externalisation and diversification company: Achieve required return on equity **Principal** Sound total shareholder return (dividend and capital providers of growth) financial capital Responsible investments Transparent reporting and disclosure Stable dividend policy Good corporate governance Ethical behaviour and responsible citizenship For the period under review, Senwes has been in communication with shareholders and investors through various mediums, which will culminate in an annual

general meeting where presentations on the financial results and the strategy of the company will be made.

Stakeholder grouping **Material relationship Stakeholder material interests Suppliers** Reliable preferred partner **Affects the Senwes** Honouring terms and conditions group's ability to Timely payments cost-effectively B-BBEE compliance provide products Effective communication channel and services Fair discount and rebate system Direct impact on Balanced client promise competitiveness High quality products During the year under review various

interactions and networking between Senwes and its suppliers took place. Expo's and other marketing days were held, where Senwes and its suppliers shared a platform.

Senwes' material response **Related risks Related strategies** Performance of the board in terms of: **Current shareholder** Redesign shareholder structure · Adopting long-term strategies and goals; and structures Consider unbundling Ensuring successful execution Unable to raise enough Skilled and expert board composition Average 5-year return on opening equity of 14,1% capital to execute Board performance evaluation strategies 5-year average total shareholders' return (on opening Regular dividend distributions market price) of 8,1% Solvency and Longer term rolling strategy to grow liquidity risks Constant dividend flow and ensure sustainability Sound corporate governance practices Transparency in disclosure of results, major risks, opportunities and directors' remuneration Value chain integration Mergers and acquisitions (local and international) Interim and annual results reporting and presentations at annual general meeting



Senwes listed on ZAR X, a licensed exchange, and declared interim and final dividends which were paid in September 2016 and March 2017.

Active pursuit of value creation and unlocking





The integrated reporting to shareholders is being enhanced with the adoption of the King IV Report on Corporate Governance.



Continuous and regular interaction and proactive engagement with suppliers ensure sound relationships.



During the year under review, Senwes and a key supplier, John Deere, agreed to expand the dealerships in the Eastern Cape. A new dealership agreement was concluded with JCB, a British company that supplies industrial and agricultural equipment.

STAKEHOLDERS | continued

Stakeholder grouping Business

Partners

Material relationship

Stakeholder material interests

Senwes established various joint venture relationships with third parties to expand the company's footprint and grow the various business segment

- Strategic intent to grow the business
- Understand the business partners' investment objectives
- Exclusive partner for specific business model
- * Effective communication channel
- Integrated and professional corporate service delivery by means of service level agreements

(ey initiative

Continuous review and expansion strategies are being explored in order to grow the joint venture business and to design new ways of involving partners in an attempt to expand the product and service delivery ranges, such as John Deere in the Eastern Cape, wealth management and investment in the financial sector and logistical integration into the wholesale and retail business.



Stakeholder grouping

Material relationship

Stakeholder material interests

Employees

Skills development and engagement of employees determine the company's ability to deliver on commitments, brand promise and overall strategy

- Education and training
- Market-related terms of employment, salaries and incontings
- Safe and healthy work environment
- Challenging job with opportunities for career and personal development
- Strong alignment with shareholders in respect of performance
- Job security, satisfaction and recognition
- Increased communication by management

ey initiatives

During the year under review the company adopted a revised human resource management programme and appointed a team of HR professionals to ensure implementation of the programme. A review of the HR policy as well as the HR practices, job profiling and the wellness of employees is currently underway.



Senwes' material response

- Joint boards
- Delegation to duly appointed board committees
- Strategic progress and alignment discussions
- Consensus decision-making
- Aligned governance frameworks
- Regular annual review of investments
- Formal service level agreement contract models and monitoring
- Client satisfaction surveys

Related risks

Incorrect execution or inability to execute approved strategies

Management being unable to deliver

Poor financial performance

Poor service delivery

Disputes

Solvency and liquidity risk

Related strategies

- Consider global/national/regional trends which can have a significant influence on performance and sustainability
- Consider the life-cycle of the business in order to avoid disappointing performance in future
- Open and transparent communication
- Board representation and meetings
- Shareholder agreements
- Annual review of investment performance by the Investment Committee
- Diligent and monthly performance monitoring by EXCO







Senwes' material response

- Performance objective setting, formal evaluation and feedback sessions
- ❖ Incentive bonus scheme
- Market related remuneration and benchmarking
- Frequent SHEQ-audits of work environment
- Annual performance award function
- Employee bursary scheme
- Graduation ceremony
- Senwes Academy skills and development training
- Internal and informal recognition

Related risks

Retention with high levels of staff turnover

Lack of specialised and scarce skills

Lack of or slow transformation

Discrimination in terms of race, gender or religion

Culture of disengagement

Disparity between highest and lowest paid

Inequality and subjectiveness in respect of bonus payments

Strike action

Related strategies

- Fair remuneration philosophy with equal treatment of employees
- Communication
- Formal professional development plans
- Regular and fair performance reviews
- Ethical culture
- STI bonus and long-term share incentive schemes and performance awards







A new online career portal, called Group Careers (www. groupcareers.co.za), was launched, which allows job seekers to upload their CV's, constantly build and expand on their online profile and get more detail about current vacancies at Senwes, Hinterland, Certisure and Tradevantage.

STAKEHOLDERS | continued

Stakeholder grouping

Material relationship

Stakeholder material interests

Community

Add to the longer term sustainability of our operating environment and strengthening the socio-economic context in areas in which we operate

- Empowerment through technical advice
- Involvement of communities
- Proposed enterprise development
- Invest in upliftment programmes and infrastructure
- Participate in much needed projects

Key initiatives

The Thobo Trust
launched Early Childhood Development
(ECD) training of
teachers and established two computer
centres for the primary
school communities
in Brandfort and
Ottosdal. The Senwes
Spinners farm schools
cricket development
programme celebrated
its tenth anniversary.



Stakeholder grouping

Material relationship

Stakeholder material interests

Government and Regulators

Provide the legislative and regulatory framework to conduct business as a responsible corporate citizen

- Comply with legislative requirements
- Contribute significantly to the fiscus
- Submit regulatory returns accurately and timeously
- Advise on industry matters and guidance on government's policies regarding the sector

v initiative

During the year under review the combined assurance model was fully implemented and was integrated with risk management, legal compliance and internal audit reporting and disclosure.



Senwes' material response

- Sustainable CSI-initiatives
- Sponsorship of national and provincial agricultural conferences.
- Financial and technical support to emerging farmers
- Community engagement projects
- Sustainable enterprise development

Related risks

Non-delivery

Failure of projects

Low impact

Related strategies

- Integrated CSI-projects
- Scale of projects as well as combined and intergrated strategic view for 2018 and onwards to achieve scale



With the current infrastructure and further investment in local communities where Senwes operates from, material employment opportunities are provided in the rural areas, which contribute to the sustainability of local rural authorities.

Senwes' material response

- Ensuring and monitoring ongoing legislative compliance
- Audited annual reporting
- Timely submission of returns and payments
- Positive response to information requested

Related risks

Fines
Penalties

Imprisonment

Personal liability for directors and officers

Loss or damage that may lead to the closure of the business

Damage to reputation

Going concern

Suspension of listing

Related strategies

- Combined assurance models
- Sound relationships
- Compliance programmes
- Specialist business units for tax and legal/statutory compliance
- Levels of assurance with internal and external audits as three levels of defence
- Adopted best practices
- Ethical culture
- Fraud prevention strategy and whistleblower hotline

No material issues of non-compliance were reported and, where appropriate, returns were duly and timeously filed.





The JSE audited some of the Senwes business units and issued satisfactory findings.

SUSTAINABILITY PRINCIPLE

enwes' sustainability objectives are based on the company's strategic purpose, commitment, goals, values and Code of Ethics. The group articulates the desire to have a positive impact on all stakeholders in the same way in which the company manages its business. The company classifies and manages its sustainability issues in line with the six capitals and identifies material issues based on its strategic sustainability objectives.

Material issues

Material issues are described as issues that reflect significant economic, environmental and social impacts. These are factors that can affect, or that reasonably have the greatest potential to influence, the success of the group and substantively influence the assessment and decision-making of stakeholders.



Approach to materiality analysis

Senwes understands the importance of continuous engagement with its stakeholders to identify issues relating to strategy, opportunities, risks and operations. We also recognise that the process may enable us to address relevant issues and report on them effectively.

Broad objectives driving this process are the following:

- Taking advantage of opportunities;
- Protection of current business;
- Unlocking new business and income streams;
- Mitigation of risks;
- Improvement of operational efficiencies; and
- * Realisation of cost efficiencies.

The benefits of sustainability management:

- Focuses on creating long-term value;
- Ensures that strategy and sustainability are integrated;
- Ensures continued supply of inputs, raw materials, natural resources and products;

- Protects our revenue sources and increases revenue streams;
- Attracts, develops, engages and retains the right talent;
- Improves resource and operational efficiencies and reduces costs:
- Ensures effective compliance, governance and risk management throughout the group;
- Enhances reputation and brand value;
- Ensures efficient cost management and overall financial performance; and
- Contributes to social and economic transformation and development.

The materiality process

Senwes follows a formal materiality process, through which the company identifies the issues that matter most to its business and stakeholders. The company has undertaken consultation with stakeholders and the results identified the risks and opportunities faced by the business. The issues are placed on the following materiality matrix, which displays their positions relative to the degree of stakeholder concern and potential business impact.















HUMAN CAPITAL

enwes' employees are the heart of its operations; they are key in meeting the needs and fulfilling the expectations of all its stakeholders. Through the guidance of Senwes' Code of Ethics, employees apply their skills, knowledge and expertise to ensure the successful and responsible operation of the company.

This is achieved through a work environment that promotes respect for human rights and for the rule of law. Senwes therefore complies with all relevant employment related and labour legislation. The company contributes to the development of our employees by making appropriate investments that will improve their qualifications, skills and competencies.

Senwes' strategic focus with regards to employees is to ensure that the company attracts, develops, motivates and retains the best talent. Our employees deserve a safe and positive work environment where hard work is rewarded, their activities are stimulating, growth opportunities are provided and remuneration is fair and equitable.

Senwes employees are a committed and dedicated workforce which has been, and still is, the company's primary competitive advantage in the long and successful history of 108 years. The company has a hard-working team which has always ensured its success, even under the most difficult circumstances, and thereby contributes to its long-term sustainability.

Human capital strategy

The human capital strategy is underpinned by three strategic objectives: talent strategy, governance risk and compliance and human resource service delivery. The primary aim of the model is to create an enabled and engaged workplace and to facilitate effective relationships with employees. The monitoring of human resource governance, risks and compliance will remain a priority. The focus is to strengthen the human resource governance throughout the group. The service delivery will be improved through effective technological platforms as well as self-service mechanisms.

Human Resources business model

HR GOVERNANCE, RISK AND COMPLIANCE

THE RIGHT PERSON WHO IS

- engaged
- the right fit with
- the right skills
- * available at the right time
- Selection and assessment
- Training and development
- Coaching and mentoring
- Performance management
- Reward
- Meaningful work

ENABLED, ENGAGED WORKPLACE

- Enabled
- Tools/equipment
- Health and wellness
- Engaged
- Inclusivity (Diversity)
- Reward & recognition policy
- Collaboration and integration

EFFECTIVE RELATIONSHIPS WITH EMPLOYEES, COMMUNITIES AND CUSTOMERS

- Personal
- Self management
- Leadership
- Tolerance of ambiguity
- Resilience
- Curiousness
- ❖ Collective
- Customer awareness
- Communication
- Relations with organised labour
- Community and external stakeholders

Senwes believes that changing the world requires systems and processes which are able to predict people disruptors before they occur in order to successfully pre-empt and navigate these disruptors.

Human Resources drivers of value:

- Automating processes;
- Developing standard competency frameworks;
- Developing standard measurement models;
- Increasing performance screening, selection and development;
- Increasing engagement and retention through feedback and coaching:
- Improving the leadership pipeline through succession planning;
- Driving performance culture through effective objective setting, regular monitoring and feedback and commensurate recognition and rewards; and
- Improving business results through goal alignment.

Key inputs

- A leader in the industry and an excellent company to work for;
- Company with opportunities;
- Safe and healthy work environment;
- Employee recognition and market-related remuneration;
- Strong leadership team;
- Inclusive environment and workforce diversity;
- Employees are empowered and ownership is allocated.

Outcomes

- Total personnel of 3 157 in the Senwes group (including JVs);
- ❖ Total remuneration cost of R373,6 million;
- Job levels per race;
- Age distribution; and
- Disabling injuries.



Employee value proposition

Senwes' strategic approach to talent management is guided by the company's employee value proposition. This proposition enables the organisation to attract prospective talent, improve employee engagement, retain current employees, promote attributes that will make Senwes an employer of choice in the labour market and attain its strategic goals.

The value proposition rests on the following four pillars and summarises the value promise to employees:

- Senwes is a great company to work for;
- Senwes has challenging careers with growth opportunities;
- Senwes enables a safe and healthy work environment; and
- Senwes offers employee recognition and market-related rewards.

Labour and management relations

At Senwes, we acknowledge the rights of all our employees. We are committed to the labour principles set out in the International Labour Organisation's core conventions, including the right to freedom of association and collective bargaining, the eradication of child and forced labour and non-discrimination. Senwes is committed to sound employee relations, creates an environment conducive to freedom of association in the work-place and ensures that no unfair discrimination occurs.

The primary objective of labour relations is to have a proactive approach towards matters and the timeous identification of potential risks. Senwes has experienced relatively cordial labour relations in a difficult labour environment through applying this approach. Senwes is a member of the Bargaining Council for the Grain Industry and plays an influential role in this council.

Organisation conventions

Senwes supports and complies with the principles of the International Labour Organisation conventions on rights in the workplace and acceptable working conditions. We endeavour

HUMAN CAPITAL | continued

to protect the fundamental human rights of our employees in the workplace. In terms of these conventions, the following rights are observed and protected:

Prohibition of forced labour

Senwes complies with all labour legislation and ensures that no forced labour practices take place. There has not been any incident of forced labour during the year. Senwes does not make use of labour brokers to provide labour. All persons working within the company are employees of the company.

Traditional rights

Senwes has an employment policy that is consistent, uniform and applies to all employees. This policy protects the rights of the employees and, at minimum, complies with labour legislation. In some cases this policy exceeds the requirements of legislation governing employee rights. Any special deviations from this policy are negotiated on a centralised basis at bargaining council level. Special needs of employees are considered within this framework when such needs arise.

Freedom of association

Senwes recognises the employee's right to freedom of association and collective bargaining. Senwes is a member of the Grain Bargaining Council and recognises three trade unions, namely Solidarity, FAWU and NUFBWSAW.

Health and Safety

Senwes acknowledges the responsibility to promote the safety, health and wellbeing of its employees. The company realises that in order for it to be profitable, employees need to work in a safe, healthy and supportive working environment. Creating a workplace that fosters care and wellbeing, is essential to the success of the company. Senwes has a dedicated SHEQ (Safety, Health, Environment and Quality) unit that guides the company to comply with all laws, regulations and rules governing employees' occupational health and safety. The SHEQ integrated system supports the standardisation of the corporate and SHEQ management process.

Health and safety programmes are being rolled out in line with regulations and best practices in order to ensure the wellbeing of our employees. We also strive to create a workplace and culture that nourish those attributes.

The health and safety strategy rests on five pillars, namely:

- Enabling policy environment;
- Effective structures;
- Education, training and awareness;
- Empowering employees to make judgement calls; and
- Enforcement of rules and regulations.

Indicators	2016/ 2017	2015/ 2016
Section 24 disabling injuries	5	3
Disabling injuries	30	31
Disabling injury frequency rate	1,8	1,8

Railway Safety Regulator

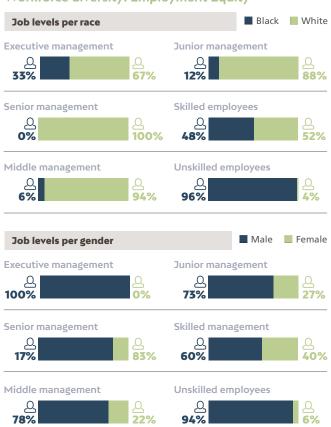
The company is required to obtain a railway safety permit which is renewable annually upon satisfying the qualifying requirements. A railway safety permit was obtained in November 2016 and will expire towards the end of 2017.

Diversity and equal opportunities

Senwes continues to promote transformation. Our objective in respect of talent diversification is driven by the business' strategic objectives as well as national transformation imperatives. The purpose is to ensure that we have a culture of diversity and inclusion where individuals' diverse strengths and attributes are embraced and leveraged for the benefit of all stakeholders.

Our strategic goals include improving innovation through diversity of thought, widening the talent pool, developing talent's competitive advantage, ensuring legal and regulatory compliance and supporting national transformation and sustainability imperatives.

Workforce diversity: Employment Equity





he Senwes group's CSI-vision is to be a responsible corporate citizen that contributes to the sustainable development of communities and the society as a whole. The Senwes group is committed to the national transformation and development objectives and aligns its initiatives with government's development priorities. We are passionate about contributing to the sustainable development of the rural areas, especially in the areas where the Senwes group conducts business

Our communities not only provide us with a market for our products and services, but our employees are also part of these communities. It is therefore critical to operate in a responsible and sustainable fashion within these communities where our employees, clients and their families reside and to contribute to their development.

Strategic corporate social investment

Senwes' community development investments target areas of education, food security, sports and entrepreneurship and address the needs of vulnerable children. We approach all our programmes and initiatives through partnerships with relevant role players from across the spectrum: government, civil society organisations, tertiary institutions and businesses. Our approach to development is based on the following principles:

- Promote social cohesion;
- Take a programmatic approach to development longterm programmes as opposed to short-term projects;
- Play a catalytic and facilitative role;

- Leverage partnerships and resources; and
- Take a focused approach we do not attempt to be everything to everyone.

Senwes CSI-objectives

- To initiate and support innovative programmes and practical solutions to community problems and needs;
- To work with communities at grassroot level;
- To support community interventions that are viable and have a wider, broader, more sustainable impact in the long term:
- To leverage resources, potential opportunities within communities, ensuring that they can take ownership and responsibility for their own development;
- To provide our employees with opportunities and support to contribute to the well-being and development of communities in which they live and where we conduct business; and
- To work in a consultative manner through partnerships with the community, government, non-governmental organisations and other businesses.

Focus Areas

Senwes' involvement and investment in the community is something we are proud of. Through partnerships with various social organisations, the group has made a significant impact in the following focus areas:

Education Economic and enterprise development Sports Food safety Welfare







SOCIAL AND RELATIONSHIP CAPITAL | continued

Key-inputs

- Thobo Trust projects;
- Annual Christmas party project;
- Water shortage project;
- Nelson Mandela Day project;
- Drought relief assistance;
- Agricultural conference sponsorships;
- External bursary schemes;
- Learnerships:
- Programme for emerging farmers.

Outcomes

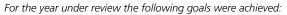
- Number of active customers: 4 952;
- Number of active suppliers: 1 089;
- Total spending in respect of authorities: R153 million;
- Paid to suppliers for goods and services: R9,1 billion;
- Total CSI-spending: R0,9 million;
- Total enterprise development spending: R1,3 million.

Education

External bursaries

Senwes believes in investing in the youth and in education. For the year under review, we managed to award bursaries to deserving individuals from our area of operation – the Free State and Northwest provinces. We source students through consultation with universities in our area. Senwes aims to grant bursaries to previously disadvantaged students on an annual basis.





- External bursaries were granted to four black learners;
- 25 learnerships and apprentices were trained; and
- Two prizes were awarded to top academic performers at the North West University and the University of the Free State.

Thobo Trust

Thobo Trust was established to be the B-BBEE and socio-economic development partner of Senwes with the primary purpose of facilitating the corporate social investments of the Senwes group, its subsidiaries and joint ventures. This facilitates the effective and sustainable development of rural communities in the Senwes area of operation.

Thobo Trust is an independent trust which was established in 2014. The head office is situated in the Senwes building in Klerksdorp, Northwest province. The trust assists with the execution of the CSI- and SED-strategy of Senwes, whilst partnering with Senwes' subsidiaries and joint ventures on specific initiatives or projects.

Thobo Trust continues to use education as a vehicle to contribute towards the development and sustainability of rural communities. Other strategic focus areas are food security, enterprise development and infrastructure. During this financial year, Senwes aimed at investing more resources in the establishment of computer centres and early childhood development (ECD) educator training.

Thobo Trust Beneficiaries:

- Surrounding agri-communities;
- Senwes employees and families;
- Emerging farmer communities; and
- Farm worker communities.

Education as a key strategic focus

Computer laboratories

Thobo Trust establishes computer laboratories for primary schools in rural and disadvantaged communities. The main focus is to provide access to technology for learners in rural schools, enabling them to stay updated with rapid technological developments in the educational arena and the world of business. This will improve their tertiary and workplace readiness. The project is designed to benefit more than three schools in one community. Together with the school management, the trust identifies a suitable facility which is then transformed into a fully functioning IT-laboratory. Thobo Trust equips the facility

with furniture and IT-equipment. The trust works together with other sponsors to make this project a success.

Early Childhood Development

Thobo Trust provides training for educators in ECD centres. The objective of the project is to improve the standard of ECD in the rural areas through the facilitation of educator training as well as the provision of educational resources for early childhood development centres. Together with other partners, Thobo Trust ensures that children in ECD centres receive a good quality education. The other leg of the project is to establish toy libraries in rural communities, which will benefit children in crèches and primary schools.

Economic and Enterprise Development

Senwes continues to prioritise emerging and developing farming enterprises as part of the enterprise development focus area. Senwes invests in the development of emerging and developing producers, with a view to expanding participation in mainstream food production and ensuring that arable land remains fully productive. This is in line with our commitment to sustainable development and food security and in support of land reform objectives.

Five emerging farmers received mentoring and support through Senwes Credit, which included financial and technical assistance. The company also invests in keeping farmers up to date with changes and global trends in food production practices and the latest technology.

The model in this regard entails the provision of the following:

- Agricultural technical support (economic and agronomic);
- Farm management training;
- Food safety;
- Production credit extension;
- Storage and handling; and
- Market access.

A total amount of R7,8 million was spent on credit extension and technical support to develop agriculture, targeted at new entrants and emerging farmers.

Sports and Recreation

Senwes Spinners

Senwes Spinners, which celebrated its 11th anniversary this year, is a farm school cricket development programme conducted in association with Northwest Cricket. This flagship programme in farm school cricket development includes five







farm schools in the Free State and five in the North West. Exposure in training, coaching and playing the "gentleman's game", is provided to 100 learners and 20 educators per annum. The relationship with Northwest Cricket on the programme has been a mutually beneficial one and has had a major impact in rural areas. Given its remarkable success, Senwes has decided to extend its support for the programme for the next three years.

SOCIAL AND RELATIONSHIP CAPITAL | continued







Welfare

Senwes hosts a Christmas party for disadvantaged children living in orphanages and/or attending special schools in and around the Klerksdorp area on an annual basis. This year Senwes hosted 550 children from eight institutions. The event is organised and run by Senwes staff, who also buy gifts for the children using their personal funds. For the year under review, this project was made possible by Senwes and 57 sponsors. 175 employees volunteered as helpers on the day. A total amount of R300 000 was donated for the event.

Beneficiaries:

- Voetlig Gemeente;
- Manu Dei;
- Adonai;
- Khaya Tshepo;
- Daphne Lee;
- Janie Schneider;
- Rethabile Childrens' Home; and
- Viljoenskroon Youth Care Centre.

Broad-Based Black Economic Empowerment

Senwes is committed to the vision and objectives of the Broad-Based Black Economic Empowerment (B-BBEE) legislation. The company believes that B-BBEE is an important factor in the economic and social transformation of South Africa and therefore also an important component of our business.

B-BBEE strategy

- To formulate a sustainable B-BBEE-structure for Senwes;
- To create flexible empowerment structures for various entities:
- To ensure broad-based diversity;
- Enhance internal diversity of all entities and the group as a whole;
- To optimise socio-economic and enterprise development investment;
- To align Senwes' interests and that of the agricultural community stakeholders; and
- To maximise Senwes' B-BBEE-scorecard to the mutual benefit of the Senwes group and its beneficiaries.

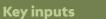


FINANCIAL CAPITAL

t is the pool of available funds which can be utilised in the achievement of the strategy of Senwes, thereby creating value for all stakeholders and unlocking such value at a suitable time. It includes debt, equity and cash generated by business units as well as investments.

It is important for Senwes to invest funds allocated by share-holders and financiers at the most optimal investment rates, in order to ensure share growth and dividend yield for shareholders, as well as interest and the required capital redemption for financiers.

Capital is allocated to each focus area in a balanced manner in order to ensure the most optimal outcome.



- Capital expenditure of R116 million to advance strategic projects;
- Additional funding from financiers of R437 million;
- Opening shareholders' equity of R1,9 billion;
- Loan facilities of R3,5 billion, of which R1,4 billion is unutilised;
- ❖ Market capitalisation of R1,9 billion.

Outcomes

- Earnings before interest and tax of R432,9 million;
- Cash generated by business units of R164,5 million;
- Normalised headline earnings per share of 108,4 cents;
- Dividend paid of 40 cents per share, total dividend paid of R71 million;
- Interest paid of R204 million, with an interest cover of 2,3 which is within the caveats of financiers;
- Net asset growth of 63,4 cents per share;
- Capital maintenance of 38%, which is within the capital maintenance guidelines of 35% to 45%;
- Natural hedging against interest rate fluctuations interest-bearing assets of R3,7 billion vs interest-bearing liabilities of R2,6 billion.







Value Added Statement

for the year ended 30 April 2017

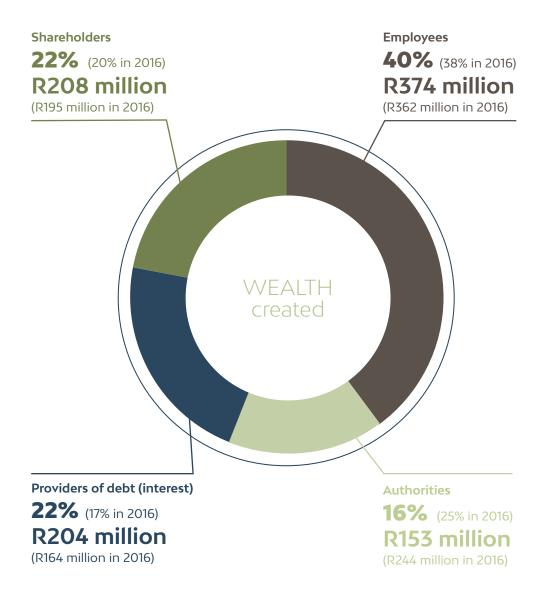
			GRC	DUP	
	Notes	2017 R'm	%	2016 R'm	%
D		0.027		0.220	
Revenue Paid to suppliers of goods and services		9 927 (9 066)		9 228 (8 438)	
WEALTH CREATED		861		790	-
		301		, 50	=
Distributed as follows:					
Employees and directors		374	40%	362	38%
Salaries, wages and other benefits	1	349	37%	331	34%
Incentive scheme		25	3%	31	3%
Authorities	2	75	8%	69	7%
Financiers		204	22%	164	17%
Shareholders		208	22%	195	20%
Dividends and distribution to ordinary shareholders		71	8%	89	9%
Provision for replacement of assets		41	4%	39	4%
Retained surplus	4	96	10%	67	7%
Wealth created from income		861	92%	790	82%
Wealth created from other sources					
Authorities	3	78	8%	175	18%
TOTAL WEALTH CREATED		939	100%	965	100%

Notes:

1. Employer contributions of R4 million (2016: R4 million) with regards to central insurance funds (UIF and workmen's compensation) are not included in this figure as it is accounted for in the amount paid to authorities (Note 2).

2. Central and local government:	
SA normal taxation - current year (incl. di	scontinued operations) 48
Decrease/(increase) in deferred taxation as	sset 14
Change in capital gains tax rate	-
Previous year's adjustments	-
Skills development levy net of refunds	3
Rates and taxes paid to local authorities	6
Central insurance funds	4
Spending on authorities	75
3. Other taxes comprise of:	
VAT	8
PAYE	65
Withholding tax on dividends	5
Spending on authorities	78
Total spending on authorities	153
4. Retained surplus comprises of:	
Total comprehensive income, net of tax	167
Dividends	(71)
Retained surplus	96

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INTELLECTUAL CAPITAL

he appointment of the right person in the right position, supported by effective management systems and company culture, contributes to the success of the business model of Senwes and the achievement of the strategy. Senwes is a customer-focused company and we attempt to find innovative and integrated solutions for our customers' problems.

Key inputs

- Innovation division focused on innovative products and service delivery;
- Internal IT-division with 60 experienced technical personnel;
- Unique business processes;
- Graduate programme;
- NWU-project;
- External specialists;
- Apprenticeship programmes;
- Leadership and management development programmes;
- Bursary schemes;
- Nation in Conversation;
- $\begin{tabular}{ll} & \label{table_product} & \labe$
- Operational and specialist business units with a mandate to explore new opportunities.



Outcomes

- Total training costs of R9,6 million;
- Total skills development costs of R3,5 million;



- Senwes Grain applications
- Senwes Equipment mobile sales application
- Senwes Weather application
- Space observation project SANSA;
- AgriRewards loyalty scheme;
- OneAgri application;
- Internally developed systems;
- Combined executive management experience of 110 years;
- Grain storage and handling market share increased by 9% due to acceleration and aeration initiatives.

Innovation

The purpose is to create value for the Senwes group and their clients through innovative and integrated product and service offerings across business units.

The focus within the Senwes group is on various types of innovation namely:

- Efficiency-based innovation this type of innovation focuses on the simplification of processes and cost reduction.
- Performance improvement this type of innovation focuses on the improvement of current processes.
- Market creating innovation this type of innovation focuses on new business models and targeting new customer segments.





Innovation and Integration: Customer Focus

The objective of the project is to enhance the overall customer experience and service. The project as a whole focuses on the following:

Customers	♦ Improve customer experience
	 Increase marketing and sales effectiveness
Suppliers	Develop multi-channel strategy Improve transaction speed
and partners	 Lower costs to optimise end-to-end digital supply chain
	 Improve supplier relationship management
	 Optimise sales and operations planning
Employees	Manage organisational change
	Develop digital skills and capabilities
	 Manage recruitment and retention of talent
Leaders	Assess market and competition
	 Design and align operating model and organisational structure



INNOVATION AND INTEGRATION

New Markets

Who

- is our customer?
- Which customer segments do we serve?

New Value

What

- does Senwes offer its customer?
- products, services, solutions, experiences
- problems do we solve for them?

New Business Models

How

- do we create our value proposition?
- do we reach our customers?

Market Innovation

Value Innovation

Business Model Innovation

Customer solutions with the focus on:

- Maximise yields
- Lower operating cost
- Improved predictability















Precision Monitoring



Yield Optimisation Variable Rate Maps Optimisation

Fertiliser Use Optimisation Input Analysis Climate Models

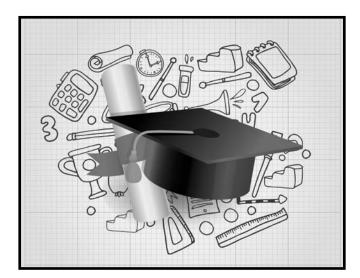
INTELLECTUAL CAPITAL | continued

Information technology

The vision of Senwes Information Technology (IT) is to support the current and future group structure to ensure that the technology used is aligned with current and strategic requirements

The focus within IT is therefore to ensure that we have the relevant processes and structures in place in order to protect the current business value and to ensure that operational activities create new business value. The strategic focus is to:

- Measure the effectiveness of current critical services in order to ensure consistent delivery against acceptable norms and to protect current business value already obtained from the use of information technology within the group;
- Align IT-activities with business priorities;
- Ensure cost-effective IT-operations through building a flexible IT-platform and services;
- Enable agility in the supply of business solutions of value;
 and
- Maintain IT-governance and reporting.





Senwes IT continues to have an increasing impact on business performance, competitive advantage and risk management. It is also important that IT enables Senwes, as a company, to merge, acquire and partner with other companies. It is therefore imperative that Senwes IT delivers IT-services and business solutions in a cost competitive but sustainable manner.

Talent management

In working towards the Senwes vision to be a company which is admired by all stakeholders, the company's actions are driven by acknowledging the strategic importance of talent management and people development strategies and processes which aim to attract, retain and develop talent in order to realise strategic objectives.

Succession management

Senwes recognises that talent capacity is an essential component of our competitive advantage. Senwes ensures that adequate talent exists for critical positions as well as continuity by being able to replace people in critical positions and to develop leaders for future positions in accordance with our leadership development competency model.

Personal development plans are structured for employees identified for succession to ensure the development of their skills, knowledge and abilities and to prepare them for advancement into more challenging roles within the company.

Senwes graduate programme

Senwes' graduate programme has been one of the most reliable and effective entry level recruitment strategies since its establishment in 2010. The programme has a high permanent employment rate, indicating that there is a constant drive to be successful. Graduates who have completed their tertiary studies are recruited, trained and employed on a yearly basis. The graduates follow a structured development programme that includes formal leadership training and practical experience to prepare them for the working environment.

Performance management

The performance development system continues to be instrumental in the creation and promotion of a strong performance culture. It also continues to be helpful in identifying good performers and the implementation of development initiatives where necessary. We constantly review the system to ensure that it facilitates effective performance objective setting, monitoring and evaluation and that it aligns individual and entity performance with group strategic objectives.

The Senwes Academy

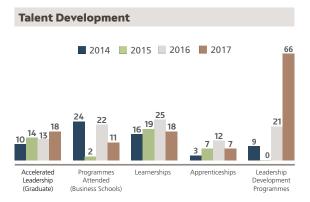
Senwes continues to invest in the attraction and development of talent through the Senwes Academy. Since its inception in 2008, the accredited training institution has been successfully planning and providing learning and development across the group. It also maintains support systems to track and manage

learning. A variety of learning interventions are offered, covering the full spectrum from short courses, skills programmes as well as qualifications offered at tertiary institutions.

In partnership with external training providers, Senwes also offers workplace qualifications. During the last graduation ceremony a total of 120 learners were recognised by the Senwes Academy for successful completion of various learning interventions in the following categories:

- Learnerships and apprenticeships (25 learners)
- Accelerated development programme for graduates and permanent employees (18 learners)
- Management development programmes completed at business schools (11 learners)
- Leadership development programmes (in-house) (66 learners)

The following chart reflects the number of learners who graduated in the various categories over the past five years:



The following table provides an overview of general talent development statistics for Senwes over the past two years:

Training Dashboard indicators	2016/ 2017	2015/ 2016
Total training man-days	3 102	6 959
Average number of training days per employee	3,3	5,5
Total training costs captured (R'm)	9,6	9,3
Total training costs as % of payroll costs	2,4%	2,6%
Training for HDI's as % of total training costs	44,1%	39,9%
Rand value for study bursaries (incl. in-training costs)	1 022 600	831 900
Number of bursary transactions paid	130	60

Note: Training investment for the past financial year equals 2,4% of leviable payroll, which is slightly lower than the 2,6% for the previous financial year.



Learnership and apprenticeship programmes

Learnerships remain a high level skills development priority in Senwes. Learnerships for both employed and unemployed learners were successfully implemented in Senwes over the past eight years. The current focus of learnerships for unemployed (Sec 18.2) learners is to offer workplace qualifications to learners from rural areas, with the possibility of permanent employment after completion of the training programmes.

A total of 18 learners completed learnership programmes in the grain handling industry during the past financial year and received a National Certificate in Grain Handling Processes (NQF 2). During this period, at least seven apprentices completed trade tests in order to qualify as agri-machinery technicians.

Employee bursary scheme

Senwes' study bursary scheme for employees enables prospective learners to enroll for academic study on the basis of a study bursary, provided that it is in line with the business of Senwes and offered by an accredited and reputable institution. During the past financial year a total of 60 bursaries were approved for employees seeking to further their studies.

Leadership development

In order to fulfil this role effectively and competitively, our employees need to be leaders and possess certain competencies. Our leadership model supports a multi-disciplinary approach to leadership development across various levels, ranging from accelerated leadership development at supervisory and graduate level, to executive development at senior management level

Our leadership competency model articulates competencies that every Senwes leader should possess and our talent development investments are targeted at securing those competencies. We partner with leading business schools and private training providers to address leadership and management development needs, ranging from supervisory level to tactical and strategic level.

INTELLECTUAL CAPITAL | continued

LEADERSHIP DEVELOPMENT COMPETENCY MODEL	
Adapting to change	Designing the future
Deals with change in authentic, positive and resilient ways, being supportive in different situations and respecting di- verse groups of people.	Focuses on developing ideas and exploring a range of possibilities, analysing and solving problems in ways that have a long-term impact.
Embracing change;	❖ Developing strategies;
❖ Teamwork;	Providing insights;
 Understanding people; 	❖ Generating ideas;
Valuing individuals;	♦ Exploring possibilities; and
Showing composure; and	Interpreting data.
♦ Inviting feedback.	
Getting the results	Influencing others
Unlocks value and achieves outstanding results through energetic action, discipline, integrity and well-planned,	Takes people on a journey through communicating and partnering with others, building relationships, demon-
timeous execution.	strating leadership and developing people.
timeous execution.	strating leadership and developing people.
timeous execution. Taking action;	strating leadership and developing people. Empowering individuals;
timeous execution.	strating leadership and developing people. * Empowering individuals; * Making decisions;

Nation in Conversation

Meeting timelines.

The Nation in Conversation agricultural talk show series was birthed five years ago at Nampo Harvest Day as a Senwes initiative, when key stakeholders in the agriculture value chain come together to have serious discussions about the state of agriculture in South Africa. Agriculture is considered the cornerstone of a country's economy, and with mounting pressure on South Africa to feed its constantly growing and urbanising population, as well as that of the continent of Africa, it remains imperative that the importance and value of agriculture be understood and appreciated by ordinary citizens.

This year Nation in Conversation was broadcasted live on several platforms during the four days of Nampo Harvest Day in Bothaville from 16 – 19 May. The series has grown in stature and importance with leading players in the industry and mainstream economy participating in the discussions.

The following subjects were discussed by panel members:

16 May: First Session: Labour, Diversification & Financial Planning.

17 May: * First Session: Women in Agriculture.

Second Session: Transformation Initiatives and Agriculture – A Positive Outlook.

- **18 May:** First Session: The Role of Advisors, Technology and Soil Health; Women in Agriculture.
 - Second Session: From Commodity to Trademark.

19 May: • First Session: Focus on Youth: A future in agriculture; Successful.

Nation in Conversation serves as a "voice" for the producer and its key partners and goes from strength to strength in making a nation-wide positive impact. The objective is to encourage dialogue amongst leaders from different affiliations, political backgrounds and the business sector in order to find common ground upon which the case of agriculture can be strengthened. Nation in Conversation includes important role players in the agricultural sector, namely AFGRI, Engen, John Deere, Grain SA, Monsanto and Nedbank. It takes place under the leadership of Senwes at the Nampo Harvest Day at Bothaville.



MANUFACTURING CAPITAL

enwes believes that investment in property, plant and equipment and the maintaining of its upgrading programme, retail networks and silo infrastructure efficiency will improve customer service and the buying experience. Senwes uses its manufacturing capital to generate cash from the storage and handling of grain, to supplying input products and mechanisation equipment to customers and for the maintenance of mechanisation equipment.

Key inputs

- Upgrading of the following retail branches is being planned: Bultfontein, Delmas, Klerksdorp and Kroonstad;
- Acquisition of three new mechanisation branches:
 Ugie, Aliwal-North and George. A development
 project is in process in East-London;
- Alternative energy project at head office LEDlights and solar panels of R24 million;
- Aeration project and the acceleration of the intake process at silo complexes of R34 million;
- Property, plant and equipment with a carrying value of R471 million.

Outcomes

- Net silo income (handling and storage) of R153,4 million for the year;
- Increased market share in respect of handling and storage of grain of 9%;
- Saving of 40% in electricity consumption at head office of 1 338 897 kWh, total saving in electricity costs of R2 million;
- Improved buying experience at Bergville, Bothaville, Harrismith, Middelburg, Potchefstroom and Winterton branches, which increased sales by 25% in the departments where the improved buying experience was implemented;
- Depreciation of R40,7 million;
- ♦ Maintenance costs of R41,5 million.



Product responsibility

Senwes continues to contribute substantially to food security in South Africa through the sourcing, handling and storage of over 4,6 million tons of grain annually, in a normal year. All grain received in our silos is subjected to stringent quality tests in order to ensure total food safety.

All 68 Senwes silos involved in the handling, storage and distribution of grain and oilseeds are registered with the Department of Agriculture as Food Business Operators. The silos comply with all food safety and food hygiene standards and other applicable legislation.

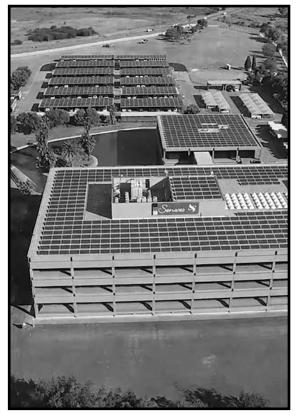
Senwes Grainlink is committed to ensuring that all grain is handled in a safe and hygienic manner which complies with the Hazard Analysis and Critical Control Points (HACCP) standards and other relevant legislation. All the Senwes silos that have been audited, have been certified by the Perishable Products Export Control Board (PPECB) according to a three-year cycle.







NATURAL CAPITAL







enwes uses natural capital such as land, water and energy to generate income. Senwes invests significantly in decreasing the impact of its activities on the natural environment and promoting a culture of efficiency. However, Senwes' manufacturing capital has a low impact on natural capital.

The Senwes environmental management strategy is based on the following focus areas:

Environmental management strategy

Energy Efficiency Water Efficiency

Waste Reduction Resource Alternatives

Key inputs

- Energy savings project at head office to the value of R24 million;
- First solar panel energy system installed at Hennenman silo to the value of R6,3 million;
- Water consumption efficiency program;
- Electricity consumption efficiency program;
- Waste reduction programme.

Outcomes

 Decrease of 1 338 897 kWh (44,9%) in energy consumption at head office;



- Decrease of 0,8% in water consumption at head office;
- Saving of 39 297 kg CO₂ in respect of paper consumption.

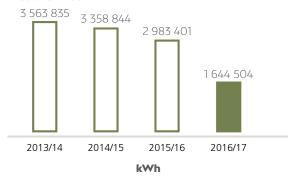






Initiatives implemented at Senwes' head office have resulted in the reductions as depicted in the following graph:

Head Office



Environmental management

It is the company's responsibility to instill a culture of resource efficiency throughout its operations. Energy and water costs contribute to the financial bottom line of the business, which means that the more energy the company saves in its operations, the more profitable it will be.

There is demand-driven scarcity, whereby the demand for specific resources cannot be met by the existing supply. On the other hand, there is supply-induced scarcity, resulting from either natural variation and climate change or failure of infrastructure or service delivery mechanisms to meet demand.

Senwes is aware of the fact that its business can be affected by the effects of global warming and therefore the reduction of its carbon footprint remains a priority. The company is committed to recycling as much waste as possible and to reduce the usage of paper, water and electricity.

Our efficiency practices

- To improve efficiency of energy utilisation and to reduce the effects of failure in electricity supply on our operations and productivity;
- Mechanisms are in place to ensure continuity of water supply during short-term supply disruptions, resulting from inefficient municipal water infrastructure;
- The recycling of rainwater and underground water is aimed at irrigation purposes at head office; and
- A waste reduction programme is in place at Senwes head office, mainly focused on paper usage and to encourage people to use technology to reduce reliance on printed documentation.

Strategic initiatives

Senwes continues to recognise the importance of renewable energy sources and the improvement of energy efficiency. The objective is to offer support in the development of systems and processes which improve energy efficiency.

The following initiatives contributed to the reduction in the energy and water consumption at Senwes head office:

- Improved building management system (BMS);
- The replacement of outdated air-handling (HVAC) systems;
- Increased awareness of energy issues amongst staff and more efficient energy usage;
- Safe disposal of tube lights;
- New electronic metre at head office to measure municipal readings;
- New emergency water supply from two existing boreholes that meet the demand of the current water usage/day at the head office building; and
- Four new lifts to reduce energy costs.

NATURAL CAPITAL | continued

Solar Photovoltaic system for Senwes head office (753 kWp)

Solar-PV system energy generally requires less maintenance than traditional generators. Its energy is derived from natural and available resources which reduces the operating costs. Even more importantly, solar energy produces little or no waste products such as carbon dioxide or other chemical pollutants, which means that the impact on the environment is minimal.

The following projects were approved by management in the previous financial year to improve and reduce energy:

- New LED-technology lighting with management system for Senwes head office;
- Light fittings to be replaced by LED-lamps and diffusers;
- Occupancy light sensors and daylight harvesting;
- The complete installation will be SANS-compliant; and
- All wiring, tubing and switches for all light circuits to be replaced.

The benefits of the new system include the following:

- Life expectancy of at least 20 30 years;
- Low maintenance costs for many years to come;



- SANS-compliant; and
- Long-term financial benefits for Senwes will be significant.

The above projects contributed to the 1 338 897 kWh (44,9%) saving of energy at the Senwes head office for the year under review.

Senwes savings in respect of paper consumption:

Indicator	2016/17
Sheets	1 006 440
Wood	8 800 kg
Time	382 days
CO ₂	8 000 kg
Rand value	R1 700 000

Figures are cumulative, calculated estimates.



GLOSSARY

Operating profit per employee: Profit before taxation from continuing operations, adjusted with finance costs, investment income and share of profit from associates and joint ventures (operating profit), divided by the total number of employees at year-end.

Disabling Injury (DI): An injury where the injured person cannot commence duty the following shift.

Section 24 Disabling Injury (DI): Fatal, loss of a limb or not able to commence duty for at least 14 consecutive days. Refer to the Occupational Health and Safety Act.

DIFR: Disabling Incident Frequency Rate.

Solar photovoltaic (PV): Renewable energy that comes from sunlight.

Kilowatt peak (kWP): Kilowatt peak stands for peak power. This value specifies the output power achieved by a solar module under full solar radiation (under set standard test conditions).



CORPORATE information

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