Agri-Com Co-Operative Limited

Company name: ____________________________________________________________

Filled in by: ______________________________________________________________

Name: Marne du Toit

Candidate: Magister Commercii (Managerial Accountancy)

Position: North-West University, Potchefstroom, South Africa

Email: _________________________________________________________________

Phone number: __________________________________________________________

After you complete this folder, send a copy to GRI at:

Global Reporting Initiative
P. O. Box 10039
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The Netherlands

Email: smeandsupplychain@globalreporting.org
Fax: +31 20 531 0031

Information on numbering: All sections in the boxes are taken directly from the original English version of the G3 Guidelines and the original reference numbers and page number appear in parenthesis. The G3 Guidelines are available for free downloading in several languages at www.globalreporting.org
Box 1—About our company

Profile

1. Strategy and Analysis

This section is intended to provide a high-level, strategic view of the organization's relationship to sustainability in order to provide context for subsequent and more detailed reporting against other sections of the Guidelines. It may draw on information provided in other parts of the report, but this section is intended to produce insight on strategic topics rather than simply summarize the contents of the report. The strategy and analysis should consist of the statement outlined in 1.1 (…).

1.1 Statement from the most senior decision-maker of the organization (e.g., CEO, Chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.

The statement should present the overall vision and strategy for the short-term, medium-term (e.g., 3-5 years), and long-term, particularly with regard to managing the key challenges associated with economic, environmental and social performance. The statement should include:

- Strategic priorities and key topics for the short/medium-term with regard to sustainability, including respect for the internationally agreed standards and how they relate to long-term organizational strategy and success;
- Broader trends (e.g. macroeconomic or political) affecting the organization and influencing sustainability priorities;
- Key events, achievements, and failures during the reporting period;
- Views on performance with respect to targets;
- Outlook on the organization's main challenges and targets for the next year and goals for the coming 3-5 years; and
- Other items pertaining to the organization's strategic approach. [GRI G3: p. 20]
Agri-Com's main purpose is to obtain more finance to finance more farmers.

-2007: Landbank gave R 40 million but the CEO lent out R 54 million to farmers.
-2011: Landbank gave R 70 million but the CEO lent out R 95 million to farmers.
Through good financial management all funds were regained, which is a great achievement that shows a profitable organisation, keeping in mind the size of the co-operative.

Finance from Landbank was approved later in the year of 2006 and this caused that farmers could only be financed for summer crops inputs only and not for the winter months. The consequence was that at the end of 2007, the figures in relation with previous years were not as good.

The main challenge is to obtain more finance in order to finance more farmers, to earn more and to achieve sound financial figures to be more profitable. Another reason is to obtain securities for these risks if other challenges and risks appear.

Other items pertaining to the organisation's strategic approach are dry beans that trade on the free market and not on the SAFEX market. The reason for this is to protect the producer from fluctuating prices.
2. Organizational Profile

2.1 Name of the organization. [GRI G3: p. 21]

Agri-Com Co-Operative Limited

2.2 Primary brands, products and/or services. [GRI G3: p. 21]

- Competitive finance to farmers through a Land Bank loan facility;
- Provision of all risk crop and short term insurance through approved insurance providers;
- Procurement of production inputs at competitive prices;
- Sale of produce through local and international channels;
- To add value to members products.

2.3 Operational structure of the organization, including main divisions, operating companies, subsidiaries and joint ventures. [GRI G3: p. 21]

Agri-Com Holdings (Pty) Ltd

Management contract

Board of directors appointed by members

Agri-Com Co-Operative Limited

Members

100% Shareholding

2.4 Location of organization’s headquarters. [GRI G3: p. 21]

5 Thomsonstreet, Bethlehem, 9700
Eastern Free State
South Africa

2.5 Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report. [GRI G3: p. 21]

Only in South Africa

2.6 Nature of ownership and legal form. [GRI G3: p. 21]

Agri-Com is an existing business entity, registered as an agricultural co-operative under South African legislation on 1 February 2000.

2.7 Markets served (including geographic breakdown, sectors served and types of customers/ beneficiaries). [GRI G3: p. 21]

Although Agri-Com is able to operate nationally, their current markets include mainly grain producers in die Free State and Mpumalanga provinces.

The statute of the co-operative enables it to function and serve members in various capacities e.g. financier, acquisition of inputs, grain marketing, insurance etc.
2.8 Scale of the reporting organization, including:

- Number of employees;
- Net sales (for private sector organizations) or net revenues (for public sector organizations);
- Total capitalization broken down in terms of debt and equity (for private sector organizations); and
- Quantity of products or services provided. [GRI G3: p. 21]

- Number of the employees is 36
- Net revenue is R15,382,156.83
- Debt to total equity is 1:4.5
- Products and services are impossible to quantify

2.9 Significant changes during the reporting period regarding size, structure or ownership including:

- The location of, or changes in, operations, including facility openings, closings and expansions; and
- Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations). [GRI G3: p. 21]

No significant changes during the reporting period

2.10 Awards received in the reporting period. [GRI G3: p. 21]

N/A

4. Governance, Commitments and Engagement

Governance

4.1 Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight. [GRI G3: p. 22]

In terms of the Co-operative Statute The Board of Directors of Agri-Com Co-Operative Ltd. is a representation of the shareholders with seven seats available. Farmers' representatives will occupy three seats and the remaining four seats will be occupied by members of the management team. Initially at least one seat is reserved for a new generation farmer representative. The principles of corporate governance will be followed.

Agri-Com applied a flat structure with a line manager in charge of each of the following functional departments

The Functional departments consists of: - CEO/Procurement/Financial Management
- Insurance/Secretarial/Financial Securities
- Information Technology/Marketing
- Trading

The credit committee consists of 3 line managers and the financial and insurance department managers
4.2 Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement). [GRI G3: p. 22]

No - The Chair of the highest governance body is an External Director

4.3 For organizations that have a unitary board structure, state the number of members of the highest governance body who are independent and/or non-executive members. [GRI G3: p. 22]

Number of Members (5):  
- Independent 2 (Non-Executive)
- Dependent 3 (1=Executive)

4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.

Include reference to processes regarding:
- The use of shareholder resolutions or other mechanisms for enabling minority shareholders to express opinions to the highest governance body; and
- Informing and consulting employees about the working relationships with formal representation bodies such as organization level ‘work councils’, and representation of employees in the highest governance body.

Identify topics related to economic, environmental and social performance raised through these mechanisms during the reporting period. [GRI G3: p. 23]

Annual General Meetings are held for the members (Includes all active members).

- Open line communication in production contract phase
- Open line communication through production phase
- Open line communication at marketing phase

Employees - Due to the extent of personal, direct communication is possible
## Box 2—About our report

### 3. Report Parameters

#### Report Profile

<table>
<thead>
<tr>
<th>3.1 Reporting period (e.g., fiscal/calendar year) for information provided. ([GRI G3: p. 21])</th>
</tr>
</thead>
<tbody>
<tr>
<td>Calendar year</td>
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</table>

<table>
<thead>
<tr>
<th>3.2 Date of most recent previous report (if any). ([GRI G3: p. 21])</th>
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<tbody>
<tr>
<td>29 February 2012</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>3.3 Reporting cycle (annual, biennial, etc.). ([GRI G3: p. 21])</th>
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<tbody>
<tr>
<td>Annual</td>
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<thead>
<tr>
<th>3.4 Contact point for questions regarding the report or its contents. ([GRI G3: p. 21])</th>
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<tbody>
<tr>
<td>N/A</td>
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</tbody>
</table>

#### Report Scope and Boundary

<table>
<thead>
<tr>
<th>3.6 Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). [GRI Boundary Protocol for further guidance (<a href="http://www.globalreporting.org/ReportingFramework">www.globalreporting.org/ReportingFramework</a> ReportingFramework Downloads) /GRI G3: p. 22]</th>
</tr>
</thead>
</table>

Although Agri-Com is able to operate nationally, the current markets include mainly grain producers in the Free State, and Mpumalanga provinces.

The divisions include the following: financial, grain, insurance, input cost and trading divisions.

The suppliers include all agricultural suppliers.
Box 2: continued…

3.7 State any specific limitations on the scope or boundary of the report. [GRI G3: p. 22]

No specific limitations

3.8 Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations and other entities that can significantly affect comparability from period to period and/or between organizations. [GRI G3: p. 22]

N/A

3.10 Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods). [GRI G3: p. 22]

No re-statements

3.11 Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report. [GRI G3: p. 22]

No significant changes from previous reporting periods.
Box 3—About our stakeholders

4. Governance, Commitments and Engagement

Stakeholder Engagement

The following Disclosure Items refer to general stakeholder engagement conducted by the organization over the course of the reporting period. These Disclosures are not limited to stakeholder engagement implemented for the purposes of preparing a sustainability report.

4.14 List of stakeholder groups engaged by the organization.

Examples of stakeholder groups are:

- Communities;
- Civil society;
- Customers;
- Shareholders and providers of capital;
- Suppliers; and
- Employees, other workers and their trade unions. [GRI G3: p. 24]

- Members both commercial and PDF (New generation farmers)
- Suppliers
- Grain traders
- Other stakeholders in the Agri-Com plan:
  - Insurers
    - Assessors
    - Financiers
    - The Government
- Communities
- Civil society
- Employees

4.15 Basis for identification and selection of stakeholders with whom to engage. [GRI G3: p. 24]

The focus of Agri-Com is on the farmer and the farmer's interest. This includes the existing commercial farmer members and PDF members. Agri-Com knows that it can not do or be everything for everybody but the aim is to faithfully serve our members in an unbiased and professional manner, to achieve mutual financial independence.

The decision to use the services Agri-Com offer will be motivated by the fact that the interest of the farmers are looked after as a result of the specific co-operative structure.

One of the advantages of Agri-Com is that it will only store produce that is in the value adding process, existing silo capacity will be used to store produce and it will not be necessary to carry any large inventory. In the case of the purchase of inputs, the suppliers will deliver the products directly to the farmers.

The participation of our members in the grain production agreement enables Agri-Com to finance production inputs. Assistance in the procurement of production inputs (to negotiate bulk discounts) can offer the farmer the best of both worlds.

Since the developing farmers and the empowerment of previously disadvantaged groups is such an important part of the current situation in South Africa, it is important for Agri-Com to play a specific role to assist the developing farmers with the procurement of their inputs, selling of their products and other relevant advisory services such as member groups.
Box 4—Determining report content

3. Report Parameters

Report scope and boundary

3.5 Process for defining report content, including:

• Determining materiality;
• Prioritizing topics within the report; and
• Identifying stakeholders the organization expects to use the report. [GRI G3: p. 21]

The primary objective of the co-operative business model is to provide goods and/or services to its members for their mutual benefit and has a long history of providing people with a business structure so that they can obtain the benefits needed to improve their lives.

For this reason the most important stakeholders are the members, followed with the other stakeholders, as referred to in 4.14.
**Box 5—Data on performance**

Data on performance. Please check the GRI Indicator Protocols before completing this box.

**Indicator 1:** Economic: Economic performance EC1

| Performance | Agri-Com co-operative has a management agreement with Agri-Com Holdings (Pty) Ltd., to manage the co-operative on behalf of members. A portion of the gross profit of the co-operative reverts back to Agri-Com Holdings as a management fee and the remainder after allowing for expenses remains in Agri-Com Co-Operative to build reserves or to be distributed to members as a bonus on turnover. Bonuses will in line with the co-operatives statute be credited to member's loan accounts on a 15 year rotation basis. |
| Comments | |

**Indicator 2:** Economic: Economic performance EC2

| Performance | The area in which Agri-Com operates is not a high risk area and risks are furthermore reduced by cultivating summer and winter crops as well as an animal farming element. The development in comprehensive crop insurance has the effect that producers are able to pay their input accounts even in year where adverse weather conditions have an effect on crop yields. |
| Comments | |

**Indicator 3:** Economic: Economic performance EC4

| Performance | Agri-Com's current service offering focuses on securing finance to prospective producers through a credit facility from The Land and Agri-cultural Development Bank of Southern Africa (Land Bank) only. |
| Comments | |

**Indicator 4:** Economic: Indirect economic impacts EC8

| Performance | The main service area of Agri-Com is the Eastern Free State. There are a number of poor areas in the service area of which the most densely populated area is the Phuthaditjhaba area. The Seothlong School and Maluti FET College are both situated in the town of Phuthaditjhaba. Our compatriots in the NGF program indicate that our involvement with the program are creating opportunities for people to work, thus alleviating poverty in the region. |
| Comments | |

**Indicator 5:** Economic: Indirect economic impacts EC9

| Performance | Development of emerging entrepreneurs - The basis for this plan is to identify and develop emerging entrepreneurs in the agricultural sector. Seothlong who educate learners in an Agricultural curriculum (Grade 8-12) is ideally situated to identify prospects for further development at an early stage. Agri-Com with assistance from our suppliers will support the theoretical training with hands on practical training. Generation of employment opportunities - To identify potential candidates for further training and this program includes a mentorship period of three years where we will render support. |
| Comments | |
Box 5: continued…

**Indicator 6:** Environmental: Biodiversity EN14

<table>
<thead>
<tr>
<th>Performance:</th>
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<tbody>
<tr>
<td>Agricultural biodiversity, known as agrobiodiversity or the genetic resources for food and agriculture and a vital sub-set of biodiversity. It is a creation of humankind whose food and livelihood security depend on the sustained management of those biological resources that are important for food and agriculture. The most important reason for the existence of Agri-Com is to contribute to Food Safety and Security in South Africa. Everything that Agri-Com stands for and does is aimed at making a positive contribution to Food Safety and Security for all the people of our land. (Contribution to Food Security at National level).</td>
</tr>
</tbody>
</table>

| Comments: |

**Indicator 7:** Environmental: Products and services EN26

<table>
<thead>
<tr>
<th>Performance:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction of innovative ideas in Agriculture with the establishment of a sugar bean trading market for their members. The sugar bean program consists of the full spectrum of activities from financing the cultivation of beans through cleaning and packaging to marketing of the beans. As far as they know Agri-Com is the only Co-Operative participating in the full spectrum of the sugar bean trade. Sugar beans and soya beans which we finance, puts nitrogen back into the ground and are used to fertilise the ground for the planting of future crops.</td>
</tr>
</tbody>
</table>

| Comments: |

**Indicator 8:** Social: Labor Practices and Decent Work Training and education LA11

<table>
<thead>
<tr>
<th>Performance:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agri-Com personnel policy indicates that opportunities as far as training is concerned are made available to all permanently appointed personnel. Their training policy stipulates that personnel are trained firstly through in-house practical training and financial assistance is also available to personnel for appropriate specialised training.</td>
</tr>
</tbody>
</table>

| Comments: |

**Indicator 9:** Social: Human rights Non-discrimination HR4

<table>
<thead>
<tr>
<th>Performance:</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Co-Operative business form lends itself for participation on a broad basis to all races, without the potential interference by outside political groupings. Agri-Com Co-Operative Ltd is an agricultural co-operative and its membership is open to all bona fide farmers, irrespective of race, color or creed. In fact Agri-Com has black female members which make it a non-racist, non sexist organisation. all members have equal voting powers.</td>
</tr>
</tbody>
</table>

| Comments: |

**Indicator 10:** Social: Society Local Communities SO9

<table>
<thead>
<tr>
<th>Performance:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agri-Com recognizes its social responsibility as a whole and regularly contributes to deserving projects. The Co-operative's involvement with the Seothlong Agricultural School project in Qwa Qwa and the Qwa Qwa emerging farmers illustrate the social involvement.</td>
</tr>
</tbody>
</table>

| Comments: |
Box 6—Self declaration (Application Level C)

GRI Application Level C

I hereby declare that to the best of my understanding this report fulfills the requirements for a GRI G3 Application Level C.

Name: Marne du Toit

Position: Candidate Magister Commerci (Managerial Accountancy)

Date: November 01, 2012

Signature: ________________________________
Box 7—GRI Content Index

3. Report Parameters

GRI Content Index

3.12 Table identifying the location of the Standard Disclosure in the report.

Identify the page numbers or web links where the following can be found:

Strategy and Profile Disclosures

<table>
<thead>
<tr>
<th></th>
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<tbody>
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<td><strong>Strategy and Analysis</strong></td>
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<tr>
<td>1.1 Statement from the most senior decision maker</td>
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<tr>
<td><strong>Organizational Profile</strong></td>
<td></td>
</tr>
<tr>
<td>2.1 Name of the organization</td>
<td>4</td>
</tr>
<tr>
<td>2.2 Primary brands, products and/or services</td>
<td>4</td>
</tr>
<tr>
<td>2.3 Operational structure of the organization</td>
<td>4</td>
</tr>
<tr>
<td>2.4 Location of organization’s headquarters</td>
<td>4</td>
</tr>
<tr>
<td>2.5 Number of countries where the organization operates</td>
<td>4</td>
</tr>
<tr>
<td>2.6 Nature of ownership and legal form</td>
<td>4</td>
</tr>
<tr>
<td>2.7 Markets served by the organization</td>
<td>4</td>
</tr>
<tr>
<td>2.8 Scale of the reporting organization</td>
<td>5</td>
</tr>
<tr>
<td>2.9 Significant changes during the reporting period</td>
<td>5</td>
</tr>
<tr>
<td>2.10 Awards received in the reporting period</td>
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</table>
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3.2 Date of most recent previous report 7
3.3 Reporting cycle 7
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### Governance, Commitments and Engagement

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4.15 Basis for identification and selection of stakeholders with whom to engage

Box 7: continued...

10 GRI Performance Indicators

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<th>Indicator Description</th>
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<tbody>
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<td>1.</td>
<td>EC1 - Direct economic value generated and distributed.</td>
<td>11</td>
</tr>
<tr>
<td>2.</td>
<td>EC2 - Financial implications and other risks and opportunities for the organization's activities due to climate change.</td>
<td>11</td>
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<tr>
<td>3.</td>
<td>EC4 - Significant financial assistance received from government.</td>
<td>11</td>
</tr>
<tr>
<td>4.</td>
<td>EC8 - Development and impact of infrastructure investments and service provided primarily for public benefit through commercial, in-kind, or pro bono engagement.</td>
<td>11</td>
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<tr>
<td>5.</td>
<td>EC9 - Understanding and describing significant indirect economic impacts, including the extent of impacts.</td>
<td>11</td>
</tr>
<tr>
<td>6.</td>
<td>EN14 - Strategies, current actions, and future plans for managing impacts on biodiversity.</td>
<td>12</td>
</tr>
<tr>
<td>7.</td>
<td>EN26 - Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.</td>
<td>12</td>
</tr>
<tr>
<td>8.</td>
<td>LA11 - Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.</td>
<td>12</td>
</tr>
<tr>
<td>9.</td>
<td>HR4 - Total number of incident of discrimination and corrective actions taken.</td>
<td>12</td>
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<tr>
<td>10.</td>
<td>SO9 - Operations with significant potential or actual negative impacts on local communities.</td>
<td>12</td>
</tr>
</tbody>
</table>

If you need more information, please write to:

Name: