



FYNBLOEM

PROTEACEAE • CULTIVATED • EXPORTED

SUSTAINABILITY REPORT 2015 EXTRACT

In partnership with: **BLOEMENKRAAL**
LANDGOED • ESTATE

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OUR SISTER COMPANY

FYNBLOEM is in partnership with our sister company BLOEMENKRAAL. This is a partnership that is mutually beneficial for both companies. These two companies share resources as well as key staff members. They also share the benefit of the different committees, for example the Workers committee, Employment Equity committee, Environmental committee and Housing committee, just to name a few. These committees consist of 10-14 staff members from both companies and have a Chair- and Vice Chairperson that are elected by the staff to represent them.

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MESSAGE FROM THE CEO

FynBloem has experienced significant year-on-year growth during the last six years of our existence. We have grown by 40% this past year. One of our biggest challenges was adapting our organisation to the increased capacity and capabilities to match the growth. We have made big investments in our people, developing leadership skills and empowering employees. This was not only achieved by means of formal training but also with the emphasis being placed on 'on-the-job' training, and by exposing managers and staff to international business practices. Managers and team leaders were given the opportunity to shadow their counterparts in international companies. They were sent to Kenya, Israel, the UK, and Holland. Real industry exposure of this kind is vital to a business supplying top quality products to international markets.

Sustainability is a matter of importance for me. We have come a long way with our sustainability journey and now we celebrate the successes, outcomes, and the results of the significant investments we have made into being sustainable from the ground up. We can now testify that it makes business sense to be a commercial enterprise based on the values and principles of sustainability. It has become second nature for us to assess new business ventures in terms of our Triple Bottom Line this being People, Planet and Product. Hence our vision:

*"To uplift people and to be a creator of joy – joy both for our staff as well as
for our customers buying our flower products.
We want to be a model of sustainability and excellence."*

I hope that you will enjoy reading our 2015 Sustainability Report.

A stylized, handwritten signature in black ink, consisting of several loops and a long horizontal stroke.

BEYERS BEYERS
CHIEF EXECUTIVE OFFICER

EXECUTIVE SUMMARY

Our Sustainability Journey highlights our goals, our successes, and our key achievements during this past financial year 2014-15. It also describes our journey on the sustainability path. We call it our Journey because we intend to continue improving our products and our business.

FynBloem develops, cultivates, processes, and exports sustainably grown fynbos and Protea flower products. Guided by our mission:

“To be the first, best and most reliable supplier to grow, harvest, process and pack quality Proteas from one location - consistently throughout the year.”

Besides realising an impressive growth rate in the business of 40% in sales compared to the previous year we have spent this past year striving to demonstrate industry leadership in several ways – raising the bar and becoming the benchmark for our industry. We are located in Africa and would like to be a world-class supplier of beautiful flower products adding value to each step of the product on its way to the consumer.

Our commitment to industry leadership requires innovative approaches to long standing practices. So far we have extended the concept of innovation to people empowerment, new product development, green building design, land use, harvesting practices and processing methods.

Leadership thinking in terms of product development has allowed FynBloem to convert a traditional seasonally based business to an all-year round operation benefitting both customers, and our staff. Another example of leadership thinking is our industry leadership by involving suppliers and relevant stakeholders to create and ensure a complete sustainable supply chain in a robust multiple partnership model.



*When we think about our business the attributes that come to mind are:
Sustainable, Empowering, Respectful, Innovative, and Successful.*

When we started in 2009 we had the advantage of being able to develop products and design infrastructure and business processes from scratch – making sure all aspects were ideal for sourcing, processing and shipping to deliver economically viable products, meeting quality expectations of our customers. Six years into our business venture we can testify that our flower products are well received and valued by both retailers and end consumers.

Steps on our journey towards Sustainability:

- 🌱 Preparing the soil for the planting of Protea plants;
- 🌱 Research on and selection of Protea cultivars that would secure harvesting all year round;
- 🌱 Up-scaling the plantation and production volumes;
- 🌱 Establishing infrastructure – construction of new “green” pack house building;
- 🌱 Investing in a robust cold chain to improve flower quality and lifespan significantly;
- 🌱 Adopting international best practices – for in-field, harvesting, and processing of flowers;
- 🌱 Building capacity and capabilities of leader team and staff.

Sustainability has been at the heart of our business vision, mission, and strategy and the viability of our business is assessed on all three bottom lines: People, Product, and Planet, which affect our profitability. FynBloem has made significant investments into land development, infrastructure, local management training and leadership development. We are continuously training our staff to meet quality and efficiency standards.

We are proud of what we achieved this past year in terms of People, Product, and Planet, and would like to share some of the key highlights:

People

Generating growth in a business is only possible if the organisation is developed and adapted to accommodate and manage the growth. We are making good on our promise and investing heavily in staff development and up skilling. During this past year we have expanded our management and support capacity, and increased our staff.



We have made a big effort to introduce new work processes and to redefine existing ones. Team work has been crucial to delivering our high quality flower products consistently and on time.

Our training has therefore been focussed on developing excellent team work, starting with the “Discover your Team” programme for team leaders and their right hands, and a programme on “Team Work and Production Systems” for staff.

With our significant investments in People this year we are building a solid foundation for future growth – developing new leaders, empowering our staff, acquiring new know-how, and retaining knowledge inside the Company. The spin off effects will have a positive impact on our local community in which we operate.

Product

We emphasise that our products throughout the process from plantation to vase are value added products. This year we have invested further into R&D – both in terms of human resources and capacity – and in terms of up-scaling our new product development pipeline. To stay competitive in the marketplace it is vital for us to continuously improve our flower product range and introduce new flower varieties. Along our investments into R&D we have also commissioned the establishment of a brand new nursery. The new nursery will be producing cuttings of potentially new flower varieties and testing these before they will be transferred to the plantation for commercial cultivation.

Sustainability both up and down the supply chain is important to FynBloem. We have formed a robust partnership with Flower Valley Conservation Trust (FVCT), CapeNature, MM Flowers, and five principal wild foliage suppliers. FynBloem and our wild foliage suppliers are aligning themselves to FVCT's long-standing Sustainable Harvesting Programme.

With these initiatives we are striving towards satisfying our customers – retailers as well as end customers – in delivering a high quality product with both social and environmental qualities, originating from sustainable sources.



Planet

This year we have been operating from our new state-of-the-art green processing pack house for four years and testify to the cost and environmental savings of having an end-to-end production from one location, from the development of a cultivar or bouquet, to the final end product leaving the pack house.

We have analysed data to see if being sustainable in the environmental area is a good investment. We have three business cases on our green investments: ① using a professional team to design a green pack house building; ② installing a Thermally Activated Building System (TABS) in the pack house; and ③ applying sea freight as transport mode. All three business cases demonstrated a sound return on investment both in monetary terms and in terms of intangible benefits.



During the past financial year - besides the benefits of our green pack house building – we have focused on working towards becoming water neutral. Investing in a reed bed, more rain water tanks, and the commissioning of a new dam for water recycling purposes were part of our water neutral efforts.

Furthermore we have been doing trials on using soil probes to optimise water usage on each block of Protea plants. Finally, we have been approved by WWF and Danida (Danish development aid agency) to introduce Danish water quality technology in order to improve our water quality which will in turn optimise our flower quality and longevity.

With environmental initiatives such as the above, we believe that we are helping to preserve our Planet – by sourcing flower products responsibly and by using natural resources efficiently. Based on the above achievements we can comfortably say that sustainability is not something we do as add-on activity to the core business. Sustainability values and principles are integrated elements of our business – and the good news is that sustainability and profitability go hand in hand. It is possible to be competitive, efficient, and sustainable at the same time.

Besides developing our business both in terms of product variety and international export markets we have also started reporting on the impact of our sustainability strategy as well as identifying beneficiaries. Some of the key areas of impact are the creation of more employment opportunities, especially for women; improvement of environmentally friendly land use methods; improvement of work environment and staff empowerment; and local community upliftment.

Looking back, we are proud of what we have achieved this past year. However, we know that our journey is far from over. The sustainability values and principles underpinning our business will guide us in the future taking sustainability to new levels.

Looking into the future, we have numerous opportunities and challenges to look forward to: expansion of our pack house, increasing the size of our plantation, opening a new nursery, investing in new dam and new water quality technology, upscaling of the existing sea freight transport mode, and introducing a Workers' Trust – all of which will enhance our sustainability for the future.

HIGHLIGHTS

- July 2014:** FynBloem was M&S Farming for the Future category runner-up
MM Flowers visited FynBloem
Managers visited international customers
- August 2014:** FynBloem exhibited at Cape Flora Expo, Bredasdorp, South Africa
Top team visited VegPro, Kenya
- September 2014:** Danish Parliamentary Delegation visited FynBloem
Management and team leaders visited Agri Mega Week, Bredasdorp, South Africa
Managers visited international customers
- October 2014:** FynBloem became a signatory to the UN Global Compact
Management and staff took part in a film for M&S on Sustainable Harvesting
WWF/Danida (Danish development aid agency) approved water quality project at FynBloem
Global Gap audit passed successfully
MM Flowers visited FynBloem
Managers visited international customers
- November 2014:** FynBloem attended the Fynbos Joint Management Forum
PPECB Inspection (cold room audit)
Department of Labour and Health & Safety inspection passed successfully
- January 2015:** MM Flowers and international customers visited FynBloem
- February 2015:** Expansion of conveyor belt in pack house fynbos processing area
- March 2015:** FynBloem sold 87,000 bouquets for UK's Mother's Day
BBBEE Audit - improvement of BBBEE rating to level 3
- April 2015:** Management travelled to Israel to review water technology solutions
- May 2015:** Emerging Leaders training day at FynBloem: "Lead yourself and your team"
- June 2015:** FynBloem supported the M&S Environmental Week
Managers visited MM Flowers (UK) and Potveer (Holland). Potveer in the process of making new pack lines for FynBloem
Delegates attended the Hampton Court Flower Show, UK
MM Flowers visited FynBloem

GOALS & KEY PERFORMANCE INDICATORS

GENERAL GOAL

Goal: To obtain Silver validation as a supplier by July/August 2016.

Status: Preparations have started to collect data and record processes for the Silver status application.

PEOPLE

Workers Trust

Goal: To implement a Workers' Ownership Trust.

Status: FynBloem is now in the position to make a formal proposal to our staff. The Trust will enable staff to have an equity stake in the Company.

BBBEE

Goal: To maintain or improve FynBloem's BBBEE (Broad Based Black Economic Empowerment) rating.

Status: FynBloem improved its BBBEE-rating from a level 4 to a level 3. We are working towards level 2 (the ratings start from Level 8 and go up to a Level 1).

UN Global Compact

Goal: To become an official signatory to the UN Global Compact.

Status: In October 2014 FynBloem became an official signatory to the UN Global Compact.

PRODUCT

Expansion of product range

Goal: To grow more Proteas and process more flower bouquets.

Status: During 2015/2016 we will enter a new expansion phase. We will be acquiring more land and enter into rental agreements for established crops.

Greenhouse & pre-harvest research

Goal: To have our own (climate controlled) nursery to be able to undertake more in-depth research – laying the foundation to introduce additional cultivars to the market.

Status: We have planted new cultivars and appointed staff. The new nursery project was commissioned and will be completed by November 2015.

Leucadendron farm

Goal: To have our own Leucadendron farm for more variety, better supply and more bouquet design possibilities. In addition a Leucadendron farm will open the window period for more sea freighted bouquets.

Status: We have achieved our goal.

Supply chain management

Goal: To ensure that five key wild harvester suppliers to FynBloem have the required technical compliance and adhere to current Code of Practice.

Status: All five wild harvester suppliers are members of Flower Valley Conservation Trust's Sustainable Harvesting Programme and adherence to the Code of Practice is being monitored jointly by FynBloem and FVCT. Our goal is for all suppliers to adhere to the Code of Practice.

ENVIRONMENT

Sea freight

Goal: 60% of our export production to be sea freighted - and ultimately 80 %.

Status: In 2014-15 two trial sea freight containers were shipped. FynBloem expects to ship 20% of product by sea during the 2015-16 financial year - equivalent to 10 sea freight containers. We will ship progressively more each year until our goal is achieved.

Road transport

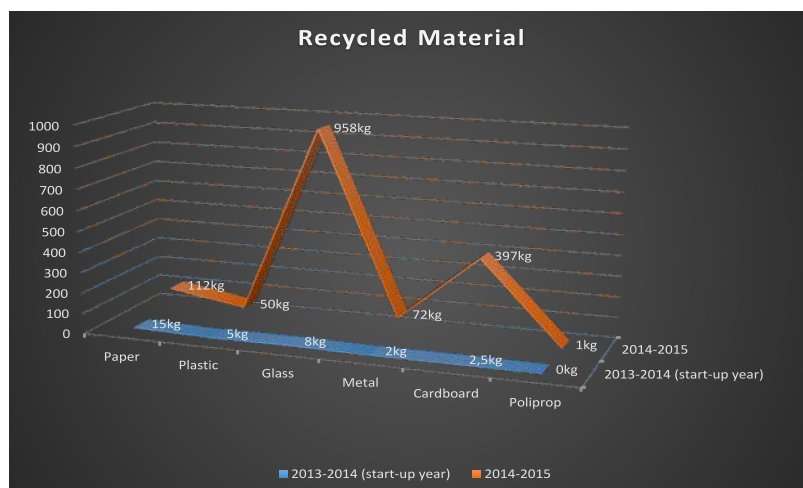
Goal: To reduce road transport energy by 20% per annum.

Status: Investments into road transport equipment are being assessed and will take place during the 2015-16 financial year.

Recycling

Goal: To improve recycling of non-plant material.

Status: In 2014-15 we carried out quantitative recording of recycling: paper, plastic, glass, metal, cardboard, and polyprop. The recycled amounts constituted 60%. Going forward we are aiming to recycle 80%.



Optimise irrigation water consumption

Goal: To introduce soil probes to measure moisture content in the soil and customise the irrigation scheme to meet the water needs for each block of Protea plants.

Status: During the trials it was concluded that additional work is required to interface the soil probes and the software. This challenge will be a priority for the coming year 2015-16.

Water neutral

Goal: To be 100% water neutral by harvesting and recycling water and to accurately measure our water consumption.

Status: We have installed a total of nine water harvesting tanks with one water tank still to be commissioned. Then our total rain water capacity is 40,500 litres and we will be 100% self-sufficient in drinking water. The reed bed is performing well and water from the pack house can now be recycled and reused in our plantation. Establishment of a new storage dam for recycled water has been approved and construction will start during 2016. With the new dam in place we will be 100% water neutral. Water consumption measuring equipment has been installed, we are awaiting software installation.



Renewable Energy

Goal: To produce and use renewable energy.

Status: Solar panels will be introduced during the pack house expansion phase (2016/2017).

Monitoring carbon footprint

Goal: To measure progress against baseline measurements.

Status: Tools are being developed to monitor carbon footprint, water, waste, and energy reductions. Our aim is to have this implemented by 2017.

“Greener” staff houses

Goal: To reduce environmental impact of our staff houses.

Status: Paint for insulation has been applied. All houses have been fitted with solar geysers and energy efficient light bulbs. Rain water tank installations are in progress. Training in recycling is ongoing.



INTRODUCTION TO FYNBLOEM

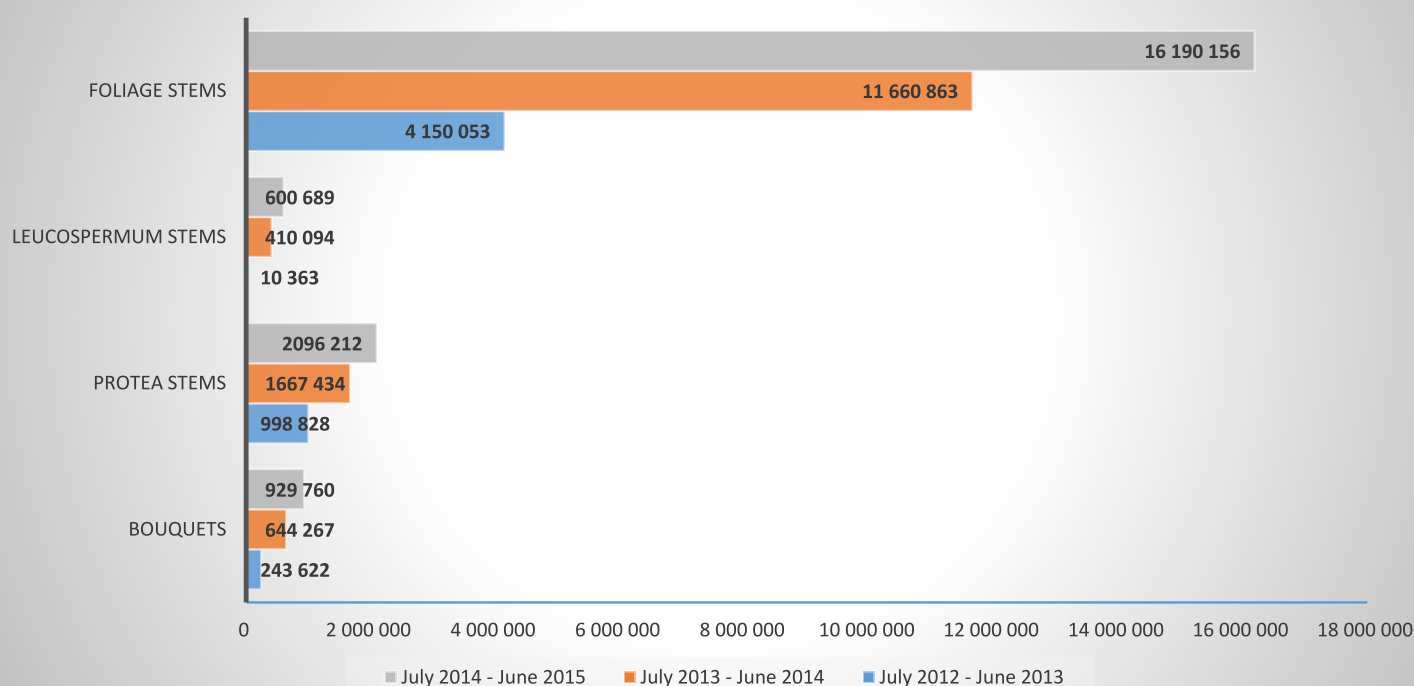
Profile, Vision, Mission & Strategy

FynBloem, established in 2009, is a joint venture between two entrepreneurs, Beyers Beyers from South African and Laurits Møller Larsen. FynBloem produces and exports unique indigenous Protea flower and foliage bouquets.

As of 2015 FynBloem farms 90 hectares of Proteas, employs 169 people.

From FynBloem's start in 2009 the sales growth has been significant – especially in the past three years 2012-15.

FynBloem Sales 2012 - 2015



FynBloem strives to be the first to grow, harvest, process, and pack Proteas from one location i.e. a complete integration of primary production and value-added processing. By upscaling production to 90 hectares FynBloem has sufficient critical mass to supply consistent, sustainable, and high quality flower products to its customers all year round.

*We pride ourselves with our defined company attributes -
Sustainable, Empowering,
Respectful, Innovative and Successful.*

Vision

“To uplift people and to be a creator of joy – joy both for our staff as well as for our end customers buying our flower products. We want to do it excellently, and to be a model of sustainability.”

Mission

“Be the first, best, and most reliable supplier to grow, harvest, process and pack quality Proteas flowers from one location – consistently throughout the year.”

Values

FynBloem’s five key values as a company and for us as staff: Integrity, Accountability, Respect for People, Respect for the Planet and Team Spirit.

The diagram is shaped like a classical building. It has a blue triangular pediment at the top containing the title. Below the pediment is a horizontal blue bar. Underneath this bar are four vertical blue pillars, each with a white label. The pillars are supported by a wide blue base at the bottom.

FynBloem's Four Strategic Pillars

COMMERCIAL

INNOVATION

SUSTAINABILITY

TECHNICAL

Organisational Key Data

FynBloem (Pty) Ltd - company key data	
Company data	
Name	FynBloem (Pty) Ltd
Address	Riviersonderend, Western Cape, RSA-South Africa
Telephone	+27 21 200 0561
Fax	+27 86 650 2495
Email	csr@fynbloem.co.za
Webpage	In progress
Facebook	www.facebook.com/fynbloem
Contact person	Mr. Beyers Beyers, CEO
Board of Directors	<p>Board members:</p> <ul style="list-style-type: none"> ▪ Beyers Beyers, CEO ▪ Laurits Møller Larsen (Danish partner) <p>Advisors to the Board of Directors:</p> <ul style="list-style-type: none"> ▪ Brian van der Grijp (FynBloem's auditor from Brian van der Grijp and Associates) ▪ Johnny Ohgrøn Hansen (Head of Regional Office for Africa, Danish International Fund for Developing Countries)
Products	Proteas and Protea/fynbos arrangements supplied to overseas flower markets and flower importers
Company history	
Location	Riviersonderend, Overberg region, Western Cape, South Africa
Year of establishment	2009
Founding members	Beyers Beyers (Planet Wise Manufacturing CC, South Africa) and Laurits Møller Larsen (Larsen A/S, Denmark)
Initial business ideas	To supply fresh Protea flower bouquets to export markets
Number of employees	169
Stakeholders	<ul style="list-style-type: none"> ▪ Government organisations ▪ Investors and investment professionals ▪ Customers ▪ Suppliers ▪ Industry bodies ▪ Academia ▪ Community leaders
Ethics & Compliance	<p>We have committed ourselves to high ethical standards, which are regularly evaluated by external audits.</p> <p>The Board is guided by the King III guidelines on corporate governance and sets the example from the top down.</p>

About the Report

Reporting period: Financial year July 2014 to June 2015.

Contact person: Beyers Beyers
Tel. +27 21 200 0561
Email: csr@fynbloem.co.za

Target group: This report is targeted to multiple audiences – existing and new customers, our investors, our partners, stakeholders, and the general public. It is a crucial building block to the rest of our sustainability communication and disclosures as it informs and guides these processes. We continue to consider how we can better meet the needs of our audiences and would appreciate your feedback and suggestions.

Significant changes: None



PEOPLE



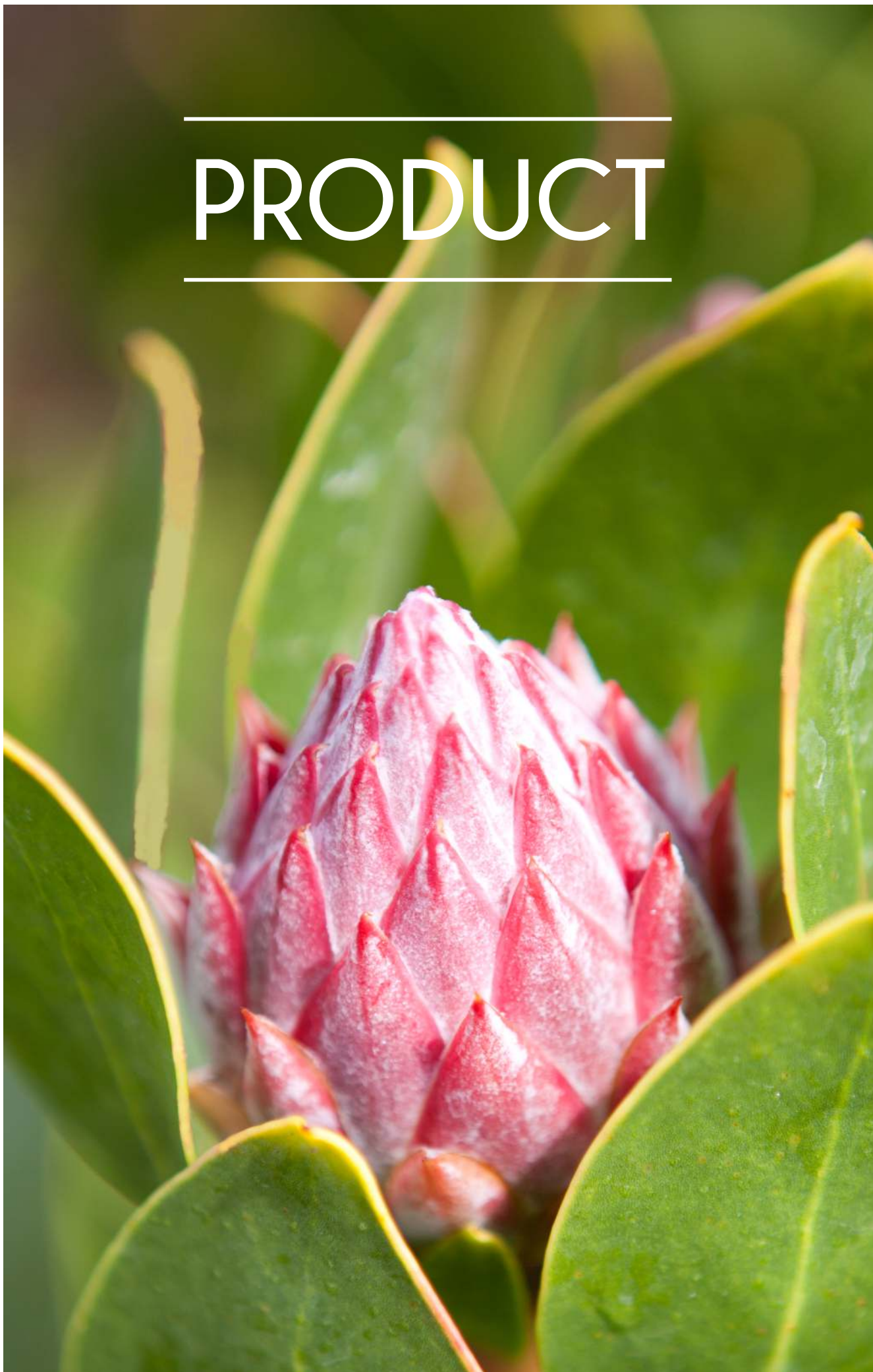
Impact & beneficiaries of our People strategy

In partnership with our sister company



- 🌱 **Job creation:** We create employment in Riviersonderend, where most of our employees live;
- 🌱 **Job security & food security:** For people in a deprived rural area, all year round employment has a high impact. This security improves not only the employee's life circumstances directly but also families and wider local communities. Typically – each employee provides food security for a further 5-6 people. It is also a catalyst for local economic development in rural areas;
- 🌱 **Jobs filled by women:** Our pack house employs mainly women in the production lines. Employing women provides not only food security for the families but also ensures that children are better looked after financially as mothers are often the primary caregivers.
- 🌱 **Quality of life improvement:** Employees have access to the health clinic, free training, subsidised education, and many other benefits. In addition, a bonus system linked to the company's financial performance further increases income potential;
- 🌱 **Management development & career opportunities:** We have developed our own leaders from within the organisation by identifying individuals with management potential and offered them skills upgrading and a chance to fill senior positions. During the last three years using the best skills development and mentorship programmes managers now occupy leadership positions and have demonstrated that they have the willingness, capability and confidence to lead their teams competently. FynBloem empowers and expects its team leaders to contribute to business decisions. The team leaders themselves express feelings of joy and pride at working for their company;
- 🌱 **Employee empowerment through engagement and participation:** Through our various committees (Workers Committee, Environmental Committees, Health & Safety Committee) we believe that our staff feels involved with decisions affecting their work environment;
- 🌱 **Improved life skills:** Offering staff courses on life skills and education on e.g. HIV/Aids improves our health and well-being;
- 🌱 **Community upliftment:** By engaging in various community activities we contribute to energising our local community – spreading joy amongst people.

PRODUCT



IMPACT AND BENEFICIARIES OF OUR PRODUCT STRATEGY

FynBloem is situated at the heart of one of the world's great centres of terrestrial biodiversity, the Cape Floral Kingdom of South Africa, now a listed UNESCO World Heritage Site. Fynbos, one of its protected vegetation types, is indigenous and found nowhere else on earth. FynBloem and its supply chain partners and stakeholders contribute positively to ensuring a fynbos legacy for future generations.

🌿 **Nature conservation:** The FynBloem & Partners Sustainability Monitoring Programme (F&PSMP) benefits the conservation of fynbos as it makes it more lucrative for farmers to keep the natural habitat untouched, rather than use the land for commercial agricultural purposes. It also discourages illegal operators, as the buyers of wild harvested fynbos demands harvesters to obtain legal permits and to subscribe to the Code of Practices. I.e. FynBloem and its partners contribute positively to the sustainable management of the unique natural Protea and fynbos resource which is vital for the conservation of its vulnerable ecosystems and species;

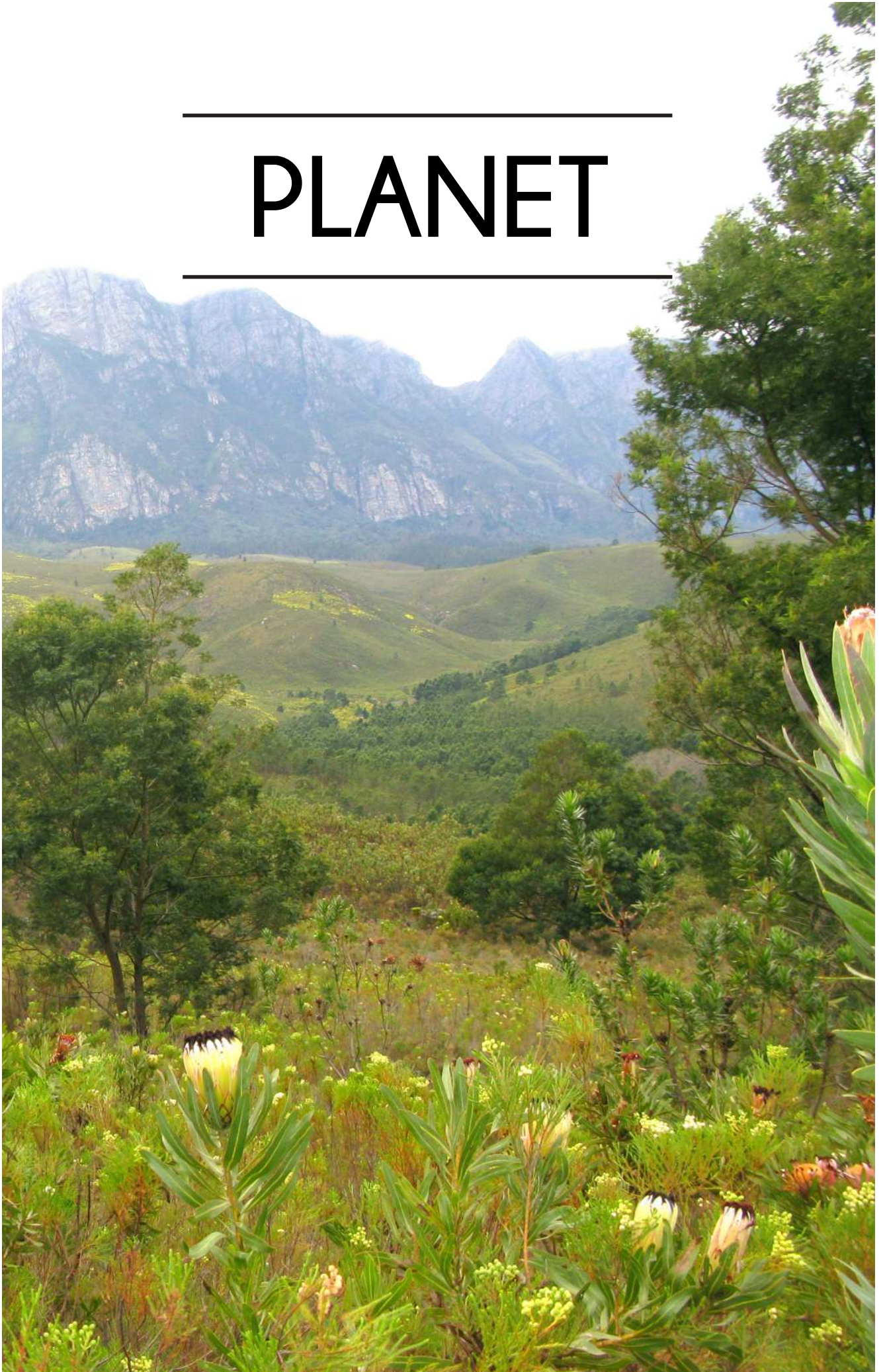
🌿 **Creation of employment:** the wild fynbos industry is a major employer in the region with an estimated 400 families depending on the harvesting of fynbos for their livelihoods. The wild harvester suppliers to FynBloem provide sustainable employment to approximately 140 people in rural areas. As FynBloem's supply expands so does the positive footprint of the F&PSMP bringing benefits to the fynbos and to rural communities;

🌿 **Sustainable utilisation and protection of natural resource:** 60,000 hectares are being managed under the Sustainable Harvesting Programme (SHP). FynBloem alone has brought in approximately 20,000 additional hectares of fynbos veld under the programme;

🌿 **Ethical and sustainable trade:** our partnership approach to the supply of harvested fynbos has built a sustainable programme that benefits the whole supply chain and the consumers buying FynBloem flowers. They are assured that flowers and foliage for the bouquets have been ethically harvested – and that nature in the Cape Floral Kingdom is being sustainably managed.



PLANET



IMPACT & BENEFICIARIES OF OUR PLANET STRATEGY

In partnership with our sister company



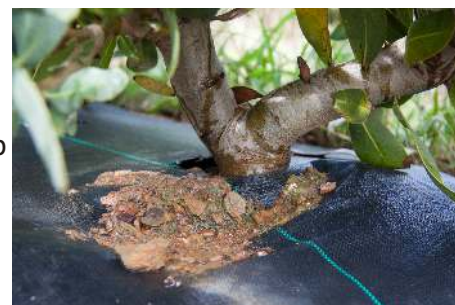
The impact of our environmental strategy and initiatives is substantial and can be measured in terms of how we by means of reducing, reusing, and recycling can be energy and water efficient.

Reducing carbon footprint:

- Reducing electricity consumption;
- Energy from refrigeration is recycled and used to warm & cool the offices;
- Using sea freight;
- A one-location approach are significant in terms of reducing the company's carbon footprint;
- Reducing road transport => lower petrol/diesel consumption.

Responsible usage of water:

- Reducing water consumption in the plantation (weed mats, drip irrigation, and soil probes);
- Harvesting rain water and recycling water;
- Clearing of invasive alien trees & plants that have a negative impact on both water quality and quantity.



Recycling:

- Recycling of non-plant material.

Usage of renewable energy:

- Plans to apply renewable energy (solar energy) in the new expansion phase of our pack house;
- The pack house was designed according to the Australian Green Building design guidelines.

OUR PARTNERS



MIMFLOWERS



Share your input

We welcome feedback on our Sustainability Journey.

Contact person: Beyers Beyers;

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Email: csr@fynbloem.co.za

Contact us

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Learn more about us

Facebook: www.facebook.com/fynbloem

Web: www.fynbloem.com (under construction)