



Innovative Solutions. Endless Possibilities.

Sustainability
Report
February
2015

Santova
Limited



INTRODUCTION

The Santova Board of Directors remains committed to sustainability and the reporting of its sustainability performance to all stakeholders in an open, honest and transparent manner. In this regard, we are proud to confirm that at the IRAS (Integrated Reporting & Assurance Services) Sustainability Data Transparency Index, Review of Environment, Social and Governance Reporting in South Africa, held at the JSE on 25 September 2014, Santova achieved:

- The most improved Sustainability Data Transparency Index (“SDTI”) score in 2014;
- The highest SDTI score in the Transportation Sector on the JSE; and
- The highest overall SDTI score in 2014 across all 311 JSE-listed companies’ reports included in the current year’s survey.

Santova’s 2014 Annual Integrated Report achieved a SDTI score of 82,43%, which not only placed it in first position on the JSE but also one of only four listed companies achieving a SDTI score in excess of 80% in the 2014 survey.

The report set out below is to be read in conjunction with the Annual Integrated Report, as a whole, in order to gain a complete understanding of the sustainability efforts and developments of the Group.

HUMAN CAPITAL

HUMAN CAPITAL

The Group Human Resources Department, based at the Santova Head Office, manages the human capital element for the Group with the assistance of all business unit leaders worldwide. The Group Human Resources Department also calls upon a network of professional specialist suppliers, where required.

Internationally, the department handles the role of general employee management and labour process management and it is expected that this will extend to recruitment and personal development management (performance appraisals) in the coming financial year. In South Africa, the department manages payroll, medical aid, retirement planning, wellness, training and development as well as aspects of employment equity, broad-based black economic empowerment and sustainability. A notable development in South Africa, during the period, was the launch of the Employee Self Service program, which is a web-based application that automates many of the day to day tasks of the department and provides employees with instant access to personal records and certain payroll information.

Total number of employees	287
Number of permanent employees	280
Number of contractors	7
Employees who are permanent (%)	98
Employees who are women (%)	53
Employees who are unionised (%)	0
Employee turnover (all forms of departures/ total number of employees) (%)	30
Person Hours Worked	524 349
Number of lost days due to absenteeism	1 276
Number of lost days due to industrial action/strikes	0
Total number of South African employees	227
South African employees who are Historically Disadvantaged South Africans (%)	63,9
Santova Limited Directors who are Historically Disadvantaged South Africans (% of Board)	14,3

There were no material variations to the statistics presented in the last Annual Integrated Report with the exception of a reduction in the "Total number of employees" (discussed below) and a reduction in the "Number of lost days due to absenteeism", predominantly as a result of improvement in this area by our international offices.

SANTOVA GROUP TOTAL NUMBER OF EMPLOYEES BY REGION		
	2015	2014
South Africa	227	248
Durban	148	147
Johannesburg	37	54
Cape Town	23	26
Port Elizabeth	13	14
Pietermaritzburg	4	5
Sasolburg	2	2
International	60	52
Australia		
Sydney	6	6
United Kingdom		
London	8	7
Essex	3	3
Midlands	14	16
China		
Hong Kong	6	6
The Netherlands		
Rotterdam	10	7
Amsterdam	8	7
Germany		
Frankfurt	5	–
Total	287	300

The centralisation and "right-sizing" project, which began and was reported in the last financial year, continued into the 2015 financial year. The most significant manifestation of this project was in South Africa and involved the centralisation of all sea freight operations to the Durban office. This greatly affected the Johannesburg region and the significant drop in the year on year numbers evidenced above are mostly as a result of this project. The efficiencies created were notable, with only a handful of additional staff required in Durban to handle all the Johannesburg sea freight work. The above table also reflects an overall increase in the number of international employees due in part to growth in the Netherlands offices and also to the acquisition of Masterfreight in Germany. There were no other material changes to the employee numbers in the 2015 financial year.

In South Africa, all employees are required to join the Group provident fund and the Group medical aid scheme (or provide proof of their own independent medical aid). Internationally, the offices have flexibility in this area to cater for local practices and laws.

HUMAN CAPITAL CONTINUED

Human Capital remains a vitally important area for the Group which is evidenced in the value distributed to employees as contained in the Value Added Statement on page 9 of the Annual Integrated Report and also in the paragraphs that follow.

WELLNESS

Santova, under the leadership of the Group Human Resources Committee, promotes employee wellness throughout the Group. Whilst the international entities are encouraged to promote wellness in any way realistically possible for the size of their office complements, in South Africa this important area is driven principally through the formal employee wellness days. Wellness days were held for the first time during the financial year in four different regions, namely Durban, Johannesburg, Cape Town and Port Elizabeth.

In addition to the above, a Santova soccer team was launched in Durban in March 2014, employees participated in the East Coast Radio Big Walk in May 2014, a "Spring Day" was held at the Santova Head Office in September 2014 and the Santova Netherlands office held a well-attended bowling evening for employees in November 2014. The Santova Executive Committee has also embarked on a project to consider additional non-financial benefits for employees to improve employee wellness and further enhance the Santova employee brand. It is anticipated that this project will be completed in the first half of the next financial year.

Training also forms an important part of employee wellness which is discussed in detail below.

TRAINING AND SKILLS DEVELOPMENT

Training and skills development are important to Santova as they are the core elements to growing the quality of the Group's human capital. Enhancing the skills, capabilities and knowledge of employees is an ongoing requirement which is not only a tool to drive performance, but also contributes to employee wellness and our employment brand. In addition, it provides support to our culture, values and philosophies.

In South Africa, training and skills development are overseen by the Skills Development and Employment Equity Committee, whilst the employees who manage the day to day tasks form part of the Group Human Resources Department. Internationally, responsibility for training and skills development falls under the mandate of the business unit leaders, with support provided by the Group Human Resources Department which monitors the international progress in this area.

The training and skills development function is managed in South Africa with a formal training budget and process, whilst the international offices are given the flexibility to manage training on a more informal and *ad hoc* basis given the size of these regions. Either way, the need for training generally arises as follows:

New employees – new employees receive training in a number of areas, including operational training, policy and procedure training and culture training. Senior employees receive a formal induction which includes the topics covered with normal employees and adds risk training, training on the Group (and its history) and detailed culture and values training.

Existing employees – existing employees receive training predominantly as a result of the training needs analysis which is conducted as part of the performance appraisal process. Training is usually arranged as a result of one or more of the following six reasons:

- changes in technology;
- changes in practice or internal procedure;
- to cater for a need for general "refresher" training of an employee;
- to stimulate and promote career growth;
- to return an employee back to a "stretch zone"; or
- as prescribed by one of the Santova training programmes.

A combination of in-house and external training is used to fulfil the above needs. The Group predominantly funds its own training, but where possible, utilises government grants that are applied for each year.

Total number of employees trained	255
Rand value of total employee training spend	R853 423

A number of different types of training and development initiatives were undertaken during the period. The most common areas of training were in logistics operations, information technology, health and safety, culture, insurance, and Employee Self Service training (described above).

The Group is currently reviewing and updating its interviewing and performance development (appraisal) processes and it is expected to roll out the changes to these important areas in the first half of the next financial year.

The Annual Training Report and Workplace Skills Plan were submitted timeously to the Sector Education and Training Authorities for the various South African entities in the Group.

LEARNERSHIP PROGRAMMES

The Santova Learnership Programme is a structured one year outcomes-based learning programme for gaining theoretical knowledge and practical skills in the workplace resulting in a registered National Qualifications Framework (“NQF”) qualification. This South African programme is aimed predominantly at previously disadvantaged school leavers and young adults. Candidates receive the training from two sources:

- a formal online training curriculum in clearing and forwarding or insurance provided by specialist service providers; and
- on-the-job training where candidates are rotated through departments on a quarterly basis.

The following courses are offered as part of the Santova Learnership Programme:

- National Certificate Freight Forwarding and Customs Compliance NQF 3;
- National Certificate Freight Forwarding and Customs Compliance NQF 4; and
- Further Education and Training Certificate: Short Term Insurance NQF 4.

Total number of Learners currently on the programme	34
Total number of graduated Learners still retained from prior programmes	10
South African employees who are current or retained Learners (%)	19

There were 37 Learners involved in the Santova Learnership programmes during the current financial year with some having graduated or left before financial year-end and 34 currently on a programme at the end of the period. In addition to the 34 Learners currently on a programme, as at 28 February 2015 there were 10 graduates of prior programmes that were still retained by the South African entities within the Group. Therefore, the current or retained Learners have climbed from 16% at the end of 2014 to 19% at the end of this financial year.

Whilst the Santova Learnership Programme forms part of the training and skills developments initiatives of Santova, it also plays a role in a number of other sustainability areas such as employment equity, Broad-based Black Economic Empowerment and corporate social investment.

GRADUATE PROGRAMMES

The Group Induction Training and Development (“ITD”) Programme (launched in April 2013) is a programme which was created to address the shortage of highly skilled university graduates in our industry. Graduates are selected after a lengthy interview process and are permanently employed while being intensively trained and mentored. Training takes place over a two-year period and graduates are then placed in meaningful roles across the Group. In the last report, we advised that three graduates had been identified and inducted into this select programme. We are pleased to advise that the programme swelled to seven graduates during the last financial year, with two of these graduates being the first to complete the programme shortly before the end of the financial year.

At the time of writing this report, a second “more traditional” one-year graduate programme was being designed exclusively for the Santova Logistics South African offices. This will allow for more graduates to have an opportunity to work for the Group, and be trained within our industry, in addition to the ITD Programme above.

SOCIAL RESPONSIBILITY AND INVESTMENT

EMPLOYMENT EQUITY

The tables and graphs prepared for this section of the sustainability report are based on consolidated statistics from all the South African entities. The Skills Development and Employment Equity Committee together with the assistance of the Group Human Resources Department is responsible for setting plans and targets as well as controlling and measuring employment equity.

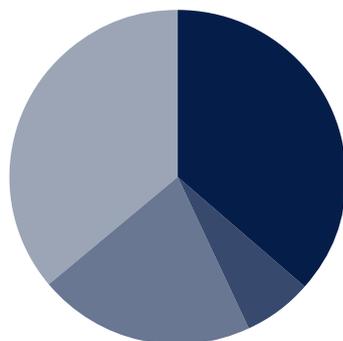
Each South African entity is responsible for managing their employment equity implementation to achieve the required targets set out in the plan. It should be noted that the South African entities report separately to the Department of Labour for the purpose of employment equity, and not as a consolidated South African group as set out for summary purposes below. The following table and graphs have been

prepared as at 28 February 2015 and not as at the date of last submission to the Department of Labour during the last financial year.

In order for any employment equity initiative or plan to be successful, growth in numbers or, to a lesser extent, turnover of employees is required. For the second year in a row, the South African employee numbers have been reduced, primarily as a result of the centralisation and "right-sizing" project discussed previously. Whilst the project made good commercial sense, it did hamper employment equity initiatives for the year. Despite this, the employment equity spread of employees has held firm with the notable positions of the predominant race being African and the male to female split being strongly in favour of females, remaining in place.

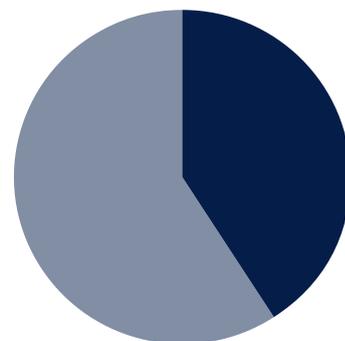
Occupational levels	Male				Female				Foreign nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	0	0	2	5	0	0	0	0	0	0	7
Senior management	0	0	2	7	0	0	2	7	0	0	18
Professionally qualified and experienced specialists and mid-management	0	1	2	12	0	1	5	19	0	0	40
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	1	1	5	6	5	4	8	8	0	0	38
Semi-skilled and discretionary decision-making	21	3	14	5	54	5	6	11	0	0	119
Unskilled and defined decision-making	0	0	0	0	0	0	0	0	0	0	0
Contractors	2	0	1	2	0	0	0	0	0	0	5
Total employees	24	5	26	37	59	10	21	45	0	0	227

RACE %



African	36,6
Coloured	6,6
Indian	20,7
White	36,1

GENDER %



Male	40,5
Female	59,5

The South African entities of the Group remain focused on addressing middle, senior and top management with junior management and clerk level already well represented. Skills shortages in our industries amongst designated groups remains a barrier to employment equity and the Group continues to rely on its internal programmes to address employment equity. The introduction of the Santova Logistics Graduate Programme in the year ahead, mentioned previously, is a further initiative aimed at assisting in this area, as this programme is designed for previously disadvantaged candidates.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT ("B-BBEE")

The B-BBEE Committee, under the guidance of its B-BBEE Consultant, is responsible for the strategy, planning, monitoring and overall management of B-BBEE within the South African Group. All senior management within the South African Group are then responsible for the implementation and ongoing development of B-BBEE. The B-BBEE report for each of the South African Group entities for the previous year is as follows:

Santova Limited, the Group holding company, is for the purposes of B-BBEE, a Qualifying Small Enterprise ("QSE"). Santova Limited was verified (in terms of the Generic Codes) by SAB&T BEE Services ("SAB&T"), an accredited verification agency, in June 2014 and achieved an improved score of 90,25. As such it is classified as a Level 2 Contributor. Santova Limited is a "Value-Adding Enterprise" for the purposes of B-BBEE. This means that the B-BBEE recognition level (score) of Santova Limited (125%) may be multiplied by 1,25 by any client of Santova Limited, resulting in an effective procurement recognition of 156,25%.

Santova Logistics is, for the purposes of B-BBEE, a Generic Enterprise with an annual turnover in excess of R35 million. As such, all seven elements of B-BBEE must be focused on by Santova Logistics. Santova Logistics was verified (in terms of the Forwarding and Clearing Sector Codes) by SAB&T in September 2014 and achieved a score of 71,62 and as such is classified as a Level 4 Contributor. Santova Logistics once again showed significant improvement in its B-BBEE score year on year with its previous score being 66,06. Santova Logistics is also a "Value-Adding Enterprise" for the purposes of B-BBEE. Therefore, the B-BBEE recognition level (score) of Santova Logistics (100%) may be multiplied by 1,25 by any client of Santova Logistics, resulting in an effective procurement recognition of 125%.

Santova Financial Services is for the purposes of B-BBEE, a QSE, and was verified (in terms of the Financial Services Sector Codes) by SAB&T in March 2014. Santova Financial Services achieved a score of 100,00 and is once again classified as a Level 1 Contributor. Santova Financial Services is also a "Value-Adding Enterprise" for the

purposes of B-BBEE. Therefore, the B-BBEE recognition level (score) of Santova Financial Services (135%) may be multiplied by 1,25 by any client of Santova Financial Services, resulting in an effective procurement recognition of 168,75%.

Santova Express is for the purposes of B-BBEE, a QSE, and was verified (in terms of the Transport Sector Codes) by SAB&T in September 2014. Santova Express achieved a score of 102 and was, once again, classified as a Level 1 Contributor. Santova Express is also a "Value-Adding Enterprise" for the purposes of B-BBEE. This means that the B-BBEE recognition level (score) of Santova Express (135%) may be multiplied by 1,25 by any client of Santova Express, resulting in an effective procurement recognition of 168,75%.

Santova NVOCC is for the purposes of B-BBEE, an Exempted Micro Enterprise and was verified (in terms of the Maritime Sector Codes) by Integra Scores (an accredited verification agency) in December 2014. Santova NVOCC achieved a Level 4 B-BBEE certificate with an effective procurement recognition of 100%.

The South African Group entities mentioned above made Enterprise Development contributions to the following entities:

- **ABI Freight Carriers** – a registered Durban-based close corporation which provides transport and logistics services;
- **Hillcrest Aids Centre** – a registered Trust handling a multifaceted HIV/AIDS project that serves those impacted by HIV/AIDS by providing support in a practical and sustainable way, including poverty alleviation, care and education;
- **Isiqiniseko Deliveries** – a registered Durban-based close corporation which provides delivery and logistics services;
- **LIV Business** – a registered private company which invests in business to create jobs and provide for the sustainability of LIV Village (a registered NPO and Section 21 Company which provides holistic residential care for orphaned and vulnerable children); and
- **Two Be Sales Fifty Three** – a registered Johannesburg-based close corporation which provides messenger and logistics services.

The abovementioned Enterprise Development Beneficiaries were supported in one or more of the following methods: financial grants, computer hardware and software, donation of a motorbike, training, employee salaries, legal advice and business support. In addition, Santova Logistics has procured services from ABI Freight Carriers, Two Be Sales Fifty Three and Isiqiniseko Deliveries.

SOCIAL RESPONSIBILITY AND INVESTMENT CONTINUED

B-BBEE suppliers, in general, continue to be an important focus for the South African entities within the Group. The spend with the historically disadvantaged black suppliers and stakeholders is contained in the Value Added Statement on page 9 in the Annual Integrated Report.

CORPORATE SOCIAL INVESTMENT

The combined monetary contribution of the entities within the Santova Group is set out in the following table:

Total Rand value of all spend on all CSI/SED Projects	R1 049 447
Total Rand value of CSI/SED spend: Education	R64 318
Total Rand value of CSI/SED spend: Health and HIV/AIDS	R28 913
Total Rand Value of CSI/SED spend: Basic Needs/Social	R200 879
Total Rand value of CSI/SED spend: Enterprise Development	R731 209
Total Rand value of CSI/SED spend: Infrastructure Development	R19 588
Total Rand value of CSI/SED spend: Other	R4 540

Whilst the above monetary contributions are important, all branches in the Group (both in South Africa and internationally) are encouraged to participate in both monetary and non-monetary charities and causes, relevant to their own community. Non-monetary charities and causes involve employee lead drives and employees giving up their personal time, as a manner of support.

In this financial year, the following support was given in one manner or another: the Johannesburg office sold tickets for the Reach For A Dream Foundation's 2014 "Reach For Your Slippers" campaign; the Netherlands office assisted a Ghanaian charity for the underprivileged by providing a container to ship goods to Ghana to set up a hospital; all South African offices supported "Casual Day", a fundraising campaign for persons with disabilities and the flagship project of the National Council for Persons with Physical Disabilities in South Africa, and the Durban office supported a number of blood donor clinics, the Roundtable Christmas Shoebox Project for underprivileged children and the St Martins Children's Home for children in need.

HEALTH, SAFETY, ENVIRONMENT AND QUALITY

HEALTH AND SAFETY

The Group Health and Safety Committee monitors the health and safety compliance of all the entities within the Group worldwide. For the purposes of health and safety, the Group is divided into a number of health and safety "Locations" as defined by the Santova Health and Safety Manual.

All "Locations" have their own appointed representatives and committee and are responsible for the complete process of health and safety in their region or designated area. The various appointed representatives (first aid, fire and general health and safety) are required to conduct regular health and safety audits and are required to report on these audits at each "Location" committee meeting.

The Group Health and Safety Committee monitors each of these "Location" committees to ensure their compliance with the relevant laws and regulations. Where required, the Group Health and Safety Committee calls on the services of an external consultant.

Number of Fatalities	0
Number of First Aid Cases	10
Number of Medical Treatment Cases	2
Number of Lost Time Injuries	3
Total number of Recordable Injuries	5
Fatal Injury Frequency Rate	0
Lost Time Injury Frequency Rate	1,15
Total Recordable Injury Frequency Rate	1,91
Lost Time Injury Frequency Rate Target	0,77
Total Recordable Injury Frequency Rate Target	1,15

The last financial year was not a problematic year for health and safety within the Group, despite the two medical treatment cases and the three lost time injuries. An analysis of these five (recordable) injuries reveals four were relatively luckless office environment injuries (which were not necessarily a result of the environment itself) with just one injury being reported in a warehouse. The lost time injury frequency rate and the total recordable injury frequency rate therefore appear higher than expected and need to be considered in this context. All of the above first aid cases were minor "plaster" cases of little concern.

HIV/AIDS AND OTHER LIFE THREATENING DISEASES

The Santova Group has an HIV/AIDS, Life Threatening and Notifiable Diseases Policy which sets the requirements for the fair treatment of any affected employees, ensures the compliance with applicable legislation and establishes procedures and guidelines. The intention of the policy, which is managed by the Group Human Resources Department, is to allow for any affected employees to feel comfortable about confiding in management and

encourage them to seek assistance regarding their suspected or known condition.

The Group Risk Management Committee monitors the anonymous statistics of HIV/AIDS affected employees, provided by the Group Human Resources Department, to decide whether any special action, with regards to risk profiles and direct/indirect costs, is warranted and whether the current measures and strategies in place within the Group are considered to be sufficient and reasonable.

HIV/AIDS testing is a voluntary offering at the wellness days arranged by the Group Human Resources Department. There was an improvement in the number of employees who submitted themselves for HIV/AIDS tests at the Wellness Days arranged by the Group Human Resources Department from 95 last year to 108 in this financial year.

The relevant HIV/AIDS statistics for the Group are as follows:

Total number of employees receiving voluntary counselling and testing	108
Employees tested for HIV/AIDS	108
HIV/AIDS prevalence rate	0,70%

Whilst there were, once again, no formally reported HIV/AIDS cases within the Group as at the end of the financial year, a prevalence rate was calculated above using suspected or unconfirmed employee cases.

ENVIRONMENT

Santova, a non-asset-based fourth-party logistics (4PL) service provider, has a limited "footprint" on the environment due to its operations being largely "office-based".

However, Santova has a role to play in promoting a healthy and sustainable environment and to achieve this, it has in place its Group Environmental Policy, which sets out the goals, purpose and procedure for environmental management within the Group.

Whilst all regions are encouraged to develop a "culture of environmental concern and promotion" and are called upon to manage their third party suppliers in this regard, regions are also challenged to develop their own internal initiatives to contribute to this important area. The Group's policy suggests the following as a non-exhaustive list:

- the creation of awareness of the policy and environmental concerns and initiatives in general;
- the procurement of environmentally friendly products;
- the active recycling of stationary and other products;
- the minimisation of electricity and energy usage;
- the minimisation of water usage;

- encouraging the use, by both employees and clients, of OSCAR (the Group's in-house developed software system), a paperless logistics operational system; and
- participation in developing further environmental initiatives and promotion of environmental responsibility amongst employees for the Santova Group.

Total electricity consumption (MWh)	759,37
Total water consumption (Kℓ)	9 529

In the financial year, the following initiatives were realised:

- the start of the "duplex printing" process in order to reduce paper usage in our working environment to aid in the reduction of waste in landfill sites and save in the release of CO₂ emissions and fuel into the environment. This project involved education (culture of environmental concern and promotion) and training from a highly experienced independent supplier. The project was completed in the largest office (Durban) and the next phase, of rolling the project out to the rest of the South African offices, is under way for completion in the next financial period;
- the challenging task of recycling confidential paper in the Durban office (in light of the developing data protection laws) was solved during the period with the use of a specialist supplier and equipment to safely store documents until they are shredded on site during collection; and
- the placement and collection of general recycling bins for paper to greatly improve on the quantity of recycled paper in the largest office (Durban).

In addition to the above Santova has added its carbon footprint calculation to its sustainability disclosure for the first time in this Annual Integrated Report as follows:

Direct carbon emissions (direct burning of fuels: company vehicles and generators) (tCO ₂ e)	158,347
Indirect carbon emissions (indirect burning via energy purchased: electricity, heat and steam) (tCO ₂ e)	759,370
Indirect carbon emissions (indirect burning via 3rd party: local travel, international travel and employee travel claims) (tCO ₂ e)	217,121
Total carbon emissions (tCO₂e)	1 134,838

QUALITY

Santova Logistics, the largest trading entity within the Group, remains certified for ISO 9001:2008 by ISO Auditing firm, SGS South Africa (Pty) Ltd for the activities of import and export handling and customs clearing, import and export forwarding, project cargo, warehousing and transport of cargo.

The latest annual surveillance audit took place in February 2015 and it was confirmed that the management system was maintained, and is in line with, the requirements of the ISO standard by systematically achieving the agreed requirements for the services, within the scope of Santova Logistics policy and objectives.

However, in this financial year, great strides were made by Santova Logistics to not only comply with and retain this ISO standard but to further make its operations more effective and efficient and adjust its focus to being more client centric.

Under the guidance of the Management Review Committee, which held regular meetings to discuss the policy statement and to review our ISO Quality Management System, the following was achieved in the year:

- the Quality Policy Statement and Quality Objectives were reviewed and amended by top management to ensure their suitability;
- the Corrective and Preventative Action procedure was restructured to be able to deal with customer complaints and/or service failure more decisively, whilst ensuring a better performance-based internal operation; and
- the various internal audits conducted throughout the year resulted in a number of other changes to the ISO Quality Management System to ensure that it remained relevant and up to date.

Santova controls its operational and other activities through the application, maintenance and continual improvement of its ISO Quality Management System to ensure that its Vision, Mission, Culture and Values are "lived" by all employees in the execution of all its processes and procedures.