










STAKEHOLDER ENGAGEMENT REPORT – OUR KEY RELATIONSHIPS

As a non-asset based, specialised supply chain consulting business our relationships with our business stakeholders are core to our strategy and continued existence. This is emphasised by the fact that the Group's primary business activities entail the co-ordination of and control over the forward and reverse movement of our client's goods across the entire supply chain from source to destination. To achieve this the Group utilises the logistics resources and capabilities of specialised external logistics providers together with leading in-house developed information technology systems.

As a result, the Group's business model is highly client centric and dependent on the establishment of long-term mutually beneficial relationships with both our clients and specialised external service providers, which are facilitated by constant daily interaction between our employees and these stakeholders.

In addition, as a result of industry regulations and market practice, primarily in the South African region, the Group is required to fund recoverable logistics disbursements, principally customs duties and value added taxes, on behalf of clients. Thus the ability to raise working capital through the Group's shareholders and bankers is fundamental to the servicing of a client, and in order to access this capital and minimise credit risk, a strong relationship with the Group's credit underwriters is essential.

Over and above these core business and financial relationships that are fundamental to the Group's business model, we operate in an environment that involves the flow of goods from one jurisdiction internationally to another. As a result, the Group's interaction with Government and Regulators in these jurisdictions is vital to ensure the adherence to specific regulations and procedures and to facilitate the timeous and efficient flow of goods in and out of these regions.

VALUE CREATED/DISTRIBUTED	STAKEHOLDERS	PRIMARY ASSOCIATED CAPITALS	NUMBER	WHO ARE OUR KEY STAKEHOLDERS?	WHAT MATTERS TO THEM?	HOW DO WE ENGAGE WITH THEM?	KEY RISK FOR SANTOVA ASSOCIATED TO THESE STAKEHOLDERS	KEY ONGOING STRATEGIC INITIATIVES ASSOCIATED TO THESE STAKEHOLDERS
R3 829 million	 CLIENTS	Social and Relationship Capital	3 990	Corporate entities of varying size across diverse industry sectors that are primarily manufacturers and retailers, either utilising foreign sourced products or exporting products to foreign customers.	Supply chain optimisation through the efficient, timeous and cost effective flow of products from source to destination, thereby meeting customer specific service requirements and adding value to their organisation.	Formal structured engagement commencing with upfront agreed and documented terms, tariffs and operating procedures. Supplemented by ongoing daily system-based and interpersonal communication across all levels within both organisations, related to specific shipping instructions and ongoing reviews of client requirements and service levels.	<p>Sales and marketing risk – growth in revenue through new client acquisition</p> <p>Competitive risk – pricing/margin pressure and failure to retain existing key clients</p> <p>Innovation risk – technology innovation and development</p> <p>IT risk – operational systems failures</p> <p>Economic risk – impact of the current economic environment on clients</p>	<p>Globalisation – continual growth and expansion of the Group's international footprint so as control the entire supply chain</p> <p>Technology Innovation – continual investments and development of the Group's IT offering, so as to assist client to achieve competitive advantage through meaningful data and information</p> <p>Supply Chain Innovation – Continual investment in the Groups supply chain consulting capabilities and resources</p> <p>Efficiencies and Consistency – leveraging off industry best practices to drive operating efficiencies and consistency across regions</p>
R1 109 million	 SUPPLIERS	Financial Capital Social and Relationship Capital	2 036	A preferred panel of established and specialised external logistics service providers across the world, utilised to convey customers products from source to destination, primarily via sea, air, road and rail and also utilised to store customers products in warehouse or distribution facilities.	An ongoing and commercially viable supply of shipping, transport and warehouse service instruction/orders from Santova on behalf of its clients.	Upfront formal service level agreements followed by a daily verbal and formal electronically communicated shipping, transport and warehouse service instructions/orders together with ongoing updates on key supply chain data and timings, that takes place between specialised teams within both organisations.	<p>Competitive risk – pricing/margin pressure</p>	<p>Efficiencies and Consistency – leveraging off industry best practices to drive operating efficiencies and consistency across regions</p>
	 AGENTS	Social and Relationship Capital Manufactured Capital	387	A preferred panel of established forwarding and clearing agents in jurisdictions where the Group does not have a physical presence, utilised to arrange the transport and customs clearing of clients products across certain sectors of the supply chain.	A mutually beneficial relationship whereby both parties refer ongoing shipping and transport instructions to each other, to facilitate on behalf of each others clients.	Daily verbal and electronic engagement between specialised forwarding and clearing teams within both organisations, conveying shipping and transport instructions plus providing ongoing status reports.	<p>Competitive risk – pricing/margin pressure</p>	
R2 484 million	 GOVERNMENT/REGULATORS	Social and Relationship Capital	50	Various regulatory bodies and industry associations within each jurisdiction that the Group operates, who dictate and ensure that the Group adheres to all applicable laws, regulations and corporate governance – specifically Revenue Authorities who implement and monitor adherence to customs excise and taxation regulations.	Compliance with laws and regulations that are designed to protect stakeholders, primarily through the submission of regular statutory returns and the timely collection and payment of duties and taxes.	Highly regulated formal communication and submission of statutory returns and payment duties and taxes at specified dates as well as limited informal communication in the event of queries, audits, inspections or stoppages.		
R8 million	 IT SERVICE PROVIDERS	Intellectual Capital	50	IT developers, resellers and support providers who supply and support; specific logistics and insurance operational systems, computer hardware and networking infrastructure, office desktop based software, internet connectivity and the ongoing development of the Group's proprietary in-house IT systems.	The opportunity to provided ongoing development, installation and support of appropriate IT hardware and software and network infrastructures that meet the Group's strategic and client specific needs.	Attending initial product demonstrations and presentations, receiving and assessing formally documented product and project proposals and quotations culminating in up-front formally agreed and documented service level agreements. Thereafter supplemented by regular feedback meetings and reports monitoring the levels of service and project delivery.	<p>IT risk – operational systems failures</p> <p>Innovation risk – technology innovation and development</p>	<p>Technology Innovation – continual investments and development of the Group's IT offering, so as to assist client to achieve competitive advantage through meaningful data and information</p> <p>Efficiencies and Consistency – leveraging off industry best practices to drive operating efficiencies and consistency across regions</p>
R150 million	 EMPLOYEES	Human Capital Social and Relationship Capital Intellectual Capital	321	Individuals of varying nationalities and qualifications with relevant industry or role experience, employed across the Group to service customers and provide support functions that add value for all stakeholders.	Career and personal development in a quality work environment within a successful and stimulating organisation, that ensures job security and appropriate rewards for performance.	Daily formal structured and informal engagement through multiple channels to ensure staff receive the necessary on-going guidance, motivation, feedback and recognition.		<p>Human Talent – to established Santova as a leading <i>Employment Brand</i> in the logistics industry</p>
R54 million	 SHAREHOLDERS	Financial Capital	3 735	The providers of the Company's share capital and primary risk takers within the business.	The generation of sustainable, above average, market related returns (both dividend and capital appreciation) on their investment by the company, together with timely, relevant, open and ongoing communication on the company's activities and performance. The appropriate levels of corporate governance to be upheld by management in the stewardship of their investment.	Formal published and printed communications at various times throughout the financial year via SENS announcements, annual integrated reports and financial statements, advertorials, company websites, at general shareholder meetings, investor presentations and through the press from management engaging with financial media.	<p>Economic risk – impact of the current economic environment on revenue and profitability</p> <p>Liquidity risk – inability to meet financial obligations</p> <p>Valuation risk – asset/investment valuations</p> <p>Investment risk – acquisition and establishment of new businesses</p> <p>Funding risk – inability to raise working capital and/or acquisition finance</p>	<p>Balanced Growth – consistent profitability growth through balanced organic growth and strategic acquisitions</p> <p>Globalisation – continual growth and expansion of the Group's international footprint so as to duplicate revenues</p>
R19 million	FINANCIAL INSTITUTIONS:  BANKERS	Financial Capital	16	The Group's primary transactional bankers and providers of working capital, foreign exchange services and general transactional banking facilities.	Long term relationships providing the opportunity to supply the Group various financial services and funding facilities, so as to generate for the financial institution interest and fee revenue. In addition they seek stable and sound financial management of the business with ongoing profitability and regular financial updates and communication. This is so as to maintain the Group's credit worthiness and ensure it meets its obligations as they become due.	Regular detailed formal and informal engagement primarily through annual facility reviews and resigning of facility agreements, in an open and honest manner, to ensure a high level of trust exists. Together with attending <i>ad hoc</i> new products demonstrations and general economic and regulatory updates.	<p>Liquidity risk – settling financial obligations</p> <p>Funding risk – inability to raise working capital and /or acquisition finance</p>	<p>Balanced Growth – consistent profitability growth through balanced organic growth and strategic acquisitions</p>
R6 million	 CREDIT UNDERWRITERS	Financial Capital	2	Credit underwriters who provide short-term insurance cover against the outstanding financial indebtedness of the Group's clients. This is in order to minimise credit risk for all stakeholders and as a requirement order to secure the sourcing of working capital facilities from the Group's bankers.	To ensure the quality of the assets insured (outstanding debtors balances) are strictly monitored and collected by the Group within predefined and agreed limits and parameters, ensuring low bad debt loss ratios.	Regular and very structured engagement commencing with an upfront agreed policy schedules and thereafter ongoing credit assessments of clients and facility limits being agreed, followed up by regular reporting of clients trading levels and payment histories.	<p>Liquidity risk – settling financial obligations</p> <p>Funding risk – inability to raise working capital and/or acquisition finance</p>	<p>Balanced Growth – consistent profitability growth through balanced organic growth and strategic acquisitions</p>