



**2016**  
**SUSTAINABILITY REPORT**

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*Innovative Solutions. Endless Possibilities.*

# Contents

Santova Sustainability

ifc

Human Capital

2

Social Responsibility and Investment

7

Health, Safety, Environment and Quality

13

# SANTOVA SUSTAINABILITY

This Sustainability Report must be read in the context of, and in conjunction with, the entire Annual Integrated Report, in order to understand Santova’s sustainability efforts and developments as a whole.

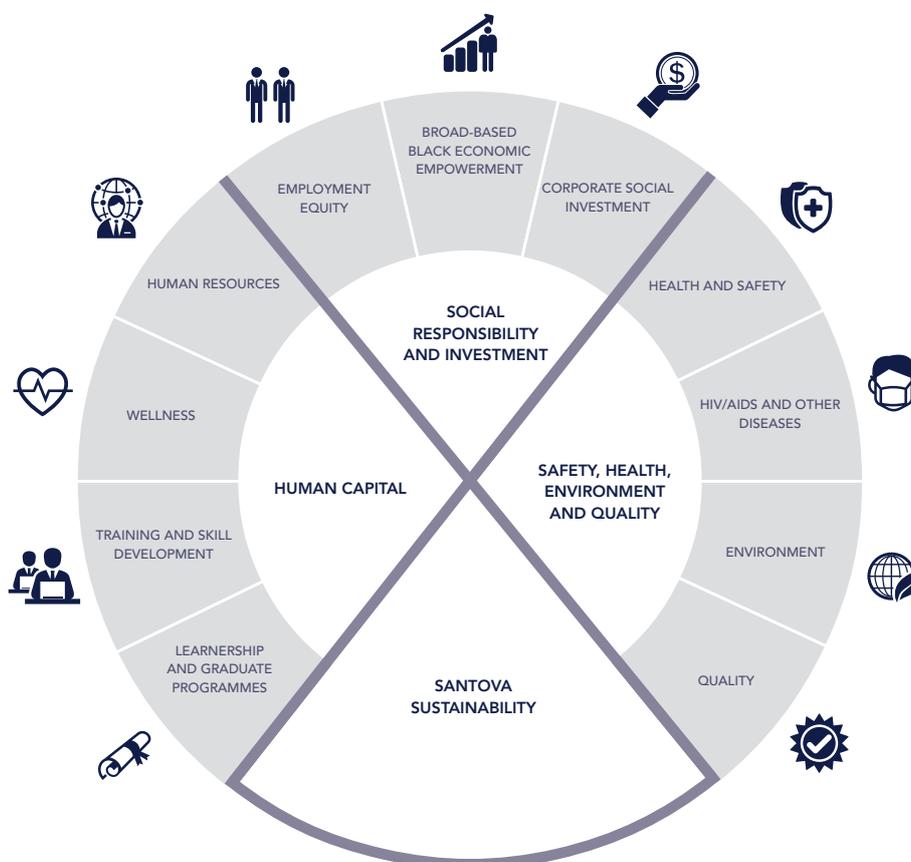
The Santova Limited (“Santova”) Board of Directors (“the Board”) remains dedicated to reporting its sustainability performance to all stakeholders in an open, honest and transparent manner. Santova’s commitment to sustainability and integrated reporting can be measured in the two awards that Santova received for last year’s Annual Integrated Report:

- The highest Sustainability Data Transparency Index (“SDTI”) score in the Transportation Sector on the Johannesburg Stock Exchange (“JSE”) for the IRAS (Integrated Reporting & Assurance Services) SDTI, Review of Environment, Social and Governance Reporting in South Africa for 2015. Santova has won this award for the second consecutive year with an SDTI score of 76,19%. Santova was ranked ninth out of 323 JSE listed companies; and

- A Merit Award for the Fledgling and AltX Category at the JSE and Chartered Secretaries Southern Africa Integrated Reporting Awards.

Santova’s sustainability initiatives are founded in the principles contained in the Santova Social and Ethics Register, which is being continually developed and maintained by the Social and Ethics Committee. This register contains a summary and analysis of the various social and other laws, codes and protocols prescribed by the Companies Act and other regulations. Accordingly, the Social and Ethics Committee is now the primary body which monitors Santova’s sustainability implementation.

Sustainability and the reporting of sustainability at Santova, is divided into the following sections:



	INTELLECTUAL CAPITAL 	HUMAN CAPITAL 	SOCIAL AND RELATIONSHIP CAPITAL 	FINANCIAL CAPITAL 	MANUFACTURED CAPITAL 	NATURAL CAPITAL* 
DESCRIPTION	<ul style="list-style-type: none"> <li>In-house developed IT Capabilities and software</li> </ul>	<ul style="list-style-type: none"> <li>Group employees' skills, knowledge and experience</li> </ul>	<ul style="list-style-type: none"> <li>Relationships between Group and Stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>Funding supplied by Shareholders, Bankers and Creditors</li> </ul>	<ul style="list-style-type: none"> <li>Global infrastructure of offices and equipment</li> </ul>	<ul style="list-style-type: none"> <li>Office-based usage of water, energy, land and carbon emissions</li> </ul>
STAKEHOLDERS	<ul style="list-style-type: none"> <li>IT Service Providers</li> <li>Clients</li> <li>Employees</li> </ul>	<ul style="list-style-type: none"> <li>Employees</li> <li>Suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Employees</li> <li>Clients</li> <li>Agents</li> <li>Suppliers</li> <li>Government/Regulators</li> <li>Communities</li> </ul>	<ul style="list-style-type: none"> <li>Shareholders</li> <li>Bankers</li> <li>Credit Underwriters</li> <li>Creditors</li> </ul>	<ul style="list-style-type: none"> <li>Suppliers</li> <li>Employees</li> <li>Communities</li> </ul>	<ul style="list-style-type: none"> <li>Government/Regulators</li> <li>Suppliers</li> <li>Communities</li> </ul>
LOCATION IN ANNUAL INTEGRATED REPORT	<ul style="list-style-type: none"> <li>Our Strategy</li> <li>Business Model</li> <li>Key Relationships</li> <li>Group Performance</li> <li>Corporate Governance</li> </ul>	<ul style="list-style-type: none"> <li>Our Strategy</li> <li>Business Model</li> <li>Culture and Values</li> <li>Key Relationships</li> <li>Group Performance</li> <li>Corporate Governance</li> </ul>	<ul style="list-style-type: none"> <li>Group Overview</li> <li>Our Strategy</li> <li>Business Model</li> <li>Culture and Values</li> <li>Key Relationships</li> <li>Group Performance</li> <li>Corporate Governance</li> <li>Shareholder Information</li> </ul>	<ul style="list-style-type: none"> <li>Group Highlights</li> <li>Our Strategy</li> <li>Business Model</li> <li>Key Relationships</li> <li>Group Performance</li> <li>Financial Reports</li> </ul>	<ul style="list-style-type: none"> <li>Group Overview</li> <li>Our Strategy</li> <li>Business Model</li> <li>Group Operational Structure</li> <li>Financial Reports (Segment Report)</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Governance</li> </ul>
LOCATION IN SUSTAINABILITY REPORT	<ul style="list-style-type: none"> <li>Human Resources</li> <li>Training and Skills Development</li> </ul>	<ul style="list-style-type: none"> <li>Human Resources</li> <li>Wellness</li> <li>Training and Skills Development</li> <li>Learnership and Graduate Programmes</li> <li>Employment Equity</li> <li>Health and Safety</li> <li>HIV/AIDS and Other Diseases</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Social Investment</li> <li>Learnership and Graduate Programmes</li> <li>Employment Equity</li> <li>Broad-based Black Economic Empowerment</li> <li>Quality</li> </ul>		<ul style="list-style-type: none"> <li>Environment</li> </ul>	<ul style="list-style-type: none"> <li>Environment</li> </ul>

\* Not material

Whilst the concept of sustainability reporting considers a wider stakeholder audience and focuses on the impacts on environment, society and the economy rather than the effects of the capitals on value creation over time, this report has taken cognisance of the International <IR> Framework issued by the International Integrated Reporting Council.

Santova therefore views its Sustainability Report as an important reporting platform to address elements of the capitals and, in particular, to report on natural, social and relationship and human capital. However, as with sustainability, in order to extract a holistic quality analysis of the capitals used by Santova to create value over time, one must consider Santova's entire Annual Integrated Report read with Santova's Sustainability Report.

A summary of the capitals used by Santova to create value are as follows:

This Sustainability Report has not been externally assured, as the Board feels that stakeholders would not gain material additional benefit from such assurance, considering the nature of the Group's operations and its limited impact on the environment and society in which it operates.

# HUMAN CAPITAL

The Santova Group (“the Group”) Human Resources Department, is responsible for the Group’s human capital which is managed in conjunction with business unit leaders and senior employees worldwide.

In South Africa, the department itself handles the entire range of needs from a human resources perspective and only calls on external consultants to assist with labour and employment equity issues from time to time. The department manages general employee issues, payroll, training and development, employment equity, medical aid, retirement planning, wellness, as well as aspects of broad-based black economic empowerment and sustainability.

The department plays more of an oversight role in the international regions due to the relatively smaller size and location of the offices and also due to the individual social and legal complexities of each country that require direct interaction with specialised local service providers. The department handles the role of general employee management and provides guidance on labour issues whilst the balance of the international human resource needs are outsourced to external service providers as and when required.

The Group Human Resources Department also appreciates its required role in the implementation of the Group’s key ongoing strategic initiatives and plans to contribute in the following strategic areas in the coming year:

## GROWTH

### Balanced growth

To facilitate the expansion of the workforce where required through organic hiring of staff by existing companies and to induct any new entities to the Group by bringing them in line with Santova’s human resources policy and procedure.

### Globalisation

To facilitate the human resource needs of the Group’s expansion into new territories and to assist with the relocation of strategic employees globally, where required.

## INNOVATION

### Technology Innovation and Supply Chain Innovation

To assist with the employee element of the expanding IT and Supply Chain Consulting resources and capabilities, both locally and internationally.

### Human talent

To play the lead role in establishing Santova as a leading employment brand within the logistics industry thereby attracting and retaining appropriately skilled and experienced staff.

## EFFICIENCY AND EFFECTIVENESS

### Efficiencies and consistency

To play a supporting role in the human resource needs which arise out of efficiency and consistency initiatives which may result in restructure, right sizing or other structural adjustments.

Total number of employees		<b>323</b>
Number of permanent employees		<b>321</b>
Number of contractors		<b>2</b>
Employees who are permanent	(%)	<b>99</b>
Employees who are women	(%)	<b>49</b>
Employees who are unionised	(%)	<b>0</b>
Employee turnover ( <i>all forms of departures/total number of employees</i> )	(%)	<b>28</b>
Person hours worked		<b>539 904</b>
Number of lost days due to absenteeism		<b>1 208</b>
Number of lost days due to industrial action/strikes		<b>0</b>
Total number of South African employees		<b>224</b>
Historically disadvantaged South Africans (%)		<b>62,1</b>

The Group has grown from 287 employees last year to 323, predominantly as a result of the acquisition of the Tradeway (Shipping) Group (“Tradeway”) in the United Kingdom and Jet-Freight Services (“Jet-Freight”) in Mauritius, and the establishment of the offices in Hamburg, Germany and Tema, Ghana. The self-explanatory Total Number of Employees by Region can be seen below which provides a useful comparison of the changes to each region since the last financial year.

The following other changes can be noted since last year’s report in the above statistics:

- There has been slight improvement in the number (287 in 2015) and percentage (98% in 2015) of permanent employees;
- There has been a small decrease in the percentage of women as a result of new entities joining the Group (53% in 2015);
- Employee turnover has reduced slightly (30% in 2015);
- Person hours worked has increased slightly (524 349 in 2015) due predominantly to the new entities in the Group. Please note that the above calculation excludes Tradeway as they were only part of the Group for three months of

last financial year. This figure has therefore increased proportionally with the increased headcount (excluding Tradeway); and

- The number of lost days due to absenteeism has reduced slightly (1 276 in 2015). Please note that this calculation utilised assumed data for our two fledgling offices (in Mauritius and Ghana) and our newest office (Tradeway) calculated using the annualised international average per head.

There are no other material changes evident in the above statistics.

#### Santova Group total number of employees by region

	2016	2015
<b>South Africa</b>	<b>222</b>	227
Durban	142	148
Johannesburg	38	37
Cape Town	27	23
Port Elizabeth	10	13
Pietermaritzburg	3	5
Sasolburg	2	2
<b>International</b>	<b>101</b>	60
<b>Australia</b>		
Sydney	7	6
<b>China</b>		
Hong Kong	6	6
<b>Germany</b>		
Frankfurt	4	5
Hamburg	6	–
<b>Ghana</b>		
Tema	2	–
<b>Mauritius</b>		
Ebene	2	–
<b>The Netherlands</b>		
Rotterdam	12	10
Schiphol	9	8
<b>United Kingdom</b>		
Heathrow	7	8
West Hornden	6	3
Tamworth	12	13
Felixstowe	1	1
Leeds	16	–
Manchester	11	–
<b>Total</b>	<b>323</b>	287

The previous table confirms that five new geographic offices joined the Group in this financial year. Hamburg, Germany and Tema, Ghana were offices started by the Group from grass roots. Ebene, Mauritius and Leeds and Manchester, United Kingdom, resulted from the Jet-Freight and Tradeway acquisitions respectively. The Jet-Freight office was relocated from Port Louis, Mauritius to Ebene shortly after acquisition.

#### WELLNESS

Employee Wellness remains important at Santova as it is a central tool to increase productivity, boost morale and reduce overall workplace stress.

Internationally, the overseas offices are encouraged to promote wellness in any way realistically possible for the size of their office compliment. This informal approach allows the overseas offices the necessary flexibility to tailor an employee wellness plan that suits their individual needs. Typically, employee wellness is addressed in these overseas offices through team building events held on an *ad hoc* basis, as and when required.

In South Africa, the Employee Wellness programme is managed by the Group Human Resources Department. This programme is principally driven through formal employee wellness and fitness days held in conjunction with Santova's medical aid service provider. In this financial year, three of these events were held with fitness days held in Durban and Johannesburg and a wellness day held in Durban.

In addition to the above, a number of other sporting events were arranged during the year. In Johannesburg, Santova formed an Action Cricket team for the first time and a number of employees participated in the Warrior Race with representatives of our largest South African client. In Durban, the Santova soccer team participated once again in a local league, a Santova Touch Rugby team was formed and participated in their first league and employees also participated in the Discovery East Coast Radio Big Walk.

However, perhaps the single biggest development in employee wellness in the last financial year was the launch of a large number of Personal Development training courses, examples of which can be seen in the training section following. Training in general has always been an integral part of employee wellness, however these training courses offer specific life skills to enrich the personal and professional lives of Santova's employees.

# HUMAN CAPITAL CONTINUED

## TRAINING AND SKILLS DEVELOPMENT

Santova’s human capital has become a major area of development over the last few years and as result, Santova’s “people” asset has become a notable business “differentiator” as Santova builds its employment brand. The growth of human capital takes place, broadly speaking, both externally (by sourcing and hiring the right candidates into the Group) and internally (by managing, appraising and most importantly training employees). Training of employees does not just improve performance and operational integrity, but is an important driver of Santova’s culture and overall employee wellness. Training at Santova is conducted by internal and external facilitators to insure the right mix of knowledge and experience (including best practice) is imparted on Santova’s human capital.

The Skills Development and Employment Equity Committee oversees training and skills development in South Africa, with the day to day tasks being managed by the Group Human Resources Department with a formal training budget and policy.

Internationally, the business unit leaders manage training and skills development with support provided by the Group Human Resources Department, which plays a general oversight role. The international offices are given the flexibility to manage training on a more informal and *ad hoc* basis given the size of these regions.

Globally, the need for training at Santova is evaluated as in the table below.

During the financial year, there were a number of new offices that joined the Group, whether by acquisition or grass roots start up. There were also new business unit leaders who joined existing entities within the Group. Either way, the result was the largest number of senior induction training events this

year with this training being conducted with leaders from the following regions: United Kingdom, Ghana, Mauritius, Hong Kong and Johannesburg.

The Group predominantly funds its own training, but where possible, utilises government grants that are applied for each 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.

Total number of employees trained	<b>216</b>
Rand value of total employee training spend	<b>R1 763 870</b>

It should be noted that Tradeway has been excluded from the above statistics as Tradeway had only been part of the Group for the last three months of the financial year. Further, the above statistics include a small portion of employees who received training during the financial year but departed before 29 February 2016.

In the last financial year, Santova embarked on two compulsory training road shows in all regions in South Africa (Culture and Values training and the Employee Self Service IT system training). This relatively low cost in-house training resulted in a higher than normal training head count with a relatively low corresponding Rand value. There were no compulsory road shows in the current financial year and thus the Total number of employee’s statistic has reduced by 39 heads since last financial year. However, the training spend has improved significantly since last year due in part to a relative increase in external training and a pleasing increase in training in the offshore offices.

A number of different types of training and development initiatives were undertaken during the period as set out in the table on top of the following page.

Type of employee	Source of training need	Reason for training
New	A new employee is unaware of all aspects of the Group, its policy, culture, values and operational environment	<ul style="list-style-type: none"> <li>To induct the employee into their physical surroundings</li> <li>To explain the basic policy and procedure framework of the Group</li> <li>To ensure the employee is operationally ready</li> <li>To incorporate the employee into Santova’s culture and values (culture fit)</li> <li>To incorporate the employee into his/her department or team (team fit)</li> <li>To provide an induction to risk, Group history, and where appropriate JSE and share trading policy, training for senior employees</li> </ul>
Existing	Training needs analysis and on-the-job observations	<ul style="list-style-type: none"> <li>To respond to changes in technology</li> <li>To respond to changes in practice or internal procedure</li> <li>To encourage general employee wellness</li> <li>To cater for a need for general refresher training of an employee</li> <li>To stimulate and promote career growth</li> <li>To return an employee back to a motivated stretch zone</li> <li>To comply with one of the Santova training programmes</li> </ul>

Training course categories	Percentage of training	Most common examples
Accounting	18,2	Accounts Updates, Tax Updates, Operational Finance, Remuneration Adjustments, Microsoft Excel (Levels 1 to 3)
Environment	3,4	Green Office Environmental Training
Health and Safety	7,5	General Health and Safety, First Aid, Fire Marshall
Human Resources and Culture	5,7	Training (WSP/ATR and SDF Training), Payroll Administration, Payroll Tax, Latest Salary Trends, Culture and Values Inductions
Insurance	3,5	Short Term, Marine, Commercial Lines, Business Interruption
ISO (Quality)	2,0	ISO Internal Auditor, ISO 9001:2015
IT	3,8	Microsoft Outlook, Microsoft Customer Immersion Experience, Cargowise
Personal Development	19,5	Towards Success and Inspirational Leadership, Leadership Skills for Women, Managing Effectively, Time and Stress Management, Coaching and Mentoring, Current Challenges and Future Plans, Assertiveness and Conflict Resolution, Daily Challenges Encountered, Supervisory Skills, New Managers Development Programme, Conflict & Diversity
Supply Chain Management, Operations and Sales	35,4	Role of Channel Controller and Key Account Managers, Customer Service Excellence, RFQ and Large Client Contract Evaluations, Sales, The Complete Sales Professional, New Customs Acts, Estimating and Costing, Dangerous Goods, Incoterms, Liability Claims Handling, Import and Export, Freight Forwarding, Customs Clearing
Sustainability and Legal	1,0	Sustainability Reporting, Legal Updates, JSE Updates

The Personal Development and Environment training categories above, were new categories for Santova with these categories constituting 19,5% and 3,4% respectively. Understandably, the largest area of training was operational with Supply Chain Management, Operations and Sales training constituting 35,4% of all training during the period.

## LEARNERSHIP PROGRAMMES

There are now a variety of Santova Learnership Programmes available to prospective candidates. The detail of each of these outcomes-based programmes designed for candidates to gain theoretical knowledge and practical skills in the workplace, are listed in the table below.

Learnership programme	NQF level	Industry	Minimum qualifications	Description
National Certificate: Freight Forwarding and Customs Compliance	3	Logistics	Matric	Candidates rotate formally through departments three or four times per year
National Certificate: Freight Forwarding and Customs Compliance	4	Logistics	Matric and NQF 3 Qualification	Candidates focus on a fixed role but may rotate if a need or opportunity arises
Further Education and Training Certificate: Short Term Insurance	4	Insurance	Matric	Candidates rotate from time-to-time during the year
National Certificate: Supply Chain Management Logistics	5	Logistics	University Degree	Candidates occupy a fixed role. This programme is part of the Santova Logistics Graduate Programme

# HUMAN CAPITAL CONTINUED

In every case above, the candidates receive the training from two sources:

- a formal online training curriculum provided by specialist service providers; and
- on-the-job training provided by their colleagues and management.

Total number of learners currently on the programme	<b>12</b>
Total number of graduated learners still retained from prior programmes	<b>29</b>
South African employees who are current or retained learners	<b>18%</b>

The number of Learners currently on a programme, as at the last day of the financial year, has dropped (2015: 34) to 12 this year due to a timing issue. The majority of the previous Learnerships were been completed shortly before financial year-end and the start of all four of the above Learnership programmes was delayed until after 29 February 2016, whilst Santova awaited funding from the relevant SETAs.

This timing issue also explains the sharp increase in the total number of graduated Learners from prior programmes, who are still retained within the Group, from 10 in the last financial year to 29 this financial year. Despite the Learnership programmes expanding in the last year, the percentage of South African employees who are current or retained Learners has dropped marginally (2015: 19%) due to the delay in the start of this year's programmes as described above.

The Santova Learnership Programme is an integral part of the training and skills development initiatives of Santova but also plays a significant role in a number of other sustainability areas such as employment equity, Broad-based Black Economic Empowerment and corporate social investment.

## GRADUATE PROGRAMMES

Santova now has two graduate programmes to address the shortage of highly skilled university graduates in our industry:

- ITD Programme – The Induction Training and Development (“ITD”) Programme (launched in April 2013) is a programme where graduates are selected after a lengthy interview process and are permanently employed before being intensively trained and mentored for a two year period, before being placed in meaningful roles across the Group.

The programme historically involved training in every one of Santova’s logistics operational departments and involved relocation to any of Santova logistics offices, around South Africa. However, the programme was expanded into Santova Financial Services shortly before the end of the financial year and will be further expanded to the international logistics offices in the coming year.

- Santova Logistics Graduate Programme – Santova now offers a more traditional one-year graduate programme designed exclusively for the Santova Logistics South African offices only. This programme was launched in April 2015 and provides additional opportunity for University graduates to work for the Group, and be trained within our industry, in addition to the ITD Programme above. This programme is aimed specifically at previously disadvantaged candidates.

# SOCIAL RESPONSIBILITY AND INVESTMENT

## EMPLOYMENT EQUITY

Management within each South African entity are responsible for managing employment equity and implementing the targets set out in their individual employment equity plans. The Skills Development and Employment Equity Committee, together with the assistance of the Group Human Resources Department, is responsible for setting these plans and targets as well as the controlling and measuring of employment equity.

All South African entities (who are designated employers) reported timeously to the Department of Labour for the purpose of employment equity during the period. It should be noted that the South African entities report separately to the Department of Labour and not as a consolidated South African group as set out for summary purposes below.

The tables and graphs prepared for this section of the sustainability report are based on consolidated statistics from all the South African entities and have been prepared as at 29 February 2016 and not as at the date of last submission to the Department of Labour during the last financial year.

### Employment equity 2016

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	9	0	0	2	7	0	0	20
Professionally qualified and experienced specialists and mid-management	0	1	2	11	0	1	4	14	0	0	33
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	5	2	6	10	9	7	9	13	0	0	61
Semi-skilled and discretionary decision-making	17	3	14	4	42	3	8	10	0	0	101
Unskilled and defined decision-making	0	0	0	0	0	0	0	0	0	0	0
Contractors	0	0	0	1	0	0	0	1	0	0	2
<b>Total employees</b>	<b>22</b>	<b>6</b>	<b>26</b>	<b>40</b>	<b>51</b>	<b>11</b>	<b>23</b>	<b>45</b>	<b>0</b>	<b>0</b>	<b>224</b>

# SOCIAL RESPONSIBILITY AND INVESTMENT CONTINUED

## Employment equity 2015

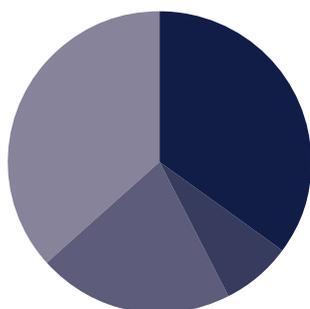
Occupational levels	Male				Female				Foreign nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	0	0	2	5	0	0	0	0	0	0	7
Senior management	0	0	2	7	0	0	2	7	0	0	18
Professionally qualified and experienced specialists and mid-management	0	1	2	12	0	1	5	19	0	0	40
Skilled technical and academically 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
<b>Total employees</b>	<b>24</b>	<b>5</b>	<b>26</b>	<b>37</b>	<b>59</b>	<b>10</b>	<b>21</b>	<b>45</b>	<b>0</b>	<b>0</b>	<b>227</b>

There has been a slight overall reduction in the numbers of South African employee's year-on-year. This fact has stifled employment equity efforts as growth or turnover of the number of employees is necessary to address any statistical employee imbalance, whether employment equity or otherwise.

A comparison of the above two tables will reveal a pleasing increase in the junior management occupational level

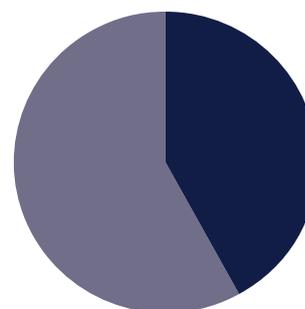
(Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents) in the 2016 table above. This is a result of our restructure effort which did unlock some opportunity across all races with the largest growth being in the African race group for this level. Whilst management levels continue to be a priority, the reduction in the number of the predominantly black general clerk's at operational level (Semi-skilled and discretionary decision making) has had impact on our overall targets.

RACE (%)



African 32,6  
Coloured 7,6  
Indian 21,8  
White 38,0

GENDER (%)



Male 42  
Female 58

Skills shortages amongst designated group in our logistics and insurance industries continues to be the most significant barrier to employment equity and Santova has relied, almost exclusively, on its internal programmes to address the issue. The Learnership programme continues to be the major contributor to employment equity efforts. However, the Santova Logistics graduate programme (designed for previously disadvantaged candidates) now assists by attracting quality university graduates for South African, the most significant employer entity.

### BROAD-BASED BLACK ECONOMIC EMPOWERMENT (“B-BBEE”)

B-BBEE is managed at multiple levels within the South African Group. The Board sets the B-BBEE strategy based on the latest applicable codes of good practice. The B-BBEE Committee, under the guidance of Santova’s B-BBEE Consultant, is responsible for the planning, monitoring, measurement and reporting of B-BBEE. All senior management within the South African Group are then responsible for the implementation, daily management and ongoing development of B-BBEE within their specific regions.

In the financial year, Santova has concentrated on the following areas within its overall B-BBEE strategy:

- **Practical understanding of the new codes of good practice** – Research has been conducted and a number of training meetings have taken place to ensure the requirements of the new codes of good practice are fully understood.
- **New codes planning and targets** – A number of strategy and planning meetings have been held through the year in preparation for the first audit under the new codes for the Santova entities.
- **Opportunities in restructuring** – As departments and areas within Santova have been restructured for efficiency and effectiveness, Santova has continued to use these changes as an opportunity to promote B-BBEE within the South African Group and remove any bottlenecks in the structure that hamper B-BBEE efforts.
- Santova has continued to drive employment equity and continues to address the constant battle to overcome the deeply entrenched barriers within our industry.
- Training has continued to be an area of focus and there was notable improvement in this area in the last year.

The B-BBEE information for each of the South African Group entities for the previous year is as follows:

	Santova Limited	Santova Logistics	Santova Financial Services	Santova Express	Santova NVOCC
Entity	Group holding company	Subsidiary	Subsidiary	Subsidiary	Subsidiary
Enterprise	Qualifying Small Enterprise (“QSE”)	Generic enterprise	QSE	QSE	Exempted Micro Enterprise
Codes	Generic codes	Transport Sector: Forwarding and Clearing Sub-Sector Codes	Financial Services Sector Codes	Transport Sector: Forwarding and Clearing Sub-Sector Codes	Maritime Sector Codes
Auditor	SAB&T BEE Services, an accredited verification agency (“SAB&T BEE Services”)	SAB&T BEE Services	SAB&T BEE Services	SAB&T BEE Services	SAB&T BEE Services
Latest audit certificate number	16835-250415	16834-240415	16836-240415	16833-240415	19824-180116
Audit month	April 2015	April 2015	April 2015	April 2015	January 2016
B-BBEE score	92,78	70,70	95,06	101	100
B-BBEE contributor	Level 2 contributor	Level 4 contributor	Level 2 contributor	Level 1 contributor	Level 4 contributor
Procurement recognition	125%	100%	125%	135%	100%
Value adding enterprise	Yes	Yes	Yes	Yes	Yes
Effective procurement recognition	156,25%	125%	156,25%	168,75%	125%

# SOCIAL RESPONSIBILITY AND INVESTMENT CONTINUED

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

	ABI Freight Carriers	Isiqiniseko Deliveries	LIV Business	Two Be Sales Fifty Three
<b>Entity</b>	A registered closed corporation	A registered closed corporation	A registered private company	A registered closed corporation
<b>Region</b>	KwaZulu-Natal	KwaZulu-Natal	KwaZulu-Natal	Gauteng
<b>Nature of business</b>	Transport and logistics services	Delivery and logistics services	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)	Messenger and logistics services
<b>Method of support</b>	Financial grants, computer hardware and software, motorbike, employee salaries and business support	Financial grants, motorbike, training, employee salaries, legal advice and business support	Financial grants	Financial grants, motorbike, training, employee salaries, legal advice, tax advice and business support
<b>Services procured by Santova</b>	Yes	Yes	No	Yes

The combined procurement spend to historically disadvantaged suppliers for the financial year is as follows:

	R'000
Procurement spend with historically disadvantaged South Africa suppliers:	
– Black-owned and black women-owned	1 303
– B-BBEE compliant	77 045
<b>Total procurement spend directed to discretionary/measured suppliers</b>	<b>86 480</b>

## CORPORATE SOCIAL INVESTMENT

Corporate Social Investment (“CSI”) is important at Santova. CSI is a privilege and is core to creating a sustainable and successful Group. We recognise the duty of being socially responsible, socially aware and making an impact in our various communities, we also appreciate that our CSI initiatives boost morale and create positivity around our brand.

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

Total CSI/SED spend	R'000
Education	35
Health and HIV/AIDS	36
Basic needs/social	210
Enterprise development	744
Infrastructure development	23
Other	4
<b>Total spend on all CSI/SED projects</b>	<b>1 052</b>

CSI involves contributing time, money or resources. In addition to the monetary donations stated above, Santova encourages all regions around the world to also participate in non-monetary initiatives. Non-monetary charity and community initiatives involve employee lead drives, where employees can give their time, with the support of Santova as their employer.

In the past financial year, the following monetary and non-monetary charity and community initiatives and causes were supported:

# SOCIAL RESPONSIBILITY AND INVESTMENT CONTINUED

Charity/community initiatives and causes	Brief description	Santova region
Blood Donor Clinics	Four blood donor clinics took place throughout the financial year	Durban (Logistics, Insurance and Head Office)
Boys and Girls Town	A refuge for children in need whether vulnerable, hurt, unloved, neglected, abused or homeless	Durban (Logistics)
Casual Day fundraiser for Persons with Disabilities	Participation in this foremost fundraising project for the National Council for Persons with Physical Disabilities in South Africa	All South African Offices
Charity Greeting Cards	The purchase of greeting cards to support a fundraiser for a variety of charities and needs	Australia
Christine Revell Children's Home	A home for nurturing and developing children in need	Cape Town
Client Charity Fundraiser	Supporting a major client's charity event with time and a financial donation	Johannesburg
Compass (Community Provision and Social Services)	A registered organisation providing social services (through registered social workers and trained, qualified teachers and caregivers) to children in their care	Johannesburg
Focus on the Family	A public benefit organisation that provides care, advice, support and encouragement to families at every stage of life	Durban (Logistics)
Lungisisa Indlela Village ("LIV")	LIV provides holistic residential care for orphaned and vulnerable children to rescue a child, restore a life, raise a leader, and release a star	Durban (Logistics, Insurance and Head Office)
National Sea Rescue Institute	A charity that saves lives on South African waters with over 1 000 highly skilled, unpaid volunteers	Durban (Head Office)
Roundtable Christmas Shoebox Project	Raising funds to purchase charity boxes for underprivileged children	Durban (Logistics and Head Office)
St Martins Children's Home	A children's home for children in need founded in 1897	Durban (Head Office)
Stichting Worae (Foundation Worae)	Assisting this charity by once again providing a container to ship goods to Ghana for a hospital	The Netherlands
Supplier Charity Fundraiser	Supporting a major supplier's charity event with a financial donation	Durban (Head Office)
The Haven Care Centre	A non-governmental organisation that provides shelter, food and clothing and strive to integrate coping and self-sufficient people into the community at the appropriate time	Johannesburg
The Highway Hospice	Donation of office furniture to this organisation for the elderly and those in need	Durban (Logistics)
The Hillcrest AIDS Centre Trust	A multifaceted HIV/AIDS project that serves all those impacted by HIV/AIDS by providing unconditional love and hope in practical, sustainable way	Durban (Insurance)
Turfhall Cheshire Home for the Physically Disabled	A home that provides residential care to severely physically disabled adults from previously disadvantaged communities	Cape Town

# HEALTH, SAFETY, ENVIRONMENT AND QUALITY

## HEALTH AND SAFETY

Each geographic Santova office around the world is deemed a Health and Safety "Location" in terms of Santova's Health and Safety Policy and procedure. These individual "Locations" are responsible for the complete process of health and safety in their area and have appointed representatives and a local committee. 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.

These "Locations" report to and are monitored by the Group Health and Safety Committee. This oversight committee monitors compliance with the relevant laws and regulations and will provide guidance and instruction to the "Locations" wherever required, in order to fulfil the requirements of Santova's Health and Safety Policy and Manual. The Group Health and Safety Committee utilises the services of an external consultant whenever necessary.

Number of Fatalities	0
Number of First Aid Cases	11
Number of Medical Treatment Cases	1
Number of Lost Time Injuries	3
Total number of Recordable Injuries	4
Fatal Injury Frequency Rate	0
Lost Time Injury Frequency Rate Target (set in 2015 for 2016)	0,77
Lost Time Injury Frequency Rate	1,11
Total Recordable Injury Frequency Rate Target (set in 2015 for 2016)	1,15
Total Recordable Injury Frequency Rate	1,48

The Fatalities and the Fatal Injury Frequency Rate statistics remained the same as last year with no cases. The number of First Aid cases increased marginally by one but almost all were office based plaster cases. The number of Medical Treatment cases dropped from two cases last year to one this year. The number of Lost Time Injuries ("LTIs") were the same with two messenger motorbike injuries and one office based employee suffering from a seizure. The overall number of Recordable Injuries dropped to four cases this year (five in 2015).

There was a pleasing improvement in the other frequency rates with the LTI Frequency Rate dropping slightly to 1,11 (1,15 in 2015) and total Recordable Injury Frequency Rate dropping to 1,48 (1,91 in 2015).

In order to beat our LTI Frequency Rate Target of 0,77 for 2015, we needed to have just two LTIs for the entire Group during the financial year. This, in retrospect for a growing Group was somewhat ambitious and the targets for the year ahead are more realistic. Similarly, the same applies for the Total Recordable Injury Frequency Rate Target and a realistic target has been set for the year ahead.

Lost Time Injury Frequency Rate Target (for 2017)	1,12
Total Recordable Injury Frequency Rate Target (for 2017)	1,49

An analysis of the circumstances which lead to the reported LTIs and Recordable Injuries does not reveal any material concern for the Group and therefore Santova is comfortable with its health and safety statistical results for 2016. This fact can be evidenced in next year's targets.

## HIV/AIDS AND OTHER LIFE THREATENING DISEASES

The Santova Group has an HIV/AIDS, Life Threatening and Notifiable Diseases Policy which has two principle purposes:

- To ensure fairness, consistency and compliance with applicable legislation by providing procedure and guidelines for dealing with employees who contract a life-threatening, notifiable or communicable illness.
- To create a working environment where employees who suspect that they might be suffering from a life-threatening illness can seek assistance and feel free to confide in their management regarding their suspected condition.

The application of the policy is managed by the Group Human Resources Department, and consists of the following:

- Within the constraints of the law and where the Company is made aware that an employee has contracted a life-threatening, notifiable or communicable illness, it is the policy of the Company to:
  - Respect confidentiality and to treat employees that contract such diseases in a humane and life-affirming manner;
  - Assist employees within the application of the procedure and guidelines set out in this policy.

# HEALTH, SAFETY, ENVIRONMENT AND QUALITY CONTINUED

- Provide continued and suitable employment to the employee for as long as the employee is capable of fulfilling the job for which he/she is employed subject to:
  - ~ The view of a qualified medical practitioner.
  - ~ The employee's capacity to perform.
  - ~ The law and health regulations (in the case of notifiable illness).
  - ~ The operational requirements of the business.
- Protect the health of other employees, customers and suppliers and their employees.
- Santova also recognises that HIV/AIDS, Life Threatening and Notifiable Diseases are an issue of serious concern to those in the workplace. It therefore recognises that it has a responsibility to ensure employees are sufficiently educated on the facts relating to the HIV/AIDS and other life-threatening illnesses.

In this financial year, HIV/AIDS testing was a voluntary offering of the wellness day arranged by the Group Human Resources Department. There was a reduction in the number of employees who submitted themselves for HIV/AIDS tests (2015: 108) which was due, in part, to the fact that only one wellness day was held within the financial year due to a timing issue.

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

Total number of employees receiving voluntary counselling and testing	<b>0</b>
Employees tested for HIV/AIDS	<b>57</b>
HIV/AIDS prevalence rate	<b>0,62%</b>

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.

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.

## ENVIRONMENT

Santova is a largely office based, non-asset owning fourth-party logistics (4PL) service provider. Accordingly, Santova has a limited "footprint" on the environment and is a low environmental impact company, in that its typical activities are unlikely to have a significant direct impact on the environment.

However, Santova appreciates its role in promoting a healthy and sustainable environment and its responsibility to manage its carbon footprint. To achieve this, Santova has a Group Environmental Policy, which sets out the goals, purpose and procedure for environmental management within the Group.

The Group's policy includes or has inspired the following:

- the creation of awareness environmental concerns and Santova's policy in this regard;
- the procurement of environmentally friendly products;
- the active recycling of stationary, paper, printer cartridges and other products;
- use electricity and energy optimally and minimise usage, where possible;
- manage water consumption and minimisation usage, where possible;
- encouraging clients and staff to use the groups in-house developed software system, a paperless logistics operational system to reduce paper usage;
- investigating opportunities to integrate the use of new software in relevant departments to reduce paper usage;
- consider third party suppliers who have a "culture of environmental concern and promotion";
- collect data on Santova's carbon footprint to establish where improvement can be made in the short, medium and long term;
- promote the use of telephone or video conferencing in order to reduce travel; and
- developing further environmental initiatives and promotion of environmental responsibility amongst employees of the Santova Group.

In the last financial year, the electricity and water consumption for the Santova Group was as follows:

Total electricity consumption	(MWh)	<b>599,61</b>
Total water consumption	(kl)	<b>4 589</b>

It must be noted that where data was not available for specific entities, estimates have been used. However, the calculation has not been materially affected by these estimates and management believe the calculation to be a reasonable indication of consumption.

The following initiatives were undertaken during this financial year:

- the duplex printing project continued in the year. This projects aims to reduce paper usage in our working environment to aid in the reduction of waste in landfill sites and save in the release of CO<sub>2</sub> emissions and fuel into the environment. The project expanded into our Cape Town and PE offices during the year with Durban having been addressed last financial year;
- environmental awareness continued to be promoted with environmental training undertaken during the year;
- the Durban office continues to recycle confidential paper utilising a specialist supplier and equipment to safely store documents until they are shredded on site during collection;
- the Durban office also continues to recycle non-confidential paper through regular recycling bins for paper;
- the Cape office is in the process of completing a pilot project to test a conversion to a paperless office environment for the operations department;
- the Group Human Resources Department continues to operate the Employee Self Service (ESS) IT system which reduces paper usage within the department; and
- the IT department continues to recycle printer cartridges with the assistance of a third party supplier.

In this last financial year, the carbon footprint calculation for the Santova Group was as follows:

Direct carbon emissions (direct burning of fuels: company vehicles and generators) (tCO <sub>2</sub> e)	<b>134 933</b>
Indirect carbon emissions (indirect burning via energy purchased: electricity, heat and steam) (tCO <sub>2</sub> e)	<b>299 805</b>
Indirect carbon emissions (indirect burning via third party: local travel, international travel and employee travel claims) (tCO <sub>2</sub> e)	<b>303 027</b>
<b>Total carbon emissions (tCO<sub>2</sub>e)</b>	<b>737 765</b>

# HEALTH, SAFETY, ENVIRONMENT AND QUALITY CONTINUED

## QUALITY

Quality throughout the Group is measured both formally and informally through a variety of processes and concepts to ensure the Group continues to perform and grow in a sustainable way.

These processes and concepts include the following:

- Santova's continued application of its Culture and Values in every aspect of business;
- The enforcement of best practice in operational and administration departments;
- The promotion of additional external assurance wherever possible throughout the Group;
- The ongoing development of the internal audit function within the finance function;
- The restructure of the operational departments to ensure maximum efficiencies and quality control; and
- The application of Santova's long standing and well entrenched policies and procedures .

These and other initiatives ensure Santova's quality compliance extends beyond procedures and documentation and includes an understanding of the five general aspects of quality in a business, namely: Producing, Checking, Quality Control, Quality Management and Quality Assurance.

In South Africa, Santova Logistics also controls its operational and other activities through the application, maintenance and continual improvement of its ISO Quality Management System. Santova Logistics, the largest trading entity within the Group, remains certified for ISO 9001:2008 by ISO Auditing firm, SGS South Africa (Pty) Ltd ("SGS") for the activities of import and export handling and customs clearing, import and export forwarding, project cargo, warehousing and transport of cargo.

Santova Logistics' ISO recertification audit took place in January 2016 where it was concluded that Santova Logistics have established and maintained its management system in line with the requirements of the standard and demonstrated the ability of the system to systematically achieve agreed requirements for products and services within the scope and the organisations policy and objectives.

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

- Santova Logistics demonstrated effective implementation and maintenance and the improvements of its management system and achieving its Policy Objectives.
- The tracking of appropriate key performance objectives and targets with monitored progress towards our achievement. As in the previous year, there was an emphasis on efficient and effective operations as well as a focus on operations remaining client centric.
- The internal audit programme for this financial year has been fully implemented demonstrating its effectiveness as a tool for maintaining and improving the management system. It was encouraging to see that in this financial year, Santova Logistics had an increase in the number of improvements to the processes and procedures which has resulted from audits and the audit findings.
- The management review process demonstrated capability to ensure the continuing suitability, adequacy and effectiveness of the management system and demonstrated overall conformance with the requirements of the audit standard.
- Certification claims are accurate and in accordance with the SGS guidance and the organisation is effectively controlling the use of certification documents and marks.

A new ISO standard, ISO 9001:2015, came into effect in September 2015 and Santova has three years to migrate across to this standard. The new standard is focused on leadership and risk management but will not have a material effect on Santova's documented processes and procedures, with only some minor changes and amendments to the Management System expected.

