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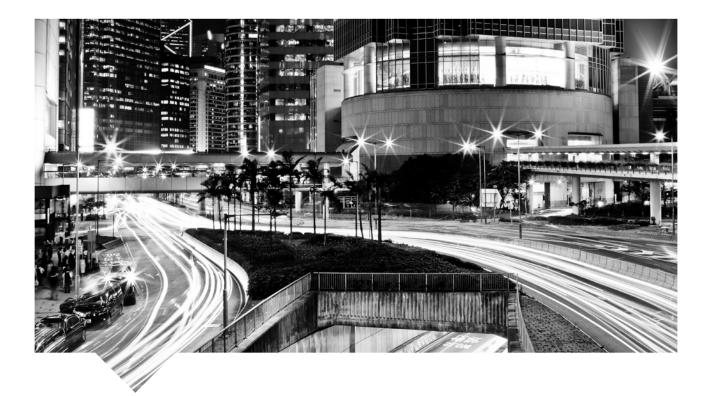


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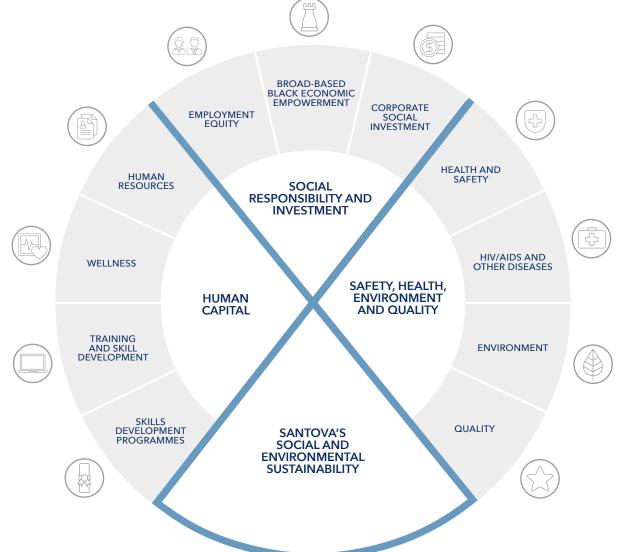
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# ABOUT THIS REPORT

This Social and Environment Report 2017 should be read in conjunction with the Annual Integrated Report and the Annual Financial Statements (Including the Social and Ethics Committee Report), all of which may be found on our website www.santova.com

This report provides an account of the social and environmental elements of sustainability within the Santova Group over the financial year and is divided into the following sections:



#### The factors that have influenced the contents of this Social and Environment Report are as follows:

- > The material issues facing the Group, and the Industries in which the Group operates, that affect environment, society and the economy;
- > The requirement of disclosure of all sustainability matters to stakeholders in an open, honest and transparent manner;
- The impact and probability of any significant risks which may arise when considering social and environmental sustainability areas;
- The principles contained in the Santova Social and Ethics Register (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);
- Compliance with relevant laws, regulations and codes of good practice;
- > A consideration of the International <IR> Framework issued by the International Integrated Reporting Council; and
- > The effect of the six capitals, in general, over value creation in time.

#### SIX CAPITALS

A summary of the 'capitals' used by Santova to create value are contained in the table below:

	INTELLECTUAL CAPITAL	HUMAN CAPITAL	SOCIAL AND RELATIONSHIP CAPITAL	FINANCIAL CAPITAL	MANUFACTURED CAPITAL	NATURAL CAPITAL*
DESCRIPTION	> In-house developed Supply Chain capabilities and IT resources and software	<ul> <li>Group employees' skills, knowledge and experience</li> </ul>	<ul> <li>Relationships between Group and Stakeholders</li> </ul>	<ul> <li>Funding supplied by Shareholders, Bankers and Creditors</li> </ul>	<ul> <li>Global infrastructure of offices and equipment</li> </ul>	<ul> <li>Office-based usage of water, energy, land and carbon emissions</li> </ul>
ASSOCIATED STAKEHOLDERS	) Employees ) IT Service Providers ) Clients	<ul> <li>&gt; Employees</li> <li>&gt; Suppliers</li> <li>&gt; Clients</li> </ul>	<ul> <li>&gt; Shareholders</li> <li>&gt; Employees</li> <li>&gt; Clients</li> <li>&gt; Agents</li> <li>&gt; Suppliers</li> <li>&gt; Government / Regulators</li> <li>&gt; Communities</li> </ul>	<ul> <li>&gt; Shareholders</li> <li>&gt; Financial Institutions / Bankers</li> <li>&gt; Credit Underwriters</li> <li>&gt; Creditors</li> </ul>	<ul> <li>&gt; Suppliers</li> <li>&gt; Employees</li> <li>&gt; Communities</li> </ul>	<ul> <li>&gt; Government / Regulators</li> <li>&gt; Suppliers</li> <li>&gt; Communities</li> </ul>
ASSOCIATED STRATEGIC INITIATIVES	<ul> <li>&gt; Innovation- Technology Innovation</li> <li>&gt; Innovation - Supply Chain Innovation</li> <li>&gt; Diversification</li> </ul>	<ul> <li>Innovation – Talent Pool</li> <li>Efficiency and Effectiveness</li> <li>Growth – Organic Growth</li> </ul>	<ul> <li>Diversification</li> <li>Efficiency and Effectiveness</li> </ul>	<ul> <li>&gt; Growth – Acquisitions</li> <li>&gt; Growth – Organic Growth</li> </ul>	<ul> <li>Diversification</li> <li>Growth – Acquisitions</li> <li>Growth – Organic Growth</li> </ul>	<ul> <li>&gt; Diversification</li> <li>&gt; Growth – Acquisitions</li> <li>&gt; Growth – Organic Growth</li> </ul>
LOCATION IN ANNUAL INTEGRATED REPORT	<ul> <li>&gt; Our Strategy</li> <li>&gt; Our Key Differentiators</li> <li>&gt; Our Investment Case</li> <li>&gt; Our Business Model</li> <li>&gt; Our Key Relationships</li> <li>&gt; Governance Review</li> <li>&gt; How we manage Risk</li> <li>&gt; Chairman and Chief Executive Officer's Review</li> </ul>	<ul> <li>&gt; Who are we</li> <li>&gt; Our Strategy</li> <li>&gt; Our Culture &amp; Values</li> <li>&gt; Our Key Differentiators</li> <li>&gt; Our Key Relationships</li> <li>&gt; How we manage Risk</li> <li>&gt; How we Sustain Value</li> <li>&gt; How we Create Value</li> <li>&gt; How we Create Value</li> <li>&gt; Chairman and Chief Executive Officer's Review</li> <li>&gt; Who Governs Us</li> <li>&gt; How we Remunerate</li> </ul>	<ul> <li>&gt; Our Strategy</li> <li>&gt; Our Business Model</li> <li>&gt; Our Culture &amp; Values</li> <li>&gt; Our Culture &amp; Values</li> <li>&gt; Our Key Differentiators</li> <li>&gt; Our Key Relationships</li> <li>&gt; How we manage Risk</li> <li>&gt; How we Sustain Value</li> <li>&gt; How we Create and Distribute Value</li> <li>&gt; How we Create and Distribute Value</li> <li>&gt; Chairman and Chief Executive Officer's Review</li> <li>&gt; Shareholder Information</li> </ul>	<ul> <li>&gt; How we Performed (Financial Highlights)</li> <li>&gt; Our Strategy</li> <li>&gt; Our Business Model</li> <li>&gt; Our Key Relationships</li> <li>&gt; Our Investment Case</li> <li>&gt; How we Create Value</li> <li>&gt; Financial Review</li> <li>&gt; Shareholder Information</li> </ul>	<ul> <li>&gt; Our Strategy</li> <li>&gt; Our Key Differentiators</li> <li>&gt; Our Business Model</li> <li>&gt; Competitive Positioning</li> <li>&gt; Where we operate</li> <li>&gt; How we Create Value</li> <li>&gt; Chairman and Chief Executive Officer's Review</li> </ul>	→ How we Create Value
LOCATION IN SOCIAL AND ENVIRONMENT REPORT	<ul> <li>&gt; Human Resources</li> <li>&gt; Training and Skills Development</li> </ul>	<ul> <li>&gt; Human Resources</li> <li>&gt; Wellness</li> <li>&gt; Training and Skills Development</li> <li>&gt; Skills Development Programmes</li> <li>&gt; Employment Equity</li> <li>&gt; Health and Safety</li> <li>&gt; HIV/AIDS and Other Diseases</li> </ul>	<ul> <li>Corporate Social Investment</li> <li>Skills Development Programmes</li> <li>Employment Equity</li> <li>Broad-based Black Economic Empowerment</li> <li>Quality</li> </ul>			> Environment
LOCATION IN ANNUAL FINANCIAL STATEMENTS (Includes Audit & Risk and Social & Ethics Committee Reports)		<ul> <li>Social and Ethics Committee Report</li> </ul>		<ul> <li>&gt; Annual Financial Statements</li> <li>&gt; Audit and Risk Committee Report</li> </ul>	<ul> <li>&gt; Annual Financial Statements (Segment Report)</li> </ul>	

\*Not material

For the third consecutive year, Santova received an award for last year's Sustainability 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 2016. Santova obtained an SDTI score of 74,18%. Santova was ranked 12th out of 311 reviewed JSE listed companies. Santova engaged Integrated Reporting & Assurance Services (IRAS) to provide an independent third party assurance (ITPA) over the sustainability content within this Social and Environment Report 2017, covering the period 1st March 2016 to 28th February 2017. This was Santova's first year of external assurance and a copy of the Independent Assurance Statement may be found at the end of this report.

# HUMAN CAPITAL

Human Capital plays a central role in the implementation of the Group's key ongoing medium to long term strategic initiatives and its contribution is set out in the table below:

Strategic Initiatives	Sub-Initiatives	Contribution		
Organic Growth GROWTH Strategic Acquisitions		To coordinate the recruitment of quality talent, the development of skills and the review of performance development to improve the quality of the workforce and, where necessary, to expand the workforce in response to the needs of organic growth.		
		To instil the Group's culture, philosophies and values and to implement the Group's policy and procedure, in all new strategic acquisition entities.		
DIVERSIFICATION		To facilitate the human capital needs of the Group's expansion into new areas, such as skills development in the case of service/ product development or the relocation of strategic employees (where required) for geographical diversification.		
	Technology Innovation	To provide the necessary IT and Supply Chain human capita resources, both locally and internationally, through quality		
	Supply Chain Innovation	recruitment, effective skills development and efficient performance management.		
INNOVATION	Talent Pool	To play the dominant role within the Group in establishing Santova as a 'preferred employer' within the logistics industry and attracting and retaining appropriately skilled and experienced staff.		
EFFICIENCY AND EFFECTIVENESS	Executing at high standards, quickly and intelligently	To support and promote 'best practice' and to continually drive operating efficiencies and consistency of systems and procedures, across all business units and regions, which may include the restructuring of business units.		





#### **HUMAN RESOURCES**

Human Resources within Santova are managed by the Group Human Resources Department in conjunction with the leaders of business units and management in all regions.

In South Africa, the Group Human Resources Department conducts the majority of the human resource functions including general employee issues, payroll, medical aid, retirement planning, training and development, wellness, employment equity, as well as aspects of broad-based black economic empowerment and sustainability. In the smaller international offices, the Group Human Resources Department plays a limited oversight role due to the complex social and legal criteria, as well as individual practices of each separate jurisdiction. External specialist service providers are used where required and are predominantly used in international offices.

	2017	2016
Total number of employees	323	323
Number of permanent employees	315	321
Number of contractors	8	2
Employees who are permanent (%)	98	99
Employees who are women	156	157
Employees who are women (%)	48	49
Employees who are unionised (%)	0	0
Employee turnover (all forms of departures / total no. employees) (%)	17	28
Person Hours Worked	599 376	539 904
Number of lost days due to absenteeism	1 314	1 208
Rate of absenteeism (%)	1,75	1,79
Number of lost days due to industrial action/strikes	0	0
Total number of South African employees	217	224
Total number of employees who are Historically Disadvantaged South Africans	142	139
South African employees who are Historically Disadvantaged South Africans (%)	65,4	62,1

The total number of employees in the Group has remained the same year on year. The Total Number of Employees by Region table set out below, shows that although the total number of employees has not changed, the total number of international employees has increased by 5 employees (to 32,8%) with a simultaneous reduction of 5 employees in South Africa (to 67,2%). The international increase can be attributed to organic growth and the reduction in South Africa to the continued restructuring and right-sizing to promote efficiency and effectiveness.

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

- > Employee turnover has reduced, due largely to the bulk of the restructuring and right-sizing that started in 2015 and continued last year, having come to an end during this period;
- > The person hours worked have increased, largely as a result of the inclusion of Tradeway in the statistics for a full year;
- > Accordingly, the number of lost days due to absenteeism has also increased due to the inclusion of Tradeway for the full year; and
- The percentage of South African employees who are historically disadvantaged South Africans has increased to 65,4% as can be evidenced in the employment equity tables contained in the Employment Equity section of the report below.

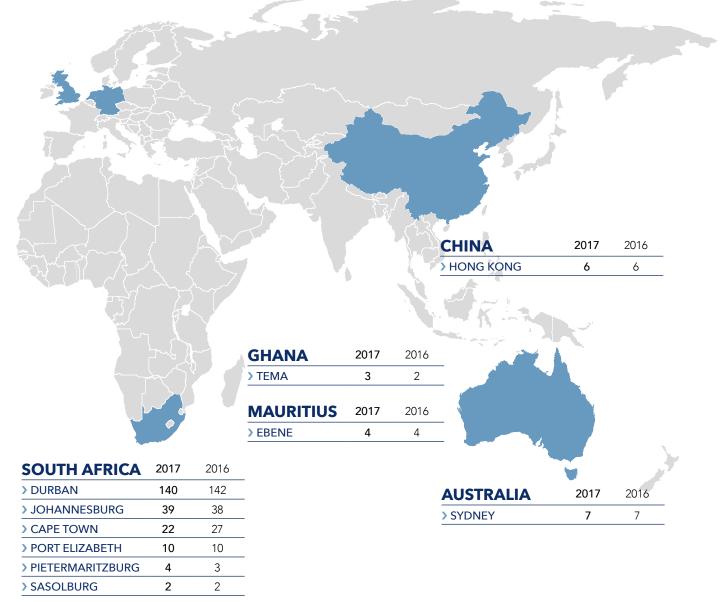
There are no other material changes evident in the above statistics.

TOTAL NUMBER OF EMPLOYEES WORLDWIDE 2017 323 2016 323 SOUTH AFRICA - % OF TOTAL EMPLOYEES <sup>2016</sup>68,7% 2017 67,2% **INTERNATIONAL - % OF TOTAL EMPLOYEES** <sup>2017</sup>32,8% <sup>2016</sup>31,3%



Santova Group Total Number of Employees by Region

UNITED KINGDOM	2017	2016	GERMANY	2017	2016
> HEATHROW	11	7	> FRANKFURT	4	4
> WEST HORNDEN	5	6	> HAMBURG	7	6
> TAMWORTH	9	12			
> FELIXSTOWE	1	1	NETHERLANDS	2017	2016
> LEEDS	17	16	> ROTTERDAM	14	12
> MANCHESTER	11	11	> SCHIPHOL	9	9



There were no new entities that joined the Group during the period. W.M. Shipping's Ghana office was closed shortly after the financial year end.

#### WELLNESS

### It is Santova's view that employee wellness can achieve the following within the various workplaces:

- > An increase in productivity;
- > A reduction in absenteeism;
- > A reduction in employee turnover;
- > An improvement in morale;
- > A reduction of overall workplace stress;
- > An improvement in the health of the workforce in general; and
- > The growth of the Santova employment brand.

Understandably, wellness initiatives must be realistic considering the size of the various offices and operational constraints. Many of the smaller branches do not have the luxury of time out of the office as a group and for this reason Santova runs an informal and flexible wellness programme in all regions around the world.

In South Africa, the Employee Wellness programme is overseen by the Group Human Resources Department. The programme is built on the back of formal wellness days arranged in most regions in conjunction with the medical aid service provider. Other events usually involve team activities and in the last financial year, there has been a pleasing rise in the number of sporting events arranged by the various offices.

The following events took place during the period under review: Three wellness days were held in Durban, Johannesburg and Cape Town in conjunction with Discovery Vitality; two fitness assessment days were also held (also in conjunction with Discovery Vitality) in Johannesburg and Cape Town; a team of seven cyclists from two regions took part in the Telkom 94.7 Cycle Challenge; the Durban leadership participated in an 'Amazing Race' teambuilding day; two regions participated in the Jeep Warrior Race held in Johannesburg and Durban with an impressive 44 Santova employees participating in the Durban event; the Santova Touch Rugby team played in the Durban In2Touch Touch Rugby League; a Santova Soccer Team participated in the Grindrod Social Club Soccer Tournament and 28 employees participated in the East Coast Radio Big Walk in Durban. In the 2016 report, we reported that the single biggest development in employee wellness was the launch of a large number of personal development training courses. The result of this initiative can now be seen in the statistics contained in the training and skills development section below. This area of training has now doubled and remains an important contributor to the development of our employee 'asset', not only to enrich the personal and professional lives of Santova's employees but also to ensure that we meet our strategic initiatives.

#### TRAINING AND SKILLS DEVELOPMENT

Our people form a substantial part of the concept of intellectual capital referred to in our Vision and Purpose. As a Group providing predominantly a service 'product', our people are considered as our greatest 'asset' and a business 'differentiator'. The training and development of employees is therefore a fundamental part of our organisation.

In addition to this, as is clear from the Group's strategic initiatives discussed earlier in the Human Capital section above, training and skills development are at the forefront of our strategic concerns.

Training is conducted internally or by using external facilitators depending on the needs or requirements of the training category. The Group predominantly funds its own training, but where possible, utilises government grants that are applied for each year. Globally, the need for training at Santova is evaluated in the table below.

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, training is managed by the business unit leaders who are supported by the Group Human Resources Department.

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.

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, operational environment, etc.	<ul> <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	Performance Development Review (incorporating Training Needs Analysis) and Performance Coaching (incorporating 'On the Job' Observations)	<ul> <li>To respond to changes in technology</li> <li>To respond to changes in practice or internal procedures</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>

	2017	2016
Total number of employees trained	265	216
Rand value of total employee training spend	R 1 621 165	R 1 763 870

The table above represents the statistics for the total training globally during the period. The table along side sets out the split between South Africa and the international offices during the financial year.

A number of different types of training and development initiatives were undertaken during the period as set out in the table below:

Training Split	No. of Employees	%	Rand Value of total employee training spend	%
South Africa	201	76	R 1 217 230	75
International Offices	64	24	R 403 935	25
Total	265	100	R 1 621 165	100

Training Course Categories	2017 % of Training	2016 % of Training	Most Common Examples
Accounting	0,83	18,2	Accounts Updates, Tax Updates, Bookkeeping
Environment	0,00	3,4	No environmental training was conducted during the period
Health and Safety	3,45	7,5	Occupational Health & Safety, First Aid, Fire Fighting
Human Resources and Culture	1,52	5,7	Payroll, BBBEE, Culture & Values Inductions
Insurance	1,52	3,5	Short Term, Regulatory Examinations
ISO (Quality)	0,41	2,0	ISO 9001:2015, ISO Internal Auditor
IT	4,83	3,8	Microsoft Outlook, Microsoft Excel, Sharepoint
Personal Development	40,19	19,5	Team Development & Alignment, Time & Energy Management, Personal Power & Interpersonal Skills, Assertiveness and Conflict Resolution, Business Communication Skills, Self-Awareness, Developing Management Potential
Supply Chain Management, Operations and Sales	45,58	35,4	Dangerous Goods, Imports, Exports, Air, International Forwarder, Defence Industry, Cargowise, Customs Clearing, Sales, Incoterms, Fundamentals of SCM, Solas VGM, Cargo Claims, Estimating & Costing
Sustainability and Legal	1,67	1,0	Legal Updates, Compliance

The Group's focus on its 'people asset' and personal development is evident from the information above, with personal development training doubling year on year. This type of training is a notable percentage of the overall training and will remain a priority for the Group in the period ahead.

Supply chain management, operations and sales training were also a priority during the financial year. However, it should be noted that 61% of this category was Cargowise training, which was training conducted for the new IT operations system to be rolled out in South Africa in the period ahead. This training could be argued as IT training but was counted in the operational category due to its significance to the operations departments and their day to day functions.

#### SKILLS DEVELOPMENT PROGRAMMES

In order to achieve the high demands of the Group's strategic initiatives in the area of training and skills development, formal skills development programmes are required. These programmes can, broadly speaking, be divided into three parts: Learnership; Graduate; and Other Programmes. Whilst it's important for the Group to deal with training and skills development programmes at multiple levels, the contribution of these programmes is seen and measured as a single collective. It is also important that programmes remain relevant and are flexible and innovative. As such, there has been a fair degree of development during the year in this area and further changes and developments are to come in the year ahead.

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# HUMAN CAPITAL CONTINUED

Programme	Inception	Industry	Qualifications	Location	Description	No. as at 28th February 2017
Learnership Programmes	March, 2007	Logistics and Insurance	Grade 12	South Africa	These programmes are described in detail in the table below.	24
Santova Limited Graduate Programme	April, 2013	Logistics and Insurance	Degree	South Africa, Australia and United Kingdom	Formerly the "ITD Programme". In this programme university graduates or undergraduates are hired permanently after a lengthy interview process. There is an intensive two year training period in all areas of the Group.	5
Santova Logistics Graduate Programme	April, 2015	Logistics	Degree	South Africa	A traditional one year graduate programme which offers university graduates an opportunity within the logistics operations and accounts departments	5
Santova Talent Programme	April, 2017	Logistics and Insurance	Various	South Africa	This programme is being piloted in South Africa from 1st April 2017 and focuses on the identification and development of promising non- degreed talent, predominantly from within the Group.	N/A

A variety of Learnership programmes are offered in the logistics and insurance entities in South Africa. The programmes are outcomes-based programmes designed for candidates to gain theoretical knowledge and practical skills in the workplace. Training is achieved through a formal online training curriculum provided by external service providers and internal on-the-job training provided by their colleagues and management:

Learnership Programme	NQF Level	Industry	Minimum Qualifications	Description	No. as at 28th February 2017
National Certificate: Freight Forwarding and Customs Compliance	3	Logistics	Grade 12	Candidates rotate formally through departments 3 or 4 times per year	15
National Certificate: Freight Forwarding and Customs Compliance (Including an additional Elective)	4	Logistics	Grade 12 and NQF 3 Qualification or equivalent	Candidates occupy a fixed role but may rotate if a need or opportunity arises	11
Further Education and Training Certificate: Short Term Insurance	4	Insurance	Grade 12	Candidates rotate from time to time during the year	2
National Certificate: Supply Chain Management	5	Logistics	NQF 4 or University Degree	Candidates usually occupy a fixed role, but may also change roles if a need or opportunity arises	1

It should be noted that in addition to the various Learnership Programmes, Learnerships are also undertaken as part of the Santova Logistics Graduate Programme. Therefore, the sum of the number of employees on these two types of programmes will give the 'Total number of Learners currently on a Learnership programme'.

	2017	2016
Total number of Learners currently on a Learnership programme	29	12
Total number of graduated Learners still retained from prior programmes	20	29
South African employees who are current or retained Learners (%)	23%	18%

Santova now has a South African work force that comprises 23% of current and former retained Learners. This illustrates the success of the Learnership Programmes. This success is despite the challenge to retain former Learners, who are an attractive prospect to competitors, considering the skills shortage in our industries.

## SOCIAL RESPONSIBILITY AND INVESTMENT

#### **EMPLOYMENT EQUITY**

The setting of employment equity plans, targets and goals is undertaken by management and the Human Resources Department in conjunction with the Skills Development and Employment Equity Committee. The Committee also oversees the preparation of the various employment equity reports and formally approves these reports prior to submission to the Department of Labour. Management within each South African entity is responsible for managing the day-to-day employment equity needs and implementing the targets set out in their individual employment equity plans.

The tables and graphs prepared for this section of the Social and Environment Report are based on consolidated statistics from all the South African entities and have been prepared as at the 28th February 2017 and not as at the date of last submission to the Department of Labour during the last financial year.

Employment Equity 2017
------------------------

		M	ale			Fen	nale		Foreign	Nationals	
Occupational Levels	Α	с	I	w	Α	с	I	w	Male	Female	Total
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	4	10	0	1	5	15	0	0	36
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	3	2	9	8	13	2	12	10	0	0	59
Semi-skilled and discretionary decision making	18	3	12	3	40	5	5	7	0	0	93
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0	0	0
Contractors	0	0	0	2	0	1	0	1	0	0	4
TOTAL EMPLOYEES	21	6	29	35	53	9	24	40	0	0	217
Independent 3rd Party Consultants	1			1				1			3

#### **Employment Equity 2016**

Occurrent in and I must		M	ale			Fen	nale		Foreign	Nationals	Total
Occupational Levels	A	С	I	w	Α	С	I	w	Male	Female	Iotai
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
TOTAL EMPLOYEES	22	6	26	40	51	11	23	45	0	0	224

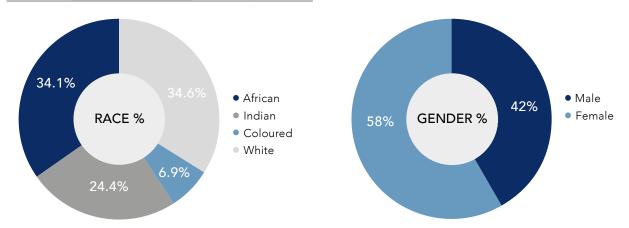
Once again, in South Africa, the number of employees year on year has reduced due to the efficiency and effectiveness restructuring and right-sizing projects. Whilst the bulk of these efforts were undertaken in the previous financial year, the effect can still be seen in the above statistics for the period. Without employee growth, employment equity efforts are stifled and Santova in South Africa has had to rely on employee turnover to address its employment equity needs.

Notwithstanding this challenge, there has been improvement in the junior and middle management levels during the period, with the improvement in junior management levels now consistent over the last two years. There was no material movement in the other levels.

Santova used three independent 3rd party consultants during the period. These consultants are not permanent or casual (temporary) employees but they are included in the payroll for tax reasons. Accordingly, for the first time in 2017, we have disclosed these heads in the employment equity section as a separate line item after the total and accordingly these 'heads' are now consistently not included in our South African total for the entire report. We will continue to disclose these 'non-employees' in this manner in future years.

RACE	2017 TOTAL % 20		2016 T	OTAL %
African	74	34,1	73	32,6
Coloured	15	6,9	17	7,6
Indian	53	24,4	49	21,8
White	75	34,6	85	38,0
Total	217	100	224	100

GENDER	2017 TOTAL %		2016 TOTAL %		
Male	91	42	94	42	
Female	126	58	130	58	
Total	217	100	224	100	



Employment equity has been a focus for Santova over the last period and new targets and goals have been set for the South African Group entities. The Group has also developed a branch level analysis tool to assist management with their implementation of employment equity targets and goals.

As is evidenced from the above graph/table, employment equity initiatives have resulted in an increase in the African and Indian percentage with a corresponding decrease in the White percentage. The gender ratio remains unchanged despite the reduction in heads, with women constituting 58% of the South African work force. The women percentage is, however, likely to decrease in the years ahead to align with the new broad-based black economic empowerment codes of good practice which separate (and consequently limit) targets for race and gender.

The shortage of skills within our industries continues to impact employment equity and the Group now relies, almost exclusively, on its skills development programmes to address employment needs.

All the 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 above.

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

The Santova Board, in conjunction with Santova's Executive Committee and B-BBEE Consultant sets the B-BBEE strategy based on the latest applicable codes of good practice. The implementation and daily management of the B-BBEE strategy is then, in turn, overseen by management in their specific regions within South Africa.

In recent times, a number of changes and improvements to the strategy have taken place due to the preparation for the first audits to take place under the new codes of good practice. At the time of reporting, all South African entities are currently rated under the old codes of good practice. It is anticipated that all entities will be subject to the new codes during the next financial year as the various relevant sub-sector codes are completed, published and take effect during the year ahead.

Employment equity targets and the internal skills development programmes have been the major focus for Santova during the period under review. As is mentioned under the employment equity section, Santova now relies on its internal programmes almost exclusively to deal with employment equity needs and to overcome barriers to affirmative action due to the ongoing skills shortage in our industries.

#### 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 International Trade Solutions (formerly 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 & Clearing Sub- Sector Codes	Financial Services Sector Codes	Transport Sector: Forwarding & Clearing Sub- Sector Codes	Transport Sector: Maritime Sub- 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	20012-100516	20011-130516	20015-100516	20013-100516	19824-180116
Next Audit	April 2017	April 2017	April 2017	April 2017	April 2017
B-BBEE Score	85.56	69.55	100	102	100
B-BBEE Contributor	Level 2 Contributor	Level 4 Contributor	Level 1 Contributor	Level 1 Contributor	Level 4 Contributor
Procurement Recognition	125%	100%	135%	135%	100%
Value Adding Enterprise	Yes	Yes	Yes	Yes	No
Effective Procurement Recognition	156.25%.	125%	168.75%	168.75%	100%

There are two other South African registered companies in the Santova Limited Group of Companies which are not rated for the purposes of B-BBEE. The first is Santova International Holdings, which is an official South African Reserve Bank approved domestic treasury management company that does not trade nor does it employ any employees and serves as the holding company for the international entities. The second is Santova Corporate Services, which is a Group shared services company that does not trade and whose nine employees predominantly provide shared services/support to the Group's offshore operations.

The South African Group entities (listed in the table on the previous page) made Enterprise Development contributions to the following businesses:

	ABI Freight Carriers	lsiqiniseko Deliveries	LIV Business	Two Be Sales Fifty Three
Entity	A registered close corporation	A registered close corporation	A registered private company	A registered close corporation
Region	Kwazulu-Natal	Kwazulu-Natal	Kwazulu-Natal	Gauteng
Nature of Business	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
Method of Support	Financial grants, computer hardware and software, motorbike, employee salaries and business support	Paid vehicle tracking fees	Financial grants	Financial grants, motorbike, training, employee salaries, legal advice, tax advice and business support
Services Procured by Santova	Yes	Yes	No	Yes

The Isiqiniseko Deliveries enterprise development project came to an end during the financial year after a number of successful years. Santova is currently in discussions with a potential new enterprise development supplier with a view to taking on the supplier in the next financial year.

The procurement spend information for the combined South African entities, during the financial year, is as follows:

Total procurement spend directed to 'discretionary'/measured' suppliers	R 66 211 479
Procurement spend to historically disadvantaged suppliers:	
> Black-owned and black women-owned	R 2 568 191
> B-BBEE compliant	R 52 034 269

#### CORPORATE SOCIAL INVESTMENT

The Santova Limited Board recognises that the Santova Group of Companies has a responsibility, beyond the generation of profits, to undertake social development activities and social investment. Accordingly, the Santova Group of Companies is committed to corporate social investment.

### During the financial year, the Social and Ethics Committee formalised the Corporate Social Investment Policy for the Santova Group. The purpose of this policy is to:

- > Ensure a positive impact on all stakeholders, including, communities, environment (both ecological and social), employees and others;
- > Ensure the Santova Group of Companies undertakes the appropriate level of philanthropic and social initiatives which not only uplift people, organisations and communities but enhance the reputation and brand of the Group; and
- > Create a formal documented approach, which resonates the overall Corporate Citizen Policy of the Santova Group of Companies.

#### 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	R 1 339 050
Total Rand Value of CSI/SED spend: Education	R 40 533
Total Rand Value of CSI/SED spend: Basic Needs/Social	R 517 784
Total Rand Value of CSI/SED spend: Enterprise Development	R 754 896
Total Rand Value of CSI/SED spend: Other	R 25 837

The Corporate Social Investment Policy requires that the Santova Group supports people, organisations and communities that are external to the business with cash and non-cash grants, activities and initiatives. In the past financial year, the following monetary and non-monetary charity and community initiatives and causes were supported:

Charity / Community Initiatives and Causes	Brief Description	Deliverable Achieved	Santova Region
Action for the Blind and Disabled Children	A non-profit organisation which specialises in training blind and disabled children on how to become productive, by way of computer training and encouragement.	Monthly cash grant	Durban (Logistics)
AIM Education	A not-for-profit organisation, set up to create opportunities to overcome inequalities and enrich the local Leeds community.	Cash grant to support bursaries for underprivileged children	Leeds
Blood Donor Clinics	Four blood donor clinics took place throughout the financial year.	Donated blood	Durban (Logistics, Insurance and Head Office)
Bottled Water for Drought Victims	A drive to collect bottled water for those suffering in the recent Kwazulu-Natal drought.	A collection of bottled water by employees	Durban (Logistics, Insurance and Head Office)
Boys and Girls Town	A refuge for children in need whether vulnerable, hurt, unloved, neglected, abused or homeless.	Monthly cash grant	Durban (Logistics)
Breast Cancer Now	The United Kingdom's largest breast cancer charity which funds research into the disease.	Sponsorship of an employee lead campaign to raise funds by running the London Marathon	Leeds
Children in the Wilderness (CITW)	A non-profit organisation that aims to facilitate sustainable conservation through leadership development and education of rural children in Africa.	Cash grant	Durban (Insurance)
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.	Cash grant	Johannesburg
Durban & Coast Society for the Prevention of Cruelty to Animals	A registered non-profit organisation and public benefit organisation and a member of the National Council of SPCA, which rescues abused and neglected domestic, farm and wild animals, promotes responsible pet ownership, provides a shelter for strays, and a veterinary service for pets of underprivileged people.	Monthly cash grant	Durban

Charity / Community Initiatives and Causes	Brief Description	Deliverable Achieved	Santova Region
The Financial Services Consumer Education Foundation	A non-profit organisation in terms of section 13(5) of the non-profit organisations act, no. 71 of 1997, an independent trust and a public benefit organisation, established by the Financial Services Board .	Cash grant	Durban (Insurance)
Focus on the Family	A public benefit organisation that provides care, advice, support and encouragement to families at every stage of life.	Monthly cash grant	Durban (Logistics)
Jamie Burger-Gatsby	An individual suffering from severe brain trauma due to encephalitis.	Participation in a fundraiser	Cape Town
Lakehaven Child and Youth Care Centre	Lakehaven is registered to cater for the needs of 60 children who are abused, neglected and abandoned between the ages of 6 years to 18 years.	Collection of food, clothes and toys by the employees	Durban
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.	Cash grant and the renovation and makeover of one house in the village	Durban (Logistics, Insurance and Head Office)
Muscular Dystrophy Foundation of South Africa	A non-profit organisation which creates public awareness and supports affected people and their families by offering emotional support and genetic counselling.	Cash grant	Durban (Logistics)
National Sea Rescue Institute	A charity that saves lives on South African waters with over 1000 highly skilled, unpaid volunteers.	Cash grant	Durban (Logistics)
Ocean Recovery Alliance	A 501c3 registered non-profit in California, and is a registered charitable organization in Hong Kong which brings together new ways of thinking, technologies, creativity and collaborations in order to introduce innovative projects and initiatives that will help improve our ocean environment.	Cash grant	Hong Kong
Oxfam	An international confederation of 20 organisations working together with partners and local communities in more than 90 countries to mobilise the power of people against poverty.	Sponsorship of an employee lead campaign to raise funds for Oxfam UK by running the London Marathon and a cash grant made to Oxfam Asia by the Hong Kong office	Hong Kong and Leeds
Rotary Club of Calverley	An international service organisation which brings together business and professional leaders in order to provide humanitarian services, encourage high ethical standards in all vocations, and to advance goodwill and peace around the world.	Sponsorship of a fundraising event	Leeds
Roundtable Christmas Shoebox Project	Raising funds to purchase the relevant contents and to pack and wrap charity boxes for underprivileged children.	Wrapped charity boxes	Durban (Logistics and Head Office

Charity / Community Initiatives and Causes	Brief Description	Deliverable Achieved	Santova Region
Smile Foundation	A non-governmental organisation with a comprehensive health care vision for children living with facial conditions.	Funds raised through a raffle and sponsorship of riders who competed in the Telkom 94.7 Cycle Challenge	Johannesburg and Durban
St Martins Children's Home	A children's home for children in need founded in 1897.	Monthly cash grant	Durban (Head Office)
Stichting Worae Care	A charity organisation which improves the lives of the under privileged through social action and community mobilisation.	Providing a container to ship goods to Ghana for a hospital	The Netherlands
The Association for the Physically Disabled (APD)	A registered non-profit organisation helping people with most forms of physical disability.	Participation in Casual Day, the foremost fundraising project for the NPCD.	All South African Offices
The Cure for MND Foundation	A not-for-profit registered charity which aims to raise the profile of Motor Neurone Disease within Australia and abroad.	Cash grant	Australia
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.	Monthly cash grant	Johannesburg
Turfhall Cheshire Home for the Physically Disabled	A home that provides residential care to severely physically disabled adults from previously disadvantaged communities.	Monthly cash grant	Cape Town
Stanningley Albion Reds	A local children's community football team in Leeds.	Sponsorship of sports equipment	Leeds

Santova has set an inaugural target for a minimum of one event to be held in each region in the upcoming financial year.



#### HEALTH AND SAFETY

The Group Health and Safety Committee monitors compliance of the various laws and regulations for health and safety around the world. The various regions are divided up into health and safety 'locations' and each 'location' is responsible for the complete process of health and safety in their area. The committee provides the necessary guidance and direction where required.

In South Africa, formal committees meet on a regular basis in each 'location'. Internationally, health and safety is handled less formally. However, every 'location' is required to have the necessary appointed representatives (first aid, fire and general health and safety) and are required to conduct regular health and safety audits. These 'locations' report to and are monitored by the Group Health and Safety Committee. The Group Health and Safety Committee utilises the services of an external consultant, whenever necessary.

	2017	2016
Number of Fatalities	0	0
Number of First Aid Cases	22	11
Number of Medical Treatment Cases	2	1
Number of Lost Time Injuries	3	3
Total number of Recordable Injuries	5	4
Fatal Injury Frequency Rate	0	0
Lost Time Injury Frequency Rate Target (set in previous year)	1.12	0.77
Lost Time Injury Frequency Rate	1.00	1.11
Total Recordable Injury Frequency Rate Target (set in previous year)	1.49	1.15
Total Recordable Injury Frequency Rate	1.67	1.48

The number of First Aid cases has increased, however, this is not a concern to the Group as these are predominantly office based 'plaster cases'. There was one extra Medical Treatment case this year, with the two cases involving minor injuries as a result of one employee being injured on a staircase and another in a motorbike accident. The number of Lost Time Injuries ("LTIs") were the same, with one motorbike accident injury and two employees fainting and being taken to hospital.

The Lost Time Injury Frequency Rate has dropped year on year and is now under target as a result of a greater number of hours worked with the same number of Lost Time Injuries. The Total Recordable Injury Frequency Rate has increased marginally due to one extra Medical Treatment Case. The target for the upcoming year will remain the same.

	For 2018	For 2017
Lost Time Injury Frequency Rate Target	1.12	1.12
Total Recordable Injury Frequency Rate Target	1.49	1.49

An analysis of the circumstances which lead to the reported Lost Time Injuries 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 2017.

#### HIV / AIDS AND OTHER LIFE THREATENING DISEASES

The Group Human Resources Department oversees the application of the HIV/AIDS, Life Threatening and Notifiable Diseases Policy. This policy was established to:

- > 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; and
- > 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 policy covers the following areas: Education, Training, Counselling, Testing, Notifiable Illness and Medical Conditions, Confidentiality, Rules regarding Sick Leave, Obligation of a Safe Working Environment, Incapacity and Procedures, amongst other areas.

HIV/AIDS testing was offered on a voluntary basis in South Africa at the wellness days arranged by Santova in conjunction with the medical aid service provider. As more wellness days were held in the period than the previous financial year, more employees received Voluntary Counselling and Testing.

### HEALTH, SAFETY, ENVIRONMENT AND QUALITY

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

	2017	2016
Total number of employees receiving Voluntary Counselling and Testing	105	57
Employees tested for HIV/AIDS	105	57
HIV/AIDS Prevalence Rate %	0,62	0,62

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. As the total number of suspected cases and the total number of employees has remained the same, the HIV/AIDS Prevalence Rate has not changed.

All employees who underwent voluntary HIV testing received pre-test and post-test counselling and therefore the total number of employees receiving Voluntary Counselling and Testing and the total number of employees tested are the same. No employees are enrolled in the HIVCare Programme offered by the medical aid service provider in South Africa.

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, direct costs and 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 Awareness Training will be promoted in the upcoming financial year as this was resolved by the Skills Development and Employment Equity Committee during the year.

#### **ENVIRONMENT**

Santova is committed to the principles of promoting a healthy and sustainable environment in all regions.

#### Santova has a Group Environmental Policy, which is overseen by the Social and Ethics Committee. The purpose of the policy is:

> To reduce Santova's environmental impact and continually improve Santova's environmental performance;

- > To address the measurement, awareness, strategy, goals and targets of this important area;
- > To support and comply with, or exceed, the requirements of current environmental legislation, regulation and codes of practice;
- > To develop, and continue to develop, office focused initiatives which all employees are bound to respect and promote;
- > To develop a culture of environmental concern and promotion;
- > To provide a guideline to employees regarding the environmental standards expected of suppliers; and

ightarrow To communicate the Santova Group's commitment to a healthy and sustainable environment.

	2017
Total electricity consumption (MWh)	764.51
Total water consumption (KL)	4106.32
Total direct and indirect consumption of petrol for primary purposes (L)	97 711
Total direct and indirect consumption of diesle for primary purposes (L)	8 402

Santova Logistics, United Kingdom (Heathrow & West Hornden) and Santova Logistics, Mauritius were unable to provide accurate data for the electricity calculation and Santova Logistics, United Kingdom (Heathrow & West Hornden), Santova Logistics, Mauritius and Santova Logistics, Germany (Frankfurt and Hamburg) were unable to provide accurate data for their water calculation. These regions only have a combined head count of 28 out of the total head count of 323. Accordingly, an average 'per head' usage was applied to these regions.

### HEALTH, SAFETY, ENVIRONMENT AND QUALITY CONTINUED

Whilst Santova's environmental initiatives and efforts are important, these do need to be considered in the context of a largely 'office based', non-asset owning fourth-party logistics (4PL) service provider with a low impact on the environment. Nonetheless, it is still essential for Santova (in terms of its policy) to undertake initiatives which minimise harm to the environment and to conduct its activities in a responsible manner. Accordingly, the following initiatives were undertaken during this financial year:

- > The South African operations are in the process of converting to a new IT operations system that will allow for further automation and less paper generated during day to day operations work;
- > The initial work done on measuring Santova's data footprint has been expanded with each region having greater awareness and now participating fully in the collection of the relevant information required to report;
- > The 'duplex printing' project continued around South Africa during the year. This project reduces paper usage in our working environment;
- > The Durban office continues to engage a 3rd party service provider who assists in the review of work processes with the aim of reducing paper usage. This has been successful during the period with the Estimates Department reducing their paper output to a single page for a new shipment;
- > The South African head office has researched and has now implemented the testing of emailing electronic invoices to clients to save paper;
- > The recycling of confidential paper using a specialist service provider was expanded to include Johannesburg, Cape Town, Port Elizabeth and Pietermaritzburg;
- > The Durban office increased its budget with one of its recycling service providers to allow for non-confidential paper to be recycled in addition to confidential paper. In addition to this, the office utilised a second service provider to recycle any extra paper, boxes and other material;
- > The Cape Town office imports and exports operations are now operating on a fully paperless basis;
- > The Durban office continues to recycle printer cartridges through the use of their IT service provider and during the year the Cape Town office began to recycle its printer cartridges;
- > The Group Human Resources Department continues to operate the Employee Self Service (ESS) IT system which reduces paper usage; and
- > The Group is in the final stages of developing a 2nd generation client interface system, which is online, cloud based and paperless. This will reduce paper usage by clients as documents and reports are available on line and can be printed as and when required.

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

	2017
Direct carbon emissions (direct burning of fuels: company vehicles and generators) (tCO $_2$ e)	246.84
Indirect carbon emissions (indirect burning via energy purchased: electricity, heat and steam) (t $CO_2e$ )	625.820
Indirect carbon emissions (indirect burning via 3rd party: local travel, international travel and employee travel claims) (tCO2e)	80.98
Total carbon emissions (tCO <sub>2</sub> e)	953.64

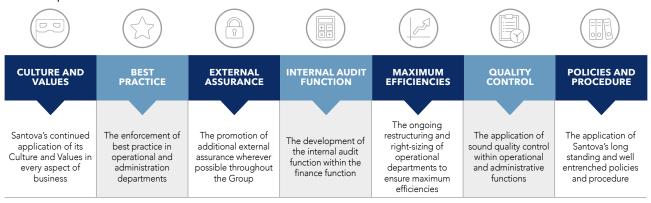
Santova has set a target for each region to undertake a minimum of one new relevant environmental initiative in their area for the upcoming financial year.

### HEALTH, SAFETY, ENVIRONMENT AND QUALITY CONTINUED

#### QUALITY

Quality is of crucial strategic significance with business efficiency and effectiveness comprising one of the Group's four key ongoing medium to long term strategic initiatives in the Annual Integrated Report 2017.

The five general aspects of quality in a business, namely: producing, checking, quality control, quality management and quality assurance are measured, maintained and improved at Santova through the following formal and informal processes and concepts:



In South Africa, the largest trading entity within the Santova Group, Santova Logistics also controls its operational and other activities through the application, maintenance and continual improvement of its ISO Quality Management System. Santova Logistics 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 annual surveillance audit took place in January 2017 where it was concluded that Santova Logistics has 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 of the organisation's policy and objectives.

### The following improvements were made to the Quality Management System under the guidance of its Management Review Committee, which met three times during the period:

- > New standard operating procedures and process flows were developed for the airfreight and courier divisions as a result of the centralisation of both of these operations to the Johannesburg office as part of the overall efficiency and effectiveness drive;
- > Strides were made towards greater client-centricity with the creation of a new business development standard operating procedure which streamlines the complete operations process for taking on a new client;
- > The Customer Call Report was enhanced (to improve service ratings and overall customer satisfaction) as a result of feedback received from the internal audit process;
- > The imports and exports clearing instructions were 'modernised' and incorporated into the Quality Management System as a result of changes in the interpretation of customs laws;
- > Whilst the ongoing internal training of internal auditors under the existing ISO 9001:2008 standard continued during the period, the first formal training towards the new standard of ISO 9001:2015 began during this financial year; and
- > Santova's global intranet was launched during February 2017 which resulted in the migration of the complete Quality Management System to its new cloud based 'location'.

Santova anticipates that it will launch its new Quality Management System to align with the new ISO standard 9001:2015, shortly before the end of the 2018 financial year.

# SUPPLEMENTARY DATA TABLE

	South Africa	Global ( Ex South Africa)	Total
Revenue	R142 510 256,38	R172 905 056,00	R315 415 312,38
% of total	45%	55%	
Net Profit After Tax	R24 476 577,35	R40 143 492,00	R64 620 069,40
% of total	38%	62%	
Taxes	11 024 530,16	12 378 667,00	23 403 197,16
% of total	47%	53%	
CSI/SED Spend	R1 309 621,59	R29 427,95	R1 339 049,54
% of total	98%	2%	
Earnings Retained Earnings Retained After Dividends			R64 620 069,40 R55 948 907,12
CSI/SED Spend	R1 309 621,59	R29 427,95	R1 339 049,54
% of total	98%	2%	

Auditors Remuneration	% of Total	Total
Audit Services Non Audit Services	75% 25%	R2 540 000,00 R842 000,00
Total		R3 382 000,00



#### Independent Assurance Statement

To the Board and stakeholders of Santova Limited (Santova):

Integrated Reporting & Assurance Services (IRAS) was commissioned by Santova to provide independent third-party assurance (ITPA) over the sustainability content within the 2017 Integrated Annual Report (hereafter, referred to as 'the Report') and the 2017 Social & Environment Report, covering the period 01 March 2016 to 28 February 2017. The assurance team consisted of Jasmitha Soondarjee, a junior assurance associate, and Michael H. Rea, our Lead Certified Sustainability Assurance Practitioner, with 18 years' experience in environmental and social performance measurement, including sustainability reporting and assurance.

#### AccountAbility AA1000S (revised, 2008)

To the best of our ability, this assurance engagement has been managed in accordance with AccountAbility's AA1000AS (2008) assurance standard, where the format of the engagement was structured to meet the AA1000AS Type II (Moderate) requirements, including the identification of reporting gaps that ultimately have been incorporated into their reporting processes.

#### Independence

IRAS was not responsible for the preparation of any part of the Reports and has not undertaken any commissions for Santova in the reporting period that would impede our independence. However, IRAS has provided assurance services to Santova for a discounted fee in exchange for using this as a training opportunity.

Our engagement with Santova has included the provision of guidance over effective sustainability data collection, collation and reporting. However, this work has not compromised our ability to afford ITPA over the sustainability content within Santova's 2017 IAR, and no non-assurance fees were billed to Santova during the reporting period.

IRAS's responsibility in performing its assurance activities is to the management of Santova alone and in accordance with the terms of reference agreed with them. However, in performing our duties, IRAS has been mindful of the need to consider stakeholder expectations for assurance engagements, including the writing of this assurance statement to offer clear guidance on our process, findings, recommendations and conclusions.

#### Assurance Objectives

The objectives of the assurance process were to...

- a) Assess the effectiveness of Santova's policies and procedures for sustainability data collection, collation and reporting.
- Assess Santova's ability to provide transparent disclosure of quantitative comparable sustainability data (also referred to as "Environmental, Social and Governance", or "ESG" data) relative to IRAS's in-house developed 96 indicator Sustainability Data Transparency Index (SDTI).
- c) Provide Santova's stakeholders an independent 'moderate level assurance' opinion on whether the company adequately applies the AA1000AS (2008) principles of Inclusivity, Materiality and Responsiveness.

#### Scope of Work Performed

The process used in arriving at this assurance statement is based on AccountAbility's AA1000AS (2008) guidance, as well as other best practices in assurance. Our approach to assurance included the following:

- > An "internal materiality assessment" review of Board and Committee packs to identify the material issues discussed at the highest levels of governance within the company;
- An "external materiality assessment" review of various media sources and the annual reports of more than 300 JSE-listed companies, to identify the material issues that appear to be of significant importance to external stakeholders, the physical/natural environment and the local and global economic environment in which the company operates;



- > A review of sustainability measurement and reporting procedures at Santova's head offices, via management interviews with the reporting team, as well as through off-site desktop research;
- Reviews of draft Reports, inclusive of the IAR and the Social & Environment Report, or any significant errors and/or anomalies, inclusive of any lapses in the reporting of material issues identified during our internal and external materiality assessments; and,
- Reviews of drafts of the Report to test for the reasonable reporting of comparable quantitative data as per the 96 indicators within our Sustainability Data Transparency Index (SDTI).

#### Findings

In general, IRAS has found that Santova's sustainability reporting processes are adequate for the size, nature and geographic spread of the company, and that reviews of historical reports suggest that annual reporting processes continue to improve, to the extent that within the parameters of a 'Moderate Level Type II assurance assessment', the Report reasonably reflects an accurate accounting of Santova's performance.

#### AA1000AS (Type II)

- Based on the evidence reviewed, Santova engages key stakeholders as defined within this Report, thus meeting reasonable Inclusivity requirements.
- The content of the Report does not differ, in any significant way, from an analysis of the material issues discussed within Santova, or within its sphere of influence, as per our internal and external materiality scans. Adequate systems and controls appear to be in place to identify and prioritise the company's "most material issues", thereby meeting reasonable Materiality expectations
- Santova adequately demonstrated appropriate systems and controls are in place to report back to stakeholders on matters that are deemed "most material" to the business, in the context of those issues that are deemed "material to stakeholders", thereby meeting reasonable Responsiveness expectations.

#### Sustainability Data Performance

- Santova continues to further refine systems for data collection, collation and reporting, at both the group and operation level, through the ongoing development and implementation of sustainability data procedures, systems and controls.
- Through the production of a Social & Environment Report to supplement the Integrated Annual Report, Santova continues to demonstrate improved public disclosure of quantitative comparable data relative to the 96 indicators within the Sustainability Data Transparency Index (SDTI), scoring 84.44%.
- > Aside from these exceptions, the following table summarises our findings relative to a set of 15 selected sustainability performance indicators:
  - The universal conversion factor of 1MWh = 0.542 tCO<sub>2</sub>e used to calculate Scope 2 Carbon Emissions for international operations (i.e., all but South African operations) could not be verified, thus questioning the overall accuracy of the reported Scope 2 emissions data. However, we believe that based on the process employed by Santova results in reasonably accurate information.

#### Recommendations

As per the findings above, IRAS recommends the following:

Santova should consider using country-specific conversion factors to calculate the Scope 2 Carbon Emissions from electricity consumption in each country Santova operates in. This would produce a more accurate figure for tCO<sub>2</sub>e for electricity consumption.



	Indicator	Definition	Value	Location	Concern
1	Total Employees	Total number of full time/permanent, temporary, and fixed contract employees, as per dti Codes of Good Practice definitions.	323	p.5	No Concern
2	Absenteeism	Total number of person days lost due to all forms of absenteeism (i.e., sick, abscond, etc.), including formal/annual leave.	1 314	p.5	No Concern
3	Employee Turnover	Percentage of employees that left the employ of Santova for all reasons (e.g., End of Contract, Dismissal, Retirement, Death, Permanent Disability/Medical Boarding, End of Contract, etc.).	17.00%	p.5	No Concern
4	PHW	Total number of person hours worked (PHW) for all employees and contractors.	599 376	p.5	No Concern
5	FIFR	Fatal Injury Frequency Rate (FIFR), calculated as the total number of fatal injuries (FIs) per 200 000 PHW – for employees and contractors.	0.000	p.18	No Concern
6	LTIFR	Lost Time Injury Frequency Rate (LTIFR), calculated as the total number of lost time injuries (LTIs) per 200 000 PHW – for employees and contractors.	1.000	p.18	No Concern
7	TIFR	Total Injury Frequency Rate (TIFR), calculated as the total number of injuries – Fls, LTIs, Medical Treatment Cases (MTCs) and First Aid Cases (FACs) per 200 000 PHW – for employees and contractors.	1.670	p.18	No Concern
8	Electricity	Total direct and indirect consumption of electricity for primary purposes.	764 MWh	p.19	No Concern
9	Water	Total volume of water consumed – from all sources (i.e., municipal sources, boreholes, etc.) – for primary purposes.	4 106 m <sup>3</sup>	p.19	No Concern
10	Petrol	Total direct and indirect consumption of petrol for primary purposes.	97 711 litres	p.19	No Concern
11	Diesel	Total direct and indirect consumption of diesel for primary purposes.	8 402 litres	p.19	No Concern
12	CSI/SED Spend	Total Rand value of expenditures on Corporate Social Investment (CSI)/Socio-Economic Development (SED) projects.	R1 339 049	p.15	No Concern
13	Direct Carbon Emissions Scope 1	Direct burning of fuels: company vehicles and generators.	246.84 tCO <sub>2</sub> e	p.20	No Concern
14	Indirect Carbon Emissions Scope 2	Indirect burning via energy purchased: electricity, heat and steam.	625.82 tCO <sub>2</sub> e	p.20	Low Concern
15	Indirect Carbon Emissions Scope 3	Indirect burning via third party: local travel, international travel and employee travel claims.	81.81 tCO <sub>2</sub> e	p.20	No Concern



#### Conclusions

Based on the information reviewed, IRAS is confident that this Report – inclusive of the sustainability content within the IAR and the Sustainability Report – provides a comprehensive and balanced account of the sustainability performance of Santova during the period under review. The data presented is based on a systematic process and we are satisfied that, aside from the exceptions stated above, the reported performance data accurately represents the current sustainability performance of Santova, while meeting the AA1000AS (2008) principles of Inclusivity, Materiality and Responsiveness. Moreover, and although the quality or quantity of some key data can be improved upon, Santova represents an example of 'Excellence' with respect to sustainability data transparency, as evidenced by the company's continued presence as one of the top performers – among the more than 300 JSE-listed companies - within the IRAS's annual SDTI review process.

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