



Sustainability Report '19



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OUR BUSINESS UNITS

The Stefanutti Stocks Integrated Annual Report 2019 introduces a new icon system to represent its three business units.

These icons represent **CONSTRUCTION & MINING, BUILDING** and **MECHANICAL & ELECTRICAL** from left to right. These icons are utilised in either the black outlines or colour-coded, as appropriate.



The iconography family is informed by the basic principles of building blocks – with the specific silhouette for each icon broadly alluding to the particular focus of each business unit.

About this report

SCOPE AND BOUNDARY

The sustainability report comprises the operations of Stefanutti Stocks Holdings Limited and its subsidiaries (the company, the group or Stefanutti Stocks) mainly for South Africa. The information in this report covers the performance of the company for the year ended 28 February 2019 and, where relevant, information post year-end, has been incorporated.

Stefanutti Stocks strives to ensure that the disclosures made in this report are meaningful, accurate, complete, transparent and balanced. The board and board committees have considered and approved the disclosures made in this report.

This report was prepared in accordance with the requirements of the South African Companies Act, No. 71 of 2008, as amended (the Companies Act), the Listings Requirements of the JSE Limited (JSE), the principles of the King IV Report on Corporate Governance™ (copyright and trade marks are owned by the Institute of Directors in Southern Africa NPC and all of its rights are reserved) for South Africa 2016 (King IV™), the International Integrated Reporting Council's International Framework as well as the company's Memorandum of Incorporation. This report also takes guidance from the Global Reporting Initiative Guidelines and Standards.

The Stefanutti Stocks integrated annual report, as well as the comprehensive annual financial statements and investor presentations for the year ended 28 February 2019, are available on the company's website.

The requirement for sustainability assurance is considered annually and is, at this stage, not deemed necessary. This report contains material issues of concern to the company's stakeholders. For additional information visit the company's website: www.stefanuttistocks.com.

MATERIALITY

Materiality is determined after consideration of the International (IR) Framework, King IV™, the Global Reporting Initiative Guidelines and Standards and internal policies. The organisation defines material issues as those matters having the potential to affect the business' strategy, business model, sustainability or one or more of the capitals (i.e. Financial, Manufactured, Intellectual, Social and Relationship, Human and Natural Capitals, as defined by the International Integrated Reporting Council (IIRC)) over the short, medium and long term, taking into account the likelihood and consequence of the issues.

FORWARD-LOOKING STATEMENTS

The statements made within the sustainability report may contain forward-looking information including statements regarding the company's intent, belief or current expectations with respect to Stefanutti Stocks's businesses and operations, market conditions, results of operation and financial condition, capital adequacy, specific provisions and risk management practices.

Investors/shareholders are cautioned not to place undue reliance on these forward-looking statements. Forward-looking statements are based on Stefanutti Stocks's current expectations and involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied in such forward-looking statements. These statements are based on a number of assumptions that are subject to change. The sustainability report includes only matters up to the date of this report and the period reported on. Stefanutti Stocks disclaims any duty to update the information herein.

BP Silwanyana

Chairman of the Social and Ethics Committee

19 June 2019



Stefanutti Stocks way



Flawless Execution

- Do it right the first time
 - Lean culture
- Plant & equipment – our pride
- Proper Planning Prevents Poor Performance
- Relationships with construction partners and supply chain
- Simple, efficient standardised processes and procedures
 - Zero harm



Energised and Engaged Employees

- Accountability at all levels
- Developing our people
- Involved with our people
 - Live our values
 - Owners mindset
- Performance management and feedback
 - Right people in the right places
- Transformed and diverse organisation
- Understand the next generation

Client Relations

- Alternative procurement and execution methods
- Customer Relationship Management
 - Presence with clients
 - Regular engagement
 - Solutions-driven culture
- Under promise and over deliver
- Understand clients and project needs



Company profile

Stefanutti Stocks is one of South Africa's leading engineering and construction groups and has been listed on the JSE Main Board in the "Construction and Materials – Heavy Construction" sector since 2007.

The group offers highly diversified services across a wide spectrum of engineering and construction disciplines. The focus areas of the group comprise concrete structures, marine construction, piling and geotechnical services, roads and earthworks, bulk pipelines, open-pit contract mining and surface mining related services, all forms of building works, including affordable housing, and mechanical and electrical installation and construction.

All group operations are registered with the Construction Industry Development Board (CIDB) as a Category 9 Contractor, which places no limitations on the project size for which the group can tender. Furthermore, the group is also ISO 9001, ISO 14001 and OHSAS 18001 certified.

The group operates in South Africa, sub-Saharan Africa, including Botswana, Ghana, Guinea, Kenya, Lesotho, Mozambique, Namibia, Nigeria, Swaziland (Eswatini), Tanzania, the United Arab Emirates and Zambia, in both the private and public sectors. Clients include governments, state-owned companies, local authorities, large industrial entities, mining corporations, financial institutions and property developers.

Stefanutti Stocks's headquarters is based in Kempton Park, Gauteng and it employs a global workforce of 10 746 with 7 577 employees throughout South Africa.

We continue to create sustainable partnerships with all stakeholders through a values-driven culture.

VISION

**if you can dream it,
we can construct it**

MISSION

**excellence
in execution**

This is accomplished by setting and achieving measurable key objectives to support sustainable earnings growth and, at the same time, maintaining a sound financial position while implementing key non-financial objectives to support our growth strategy.

Regional operations in Africa and United Arab Emirates

Key: Shaded countries on the map indicate our operational footprint.

Category 9 CIDB Contractor

7 577
employees in
South Africa

10 746
global
workforce

VALUES

CANDOUR

Frank and respectful discussions with the objective of finding positive outcomes.

ACCOUNTABILITY

Taking personal responsibility for one's actions and the resultant outcomes.

PEOPLE RELATIONS

The value which results in people treating one another fairly and with respect and always being mindful of the human dignity of others.

PROFESSIONALISM

The application of a competent, disciplined and meticulous approach to all aspects of business, resulting in performance of high quality and reliability.

EXCELLENCE

A passionate mind-set that puts quality at the forefront of all business activity.

DYNAMIC

Embracing openness and flexibility of mind and an energetic, proactive solution-driven attitude.

Sustainable development goals



On 25 September 2015, at the United Nations Sustainable Development Summit, more than 150 world leaders adopted a set of goals to end poverty, protect the planet and ensure prosperity for all, as part of a new sustainable development agenda. On reviewing our various sustainability initiatives, we have established a link between what the sustainable development goals seek to achieve, the suggested actions and some of our current initiatives. It is for this reason that we have included these goals to ensure they continually guide our actions and contribution to the bigger world agenda.



MORE INFORMATION ON THE SUSTAINABLE DEVELOPMENT GOALS CAN BE FOUND ON THE UNITED NATIONS WEBSITE:
WWW.UN.ORG

Group management system framework

EXECUTIVE COMMITTEE

Various forums have been established to improve group effectiveness and ensure standardisation across the group, including a sustainability committee, which oversees the compilation of this report.

Transformation has been incorporated into the Executive Committee due to its importance.

SUSTAINABILITY COMMITTEE

Chairman — Mike Sikhakhane

To formalise, entrench, maintain and review a reporting system that enables the group to measure, understand and communicate to its stakeholders progress against the five key areas of sustainability: economic, environmental, social, transformation and governance.

HUMAN RESOURCES

Chairman — Mike Sikhakhane

To ensure that services, policies, procedures, conditions of employment and human resources programmes exist in support of the group's attraction, development and retention of employees as well as good human resources governance, risk and compliance management.

QUALITY

Chairman — Derek Du Plessis

To align and consolidate group quality systems, processes, documentation and certification. Make documents and other information available electronically on a SharePoint Portal to all staff in a simple, effective and efficient manner.

PROCUREMENT

Chairman — Mark Snow

To promote better cooperation, sharing of information and alignment of processes between divisions and business units to improve the centralising of information, saving on costs and preferential procurement for all buying operations.

COMMERCIAL AND LEGAL

Chairman — Antonio Cocciantè

The forum acts in a coordination and standardisation role with respect to matters such as legal agreements, guarantees, delegations of authority and general commercial matters affecting the group's operations.

OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENT

Chairman — Vince Olley

To establish EMS and OHS MS and ensure EMS and OHS MS core processes are documented on the SharePoint portal and also to:

- › Monitor, measure, analyse and evaluate core processes.
- › Investigate incidents, non-conformity and corrective action core processes.

INFORMATION TECHNOLOGY

Chairman — Mark Snow

The ICT forum endeavours to ensure the information, communication and technologies utilised support and enable the group's objectives. This entails the identification and assessment of potential recent technologies, sunseting of legacy systems and the ongoing drive to reduce the overall ICT cost per user within the group. These activities cover both purchased and in-house developed software, as well as potential hardware and cloud solutions.

AFRICA CO-ORDINATION

Chairman — Mark Snow

To coordinate the regulatory and administrative compliance within the group and to share best practices. The forum has an additional focus on the African operations and acts as a source of cross-border experiences, knowledge acquired, current practice and actively partakes in knowledge sharing.

Areas of concern and uncertainties are addressed, and plans developed with a focus to have a unified, standard approach to working in Africa.

Stakeholder engagement

EMPLOYEES

Interaction with the group's employees provides essential feedback throughout the business. Management implements formal and informal methods with which to meaningfully engage with staff.

Employee engagement also occurs as part of the employment cycle. Once recruited, the next engagement occurs at the monthly group induction sessions. These are structured to give new recruits a broad understanding of the group, its internal organisational structure and basic policies and procedures, and act as an introductory discussion when selecting pension fund and medical aid best suited to the employee.

One-on-one employee sessions are scheduled, whereby staff discuss matters such as personal development and training, performance, and career path progression. The outcomes of these engagements help guide the succession and training plans of the group.

Formal structures of employee engagement and communication include functional forums, consisting of business unit representatives and subject matter experts with the knowledge and experience to align the group's internal functions with its business strategy and standard policies and procedures. The group has similar forums on a smaller scale within each business unit and division.

When leaving the group's employ, employees are encouraged to attend an exit interview and, where necessary, further engagement opportunities are arranged to address issues raised.

The group has changed its approach towards health and safety to one which promotes greater personal involvement, acceptance and responsibility instead of its previous approach of compliance and hard-lined management control. Leadership engagement and visible felt leadership both demonstrate this effort. These initiatives provide two-way communication opportunities allowing employees to contribute to problem solving, while also creating a better understanding of highlighted concerns.

In 2019, the group conducted a follow-up employee engagement survey for all salaried employees to determine their levels of engagement in respect of key strategic issues affecting the group. The survey also provided feedback from employees on possible areas for improvement. An external service provider conducted the survey and focus areas included safety, quality, transformation, productivity, communication, systems and company values among others. While there are certain matters to address, it is pleasing to note that most employees surveyed are engaged with the company, its procedures and values. The relevant suggestions and concerns raised are currently being discussed with employees, and action plans are being developed at business unit level.

COMMUNITIES

Local communities are the cornerstone in the successful execution of group projects, as the community provides services (by way of subcontractors) and skills (by way of employment) in delivering projects. In return the company provides employment which uplifts the community's socio-economic circumstances, while also uplifting skills by providing training and work experience.

Community involvement and the management of community expectations are becoming increasingly important, even more so in light of the increased community unrest and unlawful disruptive activities on the part of so-called local business forums.

Community engagement is therefore key in the run-up to, execution and demobilisation of a project to ensure a structured and open platform for communication exists. As a result, regular community forums are held between senior operational staff and leaders/representatives from the community to discuss project progress, resource requirements, and to address any concerns.

The recruitment and placement of community liaison officers from the local communities, has become standard practice. Their key roles include addressing the day-to-day communication with local community leaders, assisting with recruitment requirements and acting as the community spokespersons.

CLIENTS

Clients are among the most important sustainability aspects of the business and form one of the three pillars of the Stefanutti Stocks Way. Group culture focuses on developing and maintaining client relationships and providing a service and product that are executed and delivered beyond the client's expectations. The group adopts a solutions-driven, teamwork approach when interacting with clients and their professional teams, promoting a candid and professional relationship of inclusivity. Top and senior management develop and maintain client relationships by regular and personalised contact. This lays the foundation for a successful project and a satisfied client.

Clients benefit from the group's diversified service offering which plays a significant role in its future sustainability. Where available, multidisciplinary projects provide business units and their divisions with opportunities to deliver projects to clients, on time and in line with expectations — managed by one execution team with a single point of contact. This capability offers clients a seamless integration of various disciplines, a unified approach to health and safety and streamlined procurement and project commissioning and handover.

Trust is created by having a sound understanding of clients' needs and surpassing their expectations which greatly improves the prospects on obtaining repeat business. These relationships, in conjunction with assisting on complimentary feasibility pricing, allows for early interactions on potential projects and provides invaluable intelligence on market prospects and opportunities.

Measuring client satisfaction is a prerequisite and this is an aspect that will be focused on in the coming year by centralising survey results for better analysis. In addition, the group has embarked on a more robust and standardised approach to undertake these.

SUPPLIERS

The group's suppliers are an important stakeholder and as a result, the group continually strives to enhance relationships with existing suppliers as well as identify new suppliers. Stefanutti Stocks has initiated a drive to further strengthen its relationships with its suppliers and has embarked on regular formalised sessions to interact with selected suppliers. A Vendor Day programme occurs every four months and sessions are held at each of the main centres in Johannesburg, Pinetown, Cape Town and Swaziland (Eswatini). Key personnel from both the supplier and Stefanutti Stocks attend these sessions which are undertaken as informal networking sessions. The first session took place in November 2018 in Johannesburg and subsequent sessions in the other regions have also been held. The response from suppliers and staff has been very favourable and has laid the foundation for further successful interactions.

A planned and structured monthly plant supplier meeting schedule is set up and distributed at the beginning of each year, detailing the date and time allocated for each supplier meeting. Suppliers are ranked in terms of key performance criteria which forms part of meeting the objectives. The process results in the management teams of both the supplier and the group's plant departments being informed of focus areas for improvement to ensure progress is made on key performance objectives.

ENTERPRISE DEVELOPMENT (ED) PARTNERS

The group's ED strategy is to establish and maintain solid working relationships with capable black-owned companies (suppliers and contractors), to develop them in a measurable and meaningful way, and to guide their future sustainability, while simultaneously bolstering their ability to execute and deliver larger, challenging projects.

To this end, the individual business units implement the group's robust ED programme. Business unit management teams identify and select the most competent and relevant ED partner beneficiaries to synergise with group operations. Refer to page 23 of the sustainability report for more information on the group's ED approach and activities.

VRP PARTNERS

The aim of the Voluntary Rebuild Programme (VRP) is to develop black-owned emerging enterprises into meaningful competitors with the construction sector in a sustainable manner.

In 2017, two emerging enterprises were identified, namely Axsys Projects (Pty) Ltd (Axsys) and TN Molefe Construction (Pty) Ltd (TN Molefe). The development agreement with Axsys was finalised in May 2018. The negotiations with TN Molefe in becoming a VRP partner were not successful. The group is actively seeking a replacement emerging enterprise. The VRP is discussed in further detail on page 21 of the sustainability report.

THE JOHANNESBURG STOCK EXCHANGE (JSE), INDUSTRY BODIES AND GOVERNMENT REGULATORS

The company secretarial and finance functions manages and monitors the group's application of, and compliance with, the JSE Listings Requirements, the Companies Act and King IV which is also overseen by the various board committees.

TRADE UNIONS

All employees have the right to join a trade union. Each trade union member has the right to participate in its lawful activities and elect office bearers or trade union representatives. Collective bargaining takes place within the construction industry and negotiations are dealt with at a national bargaining council level.

Bargaining councils manage the collective agreements, resolve labour disputes, establish various benefit schemes and make proposals on labour policies and laws. Having a group with diverse operations, each business unit actively participates in industry-specific bargaining councils such as the metal engineering industry, civil engineering and building industry bargaining councils.

SHAREHOLDERS AND INVESTORS

Announcements released on the Stock Exchange News Service (SENS) of the JSE is the group's primary method of interaction with its various shareholders and investors informing them of the financial status of the group. Additional forms of communication are via the circulation of printed financial year-end and interim results and reports, as well as electronic copies, group presentations and business unit-specific site visits and meetings.

The executive directors also make presentations with regard to the group's performance and strategic progress to employees, the media, institutional investors and financial analysts.

General company information in the form of presentations, corporate actions and financial results, as well as information concerning its management, history, operations and various other matters of interest, is made available on the group's website.

Material issues

Stakeholder	Material issues	Potential impact on the business	Strategy/action
EMPLOYEES	<ul style="list-style-type: none"> › Consistent application of practices and policies › Fair remuneration practices › Communication and feedback › Training and development › Transparency 	<ul style="list-style-type: none"> › Disengaged employees › Low morale › Reputational damage › Negative employee relations › Compromised quality of work 	<ul style="list-style-type: none"> › Communication and ongoing engagement initiatives › Roll-out of the Stefanutti Stocks Way and Founder's Mentality
COMMUNITIES	<ul style="list-style-type: none"> › Employment opportunities › Transfer of skills/training › Economic participation › Contribution to infrastructure › Unrealistic expectations 	<ul style="list-style-type: none"> › Unrest, work stoppages and strikes by company employees and/or the community for various reasons › Criminal-driven disturbances › Employees' safety and damage to property › Profitability of project if new community suppliers are introduced to the supply chain after tender is awarded › Possible cancellation of projects due to continuous unrest › Compromised relationship between client and contractor, where poor role clarity exists on responsibility of addressing these issues › Reputational damage 	<ul style="list-style-type: none"> › Education and awareness of the client around community involvement › Education and awareness creation of own employees to deal with community engagement and unrest › Engagement with the community prior to and during projects, to determine expectations and address concerns › Employment of Community Liaison Officers › Information gathering/intelligence › Localisation clauses in contractor and sub-contractor agreements to ensure employment and supplier involvement of local communities
CLIENTS	<ul style="list-style-type: none"> › Occupational health, safety and the environment › Quality, price and time › Environmental management and compliance 	<ul style="list-style-type: none"> › Reputational damage › Penalties and loss of work › Loss of competitiveness › Prosecution and fines 	<ul style="list-style-type: none"> › Engage with client forums › External, internal and client audits › Certified management systems
SUPPLIERS	<ul style="list-style-type: none"> › Lack of long-term business continuity planning › Dealing with good corporate citizenship › Product support deterioration due to skills drain 	<ul style="list-style-type: none"> › Downtime of equipment and loss on man-hours › Contributes to reduction in machinery uptime 	<ul style="list-style-type: none"> › Dedicated supplier engagement process › Event horizon planning and milestone targets › Dedicated intervention plans to ensure machinery uptime
ED PARTNERS	<ul style="list-style-type: none"> › Effective development and support › Sustainable access to the supply chain 	<ul style="list-style-type: none"> › Loss of competitive edge › Impact on B-BBEE scorecard › Loss of business sustainability 	<ul style="list-style-type: none"> › Continual improvement of development programme and selection of partners
VRP PARTNERS	<ul style="list-style-type: none"> › Development of systems and procedures to support growth 	<ul style="list-style-type: none"> › Noncompliance to the provisions of the Settlement Agreement 	<ul style="list-style-type: none"> › Strategic initiatives to drive development with partners
TRADE UNIONS	<ul style="list-style-type: none"> › Fair labour practice › Compliance with collective agreements 	<ul style="list-style-type: none"> › Labour unrest and strikes › Negative employee relations 	<ul style="list-style-type: none"> › Constant monitoring and review of policies, procedures and relevant labour-related legislation › Compliance › Improved communication
SHAREHOLDERS AND INVESTORS	<ul style="list-style-type: none"> › Return on investment 	<ul style="list-style-type: none"> › Share price volatility › Business sustainability 	<ul style="list-style-type: none"> › Align strategy with shareholder expectations
THE JSE, INDUSTRY BODIES AND GOVERNMENT REGULATORS	<ul style="list-style-type: none"> › Compliance with relevant legislation and regulations 	<ul style="list-style-type: none"> › Noncompliance can impact business activities 	<ul style="list-style-type: none"> › Continuous update and training on regulatory requirements

Value-added statement

	2019 %	2019 R'000	2018 %	Restated 2018 R'000
BASED ON TOTAL OPERATIONS				
CONTRACT REVENUE		9 875 023		10 363 522
Less: Costs of materials, services and subcontractors		(6 893 974)		(7 894 828)
Value added by operations	96,4	2 981 049	96,5	2 468 694
Investment income	1,4	43 960	1,9	49 113
Share of equity-accounted investees	2,2	68 075	1,6	41 388
Total value add	100,0	3 093 084	100,0	2 559 195
Distributed as follows:				
CORPORATE SOCIAL INVESTMENT				
Donations and other community investments	–	1 298	0,1	2 455
EMPLOYEES				
Short-term and post-employment benefit costs	84,4	2 610 917	103,1	2 639 606
Share-based payment and forfeitable share plan costs	0,1	1 832	0,1	2 744
PROVIDERS OF FINANCE				
Interest and finance charges	3,3	101 129	3,3	82 842
Operating lease rentals	10,2	313 805	5,8	149 417
GOVERNMENT				
Taxation	(1,2)	(35 764)	1,9	48 710
TOTAL VALUE DISTRIBUTED	96,8	2 993 217	114,3	2 925 774
REINVESTED IN THE GROUP	3,2	99 867	(14,3)	(366 579)
Reserves available to ordinary shareholders	(3,6)	(110 761)	(21,2)	(542 593)
Depreciation	6,8	210 628	6,9	176 014
	100,0	3 093 084	100,0	2 559 195
Value-added ratios				
Number of employees		10 746		10 485
Contract revenue per employee (rand)		919		988
Value created per employee (rand)		288		244

The 2018 financial statements were restated due to the adoption of new accounting standards. Please refer to the full set of consolidated annual financial statements available on the group's website.

The group did not receive any financial assistance from the government during the year.

Group performance review

Performance indicator	Definition	Measurement	2019	2018
ECONOMIC				
Revenue	Revenue is the income that the group generated from its normal business activities	R'000	9 897 885	10 389 559 *
Loss attributable to equity holders	The portion of consolidated loss for the year, net of income taxes, which is attributable to the parent	R'000	(110 761)	(542 593) *
Loss per share	Earnings per share is calculated by dividing net earnings by the total number of common shares outstanding	cents	(66,0)	(317,8) *
Headline earnings per share	Headline earnings are a measurement of a company's earnings based solely on operational and capital investment activities	cents	(70,1)	67,5 *
Net asset value (NAV)	NAV is the value of an entity's assets minus the value of its liabilities	R'000	1 745 944	1 793 977
NAV per share	NAV dividend by the number of shares outstanding	cents	1 043,95	1 058,49 *
EMPLOYEES				
Total number of employees RSA operations	Number of employees in RSA	number	7 577	7 022
Total number of black employees	Number of black employees in RSA	number	6 808	6 217
Training and development spend	Rand value of training spend in RSA	Rm	20,8	27,3
% of spend in South Africa (SA) on black (African, Coloured, Indian) employees	Percentage of training spend on black employees in RSA	% of total	85,4	85,7
Total number of bursaries, learnerships and apprentices	Number of bursaries, learnerships and apprentices in RSA	number	237	246
Black bursaries, learnerships and apprentices	Percentage black bursaries, learnerships and apprentices in RSA	% of total	81,4	87,8
Black women bursaries, learnerships and apprentices	Percentage black female bursaries, learnerships and apprentices in RSA	% of total	24,5	26,0
TRANSFORMATION AND LOCAL ECONOMIC DEVELOPMENT				
B-BBEE rating based		Construction Codes/Generic Codes	2	4
SA-based black employees	Percentage of black employees in RSA	% of total SA employees	89,6	88,5
SA-based women	Percentage of females employees in RSA	% of total SA employees	14,9	14,1
SA-based black managers and supervisors	Percentage of black managers and supervisors in RSA	% of total SA employees	16,6	15,4
SA-based female managers and supervisors	Percentage of black female managers and supervisors in RSA	% of total SA employees	2,7	2,5
Corporate Social Investment (CSI) in community programmes	CSI encompasses projects that are external to the normal business activities of a company and not directly for purposes of increasing company profit	R'000	3 425	2 455
Enterprise Development		R'000	5 997	5 797

* The 2018 financial statements were restated due to the adoption of new accounting standards.

Performance indicator	Definition	Measurement	2019	2018
HEALTH				
Noise induced hearing loss (NIHL)	Loss of hearing caused by the employees' occupation	Number of cases referred to a doctor	54	19
Number of random drug tests	Surveillance measurement in terms of the company's substance abuse policy	Number of drug tests	2 485	1 398
% of random drug tests that were positive	Result of test done where employees were identified as using a substance	Percentage of total	4,9	3,9
TB questionnaires completed	Surveillance measurement in terms of the company's dreaded disease policy	Number of TB questionnaires completed	3 082	2 867
Number of TB cases	Result of test done where employees were identified with TB	Number of cases referred to a doctor	2	19
SAFETY				
Fatalities	Any work-related death caused during the employees' occupation	Number of fatalities	–	1
Lost-time injury rate	Any work-related injury where the person lost productive days caused during the employees' occupation	Lost-time injury frequency rate	0,02	0,11
Total recordable case rate	Any work-related injury where the person received medical treatment from an occupational health practitioner caused during the employees occupation	Recordable case rate	0,36	0,54
OHSAS 18001 Management System	An international standard for occupational Health and Safety management systems	% of certified management systems within the organisation	100	100
ENVIRONMENTAL				
Major environmental deviation frequency rate	Number of major non-conformances and significant incidents in relation to total man-hours worked	Deviation frequency rate	0,4	0,4
ISO 14001 Management System	An international standard for environmental management systems	Percentage of certified management systems within the organisation	75	75
Legal summons received	Any official legal instruction received from the national prosecutor for environmental transgressions	Number of summonses received	–	–
Scope 1	Carbon emissions for non-renewable resources used	tonnes	127 832	83 400
Scope 2	Carbon emissions for electricity used from the national grid	tonnes	5 286	3 641

Energised and engaged employees

INVOLVED WITH OUR PEOPLE

Introduction

Stefanutti Stocks recognises that its employees are key to its success which has led to the adoption of "Energised and Engaged Employees" as one of its three strategic drivers.

Employees' attitude and their mindset are a differentiating factor between Stefanutti Stocks and its peer groups which provides a competitive edge and culminates in on-time and quality project delivery. The company furthermore cultivates an environment of entrepreneurial spirit, with a strong Founder's Mentality at its base.

Energised and engaged employees are the result of continuous investment in people development as well as providing an environment where employees are expected to take responsibility, accountability and ownership of their respective roles.

Well integrated human resource practices further support and facilitate an employee value proposition that ensures a strong affiliation with the company brand by its employees.

Current key focus areas

To ensure that employees are engaged and energised, the medium- and long-term focus areas include:

- › Ongoing focus on the Founders' Mentality and employee engagement programmes.
- › Continued implementation of performance management.
- › Ensuring that the group has the right people in the right places.
- › Developing employees by:
 - » Enhancing leadership development and succession programmes;
 - » Implementing a formalised mentorship programme; and
 - » Improving the Stefanutti Stocks Academy to deliver on high-quality skills development programmes.
- › Promoting a transformed and diverse organisation.
- › Ongoing process and system optimisation initiatives.

Other initiatives

EMPLOYEE WELLNESS PROGRAMME

The group continues to ensure that all its employees have access to a professional employee wellness programme, which promotes good health and well-being in the workplace and at home.

The programme is provided free of charge to all employees, is confidential, is available on a 24/7/365 days basis and comprises the following services:

- › **Telephonic counselling** is provided to assist employees dealing with day-to-day challenges such as stress, substance abuse or relationship difficulties at home or at work.
- › **Face-to-face counselling** is provided by an appropriate professional, at a convenient time and place.
- › **Trauma counselling** is provided to groups or individual employees where necessary, and deals with events such as hijacking, robbery, loss of family members and safety incidents on site.
- › **Financial advice** is provided to assist employees with financial matters, such as budgeting, debt management, basic financial planning and garnishee orders.
- › **Legal advice** is provided to employees telephonically on matters such as marital, maintenance and custody law, as well as contract-related issues.
- › **Managerial referrals** provides employees and managers alike with support when an employee's personal issues (that require professional counselling) are the cause of deterioration in job performance.

Formal referrals are typically made in the context of a threat to the relationship between the employee and the company. As a result, formal referrals are considered a higher-than-average risk to both the company and the individual and are closely monitored in utilisation trends. There were only four formally referred cases during the year under review.

The overall engagement rate of these services, which includes uptake of all services provided, amounted to 5,7% during the year under review (2018: 3,4%). Annualised individual use of the core counselling and advisory services of 2,1% was recorded during the most recent period, (2018: 1,7%) and 14,5% across external companies using a similar service.

Problems relating to relationship issues constituted the most common problem during the year, accounting for 26,3% of all difficulties.

During the year under review, the most commonly utilised service was professional counselling, which constituted 64,0% (2018: 56,5%) of total engagement.

MEDICAL SURVEILLANCE PROGRAMME

The company's designated medical services provider operates in terms of a service level agreement with the group. Medical surveillance services include the following:

- › Health risk assessments.
- › Pre-employment medical screenings that facilitate the placement of workers according to job specifications.
- › Medical examinations, including annual, exit and ad hoc examinations to assist with health issues and are recorded and reported in terms of legislative requirements.
- › Co-ordinated follow-ups, referrals and administration on the health of the workforce.
- › Employee education on general health and workplace risks.
- › Chronic disease management for employees including TB and HIV/Aids.

PARENTAL LEAVE

Gender	Employees entitled to parental leave	Employees taking parental leave	Employees returning to work immediately after parental leave	Employees that were still employed 12 months after taking parental leave
2019				
Female	1 128	38	38	28
Male	6 449	60	60	52
Total	7 577	98	98	80
2018				
Female	989	38	38	36
Male	6 033	78	78	57
Total	7 022	116	116	93

EMPLOYEE BENEFITS

Wherever possible, the group's approach to remuneration and benefits aligns with market trends and best practice and its remuneration policy ensures that employees are rewarded fairly within the legislative requirements.

The group provides employees with various benefits, which are based on their employment status. The benefits for permanent as well as temporary employees in South Africa are mentioned below and all employees' retirement benefits are in accordance with defined contribution plans.

Permanent employees

- › Retirement benefits
- › Medical aid (compulsory for salaried employees only)
- › Death and disability cover
- › Funeral cover
- › Educational benefits
- › Repatriation benefits
- › Various support systems

Temporary employees

- › Accidental death and disability cover
- › Funeral cover

Employees are entitled to annual, sick, family responsibility and maternity leave in line with the Basic Conditions of Employment Act. Additional leave days are allocated, based on collective bargaining agreements and the group's policies and procedures. Employees are also allocated study leave to aid in their development.

Parental leave includes maternity leave and family responsibility when a child is born. All 7 577 employees in South Africa are entitled to parental leave. For the year under review, the company had a 100% return-to-work rate after parental leave ended. 81,6% (2018: 80,2%) of employees that took parental leave were still employed 12 months after their return to work.

Expatriate remuneration and benefits are determined by host country legislations and supplemented by the group's standardised policies and procedures in South Africa.

Management approach

The group's employment and labour relations company policies and procedures and collective bargaining agreements comply with the South African labour legislation as well as that of other countries in which it operates. Minimum notice periods for termination of employment due to operational requirements are regulated by the Labour Relations Act.

The company applies the principles and approach of the United Nations Global Compact for Human Rights and Labour (UNGCHRL). Measures are in place to ensure that subcontractors uphold these principles, more specifically with regard to the use of child labour. Furthermore, Stefanutti Stocks is committed to uphold the right to freedom of association and the effective recognition of the right to collective bargaining, the elimination of all forms of forced labour, the abolition of child labour and the elimination of discrimination in respect of employment and occupation.

The company accepts its responsibility to continually assess and review the work environment, policies, procedures and practices to ensure the promotion of equality, and alignment with any relevant changes in legislation. The Human Resource Forum meet on a monthly basis to review any areas of possible noncompliance.

One case of human rights violation (sexual harassment) was registered during the year. The necessary disciplinary enquiries were held, with appropriate action taken in line with the company's disciplinary code.

The group, in addition to the UNGCHRL, further extends its promotion of equality and the removal of unfair discrimination practices in the workplace by adhering to the provisions of the employment equity legislation.

Various unions represent scheduled employees at bargaining council level, where wage rates are determined in negotiated collective agreements and are implemented accordingly.

At an industry level, Stefanutti Stocks is an active participant, and engages with the relevant industry associations. The group is a member of the following industry associations:

- › South African Forum of Civil Engineering Contractors (SAFCEC)
- › Master Builders Association (MBA)
- › Steel and Engineering Industries Federation of South Africa (SEIFSA)

ENERGISED AND ENGAGED EMPLOYEES

continued

Further to its participation and membership, the group provides additional funding to SAFCEC by financing specific projects and providing human resources (HR).

This allows the company to enhance the future of the construction industry.

In total, 37,8% (2018 40,5%) of hourly paid employees are union members, and are represented by the following unions:

- › Association of Mineworkers and Construction Union (AMCU)
- › Building Construction Allied Workers Union (BCAWU)
- › El Shadaai Workers Union of South Africa (ESWUSA)
- › Metal and Electrical Workers Union of South Africa (MEWUSA)
- › National Union of Metal Workers of South Africa (NUMSA)
- › National Union of Mineworkers (NUM)
- › South African Equity Workers Association (SAEWA)

Hourly paid employees account for 76,3% (2018: 73,9%) of the group's total staff complement, and fall under the following bargaining councils with collective agreements in place:

- › Bargaining Council for the Civil Engineering Industry (BCCEI)
- › Building Industry Bargaining Council (BIBC)
- › Metal and Engineering Industries Bargaining Council (MEIBC)
- › National Bargaining Council for the Electrical Industry (NBCEI)

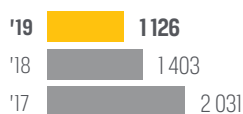
As part of the induction process, employees are provided with company policies and procedures when commencing their employment with the group. These documents are made available in both printed and soft copy, via the group's relevant HR departments and the online electronic portal.

TOTAL HEADCOUNT PER BUSINESS UNIT FOR RSA OPERATIONS

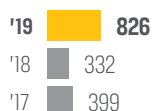
CONSTRUCTION & MINING



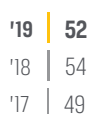
BUILDING



MECHANICAL & ELECTRICAL



CORPORATE SERVICES



Performance

STAFF COMPLEMENT

The group's total staff complement as at 28 February 2019 was 10 746 employees, excluding temporary employment service employees. 7 577 employees were locally based, while 3 169 were based beyond South African borders. A further 1 140 temporary employment service employees were engaged locally.

Due to the specific requirements and durations of its projects, the group's staff complement fluctuates. Calculated on total headcount, avoidable employee turnover for the year remained at 10,1% (2018: 10,1%). The percentage of newly appointed employees, including those employed on limited duration contracts, was 40,1% (2018: 35,9%) of the company's total headcount. Refer to the table Total Employee Turnover by Type on the next page for further information.

Certain operational requirements are provided by various subcontractors.

Future key focus areas

- › Transformed and diverse organisation with a special focus on broad-based black economic empowerment (B-BBEE) and employment equity (EE) improvement.
- › Standardisation of performance management tools to enhance talent management initiatives.
- › Management of talent with a focus on an integrated succession plan.
- › Continued HR system optimisation with a special focus on cross-border entities.

TOTAL HEADCOUNT FOR ALL OPERATIONS VS RSA OPERATIONS

ALL OPERATIONS (RSA AND FOREIGN OPERATIONS)



RSA OPERATIONS



FOREIGN OPERATIONS

FOREIGN EMPLOYEE HEADCOUNT

	2019	2018		2019	2018
Botswana	36	113	Swaziland (Eswatini)	756	674
Guinea	3	239	United Arab Emirates (Al Tayer Stocks)	607	542
Kenya	1	23	Zambia	407	565
Mozambique	1 063	1 038	Zimbabwe	1	–
Namibia	5	53	Ghana	28	–
Nigeria	262	216	Total	3 169	3 463

HEADCOUNT BY APPOINTMENT TYPE, EMPLOYMENT TYPE AND GENDER: SOUTH AFRICAN OPERATIONS

	2019	%	2018	%	2017	%
PERMANENT EMPLOYEES	3 964	52,3	3 977	56,6	4 094	51,1
Youth (18 to 34 years)	1 122	28,3	1 168	29,4	1 381	33,7
– Male	3 408	45,0	3 434	48,9	3 591	44,8
– Female	556	7,3	543	7,7	503	6,3
CONTRACT EMPLOYEES	3 613	47,7	3 045	43,4	3 923	48,9
Male	3 041	40,1	2 599	37,0	3 472	43,3
Female	572	7,6	446	6,4	451	5,6
TOTAL EMPLOYEES	7 577	100,0	7 022	100,0	8 017	100,0
EMPLOYMENT TYPE						
Salaried	1 793	23,7	1 831	26,1	1 970	24,6
Hourly paid	5 784	76,3	5 191	73,9	6 047	75,4
Male	6 449	85,1	6 033	85,9	7 063	88,1
Salaried	1 337	17,7	1 363	19,4	1 515	18,9
Hourly paid	5 112	67,4	4 670	66,5	5 548	69,2
Female	1 128	14,9	989	14,1	954	11,9
Salaried	456	6,0	468	6,7	455	5,7
Hourly paid	672	8,9	521	7,4	499	6,2

TOTAL EMPLOYEE TURNOVER BY TYPE: SOUTH AFRICAN OPERATIONS

This table represents total terminations (avoidable and unavoidable) for the year.

	2019 terminations	2019 % of total turnover	2018 terminations	2018 % of total turnover	2017 terminations	2017 % of total turnover
Avoidable (resignations, dismissals due to misconduct)	764	25,4	708	20,4	771	18,4
Unavoidable (death, retirements, dismissals due to operational requirements and ill health)	386	12,8	283	8,2	680	16,2
End of contract	1 860	61,8	2 474	71,4	2 748	65,4
	3 010		3 465		4 199	

DEVELOPING OUR PEOPLE

Introduction

The group remains committed to developing its employees by way of its training and skills development initiatives. Employee development is a primary focus area of the group's employee retention strategy as it recognises that the success of business operations is dependent on attracting, developing and retaining a skilled and driven workforce. Improving the knowledge, skills and experience of employees also assists in reaching the group's strategic objectives.

Current key focus areas

The consolidation process of the two training centres into the Academy continued successfully. The Academy offers internal training to employees which focuses on operator training, tailings operations and construction skills training, as well as other staff development initiatives that are required.

During the year, the group invested R20,8million (2018: R27,3 million) in skills development and training, despite challenging operating conditions. The above value excludes employees' salaries while receiving training.

The key focus development areas identified in the prior year came under pressure due to challenging operating conditions. Key focus areas will be reviewed and if operating conditions improve resources will be made available in the future.

Management approach

The Stefanutti Stocks Academy is ISO 9001:2008 certified and is accredited with the Mining Qualifications Authority (MQA), Construction Educations and Training Authority (CETA) and the Manufacturing, Engineering and Related Services Sector Educations and Training Authority (MERSETA).

Performance

PROFESSIONAL REGISTRATIONS

The group encourages its employees to register professionally in their respective occupational fields. There are currently 197 professionally-registered employees, of whom 85 (43%) are black employees and 33 (17%) are female.

Currently, there are 146 candidates who are gaining the qualifications and experience required to register professionally, of whom 100 (69%) are black employees and 43 (30%) are female.

The group's respective employees apply for professional registrations in the following fields:

- › South African Council for the Project and Construction Manager Professions (SACPCMP) – Construction Managers, Construction Project Managers, Construction Health and Safety Officers and Managers
- › Engineering Council South Africa (ECSA) – Professional Engineers, Technicians and Technologists
- › South African Council for the Quantity Surveying Professions (SACQSP) – Professional Quantity Surveyors
- › South African Board for People Practitioners (SABPP) – Chartered, Master and Professional HR Practitioners
- › South African Institute of Chartered Accountants (SAICA) – Chartered Accountants
- › Institute of Internal Auditors South Africa (IIASA), Internal auditors

The table below reflects all professional registrations for the group:

PROFESSIONAL REGISTRATIONS (EXCLUDING FOREIGN NATIONALS)

	Candidates					Professionals					Registered in FY2019				
	All	Female	Female (%)	Black	Black (%)	All	Female	Female (%)	Black	Black (%)	All	Female	Female (%)	Black	Black (%)
Total	146	43	29,5	100	68,5	197	33	16,8	85	43,2	33	11	33,3	23	69,7
Corporate Services	–	–	–	–	–	11	2	18,2	2	18,2	–	–	–	–	–
Construction & Mining	118	36	30,5	82	69,5	119	23	19,3	51	42,9	12	6	50,0	9	75,0
Building	25	6	24,0	17	68,0	55	5	9,1	29	52,7	21	5	23,8	14	66,7
Mechanical & Electrical	3	1	33,3	1	33,3	12	3	25,0	3	25,0	–	–	–	–	–

TRAINING SPEND STATISTICS BY GENDER AND RACE (EXCLUDING SALARY COSTS)

R'000	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Bursaries	1 460	257	165	319	1 209	29	154	253	3 846
Professional registrations	49	10	–	53	46	2	3	3	166
Learnerships	2 008	267	447	394	1 824	537	–	–	5 477
Apprenticeships	726	24	9	163	334	–	–	–	1 256
Non-CETA aligned training and seminars	6 024	496	472	1 583	1 019	78	135	277	10 084
Total	10 267	1 054	1 093	2 512	4 432	646	292	533	20 829
No. of course attendances	4 718	357	189	813	787	83	71	108	7 126

EMPLOYEES TRAINED

	Female	Male	Total	% of total trained
African	319	2 267	2 586	80,9
Coloured	23	137	160	5,0
Indian	26	54	80	2,5
White	63	308	371	11,6
Total	431	2 766	3 197	

TRAINING SPEND

	Salaried employees	Hourly paid employees	Total
Spend (R'000)	13 461	7 368	20 829
% split	64,6	35,4	100

	Construction & Mining	Building	Mechanical & Electrical	Corporate Services	Total
Amount per business unit (R'000)	15 648	3 253	1 795	133	20 829
% split	75,1	15,7	8,6	0,6	100

	No. of employees	Spend per employee (R)
Training per employee (including employees on limited duration contract)	7 577	2 749

	Number of disabled employees trained	Training spend on disabled employees (R)
Disabled employees	4	44 721

4 QUALITY EDUCATION



Training and skills programmes

BURSARIES

The bursary scheme offers financial assistance to selected students and employees, to further their development at recognised educational institutions. Some of the bursaries that were offered in the year are:

- › BSc Mining Engineering, Construction Management, Civil Engineering, Quantity Surveying
- › MSc Project Management; Engineering Management
- › MBA
- › Masters Contract Law, Environmental Analysis and Management
- › BEng Civil Engineering
- › BCom Financial Management; Human Resources Management
- › BTech Construction Management, Electrical Engineering, Civil Engineering, Quality
- › National Diploma Civil Engineering, HR Management, Financial Management, Building, Safety Management, Mechanical Engineering

A total number of 86 students and employees were beneficiaries of the bursary scheme, of whom 48% (2018: 51%) were female employees, and 78% (2018: 82%) were black. The group spent R3,8 million (2018: R3 million) on bursaries.

KNOWLEDGE TRANSFER PROGRAMME

The Knowledge Transfer Programme supports the group's commitment to sharing knowledge and expertise with all its employees to ensure that they are well equipped and supported to drive the success of the operations. The programme consists of interactive sessions with management as well as industry experts who share past experiences, industry insights and best practices. An element of self-study has been incorporated in the programme where learning and development occurs outside of working hours.

CONSTRUCTION MANAGEMENT PROGRAMME (CMP)

Each year the University of Stellenbosch presents its CMP. The CMP is a middle-management programme aimed at engineers and other construction practitioners with senior management aspirations and potential. Five employees participated in this programme.

APPRENTICESHIPS

During the reporting period the group spent R1,2million (2018: R2,9 million) on apprenticeships. Of the group's total of 41 apprentices, five (12%) are female and 30 (73%) are black.

A total of 22 apprentices from the Construction & Mining Business Unit attended phase training in the earthmoving equipment mechanic and auto electrical apprentice fields.

The Mechanical & Electrical Business Unit had 19 active apprentices participating in its apprenticeship programme in the fields of welding, diesel mechanic, earth moving equipment mechanic, instrumentation and electrical during the period under review.

LEARNERSHIP PROGRAMMES

The group spent a total of R5,5 million on learnerships during FY2019. There were 110 employees on learnership programmes of whom 22 (20%) were female and 96 (87%) were black.

The company offered learnership opportunities in the following fields:

- › NQF 2 National Certificate in Construction
- › NQF 3 National Certificate in Safety
- › NQF 4 National Certificate in Supervision of Civil Engineering Processes
- › NQF 5 National Diploma in Management of Civil Engineering Processes

OPERATOR TRAINING

A total of 109 novice plant operators were successfully trained and assessed during the year. Of this total, 41 were not Stefanutti Stocks employees.

Future key focus areas

The Academy will continue to:

- › Develop and register new courses and programmes as needed by the business units.
- › Update and optimise its existing programmes to ensure that they remain relevant in the ever-changing construction industry.
- › Further investigate the possibility and viability of incorporating skills such as welding into the existing internal offering.

10 REDUCED INEQUALITIES



TRANSFORMED AND DIVERSE ORGANISATION

Introduction

The group has continued to implement B-BBEE throughout its operations. Stefanutti Stocks adheres to the B-BBEE Act and the Codes of Good Practice for B-BBEE in South Africa and sees it as an effective manner in which to address South Africa's economic and social inequalities.

The group's current scorecard, dated July 2018, is the first scorecard based on the Revised Construction Codes of Good Practice that was promulgated on 1 December 2017. The Stefanutti Stocks contributor status improved from a Level 4 to a Level 2, and it is expected that this status will further improve with the next assessment.

It is pleasing to note that Stefanutti Stocks remains represented on the technical team that advises the Construction Sector Charter Council on the implementation of the revised Construction Sector Codes and continues to play an active role in the Council.

The group's preferential procurement objective is to facilitate B-BBEE supplier participation in the mainstream economy, through access to the company's procurement activities. In implementing this objective, the group advises its currently noncompliant B-BBEE suppliers to become compliant and is supportive when engaging and/or doing business with black empowered, exempt micro enterprises (EME) or qualifying small enterprises (QSE) suppliers. The company maintains the view that the role that EMEs and QSEs play is critical in both job creation and economic growth in South Africa.

In fulfilment of its preferential procurement objectives, Stefanutti Stocks proactively pursues new suppliers and gives preference to B-BBEE-compliant vendors that are able to guarantee performance, quality and safety standards, while maintaining competitive pricing. The company prefers to engage with vendors that hold a minimum B-BBEE Level 6 Contributor rating.

B-BBEE Scorecard – July 2018

A copy of Stefanutti Stocks's latest B-BBEE certificate is included on page 50. A summarised discussion of the respective elements of the group's current B-BBEE scorecard, is mentioned below.

OWNERSHIP

In terms of its July 2018 verification, the group's black ownership improved from 13,81% to 18,28% and its black woman ownership increased from 1,63% to 4,00%. Compliance with regard to this element of the scorecard improved to 70,80% (2018: 68,91%).

MANAGEMENT CONTROL

40% of the company's exercisable voting rights are held by black people, of whom 30% are black women. Furthermore, 15,8% (2018: 18,0%) of the group's top executive management are black. The company's compliance with this element declined slightly to 45,79% (2018: 46,22%).

EMPLOYMENT EQUITY

Due to changes in the measurement criteria between the Generic and Construction Codes, the group's July 2018 employment equity score increased from 22,70% to 51,00%.

SKILLS DEVELOPMENT

Due to changes in the measurement criteria between the Generic and Construction Codes, the company's skills development score improved to 92,00% (2018: 48,49%), and the verifiable training spend on black people increased to R77,48 million (2018: R52,80 million) in terms of the B-BBEE guidelines.

PREFERENTIAL PROCUREMENT

Stefanutti Stocks' score for preferential procurement improved to 90,96% (2018: 85,00%).

ENTERPRISE DEVELOPMENT (ED)

The company's score for ED was maintained at 100%.

SOCIO-ECONOMIC DEVELOPMENT (SED)

The company maintained its 100% score with regard to the SED element on the B-BBEE scorecard, investing over R3,4 million on SED initiatives.

ENERGISED AND ENGAGED EMPLOYEES
continued

EE PROFILE (AS AT 28 FEBRUARY 2019)

Occupational level	Female					Male					Foreign			Total
	African	Coloured	Indian	White	Total female	African	Coloured	Indian	White	Total male	Female	Male	Total foreign	
Top management	–	–	–	–	–	1	–	–	6	7	–	–	–	7
Senior management	1	–	1	6	8	6	4	6	74	90	–	2	2	100
Professional	10	3	9	31	53	54	22	19	206	301	–	13	13	367
Skilled	134	18	25	77	254	769	84	50	262	1 165	2	37	39	1 458
Semi-skilled	270	18	16	53	357	2 680	54	18	30	2 782	–	49	49	3 188
Unskilled	435	18	–	–	453	1 909	66	5	8	1 988	1	15	16	2 457
	850	57	51	167	1 125	5 419	230	98	586	6 333	3	116	119	7 577

EMPLOYEES DEEMED AS PREVIOUSLY DISADVANTAGED INDIVIDUALS (PDIs)

Racial group	2019	2018	2017
African	6 269	5 844	6 643
Coloured	287	244	287
Indian	149	129	132
White female*	167	182	197
	6 872	6 399	7 259
Total employees	7 577	7 022	8 017
Employees deemed PDIs (%)	90,7	91,1	90,5

* This table is governed by the Employment Equity Act.

REMUNERATION FOR MEN AND WOMEN PER OCCUPATIONAL LEVEL

Occupational level	2019	2018	2017
Senior management	1:0,63	1:0,64	1:0,64
Middle management	1:0,72	1:0,74	1:0,81

LIVE OUR VALUES

Voluntary Rebuild Programme – Axsys Projects

INTRODUCTION

In October 2016, the Voluntary Rebuild Programme (VRP) was signed in a landmark agreement between the South African Government, Stefanutti Stocks, and the other listed South African construction companies. The aim of the Voluntary Rebuild Programme is to develop black-owned emerging enterprises into meaningful competitors, within the construction sector in a sustainable manner.

The VRP comprises three initiatives: a financial contribution to a transformation trust; an integrity commitment between the listed construction companies and government; and the development of black-owned construction companies. Stefanutti Stocks identified Axsys Projects (Pty) Ltd, an emerging enterprise, as a VRP partner.

The relationship between Stefanutti Stocks and black woman-owned Axsys Projects began in 2012, shortly after the company was established in 2011 by Halga Ninow-Cohen. In 2017, after five years as one of the group's strategic enterprise development (ED) partners, Axsys Projects became a VRP partner.

In 2018 Axsys Projects worked with Stefanutti Stocks on a number of mining, building and civils contracts, with approximately 10 active projects, which are almost double the number of projects from 2017. Its staff contingent has also grown to 40 site-based staff.

JOINT OPERATION CONTRACTS

Nedbank Park Square – this contract saw the construction of a new, mixed-use development for Nedport Developments in Umhlanga. The project was undertaken in joint operation with Stefanutti Stocks's Building KZN Division. The building has an office and retail area of 40 000m² with an additional 45 000m² of parking space.

Mercedes-Benz South Africa (MBSA) – in East London which consists of several joint operation with Building KZN and emerging contractor Botani and include:

- › An automated storage and retrieval system sorter
- › Design and build projects
 - » Building 34's Logistics project, which saw the demolition and removal of an existing building and its infrastructure, and the construction of a new 16 800m² facility with associated infrastructure
 - » J-site logistics building, which involved the construction of a new logistics building with high accessibility for suppliers and connected to the assembly plant. Included in the project is a new entrance with external facilities
 - » Body Shop – the contract for the design and construct of the body shop was awarded to a joint operation between the KZN Division, Axsys Projects and Simunye. The aim of the project is to repurpose the existing 27 000m² logistics building and bodyshop. The contract's scope includes the demolition and relocation of existing buildings, the construction of a two-level extension covering a 45 700m² area, and connecting the body shop to the existing F4 building

Klipspruit Colliery – this is a mining infrastructure project for diversified mining and metals company South32 and is being undertaken in joint operation with the Roads, Earthworks & Pipelines Division comprising earthworks for four pollution-control dams at the coal mine situated in Ogies, Mpumalanga.

Substation buildings for Exxaro – the project is a mining sector joint operation, with Stefanutti Stocks Civils, entailing the civil construction of the substation for Exxaro's Grootgeluk 6 coal mining plant in Lephalale, in the province of Limpopo.

In addition to working on contracts with various Stefanutti Stocks divisions, Axsys Projects has tendered for and been awarded a number of projects in its own right, including remedial work at 31 healthcare facilities in the ZF Mgcawu region of the Northern Cape.

TRANSFORMATION INITIATIVES

Axsys Projects has selected the Go for Gold Programme as its socio-economic development initiative and has supported Bafana Mabuza, a learner from Daveyton, in the first stage of the programme.

The contractor began its own enterprise development programme in 2017 when it formed a relationship with Declair Trading – a Vereeniging-based business owned and managed by husband and wife team, Isaac and Lebo Matsaneng. A needs analysis was conducted, which identified intervention areas the company would benefit from, including human resources support, supervisor training, estimating, as well as branding services that included corporate identity development, stationery, a company profile and website.



CASE STUDY

Skills development at Chilwavhusiku Colliery

THE SITE

Located in Bronkhorstspuit, Gauteng, the Chilwavhusiku Colliery is owned by Black Royalty Minerals and operated by Stefanutti Stocks's Contract Mining team. The site became fully operational in late 2017 and currently supplies coal to both the local and the export market.

SKILLS DEVELOPMENT

The young and dynamic team running the open-pit contract mine includes approximately 60% women. The site has a knowledge-sharing culture and offers learning opportunities to those new to the world of construction. Many of these individuals have joined Stefanutti Stocks's skills development initiatives, including the Mining Graduate Programme, the Safety Cadet Programme and the Kangala Colliery Community Operator Training partnership. By working onsite, the newcomers can gain experience in the workplace, attend theoretical and practical training, and participate in mentorship sessions.

Mining Graduate Programme

In 2016, the group's Construction & Mining Business Unit initiated its two-year mining engineering internship programme and signed a memorandum of understanding with a service provider and the Mining Qualifications Authority. The programme consists of both practical and theoretical sessions, with all interns completing a detailed training record, or portfolio of experience, that can be used for their professional registration, as Mining Engineer for Surface Excavations, with the Engineering Council of South Africa. Dibuseng Mokoena and Makgati Dimakatso are both graduates of the internship programme.

Contract Mining's production manager, Dibuseng Mokoena, joined Stefanutti Stocks in 2015 and began a two-year internship programme in 2016. She first worked as a site engineer at the Kangala Mine and, before taking up the position of production manager, worked as a production foreman, pit supervisor and production manager shadowing the contracts manager.

Engineering intern Makgati Dimakatso Kesentswe joined the graduate programme in 2017 and has worked at Chilwavhusiku Colliery since September 2018. In addition to participating in various development projects and technical tasks that are part of the internship programme, she is being mentored by Dibuseng to gain experience in the technical side of mining.

Safety Cadet Programme

The Stefanutti Stocks Safety Cadet Programme comprises both theoretical and practical training. The cadets spend six months at Tjeka College, followed by practical work experience, where candidates are based either on site or at the Stefanutti Stocks workshop in Chloorkop. Lucky Sigudla and Khanyisile Mnguni both attended Tjeka College and are graduates of the Safety Cadet Programme.

After being trained to work as an articulated dump truck (ADT) operator in 2016, Lucky Sigudla joined the second intake of the Safety Cadet Programme in February 2017, and Khanyisile Mnguni joined the third intake in October 2017.

Both have attended Tjeka College's theoretical courses and are being mentored onsite by safety officer Manana Molokomme, who previously completed the programme. They are integral to delivering safe operations at all times, including night shifts.

Delmas community operator training

In Delmas, Mpumalanga, a community training partnership was initiated in late 2014 between the Mining Services Division and Universal Coal's Kangala Colliery. The division undertook to train and certify members of the local community as ADT or hydraulic excavator operators. While not a requirement of the partnership, offering employment to qualifying candidates at the Kangala Colliery was a further positive outcome for the training partners.

One of the programme's first participants, Lucky Sigudla, was employed by Stefanutti Stocks as an ADT operator in early 2016. His colleague, training officer Thembelihle Mkhwanazi, also completed her certification as an ADT operator in 2015 and began working at Kangala Mine in January 2016. She joined the Chilwavhusiku Colliery team in 2017 where she conducts induction and presents training on the standard operating procedures as well as safety-related topics that have been identified as risks, such as fatigue management.



CASE STUDY

Enterprise development: Isiyalu Manufacturing

ENTERPRISE OVERVIEW

Isiyalu Manufacturing and Retailing (Isiyalu) is a community cooperative that manufactures industrial, corporate and promotional workwear, as well as sports activewear. The company also offers promotional branding and marketing services to its clients.

The B-BBEE Level 1 cooperative is 70% black woman-owned and employs 52 individuals, 45 of whom are women. Founded in 2009, Isiyalu has and continues to assist struggling families with the aim of them becoming self-sustaining. This approach has been successful over the years and the company now supports 45 families.

As its primary business grew, Isiyalu added a range of complementary services to its portfolio, including branding applications, offering a state-of-the-art embroidery plant, screen printing and print sublimation. Its service offering spans the following:

- › Custom clothing manufacture – industrial wear used in petrochemical, mining and construction; sports clothing; corporate uniforms and custom wear
- › Personal protective equipment (PPE)
- › Graphic design
- › Promotional products including banners and gazebos
- › In-house branding services – embroidery with all colours of cotton; screen printing with up to six colours; pad printing; textile print sublimation; large format printing; speciality inks; and a branding capacity of around 700 units a day

OUR INVOLVEMENT

The cooperative was first admitted into the Stefanutti Stocks ED Programme in mid-2018, partnering with the Mechanical & Electrical Business Unit (M&E). The aim of the partnership was to assist Isiyalu with its expansion plans and to provide marketing support to facilitate further growth. Isiyalu was introduced to Construction & Mining's ED partner, Izazi Mining, and was inducted into its ED programme. This was the first time that an ED partner within the programme supported another of Stefanutti Stocks's ED partners, and was instrumental in Izazi Mining achieving B-BBEE Level 1 Contributor status.

In February 2019 Isiyalu was successful in tendering for the manufacture and supply of 20 000 overalls to Stefanutti Stocks and has since become a preferred procurement partner.

Isiyalu's key ED areas that were identified, actioned and achieved during the year under review are summarised below:

- › **Factory expansion** – 170m² expansion project to the value of R195 000, including new office space, additional space for manufacturing, a new reception and showroom area, a cutting room, and an employee break area
- › **Increased production capacity** – new cutting table
- › **Legal compliance** – supply of labour law posters for the manufacturing facility
- › **Marketing and branding** – production of a corporate video

Stefanutti Stocks is monitoring Isiyalu's growth and development with interest and has entered the company into the 2019 Absa Business Day Supplier Development Awards.



CASE STUDY

Enterprise development: Pamco Waterproofing and Leaks

ENTERPRISE OVERVIEW

Pamco Waterproofing and Leaks (Pamco) is a Gauteng-based, 100% black-owned contractor in the construction sector, with a B-BBEE Level 1 Contributor rating. It was founded in 2007 by Petrus Nemurangoni and has cemented its reputation over the past 12 years as a contractor that delivers to the highest standards of workmanship.

The company serves clients in mining, construction and property development, as well as blue chip and private clients, municipalities and provincial government. Pamco has been successful in practising its business philosophy:

- › Always do things right the first time;
- › Never solve a problem tomorrow if it can be solved today; and
- › Be punctual and perfect in everything.

Pamco's core business offering includes waterproofing and roof repairs such as roof tiling, roof sheeting, roof sealing, and rubberising. The company executes work on projects that include building, plastering and painting as well as waterproofing projects, roof construction and other related activities. Its rope-access capability offers clients significant time- and cost-saving alternatives compared to conventional scaffolding methods.

OUR INVOLVEMENT

Pamco has been an ED partner to the Building Business Unit since November 2015. In addition, Pamco has been a preferred supplier to the Building BU since 2010 and remains particularly involved in its housing projects.

Key ED areas that were identified, actioned and achieved include:

- › **Equipment procurement** — procurement of a Hilti core-drilling machine
- › **Business skills** — assistance with business planning and strategy
- › **Establishment of administrative systems** — CIDB application and safety file
- › **Procurement skills transfer** — assistance with negotiation of better prices
- › **Project awards** — includes the award of a R195 000 factory and showroom expansion project



CASE STUDY

Enterprise development: Izazi Mining

ENTERPRISE OVERVIEW

Izazi Mining (Izazi) is a 100% black-owned mining and construction group with a number of subsidiaries that offer a broad spectrum of traditional and niche industry-related services. These include civil and engineering minerals and energy expertise, mining services, plant hire and human capital solutions.

The company's minerals and energy services include commodity trading in coal, chrome and gold, as well as energy generation. In addition, Izazi has prospecting and mining rights in Vlakfontein, Ingogo, Vryheid, Dumba, Hartbeesfontein and Elandsfontein.

Izazi is based in Emalahleni and employs over 25 permanent employees across its operations in Mpumalanga, Limpopo and KwaZulu-Natal. The group's executive team are qualified in mining engineering, project management, mechanical engineering and mineral processing.

The company's core expertise and services include the following:

- › Construction – civil and engineering
- › Earthworks – light and heavy
- › Mechanical and electrical
- › Chute fabrication
- › Contract mining – underground and open pit
- › Crushing and screening – blending coal
- › Rehabilitation
- › Mining services – stone work; specialised roof, sidewalls and highwall support; shotcreting; shaft sinking – incline and vertical; outbye general work

Izazi's human resources company, Sinolwazi Recruitment and Staffing Solutions, also provides its services to the mining industry.

The company owns and operates a fleet of construction and mining vehicles for use both above and below ground. Izazi uses the vehicles on its own projects and also offers them for hire to other contractors.

OUR INVOLVEMENT

To date, Izazi and the Roads & Earthworks Division have worked in joint operation on two contracts spanning earthworks, concrete works, roads and rehabilitation at the Kusile Power Station construction site. The relationship between Stefanutti Stocks and Izazi began in 2006, and in 2018 Izazi was invited to join the group's ED Programme.

The key ED areas identified, actioned and achieved include:

- › **Legislative compliance** – B-BBEE scorecard improvement from a Level 8 to a Level 3 Contributor
- › **Workplace skills plan**
- › **Annual training report**
- › **Marketing and branding** – redraw logo and company profile

Stefanutti Stocks is pleased with the progress made at Izazi since joining Roads & Earthworks as an ED partner and will be monitoring its further development with interest.



CASE STUDY

Enterprise development: Siyozimela Trading

ENTERPRISE OVERVIEW

Siyozimela Trading CC (Siyozimela) is a B-BBEE Level 1 Contributor, 100% black owned and managed contractor, of which 11% is black female owned. The company was founded in 2010 by a group of entrepreneurs and is based in KwaZulu-Natal's Inanda, Ntuzuma and Kwamashu areas.

Siyozimela was initially established as a provider of transport services but has since expanded its capabilities to include civil construction and plant and equipment hire. The company also offers labour management expertise and has a track record of successful community liaison. Stefanutti Stocks and Siyozimela are engaged in joint venture projects at a number of GO!Durban taxi rank locations and related infrastructure construction projects in KwaZulu-Natal.

Siyozimela's service offering and capabilities include:

- › Construction services
 - › Earthworks, site cleaning, levelling, excavations and landscaping
 - › Steel supply and steel fixing
 - › Maintenance, including cleaning of buildings, cutting grass and felling trees
 - › Building construction and renovations
- › Plant hire
- › Transport services

OUR INVOLVEMENT

Siyozimela joined the Stefanutti Stocks ED Programme as a partner to the Construction & Mining Business Unit in mid-2018. At the time the company's SAFCEC membership had lapsed and it was classified as a CIDB Category 1 Contractor. In addition to the development areas outlined below, the managing member of the business received mentoring from a number of Stefanutti Stocks directors.

Key ED areas that were identified, actioned and achieved include:

- › **Legal compliance** — SAFCEC membership
- › **Business skills transfer** — accounting mentorship
- › **Establishment of administrative systems**
- › **Marketing and branding** — logo and corporate identity development and company profile



CASE STUDY

Socio-economic development initiative benefits environment

ENTERPRISE OVERVIEW

Food & Trees for Africa (FTFA) is a section 21 social enterprise that was established in Johannesburg in 1990. It is registered as a non-profit public benefit organisation and has won numerous international and local awards including the Nelson Mandela Forestry Award and two Sustainable Environmental Economic Development awards.

The organisation focuses on contributing to food security, greening, natural resource management and sustainable business. It has distributed over 4 500 000 trees since 1990 and has facilitated the creation of thousands of natural food gardens. FTFA has provided mentorship to many successful small-scale, emerging farmers in South Africa, and works in partnership with the private sector, government, media, and individual patrons.

OUR INVOLVEMENT

For its 2018 Mandela Day commemoration, Stefanutti Stocks supported two FTFA greening programmes, namely "Trees for All" and "Trees for Homes". The Trees for All programme's focus is on planting trees in shared communal spaces, such as schools or hospitals, to create a healthier, greener environment. A township greening initiative, Trees for Homes has been running since 2000 with the aim of donating one fruit tree and one indigenous tree to each household.

On 21 July 2018, employees of the group, with their families, performed about four hours of community service, to make a positive impact on the lives of less fortunate people. These interventions took place at primary schools in close proximity to Stefanutti Stocks's offices in Johannesburg, Durban and Cape Town, namely:

- › Shukumani Primary School in Tembisa, Gauteng;
- › St Joseph's School in Montana, Cape Town; and
- › Kwamanzini Primary School in Kwandengezi, KwaZulu-Natal.

OUR IMPACT

Area	Trees	Tonnes CO ₂	Community educators employed	Water tank installed
Johannesburg	930	343	15	–
Durban	780	288	15	–
Cape Town	30	11	–	1
TOTAL	1 740	642	30	1

OUR INVESTMENT

Stefanutti Stocks contributed a total investment of R350 000 to the initiative, which included 1 740 trees, a water tank, seedlings for the vegetable gardens, compost, gloves, as well as refreshments for the volunteers. Notably, the initiative provides short-term employment opportunities for community members who monitor and care for the trees and vegetable gardens after planting day.












UNDERSTANDING THE NEXT GENERATION

The Stefanutti Stocks policy on SED is to focus on SED initiatives that address education in communities that surround its operations, with an emphasis on initiatives that promote mathematics and science.

The group has aligned its initiatives in terms of the focus on education and have chosen initiatives that have an impact on the communities that surround certain of its operations and that have limited access to services.

The group's SED initiatives for the year under review are detailed in the following table:

2019 SED SPEND	NAME OF INITIATIVE	CATEGORY	DETAILS OF PROJECT
	FOOD AND TREES FOR AFRICA	Education	Plant food gardens at three schools (Tembisa, Durban and Cape Town).
	ADAMS SCHOOL	Education	Branding and signage for Adams College.
	JIRAH PROJECTS	Education	Scholarships for 14 students to complete N1 to N3 Engineering Studies.
	GO 4 GOLD	Education	Sponsor scholarships for grade 10 to 12 learners.
	CHARLOTTE MAXEKE	Education	Developing girl school of excellence.
	GIRL FLY PROGRAMME	Education	Science camp for girls with distinctions in maths and science.
	VISION 4 CHANGE	Health and Education	Eye testing and glasses for primary school. Funding for testing 1 500 children and providing glasses.

LOCATION	PROGRESSIVE SPEND (R)	COMMUNITIES WITH LIMITED ACCESS TO SERVICES (R)	<65% ACCESS TO PIPED WATER (%)	<85% ACCESS TO ELECTRICITY (%)	>50% BELOW LEVEL 6 INCOME (%)
Gauteng Durban Cape Town	350 732	350 732	36,1	81,9	64,8
Amanzimtoti, KwaZulu-Natal	12 190	—	not separate from Durban City		
Wentworth, KwaZulu-Natal	378 800	—	not separate from Durban City		
Gauteng Western Cape	106 940	106 940	57,8	84,9	66,5
Across South Africa	146 627	—	Does not qualify		
Across South Africa	40 330	—	Does not qualify		
Sasolburg	262 080	—	Does not qualify		
	TOTAL 1 297 699	TOTAL 457 672	ACTUAL (%) 35,27	TARGET (%) 30,00	

Flawless execution

ZERO HARM – HEALTH AND SAFETY

Introduction

The group's health and safety performance improved due to the combined efforts of the various management teams and employees achieving the group goals and targets.

These objectives are set annually by way of implemented policies, objectives and targets which are determined by the OHS-forum, and supported and adopted by the group EXCO. These policies, objectives and targets demonstrate management's commitment to provide a safe working environment and aim to achieve zero harm to people, property and the environment.

Current key focus areas

Key focus areas for the year were as follows:

- › **Behavioural Change Programme** – development of a Behavioural Change Programme (BCP) that allows on-site observations to be conducted by various levels of employees which are then recorded on the Systems @ Stefanutti Stocks (S@S) to perform data trend analysis for the purposes of identifying and reinforcing positive trends and areas for improvement. The programme was piloted on various projects to determine best practice and will now be refined and formally rolled out in the year to come.
- › **Predictive indexing (PI)/risk profiling for pre-employment and current operational teams** – high-risk job categories were prioritised throughout the group and assessments conducted utilising an independent measurement tool in identifying employees with high-risk behaviour profiles. Specific measures were instituted to mitigate the potential risk that these employees posed to themselves and others in the workplace.
- › **Driving a safety culture** – further entrenching a culture of accountability and responsibility at all levels through interventions such as leadership engagements (LEs), visible felt leadership (VFL) and site safety observation (SSO) involving all levels of employees including contractors and subcontractors. Refer to "performance" for more detail on the successes these interventions brought about.
- › **Collaboration** – alignment of management systems and documentation to create standardisation and simplification, while also making it more accessible and user-friendly, which in return contributes to flawless execution of work at an operational level, due to higher utilisation by operational staff.
- › **Proactive incident management and prevention** – the utilisation of existing data on S@S to perform trend analysis, thereby identifying and addressing lead indicators to reduce the recordable case rate (RCR) benchmark from 0,70 to 0,50.
- › **Transition to ISO 45001 management system for health and safety** – business units commenced with the process of identifying and providing training needs and requirements to align the group's current OHSAS 18001:2007 systems with the ISO 45001:2018 requirements. The Building KZN Division was the first division to successfully obtain certification on the new system.

Management approach

Stefanutti Stocks strives for zero harm, employee empowerment, efficient management systems and aligns with the Stefanutti Stocks Way and principles of the Founder's Mentality. The OHS framework is reviewed annually and any changes are communicated across the group's operations.

LE and proactive incident management played a critical role in management's achievement of a significantly reduced group lost-time incident frequency rate (LTIFR).

S@S provides live, accurate information throughout the group for the purpose of incident communication, trend analysis, audit tracking, corrective action and non-conformance report (NCR) management.

Well-established relationships with external service providers ensure that medical fitness as well as health and wellness are being successfully monitored and managed.

Performance

Standardised reports are utilised for discussion purposes at management meetings throughout all business units as well as at the EXCO to measure Health and Safety performance.

Lagging indicators track the current Health and Safety performance and measure the actual performance against the benchmarks set for:

Lagging indicator	Benchmark	Actual
Fatality rolling 12-month totals and frequency rate (FFR)	0,00	0,00
Lost-time injury 12-month totals and frequency rate (LTIFR)	0,10	0,02
Recordable case 12-month totals and frequency rate (RCR)	0,50	0,36

Leading indicators are used to identify trends and areas for improvement such as:

- › LE conducted by directors
- › Total number of VFL engagements
- › Total number of SSO
- › Audits conducted

LEs covering all aspects of the business including Health and Safety are conducted by operational directors and has increased significantly. The Health and Safety aspects identified during LEs increased by a margin of 112%.

VFL and SSO conducted by management and operational staff increased by a margin of 14% compared to the prior year.

NUMBER OF INCIDENTS PER SEVERITY

	2019	2018	2017
Fatality	–	1	–
Lost-time injury	2	16	14
Restricted work cases	9	13	17
Medical treatment cases	31	45	98
First aid cases	156	220	266
Total injuries	198	295	395

A 33% decrease in the total number of all injuries year on year. The reduction has been a result of heightened awareness and various safety campaigns.

TOTAL SUPERVISED MAN-HOURS – 12-MONTH ROLLING

	2019	2018	2017
Hours include contractor services without mandatory agreements (OHS Act 37.2)	23 795 151	26 924 072	26 145 738

FREQUENCY RATES

	2019	2018	2017
Fatality frequency rate	0,00	0,01	0,00
Lost-time injury frequency rate	0,02	0,11	0,10
Recordable case rate	0,36	0,54	0,70

PRO-ACTIVE INCIDENT MANAGEMENT

After analysing all incidents reported, the following top five trends were identified:

Per hazard	Per injury cause
Moving vehicles	Manual handling
Manual handling	Struck by – falling/flying/swinging object
Travelling or transporting by road	Caught between/crushed/nip point
Falling objects	Fall/trip/slip at same level
Excavation/earthworks	Hand tools – struck by

GROUP HEALTH PERFORMANCE

	2019	2018	2017
Total entry medicals	1 656	3 463	4 073
Annual surveillance	1 811	1 232	774
Noise-induced hearing loss (NIHL) identified	54	19	192
TB questionnaires completed	3 082 of which 2 were referred	2 867 of which 19 were referred	2 805 of which 7 were referred
Obese	19%	40%	37%
Smokers	1 148	885	1 128
Multi-drug testing conducted (excludes employees tested by client)	2 485	1 398	1 347

Continuous monitoring and identification of trends

Stefanutti Stocks has established working relationships with external service providers for occupational health, employee well being and preferred medical aid scheme to avail employees of the opportunity for voluntary counselling and testing through entry/periodic medicals or through health and wellness days hosted in the workplace.

Future key focus areas

The group's health and safety key focus areas for 2020 are as follows:

- › Developing a behaviour-based campaign with the slogan "I will not walk past"
- › Continuously benchmarking, analysis and verification of lost time and recordable injuries to reduce frequency rates
- › Completing alignment of all documentation with group certification
- › Implementing effective incident investigation
- › Ensuring proactive incident management

ZERO HARM – ENVIRONMENTAL

Introduction

The group's environmental framework is based on six pillars, namely: carbon emissions, energy, materials, waste, water and credible data. Measurement and reporting starts at project level and is then escalated to business unit and group level when the data is consolidated. All group initiatives are developed to avoid, reduce, recycle and reuse, wherever possible or practical.

Current key focus areas

Key focus areas for the year were as follows:

- › **Implementation of ISO 14001:2015** – all business units successfully implemented and obtained certification on ISO 14001:2015.
- › **Increasing awareness** – the concept of "Green Wednesday" was introduced with awareness creation on a variety of environmental issues through monthly topics based on specific incidents that occurred, or topics from the Department of Environmental Affairs' calendar.
- › **Measuring legal and system compliance** – this has been achieved by utilising an independent online auditing function, which is linked to the group's and business units' specific environmental legal register, to determine legal compliance and easy referencing to previous audit reports.

Management approach

Stefanutti Stocks' environmental policy along with its accompanying objectives and targets are reviewed annually by the environmental forum, which is supported and adopted by EXCO. Any policy changes are communicated throughout the group. The Stefanutti Stocks Way and the Founder's Mentality principles guide the Stefanutti Stocks environmental framework which strives to achieve zero harm, employee empowerment and efficient management systems.

Training requirements are based on the group's environmental framework, legal requirements and it also considers client specifications during the training needs analysis process.

Performance

There has been an encouraging improvement in the quality of environmental management and reporting across all business units. The system and legal compliance continues to improve based on the quality and integrity of data.

The drive and dedication of top management to ensure the implementation of an effective and tailored environmental management system (EMS) continues to yield lean and cost effective controls, which are in touch with how business is being carried out in the current economic conditions.

The ISO 14001:2015 management system certification was achieved by 75% of all business units and divisions with the remainder scheduled for certification in the next year.

LEs covering all aspects of the business including environmental issues are conducted by operational directors and have increased significantly from the prior year. The environmental aspects identified during LEs increased with a margin of 175%.

VFL engagements and SSO conducted by management and operational staff increased by a margin of 79%.

Carbon footprint

The group reports on its Scope 1 and Scope 2 emissions and uses the emissions factors of the Department for Environment, Food and Rural Affairs (DEFRA 2016) of the United Kingdom while purchased electricity emissions factors used for calculations are from Eskom. These emission factors are amended annually.

Carbon emissions

The baseline and target are set as a weighted average for the past two years at 73 890 tonne. Refer to the carbon emissions table on page 33.

Electricity

Scope 2 is the total electricity purchased from the grid supply and coal-fired generated electricity represents the bulk electricity available in South Africa, which is considered an expensive form of electricity generation.

The group's electricity intensity equals the total electricity used in MWh divided by the total man-hours worked (MHW): $6\,167,53 / 23\,795\,151 = 0,0002$ mWh per MHW.

Water

As water remains a scarce natural resource in South Africa, the group's operations abide by water restrictions set by municipalities, specifically in the country's Cape provinces and they are mandated to save and recycle water wherever possible.

During the year under review, the total water used by the group was 12 200 750kl, which is calculated as total water used less recycled water. The water intensity for Stefanutti Stocks's total operations is (total water used/supervised man-hours): $12\,200\,750 / 23\,795\,151 = 0,51$ kl/MHW.

ENVIRONMENTAL COSTS

Identify waste disposal, emissions treatment, and remediation costs based on expenditures which include, as a minimum:	Expenditure R	Explanation
Treatment and disposal of waste	4 297 922	General, construction and hazardous waste disposal, portable toilet servicing through accredited service provider.
Treatment of emissions (such as expenditures for filters, agents)	1 296	Plant filters for dust control and effluent management.
Expenditure on equipment, maintenance, and operating materials and services, and related personnel costs	820 805	Remove and install new light fittings in office, spill kits and cleaning services.
Environmental education and training	114 170	Environmental training, posters and campaigns.
External services for environmental management	8 452	Dust monitoring done by an Approved Inspection Authority.
External certification of management systems	352 873	Certification fees.
Research and development	–	None.
Extra expenditures to install cleaner technologies (such as additional cost beyond standard technologies)	–	None.
Extra expenditures on green purchases	156 263	Green chemicals, oil cap for small oil spills.
Other environmental management costs	396 243	Greengain consulting for legal register management and Green Building Council membership.
Total	6 148 024	

BIODIVERSITY MANAGEMENT – RED LIST SPECIES IDENTIFIED



Project name	Town	Region/province	Red list species
Hammarisdale Interchange	Hammarisdale	KwaZulu-Natal	Aloe arborescens; Aloe ferox; Ledebouria floribunda; Ledebouria ovatifolia; Hypoxis hemerocallidea
Ga-Seleka Village	Grobblersbrug	Limpopo	Elaeodendron transvaalense; Combretum imberbe; Sclerocarya birrea; Boscia albitrunca; Adansonia digitata

BIODIVERSITY MANAGEMENT – AREAS IDENTIFIED

Project name	Owned, leased, managed, or adjacent to	Region/province	Position in relation to the protected area	Type of operation	Size of operation site in km²
Foskor Mine	Leased	Limpopo	Adjacent to	Extractive	0,1
Hammarisdale Interchange	Leased	KwaZulu-Natal	In the area	Production	0,4
D'Aria	Managed	Western Cape	Adjacent to	Production	0,5
Whistling Thorns 1 & 2	Managed	Gauteng	Adjacent to	Production	0,5

CARBON EMISSIONS

	FY2018 (tCO ₂ e)	FY2018 (tCO ₂ e)	FY2017 (tCO ₂ e)	Emission factors
Scope 1	127 832,39	83 400	57 025	Diesel – 2,67kg CO ₂ e Petrol – 2,30kg CO ₂ e Oil – 2,97kg CO ₂ e LPG – 2 715,83kg CO ₂ e
Scope 2	5 286,54	3 641,85	3 713	1,027 tonne CO ₂ e per mWh
Gross	133 118,93	87 041,85	60 738	

Energy

Energy intensity equals the total energy consumed in GJ divided by the total man-hours worked: 1 536 174,09/23 795 151 = 0,064GJ/MHW.

Waste

Two main streams of waste are generated by the group's operations, namely hazardous and general waste. Hazardous waste is classified in terms of legislation and is properly disposed of by the group at licensed facilities.

General waste is separated at the source and is either recycled, reused or sent to landfill, as and when appropriate. General waste is broken down into domestic and construction waste. The company recycles the following waste streams:

- › Paper
- › Plastic
- › Wood
- › Oil

- › Metal
- › Batteries
- › Construction rubble (where possible and permitted)
- › Printer cartridges
- › Electronic waste

Hazardous waste is broken down further into liquid (hydrocarbon and sewage) and solid (contaminated soil) forms of hazardous waste. Hazardous waste per man-hour worked is 2 163,09/23 795 151 = 0,091/MHW.

Future key focus areas

The group's environmental future key focus areas are as follows:

- › Investigating the carbon tax implications on operations
- › ISO 14001:2015 certifications for the remaining business units/divisions
- › Increasing environmental awareness

TOTAL SUPERVISED MAN-HOURS – 12-MONTH ROLLING

	2019	2018	2017
Hours include contractor services without mandatory agreements (OHS Act 37.2)	23 795 151	26 924 072	26 145 738

WATER

Business unit	Municipal (kℓ)	Ground (kℓ)	Surface (kℓ)	Recycled (kℓ)
Construction & Mining	8 639 163	247 345	435 387	344 940
Building	227 686	2 977 394	1 812	–
Mechanical & Electrical	16 903	–	–	–
Total	8 883 752	3 224 739	437 199	344 940

WATER SOURCES SIGNIFICANTLY AFFECTED BY WITHDRAWAL OF WATER

Project name	Town	Region
Mafube Lifex Project	Belfast	Mpumalanga
Mareesburg	Steelpoort	Mpumalanga
Pollution Control Dams	Witbank	Witbank
Kusile Finishing Works	Witbank	Witbank
Ga-Seleka Village	Lephalale	Limpopo
Hammarisdale	Pinetown	KwaZulu-Natal
Olifants River Bridge Crossing	Trawal	Western Cape
DMO	Kriel	Mpumalanga
Van Dyks Drift	Kriel	Mpumalanga

ELECTRICITY

Business unit	Electricity (kWh)
Construction & Mining	2 368 959
Building	2 790 876
Mechanical & Electrical	1 007 692
Total	6 167 527
Total mW/h	6 167,53

ENERGY

Business unit	Electricity (Gj)	Diesel (Gj)	Petrol (Gj)	Oil (Gj)	LPG (Gj)
Construction & Mining	8 528	1 140 990	4 506	12 120	154
Building	10 047	326 636	8 383	60	–
Mechanical & Electrical	3 628	16 689	3 573	794	14
Total	22 203	1 484 315	16 462	12 974	168

WASTE

Business unit	Waste type	
	Hazardous (tonnes)	General (tonnes)
Construction & Mining	1 742	6 623 565
Building	438	79 527 153
Mechanical & Electrical	24	284 783
Total	2 204	86 435 501
% of total waste	0,1	99,9

PROPER PLANNING PREVENTS POOR PERFORMANCE – QUALITY MANAGEMENT

Current key focus areas

One of the main objectives set by the Quality Forum was to ensure that all quality management systems were aligned to the latest ISO 9001:2015. This required substantial changes in numerous areas in the management system and success was achieved by all divisions.

In line with driving "Client Relations" the data capturing and reporting of all new contract performance surveys by clients has been centralised to allow for the consolidation of the results and subsequent identification of improvements across the group. Data collected by this process will be gathered over the next year for further analysis.

The company's internal library of documents and information has been enhanced to allow for more efficient search functionality together with a centralised approach towards the management of this library and its content. In addition, the process has begun to convert the predominantly paper-based records archive into an electronic filing and retrieval system.

Management approach

The company's mission of "Excellence in Execution" continues to be the driving force of its quality teams and their objectives. With "Flawless Execution" as an element of the Stefanutti Stocks Way, the group has and will remain focused on the improvement of the following aspects:

- › Do it right the first time
- › Lean culture
- › Plant and equipment – our pride
- › Proper planning prevents poor performance
- › Relationships with construction partners and supply chain
- › Simple, efficient standardised processes and procedures
- › Zero harm

While understanding that "Client Relations" is at the heart of the group's sustainability, the quality team will continuously enhance the regular engagement processes and evaluations with clients to better understand their needs and expectations.

Future key focus areas

The group's planned centralised quality management tool will be providing modules to assist its project teams to reduce the risk of having loss-making projects within the business. Non-conformance reporting is being undertaken at a divisional level however, during this coming year, the company will be developing a centralised module for better coordination and reporting. This in turn will be aligned to the project risk management process, which will be developed in the coming year to provide for better identification and analysis of risks and opportunities.

As part of the strategy towards enhancing synergies between the group's divisions as well as simplifying and standardising systems and processes, the quality management systems will be consolidated from a divisional to a business unit level.

Other future areas of focus will be to standardise and enhance the electronic archiving of records, and the subsequent implementation of the processes, the digitisation and standardisation of company forms, and to provide an electronic collaboration space for teams to share and store documents.

RELATIONSHIPS WITH CONSTRUCTION PARTNERS AND SUPPLY CHAIN

Introduction

The company's efforts with regard to considering the sustainability of its supply chain is still in its infancy. The information available has only recently been centralised with very little data to support an in-depth analysis. The path to maturity of the group's sustainable development in the supply chain has begun but will take several years to develop and implement.

Current key focus areas

The progress in the development and enhancement of the group's vendor management system (VMS) has been significant and through the integration with the group's accounting software (BuildSmart), the platform now provides business intelligence that was previously difficult to obtain. Some of this reporting functionality allows the monitoring and managing, on a monthly basis, of the group's B-BBEE expenditure which supports both projects and the business alike.

Management approach

The single most important factor with regards to supply chain is the relationships that the business has developed with each vendor. From the data input into VMS and the resultant analysis all critical vendors are being identified, followed by formalising the relationship.

Future key focus areas

One of the focus areas is to provide transparency and a better understanding of what the group's expectations of its vendors are. In addition, a code of conduct will be drafted to enhance a global sustainability awareness within the supply chain. Data classification and processing will be undertaken to provide better definition of the supply chain. Future phases will be developed in the coming years to cover the setting of objectives and targets for the group and its vendors to reduce risks associated with the sustainability of the supply chain.

CASE STUDY

Renewable energy solution at Mulalani Road office

INITIATIVE OVERVIEW

Stefanutti Stocks has installed a photovoltaic (PV) array of 72 solar panels on the roof of its Mulalani Road building in Kempton Park. As part of an initiative to reduce the company's reliance on the municipal grid, the renewable energy supply system includes inverters that control the solar panels, as well as lithium batteries and diesel generator backup units.

The PV array can potentially decrease the monthly consumption of municipal electricity at the Mulalani road office by up to 80%, while the batteries reduce diesel backup generator operation and related maintenance costs. In addition, two gas geysers are installed on the roof of the building and feed the gym as well as the south block of the building.

TECHNICAL OVERVIEW OF THE PV ARRAY

- › The system is supported by six 10kW hybrid inverters, connected as dual 30kW, three-phase systems.
- › Using solar energy, the array of 51kWp PV Tier 1 modules generates a significant portion of the building's power requirement. This renewable energy offsets the building's demand on municipally-supplied electricity while charging the battery bank for use after daylight hours to maximise the renewable energy investment.
- › The system's two lithium batteries are locally manufactured and provide backup capacity to safely transition to generator power during normal, full-load operating hours. To reduce the reliance on diesel generators for background loads, the batteries provide after-hours backup power for up to six hours, which is longer than an average unexpected power outage.
- › In order to reduce the load on the standby generators, the process was automated via the inverter intelligence. Multiple distribution boxes were rewired in cooperation with an in-house electrical team.

The system can be remotely monitored using generated data that the supplier uses to confirm the health of the system, analyse error codes, and report on the performance of the system as a value-added service.



AWARDS, ACCREDITATIONS AND ACHIEVEMENTS – CONSTRUCTION & MINING

Awards

The Kingdom of Eswatini Quality Awards:

- › Certificate of Recognition – First Runner Up: Eswatini Service of the Year – Large Enterprise; For Successful Quality Management Strategies and Activities; Construction Swaziland (Eswatini)

Accreditations

Roads & Earthworks:

- › ISO 9001:2015
- › ISO 14001:2015 certified under business unit
- › OHSAS 18001:2007 certified under business unit

Mining Services:

- › ISO 9001:2015 certified
- › ISO 14001:2015 certified under business unit
- › OHSAS 18001:2007 certified under business unit

Civils:

- › ISO 9001:2015
- › ISO 14001:2015 certified under business unit
- › OHSAS 18001:2007 certified under business unit

Geotechnical:

- › ISO 9001:2015
- › ISO 14001:2015 certified under business unit
- › OHSAS 18001:2007 certified under business unit

Training department:

- › Will be certified in July 2019 under the business unit on the ISO 9001:2015 Standard
- › ISO 9001:2008

Swaziland:

- › ISO 9001:2015
- › ISO 14001:2015 certified under business unit
- › OHSAS 18001:2007 certified under business unit

Zambia:

- › ISO 9001:2015
- › ISO 14001:2015 certified under business unit
- › OHSAS 18001:2007 certified under business unit

Botswana:

- › ISO 9001:2015
- › ISO 14001:2015 certified under business unit
- › OHSAS 18001:2007 certified under business unit

Achievements

BUSINESS UNIT LEVEL

- › Construction & Mining BU – 21 000 000 LTI-free hours

DIVISIONAL LEVEL

- › Mining Services – 1 000 000 LTI-free hours
- › Nigeria Division – 1 600 000 LTI-free hours
- › Botswana Division – 1 500 000 LTI-free hours
- › Swaziland Division – 5 600 000 LTI-free hours
- › Coastal Division – 3 000 000 LTI-free hours
- › Civil Division – 4 300 000 LTI-free hours
- › Roads, Earthworks and Pipelines – 6 000 000 LTI-free hours

SITE LEVEL

- › Mafube – 1 000 000 LTI-free hours
- › Mareesburg – 1 700 000 LTI-free hours

AWARDS, ACCREDITATIONS AND ACHIEVEMENTS – BUILDING

Awards

The Building Business Unit achieved a number of health, safety and quality awards during the year under review.

The National Master Builder Association made the following awards:

- › First place: Durban Christian Centre (sites with a value between R75 million and R150 million)
- › Second place: Kusile SSBRJV (contracts R500 million plus)
- › Vice President's Shield (Health and Safety): Durban Christian Centre; Building KZN

The Regional Master Builder Association made the following awards:

SAFETY AWARDS

- › Overall winning company: Stefanutti Stocks Building KZN (second year in a row)
- › First place: Durban Christian Centre (sites with a value between R100 million and R250 million)
- › First place: Kusile building project (sites with a value of >R750 million)
- › Presidential Award: Park Square
- › Highly Commended: Hirt & Carter; Triumph and Uniprint Park (sites with a value between R250 million and R400 million)
- › Highly Commended: Park Square (sites with a value between R400 million and R750 million)
- › Certificate of Recognition: Recognition of Participation as Marketing Partner; Building KZN
- › Excellence in Construction: Southern Cross; Commercial/Industrial Alterations, Additions and Renovations (above R25 million); Building KZN & Ladysmith Construction JV
- › Excellence in Construction Winner (Health and Safety): TSAM – Quantum Extensions; TSAM – Quantum Extensions
- › Special awards: second place for Rewards programme
- › Award of Merit: Howard Schwegmann

Accreditations

Stefanutti Stocks Building accreditations:

- › ISO 9001:2015
- › ISO 14001:2004
- › BS OHSAS 18001:2007

Stefanutti Stocks Building KZN accreditations:

- › ISO 9001:2015
- › ISO 14001:2015
- › ISO 45001:2018

Stefanutti Stocks Building Western Cape accreditations:

- › ISO 9001:2015
- › ISO 14001:2015
- › BS OHSAS 18001:2007

Al Tayer Stocks accreditations:

- › ISO 9001:2015
- › ISO 14001:2015
- › ISO 45001:2018

A 5-Star Master Builder Association rating was awarded to the following projects:

- › DCC (Durban Christian Centre)
- › MBSA (Mercedes-Benz South Africa) Body Shop
- › MBSA (Mercedes-Benz South Africa) Building 34
- › Park Square
- › Junction Mall
- › Pegas Nonwovens Textile Production
- › Klein D'Aria Private Estate
- › Shoprite Cilmor Phase 3
- › Paardevlei Lifestyle Estate
- › CTIA Business Lounge
- › Two Oceans Commercial Cold Store
- › Western Cape Plant Yard

Achievements

BUSINESS UNIT LEVEL

- › Building BU – 2 900 000 LTI-free hours

DIVISIONAL LEVEL

- › Building Division – 5 200 000 LTI-free hours
- › Namibia – 1 300 000 LTI-free hours
- › Building KZN – 3 000 000 LTI-free hours
- › Building Western Cape – 2 200 000 LTI free hours

SITE LEVEL

- › Masingita Towers – 2 700 000 LTI-free hours
- › Houghton Hotel – 3 000 000 LTI-free hours
- › SSBR Kusile JV – 1 400 000 LTI-free hours
- › Park Square – 2 200 000 LTI-free hours
- › Nellmapius Ext. 22 – 1 300 000 LTI-free hours
- › Nellmapius Walk Ups – 1 100 000 LTI-free hours
- › Flamwood Social Development – 1 200 000 LTI-free hours
- › Matola Mall Main Contract – 1 400 000 LTI-free hours

The Building Business Unit also partnered with the Green Building Council South Africa.

AWARDS, ACCREDITATIONS AND ACHIEVEMENTS – MECHANICAL & ELECTRICAL

Awards

The Mechanical Division received awards for the following:

- › The Kumba Iron Ore media separation project team was presented with a trophy from the client for the contractor with the best safety performance
- › The Exxaro Grootegeluk 6 Expansion project was awarded a trophy for outstanding safety, health and environment (SHE) performance

Accreditations

- › OHSAS 18001:2007
- › ISO 9001:2015

Achievements

BUSINESS UNIT LEVEL

- › M&E – 2 800 000 LTI-free hours
- › M&E achieved a LTIFR of 0,05 and a total RCR of 0,10

DIVISIONAL LEVEL

- › The Mechanical Division has maintained its LTIFR of 0,00

The E&I Division received awards for the following achievements:

- › The Sasolburg maintenance team received a recognition for SHE excellence from Sasol
- › The Sasol shutdown projects were completed LTI-free
- › The division maintained its LTIFR of 0,00
- › The Sasol shutdown projects were completed by the Oil & Gas Division with no lost-time injury

Plant and equipment — our pride

MAKING A DIFFERENCE, ONE MACHINE AT A TIME

The Stefanutti Stocks Chloorkop Plant Yard procures and maintains the majority of the group's plant and equipment. In addition to regularly inspecting and maintaining the fleet, the yard's purpose is to increase operational efficiencies and cost savings. It does this by supporting fleet health and by ensuring that plant and parts that are purchased support the lowest operational and ownership costs.

Recent developments that produced savings, impacting the group's environmental footprint included the following:

MOBILE KIDNEY OIL FILTERING

Stefanutti Stocks developed an in-house mobile kidney oil filtering process to achieve an oil cleanliness standard, which applies minimum and maximum ISO target levels as well as external benchmarks.

- › After a few hours of filtering the oil in a continuous loop, its properties met the tolerances set by the contamination standard
- › If the oil is kept within these specified levels, hydraulic component life can be extended by up to 300%

HYDRAULIC OIL RECYCLING PLANT

The purpose of the plant is to clean oils for equipment that cannot be easily reached or remain out of operation for more than a shift. To overcome this challenge, the old oil is drained and replaced. The old oil is then put through the hydraulic oil recycling process rather than being discarded and is returned to site for future use.

- › Clean oil supports a healthy plant life and longer component life
- › Recycled oil supports lower operational costs
- › Unnecessary waste is not released into the environment

WORKSHOP WASH BAY WATER RECYCLING

As washing a single truck can consume up to 1 000L of water, a recycling plant was developed to reduce the impact on the environment.

A containerised recycling solution is available for easy deployment and upliftment when required on a project. In this solution, the used water goes through three oil separation chambers, followed by a settling tank and three bio reactors. Microbes in the water tank then dissolve the oils and clean the water for reuse.

As a result, the water recycling programme saves up to 1 200 000L of water per annum.

BULK FUEL TANK KIT

The bulk fuel tank kit allows for quick deployment and upliftment, and in the process reduces site establishment requirements as the mobile fuel tank is internally bunded. This results in cost savings and reduced impact on the environment by avoiding construction. The fuel tank kit is delivered to site on a flat-bed truck and can be run from a 220-volt lower amperage source.

FIELD STUDY ENDORSEMENT AND DOCUMENTED SAVINGS

Stefanutti Stocks became the first company in South Africa to have field studies endorsed by ExxonMobil Global Lubricants. The two companies together with Centlube, which is South Africa's authorised distributor of Mobil lubricants, completed an optimum oil drain interval study, with the specific objective of increasing the oil drain intervals on the group's fleet of Komatsu HD465 and HD785 Rigid Dump Trucks.

The implications of the extended oil drain intervals include:

- › A total cost saving of R5,9 million for direct and indirect revenue streams attributed to the HD465 and HD785 case studies
- › A total of 20 295L saved per annum as well as a 700-hour reduction in labour

GROUP EXTENDED ENGINE OIL DRAINAGE INTERVALS

Stefanutti Stocks owns approximately 1 800 plant and equipment assets. Extended oil drainage intervals on plant items out of warranty rolled out across the group has yielded savings of about R2,9 million and reduced the amount of oil used by more than 73 000L.

This initiative delivers the following benefits to the group:

- › Reduced total oil consumed and improved waste oil footprint
- › Increased plant availability
- › Reduced labour exposure

MERCEDES-BENZ EXTENDED OIL DRAIN PROGRAMME

The initial Mercedes-Benz oil drain intervals were set at 400 hours and through used oil analysis, permission was obtained to extend the oil drain to 500 hours for machines under warranty.

Once machines' warranty periods lapsed, the group began extended oil drain trails to push the interval to 1 000 hours. After two years of extensive testing and used oil analysis data monitoring, all of the group's Mercedes-Benz Axor 3335s were moved to the new 1 000-hour drainage interval, thereby increasing the savings for the group.

MERCEDES-BENZ IDLE TIME REDUCTION

Since implementation of the Mercedes-Benz Stop/Start system, idle time has been reduced by more than 80% and resulted in excess of R3 million in fuel savings.

FUTURE INITIATIVES

- › Alternative methods of reducing fuel dilution in machinery with high idle times due to the mode of operation
- › Extension of onboard filtration packages to coincide with the extended oil drain intervals
- › Pre-cleaning of liquids that are filled into machinery



CLIENT RELATIONS

Design and construct of new body shop for Mercedes-Benz

PROJECT OVERVIEW

A notable joint operation project for Mercedes Benz South Africa (MBSA) features the design and construct of a new, two-storey body shop, factory area and a three-storey office block. This innovative project commenced in May 2018, with completion anticipated on 1 November 2019.

The body shop is one of four current projects being executed for MBSA in East London, by way of joint operations that include the group's Building KZN Division, as well as emerging contractors Axsys Projects, Botani and Simunye.

THE BODY SHOP

MBSA's new body shop is being built to manufacture the new Mercedes-Benz C-Class vehicles and once complete, it will have a greater capacity than its predecessor. The assembly shop will receive three new lines and various initiatives have been designed to make the factory more environmentally-friendly. In joint operation with Axsys Projects and Simunye, Stefanutti Stocks has designed and is constructing a two-level 45 700m² factory extension and a connection to the existing building.

With a tight and challenging timeline on the project, Stefanutti Stocks identified in the early stages of tendering, that a conventional slab design would not suit the available time of 17 months, with the client's installation to begin after a mere 13 months.

PRECAST SOLUTIONS

Together with engineers WSP from Cape Town, a precast system was developed, which made it possible to meet the delivery timeline. The building's precast elements were manufactured about 2km from the site and had to be delivered by a specialised rigging company.

The precast structure was developed in a modular configuration, with 87 primary beams each measuring 14m long and weighing 52 tonnes to be installed on longitudinal grid lines. A further 328 secondary beams, each measuring 18m long and weighing 32 tonnes, will be installed on transverse grid lines. To cast the building's first floor slab, 3338 precast planks will be fitted between the secondary beams to form an in situ precast platform — without the need for propping on most of the area.

Another advantage of using the modular design, was that the structural steel component could be erected once the primary beams were in place and completed. This allowed for the roof structure and sheeting to be built ahead of the first floor slab and the surface bed — both of which required high tolerance finishes that could only be achieved once the building was partially enclosed.

By phasing the surface bed, it was possible to begin with the main under slab services prior to the surface bed casting with only "final fix" items remaining after the surface beds are cast. First floor services could commence after the first-floor slab construction, which could be installed under roof as the structural steel and sheeting was in place.

Creating a new access route for the site, while avoiding the already busy plant was another challenge to be overcome. The client accepted Stefanutti Stocks's proposed road crossing to the track where MBSA tests its newly-built cars. Access to the test track is restricted and when a vehicle is about to be tested; a warning alarm sounds and access to the site is closed to maintain a safe environment.

CONCLUSION

The use of an innovative, modular precast design was key to delivering the project to the client on time. Furthermore, the accessibility solution reduced on-site congestion that could have threatened the project's feasibility.

The unique construction proposals offered to the client were accepted and this gave Stefanutti Stocks the advantage during the project award stage. These engineering concepts are becoming a reality and will facilitate the crucial handover of 80% of the project area to the client on 1 July 2019.

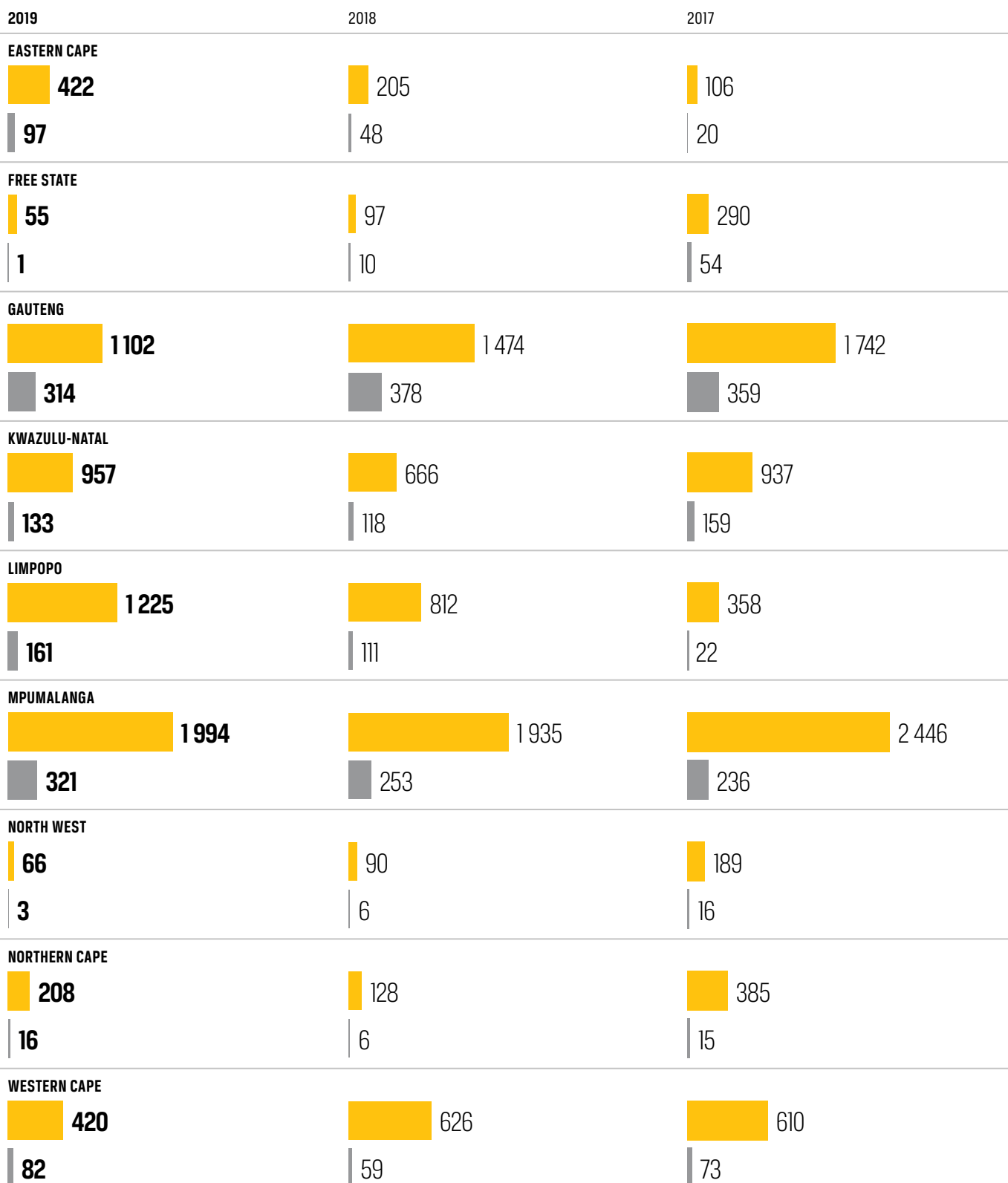
Client relations have been excellent on the project thus far, with Mercedes-Benz teams from overseas and the local plant requesting regular site walks and giving highly positive feedback regarding their experience. The project is currently on track and is expected to be completed timeously.



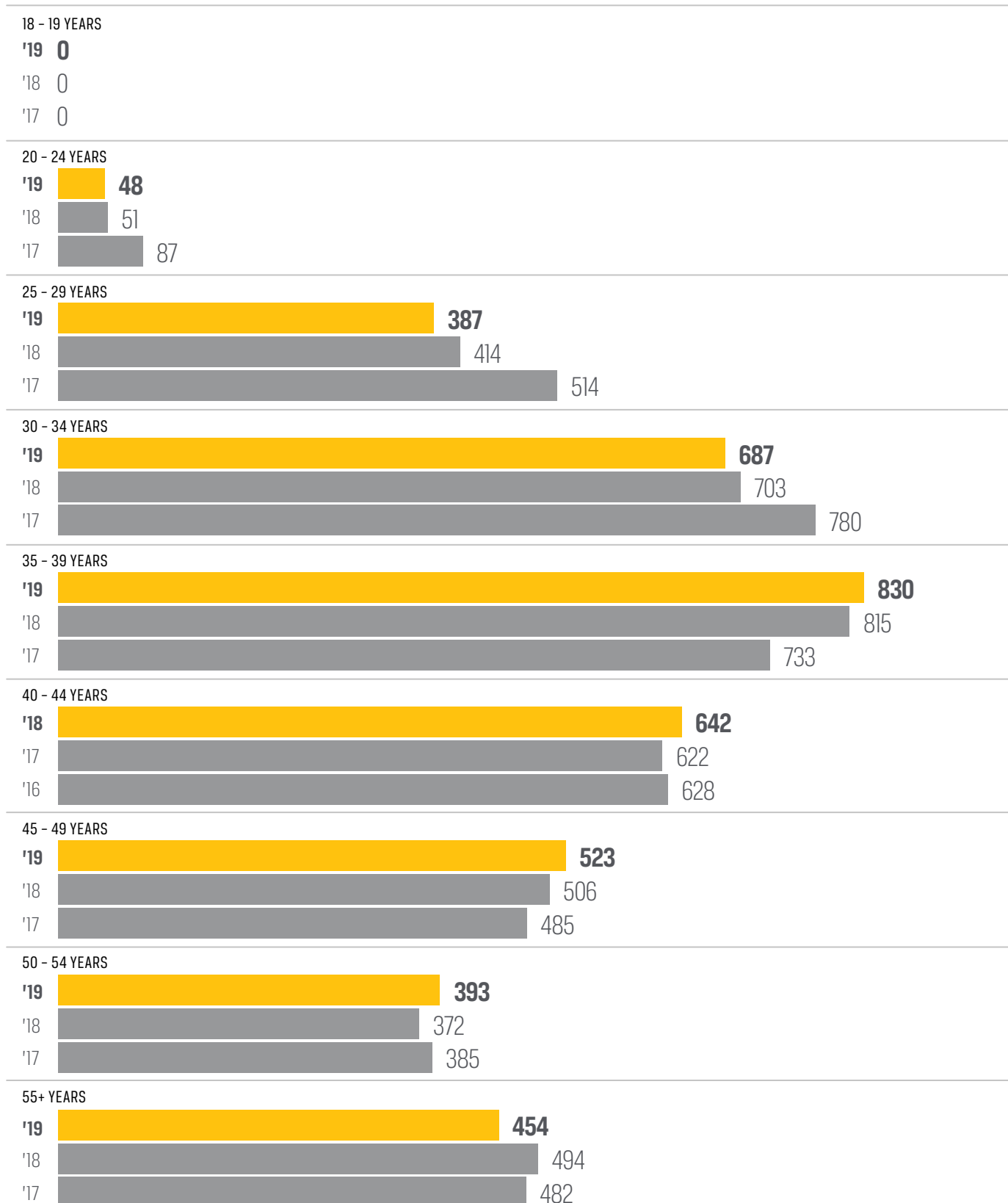
Additional information

HEADCOUNT BY REGION (RSA OPERATIONS)

Male Female



HEADCOUNT BY AGE GROUP (RSA OPERATIONS) – PERMANENT EMPLOYEES



Termination percentages are calculated by using avoidable employee turnover as a percentage of the 2019 headcount

AVOIDABLE EMPLOYEE TURNOVER: TERMINATIONS BY AGE GROUP

Age group	2019			2018			2017		
	Terminations	Headcount	Avoidable employee turnover of headcount (%)	Terminations	Headcount	Avoidable employee turnover of headcount (%)	Terminations	Headcount	Avoidable employee turnover of headcount (%)
18 to 19	–	4	–	–	8	–	–	21	–
20 to 24	29	272	10,7	29	288	10,1	50	459	10,9
25 to 29	158	1 114	14,2	156	1 028	15,2	164	1 408	11,6
30 to 34	206	1 522	13,5	164	1 377	11,9	202	1 645	12,3
35 to 39	161	1 530	10,5	134	1 374	9,8	150	1 385	10,8
40 to 44	77	1 109	6,9	93	1 009	9,2	77	1 086	7,1
45 to 49	56	818	6,8	54	762	7,1	61	760	8,0
50 to 54	42	567	7,4	48	524	9,2	38	577	6,6
55+	35	641	5,5	30	652	4,6	29	676	4,3
Total	764	7 577	10,1	708	7 022	10,1	771	8 017	9,6

AVOIDABLE EMPLOYEE TURNOVER: TERMINATIONS BY REGION/PROVINCES

Region	2019			2018			2017		
	Terminations	Headcount	Avoidable employee turnover of headcount (%)	Terminations	Headcount	Avoidable employee turnover of headcount (%)	Terminations	Headcount	Avoidable employee turnover of headcount (%)
Eastern Cape	31	519	6,0	18	253	7,1	29	126	23,0
Free State	6	56	10,7	41	107	38,3	41	344	11,9
Gauteng	127	1 416	9,0	166	1 852	9,0	162	2 101	7,7
KwaZulu-Natal	64	1 090	5,9	54	784	6,9	117	1 096	10,7
Limpopo	110	1 386	7,9	37	923	4,0	37	380	9,7
Mpumalanga	343	2 315	14,8	267	2 188	12,2	237	2 682	8,8
North West	10	69	14,5	17	96	17,7	24	205	11,7
Northern Cape	16	224	7,1	44	134	32,8	55	400	13,8
Western Cape	57	502	11,4	64	685	9,3	69	683	10,1
Total	764	7 577	10,1	708	7 022	10,1	771	8 017	9,6

AVOIDABLE EMPLOYEE TURNOVER: TERMINATIONS BY GENDER

Gender	2019			2018			2017		
	Terminations	Headcount	Avoidable employee turnover of headcount (%)	Terminations	Headcount	Avoidable employee turnover of headcount (%)	Terminations	Headcount	Avoidable employee turnover of headcount (%)
Male	666	6 449	10,3	643	6 033	10,7	691	7 063	9,8
Female	98	1 128	8,7	65	989	6,6	80	954	8,4
Total	764	7 577	10,1	708	7 022	10,1	771	8 017	9,6

AVOIDABLE EMPLOYEE TURNOVER: TERMINATIONS BY RACIAL GROUP

Racial group	2019			2018			2017		
	Terminations	Headcount	Avoidable employee turnover of headcount (%)	Terminations	Headcount	Avoidable employee turnover of headcount (%)	Terminations	Headcount	Avoidable employee turnover of headcount (%)
African	610	6 369	9,6	507	5 844	8,7	537	6 643	8,1
Coloured	43	288	14,9	46	244	18,9	56	287	19,5
Indian	12	151	7,9	10	129	7,8	20	132	15,2
White	99	769	12,9	145	805	18,0	158	955	16,5
Total	764	7 577	10,1	708	7 022	10,1	771	8 017	9,6

AVOIDABLE EMPLOYEE TURNOVER: TERMINATIONS BY OCCUPATIONAL LEVEL

Occupational level	2019			2018			2017		
	Terminations	Headcount	Avoidable employee turnover of headcount (%)	Terminations	Headcount	Avoidable employee turnover of headcount (%)	Terminations	Headcount	Avoidable employee turnover of headcount (%)
Top management	–	20	–	3	23	13,0	2	26	7,7
Senior management	7	87	8,0	8	95	8,4	6	95	6,3
Professional	38	367	10,4	66	397	16,6	70	465	15,1
Skilled	162	1 458	11,1	158	1 327	11,9	192	1 408	13,6
Semi-skilled	340	3 188	10,7	209	2 795	7,5	257	3 229	8,0
Unskilled	217	2 457	8,8	264	2 385	11,1	244	2 794	8,7
Total	764	7 577	10,1	708	7 022	10,1	771	8 017	9,6

New appointment percentages were calculated by using total new appointments as a percentage of the total 2019 headcount

NEW APPOINTMENT % PER AGE GROUP

Age group	2019			2018			2017		
	New appointments	Headcount	New appointment (%)	New appointments	Headcount	New appointment (%)	New appointments	Headcount	New appointment (%)
18 to 19	5	4	125,0	8	8	100,0	21	21	100,0
20 to 24	250	272	91,9	237	288	82,3	399	459	86,9
25 to 29	706	1 114	63,4	561	1 028	54,6	770	1 408	54,7
30 to 34	721	1 522	47,4	573	1 377	41,6	667	1 645	40,5
35 to 39	554	1 530	36,2	442	1 374	32,2	571	1 385	41,2
40 to 44	357	1 109	32,2	302	1 009	29,9	337	1 086	31,0
45 to 49	195	818	23,8	194	762	25,5	212	760	27,9
50 to 54	128	567	22,6	112	524	21,4	140	577	24,3
55+	125	641	19,5	91	652	14,0	109	676	16,1
Total	3 041	7 577	40,1	2 520	7 022	35,9	3 226	8 017	40,2

NEW APPOINTMENT % PER REGION

Region	2019			2018			2017		
	New appointments	Headcount	New appointment (%)	New appointments	Headcount	New appointment (%)	New appointments	Headcount	New appointment (%)
Eastern Cape	349	519	67,2	195	253	77,1	139	126	110,3
Free State	7	56	12,5	41	107	38,3	412	344	119,8
Gauteng	300	1 416	21,2	539	1 852	29,1	541	2 101	25,7
KwaZulu-Natal	624	1 090	57,2	271	784	34,6	407	1 096	37,1
Limpopo	721	1 386	52,0	541	923	58,6	193	380	50,8
Mpumalanga	662	2 315	28,6	650	2 188	29,7	921	2 682	34,3
North West	37	69	53,6	17	96	17,7	119	205	58,0
Northern Cape	205	224	91,5	24	134	17,9	179	400	44,8
Western Cape	136	502	27,1	242	685	35,3	315	683	46,1
Total	3 041	7 577	40,1	2 520	7 022	35,9	3 226	8 017	40,2

NEW APPOINTMENT % PER GENDER

Gender	2019			2018			2017		
	New appointments	Headcount	New appointment (%)	New appointments	Headcount	New appointment (%)	New appointments	Headcount	New appointment (%)
Male	2 531	6 449	39,2	2 064	6 033	34,2	2 703	7 063	38,3
Female	510	1 128	45,2	456	989	46,1	523	954	54,8
Total	3 041	7 577	40,1	2 520	7 022	35,9	3 226	8 017	40,2

NEW APPOINTMENT % PER RACIAL GROUP

Racial group	2019			2018			2017		
	New appointments	Headcount	New appointment (%)	New appointments	Headcount	New appointment (%)	New appointments	Headcount	New appointment (%)
African	2 728	6 369	42,8	2 280	5 844	39,0	2 962	6 643	44,6
Coloured	140	288	48,6	96	244	39,3	146	287	50,9
Indian	41	151	27,2	30	129	23,3	16	132	12,1
White	132	769	17,2	114	805	14,2	102	955	10,7
Total	3 041	7 577	40,1	2 520	7 022	35,9	3 226	8 017	40,2

NEW APPOINTMENT % PER OCCUPATIONAL LEVEL

Occupational level	2019			2018			2017		
	New appointments	Headcount	New appointment (%)	New appointments	Headcount	New appointment (%)	New appointments	Headcount	New appointment (%)
Top management	–	20	–	–	23	–	–	26	–
Senior management	3	87	3,4	5	95	5,3	2	95	2,1
Professional	41	367	11,2	47	397	11,8	39	465	8,4
Skilled	321	1 458	22,0	255	1 327	19,2	229	1 408	16,3
Semi-skilled	1 138	3 188	35,7	819	2 795	29,3	947	3 229	29,3
Unskilled	1 538	2 457	62,6	1 394	2 385	58,4	2 009	2 794	71,9
Total	3 041	7 577	40,1	2 520	7 022	35,9	3 226	8 017	40,2

BURSARIES SPEND

	Bursary students (Cat A)					Bursary spend (including stipends)				
	All	Female	Female (%)	Black	Black (%)	R'000 All	R'000 Female	Female (%)	R'000 Black	Black (%)
Total RSA citizens	86	41	47,7	67	77,9	3 846	1 644	42,7	3 273	85,1
Construction & Mining	44	26	59,1	32	72,7	2 898	1 501	51,8	2 485	85,7
Building	38	15	39,5	33	86,8	786	143	18,2	661	84,1
Mechanical & Electrical	4	–	–	2	50,0	162	–	–	127	78,4

Broad Based Black Economic Empowerment Verification Certificate

A Consolidated Verification Certificate Issued to

Stefanutti Stocks (Pty) Ltd

Level 2 Contributor

Measured Entity

Company Name	Stefanutti Stocks (Pty) Ltd
Registration Number	2003/022221/07
VAT Number	4530254244
Address	Protec Park Cnr Zuurfontein Ave and Oranjeriver Dr, Chlookop, Kempton Park 1619

B-BBEE Status

B-BBEE Status Level	Level 2
Element Points Obtained	EO: 19.12 points; MC: 10.66 points; SD: 23.92 points; ESD: 35.92 points; SED: 6 points
Discounting Principle Applied	No
Empowering Supplier	Yes

**Black Owned: >=51% and 8 points for Net Value*

**Black Women Owned: >=30% and 8 points for Net Value*

Black Voting Rights	18.92%	Black Women Voting Rights	4.28%
Black Economic Interest	18.28%	Black Women Economic Interest	4.00%
51% Black Owned *	No	30% Black Women Owned *	No
Black Designated Group Supplier	No	Exclusion Principle Applied	

Issue Date	31/07/2018
Expiry Date	30/07/2019
Certificate Number	ELC7928RGENBBCON
Version	Final
Applicable Scorecard	Amended Construction - Generic
Applicable BBEE Codes	Amended Construction Sector Codes Gazetted 1 December 2017

EmpowerLogic (Pty) Ltd

Reg. No. : 1995/000523/07

BBBEE Verification Agency



Per T Lombard

Member - Verification Committee



SANAS Accredited



BVA018

This certificate is the result of an independent and impartial verification of the BBBEE status of the measured entity measured against the Codes of Good Practice on Broad Based Black Economic Empowerment. This certificate has been issued in accordance with the EmpowerLogic Verification Certificate Policy. EmpowerLogic uses the Law Trust advanced electronic signature system (AeSign) which is compliant with the Electronic Communications and Transactions Act no 25 of 2002. The validity of the certificate is ensured as long as the digital signature details corresponds with the Technical Signatory's details as displayed on the certificate.

BEE Procurement Recognition Levels

Level	Qualification	%
1	≥ 100 Points	135%
2	≥ 95 but < 100	125%
3	≥ 90 but < 95	110%
4	≥ 80 but < 90	100%
5	≥ 75 but < 80	80%
6	≥ 70 but < 75	60%
7	≥ 55 but < 70	50%
8	≥ 40 but < 55	10%
Non Compliant	<40	0%

Enquiries

Tel:

086 111 4003

Fax:

086 505 7284

verification@empowerlogic.co.za

www.empowerlogic.co.za

Abbreviations and definitions

"B-BBEE"

Broad-based black economic empowerment

"BU"

Business unit

"CEO"

Chief Executive Officer

"CIDB"

The Construction Industry Development Board

"CLO"

Community Liaison Officer

"CMP"

Construction Management Programme

"CPD"

Continued professional development

"ED"

Enterprise development

"EE"

Employment equity

"EME"

Emerging micro enterprise

"EMS"

Environmental management system

"EXCO"

Executive Committee

"HR"

Human resources

"ISO"

International Organization for Standardization

"ICT"

Information communication technology

"JSE"

Johannesburg Stock Exchange

"LE"

Leadership engagement

"LTI"

Lost-time injury

"LTIFR"

Lost-time injury frequency rate

"MQA"

Mining Qualifications Authority

"NCR"

Non-conformance report

"NIHL"

Noise induced hearing loss

"OHS"

Occupational Health and Safety

"OHSAS"

Occupational Health and Safety Assessment Series

"OHS MS"

Occupational health and safety management system

"OHSE"

Occupational health, safety and the environment

"QMS"

Quality management system

"QSE"

Qualifying small enterprise

"RCR"

Recordable case rate

"RSA"

Republic of South Africa

"S@S"

Systems @ Stefanutti Stocks

"SED"

Socio-economic development

"SETA"

Skills Education Training Authorities

"SHE"

Safety, health and environmental

"SHEQ"

Safety, health, environment and quality

"SLDP"

Site Leadership Development Programme

"SSO"

Site safety observation

"TB"

Tuberculosis

"the current year"

The financial year ended 28 February 2019

"the next year"

The financial year ended 29 February 2020

"the previous year"

The financial year ended 28 February 2018

"VFL"

Visible felt leadership

"VRP"

Voluntary Rebuild Programme

Corporate information

Company information

Stefanutti Stocks Holdings Limited

Share code: SSK ISIN: ZAE000123766

JSE Sector: Construction Year-end: 28 February

Registration number

1996/003767/06

Country of incorporation

South Africa

Registered office

No. 9 Palala Street, Protec Park, Cnr Zuurfontein Avenue and Oranjerivier Drive, Kempton Park, 1619

Postal address

PO Box 12394, Aston Manor, 1630

Telephone number

+27 11 571 4300

Facsimile

+27 11 976 3487

Directors

As at 19 June 2019: KR Eborall* (Chairman); ZJ Matlala*; HJ Craig*; B Harie*; BP Silwanyana*; JM Poluta* (alternate to BP Silwanyana); DG Quinn*; W Meyburgh (CEO); AV Cocciante (CFO)

* Independent non-executive directors

Company Secretary

WR Somerville

20 Lurgan Road, Parkview, 2193

Telephone number: +27 11 326 0975

Auditors

Mazars

Mazars House, 54 Glenhove Road, Melrose Estate, 2196

PO Box 6697, Johannesburg, 2000

Telephone number: +27 11 547 4000

Attorneys

Webber Wentzel

90 Rivonia Road, Sandton, Johannesburg, 2196

PO Box 61771, Marshalltown, 2107

Telephone number: +27 11 530 5000

Transfer Secretaries

Computershare Investor Services (Pty) Ltd

Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196

PO Box 61051, Marshalltown, 2107

Telephone number: +27 11 370 5000

Sponsor

Bridge Capital Advisors (Pty) Ltd

50 Smits Road, Dunkeld, 2196

PO Box 651010, Benmore, 2010

Telephone number: +27 11 268 6231

Bankers

Absa Bank Limited

Barclays Bank Moçambique

Bidvest Bank Limited

Diamond Bank Plc Nigeria

Ecobank

Emirates NBD

First Gulf Bank

First National Bank, a division of FirstRand Bank Limited

First National Bank Botswana

First National Bank Moçambique

First National Bank Zambia Limited

HSBC Middle East

Investec

Nedbank Limited

Nedbank Namibia

Nedbank (Swaziland) Limited

RMB Botswana

Société Générale de Banques en Guinée

Société Générale Moçambique

Stanbic Bank Botswana

Stanbic Bank Ghana

Stanbic Bank Kenya

Stanbic Bank Zambia Limited

Stanbic IBTC Bank Nigeria

Standard Bank Malawi

Standard Bank Moçambique

Standard Bank Swaziland

Standard Chartered Bank

Standard Lesotho Bank Limited

The Standard Bank of South Africa Limited

United Bank for Africa

Zenith Bank Plc Nigeria

Website

www.stefanuttistocks.com

