

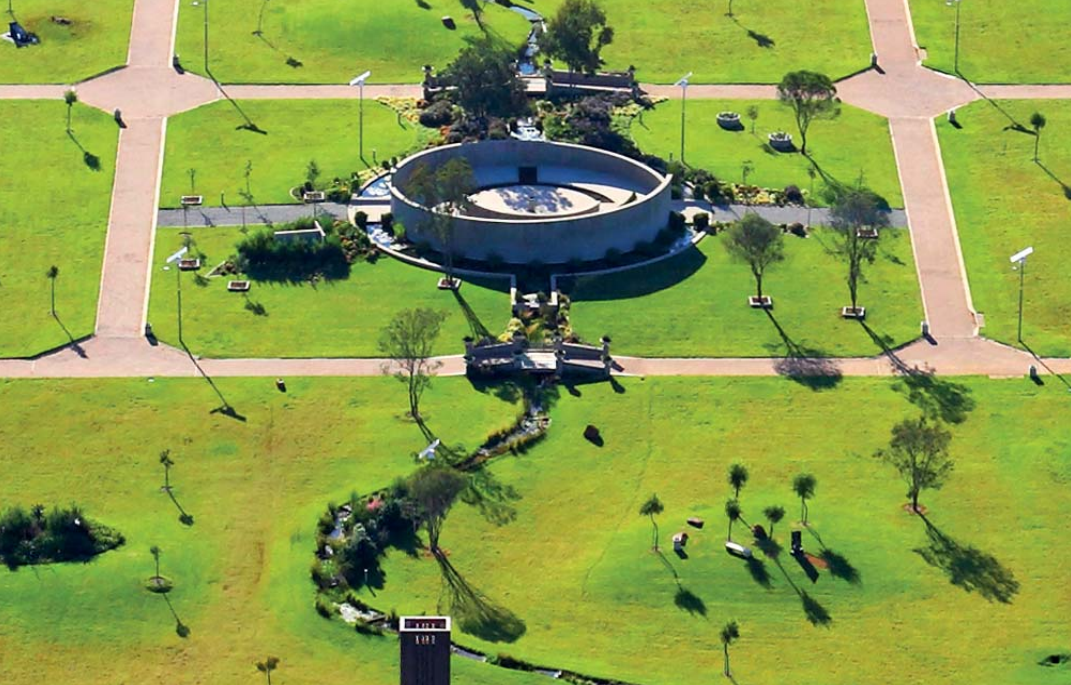


2018

Sustainability Report

Building legacies. Changing lives





Contents

This full Sustainability Report should be read in conjunction with the Integrated Annual Report 2018. The Integrated Annual Report 2018 page 72 to 77 contains an executive summary of this report.

In excess of 90% of the revenue of Calgro M3 is currently derived from Integrated Residential Property Developments and therefore the majority of this sustainability report focuses on property development. Where information does not pertain to property development, it is so stated.

A strategic focus of Calgro M3, to enhance sustainability, is to ensure and drive larger revenue and profitability from the two newly established businesses, namely Memorial Parks and Rental Investment, to a point where all three contribute equally to the business within the medium to long term. In this way enhancing sustainability and diversification.

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Our integrated approach

We are keenly aware that the value we create for the business is closely tied to the value we create for our stakeholders – namely our investors, partners, suppliers, clients, our workforce, the environment and the communities we impact through our businesses.



Building a sustainable business

The principle of sustainability underpins core business imperatives such as ensuring stable business growth and maximising returns for shareholders. In South Africa, where historical inequality has created a huge disparity, our role as an Integrated Residential Property developer, Memorial Parks and Rental Investments is an important one. As our business grows, so does our potential to deliver on a positive social and developmental impact.

We build the future together

While the brick and mortar residential developments, rental units and Memorial Parks we establish are an important measure of our output, the real value lies in creating an environment in which communities can thrive. Our goal is to deliver not only housing and Memorial Parks, but an environment that empowers and uplifts communities.

- ▶ From entry to exit, in all the phases of our operations, we have a dynamic working environment, putting in place structures that will support the future success, well-being and prosperity of these communities.
- ▶ We engage with stakeholders to understand their challenges and needs, incorporating their inputs into our outputs.
- ▶ We employ design principles and energy and water solutions that are affordable, eco-friendly and durable.
- ▶ We create employment, encourage skills and enterprise development and support entrepreneurship.

- ▶ We invest in the development of shared public spaces for the community and in social, educational, sport and recreational facilities.
- ▶ We take care of the environment, rehabilitating and protecting the natural surrounds, preserving them for future generations.

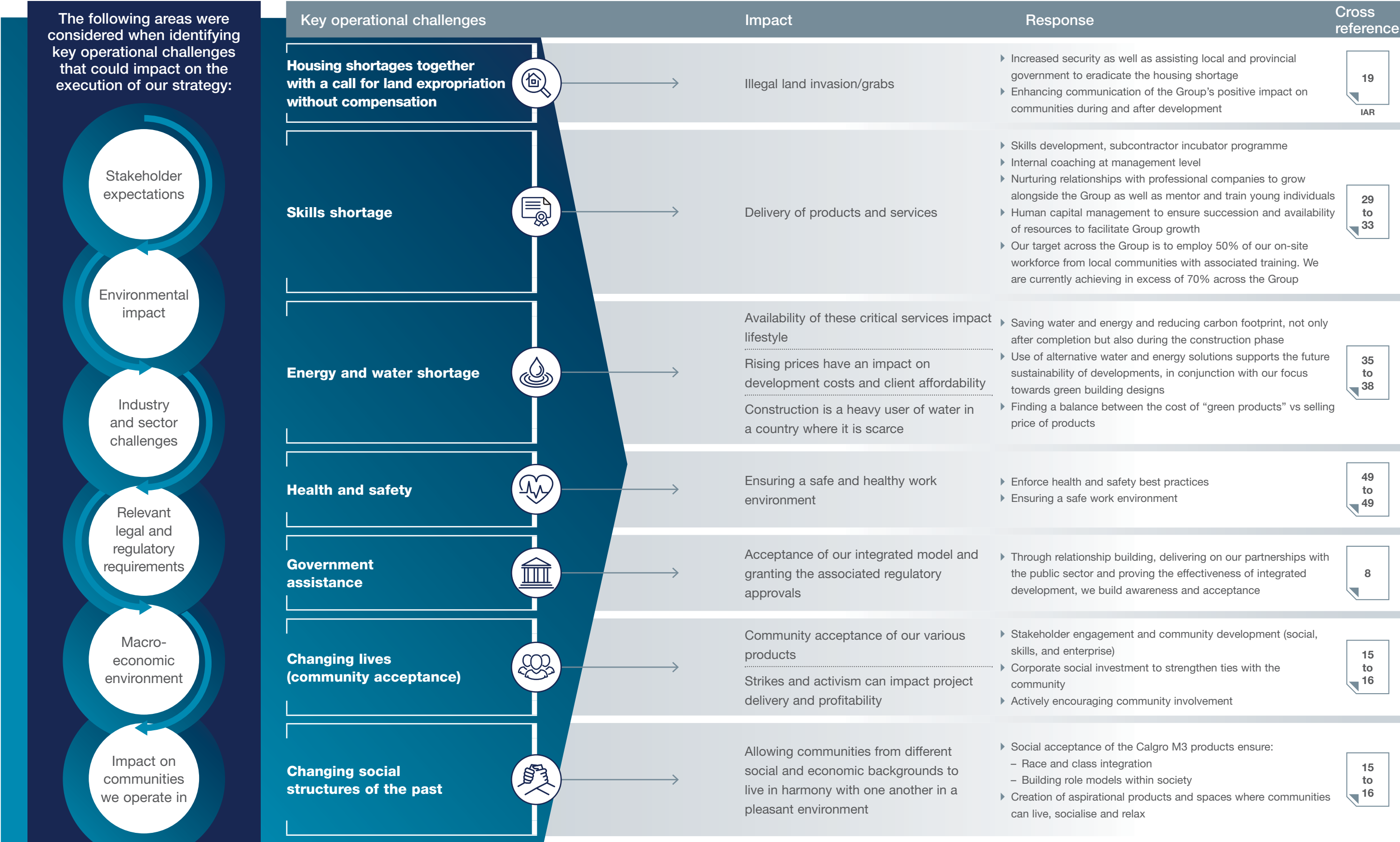
We do this without taking our eye off the ball in terms of creating business value and ensuring profitability.

We are not seduced by opportunity and our risk is carefully managed. Our day-to-day focus is firmly on achieving consistent quality outputs, ensuring excellence in the management of our operations and capital, balancing our risk exposure, and nurturing our relationships with financiers, investors and partners. This provides the groundwork for stable growth. Adding value – to the business and our stakeholders – is what ensures the sustainability of the business.

We continue to formalise, improve and implement processes, policies and procedures that enable us to better manage and govern our business, live our values and improve the many interactions we have with our stakeholders. The Group's growing maturity will assist us to move forward with greater agility. Our management approach is hands-on and our business model places emphasis on flexibility. This provides us with the capability to react rapidly to market demand and cater to the changing needs of clients, development partners and other stakeholders.

Material issues

Calgro M3 defines material operational issues as those with the potential to significantly affect the ability of the Group to deliver on our stated strategy, create value and ensure sustainability over the short, medium and long term.



Our stakeholders



We define our stakeholders as any individual, group or organisation that is interested in, impacted by, or involved with Calgro M3. This includes our shareholders, investors, clients, employees, subcontractors, suppliers, consumers, communities, joint venture and other partnering organisations, government departments, governing bodies, trade unions, NGOs, industry and related industry specialists, academic institutions and the media.

The Company adopts a precautionary approach. We invest in planning and thorough analysis prior to embarking on any development projects or external initiatives. Our social and environmental impact assessments as well as robust risk management processes and systems, help ensure the sustainability of our developments.

Channels for engagement and dialogue with a wide variety of stakeholder groups are accessible via formal and informal meetings, forums, surveys, briefings and one-on-one meetings and reviews. We ensure the local community is engaged in our activities, providing employment and skills development opportunities, as well as other platforms and forums for involvement.

Our policy is to employ at least 50% of the workforce required on a development (which includes local SMMs, skilled and unskilled labour) from the local communities in which we operate. On-site community-chaired labour desks are set up at all integrated projects to assist in the appointment of the local workforce. They also provide an innovative means to ensure continual hands-on stakeholder engagement, community involvement and buy-in, and monitor and enforce compliance. These labour desks also manage on-the-job training, coaching and mentoring to further empower individuals and support the development of our growing list of subcontractors.

At year-end, the Group had 138 active subcontractors (2017: 132) of which 100% of newly appointed subcontractors are fully empowered. The primary reason for the 4.5% rise is due to Calgro M3's increase in operations across sites throughout the year for our increased roll-out of private sector and rental units. Calgro makes use of its own construction teams and

local contractors on the Belhar site in Cape Town, no longer making use of the external contractor as was the case in previous years. In addition, the Group absorbed and employed many smaller contractors ("SMMs") in the South Hills development. At Scottsdale, Calgro M3 is still making use of a contractor that supplies material and labour. By supporting and partnering with entrepreneurial South Africans in local communities, we help grow small businesses, strengthening not only the community but also Calgro M3, by adding valuable resources to our value chain.

Stakeholder engagement and feedback is valuable. It serves to:

- ▶ highlight potential areas of risk;
- ▶ improve awareness of market trends and innovations;
- ▶ help better understand the macro-economic climate, socio-political and cultural dynamics;
- ▶ obtain valuable feedback on the quality of products and delivery thereof;
- ▶ provide input for continuous business improvement and promote continual learning;
- ▶ inform the public of the suite of offerings: Integrated Residential Property; Rental Investment and Memorial Parks;
- ▶ build trusting, committed and solid relationships;
- ▶ proactively manage the Calgro M3 brand and improve its visibility in the industries within which it operates;
- ▶ ensure governance, compliance and best practice processes are in place to stabilise the Company and to support further controlled and sustained growth;
- ▶ ensure the Company's growth, development, short and medium-term success, and long-term sustainability; and
- ▶ give community members, trade unions and employees a voice to ensure their concerns are considered in the decision-making process.

Stakeholder engagement and understanding

Understanding and communicating with stakeholders plays a critical role within the Group, helping ensure continued growth and sustainability. Calgro M3 thus subscribes to meaningful, ongoing internal and external communication with all stakeholders.

External stakeholders

Through communication and interaction with external stakeholders we aim to:


- ▶ build strong stakeholder relationships to support the Company's sustainability framework;
- ▶ obtain support for the business concept and strategies;
- ▶ strengthen confidence in the Company, its brand, employees, management and products;
- ▶ share information regarding public and industry affairs;
- ▶ meet expectations in terms of compliance with legislation, regulations and standards relating to communication activities;
- ▶ obtain support for an accurate evaluation of Company shares;
- ▶ facilitate the raising of capital by providing an accurate representation of the Company's financial position for investors;
- ▶ manage the image of the Company, its products and activities; and
- ▶ facilitate the recruitment of employees, supporting the Company's drive to become an employer of choice.

Internal stakeholders

Through communication, interaction and care for internal stakeholders, we aim to:

- ▶ ensure that the Company's goals, policies and guidelines are communicated and understood to be to the benefit of employees, the Company and external stakeholders;
- ▶ provide employees with information they need, when they need it, to increase understanding and commitment, build motivation and garner support for Company strategies;
- ▶ communicate with employees about decisions and events that affect them;
- ▶ cultivate support and an understanding for the Company's business objectives, strategies and values;
- ▶ increase each employee's understanding and knowledge of the Company and its development;
- ▶ provide clear and current information to employees on the Company policies and information vital to the Company's corporate identity;
- ▶ ensure that the Company's Code of Conduct, as it relates to communication, is adhered to by all staff, whether permanent or temporary;
- ▶ ensure the internal dissemination of success stories and good business solutions throughout the organisation, to spread creativity and encourage knowledge sharing and cross-operating unit/project cooperation; and
- ▶ provide guidelines for employees regarding general as well as to inter-company and intra-company social communications/interactions and to proactively mitigate risks of damaging press leaks or misinformation being spread to the public or Company clients or suppliers.

Stakeholder engagement and understanding *(continued)*

The tables on  pages 6 to 16 describe the issues that are material to each of the Company's key stakeholder groups, and our response to ensure these issues are addressed.



Workforce

The key resource of our Company is its people. Our employees, subcontractors and the unions that represent them are therefore a key stakeholder group. We endeavour to attract, motivate, develop and retain a skilled and sustainable workforce to meet the current and future business needs of the Company. We actively endeavour to become an employer of choice.

Material issues	Our response
Fair work practice	<ul style="list-style-type: none"> ▶ Open communication, fair management practices ▶ Hands-on senior management involvement to address and resolve labour issues
Safety	<ul style="list-style-type: none"> ▶ Follow strict OH&S processes which are independently audited
Incentives and bonuses	<ul style="list-style-type: none"> ▶ Endeavour to pay market-related or above rates and incentivise exceptional performance with performance-related bonuses
Growth and development	<ul style="list-style-type: none"> ▶ Offer skills development opportunities ▶ Incubator process for subcontractors
Transformation	<ul style="list-style-type: none"> ▶ Strive for transformation of the workforce ▶ Dedicated internal B-BBEE Implementation Team to ensure transformation across the Group
Succession planning	<ul style="list-style-type: none"> ▶ HR and Corporate Governance policies support succession planning ▶ Active involvement of management and the Executive Committee ("Exco") to identify and develop succession candidates ▶ Guidance and support provided by the Remuneration and Nomination Committee
HIV/AIDS	<ul style="list-style-type: none"> ▶ Regular sessions on HIV/AIDS are held with employees and contractors on site ▶ Support is offered and arranged from the Department of Public Works and the Department of Health

How we engage

- ▶ Regular staff communication;
- ▶ Briefings and meetings;
- ▶ Management road shows and project launches;
- ▶ Formal and informal social events;
- ▶ HR policy and procedure, including staff induction and performance review;
- ▶ Regular training for staff; and
- ▶ Management maintains an "open-door" policy where ad hoc discussions are taken up and issues resolved accordingly.

Our customers are a vital part of our business model. Addressing their issues and concerns is of paramount importance to us. We regularly and consistently engage with the end-users of our products – residents, homeowners, those renting units, those who have recently lost a loved one, property developers and/or real estate owners and sellers who are subcontracted by the Company, as well as Government.



Customers

Material issues	Our response
Value for money	<ul style="list-style-type: none"> ▶ Our turnkey approach drives the affordability of end-products and is measured by 100% bonds granted by the financial institutions to our clients
Quality	<ul style="list-style-type: none"> ▶ Quality of workmanship is constantly reviewed and formally verified ▶ Formal project management control procedures implemented before handover to clients ▶ Recruitment of suitably qualified quality control officers ▶ 24/7 Client Call Centre established to resolve matters that are inside and outside the latent defect period ▶ After sales service ensures client satisfaction
On-time delivery	<ul style="list-style-type: none"> ▶ Turnkey approach means no reliance on external suppliers in the early stages of development ▶ Strong project management capabilities ▶ New CIS (Calgro Information System) for project timeline monitoring ▶ Regular project manager meetings to identify issues
Integrated, fit-for-purpose design addressing the needs of residents, the community and the environment	<ul style="list-style-type: none"> ▶ Town planning is informed by design specialists, environmental plans and engagement with the community ▶ In-house Architectural and Urban Design Department ▶ Village concept implemented
Anti-competitive behaviour	<ul style="list-style-type: none"> ▶ Policies and guidelines ensure rights are protected and that undue influence is not brought to bear

How we engage

- ▶ Meetings;
- ▶ Written communication;
- ▶ Advertising campaigns;
- ▶ Press releases;
- ▶ Social media;
- ▶ Marketing material;
- ▶ Site visits;
- ▶ Project updates;
- ▶ Community forums and body corporate memberships/meetings;
- ▶ Marketing surveys and group SMSs;
- ▶ Call Centre assistance and support; and
- ▶ Calgro M3 Information System.

Stakeholder engagement and understanding *(continued)*



Government (local, provincial and national)

We partner with Government on developments, including the local, provincial and national authorities, liaising with the Departments of Human Settlements, Health, Education and Social Services, to build communities.

Material issues	Our response
Statutory and legal compliance	▶ Transparency and compliance with various Acts, policies, procedures and guidelines
Funding constraints for much needed infrastructure	▶ Engaged to help find solutions given recent downgrades on banking sector
Local economic development and deliver on transformation and equity, health and safety, HIV/AIDS awareness and education agendas	▶ Partnering to address employment creation and enterprise development ▶ Implementation of local labour desk ▶ Address social integration, transformation and equity, health and safety, HIV/AIDS awareness and education

How we engage

- ▶ Meetings;
- ▶ Steering Committee meetings;
- ▶ Co-facilitation of public participation forums;
- ▶ Partnering for training;
- ▶ Partnering to address specific issues;
- ▶ Participation in ad hoc discussions;
- ▶ Involvement in providing input into policy-making in conjunction with Government; and
- ▶ Written communications.

By providing a holistic and transparent view of the Company and its operations, clear communications of our strategy, sustained and controlled growth and a consistent return on investment, we build trust and confidence. All activities below are undertaken to ensure that this relationship of trust is built with shareholders, investors, analysts and the media in an endeavour to ensure the correct value being placed on the Company. The Group operates transparently and all information provided is available to all shareholders and investors.



Shareholders, investors, analysts and media

Material issues	Our response
Growth and sustained returns on investment	▶ Clear business strategy, stable growth and risk mitigating strategies
Appropriate response to macro-economic and socio-economic environment	▶ Good business practices, sound governance policies, procedures and structures and flexibility between market segments facilitate agile responses and adaptability
Prudent capital allocation and utilisation of cash and working capital	▶ Debt used to raise necessary working capital, secured by a strong balance sheet and project pipeline
Succession planning and talent retention	▶ Leadership succession planning ▶ Human Capital Management policies and measurements in place

How we engage

- ▶ Regular financial results and Company presentations;
- ▶ Meetings;
- ▶ Project updates;
- ▶ Comprehensive Investor Relations function in place;
- ▶ Newsletters, press releases, printed notices;
- ▶ Annual General Meeting;
- ▶ Annual Integrated Report and published results;
- ▶ Feedback emails;
- ▶ Ad hoc telephonic dialogues;
- ▶ Comprehensive Company website;
- ▶ Site visits; and
- ▶ Roadshows are undertaken locally as well as to large international shareholders.

Stakeholder engagement and understanding *(continued)*



Environmental agencies and interest groups

Our key stakeholders in this group includes environmental organisations, public interest and peer groups as well as industry partners interested in impacting or impacted by environmental issues. Our environmental responsibility extends beyond legal and regulatory requirements. It is our responsibility to reduce our environmental impact and continually improve our environmental performance across all our operations.

The Company's work is based on care for the environment and it is the founding philosophy in all that is built and created. Any Integrated Development can be visited to see the recreational parks, wetland rehabilitation areas and trees that Calgro M3 has planted.

Material issues	Our response
Compliance with Acts and guidelines to protect and conserve the environment	<ul style="list-style-type: none"> ▶ Environmental work plans are approved for every development ▶ Independent environmental specialists monitor and manage compliance at every development
Transparency and disclosure of information	<ul style="list-style-type: none"> ▶ Adhere to and communicate compliance ▶ Resolve issues as a priority and communicate outcomes
Product stewardship	<ul style="list-style-type: none"> ▶ Take measures to ensure that we minimise the environmental impact of our developments ▶ Integrated development leaders ensuring green initiatives throughout these projects ▶ Protection of endangered or threatened species

How we engage

- ▶ Meetings;
- ▶ Conferences;
- ▶ Launches;
- ▶ Monitoring projects and compliance;
- ▶ Project feedback meetings; and
- ▶ Training of subcontractors and suppliers.



Suppliers and service providers are our partners in our One Team approach to delivery. We create trust and stimulate collaboration, providing growth opportunities in a mutually respectful and beneficial way, with open and regular communications as and when required or requested.

Suppliers, service providers and specialists

Material issues	Our response
On-time payment	▶ Timeous payments
Growth opportunities	▶ Favourable contract terms ▶ Preferential procurement
Clear understanding of Company strategies and priorities	▶ Engagement with professional teams to ensure synergy in implementation and problem resolution
BEE compliance	▶ Preference is given to local suppliers with a BEE rating who can demonstrate the necessary skills or services required

How we engage

- ▶ Meetings;
- ▶ Face-to-face engagements;
- ▶ Emails;
- ▶ Telephonic conversations;
- ▶ Industry conferences and functions;
- ▶ Firm agreements are in place with all suppliers, service providers and specialists, and are acted on accordingly; and
- ▶ Training of local suppliers.

Stakeholder engagement and understanding *(continued)*



JSE and other regulatory bodies

We endeavour to comply fully with laws and regulations. We therefore engage with regulatory bodies on a regular basis to improve and ensure compliance.

Material issues	Our response
Statutory and legal compliance	<ul style="list-style-type: none"> ▶ We intend to comply with all requirements and guidelines to be an outstanding corporate citizen ▶ Measure compliance on a continuous basis to ensure requirements are adhered to
Transparent disclosure	
Adherence to guidelines such as: King IV, CSI, GRI, OHS Act	
Good corporate citizenship	

How we engage

- ▶ Meetings;
- ▶ Written communications;
- ▶ Attend educational presentations;
- ▶ Audits (internal and external); and
- ▶ Business associations.



Fourways Memorial Park



Financial institutions and debt capital providers

We maintain excellent relations with our financial partners, as securing finance for developments is vital across operations. We proactively manage cash flow, debt obligations and risk. To ensure financial excellence, we apply stringent measures and strict compliance with regulatory and contractual requirements.

Furthermore, we focus on remaining flexible and agile to ensure rapid response to macro-economic issues, especially those that impact the ability of end-users to access finance, the affordability of products to end-users and the Group's ability to deliver quality products to the market.

Material issues	Our response
Sound financial management	<ul style="list-style-type: none">▶ Financial management by a qualified team▶ Suitable governance to manage risk
Appropriate response to macro-economic environment	<ul style="list-style-type: none">▶ Focused, flexible and proactive business model and management team
Access to, and disclosure of financial and related information	<ul style="list-style-type: none">▶ Integrated Annual Report and interim reports that adhere to international accounting standards
Liquidity	<ul style="list-style-type: none">▶ Strategically retain substantial cash resources and gearing ability
Comprehensive risk management and exposure levels	<ul style="list-style-type: none">▶ Continue to ensure a strong balance sheet▶ Risk management policies and tolerance levels set by the Board▶ Continuous monitoring of financial position to tolerance levels▶ Quarterly feedback to the Board and Committees
Risk tolerance ratios and covenants	<ul style="list-style-type: none">▶ Tolerance ratios and covenants set by Audit and Risk Committee and debt providers are monitored quarterly to identify risks

How we engage

- ▶ Meetings;
- ▶ Emails;
- ▶ Presentations;
- ▶ Project updates;
- ▶ Engage and take all financial institutions and lenders for site visits to the properties in order for them to see the result of their lending materialise; and
- ▶ Cash flow and financial analysis.

Stakeholder engagement and understanding *(continued)*



Joint ventures and other partners

Vital to the success of our joint venture developments are strong relationships with our joint venture partners, as well as the maximisation of value for all partners. We maintain clear lines of communications, meet our commitments and carefully manage risk.

Material issues	Our response
Long-term value maximisation	▶ Skills and knowledge are shared and transferred
Joint growth and development opportunities	▶ Co-manage risk using defined processes
Long-term financial sustainability and security	▶ Appropriate reporting, financial strategies
Open and clear communication	▶ Accurate, relevant, proactive communications are provided and mechanisms for ongoing feedback and participation are in place
Full understanding of the Calgro M3 business model and the JVs role within it	▶ Clear strategic direction ▶ Clear lines of accountability and ownership ▶ Corporate cultural integration and alignment
Labour unrest and strike action	▶ Proactively engage with the workforce and representative unions, with structures to facilitate rapid dispute resolution
Equitable income distribution	▶ Encourage openness and transparency in our dealings and promote fair business practices

How we engage

- ▶ Meetings;
- ▶ Progress reports;
- ▶ Updates;
- ▶ Launches;
- ▶ Steering Committee meetings;
- ▶ Business partner and industry forums;
- ▶ Co-facilitation sessions;
- ▶ Emails; and
- ▶ Telephone calls.



A critical component of our developments is community participation and locally based skill and enterprise development. We respect the rights and needs of communities and actively seek to support their interests by involving them from start to finish.

Communities in which we operate

Material issues	Our response
Land claims	<ul style="list-style-type: none"> ▶ Due diligence ▶ Local councillor involvement ▶ Community and labour desk officers
Destruction of cultural heritage sites, protecting biospheres and endangered species	<ul style="list-style-type: none"> ▶ Public participation in the environmental authorisation process ▶ Strict compliance with an Environmental Management Plan ▶ Due diligence
Issues with delivery and quality of housing	<ul style="list-style-type: none"> ▶ A formal focus throughout construction on verifying quality, backed up by after sales service
Employment and economic development	<ul style="list-style-type: none"> ▶ Local community involvement through establishment of labour desks ▶ Skills and enterprise development ▶ Training programmes
Non-delivery of municipal services	<ul style="list-style-type: none"> ▶ Town planning and interaction with local government and municipal services to plan infrastructure and service delivery ▶ Alternative energy solutions make developments more affordable and sustainable
Socio-economic and related issues (HIV and AIDS, crime, gangsterism, etc)	<ul style="list-style-type: none"> ▶ Partner with businesses, NGOs and government to address key socio-economic issues within communities
Access to health and education facilities	<ul style="list-style-type: none"> ▶ Provision for these facilities is made in the town planning process throughout our Integrated Developments
Corruption	<ul style="list-style-type: none"> ▶ Calgro M3 adheres to a culture of zero tolerance for corruption ▶ Tip-offs anonymous hotline (fraud and corruption hotline)
Positive and tangible contribution to broader interests within the community and society as a whole	<ul style="list-style-type: none"> ▶ CSI annual spend is directed at key community projects ▶ Skills and enterprise development
Earning social licence to operate	<ul style="list-style-type: none"> ▶ Actively engaging with and building communities ▶ Environmental stewardship
Social and cultural integration of new development into existing communities and areas	<ul style="list-style-type: none"> ▶ We take the interests and needs of communities into consideration, actively pursuing the creation of integrated, thriving communities

Stakeholder engagement and understanding *(continued)*

Communities in which we operate *(continued)*

How we engage

- ▶ Public participation forums;
- ▶ Presentations;
- ▶ Community outreach forums and leaders;
- ▶ Corporate social responsibility and investment projects;
- ▶ Launches;
- ▶ Education focused;
- ▶ Daily project site and operations management meetings, which include labour desks headed by community elected leaders;
- ▶ Meetings with ward and local councillors for areas in which developments are planned;
- ▶ Active education through the Captain Calgro mascot on requirements of a homeowner; and
- ▶ Social media.



Fleurhof Primary

UN Global Compact Principles

The Group is a signatory to the UN Global Compact (“UNGC”) which requires companies and their subsidiaries to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and anti-corruption. The Directors of Calgro M3 embrace and are committed to the UN Global Compact Principles. They actively seek to address social, economic and environmental issues in all spheres of their operations, in their efforts to make a difference in the lives of the communities they serve.

Human rights principles

- ▶ Businesses should support and respect the protection of internationally proclaimed human rights
- ▶ Ensure that they are not complicit in human rights abuses

Labour principle

- ▶ Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
- ▶ The elimination of all forms of forced and compulsory labour
- ▶ The effective abolition of child labour
- ▶ The elimination of discrimination in respect of employment and occupation

Environmental principle

- ▶ Businesses should support a precautionary approach to environmental challenges
- ▶ Undertake initiatives to promote greater environmental care and responsibility
- ▶ Encourage the development and diffusion of environmentally friendly technologies

Anti-corruption principle

- ▶ Businesses should work against corruption in all its forms, including extortion and bribery

Economic sustainability

For Calgro M3 economic sustainability starts with value delivery and customer satisfaction: healthy, happy and satisfied clients improve the marketability of our products, which generates more work, resulting in the employment of a larger labour force, increasing our social impact and delivering a better financial performance. The upside – a company that contributes to the sustainability of the economy in a meaningful way.

Operational excellence and strategic diversification provides the business with the flexibility it needs to adapt and respond optimally to macro-economic and other market variables.

While Calgro M3's financial performance is a fundamental measure of its sustainability, the Company's contribution to the larger economic system can be seen in its impact on society and the flow of capital among its stakeholders. Calgro M3's management approach to economic sustainability focuses on:

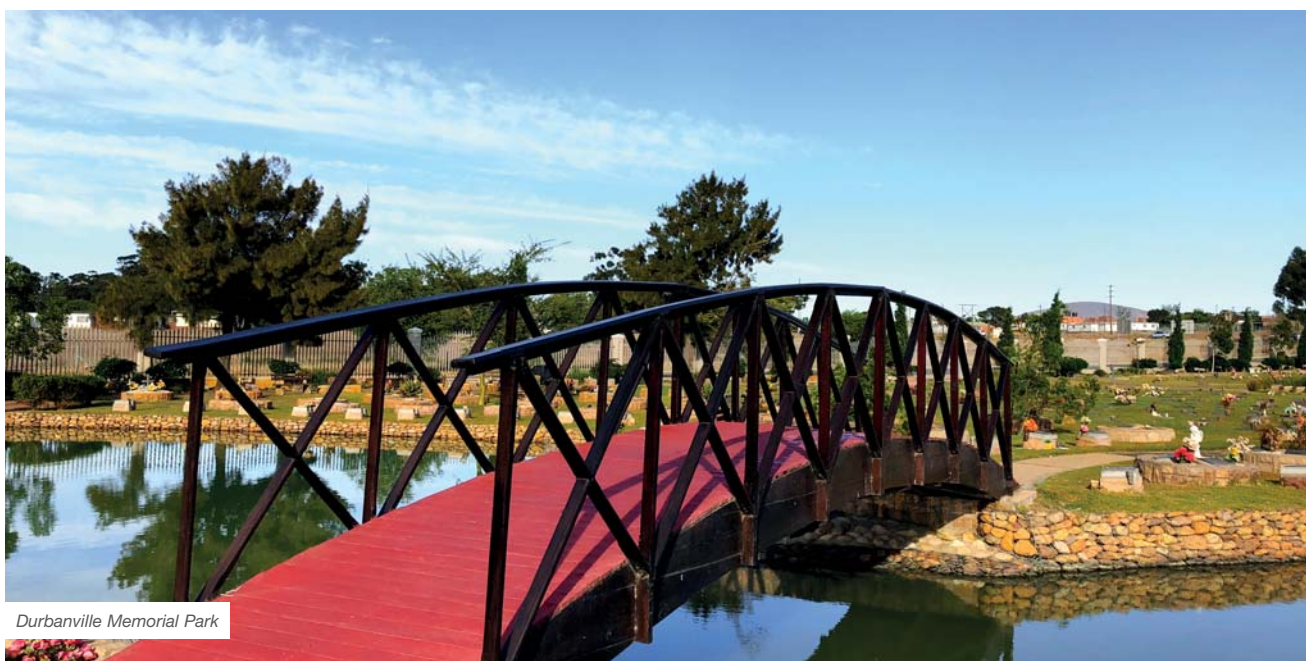
- ▶ Organisational and operational excellence;
- ▶ Providing greater value to all stakeholders; and
- ▶ Positioning the Company for future growth.

Operational excellence is underpinned by business processes and policies like corporate governance and risk management that drive compliance, build capacity, help retain scarce skills, ensure measured business growth and guide decision-making.

When our stakeholders prosper, we prosper. Consistent delivery against strategic objectives and steady growth instils investor confidence. In the communities where Calgro M3 works, wealth creation and ownership opportunities in the form of skills and enterprise development drive economic prosperity.

The positive economic impacts up and down the construction value chain can be considerable. It creates a wave of positive activity and growth. Calgro M3 also supports social, environmental and other aspects of sustainable development within the design, planning and execution of Integrated Residential Developments and Memorial Parks. This further supports economic activity and growth.

To position the Company for future growth, the Group looks at all stakeholders including but not limited to operations, leadership, building relationships, building advantageous partnerships and creating a challenging and nurturing environment for employees. Regular engagement with stakeholders enables ongoing sharing of ideas, problem solving and innovation. Streamlined internal functions allow the Company to leverage new opportunities and quickly operationalise innovation, increasing its competitiveness. Building an attractive growth path for our employees and subcontractors assist the Company to attract and retain talent, build capacity and strengthen its value chain. Partnerships with government are built on shared goals, namely providing socio-economic stability and growth for the people of South Africa.



Economic value-added goals

To generate direct and indirect economic value for local communities from our operations as we develop entire communities, not just properties.

All our businesses impact a wide variety of businesses and industries across the value chain, including providers of finance, appraisers, insurance and real estate agents, suppliers of building materials, burial services, furniture and hardware stores. Funds enter the local economy via the payment of wages and the purchase of construction materials. Calgro M3's policy of local recruitment ensures a large proportion of local subcontractors and labourers make up the workforce in our developments, further boosting the local economy. Local businesses benefit from increased business with residential owners of the new units. This creates an upward spiral of growth and wealth creation.

Low-cost housing impact

The housing construction sector in South Africa has one of the highest employment multipliers. Calgro M3's current Residential

Property Development pipeline of over R25.3 billion could, considering direct and indirect employment opportunities, create more than 35 000 jobs. Calculations are based on a 2012 study conducted by Professor Francois Viruly of the Department of Construction Economics and Management at the University of Cape Town into the social and economic impact of affordable housing developments. Residents of housing developments also gain improved access to education and employment, with a positive impact on safety and security.

Quality management

Calgro M3 strives to create a culture of quality, which is critical to the ongoing success of the Group. Consistent delivery of quality products and services drives client satisfaction and provides a competitive advantage. It also removes the risk that sub-standard products pose to the workforce and end-users.



Economic value-added goals *(continued)*



Research: The social and economic impact of affordable housing developments research conducted by Professor Viruly was commissioned by International Housing Solutions (“IHS”), a previous joint venture partner with Calgro M3 on four developments. The research puts the man hours needed to build a 40 m² house at 541 hours of skilled and 748.8 hours of unskilled work. This translates to 2.45 people employed continuously to complete a typical house in 13 weeks. The study estimates that an investment of R7.8 billion in affordable housing will create 10 000 jobs, and an estimated additional 5 000 jobs will be created as a spin-off per annum in perpetuity through the maintenance and management of housing units, the payment of rates and taxes, and the expenditure on goods and services by households directly related to the housing units.

Policy, practices and proportion of spending on locally based suppliers

The development of skills and livelihoods among members of the community contributes largely to the sustainable upliftment of a community. This is the basis for the establishment of Calgro M3’s policy on recruitment which requires that all efforts be made to recruit, wherever possible, local labour, contractors and subcontractors. Community-chaired labour desks on all sites actively participate in local recruitment and placement, applying policies which enhance equal opportunity and fairness. Labour desk recruitment practices and procedures

are further described in the human capital management section of this report. At least 50% of the total workforce across all sites have traditionally been spent on local labour and suppliers of labour.

Calgro M3 has no formal policy regarding local suppliers. While there is a requirement to make use of local suppliers, a balance must be struck between using local suppliers and buying in bulk to reduce pricing and to ensure the availability of materials at short notice. Empowerment ratings play a role in determining suitable suppliers, whether material is sourced locally or otherwise.



Fleurhof

Corporate Social Investment (“CSI”)

Calgro M3’s investment in social initiatives is aligned to its philosophy of community development. We invest in social development initiatives that help uplift and empower. We favour the support of projects in our residential developments, identifying opportunities where we can make a tangible difference, supporting the growth and development of individuals, nurturing vulnerable or needy groups, or strengthening the community.

Calgro M3 believes in supporting education, where a meaningful difference can be made to change the wellbeing of South Africans.

The Group is involved in the construction of various crèches, schools, clinics, parks and community centres within its developments.

Although our Socio-Economic Development (“SED”) spend complements our B-BBEE Scorecard (Socio-Economic Development focus on 75% or more black South African beneficiaries), our focus is to create socio-economic sustainability within the developments that we operate in, thus going above and beyond the recommend target of 1% of NPAT that is stipulated in the B-BBEE codes.



Corporate Social Investment (“CSI”) *(continued)*

Our CSI projects

Calgro M3’s Corporate Social Investment spend for the period has risen to R9.6 million in the current period compared to R7.2 million in 2017 financial year.

Our CSI focus extends from construction and financial support of crèches to the development of shared public spaces. We also invest in skills development initiatives, support the development of health facilities and the rehabilitation and stewardship of sensitive environmental areas, and partner with organisations that target social problems.

All our CSI investments are made within the framework provided by the Company’s Sponsorship and Donation Policy. This policy favours investment in events, initiatives, organisations or institutions that have a proven track record in

managing community initiatives and whose vision, reputation and objectives are consistent with those of the Company.

Key areas of potential sponsorship by the Company include initiatives that support its future growth; are directed at community events, persons, organisations or institutions in the areas where the Company conducts its business; and initiatives or events that are beneficial to the Company’s business activities, both directly and indirectly.

In all instances, Calgro M3’s investment in chosen initiatives is voluntary, not mandated. Town planning regulations for Integrated Developments stipulate that land must be reserved for public use and that developers may not raise any structures on or develop that land. Thus, where the Company develops public spaces, it donates the land.

2018 – CSI projects undertaken



Schooling

📍 Fleurhof

Constructed the first private school and donated a bursary fund for less privileged households

The first Future Nations Private School opened its doors for the school year in January 2017, offering learners the opportunity to attend a private school for R15 000 per year, where other similar private schools charge more than R30 000 per year. Calgro M3 constructed the school at cost and donated the value of the land (received in terms of land sale agreement) back to the school as a bursary fund for less privileged scholars to ensure that children from all economic levels in society are able to attend the same school and get a similar education.

In 2018, Calgro M3 began work on the second phase of the school, which includes extending the school further to accommodate additional learners. It is expected that the new phase will open in January 2019.



Fleurhof Primary



Schooling

📍 Meadowlands

Letsibogo Secondary Girls School – Constructed a school hall

Calgro M3 completed the construction of the school hall for the Letsibogo Secondary Girls School in Meadowlands. The Group invested approximately R3.4 million in the construction of the building. Much of the construction was done through our Skills and Enterprise Development and Training Programme. Since the secondary school is only a stone's throw away from our current Fleurhof Development, we believe that in assisting the school, a place has been created for supplementary school activities to complement the learners' academic performance and contribute to social development.

The official opening of the hall took place on 2 March 2018. The Matric class of 2017 was the first group to write their year-end exams within a formal hall at the school. The school received an award from the District for the Best School in Soweto Public Schools for 2017 for the accomplishment of a 100% pass rate.

The handover of the hall to the school was attended by the Chief Director of Education, Gauteng, Mr M Nkonyane; the Director of Education, Gauteng Mr M Tshabalala; the Institutional Development Support Officer, Mr D Slabbert; and Circuit Manager, Mrs L Rathinasamy. The guest speaker was the acclaimed author Dr Judy Dlamini. Also present was the first-ever principal of the school, Mrs Ellen Kondowe and members of the School Governing Body.

An additional financial contribution is planned for the 2019 financial year that will be allocated towards equipping all classrooms with heaters. This will assist during the approaching winter months to ensure that the learning environment is conducive and comfortable for teachers and learners alike.

— ▼ —
In the words of Nelson Mandela as quoted by the chairman of the School Governing Body, Mr F Ramitloa during his speech at the ceremony:

“Children are the most important asset in a country. For them to become that asset, they must receive education and love from their parents.” – Nelson Mandela



Fleurhof Primary



South Hills

Corporate Social Investment (“CSI”) *(continued)*



Community facilities

📍 All projects

Development of parks, creating access to non-motorised transport systems (“NMTS”) and routes

Achieving a balance between densification and lifestyle needs is important. On a project such as Jabulani where development takes place within the centralised business district, or city centre, development is driven by densification, resulting in less open spaces. Similarly, at the infill sites such as Scottsdene, we operate in a built-up environment where parks have already been demarcated. At these sites, we develop additional parks and now also NMTSs and routes, to enhance the quality of living.



Fleurhof



South Hills



Sports and education facilities

📍 South Hills

Calgro M3 will assist the Linn Hill Soccer Club with relocating the current facilities to an adjacent site. A new densified design will ensure that the soccer club can host more community functions while overlooking the soccer fields.



Urban Agriculture

📍 Fleurhof

Local food security programme

The City of Joburg (Social Development) and Calgro M3 partnered to develop the identified open spaces in Fleurhof for urban agriculture use to support a food resilience programme. The project is well under way with construction and security measures in place. The aim of this agricultural and food security initiative is to provide fresh, locally grown food not only to the local community, but linking all areas of the broader region through food procurement and distribution systems.



Park and recreational facilities

📍 Fleurhof, Scottsdene, La Vie Nouvelle, Summerset, South Hills, Jabulani, Witpoortjie, Belhar, Kwa Nobuhle and Summerset

Open space and park development

Calgro M3 aims to develop these spaces in all Integrated Residential Property Developments before handing over maintenance to residential committees.


Parks and open space systems of this kind have been established at Fleurhof, South Hills, Jabulani, Scottsdene and Belhar, and will also be established in Kwa Nobuhle; and open space systems have been put in place at the La Vie Nouvelle, Summerset and Witpoortjie developments.



Corporate Social Investment (“CSI”) *(continued)*



Youth training and development

 Nasrec

Memorial Park

The Group’s Memorial Parks business contributes to a local food programme. The premise of the programme is for the community forum to provide a daily meal to the neediest school children at the Namedi Secondary School as well as other unemployed youth in their training programme.

The Group is also providing assistance to the community forum that runs a three-month skills training programme for local school leavers (mainly former matrics from the Namedi Secondary School who cannot find jobs) in the field of security guard training and emergency and ambulance services. The aim of the programme is to help provide basic skills to put youth back in the workforce to become productive citizens. i.e. security guard training and emergency training.



Various other

Mandela Day 2017

In Gauteng our act of kindness to celebrate Mandela Day 2017 extended to the Fleurhof Primary School in our Fleurhof Integrated Residential Development, whereby each child at the primary school received a backpack which included a stationary pack and a voucher for school shoes.

In Cape Town, Mandela Day 2017 was embraced through two projects.

The Young Jeez dance group: A sound system was donated to The Young Jeez to assist the group with raising funds for community development. The Young Jeez are such an inspiration to the local kids from the Scottsdene community. Through dancing and singing the youth are being empowered and motivated to keep off the streets and focus on extracurricular activities which enhances their social and academic performance. They are a registered non-profit organisation with PBO status.

The second project supported the Belhar Community Systems Strengthening Project, aka “Humble Beginnings”. A fenced off Wendy-house with landscaped gardens was donated as a much needed community safe-house for children affected by domestic and/or sexual violence. The safe-house provides counselling services and offers safety and support to women and children in crisis.

General donations and charities supported in the 2018 financial year

- ▶ Children in the Wilderness;
- ▶ MES NPO (Community Development);
- ▶ Educational Programmes;
- ▶ Kraaifontein Old Age Home;
- ▶ Scottsdene Community Clean-up Project;
- ▶ Reach for a Dream; and
- ▶ Scottsdene Central Rugby Club.

Planning for the 2019 financial year

Corporate Social Investment is so important to Calgro M3 that initiatives for the 2019 financial year are in place and being supported as follows:

Early childhood development

Fleurhof and South Hills – The National Lottery awarded funding to respective NPOs for the development of an early childhood development centre. Land was donated in Fleurhof and South Hills by Calgro M3 for the construction of the respective centres. Both centres will be 50% locally managed and construction will commence during the 2019 financial year.

Fleurhof – Existing crèche

The MES Kids Academy will be assisted with cosmetic repairs, storm damage repairs and donations in kind.

Community facilities

Fleurhof – A clubhouse will be built during the 2019 financial year (adjacent to the Fleurhof Primary School). The clubhouse will consist of an indoor area which can be used for community meetings with an outside braai area. The clubhouse will have sufficient changing rooms with adequate facilities for sport teams to utilise during practise sessions and matches.

Parks and recreational facilities

- ▶ Fleurhof – Multi-sport field (soccer field, tennis court, netball court, etc). The aim is to develop a multi-sport complex which will consist of different sporting amenities and social spaces which can be utilised by the local Fleurhof community.
- ▶ Witpoortjie – The public open space is designed to create a secure village which is fenced, to be an active recreational space inclusive of a clubhouse and braai area, outdoor gym equipment, local art space and sporting facilities.
- ▶ All developments – The Calgro M3 developments all cater for active open space systems and parks within development pockets. We consider this a critical part of establishing a sense of community. The Company maintains these parks and open space systems for a period before handing maintenance over to residential committees. This ensures the community understands the value of these parks and maintain them. These spaces are massive attractions to our developments.

Corporate Social Investment (“CSI”) *(continued)*

Youth training development programmes

Primestars – Financial literacy

Primestars uses Ster-Kinekor Cinemas across the country as “Educational Theatres of Learning”. Calgro M3 is proud to be one of the main sponsors for the 2019/2020 financial year. The financial literacy programme is designed for disadvantaged high school learners in Grade 9 to 12. This programme teaches learners about financial concepts such as managing debt, looking after one’s savings and spending wisely.

The edutainment feature film for high school learners, centres on the journey to financial freedom of two young people to teach financial literacy lessons and concepts and uses “everyday” life as a setting to resonate with the target audience. The material will also be used to equip exempted micro enterprises (“EMEs”) and Small and medium enterprises (“SMEs”) with basic financial literacy knowledge.

Waste management and recycling initiatives

Fleurhof, South Hills and Kwa Nobuhle

Waste management through recycling is estimated at 50% of total waste at development sites. Calgro M3 partners with local authorities at its developments to provide drop-off centres for biodegradable waste, recycling and bulk waste that is not collected as part of the household waste collection service provided by municipalities. These centres are centrally located and easily accessible (within walking distance) by residents.

Besides promoting recycling by end-users and facilitating the reduction of urban waste, these waste centres assist in job creation, especially in the fully subsidised segment of the developments. Reusing building rubble is of significant benefit to the environment and Calgro M3’s bottom line.

Interventions and educational programmes

- ▶ Inclusive Education South Africa: The overall objective of this project is to strengthen the Fleurhof Primary School in Gauteng as an inclusive school with key characteristics by identifying barriers to learning in a child through interventions such as a critical examination of the school ethos and policies, promotion of inclusive school leadership and the establishment of strong school-based support structures;
- ▶ Africa Rising – Melisizwe Coding Project: The primary objective of the foundation is to empower the youth by either providing fully functional computer labs to underprivileged schools so that learners can access Computer Application Technology (“CAT”) and Information Technology (“IT”) as part of their curriculum or through sustainability programme to further enhance computer learning;
- ▶ Woman’s Day Campaigns: Keeping Girls in School by providing them with sanitary products and youth empowerment programmes; and
- ▶ Cell C Take a Girl Child to Work Day.

Comprehensive skills training and social development

Our management approach to environmental sustainability is built upon a desire to leave behind something better than that with which we started. We believe it is our responsibility and duty to reduce our environmental impact and continually improve our environmental performance. This is integral to our business strategy and operating methods. Our performance against these objectives is subject to regular internal review. The skills development component improved greatly from the previous year.

Human capital management processes

All levels of the operations are designed to attract and retain key skills and talent in a climate of skills shortage, and to ensure the Group's sustained success in the future. Training, learning and career development plans are available for each employee to tweak as their own career path develops. Employees are also motivated through internal skills development which typically comprises some of the following:

- ▶ Transitional skills transfer and general upskilling. As a concrete example of this, staff from the Memorial Parks business were trained with funding received from the Jobs Fund;
- ▶ Short-term "shadow skills training" and/or on-the-job coaching;
- ▶ Medium-term technical, supervisory and formal management training;
- ▶ Longer-term, in-depth mentoring for senior personnel; and
- ▶ Skills transfer by experienced long-term employees.

Team members are continuously challenged in their role. Continual learning, both formal and informal, is inherent in the Group's culture of sustainable growth and development. It is important for each employee to achieve their personal potential. The latter is encouraged through professional, semi-skilled and skilled employees to engage where possible in formal training and informal on-site training.

To ensure continuous productivity of our Group it remains essential that clear goals are set for each employee on a daily, weekly, monthly and annual basis to measure performance against. A joyful working environment is created within Calgro M3 through fun activities, team building exercises and creating a safe working environment. Continual learning remains important to motivate employees and to ensure that work is completed timeously.

Rewarding employees

A transparent performance management system that is linked to the performance of the Group is incorporated within the Company. It effectively creates wealth based on performance on all levels and raises accountability. All individuals are made aware, through various training channels, of the impact they

have on the Company and the direct and indirect contribution they make to the success of the Group.

Employees' salaries are benchmarked yearly to ensure remuneration at the appropriate skill and experience level. Performance-based bonus schemes are in place for permanent staff. The scheme rewards personnel based on Company and individual performance through the performance appraisals system in place.

Mentorship programmes and learnerships

Over the course of the past 12 months, various mentorship and learnership programmes were undertaken across the Group and have continued to grow from strength to strength.

Two programmes targeted at senior and middle management were introduced. Management have enrolled and personality test assessments were conducted. These provide guidance on effective management which is then coupled with a mentorship component. Senior management are also involved in an Executive Mentorship Programme being implemented by an industry leading firm.

CIMA mentorship programme

The Chartered Institute of Management Accountants ("CIMA") mentorship programme at Calgro M3 will be celebrating its third full year in operation. The basis of the mentorship programme is to improve skills and turn managers into future leaders. Over the course of the 2018 financial year, several improvements and adjustments were made to the program. These include clearer objectives and outcomes from the programme, improved communication channels between mentees and CIMA as well as an enhanced understanding of the practical application of management accounting in the business. The programme is pleased to have retained its Quality Training Partner certification.

In 2018, most mentees passed enough subjects to advance to the next qualification level.

Internship programme (urban and regional planning)

The internship programme was introduced in 2015 for the first time. It provided the urban and regional planning students the opportunity to do their honours research projects within an environment that exposed them to a more practical approach to their theoretical research. A supporting structure was provided for the students to complete their honours research projects with the mentorship of various professional planners from different levels of management within the urban and regional planning profession. Working with Calgro M3, the interns experienced the private sector and professional planning environment. Calgro M3 currently has two students who are taking part in the internship programme.

Comprehensive skills training and social development *(continued)*

This programme included the process of data gathering through conducting surveys with the community of Fleurhof as well as setting up the final database. A feedback presentation was held where the interns had to present their data finding to Calgro M3 in a formal setting where the findings could also be discussed and explained. The most important thing that the interns learned, was that not only is the planning process an integrated one consisting of different aspects, but also that housing development is an integrated process and that it is necessary for all the departments to work closely together to ensure the success of the project.





Skills development programmes

The skills development programmes on sites are an important focus point in terms of the socio-economic contribution that Calgro M3 makes. The comprehensive skills training programme focuses on Recognition of Prior Learning (“RPL”) identification and accredited vocational skills training. This empowers the trainees who have completed these courses to be part of a preferential procurement list from which the subcontractors can source local labour. Artisan skills training develops a productive workforce by delivering practical on-the-job training that will effectively upskill and uplift the local labour from the identified developments.



South Hills

Our skills training strategy is based on four tiers:

<div>1</div> <div>  </div> <div> Specific artisan training for local labour (vocational skills) </div>	<p>Implementing training for specific skills for local labourers employed through project labour desks. All the training providers are SETA accredited trainers and training involves theory and practical, on the job training. The duration of training is between three weeks to 12 months. After successful completion of the training courses, participants are given an accreditation certificate. Attempts are also made to transfer these contract workers from contract to contract on the same site, eventually employing them on other projects for the Company.</p>
<div>2</div> <div>  </div> <div> Development of business skills for local subcontractors </div>	<p>The need to develop the business skills of subcontractors involved in our projects has been identified as an area of focus. Subcontractors are given the opportunity to attend a “Micro MBA” and life skills development training at Calgro M3’s cost.</p>
<div>3</div> <div>  </div> <div> In-service training for graduate students </div>	<p>Various students from different industry-related degree or diploma courses, especially those requiring practical experience as part of their curriculums, are accommodated during the implementation of projects. Calgro M3 found that these student trainees leave after the six-month term of their training with a much better understanding of the industry in which they will eventually be placed.</p>
<div>4</div> <div>  </div> <div> Youth development and training programmes </div>	<p>A financial literacy programme will be rolled out during the 2019 financial year that is designed for previously disadvantaged learners in Grade 10 to 12. This programme teaches learners about financial concepts such as managing debt, looking after one’s savings and spending wisely. The Financial Literacy programme can also be incorporated with learning material to benefit EMEs and SMMEs during business development training.</p>

The benefits of these comprehensive skills training and development programmes result in:

- ▶ An increase in job creation;
- ▶ Sustainable SMMEs and the improvement of SMMEs accreditation (i.e. Construction Industry Development Board (“CIDB”) levels or other institutional rating scales);
- ▶ The socio-economic status of the development’s adjacent communities will be increasing through sustainable enterprise development initiatives;
- ▶ Subcontractor development is beneficial to the economic growth within the Integrated Residential Developments.

Comprehensive skills training and social development *(continued)*

Site specific training



Fleurhof

Various Health and Safety Training Programmes commenced during the 2017 and 2018 financial year and remain ongoing.

Construction Vehicle/Mobile Plant Operator awareness training and supervisor safety training took place during the 2018 financial year and remains ongoing.



South Hills

VUCA Training Programme – Training took place at South Hills Recreational Centre with the programme focused on an outcome-based learning approach with the following focus areas:

- ▶ Critical outcomes;
- ▶ Specific outcomes; and
- ▶ End-product outcomes.

The programme was delivered by two professional facilitators. Professional training material was handed to the learners as well as an assessment booklet which provides evidence of assessments that were completed at the end of each module. The learners were awarded a Certificate of Competence upon completion of the theoretical portion of the course.

The individual learners were employed by Calgro M3 on a fixed-term contract for three months after the training was completed. This provided the learners with some invaluable work experience where they were given the opportunity to practice what they have learnt in the classroom.

Twenty seven unemployed individuals (14 black males of which three are disabled as well as 13 black females of which four are disabled) as well as 50 SMMEs attended the course during 2018.

Calgro M3 has identified the need to empower SMMEs for future maintenance opportunities for the 2019 financial year. Vocational and Recognition of Prior Learning Skills Development Training will continue during the 2019 financial year on all earmarked sites.

Consumer training and financial awareness for new and prospective homeowners has become a necessity. The Group provides education and awareness around the financial realities associated with homeownership, and specifically the practicalities of living in a sectional title environment through its recently established superhero, Captain Calgro. Captain Calgro is educating the market and this is viewed as one of our most important CSI contributions to the sustainability of the community as it empowers homeowners to become financially stable; establish, grow and uplift themselves, potentially extending the cycle of sustainable growth by becoming role models in society and themselves giving back to the community.

Financial awareness training starts once the agreement of sale is completed. Our agreement of sale contains 14 descriptive statements pertaining to sectional title homeownership. For example, what may or may not be done in the communal environment and what financial costs are associated with this type of homeownership. Agents provide prospective owners with training on each of these statements.

When the mortgage loan is granted by the financial institution, the client is again visited and the finer implications of bond repayments are discussed. This includes creation of a detailed financial expenditure plan incorporating all associated costs, such as levies, rates and taxes, municipal effluent, insurance, etc. Thereafter, clients are required to undergo borrowers' education administered by Calgro M3 to enhance their already entrenched knowledge.

This practice along with Captain Calgro educational campaign has proven to be worth more than its weight in gold as it has led to a dramatic downscaling of consumer frustration and embarrassment for new homeowners in the sectional title lifestyle space, who were previously presented with requests for payments for which they had not budgeted. As a result of this training, Calgro M3 development body corporates are financially healthy with sufficient funds to maintain buildings and uplift the general community.

Since this approach was implemented, complaints in this regard have dwindled to less than a percentage point of all new homes transferred to clients.

The need for body corporate and trustee training was also identified. We facilitate the inaugural meeting of the body corporate and ensure that a proper Board of Trustees is elected, and that all the primary portfolios are identified and allocated. We then remain involved with the management agent and the trustees (in some instances for periods exceeding two years) to ensure that knowledge through practical work

and training sessions is properly shared and transferred. It is vital for the social cohesion of the body corporate and all its members that trustees are aware of their functional requirements and of their legal responsibilities. During this period, we supported many individuals to become community leaders in their respective surroundings. This has contributed to our goal of making a difference and changing lives.

Improving community facilities also adds value to communities. Calgro M3 has improved the community facility in South Hills by redesigning and upgrading the swimming pool complex for recreational purposes and enabling the use of a fire pond.

Environmentally sensitive areas have been identified and will be actively protected at the Fleurhof, South Hills, Witpoortjie, Jabulani and Kwa Nobuhle developments. This will reduce the environmental impact of these developments and create awareness among residents and the community of the importance of ensuring the preservation and long-term sustainability of the non-active open spaces within Integrated Developments.

Achieving a balance between densification and lifestyle needs is important. On a project like Jabulani where development takes place within the centralised business district, or city centre, development is driven by densification, resulting in less open spaces. Similarly, at infill sites (eg Scottsdale), we operate in a built-up environment where parks have already been demarcated. At these sites we develop additional parks, and now also non-motorised transport ("NMT") systems and routes, to enhance the quality of living.

The preservation and restoration of heritage sites is managed in partnership with the relevant statutory regulatory bodies. A heritage study is being conducted at all development sites to ensure the preservation of our heritage. In the case of the Fleurhof project, a mine hostel classified as having heritage value was redeveloped by a professional team. Instead of merely saving the administration buildings as per regulatory guidelines, the structure has been carefully incorporated into the Integrated Development. Community education and health facilities are provided for in the township approval processes and regulated by the Council. In the case of Fleurhof, the Council is responsible for the development of the facility but cumbersome regulatory requirements and budget constraints resulted in Calgro M3 donating land to the Department of Education to stimulate and fast track the development of Fleurhof Primary School to the benefit of those residing in Fleurhof.

Our environment

Our management approach to environmental sustainability is built upon a desire to leave behind something better than that with which we started.

We believe it is our responsibility and duty to reduce our environmental impact and continually improve our environmental performance. This is integral to our business strategy and operating methods. Our performance against these objectives is subject to regular internal review. We are in the process of implementing a comprehensive integrated Health, Safety, Environmental and Social Management System across all Property Development projects throughout the Group. Calgro M3 is also in the process of setting up and implementing various sustainability policies and procedures to ensure that social, economic and environmental aspects are considered and incorporates into their business.

The Management System will be compliant with the policies and principles of both ISO 14001 and OSHAS 18001.

Furthermore, it is the Group's aim to achieve certification in terms of both ISO 14001 and OSHAS 18001 on certain major developments within the next 18 months. The compliance will also be externally reviewed and signed off every 12 months.

Construction and development of land for residential purposes can be highly destructive. By applying principles of sustainable development, we aim to leave a legacy of positive impact. Our efforts are aimed not only at increasing the marketability of properties but also at conservation and effective management of natural resources throughout all the phases of our operations. Independent monitoring of our impact on the environment, investigation and proactive implementation of solutions ensure we get it right. We encourage all our stakeholders to adopt these same principles.



Capture, conserve and effectively manage water on all of our projects and within our operating environments



Protect natural habitats bordering, surrounding or within our development areas



Use greening initiatives to proactively build up the environment – at all of our sites we plant non-invasive trees which are suited to, and will enhance the local biosphere



Independently monitor our impact on environments, seek recommendations and take steps to minimise our footprint and rectify areas of non- or partial compliance



Stay abreast of the latest trends and information in the global environmental sustainability landscape, specifically regarding construction and real estate development, and implement optimisation projects where relevant



Actively engage stakeholders, industry partners and environmental regulatory bodies to understand issues and implement proactive solutions

Energy

Calgro M3 has reduced the electricity requirement from 3.5 kVA to approximately 1.5 kVA per residential unit on some Integrated Developments.

Calgro M3 remains a market leader in the development of affordable, “green” energy-efficient buildings within Integrated Developments. Energy-efficient design lowers energy consumption, increasing affordability and sustainability.

Green building principles are applied in all Calgro M3’s integrated housing developments, including the Fleurhof, Jabulani, South Hills, Scottsdale and Belhar developments. Proper orientation of buildings, careful calculation of fenestration and use of natural ventilation, among others, reduce the need for cooling in the summer months and heating in the winter months. This translates into direct savings in terms of energy consumption.

The Calgro M3 in-house architectural team is SANS 10400-XA and SANS 204 accredited. This standard for achieving energy efficiency in all types of buildings has become part of the National Building Regulations.

Heat pumps that supply hot water to multi-storey developments contribute a 40% to 50% saving on electricity consumption by each residential unit. A total of 2 666 units have been equipped with heat pumps on the Fleurhof, Jabulani, Belhar and Scottsdale projects. This helps tenants save money on utilities, increasing affordability and contributing to timely rental payments. This is a major benefit to the Social Housing Institutions as it helps reduce the risk of vacancies in a very price sensitive market.

Induction geysers serve as an alternative to heat pumps. Individual induction geysers have been installed in 244 rental units at the Jabulani project. They reduce the time to heat water and therefore reduce the volume of hot water that needs to be maintained at any stage. This can reduce electrical consumption by between 25% and 35% per unit. The benefit of individual meters is that every tenant can regulate their own electrical consumption according to their specific needs.

Solar geysers are currently being installed in the Witpoortjie project with approximately 130 units under construction that are fitted with solar geysers as a standard feature. The

development of 346 rental units in the Jabulani project during the 2018 financial year will also have solar geysers as part of their specifications.

Solar – the Nasrec Memorial Park has no dependency on the national electricity grid for the operations of the offices, chapel, lighting and security. The office building and chapel was designed using industry leading designs for green buildings. All energy requirements are provided by solar power.

Gas: The cluster developments of Manyaleti, Cedar Crest, 22-on-Campbell, Silver Oaks, Sagewood, Summerset, La Vie Nouvelle and South Hills will make use of internal gas reticulation serviced from centrally positioned gas banks within each development. Gas is used for water heating and cooking. Through these initiatives, Calgro M3 has reduced the electricity requirement from 3.5 kVA to ± 1.5 kVA per residential unit, a saving of more than 50% from traditional consumption. At La Vie Nouvelle, Sagewood and the South Hills projects, the reticulated gas systems comprise an underground bulk storage vessel that provides gas to the units via a gas pipeline which adheres to rigorous regulations and certification. Equipped with a gas geyser, gas hob and in some instances gas heater connection points, which account for more than 70% of standard energy use, an estimated monthly saving of 25% occurs.

To reduce energy consumption various initiatives have been implemented at developments. These include energy saving lights and prepaid metering of water and electricity supply. Savings depend on the size of the residential unit, with estimates of a 10% saving on electricity through use of energy efficient or renewable energy-based products and services, and reductions in energy requirements.

The Jabulani CBD development includes 384 rental units which have been designed to receive full EDGE certification from the Green Building Council of South Africa. All internal professional teams have worked together to ensure compliance with the required standards of energy savings, water savings, and embodied energy savings through material procurement and usage.

Our environment *(continued)*

Green space

The amount of “open” space or green areas we include in our developments makes all the difference – our aim is to build suburbs, not townships. Our focus is furthermore to provide a balance between passive and active open spaces. The open space areas which are environmentally sensitive due to wetlands, areas within a floodline, ridges, etc, are characterised as “passive open space” and will remain protected as per the site-specific Environmental Management Plan. All residents have access to these areas and may utilise the areas for low-impact recreational purposes. The active open spaces are introduced strategically throughout the development, specifically for recreational purposes. Active open spaces are professionally landscaped and children’s play facilities are provided, creating spaces of which the communities take ownership and can be proud of. This is part of Calgro M3’s vision and mission – to build homes and create lifestyles, rather than simply providing housing.

The following brief analysis provides insight into the extent of our efforts:

Development	Units	Green space required by law (ha)	Green space provided by Calgro M3 (ha)
South Hills			
Free standing	1 461		
Multi-storey	4 329	10	112
Fleurhof			
Free standing	2 020		
Multi-storey	9 680	20	113
Jabulani			
Multi-storey	4 015	7	11
Scottsdene			
Free standing	210		
Multi-storey	2 687	—*	12
Kwa Nobuhle			
Free standing	1 792		
Multi-storey	11 172	133	166
Witpoortjie			
Free standing	967		
Multi-storey	4 205	9	40

* Due to this being an in-fill development, a separate park was not a tender or town planning requirement and no space exists for a new park.

Water

Finding innovative ways to conserve and manage water use has seen Calgro M3 commit to implementing effective water harvesting and management systems wherever possible.

Water is precious and costly, in a country where the scarcity of water is a matter of concern. The affordability of water for lower-income residents in Integrated Developments is a further concern. Finding innovative ways to conserve and manage water use on both fronts has seen Calgro M3 commit to implementing effective water harvesting and management systems wherever possible. Calgro M3 also endeavours to continuously educate the market on water saving initiatives and the implications for all projects and developments, including affordable housing.

Save a Flush

Calgro M3 worked on measures for the post-construction phase to offset water consumed during construction, thereby producing a “water neutral” product. One such measure is a device called “Save a Flush” by Dry Planet SA (Pty) Ltd, which is being used and implemented by Calgro M3. Placed in a toilet, the device reduces water consumption per flush by one litre. According to calculations, verified by an independent external party, these devices installed in dual-flush toilet cisterns, standard across the Calgro M3 product range, will become “water neutral” within three-months. The result of the calculation – based on the construction of a 40 m² residential unit – is that by using “Save a Flush” in combination with a dual-flush toilet, and based on 11 flushes per day, the group will be rendered “water neutral” for each unit it develops within just 84 days of being occupied.

Countrywide Calgro M3 has initiatives with the ability to recoup approximately 8 500 litres of water per unit that is used in the

construction phase, both on and off-site, within three-months after completion of construction.

Rain water harvesting has been incorporated at the La Vie Nouvelle, Summerset, Sagewood and all 3 852 units to be constructed for the Afhco Calgro M3 Consortium. Each unit is fitted with a tank which contributes to the capture and effective use of rain water for and by community members.

- ▶ At the La Vie Nouvelle retirement village project, each unit is fitted with a 2 000 litre rainwater tank, which is used for gardening. South African-based research reports show that households with gardens use, on average, a massive 46% of water to water gardens. Targeting gardens for water savings therefore has a great impact in terms of water conservation, especially on developments where gardens are important to the target market.
- ▶ Rain water harvesting systems (1 000 litre tanks) have been installed at the Summerset and Sagewood developments which are aimed at the affordable housing market. The water is primarily used for watering gardens and has a massive impact in terms of water conservation.

Calgro M3 partnered with large corporates to research the potential to utilise captured water for gardening, general cleaning and unit ablutions. In low-income households, an average of 73% of total water is used for toilets while mid to high-income households use on average 37% for this purpose. These rainwater harvesting systems will thus provide some

Our environment *(continued)*

Water *(continued)*

relief to residents while also assisting to conserve this precious natural resource. Research to enhance this even further is already under way.

Natural water sources

Calgro M3 is currently utilising authorised borehole water for construction activities on the Belhar and Scottsdene projects, in the drought-stricken Western Cape and further aims (after engagement and approval by the City of Cape Town) to provide potable water for members of the community by setting up mobile water purification facilities in anticipation of a possible Day Zero. This will include ongoing water quality testing to ensure that water meet applicable drinking water standards. Boreholes were also identified on the Scottsdene project and the required Water Use Licence Application was submitted for approval in January 2018. Calgro M3 continuously monitors borehole yields to ensure sustainable consumption and is committed revising construction activities should the yield of the boreholes become unsustainable.

Water rehabilitation

This is currently taking place at the Fleurhof, South Hills and La Vie Nouvelle developments. While environmental stewardship expenditures are mandatory, Calgro M3 has, in these instances,

gone beyond what was required by regulation, with additional voluntary investment made to deliver greater impact. Future township establishments which will require wetland rehabilitation include the Kwa Nobuhle Integrated Development. This development is characterised by various watercourses, drainage lines and two wetlands. The Witpoortjie and Tanganani projects will also require wetland rehabilitation in future financial years.

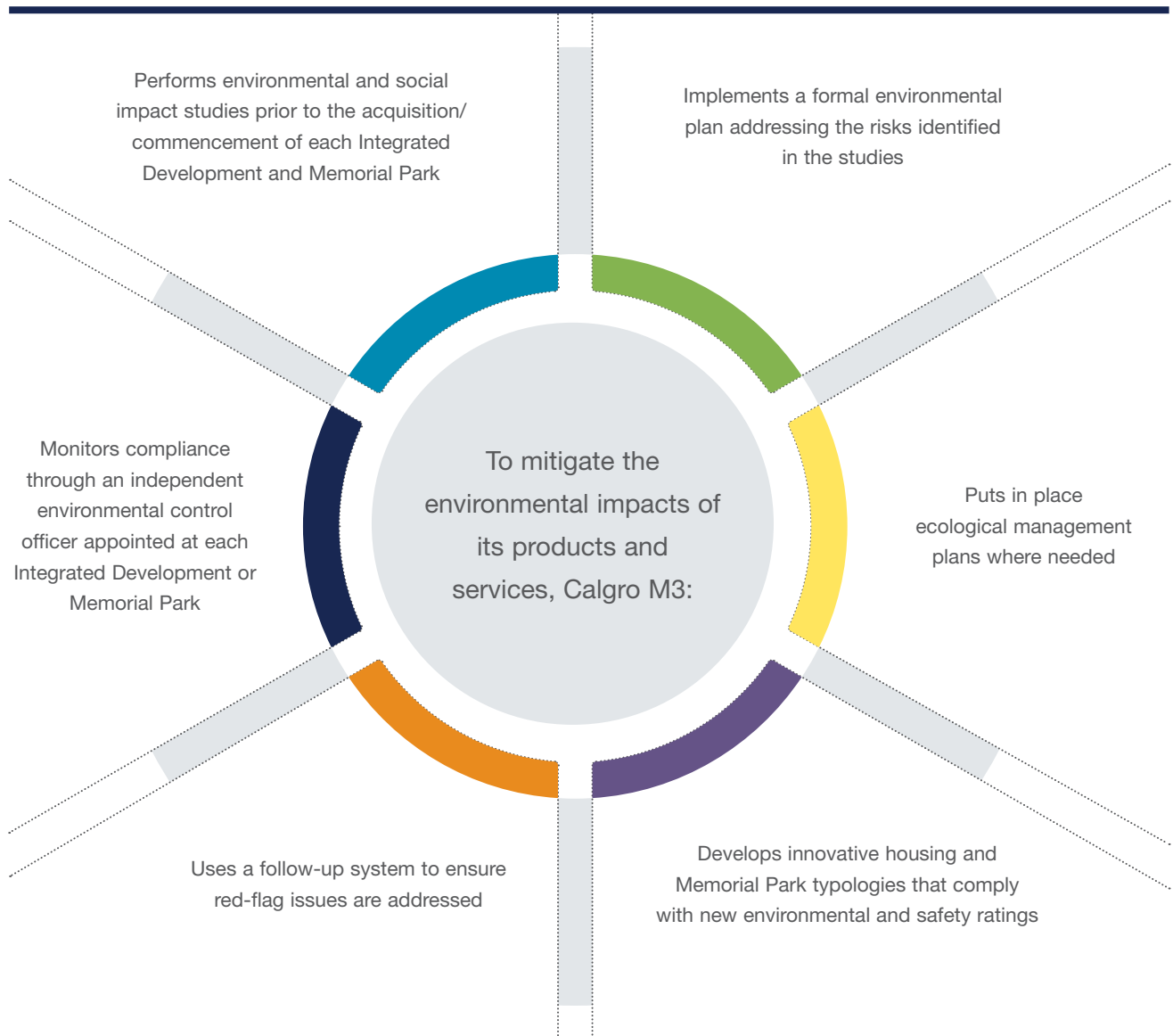
Environmentally sensitive areas have been identified

and will be actively protected at the Fleurhof, South Hills, Witpoortjie, La Vie Nouvelle, Summerset, Tanganani and Kwa Nobuhle developments. This will reduce the environmental impact of these developments and create awareness among residents and the community of the importance of ensuring the preservation and long-term sustainability of the non-active open spaces within Integrated Developments. As per guidance from the Wetland Rehabilitation Programme, the black wattles and non-indigenous tree species need to be removed from the South Hills and Witpoortjie developments. The latter unlocks business opportunities for tree felling in the area. The cuttings can be processed into firewood, compost, etc which can be sold to local markets which stimulates enterprise development.



Fleurhof

Our products and services



Environmental authorisation for developments requires Calgro M3 to compile an environmental management plan based on environmental impact assessments, and sometimes also a wetland rehabilitation plan and ecological management plan to protect the environment during construction. Calgro M3 appoints an independent environmental control officer at each development to ensure that contractors and subcontractors comply with the provisions of the environmental management plan. All partial and non-compliance is reported monthly with red flags raised for high-priority issues, and follow-ups made to ensure these issues are addressed.

- ▶ The environmental management plan deals with areas of high diversity in sensitive areas, and with construction-related conditions, such as storage of hazardous materials, oil and gas.

- ▶ Good housekeeping regarding construction outputs, waste management as well as occupational health and safety is of key importance on all of our sites.
- ▶ We follow specific guidelines as set out by the National Environmental Management Act ("NEMA") as well as the Department of Labour, to guide the various contractors in protecting the environment through the construction phase.
- ▶ An ecological management plan was required for all developments, which included wetland rehabilitation.

A wetland rehabilitation and stormwater management plan was required for both the South Hills and La Vie Nouvelle developments. The purpose of a wetland rehabilitation plan is to integrate the existing wetland into the development with the aim to rehabilitate the wetland system to enhance the desirable wetland functions as well as the overall aesthetic appeal.

Our products and services *(continued)*

Innovation, efficiency, quality, sustainability and affordability are key guiding principles for Calgro M3 in the design and execution of its developments.

- ▶ Calgro M3's stakeholder management policy ensures that all relevant impacted environmental and social stakeholders are identified upfront. We collaborate with these stakeholders to develop and plan each integrated housing development, taking into account the specific requirements and needs of each culture and community.
- ▶ The impact of alternative building methods and materials are continuously investigated to ensure that the development of housing typologies – whether subsidised, partially subsidised, social housing or bonded – remain market leading and cost-effective while complying with the requirements and provisions of the building regulations.
 - Calgro M3 leads the way in the development of new high-density multi-storey housing typologies within subsidy structures that comply with new environmental (energy efficiency) and safety regulations, namely SANS 10400-XA of the National Building Regulations.
 - Cost-effective high-density subsidised housing was successfully achieved through consultation with our team of professionals and engagement with local authorities in Cape Town and Johannesburg. This process is under way at all developments.

To drive compliance with environmental and safety regulations, Calgro M3's professional team and its engineers are actively involved with external agencies such as the National Home Builders Registration Council ("NHBRC"), a regulatory body of the home building industry that sets minimum quality standards; as well as the Green Building Council of South Africa. This involvement helps define quality for the industry and ensures quality standards are met at Calgro M3's own developments.

Materials

In line with its commitment to environmental sustainability and conservation of global resources, the Group reduces the carbon footprint of its operations and products where it can by:

- ▶ making use of locally manufactured materials;
- ▶ using pre-manufactured materials to prevent waste on site; and
- ▶ reusing and repurposing materials where appropriate.

All materials selected for use within developments are checked for conformance with safety standards and building codes.

Biodiversity

In the context of the projects we deliver, Calgro M3 strives always to fully consider, carefully plan and ultimately integrate its developments into existing environments and communities, preserving biodiversity and accommodating ecological sensitivities. **We actively "green" our developments, and plant one tree per unit built.**

Environmental and ecological management plans are compiled, approved, implemented and monitored for compliance at each project site. Landscaping is also done at each development. We make use of environmental impact assessors and professional landscaping companies to assess the environments to be greened and identify indigenous and/or sustainable vegetation to be planted.

Some of Calgro M3's developments are being built on land where areas of high biodiversity have been identified. Construction poses a high risk to sensitive environments, so detailed design and planning based on thorough data analysis helps ensure environmental sustainability. Independent environmental consultants appointed by Calgro M3 apply for environmental authorisation, and independent environmental control officers manage and enforce the environmental management plans.

Among the developments under construction, the Fleurhof, South Hills and La Vie Nouvelle projects present good examples of Calgro M3's approach to biodiversity.

- ▶ The **Fleurhof** development is affected by a wetland and the Fleurhof Dam. Calgro M3 assisted in wetland redevelopment from the Florida Lake up to the Fleurhof Dam as well as downstream rehabilitation. Areas rehabilitated have subsequently been zoned as passive open spaces and thus excluded as part of the development and will always remain as a passive open space.

- The **South Hills** development in the southern suburbs of Johannesburg has been designed to accommodate the ecological sensitivities of a Red Data species, a Class 2 inverted ridge and wetlands. The sensitive elements represent 55% (100.4 hectares) of the land parcel identified for development and have been zoned as passive open space.

South Hills

Where environmental impact assessments identified eco-sensitivities, recommendations were made to protect, conserve or relocate elements of high biodiversity.

In the South Hills development, a specific Red Data plant (defined as a threatened plant species by the International Union for the Conservation of Nature, or IUCN) was identified. This plant will be protected through the Environmental Authorisation and a subsequent environmental management plan. The future relocation of the Red Data plants will be studied to ensure their survival. This relocation was completed in the 2017 financial year and has proved to be highly successful. The local community will be educated about the plant as part of the conservation of the environmentally sensitive areas within the development.

- At the **La Vie Nouvelle, Jabulani, Vista Park, Somerset** and **Witpoortjie** developments, conservation of wetland areas includes rehabilitation.
- The **Kwa Nobuhle** development in Port Elizabeth is characterised by steep slopes, and watercourses which consist of clearly and often deeply incised gullies. Two wetlands also exist on site. These environmentally sensitive areas comprise approximately 41% (161 hectares) of the development land which will be zoned "Passive Open Space" and is excluded from the developable area. A Construction Management Plan was drafted to provide a framework for the management of environmental impacts associated with construction.

Management of watercourses is emphasised in all developments and are a requirement for granting of Water Use Licence Applications ("WULA"). The Integrated Developments affected by these regulations are Fleurhof, South Hills, Witpoortjie, Kwa Nobuhle and the La Vie Nouvelle Retirement and Lifestyle Estate.

Emissions, effluents and waste management

Calgro M3's waste management strategy aims to reduce the amount of waste going to landfill and follows the principles of the waste management hierarchy by first aiming to reduce the amount of waste generated, and then reuse and recycle waste where possible, and dispose of waste in an environmentally sound manner. Calgro M3's waste management initiatives are

implemented at our developments, Memorial Parks and administrative offices.

Calgro M3 partners with local authorities at its developments to provide drop-off centres for biodegradable waste, recyclables and bulk waste that is not collected as part of the household waste collection service provided by municipalities. These centres are centrally located and easily accessible (within walking distance) by residents.

- These facilities can be found at South Hills as well as the existing Fleurhof development.

As stated earlier, besides promoting recycling by end-users and facilitating reduction of urban waste, these waste centres assist in job creation, especially in the fully subsidised segment of the developments. Reusing building rubble is of significant benefit to the environment and Calgro M3's bottom line.

- On the Jabulani CBD project, more than 10 000 cubic metres of building rubble has been recycled over a period of three years. The building rubble is crushed into building sand and reused during the construction process.
- At Fleurhof, South Hills and Witpoortjie rock that was excavated during the installation of civil infrastructure has been crushed and reused during the construction of bulk and link roads, and as fill material for the construction.

This reduces the need to have the material removed from site and saves fuel consumption, lowering Calgro M3's carbon

Our products and services *(continued)*

footprint on each project. The overall cost saving contributes to the bottom line. As part of its compliance commitments, Calgro M3 uses independent environmental control officers to conduct monthly audits on each of its sites to ensure adherence to its environmental management plans, which include waste management.

Transport

We recognise that the transporting of materials and the workforce can have a negative impact on the environment. We incorporate these considerations into transport logistics and planning prior to and during construction phases, ensuring economic and operational efficiencies, but also ensure that their impacts on the environment are minimised wherever possible. Policies dictate that vehicles used in construction be

well maintained and safe. Policies also cover emissions and safety. Cognisance is taken of environmental impact studies during planning, ensuring sensitive areas are protected.

Transport is also an important factor for the communities within our developments. We thus consult with the relevant authorities and negotiate the integration of public transport routes and networks during the town planning phase of each development. Good examples are the City of Johannesburg Rea Vaya Bus Rapid Transport System link developed between Jabulani, Fleurhof and the Johannesburg central business district. A non-motorised transport (“NMT”) route and system is also being created within and between developments (see [Q](#) pages 40, 42 and 52 of the 2018 Integrated Annual Report) promoting ease of movement and lessening the impact of vehicular emissions in developments.



Calgro M3 understands the importance of access to transport in South Africa and as such one of the main considerations when choosing locations of developments is the accessibility of transport for the communities that will reside within the developments.

Calgro M3 strives towards creating public transport friendly townships/communities. Various public transport routes are designed within our townships and currently the Rea Vaya Bus Rapid Transport System (“BRT”) route operates on Helpmekaar Road in Fleurhof daily.



Our communities and society

Calgro M3 is in the business of building communities.

Driven by a desire to make a tangible difference in the lives of individuals, families and communities through the environments we create, we strive to set new standards – not just in housing but in community upliftment and developments.

In our developments, we ensure the right support structures are in place, and we add unexpected value – in the forethought and care we apply to deliver long-term benefits to homeowners and communities; it's in the values we uphold and the priority we assign to nurturing the environment, creating beauty, providing opportunity and setting the stage for growth. Respecting the

rights and needs, and actively supporting the interests of these communities that contribute to our success. To ensure that we get it right, local community engagement, impact assessments and development programmes are implemented at all our projects and operations. This facilitates buy-in and ownership by the community of the completed developments. In addition, through education, training, enterprise and skills development, we leave a legacy of upliftment. Ongoing stakeholder assessments and feedback is obtained throughout the lifecycle of our developments to ensure we are considering the needs of the communities we operate in.



Our communities and society *(continued)*

When Calgro M3 hands over an Integrated Residential Property Development to the community, it has created and leaves behind a sustainable development where people are able to live in comfortable homes with beautiful surrounds and are empowered with skills on how to engage with body corporates and to be fully functioning citizens.

Calgro M3 establishes new communities through its developments. The residents of the partially subsidised and bonded components of our integrated low-cost residential developments are all voluntary relocations. The beneficiaries of the fully subsidised components of our developments are all voluntary relocations from areas characterised by informal settlements. Their relocation is managed and controlled by local and provincial authorities.

Our developments deliver multiple benefits for local communities. Besides job creation and skills development, the developments increase access to education and to other public facilities, and there are numerous socio-economic benefits that emerge as communities are developed and strengthened.

A lasting legacy

To mitigate the risk to local communities that can accompany the completion of the development, Calgro M3 actively helps develop the community, providing education, training non-skilled and skilled local workers, and by supporting local small, medium and micro enterprises (“SMMEs”) through training partners. This leaves a lasting legacy of social and economic upliftment when the projects are completed.

Policies, guidelines and fairness – in the interests of the community

Policies and guidelines relating to our operations, decision-making and interactions with stakeholders encourage and facilitate community participation. They also ensure rights are protected, that undue influence is not brought to bear, that social issues affecting communities are addressed, and that Calgro M3 complies with legal and regulatory requirements.

- ▶ Labour policies address fair pay, freedom of association and non-discrimination, as well as health and safety to protect workers.
- ▶ Policies specify employment of site-specific labour for construction purposes, and also investment of time and resources in the development of skilled labour and professionals.

- ▶ Enforcement and regular review of Group quality standards ensure the delivery of quality projects.
- ▶ Within the communities we work, we actively seek to partner government, big and small business and other industry partners in initiatives which target current social problems and their root causes, such as crime, unemployment, inequality, HIV/AIDS, poverty, skills shortages and corruption.
- ▶ We do not partake in lobbying or anti-competitive activities.
- ▶ We build and maintain solid relationships with trade unions and other representative bodies, and encourage regular two-way communication and engagement.
- ▶ Security on all our sites is sub-contracted to reputable firms that support the policies of the Group, including relevant aspects of human rights.
- ▶ Our investments in areas of corporate social responsibility (“CSI”) comply with Company guidelines (see our CSI initiatives).
- ▶ Mechanisms drive engagement with stakeholders (as discussed on [pages 6 to 16](#), Understanding our Stakeholders).
- ▶ Environmental management and occupational health and safety plans are approved for every project. Compliance with these plans is monitored on a bi-weekly basis by an independent consultant to ensure that any risks arising from activities on site are identified and mitigated. Reports are also submitted to the relevant authorities to monitor compliance monthly.

Fraud and corruption – zero tolerance

Calgro M3 is committed to preventing and detecting fraud and corruption, and maintaining the highest standards of honesty, integrity and ethical conduct. We have a zero-tolerance approach to fraud, corruption and theft. This approach is supported by our Fraud and Corruption Policy, helping define management and employee responsibilities in this area and entrenching an anti-fraud and corruption culture. Our Fraud and Corruption Policy ensures consistent and effective investigation, reporting and disclosure, and minimisation of fraud and corruption occurrences within the Group. The

following actions fall within our definition of fraud and corruption:

- ▶ theft of Company property, including information;
- ▶ forgery or alteration of Company documents;
- ▶ wilful destruction or removal of Company records;
- ▶ falsification of expense claims;
- ▶ unauthorised disclosure of confidential information to outside parties (other than in terms of relevant legislation or a court order);
- ▶ misappropriation or use of Company assets for personal gain;
- ▶ undertaking or assisting in illegal activity (including money laundering);
- ▶ acceptance of bribes or gifts to favour third parties; and
- ▶ unauthorised premium discounting.

This policy reduces the opportunity for fraud and corruption, introducing preventative and detective measures into systems and processes, and ensuring that anti-fraud and corruption controls are considered and built into new systems and processes at the design stage.

- ▶ Fraud and corruption risk are assessed regularly as part of the business' risk management process.

- ▶ Risk awareness training is undertaken on a regular basis with staff in high-risk functions.
- ▶ The vigilance of management and staff is increased as awareness of fraud and corruption risk is raised throughout the Company.
- ▶ Each department within Calgro M3 is responsible for considering its exposure to fraud and corruption risk, and introducing preventative controls into new and existing systems and processes, as well as for ensuring compliance with this policy throughout its operations.
- ▶ It is the responsibility of all employees to immediately report all allegations or incidents of fraud and corruption. The availability of a 24-hour "Ethics Hotline", manned by an independent party (Deloitte) is widely promoted throughout the Company.

Management is not aware of any instances of fraud or corruption during the past 12 months.

Actions taken in response to incidents of corruption

No material matters were reported.

Deloitte.

24-hour Ethics Hotline

Calgro M3 has a 24-hour "Ethics Hotline", managed by Deloitte.

The Ethics Hotline is intended to encourage employees, stakeholders and members of the public to raise serious concerns relating to specific matters (including fraud and corruption) without fear of victimisation. No person will suffer any penalty or retribution for good faith reporting of any suspected or actual incident of fraud or corruption.

Should any employee or member of the public wish to make use of this service (with the option of remaining anonymous), kindly contact us through the Ethics Hotline by the following means:

Toll-free number: 0800 204837;

Send a fax to: 0800 007788; or

Send an e-mail to: calgrom3@tip-offs.co.za.



Human Capital Management

“Providing employment is the best form of social service, as it serves you, others, your country, your world – the entire society.” **Amit Kalantri, Author**

It is Calgro M3's goal to make South Africa a better place for all by providing employment and products to as many people as possible.

Human Capital is an integral part of the Group's value chain. Without our people, we will not be able to do business – we would certainly not be able to deliver the high-quality services and products that we do, to our valued stakeholders.

The Group recognises the importance of a transforming and ever-changing workforce. This has guided the development of the Group's Human Capital Strategy and Workforce Model. It focuses on four areas – **Attract, Develop, Engage and Transform** – enabling the Group to unlock the potential of each of our valued employees.

Local recruitment and Human Capital Management are prioritised on all development projects across the Group. This provides the Group with an effective and valuable onsite workforce. It builds positive relationships with communities, addressing unemployment in these areas and assisting to reduce skills shortages we might otherwise encounter at remote sites.

HR governance and compliance

The Calgro M3 Group, as a responsible employer, complies with and enforces regulatory requirements and the rules of various Acts and Governing Bodies, including the South African Constitution, the Labour Relations Act, the Employment Equity Act, the Skills Development Act and the Basic Conditions of Employment Act.

Transformation

The Group understands the importance of implementing the Broad-Based Black Economic Empowerment (“B-BBEE”) guiding principles set out by the South African Government across all levels within the Group. The Group views the B-BBEE principles as an opportunity to contribute to building an empowered nation.

For us, transformation goes beyond compliance with legislation and regulations. Our goal is to create a truly transformed organisation where we empower our people to fulfil their purpose. Our commitment is to ensure that our organisation's

culture aligns with this goal. We understand that the broader transformation of society cannot take place, unless large institutions like ours play a major part. We recognised the need to do more in this respect and are proud to announce that we are now a level 1 BEE contributor.

With the implementation of the new B-BBEE Codes that came into effect on 1 May 2015 the Group's 2017 rating was confirmed during May 2017 at a level 4. The Group has put considerable effort into ensuring that it complies with all requirements that the Codes entail.

The Group is proud to announce that its 2018 rating was confirmed during May at a level 1. This increase is a proud testament of the fact that the effort that the Group has put into transformation is paying off.

The Group's workforce transformation has changed significantly from the previous year. Our current workforce demographics are very closely aligned to the national demographics of South African society in terms of the reported Economically Active Population. The Group only recruits new personnel in line with the demographical split within South Africa (in the rare circumstance where we do deviate from this policy, we ensure that a justification submission with a valid reason accompanies the appointment)

Employment equity

Calgro M3 remains committed to Employment Equity. In the 2018 financial year, additional staff members were employed by the Group (which includes permanent, temporary and fixed term contract staff). Majority of these new staff members, are from previously disadvantaged groups, illustrating the Group's commitment to transformation in the workplace.

Skills development

Skills Development is a very important aspect of the Group's Human Capital Strategy. The Group is strongly aligned with the Government's drive to improve and empower the South African workforce. The Group is proud of its achievements in terms of training and the learning and career development opportunities it makes available to all staff and communities we operate in.

Internal skills development

The skills development component improved immensely from the previous year. The main drivers included the solidification of our mentorship and work experience related initiatives (more information regarding the mentorships can be found below). During the year the Group spent approximately R3.2 million on skills, enterprise and supplier development. This skills development and training spend was across various management levels. 100% of this amount was spent on black employees. This amount includes time spent by senior managers mentoring junior and middle managers, as well as expenses paid towards tuition for employees on the various training programmes.

Mentorships and learnerships

The Group has undertaken a student learnership programme with the University of Johannesburg to train future quantity surveyor students. The Group is also accredited by the Chartered Institute of Management Accountants ("CIMA") as a Training Quality Partner to train future Chartered Management Accountants. The Group is very proud of this accomplishment as Calgro M3 was the first listed construction and property development company accredited by CIMA.

Procurement and enterprise development

Our **Building Legacies, Changing Lives** slogan is a constant reminder to actively help develop the community, providing business education, training non-skilled and skilled local workers, and by supporting local small, medium and micro enterprises ("SMMEs") through training partners, to mitigate the risk of unemployment in local communities that can accompany the completion of the development. This leaves a lasting legacy of social and economic upliftment when the projects close.

The Group's Enterprise Development programme, mentors small black-owned enterprises, helping them improve their performance across various spheres of business. This includes securing credit lines and discounts from suppliers, labour and employment relations, legal requirements as well as improving their technical skills across Finance, Human Resources and Construction. The Enterprise Development programme has been strengthened even further during the 2018 financial year.

SMMEs mentorship programmes

The Group offers an 18-month mentorship programme to selected SMMEs acquired from the Local Labour Desks

within our developments whereby they receive free Human Resource and financial management support during the duration of the mentorship programme. The programme is currently implemented and in operation at our South Hills Development with planning for greater roll-out across other developments already under way.

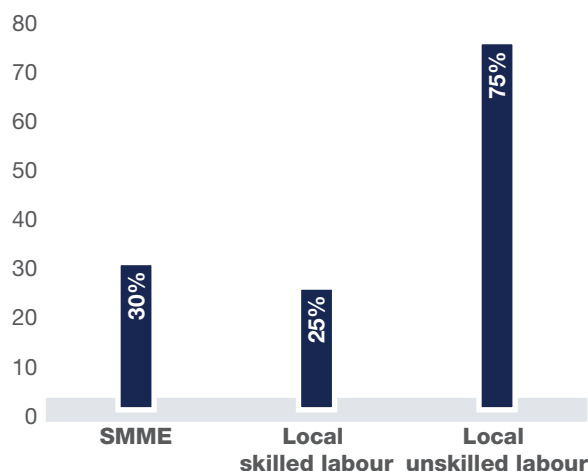
These mentorship programmes are aimed to equip each enterprise with the relevant practical "tools and knowledge" to grow into a self-sustainable enterprise. The Group's aim is to grow this programme to such an extent that it can be rolled out to other Integrated Developments as well to the broader communities located on the boundaries of our projects.

Procurement policies and guidelines

The SMME Sub-Contractor and Local Labour Procurement Policy is based on the Finance Department: City of Johannesburg's Policy for the advancement and participation by Start-ups, Small and Micro Enterprises in the procurement activities of the City of Johannesburg dated August 2009. The purpose of the SMME Sub-Contractor Procurement Policy is to establish a framework that should be adopted by all relevant stakeholders with the appointment and management of subcontractors.

Calgro M3 commits to employing as a minimum the following from the local labour and workforce:

Minimum prescription percentage when hiring



Human Capital Management *(continued)*

Calgro M3 maintained its commitment to procuring goods and services from black businesses, spending over 71% of qualifying spend on various B-BBEE businesses. Goods and services worth over R590.1 million were procured from businesses that are more than 50% black-owned. The Group is intent on making further improvements in this regard.

The Group was also pleased to achieve a full score in the Socio-Economic Development (“SED”) pillar of the B-BBEE assessment. The Group takes its Corporate Social Responsibility seriously. Further details of the Group’s SED programmes can be found under the Corporate Social Investment section (Q pages 21 to 28).

Protection of rights

- ▶ The rights of HIV positive employees and subcontractors are protected in terms of disclosure of their status, HIV testing and confidentiality.
- ▶ The Group rejects child and forced labour practices and respects national culture, local laws and traditions.
- ▶ Freedom of association and the right to collective bargaining is upheld.
- ▶ The Group views all forms of discrimination in an extremely serious light and will not hesitate to take appropriate disciplinary action against offenders. No incidents of discrimination were reported for the period under review.
- ▶ Indigenous rights are respected. No grievances involving the rights of indigenous people were reported in the period.
- ▶ Human rights are upheld. Any grievances will be addressed and resolved through formal grievance mechanisms. No grievances relating to human rights abuses have been reported.

Health and safety

The Group is delighted to report that from an OH&S perspective we were again fatality-free despite growth in both activity and the number of employees, creating in excess of 5 000 jobs. Unfortunately, the Group was not injury-free with minor injuries occurring on site. The Group will, however, strive to reduce any risk of injury on site in future.

Calgro M3 has a moral duty to play a leading role in the communities and the industry in which it operates. One of the ways it does this is through the sustainable management of the health and safety impacts of the business.

First and foremost we believe every individual has the right to a safe and healthy workplace and the right to return from work every day, safe and injury-free. This is the common goal to which we are committed but it can only be achieved through dedication and the joint efforts of everyone involved. We embrace good governance in our responsible management of Health and Safety concerns. Specifically, the Company strives

to achieve “zero injury”, “zero fatalities” and “zero loss of time” to people through the effective management of Health and Safety in all our operations in our industry. Effective management is established through the implementation of a robust Occupational Health and Safety (“OH&S”) management system that is based on the following three principles:

- ▶ A “zero injury” mindset. We believe that all fatalities, injuries and occupational diseases are preventable. We fully embrace the vision of zero injury and will exercise zero tolerance for any breach of the Calgro M3 OH&S standards and procedures. Each employee is responsible for correcting behaviour that could result in an injury and reporting such behaviour to the OH&S officer.
- ▶ No repeats. All Health and Safety incidents need to be investigated to ensure that root causes are identified and corrective and preventative measures are implemented. We share information and learn from incidents to avoid recurrences wherever possible. Risks are identified, communicated and rectified. Training on OH&S-related matters is of vital importance.
- ▶ Simple, non-negotiable standards and procedures. Calgro M3 has adopted the principles of OHSAS 18001 as the foundation of its OH&S management system. OHSAS 18001 is an international OH&S management system that commits to the prevention of injuries and occupational diseases as well as the continual improvement of performance and compliance with applicable legal requirements. In addition to this, Calgro M3 has adopted and implemented the Construction Regulations 2014 as required by legislation.

It is the responsibility of the Health and Safety Division and its on-site officers, construction management and supervisors to ensure that Health and Safety measures are implemented and adhered to.

Calgro M3 undertakes to provide a safe working environment and appropriate equipment and tools to all employees. Safety takes precedence over project programmes and cost. All employees must act and work in a safe manner at all times. Calgro M3 endeavours to protect the health and well-being of personnel during worksite activities and ensure that safety is the prime consideration during project execution. The consequence of injuries is financial loss to both the individual and to the relevant project. Calgro M3 strives to achieve and maintain zero fatalities, zero lost time to injuries, zero restricted work and medical treatment injury cases, and zero total reportable injury frequency. To achieve this, Calgro M3 will display zero tolerance for Health and Safety misconduct. The Group is registered with the Workmen’s Compensation Fund, ensuring that injured employees receive the best medical care available.

2018

Fatality-free and free of serious injury in the workplace

Workplace safety



Every individual has the right to a safe and healthy workplace and the right to return from work every day, safe and injury-free

Our goals

ZERO:

- zero injury
- zero fatalities
- zero loss of time



A robust Occupational Health and Safety ("OH&S") management system based on the following principles



All employees must act and work in a safe manner at all times

"ZERO INJURY"
mindset

No repeats

Simple, non-negotiable
standards and
procedures

Human Capital Management *(continued)*

HR policies and procedures

Transformation

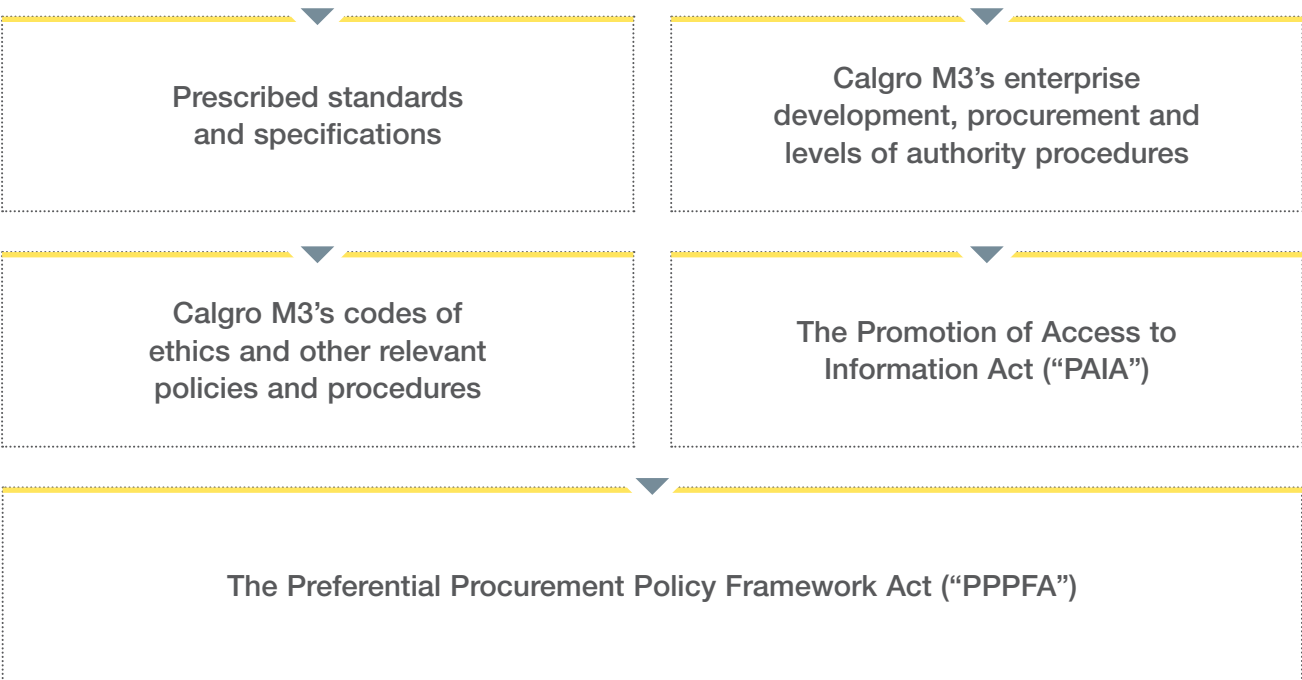
Across the Group, preference is given to B-BBEE candidates in all new appointments.

Non-discrimination

The Group practices a policy of non-discrimination on all our operations. We strive to recruit and retain the best people both on our projects and within our corporate support operations and draw on talent from the populations of the areas we work in wherever possible.

Preferential procurement and supply chain transformation

The Group prides itself on reaching a target of 50% of its suppliers having a Level 3 or better empowerment certificate in place. Calgro M3's Preferential Procurement Policy aims to ensure that goods and services are procured by the Group in a manner that will realise best value for money, minimise risk and safeguard Calgro M3's interests and be in accordance with, but not limited to:



Calgro M3 is committed to making every procurement opportunity a BEE procurement opportunity and will adopt the spirit of B-BBEE in its procurement activities. Calgro M3 will, however, not compromise on health, safety, commercial, quality and service standards.

Empowerment of local communities

The Group's policy to recruit members of local communities has provided us with rewards in terms of multiple individual success stories. There have, however, also been challenges in terms of labour relations on certain projects, mainly due to rates disputes and disputes amongst community members.

Code of Good Conduct and Ethics

The Group's success is dependent on the trust and confidence that is earned from employees, customers and shareholders.

The Group's reputation is built on its values of integrity, respect and truthfulness, and its strong commitment to upholding the highest ethical standards. We gain credibility by adhering to our commitments, displaying honesty and integrity, and reaching Company goals through honourable conduct.

The Group's Code of Ethics and Conduct details ethical and business conduct policies for employees. This ("the Code") applies to the Group, its Board of Directors, all its employees, agents and subcontractors. It applies to employee interactions with clients, service providers, government and regulatory agencies, and the general public, and to interactions between employees. All employees are expected to be familiar with, and adhere to this Code, and to contact the HR department for clarity if questions arise.



Compliance, competition and dialogue

Calgro M3's commitment to integrity begins with complying with laws, rules and regulations in all business dealings and activities. Each employee must understand the Company policies, laws, rules and regulations that apply to their specific roles. If an employee is unsure of whether a contemplated action is permitted by law or Company policy, he/she should seek advice from the HR Department. Each employee is responsible for preventing violations of law and for speaking up if they see possible violations.

Calgro M3 is dedicated to ethical, fair and vigorous competition. Employees will sell Calgro M3 products and services based on their merit, superior quality, functionality and competitive pricing. Calgro M3 will make independent pricing and marketing decisions and will not improperly cooperate or coordinate its activities with its competitors. Employees will not offer or solicit improper payments or gratuities in connection with the purchase of goods or services for Calgro M3 or the sales of its products or services, nor will they engage or assist in unlawful boycotts of particular suppliers.

It is important that employees respect the property rights of others. Employees will not acquire or seek to acquire by improper means a competitor's trade secrets or other proprietary or confidential information. Employees will not engage in unauthorised use, copying, distribution or alteration of software or other intellectual property.

To ensure that the Code remains effective, managers are responsible for addressing the ethical questions or concerns raised by employees and for taking the appropriate steps to deal with such issues promptly. Managers should not consider employees' ethics concerns as threats or challenges to their authority, but rather as an encouraged form of business communication.

The ethics dialogue is a natural part of daily work.

Managers must take reasonable care to assure that subordinate employees comply with the Code. Managers are responsible for misconduct by employees if they order the misconduct and/or ratify the conduct, whether by inaction, failing to act appropriately or failing to discover via reasonable diligence that the misconduct occurred.

Calgro M3 takes a zero-tolerance approach to violations of this Code, failure to report actual or suspected violations of the Code, or retaliation against whistle-blowers. Employees that are found to have violated this Code or to have retaliated against whistle-blowers will face disciplinary action. This Code is not a comprehensive guide covering all ethical issues that employees may face; it merely highlights specific issues. This policy may be modified or updated at any time. The Group welcomes employee suggestions on changes to this Code. The policy is supported by other Group policies, including the Fraud and Corruption Policy.

Grievance management

The Company has policies and procedures in place aimed at improving Grievance Management resolution times, including in-sourcing of key stakeholder engagements. As a result, average conflict resolution is 72 hours. For the financial period under review, the Group was, minimally, impacted by work stoppages at its sites.

On the Group's many other sites, good staff engagement, early stakeholder identification, communication and training and improved resolution of disputes before industrial action have ensured good relations are maintained.

Human Capital Management *(continued)*

Human Capital Management process

The Group's Human Capital strategy and workforce model focuses on four areas:

The Group's Human Capital strategy and workforce model focuses on four areas: Attract, Develop, Engage, Transform. Enabling the Group to unlock the potential of each of our valued employees.



Attract

Robust human capital management processes at all levels of our operations are designed to attract and retain key skills and talent in a climate of skills shortage, and to ensure the Group's sustained success in the future.



For development projects, the Group's local recruitment policy stipulates that at least 50% of the workforce be recruited from the local community, that their potential be developed through learning opportunities and their performance monitored through effective performance management. Members of the local community receive priority. If the required skills are not locally available, we seek to fill positions from elsewhere. We met (and on some sites exceeded) our target of recruiting 50% of the project workforce from local communities across the Group.

The Group strives to maintain a staff complement of 75% non-skilled and 25% skilled labour employed from the communities around our projects. At each project site, a labour desk is chaired by Local Community Liaison Officers nominated by the community in conjunction with the local councillor for the area. These liaison officers assist in the appointment of locals. Each prospective subcontractor's

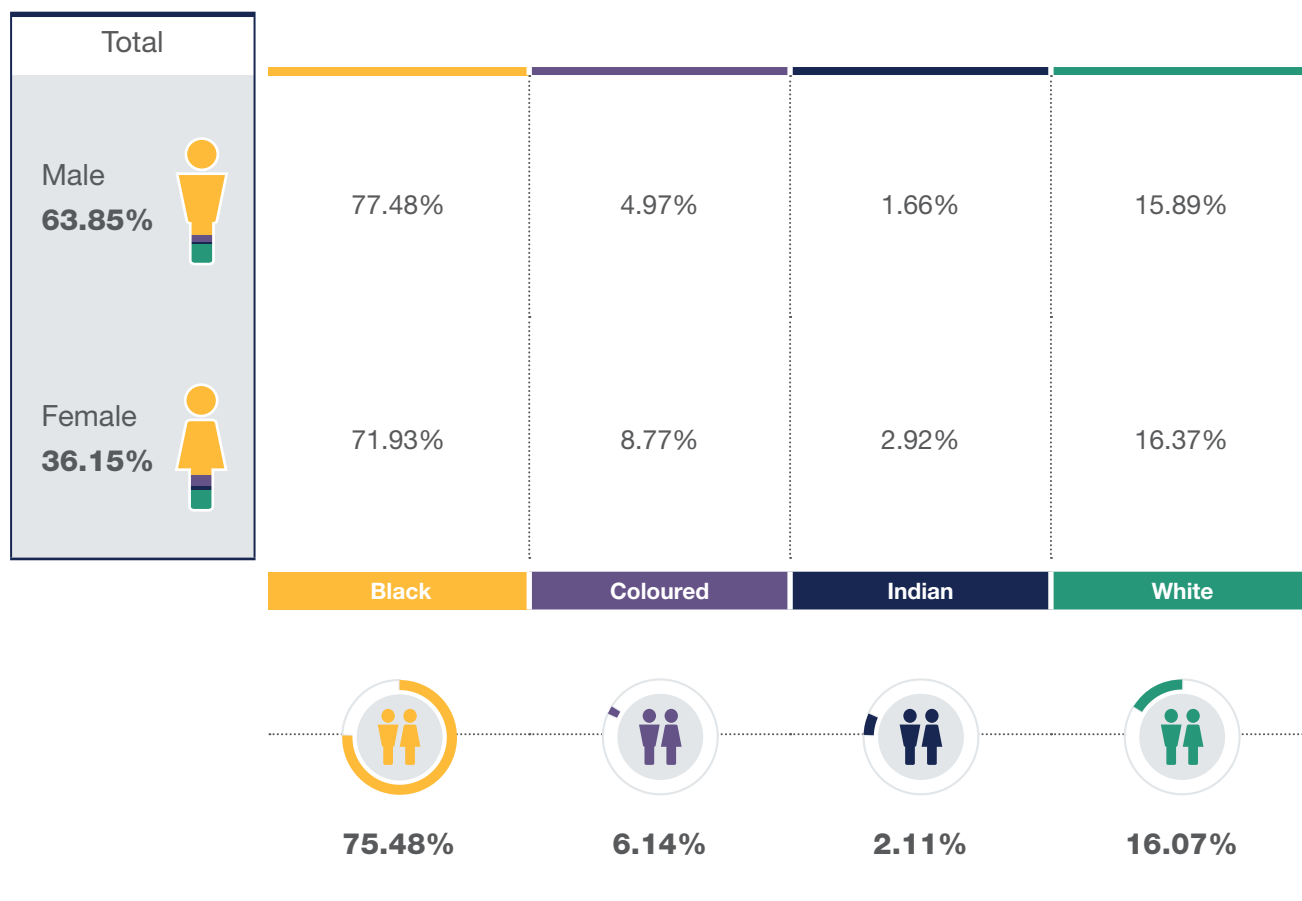
core competency and abilities are identified and they are placed according to their skills. Policies are in place to drive equal opportunity and fairness.

We do not use child labour, nor do we recruit illegal immigrant workers.

Overall, staff levels have decreased because of the ending of our Brandwag project in Bloemfontein. All employees at this site was employed on a fixed term contract that came to an end when the project stopped. There has, however, been a specific increase in professional, contract and project-based staff compared with the 2017 financial year. The increase in staff levels is in line with the Group's efforts to build capacity to meet business growth. The total staff complement, including agents, has decreased by 1% to 473 (2017: 477). The total staff and subcontractor complement continues to grow, showing the Group's active participation in creating job opportunities.

Human Capital Management

Total staff complement analysis



Develop

Skills development is a priority.

We are often challenged by skills shortages, lack of formal training and the limited industry experience of the workforce actively recruited in the areas in which our projects are based. Considerable time and effort is spent on skills development for existing staff, interns and students, and the development of the labour force. Skills development typically comprises some or all of the following, but not limited to:

- formal skills plans;
- transitional skills transfer and general upskilling;
- short-term “shadow skills training” and/or on-the-job coaching;
- medium and long-term technical, supervisory, and formal management training; and
- skills transfer by experienced long-term employees.

Continual learning, both formal and informal, is inherent in the Group’s culture of sustainable growth and development.

We want each employee to achieve his or her personal potential. We encourage our professional, semi-skilled and skilled employees to engage where possible in formal training and informal on-site training. Concrete efforts in relation to development of skills plans, training, mentorship and learnership programmes are noted in the Skills Development segment.

Skills training for community members aims to develop people up the maturity curve to become self-supporting small business owners. They are then able to employ their own workforce, thereby uplifting the community and growing social sustainability. Our subcontractor “incubator programme” not only develops individuals in artisan skills, but assists subcontractors to deal with labour relations issues, SARS and the Workmen’s Compensation Act, and provides them with informal mentoring on how to run their businesses successfully.

Engagement

The Group has put in place employee relations strategies that include staff engagement and effective communication at all sites.

Workplace forums and meetings provide a platform to improve engagement with employees and subcontractors. They help manage labour relations proactively, manage expectations and highlight any deterioration in trust between management and labour. Processes were introduced in 2013 to improve grievance management reaction times and which have proved to be successful.

On-site, operational management teams ensure that all people management issues are dealt with effectively and in accordance with Company policies. They do performance appraisals, drive employee communication and engagement, and pre-empt potential issues.

In the year under review, the Group suffered work stoppages on its South Hills, Fleurhof and Jabulani sites as detailed previously.

The Group recognises the rights of its employees and subcontractors – their right to privacy, dignity and fair labour practices. A range of Company policies affirm and protect these rights. To ensure that employees and subcontractors' interests are respected and protected, the Group continues to foster strong relationships with relevant role-players such as the workplace forums.

Throughout the period, the Group continued to improve employee awareness and understanding of Company Policies and Procedures. The 24-hour "Ethics Hotline" initiative enables staff to confidentially and anonymously report concerns about unethical behaviour, corruption, fraud and any other forms of misconduct.

Employee relations to remain a focus into the future

Employee surveys facilitate direct input by employees, assisting the Company to meet expectations. These will be accompanied by other staff engagement initiatives throughout the year, such as briefings, CEO addresses, and feedback from the different divisions and from site managers in daily, weekly or monthly meetings held across the different forums within operations.

The Group has taken and will continue to enforce a harder line and zero tolerance approach with respect to disciplinary issues, especially with reported cases of abuse of alcohol or narcotics on site, theft, assault or negligent acts that may endanger people's lives on sites. This will send a consistent message to employees that misconduct will not be tolerated and that anyone involved in misconduct will face severe consequences. This is in line with the Group's efforts to maintain zero fatalities on all projects and promote a safe and harmonious work environment.

Rewarding employees

A transparent Performance Management System that is linked to the performance of the Company has been successfully rolled out for a number of years. It effectively creates wealth based on performance on all levels and raises levels of accountability. Each individual is made aware, through various training channels, of the impact they have on the Company and the direct and indirect contribution they make to the success of the Group.

Employee well-being programme and safety

The Group makes every effort to create a safe and healthy working environment for its employees. It takes into consideration working conditions, the environment and the personal capacities of its employees, and employees' need to establish and maintain an appropriate balance between their work and private lives. Our aim: to prevent work-related injuries, fatalities and physical illness at work, while maintaining good working and functional ability of the employees. In terms of managing the environment, there is increasing recognition of the need to restrict smoking in the workplace for employee well-being, medical, legal and financial reasons. This includes recognising the health effects of passive smoking, managing the risk of liability from diseases caused by smoking, and encouraging staff to give up smoking. Calgro M3 endeavours to protect non-smokers from exposure to second hand smoke and to enhance the air quality of the work environment for all employees, including visitors, complying with all relevant legislation in this regard.

The Group will continue to focus on employee assistance and wellness programmes in the future.

HIV and AIDS education

The Group is committed to implementing the most effective ways of reducing and managing the impact of HIV/AIDS in the workplace. HIV/AIDS is addressed in the induction training provided to all new employees and subcontractors, as well as by a formal programme that aims to educate all employees and subcontractors about the socio-economic impact and effects

Human Capital Management *(continued)*

of the disease. During the contract period, regular, comprehensive HIV/AIDS education as well as informative health and safety sessions are held on all sites, supported by the Department of Health and Social Services that provides information booklets and other materials. The Group also partners government in its endeavour to raise awareness about tuberculosis through sessions with employees and contractors on site.

No person employed by Calgro M3 may unfairly discriminate against an employee or an applicant for employment on the basis of his or her HIV status. This means that no person with HIV or AIDS shall be treated unfairly within the employment relationship or within any of Calgro M3's employment policies or practices, including with and in regard to:

- ▶ recruitment procedures, advertising and selection criteria;
- ▶ appointment and the appointment process;
- ▶ job classification or grading;
- ▶ remuneration, employment benefits and terms and conditions of employment;
- ▶ job assignments;
- ▶ the working environment and facilities;
- ▶ training and development;
- ▶ performance evaluation systems;
- ▶ promotion, transfer and demotion;
- ▶ disciplinary measures short of dismissal; and
- ▶ termination of services.

An HIV and AIDS policy introduced by the Group provides guidelines for, among others, the creation of a non-discriminatory work environment; dealing with HIV testing, confidentiality and disclosure; and managing HIV/AIDS in the workplace.

All employees with the disease are positively supported. Local government clinics are used for screening, counselling and administration of anti-retrovirals. These programmes further include informative sessions on nutrition, health and well-being, given by trained professionals provided by the Department of Health and Social Services. Free condoms that help protect against infection are made available at all our sites and are easily accessible to all our employees and subcontractors.

Transition – Succession planning

Succession plans are reviewed at Exco and Board level using the performance results of managers from the Performance Management System. This process is ongoing. The Remuneration and Nomination Committee specifically focuses on this issue once a year to ensure that management's view is aligned with that of the Board and that talent is cultivated from within the organisation through planned activities. Leadership programmes for mid to senior management were conducted on an ad hoc basis during the period to keep management growing and developing, as well as provide Group leadership with succession opportunities.



Fleurhof

*“Building legacies.
Changing lives.”*



CALGRO M3

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