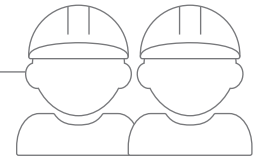


PEOPLE



LABOUR PRACTICES AND DECENT WORK

01 ASPECT 1:
Employment

03 ASPECT 3:
Health and safety

04 ASPECT 4:
Training and education


02 ASPECT 2:
Labour/management relations

05 ASPECT 5:
Diversity and equal opportunity



DELIVERY ON F2015 FOCUS AREAS:

In the group's F2014 integrated annual report, we outlined a number of focus areas. The table outlines how we delivered against these:

|  F2015 FOCUS AREAS | DELIVERY |
|---|--|
| <p>Develop a central resource centre to assist with the effective management of industrial action, including a library of standardised documents for use through the group.</p> | <ul style="list-style-type: none"> ➤ A group industrial relations leadership structure was launched during the second quarter. This is a group of the most experienced industrial relations practitioners in the business under the leadership of the group IR specialist. This team is deployed to potential conflict areas when required. ➤ We also created a resource centre on the group's intranet where all required documents can be sourced, which prevents duplicated effort. |
| <p>Standardise and reinforce best practice consultation on sites.</p> | <ul style="list-style-type: none"> ➤ We launched a proactive communications alert process between site and head office on all sites, which allows for early detection and rapid escalation of IR issues as they arise. This has allowed us to intervene in a number of instances before tensions escalated into industrial action. |
| <p>Revise contracts in line with requirements to the amended Labour Relations Act (LRA).</p> | <ul style="list-style-type: none"> ➤ All employment contracts have been amended to comply with the new LRA and best practice mitigation of perceived risk areas. |
| <p>Proactively engage with various unions and other employee-related governing bodies.</p> | <ul style="list-style-type: none"> ➤ The IR team and executive HR leadership proactively engage in all the employer forums represented at the major bargaining councils. This participation includes representation on all of the major negotiation forums. |



F2015 FOCUS AREAS

Recruit additional top talent to improve the depth and diversity of our teams and to ensure that we can take advantage of growth opportunities.

Roll out our central talent management and manpower planning function to ensure a more co-ordinated approach to succession planning.

Supervisor and management training will be intensified to enforce on-site adherence to group practices and procedures.

DELIVERY

- › We recruited a specialist transformation director and five key operational directors to ensure we have both the capacity and experience to improve our diversity
- › A specialist team that co-ordinates talent management, workforce planning and recruitment was created to increase the standardisation of talent management and succession planning processes
- › The group launched a number of major interventions to refresh our standard group practices and procedures. This includes in-depth training of employee and industrial relations processes, our contract lifecycle and our new code of conduct

INTRODUCTION

Group Five is cognisant of the fact that the quality of its employees is both the single largest risk and the most effective risk mitigation with respect to the successful delivery of its strategy. We are committed to the creation of a working environment and value proposition which is competitive and attractive to our employees and prospective employees to enable us to attract and retain the talent required to ensure the successful delivery of contracts and our sustainability.



The group's employee value proposition consists of:

- ➔ QUALITY PEOPLE MANAGEMENT AND PEOPLE MANAGEMENT SYSTEMS
- ➔ CONTINUOUS DEVELOPMENT THROUGH OUR TRAINING PROGRAMMES
- ➔ COMPETITIVE REMUNERATION
- ➔ CAREER DEVELOPMENT OPPORTUNITIES
- ➔ TALENT MANAGEMENT
- ➔ A VALUES-BASED ORGANISATION

ANNEXURE 5 – INVESTMENT IN JOINT VENTURES

continued

| (R'000) | 2015 | 2014 |
|---|----------------|---------|
| AGGREGATE FINANCIAL INFORMATION continued | | |
| STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE | | |
| Group's proportionate share of cash flows | | |
| Cash flow from operating activities | (1 666) | 502 |
| Steel supply | (4 051) | 391 |
| Property development | 2 385 | 111 |
| Cash flow from investing activities | (2 648) | 12 272 |
| Steel supply | 361 | 3 256 |
| Property development | (3 009) | 9 016 |
| Cash flow from financing activities | 1 154 | (8 149) |
| Steel supply | 688 | 1 367 |
| Property development | 466 | (9 516) |
| Net (decrease)/increase in cash and cash equivalents | (3 160) | 4 625 |
| Steel supply | (3 002) | 5 014 |
| Property development | (158) | (389) |

There are no additional contingent liabilities that the group is aware of that require disclosure which have not been disclosed in note 23.



BENEFITS TO PERMANENT EMPLOYEES continued

LONG SERVICE LEAVE

| | |
|------------------|---|
| After five years | › Additional three days per annum |
| After ten years | › Additional two days per annum and once-off five days' leave |

FLEXI-TIME

| | |
|---------------------------|-----------------------------|
| Core hours 09:00 to 15:00 | › Integrated central office |
|---------------------------|-----------------------------|

CRÉCHE FACILITY

| | |
|---------------|-----------------------------|
| Up to Grade R | › Integrated central office |
|---------------|-----------------------------|

GYM FACILITY

| | |
|---------------------------------|-----------------------------|
| Fully equipped with instructors | › Integrated central office |
|---------------------------------|-----------------------------|

CANTEEN FACILITY

| | |
|----------------------------------|-----------------------------|
| Providing full catering function | › Integrated central office |
|----------------------------------|-----------------------------|

TOLL SUBSIDY

| | |
|----------------|-----------------------------|
| R450 per month | › Integrated central office |
|----------------|-----------------------------|

TRAVEL ALLOWANCE

| | |
|--|----------------------------|
| Based on AA rates and individual requirement | › All qualifying employees |
|--|----------------------------|

The benefits apply to all monthly-paid employees (mostly employees in Paterson grade C1 and more senior and those not covered by a collective bargaining arrangement).

The latest amendments to the Labour Relations Act make it necessary for both contract and permanent employees earning below the defined income threshold of R205 433.30 per annum, who are not covered by a collective agreement and who are working in South Africa, to enjoy equal benefits after three months of employment.

However, all employees below this threshold are covered by one of the multiple collective bargaining arrangements applicable across the group. Whilst their benefits may, therefore, differ from the table above they are consistent within their ranks.

01 EMPLOYMENT continued

EMPLOYEE ENGAGEMENT

Over the last seven years, the group has conducted an employee engagement survey on an annual basis.

We use the outcome of this survey to monitor both positive and negative trends in the level of employee engagement.

Based on the outcomes, employees and management are consulted on the issues identified and corrective actions implemented to ensure continuous improvement in the delivery of our employee value proposition.

As can be seen from the trends in the findings, this year the results reflect an unprecedented improvement. We believe this is largely due to the move of the majority of our Gauteng

operations to one central office. This has improved internal engagement and interaction between segments.

Pleasingly, we also continued to rank amongst the top employers in the Top Employers survey conducted by the Corporate Research Foundation.

EMPLOYEE SURVEY RESULTS

Results this year reflect significant improvements in all 12 dimensions. **This year was the first year we surpassed the targeted 70% mark.** Other significant improvements were in structure and human capital management, which we believe shows a resounding endorsement of our new management structures.

A promising improvement in rewards and recognition reflects the benefits of a comprehensive information-sharing process aimed at ensuring full understanding of our remuneration strategy.

| Measure | F2015 - F2014 | % change | F2014 - F2013 | % change | F2013 - F2012 | % change | F2012 - F2011 | % change | F2011 - F2010 | % change | F2010 - F2009 | % change |
|---|------------------|-------------|------------------|-------------|------------------|-------------|------------------|-------------|------------------|-------------|------------------|-------------|
| Overall | 71.0 | 3.2 | 67.8 | 1.2 | 66.6 | (0.1) | 66.7 | 0.7 | 67.0 | 1.1 | 65.9 | 2.00 |
| Communication | 63.7 | 1.7 | 62.0 | 0.0 | 61.9 | 0.5 | 61.4 | 0.1 | 61.3 | 1.2 | 60.1 | 8.5 |
| Relationships and trust | 68.8 | 1.6 | 67.2 | 1.3 | 65.9 | 0.3 | 65.6 | (0.4) | 66.0 | 1.4 | 64.6 | 3.1 |
| Strategy and leadership | 72.9 | 1.3 | 72.0 | 2.6 | 69.4 | (0.4) | 69.8 | (0.2) | 70.0 | 2.6 | 67.4 | 1.6 |
| Rewards, recognition and performance management | 63.0 | 2.5 | 60.5 | (0.4) | 60.9 | 0.1 | 60.8 | 1.2 | 59.6 | (0.05) | 60.1 | 2.3 |
| Diversity | 70.8 | 1.2 | 69.6 | 0.8 | 68.8 | 0.3 | 68.5 | (0.3) | 68.8 | 0.6 | 68.2 | 1.9 |
| Culture and values | 72.3 | 1.4 | 70.9 | 2.6 | 68.3 | (1.4) | 70.7 | (0.1) | 70.8 | 1.3 | 69.5 | 1.9 |
| Structures | 79.2 | 4.0 | 74.2 | 2.0 | 72.2 | (0.3) | 72.5 | 0.1 | 72.4 | 2.2 | 70.2 | (0.6) |
| Change and transformation | 65.1 | 1.1 | 64.0 | 1.5 | 62.5 | 0.4 | 62.1 | (0.3) | 62.4 | 0.3 | 62.1 | 1.3 |
| Human capital management | 70.5 | 2.6 | 67.9 | 0.8 | 67.1 | (0.1) | 67.2 | (2.5) | 69.7 | 1.2 | 68.5 | 0.8 |
| Management style | 69.4 | 0.4 | 69.0 | 0.9 | 68.1 | (0.5) | 68.6 | 0.5 | 68.1 | 0.8 | 67.3 | 0.0 |
| Internal brand awareness | 83.2 | 1.1 | 83.1 | 4.6 | 79.5 | (0.7) | 82.2 | (0.1) | 83.2 | 3.7 | 79.5 | new |
| Job security* | 70.2 | - | - | - | - | - | - | - | - | - | - | - |

■ World class (85%+) ■ Top company (65% – 84%) ■ Middle class/average (52% – 64%) ■ Poor (0.0% – 52%)

* New dimension for F2015.



DISCIPLINARY AND GRIEVANCE POLICY/ PROCEDURES

The group has focused on providing comprehensive training in terms of both our code of conduct and our grievance and disciplinary codes to ensure that all line managers are well equipped to handle matters.

The company's disciplinary policy and procedure provides clear guidance on how managers are expected to deal with cases of misconduct and unsatisfactory performance. The disciplinary code provides directives on how offences warrant progressive

discipline and where more serious penalties such as dismissals are indicated.

The group's grievance policy allows an employee to raise and express any dissatisfaction with management's conduct or treatment and also allows for conflict resolution between employees at the same level. If the grievance remains unresolved after the first engagement, the employee may escalate the grievance to senior management for a final ruling on the matter. Once management has ruled on a grievance, the employee has the right to refer disputes to the CCMA for final resolution.

FORMAL PERFORMANCE MANAGEMENT SESSIONS

Managers are required to provide their employees with formal appraisals of their performance at least once a year. Employees also participate in the development of a personalised training and development plan on an annual basis.

Although this year's overall percentage completed increased to what has been the norm in previous years, more work is required to ensure consistency. Following training through our Group Five Academy on how to conduct more effective performance reviews, training needs and career path discussions are being more directly addressed at performance reviews.

| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|------|------|------|------|------|------|------|------|
| % | 82.0 | 78.2 | 83.0 | 82.0 | 74.5 | 67.0 | 52.9 | 45.7 |

CURRENT EXECUTIVE AND SENIOR MANAGEMENT APPOINTMENT SPLIT

As part of our employee value proposition, the group aspires to provide career and personal development opportunities to all our employees. A key measure of our success is the number of senior management appointments made from within the ranks of our employees. The table below reflects how many of our current senior managers (Paterson grade D upper and more senior) were promoted into their current positions compared to those who were appointed into positions from outside the group.

91 out of 109 (83%) of the current senior management positions are held by employees promoted from within the group.

| Category | Female | | | | | | Male | | | | | | Total | |
|----------------------|----------|----------|----------|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|------------|
| | Black | | White | | Total | | Black | | White | | Total | | | |
| | F2015 | F2014 | F2015 | F2014 | F2015 | F2014 | F2015 | F2014 | F2015 | F2014 | F2015 | F2014 | F2015 | F2014 |
| External appointment | 3 | 3 | 0 | 2 | 3 | 5 | 7 | 8 | 8 | 8 | 15 | 21 | 18 | 21 |
| Internal appointment | 1 | 1 | 8 | 7 | 9 | 8 | 14 | 14 | 68 | 63 | 82 | 72 | 91 | 85 |
| Total | 4 | 4 | 8 | 9 | 12 | 13 | 21 | 22 | 76 | 71 | 97 | 93 | 109 | 106 |

01 EMPLOYMENT continued

BREAKDOWN BY GEOGRAPHY AND GENDER (PERMANENT AND CONTRACT-SPECIFIC EMPLOYEES)

The table below indicates the split of our workforce between permanent employees and those employed on a contract-specific or limited duration basis in South Africa and over-border.

Of the 24% of our workforce outside of South Africa, 92% of these employees are employed on a contract-specific basis. This is consistent with our policy of utilising and developing local labour and reducing our dependence on expensive expatriate labour in all but specialised positions. In South Africa, the component of temporary employees is 58%, again consistent with our policy to provide permanent work where possible, but to retain contract-specific employment when warranted for operational requirements.

| Location | Male | | | | Female | | | | Total | | | |
|----------------------|---------------|------------|--------|-----|--------------|------------|-------|-----|---------------|------------|--------|-----|
| | F2015 | % | F2014 | % | F2015 | % | F2014 | % | F2015 | % | F2014 | % |
| International | 1 968 | 19 | 3 084 | 24 | 431 | 22 | 370 | 19 | 2 399 | 20 | 3 418 | 24 |
| Contract-specific | 1 139 | 58 | 2 831 | 93 | 355 | 82 | 318 | 86 | 1 494 | 62 | 3 149 | 92 |
| Permanent employees | 829 | 42 | 217 | 7 | 76 | 18 | 52 | 14 | 905 | 38 | 269 | 8 |
| Local | 8 238 | 81 | 9 442 | 76 | 1 541 | 78 | 1 625 | 81 | 9 779 | 80 | 11 067 | 76 |
| Contract specific | 4 866 | 59 | 5 655 | 60 | 718 | 47 | 803 | 49 | 5 584 | 57 | 6 458 | 58 |
| Permanent employees | 3 372 | 41 | 3 787 | 40 | 823 | 53 | 822 | 51 | 4 195 | 43 | 4 609 | 42 |
| Total | 10 206 | 100 | 12 490 | 100 | 1 972 | 100 | 1 995 | 100 | 12 178 | 100 | 14 485 | 100 |

VACANCY ANALYSIS

Whilst still high at 2.2%, the year-on-year reduction in vacancies was due to our improved internal recruitment service and the slowdown in certain significant areas within the group.

| % | F2015 | F2014 | F2013 | F2012 | F2011 | F2010 | F2009 | F2008 | F2007 |
|------------------|------------|-------|-------|-------|-------|-------|-------|-------|-------|
| Vacancy analysis | 2.2 | 5.1 | 8.0 | <1 | <1 | 2.0 | 10.0 | 12.2 | 11.7 |

ASPECT 2: LABOUR/MANAGEMENT RELATIONS

02

INTRODUCTION

The group's employee relations strategy is regulated and supported by best practice policies and procedures, underpinned by legislation in the territories where we operate.

From an organisational perspective, the employee relations function is led by the group executive director of human resources (HR). He is supported at a corporate level by the HR director: operations and services and the group industrial relations specialist who is a qualified labour attorney.

To ensure the consistent application of both policy and best practice, during the year we created a group industrial relations leadership structure. This is a central team comprising a number of senior employees representing the central office and senior representatives

from within the business. This body serves as a sounding board for policy and practice development and a pool from which resources are drawn to deal with employee relations issues when they arise.

Labour action in the group's home market of South Africa continued, with man days lost staying constant at 24 209 in F2015 (F2014: 24 441). The largest contributor to the days lost in the period (39%) was the strike called by NUMSA in support of the wage dispute that arose at the Mechanical and Engineering Industry Bargaining Council (MEIBC).

The trend of unprotected strikes continued, with 63% of the man days lost attributable to unprotected industrial action. This trend was particularly prevalent on the group's Dedisa Peaking Power Plant in the Eastern Cape. This contract alone accounted for 29% of the group's total man days lost and 46% of the man days lost due to unprotected industrial action.

Notwithstanding the increased volatility, the actual number of work stoppages and work interruptions declined again this year. This was mainly due to proactive and direct intervention by the group in potentially volatile labour situations and the increased use of community liaison officers. This improved our capacity to anticipate issues and resolve them before they escalate.

The group is represented on all major industry negotiating forums.

LEVEL OF UNIONISATION OF THE TOTAL WORKFORCE (BOTH LOCAL AND INTERNATIONAL (F2009 – F2015))

The table below shows that whilst there has been a steady increase in the number of unionised employees since 2012, this trend seems to have stabilised at 17% of our South African workforce. In real terms union membership this year decreased to 2 115 members compared to last year's 2 494 members. This reduction can largely be attributed to the large-scale retrenchments in our Civil Engineering segment.

Level of unionisation of the total workforce (both local and international (F2009 – F2015))

| | F2015 | F2014 | F2013 | F2012 | F2011 | F2010 | F2009 |
|--|--------|--------|--------|--------|--------|--------|--------|
| Total employee headcount (all employees) | 12 178 | 14 485 | 13 659 | 10 846 | 11 997 | 12 497 | 14 050 |
| Number of unionised employees | 2 115 | 2 494 | 2 120 | 2 039 | 2 285 | 2 416 | 1 752 |
| Union membership as % of total workforce | 17 | 17 | 15 | 18 | 19 | 19 | 12 |

02 LABOUR/MANAGEMENT RELATIONS continued

CCMA CASES

This year saw a **33% reduction in the number of CCMA referrals from 108 to 73**. This reduction can be largely attributed to the rigorous retraining of our managers in the required processes and procedures and the consistent adherence to the legislated notice periods.

We are, however, disappointed by the reduction in the number of cases won at arbitration from 98% to 88%. This decrease compared to last year appears to be based on inconsistent judgements made as a result of uncertainty around amendments promulgated to the Labour Relations Act (Act 66 of 1995), which was effective in January 2015.

| | F2015 | F2014 | F2013 | F2012 | F2011 | F2010 | F2009 | F2008 | F2007 |
|-----------------------------|-----------|-------|-------|-------|-------|-------|-------|-------|-------|
| Referrals (number of cases) | 73 | 108 | 53 | 68 | 95 | 108 | 38 | 48 | 38 |

PROPORTIONAL UNION REPRESENTATION AS A PERCENTAGE OF THE SOUTH AFRICAN WORKFORCE

The overall level of unionisation dropped during the year in both real and percentage terms, primarily as a result of the erosion of the membership in BCAWU, NUM and NUMSA. The only union that made substantial gains was AMCU with an increased membership from 1% to 2% of the national workforce, but more significantly from less than 1% to about 8% of the KwaZulu-Natal workforce.



| % split | AMCU | BCAWU | BWAWUSA | GIWUSA | NUM | NUMSA | SACWU | SATAWU | Total |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| 2015 | 1.96 | 1.46 | 0.29 | 1.20 | 9.46 | 2.22 | 0.42 | 2.58 | 19.59 |
| 2014 | 0.07 | 2.42 | 0.29 | 1.34 | 11.33 | 3.01 | 0.34 | 2.36 | 21.16 |
| 2013 | 0.09 | 1.66 | 0.48 | 1.80 | 11.86 | 0.36 | 0.40 | 2.80 | 19.45 |

AMCU – Allied Mining and Construction Union
 BCAWU – Building Contractors and Allied Union Workers
 BWAWUSA – Building, Wood and Allied Workers Union of South Africa
 GIWUSA – General Industries Workers Union of South Africa

NUM – National Union of Mineworkers
 NUMSA – National Union of Metalworkers
 SACWU – SA Chemical Workers Union
 SATAWU – South African Transport and Allied Workers Union

INCIDENCE AND IMPACT OF STRIKES

The table below reflects the incidence and impact of strikes in man days lost across the group's clusters. As can be seen, 26 out of the 29 strikes were unprotected, which means it happened without employees and/or unions following CCMA dispute referral processes.

Incidence and impact of strikes in man days lost across the group's clusters

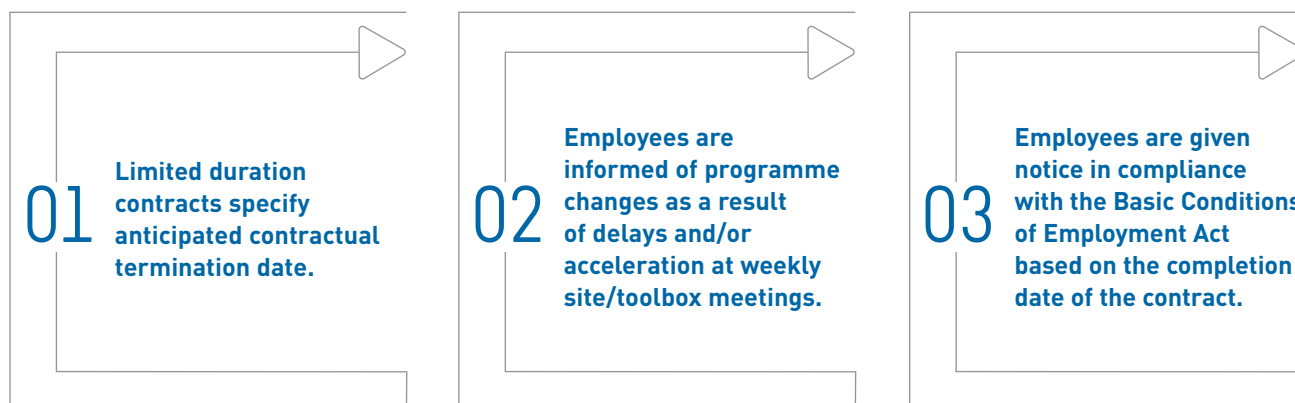
| Business cluster | Number of strikes | Union | Procedural strikes | Total man days lost |
|---------------------------------------|-------------------|------------|--------------------|---------------------|
| ENGINEERING & CONSTRUCTION | 27 | | | 15 726 |
| Building | 1 | N/A | 0 | 44 |
| Housing | 2 | N/A | 0 | 890 |
| Civil Engineering | 9 | NUM | 1 | 3 432 |
| Oil & Gas | 1 | NUMSA | 0 | 800 |
| Projects | 14 | NUMSA/AMCU | 0 | 10 560 |
| MANUFACTURING | 2 | | | 8 484 |
| BRI | 1 | NUMSA | 1 | 2 212 |
| G5 Pipe | 1 | NUMSA | 1 | 6 272 |
| Grand total | 29 | | 3 | 24 210 |

NOTICE PERIODS REGARDING OPERATIONAL CHANGES

The group has an early engagement policy to maintain employee morale and industrial harmony during site demobilisation and operational reorganisation. This is outlined below.

LIMITED DURATION CONTRACT EMPLOYEES (LDCs)

As our tendered contract-based workflow often makes it difficult to predict the precise number of employees required, the group makes extensive use of flexible LDCs. These employees are treated in the same manner as our permanent employees whilst they are in our employ. They are regularly informed of the duration and continuity of their employment to allow their planning in terms of contract completion times.



02

LABOUR/MANAGEMENT RELATIONS continued

PERMANENT EMPLOYEES

NON-UNIONISED EMPLOYEES

Employees are kept informed of organisational challenges through regular briefings, with a minimum of one month's notice given to allow employee input and consultation.

Consultations in accordance with the Labour Relations Act (LRA) Section 189 and/or 189A take place over a prescribed minimum period of one and two months respectively. The purpose of these consultations is to attempt to avoid job losses and/or reach consensus on issues such as severance payment and timing of exit.

Employees are paid in lieu of their contractual notice in accordance to the Basic Conditions of Employment Act (BCEA).

UNIONISED EMPLOYEES

Collective bargaining agreements specify the processes to be followed in the instance of contemplated job losses due to operational requirements. The group forms part of agreements with the Steel and Engineering Industries Federation of South Africa (SEIFSA), the South African Forum of Civil Engineering Contractors (SAFCEC), the Bargaining Council of the Civil Engineering Industry, the Construction Industry Bargaining Council (CIBC), the Gauteng Building Voluntary Bargaining Forum (GBVBF) and various regional bargaining councils.

Where the group operates outside the jurisdiction of a collective agreement or bargaining council, we enter into recognition and procedural agreements with organised labour to establish which processes should be followed.



FOCUS GOING FORWARD



The key focus going forward will be to further improve management and employee relationships and communication on our sites. In addition, in light of the increase in the incidence and number of unprotected strikes, we have decided to ensure that all employees understand that we will not tolerate unprotected strikes. This policy will entail the refusal to negotiate with employees whilst they are engaged in unprotected industrial action and the issuing of ultimatums with the potential for dismissal of striking workers should they not return to work in a reasonable time.

To support a quality employee relations offering, we will continue recruiting top talent and developing and providing a series of training

interventions to our practitioners to ensure a consistent and predictable approach.

With the help of the group IR leadership structure we will further develop standardised policy and procedure documentation for use across the group. A key focus will remain compliance with the unfolding requirements of the revised labour law dispensation in the markets where we operate.

We will continue to proactively engage with various unions and other employee-related governing bodies to ensure we can anticipate both trends and risks facing the group, while ensuring input into both debate and policy formation.

ASPECT 3: HEALTH AND SAFETY

03

HEALTH

This section covers both occupational and employee health issues.

DELIVERY ON F2015 FOCUS AREAS:

In the group's F2014 integrated annual report, we outlined a number of focus areas. Below we outline how we delivered against these:



F2015 FOCUS AREAS

Continued improvement of the implementation and management of health and safety in each segment.

With the newly promulgated construction regulations released during the year, the group needs to continue focusing on the successful management of risk-based medicals.

Basic health risk assessments per site to further govern focus per contract.

DELIVERY

➤ The promotion of our integrated employee wellness programme resulted in a decrease in unfit and temporary fit cases. A central clinic was established to perform medicals for all relevant employees based in Gauteng. If successful, this will be expanded to other provinces to ensure a high standard across all contracts

➤ A programme of compiling individual work risk exposure profiles was rolled out. The management of Group Five's health programme by a specialist external provider has ensured a high standard of quality, cost savings and legal compliance

➤ Current risk assessments were refocused on relevant site-specific requirements rather than generic testing. This ensured more efficient management of personal work risk exposure profiles

INTRODUCTION

Group Five continues to work with an external industry leader in occupational health services to provide comprehensive and cost-effective healthcare solutions as part of the group's objective of zero harm.

During the year, a new database was created where data collected from medical surveillance can be captured for analysis and reporting to ensure standardisation and group efficiencies.

Group Five strives to obtain a return on investment for medical surveillance compliance and management of employees of concern.

Following continued focus on improvements, we have experienced shorter return to work times for employees of concern* and a decrease in the impact of chronic illnesses on productivity.

* Employees of concern are employees with medical conditions that increase the risk of injury or illness when exposed to health and safety risks on site.



03 HEALTH AND SAFETY continued

MEDICAL SURVEILLANCE

Group Five’s medical surveillance programme is managed through site-based clinics and an accredited service provider network.

To ensure a uniform standard across different segments, a new central clinic was established in Gauteng.

It will have the ability to perform up to 100 medicals per day when it becomes fully operational by the end of calendar 2015. The clinic is run by the group’s external health service provider.

To support the group’s expansion across Africa, our health service provider offers a network of leading services through

their own national and international footprint. This offers Group Five access to services even in remote areas. This structure allows fast and effective management of chronic conditions and rehabilitation and specialist referrals for employees of concern.

MEDICAL EXAMINATIONS


The information on the next few pages outline the number of employee medicals conducted during the year, with the main issues identified.

Hypertension continues to be the key issue for the group. To address this, all newly diagnosed cases are counselled on the condition, referred for management to their own medical practitioner or provincial clinic and a follow-up medical evaluation booked within ten days. The employee is only declared fit to work once the feedback report is received.

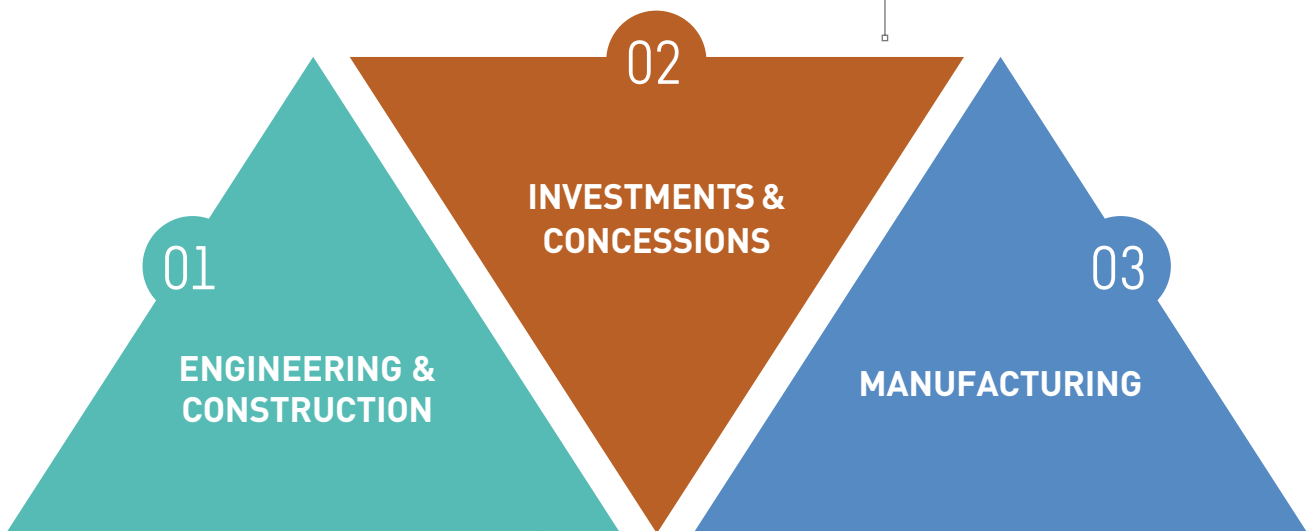

MEDICAL EXAMINATIONS

| | Pre-employment medicals | Periodical medicals | Exit medicals | Travel medicals |
|------------|-------------------------|---------------------|---------------|-----------------|
| F2014/2015 | 2 685 | 2 886 | 2 091 | 60 |
| F2013/2014 | 4 809 | 2 980 | 1 605 | 75 |
| F2012/2013 | 2 765 | 1 748 | 973 | 90 |
| F2011/2012 | 1 839 | 3 964 | 2 521 | 231 |
| F2010/2011 | 2 976 | 1 789 | 762 | 147 |






| Medicals completed | Number of medicals |
|---------------------------|--------------------|
| Pre-employment medicals | 23 |
| Periodic medicals | 413 |
| Exit medicals | 39 |
| Travel medicals | 1 |
| Main concerns | |
| Uncontrolled hypertension | |

| Medicals completed | Number of medicals |
|---|--------------------|
| Pre-employment medicals | 2 305 |
| Periodic medicals | 2 778 |
| Exit medicals | 2 028 |
| Travel medicals | 58 |
| Main concerns | |
| Uncontrolled hypertension/possible noise-induced hearing loss | |



| Medicals completed | Number of medicals |
|------------------------------------|--------------------|
| Pre-employment medicals | 76 |
| Periodic medicals | 566 |
| Exit medicals | 27 |
| Travel medicals | - |
| Main concerns | |
| Uncontrolled hypertension/diabetes | |

03 HEALTH AND SAFETY continued

CLINICAL AND LIFESTYLE RISKS

Mounting scientific evidence links employee wellness to their company's productivity. It is also estimated that approximately half of corporate healthcare spend is due to lifestyle risk factors. The workplace provides a unique setting to promote a holistic and supportive approach to health.

Lifestyle risk factors lead to clinical risk factors which strongly influence the likelihood of developing chronic diseases. This will remain a focus area for the group, as approximately 60% of deaths in the world today can be attributed to chronic diseases.

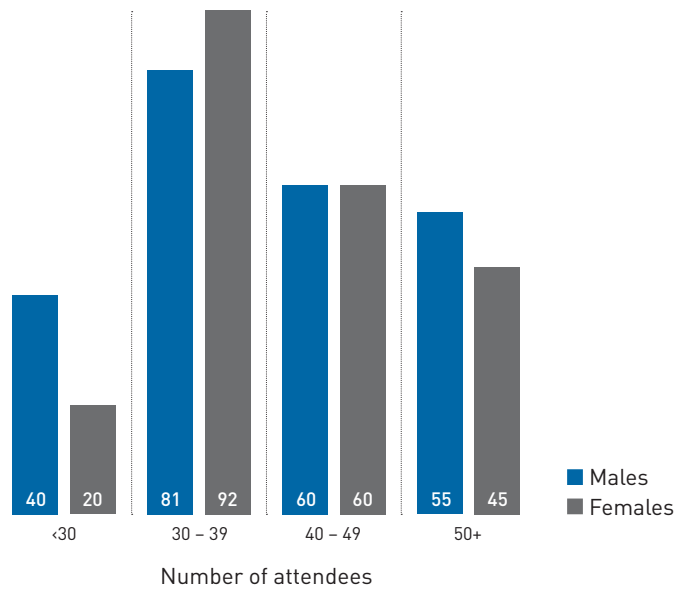
The research outlined in this online section of the integrated annual report was gathered during the group's Wellness Days held between June and November 2014.

PARTICIPATION DEMOGRAPHICS

473 employees attended the Wellness Days, with the average age being 40. Wellness day attendance is voluntary and takes place at the central office. The attendance this year was 2% higher than last year's attendance, which was already a high base.

The breakdown by age and gender of these attendees is shown below:

Age distribution (years)



LIFESTYLE RISKS OF EMPLOYEES

The table below summarises each of the four lifestyle risk factors assessed during the group's Wellness Days, as well as the percentage of the workforce that is at risk in each of these four categories. A risk indicator (red, orange or green) provides a sense of the severity of each risk for employees.

| LIFESTYLE RISK | Risk indicator | % at risk | Definition |
|---------------------|----------------|-----------|--|
| Smoking status | ■ | 21 | Employees who smoke |
| Alcohol consumption | ■ | 7 | Employees who consume 3+ drinks per day |
| Nutritional intake | ■ | 83 | Employees who have <5 vegetable and fruit servings per day |
| Physical activity | ■ | 60 | Employees who exercise for <150 minutes per week |

"Lifestyle score" for the group

| LIFESTYLE SCORE | Risk indicator | Definition |
|-----------------|----------------|---------------------|
| 1.7 | ■ | Employees who smoke |

Clinical risks of our employees

| LIFESTYLE RISK | Risk indicator | % at risk | Definition |
|-----------------------|----------------|-----------|---|
| Body mass index (BMI) | ■ | 68 | Employees with a non-normal BMI |
| Waist circumference | ■ | 32 | Employees with a non-normal waist circumference |
| Blood pressure | ■ | 25 | Hypertensive employees |
| Cholesterol | ■ | 40 | Employees with a level \geq 5.0 mmol/l |
| Glucose | ■ | 6 | Employees with a level \geq 7.8 mmol/l |
| Chronic disease | ■ | 26 | Employees with at least one chronic disease |

Body mass index "Clinical score" for the group

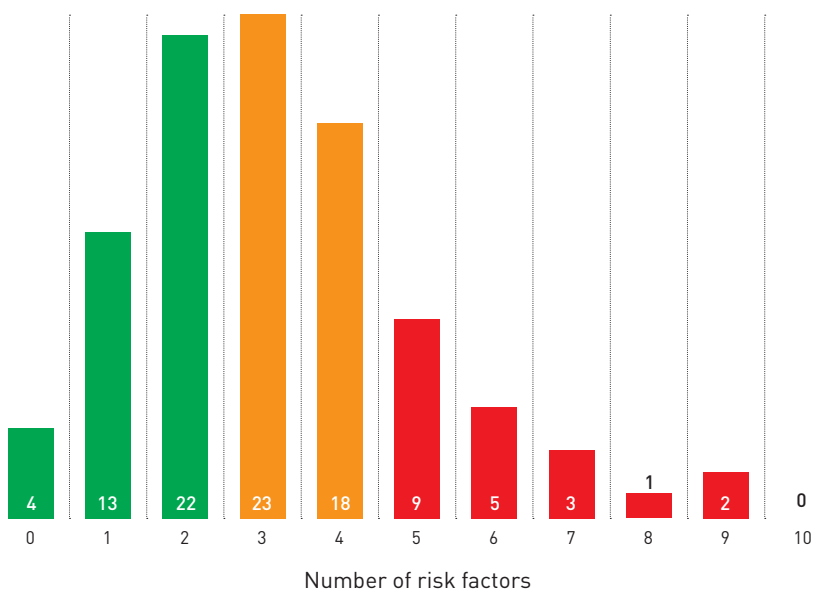
| CLINICAL SCORE | Risk indicator | Definition |
|----------------|----------------|--|
| 1.7 | ■ | Average number of clinical risk factors per employee |

OVERALL RISKS OF OUR EMPLOYEES – DISTRIBUTION OF RISK FACTORS (% OF EMPLOYEES)

These four lifestyle risks and six clinical risks are combined to provide a distribution of the number of risk factors across our employee base.

41% of employees who attended the Wellness Days have three or four risk factors, whilst 19% have more than five risk factors.

Distribution of risk factors (% of attendees)



03 HEALTH AND SAFETY continued

The average number of risk factors per employee (lifestyle and clinical risk factors combined) gives an overall risk score:

| OVERALL SCORE | Risk indicator | Definition |
|---------------|--------------------------------------|--|
| 1.7 | ■ | Average number of combined risk factors per employee |

The overall group score is lower than the industry average of 3.2 health risks per employee.

ACTIONS

To further educate our employees on making healthy lifestyle choices, we created a group integrated wellness committee that disseminates important health and wellness messages through information campaigns down to site level across all our operations in South Africa and the rest of Africa. The committee comprises management and health and wellness experts.

Further monitoring of employees across the group will continue. Group Five endeavours to empower our employees to make healthy lifestyle choices by providing the benefits of regular wellness days, gym facilities and access to on-site clinic services where possible.

The company also contracted the services of an employee wellbeing company to provide support with financial, relationship, psychological and physical wellness of employees and their dependants. Induction sessions were rolled out across all segments between January 2015 and May 2015. This focused on creating awareness of services available and resulted in the following engagements:

| POINT OF CONTACT | Number of employees | % of cases | % of total employees |
|------------------|---------------------|------------|----------------------|
| Telephone | 63 | 2.99 | 0.67 |
| E-mail | 23 | 1.09 | 0.25 |
| E-support | 1 | 0.05 | 0.01 |
| SMS | 6 | 0.29 | 0.06 |
| Training | 16 969 | 80.57 | 18.15 |
| Meetings | 5 | 0.24 | 0.05 |
| Website | 22 | 1.05 | 0.24 |
| Wellness days | 289 | 13.73 | 3.09 |

Overall engagement refers to all the points of contact with beneficiaries of the Group Five employee assistance programme. Engagement levels are an indication of heightened awareness of the services, with 22.5% contact with employees. This is particularly pleasing after only four months since inception.

HEALTH TRAINING

The health and safety teams work with the group’s internal university, the Group Five Academy, to offer specialist training programmes. The Academy partners with all disciplines in the group to identify training requirements. A specific requirement for health and safety training was recently identified. In conjunction with the SHE management team, improvements were made to ensure a focused training programme, as well as one training provider to deliver effective health and safety training throughout the group. In the last year, 2 361 employees attended training.

MALARIA MANAGEMENT

There was a significant reduction in reported malaria cases since last year, mainly due to last year’s base being particularly high due to increased operations in West Africa and the DRC. These areas are extremely remote and experience very high rainfall with scattered communities that have over the years become semi-immune to malaria infection. Our expatriate employees coming from protected environments are very susceptible to malaria infection.

Number of malaria cases

| | F2015 | F2014 | F2013 | F2012 | F2011 | F2010 | F2009 |
|-------------------------|-------|-------|-------|-------|-------|-------|-------|
| Number of malaria cases | 139 | 253 | 176 | 128 | 32 | 50 | 125 |

We continue to implement site vector control and to educate employees on preventative measures.

Preventative measures include:

- Camp and recreational areas are treated, which includes spraying that is effective for three months
- Employees are issued with mosquito repellents
- Malaria prophylaxis tablets are provided to employees
- A policy that enforces only long trousers and long sleeve shirts on sites to protect against both malaria and skin cancer

HIV AND AIDS AWARENESS & TRAINING

Group Five adopted a holistic health and wellness model in F2013. The company has a policy on HIV/Aids which encourages ongoing training, awareness, counselling and testing. The policy also covers the important aspect of confidentiality of testing outcomes for all employees. No employee is unfairly discriminated against based on their HIV status. Treatment of those infected is facilitated either through medical aid or government health systems.

The group implemented a 24-hour toll-free line available for professional counselling to employees and members of their families. HIV positive employees are supported to stay healthy and to lead productive lifestyles. Those who test negative are encouraged to maintain their negative status.

The group's HIV/Aids awareness campaign, "Know your Status" continues to be driven through our more than 100 workplace peer educators (WPEs). These educators have been trained to counsel and facilitate the professional testing of employees within their respective segments and construction sites.

HIV/AIDS TESTING

The HIV and Aids awareness, counselling and testing (ACT) offering was included as an employee benefit under the group's human resources benefits in F2012. 3 255 employees were counselled in F2015, and 2 613 were tested. The significant drop in numbers of employees trained and tested can be attributed to the winding down and closure of some of our mega-contract sites, as well as the downsizing of some of our segments during the course of the reporting year. However, it is pleasing to note that the prevalence rate is showing a decline compared to previous years. The table below summarises our training, testing and prevalence statistics:

| | Number of employees trained (awareness provided) | Number of employees counselled and tested | Prevalence rate |
|--------------------|--|---|-----------------|
| F2009/F2010 | 6 426 | 6 156 | 18.0% |
| F2010/F2011 | 4 492 | 4 184 | 16.5% |
| F2011/F2012 | 6 281 | 6 089 | 17.3% |
| F2012/F2013 | 9 919 | 8 905 | 15.0% |
| F2013/F2014 | 4 808 | 4 142 | 17.7% |
| F2014/F2015 | 3 255 | 2 613 | 14.0% |

FOCUS GOING FORWARD



The focus in the coming year will be on increasing the number of employees who attend the new, central Gauteng clinic to improve the standard of medical surveillance and manage temporary disability cases to ensure early return to work.

The new database will ensure the more efficient identification of health risk trends per contract and will allow the team to implement corrective action plans.

During the coming year, we will further refine our testing of health risks by making them more relevant to each site or area to prevent cost wastage from generic testing.

03 HEALTH AND SAFETY continued

SAFETY

DELIVERY ON F2015 FOCUS AREAS:

In the group's F2014 integrated annual report, we outlined a number of focus areas. Below we outline how we delivered against these:

|  | DELIVERY |
|---|--|
| F2015 FOCUS AREAS | |
| Make safety performance a more onerous metric of management's variable pay. | <ul style="list-style-type: none"> › Safety performance is now included in the short term incentive calculation for all executives and managers |
| Drive executive accountability through investigation and corrective action by management teams and not only safety teams. | <ul style="list-style-type: none"> › Executive management are involved in all serious incident investigations (single and multiple fatalities) and are responsible for presenting the full investigation report to the board. Safety continues to be a key performance indicator for executives and senior management |
| Registration of safety practitioners. | <ul style="list-style-type: none"> › Registration and competence evaluation is well on track |
| Restructure the safety organisational structure to ensure fully trained and competent individuals are deployed to sites. | <ul style="list-style-type: none"> › An improved safety structure is now in place and career paths were developed for all SHE professionals |



INTRODUCTION

The focus on implementing the group's zero harm campaign resulted in a very pleasing decrease in our lost-time injury frequency rate (LTIFR) from 0.17 to 0.15. This, combined with no fatalities, is an outstanding achievement and very pleasing to the management team.

The improvement was achieved due to a focus on conducting internal audits to identify the causes of injuries and implementing corrective actions, as well as generating mitigating strategies and risk rankings for high and extreme risks.

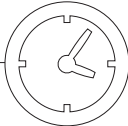
zero

FATALITIES



LTIFR
IMPROVED FROM

0.17 to 0.15



SAFETY – GROUP CUMULATIVE SAFETY STATISTICS

Cumulative from July 2014 to June 2015 – F2015

| Clusters/ segments | Man hours | First- aid cases | FAFR** | Non- lost- time injury cases | NLTIFR | Lost- time injury cases | Occu- pational diseases reported | Fatal injuries | Current LTIFR# | Environ- mental incidents reported | Site inspections conducted | Near misses |
|---------------------------------------|-------------------|------------------------|-------------|--|-------------|----------------------------------|---|-------------------|-------------------|---|----------------------------------|----------------|
| ENGINEERING & CONSTRUCTION | | | | | | | | | | | | |
| Building & Housing | | | | | | | | | | | | |
| - Building | 10 129 594 | 159 | 3.14 | 31 | 0.61 | 11 | - | - | 0.22 | - | 60 | 2 879 |
| Building & Housing | | | | | | | | | | | | |
| - Housing | 4 500 212 | 59 | 2.62 | 8 | 0.36 | - | - | - | 0.00 | - | 44 | 223 |
| Building & Housing | | | | | | | | | | | | |
| - Coastal | 12 271 548 | 180 | 2.93 | 49 | 0.80 | 6 | - | - | 0.10 | - | 55 | 1 395 |
| Civil | | | | | | | | | | | | |
| Engineering | 18 728 555 | 203 | 2.16 | 41 | 0.44 | 7 | - | - | 0.07 | - | 24 | 430 |
| Projects | 7 662 966 | 83 | 2.17 | 25 | 0.65 | 2 | 162 | - | 0.05 | 20 | 47 | 1 315 |
| Energy – Power | 1 245 349 | 11 | 1.77 | 2 | 0.32 | - | - | - | 0.00 | - | 20 | 70 |
| Energy – Oil & Gas | 6 030 345 | 85 | 2.82 | 16 | 0.53 | 3 | - | - | 0.10 | 2 | 261 | 163 |
| Energy – Nuclear | 96 662 | 1 | 2.07 | 1 | 2.07 | - | - | - | 0.00 | - | 28 | 2 |
| Cluster total | 60 665 231 | 781 | 2.57 | 173 | 0.57 | 29 | 162 | - | 0.10 | 22 | 539 | 6 477 |
| INVESTMENTS & CONCESSIONS | | | | | | | | | | | | |
| Transport (Intertoll) | 1 466 864 | 1 | 0.14 | 6 | 0.82 | 11 | - | - | 1.50 | 1 | 78 | 14 |
| Real estate (Group Five Properties) | 10 560 | - | 0.00 | - | 0.00 | - | - | - | 0.00 | - | 112 | - |
| Cluster total | 1 477 424 | 1 | 0.14 | 6 | 0.81 | 11 | - | - | 1.49 | 1 | 190 | 14 |
| MANUFACTURING | | | | | | | | | | | | |
| Everite | 2 296 960 | 15 | 1.31 | 8 | 0.70 | 4 | - | - | 0.35 | 6 | 19 | 2 |
| Pipe | 437 838 | 9 | 4.11 | 8 | 3.65 | 2 | - | - | 0.91 | - | - | - |
| BRI | 335 056 | 8 | 4.78 | 3 | 1.79 | 4 | - | - | 2.39 | 2 | 10 | 7 |
| Cluster total | 3 069 854 | 32 | 2.08 | 19 | 1.24 | 10 | - | - | 0.65 | 8 | 29 | 9 |
| CORPORATE OFFICE | | | | | | | | | | | | |
| | 762 300 | 3 | 0.79 | - | 0.00 | 1 | - | - | 0.26 | - | 280 | 299 |
| GROUP TOTAL | | | | | | | | | | | | |
| | 65 974 809 | 817 | 2.48 | 198 | 0.60 | 51 | 162 | - | 0.15 | 31 | 1 038 | 6 799 |

Abbreviations:

| | | | |
|---------|---------------------------------|-----------|------------------------------|
| FAFR | First-aid frequency rate | Site insp | Site inspections |
| LTIFR | Lost-time injury frequency rate | NLTIFR | Non-lost-time frequency rate |
| Occ dis | Occupational diseases | Env inc | Environmental incidents |

** Number of first-aid cases for cluster x 200 000/ total hours for the cluster.
Formula = total number of lost-time injury cases for cluster x 200 000/total hours for the cluster.

03 HEALTH AND SAFETY continued



Lost-time injury frequency rate (LTIFR) refers to the rate of occurrence of incidents that resulted in an employee’s inability to work the next full work day. In Group Five the figure is calculated per 200 000 hours worked. First aid and near misses are managed on site and corrective actions are taken to prevent any lost-time injuries.

LTIFR – EMPLOYEES AND SUB-CONTRACTORS (ROLLING 12 MONTHS)

We are pleased with the improvement seen in both our operations and those of sub-contractors. This occurred after constant focus on safety awareness over the last few years and grouping both employees and sub-contractors under one central safety function to ensure consistent implementation of safety measures.

Safety, health and environment (SHE) measures are also linked to management’s key performance indicators to ensure strict measurement. We also implemented ad hoc site visits from senior management to work closely with sites to address improvements before incidents occur.

| % | F2015 | F2014 | F2013 | F2012 | F2011 | F2010 | F2009 | F2008 | F2007 |
|------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| LTIFR (permanent employees)^ | 0.23 | 0.23 | 0.21 | 0.20 | 0.36 | 0.33 | 0.39 | 0.50 | 0.64 |
| LTIFR (sub-contractors) | 0.09 | 0.13 | 0.33 | 0.63 | 1.03 | 0.98 | 1.02 | 1.39 | 1.53 |
| Combined# | 0.15 | 0.17 | 0.27 | 0.21 | 0.54 | 0.43 | 0.55 | 0.92 | 1.34 |

^ Employees in South Africa and the rest of Africa.

Total number of lost-time injury cases for the group x 200 000/total hours for the group.

Contract safety performance

| DATES AND SEGMENTS | LTI-free hours |
|--------------------|----------------|
|--------------------|----------------|

JULY

| | |
|-------------------------------|------------|
| Building & Housing: Building | 736 027 |
| Building & Housing: Housing | 4 238 624 |
| Building & Housing: Coastal | 14 028 753 |
| Civil Engineering | 19 696 053 |
| Plant & Formwork | 694 210 |
| Projects | 17 522 269 |
| Intertoll Africa | 102 650 |
| Everite | 204 380 |
| Pipe | 15 039 |
| Barnes Reinforcing Industries | 68 860 |

AUGUST

| | |
|-------------------------------|------------|
| Building & Housing: Building | 1 539 288 |
| Building & Housing: Housing | 4 093 835 |
| Building & Housing: Coastal | 15 014 657 |
| Civil Engineering | 17 834 855 |
| Plant & Formwork | 759 335 |
| Projects | 18 034 825 |
| Intertoll Africa | 106 600 |
| Everite | 405 320 |
| Pipe | 43 715 |
| Barnes Reinforcing Industries | 102 960 |

SEPTEMBER

| | |
|-------------------------------|------------|
| Building & Housing: Building | 1 141 538 |
| Building & Housing: Housing | 4 435 196 |
| Building & Housing: Coastal | 15 466 393 |
| Civil Engineering | 20 029 790 |
| Plant & Formwork | 823 483 |
| Projects | 18 034 825 |
| Intertoll Africa | 109 379 |
| Everite | 152 607 |
| Pipe | 97 417 |
| Barnes Reinforcing Industries | 137 280 |

| DATES AND SEGMENTS | LTI-free hours |
|--------------------|----------------|
|--------------------|----------------|

OCTOBER

| | |
|-------------------------------|------------|
| Building & Housing: Building | 7 676 877 |
| Building & Housing: Housing | 5 297 487 |
| Building & Housing: Coastal | 17 349 408 |
| Civil Engineering | 21 867 624 |
| Plant & Formwork | 456 894 |
| Projects | 16 563 313 |
| Intertoll Africa | 108 296 |
| Everite | 171 153 |
| Pipe | 152 463 |
| Barnes Reinforcing Industries | 30 864 |

NOVEMBER

| | |
|-------------------------------|------------|
| Building & Housing: Building | 5 340 862 |
| Building & Housing: Housing | 5 267 336 |
| Building & Housing: Coastal | 17 210 554 |
| Civil Engineering | 22 293 135 |
| Plant & Formwork | 487 337 |
| Projects | 17 132 144 |
| Intertoll Africa | 92 488 |
| Everite | 362 553 |
| Pipe | 212 098 |
| Barnes Reinforcing Industries | 30 800 |

DECEMBER

| | |
|-------------------------------|------------|
| Building & Housing: Building | 6 480 168 |
| Building & Housing: Housing | 5 635 123 |
| Building & Housing: Coastal | 16 468 377 |
| Civil Engineering | 22 627 222 |
| Plant & Formwork | 506 704 |
| Projects | 17 256 751 |
| Intertoll Africa | 101 391 |
| Everite | 553 733 |
| Pipe | 243 048 |
| Barnes Reinforcing Industries | 63 800 |

03

HEALTH AND SAFETY continued

| DATES AND SEGMENTS | LTI-free hours |
|--------------------|----------------|
|--------------------|----------------|

JANUARY

| | |
|-------------------------------|------------|
| Building & Housing: Building | 5 711 248 |
| Building & Housing: Housing | 5 794 405 |
| Building & Housing: Coastal | 17 428 645 |
| Civil Engineering | 24 738 612 |
| Plant & Formwork | 555 135 |
| Projects | 17 963 430 |
| Intertoll Africa | 94 065 |
| Everite | 738 533 |
| Pipe | 254 071 |
| Barnes Reinforcing Industries | 96 580 |

FEBRUARY

| | |
|-------------------------------|------------|
| Building & Housing: Building | 8 883 036 |
| Building & Housing: Housing | 4 899 853 |
| Building & Housing: Coastal | 19 582 054 |
| Civil Engineering | 24 460 440 |
| Plant & Formwork | 606 115 |
| Projects | 17 495 261 |
| Intertoll Africa | 104 483 |
| Everite | 140 525 |
| Pipe | 303 923 |
| Barnes Reinforcing Industries | 128 040 |

MARCH

| | |
|-------------------------------|------------|
| Building & Housing: Building | 7 134 687 |
| Building & Housing: Housing | 3 755 278 |
| Building & Housing: Coastal | 19 758 433 |
| Civil Engineering | 23 345 804 |
| Plant & Formwork | 665 205 |
| Projects | 18 227 380 |
| Intertoll Africa | 103 425 |
| Everite | 324 885 |
| Pipe | 337 662 |
| Barnes Reinforcing Industries | 159 060 |

| DATES AND SEGMENTS | LTI-free hours |
|--------------------|----------------|
|--------------------|----------------|

APRIL

| | |
|-------------------------------|------------|
| Building & Housing: Building | 10 379 752 |
| Building & Housing: Housing | 3 993 956 |
| Building & Housing: Coastal | 17 615 502 |
| Civil Engineering | 23 345 804 |
| Plant & Formwork | 713 736 |
| Projects | 19 020 555 |
| Intertoll Africa | 108 059 |
| Everite | 513 205 |
| Pipe | 366 255 |
| Barnes Reinforcing Industries | 181 940 |

MAY

| | |
|-------------------------------|------------|
| Building & Housing: Building | 6 240 967 |
| Building & Housing: Housing | 4 507 425 |
| Building & Housing: Coastal | 17 184 196 |
| Civil Engineering | 23 833 912 |
| Plant & Formwork | 775 176 |
| Projects | 19 789 593 |
| Everite | 701 965 |
| Pipe | 392 015 |
| Barnes Reinforcing Industries | 29 536 |

JUNE

| | |
|-------------------------------|------------|
| Building & Housing: Building | 6 126 969 |
| Building & Housing: Housing | 5 214 112 |
| Building & Housing: Coastal | 17 968 385 |
| Civil Engineering | 23 344 159 |
| Plant & Formwork | 837 099 |
| Projects | 20 549 002 |
| Everite | 889 845 |
| Pipe | 419 937 |
| Barnes Reinforcing Industries | 61 216 |

Safety awards received

| DATES AND SEGMENTS | CONTRACTS | AWARD |
|---|---|--|
| JULY | | |
| BUILDING & HOUSING: HOUSING | Etwatwa | Reached 1 000 000 hours LTI-free man hours. |
| AUGUST | | |
| BUILDING & HOUSING: COASTAL | New Multi-Product Pipeline (NMPP) Terminal Construction TM1 | 7 000 000 LTI-free man hours. |
| SEPTEMBER | | |
| BUILDING & HOUSING: BUILDING | 90 Rivonia | Second place in the 2014 National Master Builders South Africa National Safety Competition for contracts between R300 million to R500 million. |
| | Novartis | A rating of 93.4% (Top Ten) in the 2014 Regional Master Builders Association South Africa National Safety Competition for contracts between R75 million to R150 million. |
| | Multichoice head office | Second place in the 2014 Regional Master Builders Association South Africa Safety Competition for contracts of R500 million and more. |
| OCTOBER | | |
| BUILDING & HOUSING: COASTAL | Department of Public Works Head Office | Second place in the KwaZulu-Natal MBA Regional Health and Safety Competition for contracts between R150 million to R300 million. |
| | Lower Thukela Bulk Water Supply | First place for Civil Engineering in the KwaZulu-Natal MBA Regional Health and Safety Competition. |
| | New Multi-Product Pipeline (NMPP) Terminal Construction TM1 | Third place for Civil Engineering in the KwaZulu-Natal MBA Regional Health and Safety Competition. |
| NOVEMBER | | |
| CIVIL ENGINEERING | PS65 – Sasol Secunda | Global group Linde awarded Civil Engineering the Take Two Award for completing the 18-month contract without any LTIs or medical cases. |
| BUILDING & HOUSING: HOUSING | Dingleton Resettlement Project | Reached 1 000 000 LTI-free man hours. |

03 HEALTH AND SAFETY continued

| DATES AND SEGMENTS | CONTRACTS | AWARD |
|---|---|--|
| DECEMBER | | |
| BUILDING & HOUSING: COASTAL | New Multi-Product Pipeline (NMPP) Terminal Construction TM1 | 8 000 000 LTI-free man hours. |
| JANUARY | | |
| BUILDING & HOUSING: BUILDING | Mpumalanga High Court | Reached 1 000 000 LTI-free man hours. |
| FEBRUARY | | |
| BUILDING & HOUSING: BUILDING | Multichoice site Venecia Underground Project | Reached 1 000 000 LTI-free man hours. Reached 800 000 LTI-free man hours. |
| APRIL | | |
| BUILDING & HOUSING: COASTAL | New Multi-Product Pipeline (NMPP) Terminal Construction TM1 | 9 000 000 LTI-free man hours. |
| JUNE | | |
| BUILDING & HOUSING: COASTAL | New Multi-Product Pipeline (NMPP) Terminal Construction TM1 | 9 616 090 LTI-free man hours. |

OHSAS 18001:2007 CERTIFICATION – OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT STANDARD

All segments within the group continue to hold certification against the OHSAS 18001:2007 management standard. No major non-conformances were raised during the re-certification process this year.

WORKFORCE REPRESENTED IN HEALTH AND SAFETY COMMITTEES

In compliance with the Occupational Health and Safety Act, No 85 of 1993, management and employees continue to demonstrate their commitment towards the health and safety of employees, visitors and contractors by continuously improving the current health and safety workplace at site, segment, cluster and corporate level. This is achieved through various committees, including the health and safety committee. The members of this committee are equally represented by group, employee and trade union members.

SIGNIFICANT RISKS

Key safety risks across the group include:

- › WORKING AT HEIGHTS
- › ROAD SAFETY AND MOTOR VEHICLE ACCIDENTS, SPECIFICALLY LIGHT DUTY VEHICLES
- › WORKING IN CONFINED SPACES
- › OPERATING SURFACE MOBILE AND LIFTING EQUIPMENT
- › EQUIPMENT SAFEGUARDING, SUCH AS TO PREVENT MOVING PARTS STRIKING SOMEONE
- › ISOLATION OF ELECTRICAL EQUIPMENT

To address these risks, the group continues to implement improvements. These include:

- › Continual monitoring and measurement of compliance against national and international legislative and group standards
- › Stop for Safety campaigns on a regular basis
- › Safety-specific campaigns
- › Visible leadership engagements
- › Various inspections on site to evaluate the quality of service delivered
- › Contractor safety, health and environmental plan reviews
- › Daily toolbox talks
- › Communication audits to ensure that risk assessments and assigned tasks are understood prior to the execution of tasks

FOCUS GOING FORWARD



The focus going forward to ensure improvements in safety, health and environmental management include:

- › Incident management to eliminate reoccurrence of incidents by identifying the root causes
- › Implement behaviour-based safety and fatal risk control protocols and leading risk indicators
- › Improve communication on lessons learnt
- › Increase site visibility by focusing on continued involvement and proactive management engagement on site
- › Continued improvement of sub-contracting companies
- › The reporting of near-miss incidents to be automated

With newly promulgated construction regulations being released, we intensified our focus on the successful education of all affected parties throughout the business. These changes will benefit the whole industry, as the registration of safety professionals will be more stringent. The group welcomes these changes and has already started conducting workshops to ensure that the registration of our SHE professionals (agents, officers and management) meet statutory requirements.

04 ASPECT 4: TRAINING AND EDUCATION

TRAINING AND EDUCATION

DELIVERY ON F2015 FOCUS AREAS:

In the group's F2014 integrated annual report, we outlined a number of focus areas. Below we outline how we delivered against these:

| F2015 FOCUS AREAS | DELIVERY |
|---|--|
| To ensure depth of technical skill, leadership and a consistent approach in the group. | › We revised the Academy training structure and model to support the requirement for stronger technical skills within the group |
| Focus on business-critical training programmes: <ul style="list-style-type: none"> › Safety › Technical skills › Growing competence from junior through to senior levels across core disciplines | › The Academy developed and implemented the following technical in-house schools: <ul style="list-style-type: none"> › Engineering school › Quantity surveying school › Foreman development school › Contract lifecycle school |

INTRODUCTION

The group's in-house corporate university, The Group Five Academy, was established in August 2006.

It offers an integrated approach to human capital development and provides learning and development opportunities to all employees in the group.

The focus areas of the Academy are:

- › Embedding the group's values and culture through learning interventions
- › Providing learning that is forward-thinking
- › Learning initiatives that directly support the group's strategy and that are customised to meet business segment needs

The Academy model has four focus areas:

- 01 TALENT PIPELINE (WITH A FOCUS ON YOUNG PROFESSIONALS)
- 02 ORGANISATIONAL DEVELOPMENT
- 03 LEADERSHIP DEVELOPMENT
- 04 TECHNICAL CAPABILITY THROUGH THE CONSTRUCTION SKILLS TRAINING ACADEMY (CSTA)



OVERALL EXPENDITURE PER CATEGORY OF SPEND

During the year, the overall training expenditure decreased by 13.5%, mainly due to a stronger focus on keeping costs low in the economic downturn by increasingly using internal training providers. Although the spend decreased due to more internally-driven training programmes, the overall number of employees on training interventions increased.

As outlined on pages 16 to 19 in the printed section of the integrated annual report, there were significant changes in the senior management levels in the organisation during the year. A key focus area was, therefore, on formal leadership and management development programmes at those levels. Furthermore, to increase our talent pipeline through our bursary scheme, the spend in student management increased.

Expenditure per category of spend

| Categories – R million | F2015 | F2014 | F2013 | F2012 | F2011 | F2010 | F2009 | F2008 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Skills development | 8,9* | 13,2* | 8,2* | 6,6* | 6,9* | 3,9 | 3,6 | 3,7 |
| Technical and professional competence development | 9,1 | 10,4 | 9,6 | 7,5 | 11,7 | 8,9 | 8,5 | 10,5 |
| Leadership and management development | 8,1 | 6,9 | 5,3 | 3,9 | 3,5 | 2,6 | 4,2 | 2,2 |
| Student management (bursaries) | 8,4 | 7,2 | 5,1 | 4,6 | 6,6 | 6,0 | 9,3 | 6,8 |
| Training support costs | 5,7 | 7,4 | 8,9 | 9,7 | 9,2 | 10,1 | 12,2 | n/a |
| Total | 40,2 | 45,1 | 37,1 | 32,3 | 37,9 | 31,5 | 37,8 | 23,2 |

* These numbers include overheads for our Construction Skills Training Academies. This was not done prior to F2011 as the Development Bank of Southern Africa provided part funding.

04 TRAINING AND EDUCATION continued

SPEND PER OCCUPATIONAL CATEGORY

There was a key focus on management training programmes this year to further bridge the gap from middle to senior management levels. We also focused on development programmes for our skilled, semi-skilled and unskilled categories due to a continued focus on improving technical skills.

| Categories | F2015 | | F2014 | | F2013 | | F2012 | |
|---------------------------------|--------------------------------|--------------------|--------------------------------|--------------------|--------------------------------|--------------------|--------------------------------|--------------------|
| | Number of training initiatives | Annual spend R'000 | Number of training initiatives | Annual spend R'000 | Number of training initiatives | Annual spend R'000 | Number of training initiatives | Annual spend R'000 |
| Top management | 33 | 70 | 22 | 22 | 11 | 20 | 5 | 0.6 |
| Senior management | 120 | 48 | 86 | 267 | 53 | 510 | 58 | 146 |
| Professional and mid-management | 1 856 | 3 949 | 1 704 | 4 635 | 640 | 2 472 | 431 | 698 |
| Skilled | 5 370 | 9 735 | 6 505 | 8 604 | 4 414 | 8 215 | 5 651 | 7 799 |
| Semi-skilled | 4 088 | 3 796 | 4 176 | 2 800 | 3 296 | 3 030 | 4 719 | 2 145 |
| Unskilled | 1 666 | 1 239 | 1 614 | 857 | 711 | 779 | 1 246 | 733 |
| Total | 13 133 | 18 837 | 14 107 | 17 285 | 9 125 | 15 026 | 12 110 | 11 521 |

AVERAGE ANNUAL HOURS OF TRAINING PER EMPLOYEE BY EMPLOYEE CATEGORY

The slight drop in average annual hours of training interventions at senior level is mainly due to the type of training interventions attended. Although we had more interventions at senior and middle management, these were mainly conducted internally over shorter periods. At the skilled, semi-skilled and unskilled employee levels the focus was on the development of on-the-job skills at site level.

| Categories | F2015 Average hours | F2015 Average hours Female | F2015 Average hours Male | F2014 Average hours | F2014 Average hours Female | F2014 Average hours Male | F2013 Average hours | F2012 Average hours |
|---------------------------------|---------------------|----------------------------|--------------------------|---------------------|----------------------------|--------------------------|---------------------|---------------------|
| | Top management | 10 | 8 | 11 | 9 | 8 | 9 | 9 |
| Senior management | 8 | 8 | 8 | 11 | 10 | 11 | 14 | 10 |
| Professional and mid-management | 13 | 9 | 16 | 18 | 22 | 16 | 37 | 20 |
| Skilled | 36 | 42 | 30 | 30 | 31 | 30 | 36 | 49 |
| Semi-skilled | 32 | 34 | 30 | 40 | 34 | 42 | 51 | 45 |
| Unskilled | 19 | 22 | 17 | 18 | 15 | 18 | 38 | 22 |

SKILLS DEVELOPMENT

SPEND ON LEARNERSHIPS AND APPRENTICESHIPS

The Academy closely aligns with the business segments to provide a pool of well-trained individuals at the right time and in the right location.

In light of the current volatile labour conditions around sites, skills development within the communities surrounding our construction contracts was a particular focus area during the year.

This resulted in 130 community members being trained and employed on sites.

The increase in spend and number of learners on learnerships and apprenticeships reflects the commitment to develop people in line with the technical requirements in the construction sector.

Our business administration learnership that started during the previous financial year was completed and all 11 disabled individuals are currently employed at our various segments.

| | F2015 | F2014 | F2013 | F2012 | F2011 | F2010 | F2009 |
|---|-------|-------|-------|-------|-------|-------|-------|
| Annual spend on learnerships and apprenticeships – R million | 7,2 | 5,1 | 3,6 | 4,0 | 4,6 | 3,9 | 3,6 |
| Total number of learners on learnership and apprenticeship programmes and AET* | 186 | 174 | 90 | 144 | 201 | 214 | 231 |
| Number of unemployed learners registered on learnership and apprenticeship programmes | 130 | 120 | 66 | 99 | 128 | 163 | 149 |
| Number of employed learners registered on learnership and apprenticeship programmes and AET | 45 | 54 | 24 | 45 | 73 | 51 | 82 |
| Number of disabled unemployed learners registered on learnership programmes | 11 | 11 | – | – | 18 | 18 | n/a |

* AET was formerly known as ABET.

We employ a large percentage of workers on limited duration contracts to meet deadlines.

In most instances these employees are trained prior to employment through our People at the Gate (PAG) programme, as well as on-the-job training.

With the nature of our business involving start to finish construction contracts, we are unable to take these unskilled/semi-skilled employees who completed the PAG programme to other contracts, as we have to provide the same opportunities to local communities within the vicinities of the new contracts. However, our training provided in each community area leaves permanent skills behind. We trained 118 people on various People at the Gate programmes during the year under review.

Over and above our PAG programme we also offer learnerships to unemployed people. The skills acquired from our learnership programmes are transferable to other contracts. Therefore, 70% of those who have completed various learnership programmes have managed to secure site positions after completion of their training.



04 TRAINING AND EDUCATION continued

LEARNERSHIP AND APPRENTICESHIP SCOPE AND DEMOGRAPHICS

Although our learnerships include both employees and community members, during the year under review we targeted lower levels within our site-based employees to support demanding site requirements for effective execution. The requirement for increased numeracy and literacy skills for our unskilled and semi-skilled labour in our Intertoll and Manufacturing businesses placed a renewed focus on our adult education programmes. There was a pleasing increase in women attending these programmes.

| Learnerships | NQF level | Black | | White | | Employed | Unemployed | Total |
|---|-----------|-------|--------|-------|--------|----------|------------|-------|
| | | Male | Female | Male | Female | | | |
| Business Admin (various segments) | 3 | 7 | 4 | - | - | - | 11 | 11 |
| Warehouse and Stock Management | 3 | 14 | - | - | - | 14 | - | 14 |
| Building and Civil Engineering (Coastal) | 3 | 7 | 4 | - | - | - | 11 | 11 |
| Fitter (Oil & Gas) | 2 | 9 | 5 | - | - | - | 14 | 14 |
| Welding (Projects) | 2 | 11 | 9 | - | - | - | 20 | 20 |
| Community House Builder (Civil Engineering) | 2 | 7 | 5 | - | - | - | 12 | 12 |
| Bricklaying (Coastal – CT) | 2 | 10 | 0 | - | - | 10 | - | 10 |

| AET | NQF level | Black | | White | | Employed | Unemployed | Total |
|-----------------|------------------------------|-------|--------|-------|--------|----------|------------|-------|
| | | Male | Female | Male | Female | | | |
| AET – Everite | Various levels | 9 | - | - | - | 9 | - | 9 |
| AET – Intertoll | Communication level 2 | 4 | 1 | - | - | 5 | - | 5 |
| AET – Intertoll | Communication various levels | 6 | 1 | - | - | 7 | - | 7 |
| | | 84 | 29 | - | - | 45 | 68 | 113 |

| Apprenticeships | Black | | White | | Employed | Unemployed | Total |
|---|-------|--------|-------|--------|----------|------------|-------|
| | Male | Female | Male | Female | | | |
| Welding (Projects) – Unemployed | 3 | - | - | - | - | 3 | 3 |
| Boilermaking (Apprenticeship – Projects) – Unemployed | 6 | 1 | 1 | - | - | 8 | 8 |
| Fitter (Apprenticeship – Projects) – Unemployed | 1 | - | - | - | - | 1 | 1 |
| Rigger (Apprenticeship – Projects) – Unemployed | 5 | - | - | - | - | 5 | 5 |
| Boilermaking (Apprenticeship – Projects) – Unemployed | 6 | 1 | 1 | - | - | 8 | 8 |
| Electrician (Apprenticeship – Projects) – Unemployed | 2 | - | - | - | - | 2 | 2 |
| Earthmoving Mechanics (Apprenticeship – Plant & Equipment) – Unemployed | 13 | 1 | 1 | - | - | 15 | 15 |
| Welding (Apprenticeship – Oil & Gas) – Unemployed | 5 | 5 | - | - | - | 10 | 10 |
| Electrician (Apprenticeship – Everite) – Unemployed | 2 | - | - | - | - | 2 | 2 |
| Fitter and Turner (Apprenticeship – Everite) – Unemployed | 2 | - | - | - | - | 2 | 2 |
| Fitter (Apprenticeship – Everite) – Unemployed | 2 | - | - | - | - | 2 | 2 |
| Instrument Mechanics (Apprenticeship – Everite) – Unemployed | 3 | 1 | - | - | - | 4 | 4 |
| Total | 50 | 9 | 3 | - | - | 62 | 62 |



CONSTRUCTION SKILLS TRAINING ACADEMY

The demand for skills programmes to be delivered on site by our trainers, as well as the portfolio of programmes on offer, increased significantly. To address this, during the year we focused on further educating employees on health and safety, with working at heights the most addressed intervention.

An increasing number of construction skills programmes are also now being delivered over-border. This is mainly focused on site-based employees due to the group's increasing number of major contracts in Africa.

| | Black | | | | | | | | White | | | | | | | | Total | | | | | | | | Total |
|-------------------------------|--------------|------------|-------|-----|-------|-----|-------|----|-------|---|-------|---|-------|---|-------|---|--------------|------------|-------|-----|-------|-----|-------|----|--------------|
| | F2015 | | F2014 | | F2013 | | F2012 | | F2015 | | F2014 | | F2013 | | F2012 | | F2015 | | F2014 | | F2013 | | F2012 | | F2015 |
| | M | F | M | F | M | F | M | F | M | F | M | F | M | F | M | F | M | F | M | F | M | F | M | F | |
| Skills programmes | | | | | | | | | | | | | | | | | | | | | | | | | |
| Employed learners | 3 732 | 195 | 3 067 | 200 | 846 | 73 | 218 | 4 | - | - | 215 | 2 | 88 | 3 | 39 | 2 | 3 732 | 195 | 3 282 | 202 | 934 | 76 | 257 | 6 | 3 927 |
| Unemployed learners | 23 | 25 | 632 | 92 | 407 | 117 | 23 | 20 | - | - | - | - | - | - | - | - | 23 | 25 | 632 | 92 | 407 | 117 | 23 | 20 | 48 |
| Over-border employed learners | 1 005 | 3 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 1 005 | 3 | - | - | - | - | - | - | 1 008 |
| Sub-contractors | - | - | 53 | 4 | - | - | 2 | 2 | - | - | - | - | - | - | - | - | - | - | 53 | 4 | - | - | 10 | 2 | - |
| Bursary students | - | - | 20 | 7 | 9 | 1 | 7 | 7 | - | - | 4 | 1 | 1 | - | 13 | 2 | - | - | 24 | 8 | 10 | 1 | 23 | 9 | - |
| External entities | - | - | - | - | 72 | 2 | 2 | 2 | - | - | - | - | 1 | - | - | - | - | - | - | - | 73 | 2 | 12 | 2 | - |
| Total | 4 760 | 223 | 3 772 | 303 | 1 334 | 193 | 252 | 35 | - | - | 219 | 3 | 90 | 3 | 52 | 4 | 4 760 | 223 | 3 991 | 306 | 1 424 | 196 | 304 | 39 | 4 983 |

M = Male
F = Female

TECHNICAL AND PROFESSIONAL COMPETENCE DEVELOPMENT

The use of internal rather than external providers for our short technical competence building workshops decreased the overall spend on programmes aimed at growing technical and professional competence. The number of students on our project management programme increased due to a focus on ensuring sustainable project management skills within the organisation. Registration with the various professional bodies was a priority this year, with an additional focus on the registration of safety professionals. The employees on professional development programmes, therefore, increased.

| | F2015 | F2014 | F2013 | F2012 | F2011 | F2010 | F2009 | F2008 |
|--|-------|--------|-------|--------|--------|-------|-------|-------|
| Total annual spend – R million | 9,1 | 10,4 | 9,6 | 7,5 | 11,7 | 8,9 | 8,5 | 10,5 |
| Number of students on Programme for Project Management | 49 | 38 | 22 | 28 | 48 | 44 | 56 | 22 |
| Number of students on Professional Registration Development programmes | 222 | 71 | 75 | 122 | 89 | 52 | 37 | n/a |
| Short technical workshop attendance | 8 645 | 10 267 | 6 275 | 10 211 | 16 365 | 9 314 | 8 776 | 4 047 |

04 TRAINING AND EDUCATION continued

DEMOGRAPHICS OF TECHNICAL AND PROFESSIONAL COMPETENCE DEVELOPMENT LEARNERS

The Programme in Project Management is still our flagship technical development programme, with an increasing number of our employees attending this programme. This programme’s focus is on developing project management skills across the group to ensure a unified Group Five way of dealing with our increasing number of contracts locally and over-border.

A year-long customised in-house development programme was developed for our engineers which focuses on core competencies and skills required to fulfil the group’s engineering functions and responsibilities. There are currently 105 people on the course.

| Skills programmes (F2015) | Black | | Black Total | White | | White Total | Total |
|---|-------|-------|-------------|-------|-----|-------------|-------|
| | M | F | | M | F | | |
| Programme in Project Management | 21 | 8 | 29 | 19 | 1 | 20 | 49 |
| Professional Registration Development programme | 94 | 25 | 119 | 98 | 5 | 103 | 222 |
| Short technical workshops | 4 875 | 1 555 | 6 430 | 1 531 | 684 | 2 215 | 8 645 |

M = Male
F = Female

LEADERSHIP AND MANAGEMENT DEVELOPMENT

Although the spend and number of employees on leadership and management development programmes increased, the supervisory and competence building workshop numbers declined as the group’s focus shifted towards the development of our technical skills pipeline in our critical and scarce skills sets, especially in the engineering and commercial fields.

| | F2015 | F2014 | F2013 | F2012 | F2011 | F2010 | F2009 | F2008 |
|---|-------|-------|-------|-------|-------|-------|-------|-------|
| Total annual spend – R million | 8,1 | 6,9 | 5,3 | 3,9 | 3,5 | 2,6 | 4,2 | 2,2 |
| Number of students on Programme in Management Development | 28 | 8 | 21 | 22 | 20 | 23 | 25 | 17 |
| Number of students on supervisory programmes | 81 | 102 | 115 | 96 | 97 | 150 | 99 | n/a |
| Number of competence building workshops | 57 | 193 | 133 | 82 | 62 | 50 | 87 | 44 |

STUDENT MANAGEMENT

SPEND ON BURSARIES

Bursary students from both universities and universities of technology provide a pipeline of core competencies into the group. The group is committed to supporting this stream of young talent and increased both the spend and numbers of the bursary scheme. Students have also been allocated senior mentors within the group to ensure integration and full understanding of Group Five’s business environment.

Career development plans have been developed and is in the process of being implemented across all our businesses.

| | F2015 | F2014 | F2013 | F2012 | F2011 | F2010 | F2009 | F2008 |
|--|-------|-------|-------|-------|-------|-------|-------|-------|
| Annual bursary expenditure – R million | 8,4 | 7,2 | 5,1 | 4,6 | 6,6 | 6,0 | 9,3 | 6,8 |
| Number of bursary students | 136 | 111 | 76 | 115 | 183 | 171 | 258 | 178 |

DEMOGRAPHICS OF BURSARY STUDENTS

Against continued challenges to recruit young people who want to work in the construction sector, especially female candidates, we are pleased with an increase in both categories.

The overall number of students increased by 18% in the last year, with 24% growth in the number of black students and 48% growth in female bursary students.

This was achieved due to an active bursary recruitment drive involving senior level engagement at various university career fairs. Increased marketing activities are planned for the next recruitment cycle to continue driving improvements in this area.

| | Black | | | | White | | | | Total | | | | Total | |
|----------------------------------|-------|----|-------|----|-------|---|-------|---|-------|----|-------|----|-------|-------|
| | F2015 | | F2014 | | F2015 | | F2014 | | F2015 | | F2014 | | F2015 | F2014 |
| | M | F | M | F | M | F | M | F | M | F | M | F | | |
| Demographics of bursary students | 66 | 46 | 63 | 22 | 20 | 4 | 22 | 4 | 86 | 50 | 85 | 26 | 136 | 111 |

M = Male
F = Female

OVER-BORDER TRAINING

In line with Group Five's expansion strategy in the rest of Africa, we are increasingly focused on providing training in a number of over-border countries. The largest training demand is in the areas of safety, construction skills and competence building.

Our focus for the next year is to further expand our training capability with the assistance of our African offices in Mozambique and Ghana.

Over-border training

| Country | F2015 | F2014 |
|--------------|--------------|------------|
| DRC | 717 | 721 |
| Mozambique | 138 | 70 |
| Liberia | 516 | 188 |
| Total | 1 371 | 979 |

FOCUS GOING FORWARD



In the coming year, the focus will continue to be on the core and critical skills sets, such as engineering, quantity surveying and commercial skills.

The following focus areas will be addressed to ensure alignment between the Academy and our group strategy:

- ▶ A strong focus on mentorship to build technical experts in our various disciplines. This will be achieved by using retirees to run mentorship sessions with our engineers, quantity surveyors, estimators and planners
- ▶ To improve the effectiveness of teams on multi-disciplinary contracts, the Academy will be focusing on collaborative team interventions, with a strong coaching focus for the duration of the contracts
- ▶ In support of the group's strategy to expand into Africa, the Academy and our regional offices in Ghana and Mozambique will be expanding our learning and development function to support skills development in these regions



ASPECT 5: DIVERSITY AND EQUAL OPPORTUNITY

05

DELIVERY ON F2015 FOCUS AREAS:

In the group's F2014 integrated annual report, we outlined a number of focus areas. Below we outline how we delivered against these:



| F2015 FOCUS AREAS | DELIVERY |
|---|--|
| Achieving greater levels of diversity, particularly in our senior levels through commissioned head hunting. | Representation at executive level increased from 11% to 25%, from 25% to 28% at senior management level and from 28% to 31% at middle management level |

Whilst in the past we made substantial gains at the lower levels, this year marked pleasing improvement at the higher levels. This is mainly due to a CEO-driven intervention. We hope to maintain this momentum going forward through specific initiatives such as the incentivisation of management achievements in this area.

African, Indian and Coloured junior management representation improved from 76% to 78%, middle management from 29% to 30%, senior management from 25% to 28% and executive management from 11% to 25%.

MANAGEMENT

The growth in the number of African, Indian and Coloured employees during the year is indicative of the efforts being made to increase the proportional representation from designated groups. However, more work needs to be done to ensure that when appointments are made at a management level in the segments, focus is placed on recruiting black candidates in general and black female candidates in particular.

In line with this, we established a dedicated talent management centre of excellence to assess, review and advise on the implementation of a talent pipeline supporting the continual equity demands of the group. This process includes a comprehensive talent nomination process followed by psychometric testing, individual coaching and detailed career path planning for the identified candidates.

| | Total South African workforce F2015 | | | | Total South African workforce F2014 | | | | Variance (%) | |
|--|-------------------------------------|------|-------|-----------------|-------------------------------------|------|-------|-----------------|-----------------|------------------|
| | White | AIC* | Total | AIC* % of total | White | AIC* | Total | AIC* % of total | AIC* % of total | Industry targets |
| Executive (Paterson F-band) Executives and board | 6 | 2 | 8 | 25.00 | 8 | 1 | 9 | 11.11 | 13.89 | 40 |
| Senior management (Paterson E-band) segment directors and group directors | 23 | 9 | 32 | 28.13 | 23 | 7 | 30 | 23.33 | 4.80 | 60 |
| Middle management (Paterson D-band) segment directors and department heads and skilled professionals | 326 | 140 | 466 | 30.04 | 330 | 135 | 465 | 29.03 | 1.01 | 75 |

* African, Indian and Coloured.

EMPLOYMENT EQUITY

Whilst we are pleased with the transformation of our senior management levels, this will remain a key focus area in the new year. It is important to consider that it does take a long time to grow an experienced senior team that can effectively operate at top management levels. As the industry has not had many years of experienced black senior construction teams, fully transforming senior levels in the industry will take some time.

DEMOGRAPHIC DISTRIBUTION AND COMPOSITION OF THE SOUTH AFRICAN WORKFORCE – TOTAL SOUTH AFRICAN WORKFORCE

The table below reflects the demographic distribution of our employees

| | Total South African workforce F2015 | | | | Total South African workforce F2014 | | | | Variance (%) |
|---|--|--------------|--------------|--------------------|--|--------------|---------------|--------------------|--------------------|
| | White | AIC* | Total | AIC* % of total | White | AIC* | Total | AIC* % of total | AIC* % of total |
| Executive (Paterson F-band) Executives and board | 6 | 2 | 8 | 25.00 | 8 | 1 | 9 | 11.11 | 13.89 |
| Senior management (Paterson E-band) segment directors and group directors | 23 | 9 | 32 | 28.13 | 23 | 7 | 30 | 23.33 | 4.80 |
| Middle management (Paterson D-band) segment directors and department heads and skilled professionals | 326 | 140 | 466 | 30.04 | 330 | 135 | 465 | 29.03 | 1.01 |
| Junior management/skilled (Paterson C-band) | 698 | 2 495 | 3 193 | 78.14 | 741 | 2 465 | 3 206 | 76.89 | 1.25 |
| Semi-skilled (Paterson B-band) | 61 | 3 352 | 3 413 | 98.21 | 89 | 4 281 | 4 510 | 97.96 | 0.25 |
| Unskilled (Paterson A-band) | 6 | 2 660 | 2 666 | 99.78 | 3 | 2 991 | 2 994 | 99.90 | (0.12) |
| Total | 1 120 | 8 658 | 9 778 | 88.55 | 1 187 | 9 880 | 11 067 | 89.15 | (0.72) |

* African, Indian and Coloured.

Demographic distribution

| | F2015 % | F2014 % | F2013 % | F2012 % |
|--------------|------------|------------|------------|------------|
| White | 11 | 11 | 17 | 12 |
| African | 76 | 80 | 73 | 76 |
| Coloured | 9 | 5 | 5 | 8 |
| Indian | 4 | 4 | 5 | 4 |
| Total | 100 | 100 | 100 | 100 |

Gender distribution

| | F2015 % | F2014 % | F2013 % | F2012 % |
|--------|------------|------------|------------|------------|
| Female | 16 | 12 | 16 | 18 |
| Male | 84 | 88 | 84 | 82 |

AGE AND GENDER DEMOGRAPHICS

With the exception of the executive committee, the management team is evenly split between the age categories 31 to 50 and 51 to 65, which indicates that our recruitment processes have been effective. The challenge remains to establish the depth required in our succession planning to result in the required demographic transformation.

Group Five is recognised as one of the transformed companies amongst the JSE-listed construction companies, with a Level 2 rating in terms of the Construction Charter. However, against this strong profile, the gender demographics of the company are still

lagging, with women comprising only 16% of the entire workforce. Although this is an industry trend, we are committed to drive an improvement. In F2012, we launched the Basadi programme, a special initiative focusing on women empowerment, which is intended to highlight and address systemic barriers (policy, structural and cultural) that impede the attraction and retention of women.

In F2012, the Group Five CEO signed the United Nations Global Compact on Women Empowerment Principles, committing to the development and empowerment of women. To date, more than 100 women in the group have been offered development as part of this programme. Women-owned companies within the construction sector are also supported financially as part of the company's supply chain development.

The group has also been the main sponsor of the University of Johannesburg's (UJ) Women in Engineering and Built Environment

(WIEBE) programme since 2010. The aim of the WIEBE programme is to attract and develop female students in the engineering and built environment fields and to strengthen the pipeline of women into the construction and engineering sectors. There has been an average increase of between 5% to 8% in female student enrolment in the engineering and built environment disciplines at UJ since the launch of the partnership.

This year, Group Five signed a memorandum of understanding with Future of the African Daughter (FOTAD), a non-profit development project established for girls between the ages of 12 years to 19 years from previously disadvantaged areas in South Africa. The aim of the programme is to facilitate their exposure to the workplace, leadership training, career development and mentorship. Group Five has committed to a three-year sponsorship of 14 girls on the FOTAD programme.

EXECUTIVE COMMITTEE

AGE DIVERSITY

| Age | Male | | | Female | | | All |
|--------------|------|----------|-------|--------|----------|-------|-------|
| | Able | Disabled | Total | Able | Disabled | Total | Total |
| Age 31 – 50 | 67% | – | 67% | 11% | – | 11% | 78% |
| Age 51 – 65 | 22% | – | 22% | – | – | – | 22% |
| Total | 89% | – | 89% | 11% | – | 11% | 100% |

MANAGING DIRECTORS

AGE DIVERSITY

| Age | Male | | | Female | | | All |
|--------------|------|----------|-------|--------|----------|-------|-------|
| | Able | Disabled | Total | Able | Disabled | Total | Total |
| Age 31 – 50 | 45% | – | 45% | 9% | – | 9% | 54% |
| Age 51 – 65 | 46% | – | 46% | – | – | – | 46% |
| Total | 91% | – | 91% | 9% | – | 9% | 100% |

SEGMENT DIRECTORS

GENDER DIVERSITY

| Age | Male | | | Female | | | All |
|--------------|------|----------|-------|--------|----------|-------|-------|
| | Able | Disabled | Total | Able | Disabled | Total | Total |
| Age 31 – 50 | 59% | – | 59% | 12% | – | 12% | 71% |
| Age 51 – 65 | 27% | – | 27% | 1% | – | 1% | 28% |
| Age >65 | 1% | – | 1% | – | – | – | 1% |
| Total | 87% | – | 87% | 13% | – | 13% | 100% |

ALL EMPLOYEES

GENDER DIVERSITY

| Age | Male | | | Female | | | All |
|--------------|-------|----------|-------|--------|----------|-------|--------|
| | Able | Disabled | Total | Able | Disabled | Total | Total |
| Age 18 – 31 | 15.0% | 0.0% | 15.0% | 5.3% | 0.1% | 5.4% | 20.4% |
| Age 31 – 50 | 42.2% | 0.1% | 42.3% | 11.5% | 0.1% | 11.6% | 53.9% |
| Age 51 – 65 | 22.9% | 0.1% | 23.0% | 2.6% | 0.0% | 2.6% | 25.6% |
| Age >65 | 0.1% | 0.0% | 0.1% | 0.0% | 0.0% | 0.0% | 0.1% |
| Total | 80.2% | 0.2% | 80.4% | 19.4% | 0.2% | 19.6% | 100.0% |

FOCUS GOING FORWARD



We will focus on achieving greater levels of diversity, particularly in our senior levels through commissioned head hunting. To this end, we have launched a process of identifying black talent in the industry with a view to introducing these candidates into the group at various levels to enhance the prospects of these employees achieving senior management appointments in the short to medium term.

In addition, we started an accelerated development programme for our top talent aimed at ensuring these candidates are prepared to take up opportunities as may arise.

PREFERENTIAL PROCUREMENT

DELIVERY ON F2015 FOCUS AREAS:

In the group's F2014 integrated annual report, we outlined a number of focus areas. Below we outline how we delivered against these:



F2015 FOCUS AREAS

Restatement of preferential procurement targets to continue building a sustainable and transformed supplier base.

Engagement with the supplier base to build awareness regarding revisions to the Codes of Good Practice.

Supplier development interventions aimed at building capacity and access to black women-owned enterprises, whilst ensuring that investment in supplier development will provide a measurable return.

DELIVERY

- The procurement targets were aligned to the objectives of the revised broad-based black economic empowerment (BBBEE) Codes of Good Practice. Group Five performed well and largely exceeds the targets defined in the Construction Charter. It is expected that the continued focus through target setting linked to an effective supplier development strategy will result in continued transformation of the supplier base
- An electronic procurement portal is being utilised to allow Group Five vendors to create and maintain vendor profile information. This is assisting with the awareness of vendor compliance as a minimum condition for doing business with Group Five
- The supplier development strategy is still a work in progress. However, Group Five is reviewing enterprise and supplier development interventions through a specific business development programme launched by the United Nations Development Programme aimed at supporting corporates in building a sustainable and transformed supply chain
- Although there has been slight growth in the procurement from black women-owned enterprises, the procurement targets have not yet been fully realised in this area

INTRODUCTION

The group continued with its commitment to transform its supplier base. This is reflected in the growth achieved in most areas. Although the overall weighted preferential procurement dropped from 73.1% to 71.0%, this was due to suppliers not having an updated BBBEE certificate available for the annual review. It is expected that this will be addressed ahead of the next audit.

The alignment of the Construction Charter to the revised dti Codes of Good Practice is not yet complete. However, to ensure readiness, our planning in this area is being based on the expected alignment to the revised Codes. To ensure that transformation of the supply base continues at the committed level of performance, targets have been defined and are being integrated into procurement processes across the business.

The automation of vendor profile updates, including compliance documentation, continues to be a key priority for the group to ensure that compliance relating to all aspects of vendor engagement is recognised as a condition of doing business with the group. 70% of vendors are now on the system, with a good level of compliance against the required standards.



PREFERENTIAL PROCUREMENT SCORECARD

| Measurement principle | Points | Target per | Actual F2015 ¹ | Actual F2014 ² | Actual F2013 ³ | Actual F2012 ⁴ | Actual F2011 ⁵ | Actual F2010 ⁶ | Actual F2009 ⁷ |
|--|--------|-----------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | | Construction Charter F2015 target | | | | | | | |
| Preferential spend with all suppliers | 12 | 70% | 71.0% | 73.1% | 70.1% | 62.2% | 52.8% | 49.1% | 45.1% |
| Preferential spend with qualifying small and emerging micro-enterprises | 3 | 15% | 24.3% | 23.3% | 20.1% | 28.1% | 22.0% | 11.4% | 6.3% |
| Preferential spend with enterprises that are more than 50% black-owned | 3 | 12% | 21.1% | 18.2% | 17.7% | 20.9% | 19.1% | 9.2% | 7.9% |
| Preferential spend with enterprises that are more than 30% black women-owned | 2 | 8% | 5.6% | 4.4% | 9.5% | 8.6% | 3.1% | 1.9% | 0.1% |
| Weighted score | | —* | 19.4 | 19.1 | 20.0 | 20.0 | 19.0 | 18.4 | 15.68 |

¹ Unaudited.

² As audited by BEE Verification Agency cc for the year ended 30 June 2014 (Group Five).

³ As audited by BEE Verification Agency cc for the year ended 30 June 2013 (Group Five).

⁴ As audited by BEE Verification Agency cc for the year ended 30 June 2012 (Group Five).

⁵ As audited by BEE Verification Agency cc for the year ended 30 June 2011 (Group Five).

⁶ As audited by BEE Verification Agency cc for the year ended 30 June 2010 (Group Five).

⁷ As audited by BEE Verification Agency cc for the year ended 30 June 2009 (Group Five).

⁷ As audited by BEE Verification Agency cc for the year ended 30 June 2009 (Group Five Construction (Proprietary) Limited).

* A weighted score is not done for targets.

FOCUS GOING FORWARD



The continued growth in procurement from small and black-owned enterprises shows a clear commitment from the Group Five team to continue to transform its supply base. This also positions the group to pursue the deliverables of the revised Codes of Good Practice without significant changes to its exiting procurement strategies. Although procurement from black women-owned enterprises has not met the targets defined in the construction charter, a 27% increase was achieved. Our focus on women in construction will continue to support the growth objective in this area of procurement.

The key aspects of the supply chain strategy have yielded good results

over the period of review and existing strategies to be reinforced over the next two-year period will include:

- Review of the group procurement spend profile to establish high level strategies centred on leveraging savings, reducing risk, optimising procurement processes and transforming the supply base
- Specific procurement strategies to focus on capability, capacity, cost and empowerment to ensure that sustainability and transformation are the ultimate outcomes of the group procurement strategy
- Commodity strategies to eliminate inefficiencies and leverage economies of scale have already yielded good results. The team will identify the key areas of procurement for the next period to continue its improvement path aimed both at unlocking cost savings and transforming the supply chain
- Re-statement of preferential procurement targets in line with the new commitments defined in the revised Codes of Good Practice to continue building a sustainable and transformed supplier base
- Engagement with the supplier base to build awareness regarding revisions to the Codes of Good Practice
- Supplier development interventions aimed at building capacity and access to black women-owned enterprises, whilst ensuring that investment in supplier development will provide a measurable return

ENTERPRISE DEVELOPMENT

INTRODUCTION

The group's enterprise development strategy is to partner with majority black-owned companies that have the capacity to develop into strategic business partners, whilst achieving the objectives set out in the Construction Sector Scorecard. To this end, we place significant emphasis on facilitating the development and growth of these organisations, as measured by the Construction Industry Development Board (CIDB).

The group recently appointed a group transformation director to increase the focus on its transformation initiatives and place particular attention on the enterprise development programme in line with the requirements of the revised BBBEE Codes.

This year we met the full enterprise development requirement in terms of the Construction Sector Scorecard for the sixth year in a row.

ENTERPRISE DEVELOPMENT PARTNERS

The table below reflects the development of our partners from the time they were incorporated into our programme.

Since inception of the group's enterprise development programme in 2008, six of our partners improved their Construction Industry Development Board (CIDB) registration during the period and four reached the targeted CIDB level 8.

| Enterprise development partners | Black ownership | Women ownership | Date joined | CIDB level on joining | Current CIDB level | BBBEE contributor level |
|---------------------------------------|-----------------|-----------------|-------------|-----------------------|-----------------------|-------------------------|
| BL Williams (Pty) Limited | 95% | 48% | 2008 | 6 GB – PE | 7 GB – PE | 3 |
| ENZA Construction (Pty) Limited | 93% | 10% | 2009 | 7 GB | 8 GB & 8 CE | 2 |
| Enzani Technologies (Pty) Limited | 80% | 54% | 2009 | 5 EP – PE | 7 EP PE 1 ME – PE | 1 |
| Inkanyeli Projects (Pty) Limited | 100% | 19% | 2009 | 4 GB – PE | 7 GB PE | 2 |
| Pan African Development (Pty) Limited | 100% | 40% | 2009 | 6 GB – PE | 7 GB PE 7 CE PE | 2 |
| Siyakhula Engineering (CC) | 100% | – | 2009 | 1 EB – EP | 1 EB – EP | 3 |
| UMSO Construction (Pty) Limited | 89% | – | 2008 | 6 CE – PE | 8 CE – PE, 6 GB PE | 2 |
| ENM CC | 100% | – | 2010 | 6 GB | 8 GB | 3 |
| Uvuko Civils (Pty) Limited | 100% | 100% | 2013 | 7 GB, 5 CE | 8 GB PE, 7 CE PE | 3 |
| Tsima Construction (Pty) Limited | 91% | 21% | 2015 | 7 GB, 8 CE | 7 GB, 8 CE | 3 |
| Bongi-M Construction (Pty) Limited | 100% | 100% | 2015 | 6 GB, 6 PE | 6 GB, 6 PE | 2 |

CE – Civil engineering

EP – Electrical engineering works (infrastructure)

GB – General building works

ME – Mechanical engineering works

PE – Potential emerging

EMPOWERED JOINT VENTURES

The table below outlines the significant joint venture projects entered into with emerging and empowered organisations during the year.

| PARTNER (P)/ DEVELOPMENT ENTITY (DE) | NAME OF PARTNER/ DEVELOPMENT ENTITY | CONTRACT/ DEVELOPMENT | EFFECTIVE PARTNER % HOLDING IN VENTURE | TOTAL VALUE OF CONTRACT (100%) R'000 | COMMENCEMENT DATE OF CONTRACT |
|--|--|---|---|--|----------------------------------|
| ENGINEERING & CONSTRUCTION | | | | | |
| DE | Bhekimbeko Business Enterprise CC | Group Five GJ Crookes Joint Venture established to construct the GJ Crookes Hospital phases 2, 3 and 4 (New casualty, trauma and admissions departments) – Eastern Cape | 60% | 122 055 | June 2011 |
| P | Pandev African Development (Pty) Limited | | | | |
| DE | Umsimbithi Civils (Pty) Limited | Construction of Main Road P577 in Kwadebeka – KwaZulu-Natal | 15% | 176 314 | Oct 2011 |
| DE | Bhekimbeko Business Enterprise CC | Construction of the Pomeroy Community Health Centre – KwaZulu-Natal | 40% | 146 302 | Mar 2012 |
| P | Pandev African Development (Pty) Limited | | | | |
| DE | Bhekimbeko Business Enterprise CC | Repairing and renovations to Durban Central police station – KwaZulu-Natal | 50% | 186 158 | Mar 2012 |
| P | Pandev African Development (Pty) Limited | | | | |
| P | Pandev African Development (Pty) Limited | Construction of the right of way to the Umngeni Viaduct, including all stations and structures | 40% | 301 225 | Mar 2014 |
| P | ENZA Construction (Pty) Limited | Bus Rapid Transport and Integrated Rapid Transport contracts (phase 2) – Gauteng | 30% | 48 477 | Oct 2011 |
| P | ENZA Construction (Pty) Limited | Bus Rapid Transport and Integrated Rapid Transport prototype – Hatfield | 30% | 82 582 | Jul 2012 |
| P | ENM CC | Building of Bophelong Psychiatric Hospital – North West | 30% | 435 000 | Nov 2012 |
| P | Trencon Construction (Pty) Limited | Construction of Tshwane House – Gauteng | 36,25% | 1 143 454 | Mar 2015 |
| P | Imbani Construction (Pty) Limited | | | | |
| DE | Group Five Bongekile Joint Venture | Construction of Lonmin apartment blocks in Marikana (phase 1) – North West | 30% | 10 918 | Mar 2015 |

| PARTNER (PI)/ DEVELOPMENT ENTITY (DE) | NAME OF PARTNER/ DEVELOPMENT ENTITY | CONTRACT/ DEVELOPMENT | EFFECTIVE PARTNER % HOLDING IN VENTURE | TOTAL VALUE OF CONTRACT (100%) R'000 | COMMENCEMENT DATE OF CONTRACT |
|---|--|--------------------------|---|--|----------------------------------|
|---|--|--------------------------|---|--|----------------------------------|

INVESTMENTS & CONCESSIONS

| | | | | | |
|----|---|---|-----|----------------|----------|
| DE | Kuvula Trade 12 (Pty) Limited | Investment in The Beacon (Eastern Cape) | 13% | 120 000 | Jan 2008 |
| DE | Group Five Montagu Developments (Pty) Limited | Investment in Decor on Zambezi – Gauteng | 13% | 85 000 | Jan 2008 |
| DE | RFC Developments (Pty) Limited | Investment in The Core – Gauteng | 13% | 196 000 | Jan 2008 |

FOCUS GOING FORWARD

The group will maintain its current enterprise development programme and engage new strategic partners in line with the requirement of the revised Construction Sector Codes when they come into effect after October 2015. The current relationships that have matured to higher CIDB levels will be exited to create opportunities for new partners who are aligned to the group's strategic objectives. Our enterprise development programme will remain focused on skills transfer to developing contractors in the construction industry to assist them to become independent and sustainable.

During the coming year, we will formalise the mentoring process through more regular and focused interactions, as well as strengthening auditing processes around the development of each entity. Our programme will also place special emphasis on black women-owned small construction businesses.

05

DIVERSITY AND EQUAL OPPORTUNITY continued

SOCIETY

APPROACH TO COMMUNITIES

As a large group, we believe it is important to act responsibly and contribute in a positive way to the communities, regions and countries where we operate. To ensure we understand the requirements of communities around our operations, we engage proactively with the community before implementing contracts. This is done in consultation with government departments, local authorities and community stakeholder groups.

Through construction, which is the core business of the company, and appropriate community development programmes, **Group Five does not only build infrastructure, but also contributes to the building of better lives in communities.**

On contracts close to local communities, the employment of local community members should be at least 60% of the total workforce. On each of our contracts, a portion of revenue is

set aside during the implementation phase towards the upliftment of local communities in the form of SED and enterprise development. During the year, this represented R1,3 million and focused on construction skills development and community infrastructure development projects. These ranged from skills training on sites through our "People at the Gate" construction skills programme, to construction of classrooms and installation of water tanks, to the donation of furniture and equipment, including materials for local communities when contracts get completed.

COMMUNITY INFRASTRUCTURE INVESTMENTS

Group Five develops infrastructure. An important part of the group's socio-economic development is seeking opportunities to partner with governments to assist in either rehabilitating or constructing infrastructure in communities during the lifecycle of a contract. This infrastructure is typically in the form of schools or clinics that either get renovated or new ones built, surfacing of village roads and building of sporting facilities and installation of water facilities for easy access to water.

LOCAL RECRUITMENT, CAPACITY BUILDING AND SKILLS DEVELOPMENT

We source local labour from communities close to our construction sites. The sourcing process has to be carefully managed, as our limited duration employment requirements on sites do not often match the expectations and skills levels of local people. To address this, we engage with elected counsellors and the Department of Labour or equivalent bodies through our community liaison officers. These officers are trained to deal with the community in a transparent way to align all interest groups and to fully support the carefully crafted processes and procedures to ensure fair recruitment. Our community liaison officers receive regular training to ensure engagement is at the level required to offset the tensions often seen in communities.

Successful engagement with local communities, as well as our trained community liaison officers and their effective relationships with community leaders, have assisted us to manage relationships on our construction contracts during the year.

A community liaison officer (CLO) is appointed on each of our key contracts to facilitate interactions with community leaders, local government officials and to facilitate efficient local recruitment. Below are some of the examples of areas where we have been successful in managing stakeholder relationships:

Beneficiaries

- The Nelson Mandela Children's Hospital Trust →
- Devland Soweto Campus →
- Mohau Care Centre →
- Kalagadi - local school and community →

Community/SED milestones

- Recruitment of local sub-contractors and employees on the contract and almost 50 local youth trained on the People at the Gate programme and employed on the contract
- Construction of the foundation for the campus building and skills transfer to foremen on the contract by experienced Group Five employees
- Donation and construction of a classroom
- Water tanks for a school and the local community were donated and installed, a learnership programme implemented and the People at the Gate programme run in the community

Training of local people is an important part of our development strategy to ensure longer term skills transfer for when our contracts end.

Another crucial part of our community programmes is supporting local businesses through procurement of a wide range of services and products. These range from catering to cleaning services.

In terms of skills development, the group's People at the Gate training initiative was started in F2005 and focuses on the training of local people around our sites. This programme has resulted in more than 5 000 community members from around our sites being trained since inception. Of these, 90% were employed on our sites. Most of the people who successfully complete training secure their first formal jobs on our contracts.

In addition to the community skills and local business sourcing programmes directly supported by the group, many of our employees make valuable contributions to local communities through donations of clothing, food, time and expertise. For example, through the Group Five annual blanket challenge, our employees donate blankets to needy communities in winter. In F2015, over 2 000 blankets were donated by employees.

A number of key group community interventions were implemented this year. Two of these include:

- › Continued sponsorship of mobile science laboratories for under-privileged schools in Bushbuckridge – a project that has been running for five years
- › We have entered into a three-year partnership with Future of the African Daughter (FOTAD), a non-profit organisation promoting leadership development, as well as mathematics and science for high school girls from disadvantaged communities. Group Five sponsors 15 learners under this initiative until they complete matric



SOCIO-ECONOMIC DEVELOPMENT

Group Five's socio-economic development has three key focus areas:



- › Construction-related skills, mathematics, science, environmental science and technology education



- › Promoting sustainable job creation and entrepreneurial projects, particularly within marginalised and unemployed groups, such as women and the youth



- › Support grants (financial and in kind) to impoverished communities, such as orphanages, non-profit organisations that work with community programmes, HIV/Aids awareness programmes, and other cause-related initiatives

OVERALL PERFORMANCE

This year, we have again met our objective of realigning traditional social grants towards more sustainable initiatives that focus on skills development and economic empowerment. This was achieved despite very tough operational challenges and poor financial performance due to loss-making contracts in our Engineering & Construction cluster. Our spend, therefore, decreased to R2,6 million compared to R6 million last year. This represents 0.9% of our net profit after tax.

We also adapted the split of our spend to focus more on education and training, as economic empowerment unfortunately requires significant funding which could not be met in the tough financial climate.

| Focus area | F2015 Rand spend | Actual % | F2015 Target % | F2014 Rand spend |
|----------------------------------|---------------------|-------------|-------------------|---------------------|
| Education and skills development | 2 251 951 | 88 | 55 | 3 170 768 |
| Economic empowerment | 179 528 | 5 | 35 | 2 256 123 |
| Social development | 125 820 | 7 | 10 | 670 739 |
| | 2 557 299 | - | - | 6 097 630 |

EDUCATION AND SKILLS DEVELOPMENT

Education and skills development are the primary focus areas of the group's socio-economic programme. As outlined above, the majority of spend was focused in this area.

| Focus area | F2015 target | Achievement | F2014 target | Achievement | F2013 target | Achievement |
|-------------|-----------------|-------------|-----------------|-------------|-----------------|-------------|
| Development | 55% | 88% | 55% | 52% | 55% | 62% |

ECONOMIC EMPOWERMENT

As outlined above, the spend was focused on education and skills development, with the spend in economic empowerment declining from last year.

| Focus area | F2015 target | Achievement | F2014 target | Achievement | F2013 target | Achievement |
|------------|-----------------|-------------|-----------------|-------------|-----------------|-------------|
| Economic | 35% | 5% | 35% | 37% | 35% | 34% |

SOCIAL DEVELOPMENT

In line with our strategy, social grants were allocated a smaller budget as we believe that events or donations do not transform people's lives in the long term.

| Focus area | F2015 target | Achievement | F2014 target | Achievement | F2013 target | Achievement |
|------------|-----------------|-------------|-----------------|-------------|-----------------|-------------|
| Social | 10% | 7% | 10% | 11% | 10% | 4% |






PEOPLE / LABOUR PRACTICES AND DECENT WORK

continued

05 DIVERSITY AND EQUAL OPPORTUNITY continued

CLUSTER/SEGMENT SED SPEND

A majority of our business segments were able to identify and implement various programmes in communities close to our contracts in line with our group SED strategy. The integrated group office continued to drive group initiatives. Below is the breakdown of this year's performance per cluster and segment.

| Clusters/segments | R'000 SED spend F2015 | R'000 SED spend F2014 | |
|---|---|-----------------------------|--------------|
| ENGINEERING & CONSTRUCTION | | | |
|  | Building & Housing – Building | 433 | - |
| | Building & Housing – Housing | 140 | 155 |
| | Building & Housing – Coastal | 139 | 424 |
| | Civil Engineering | 23 | 56 |
| | Civil Engineering – Plant and Equipment | 54 | 58 |
| | Projects | 257 | 2 266 |
| | Energy: Power | - | 9 |
| | Energy: Oil & Gas | 40 | 303 |
| | Energy: Nuclear | - | 10 |
| | Cluster total | 1 086 | 3 281 |
| INVESTMENTS & CONCESSIONS | | | |
|  | Infrastructure Development Services | 20 | - |
| | Transport (Intertoll) | 235 | 67 |
| | Real estate (Group Five Properties) | - | 40 |
| | Cluster total | 255 | 107 |
| MANUFACTURING | | | |
|  | Everite | 164 | 517 |
| | Pipe | - | - |
| | BRI | 32 | 27 |
| | Cluster total | 196 | 544 |
| CORPORATE OFFICE | | | |
| | | 1 017 | 2 166 |
| GROUP TOTAL SED SPEND FOR THE YEAR | | | |
| | | 2 554* | 6 098 |

* Group total SED spend for the year of R2 525 000 adjusted for joint ventures equally accounted and joint arrangements wholly consolidated.

OVER-BORDER SOCIO-ECONOMIC DEVELOPMENT

| Description | Country | Amount of spend R'000 |
|---|----------|-----------------------|
| Renovation of school: books and stationery for learners | DRC | 50 |
| Furniture for a school in Kadoma | Zimbabwe | 88 |
| Total | | 138 |

FOCUS GOING FORWARD



The group continues to expand its presence in the rest of Africa. Our SED efforts on the continent will, therefore, continue to be increased in support of the group's African growth strategy, whilst at the same time sustaining momentum in our home country of South Africa. Effectively structured SED interventions are critical to the sustainability of our business and that of our communities.

Going forward, we aim to continue focusing on the development of communities in the catchment areas of our operations. We will also integrate our SED initiatives towards a more cohesive strategy, with greater emphasis on communication of our initiatives as a way to improve engagement with our key stakeholders.