

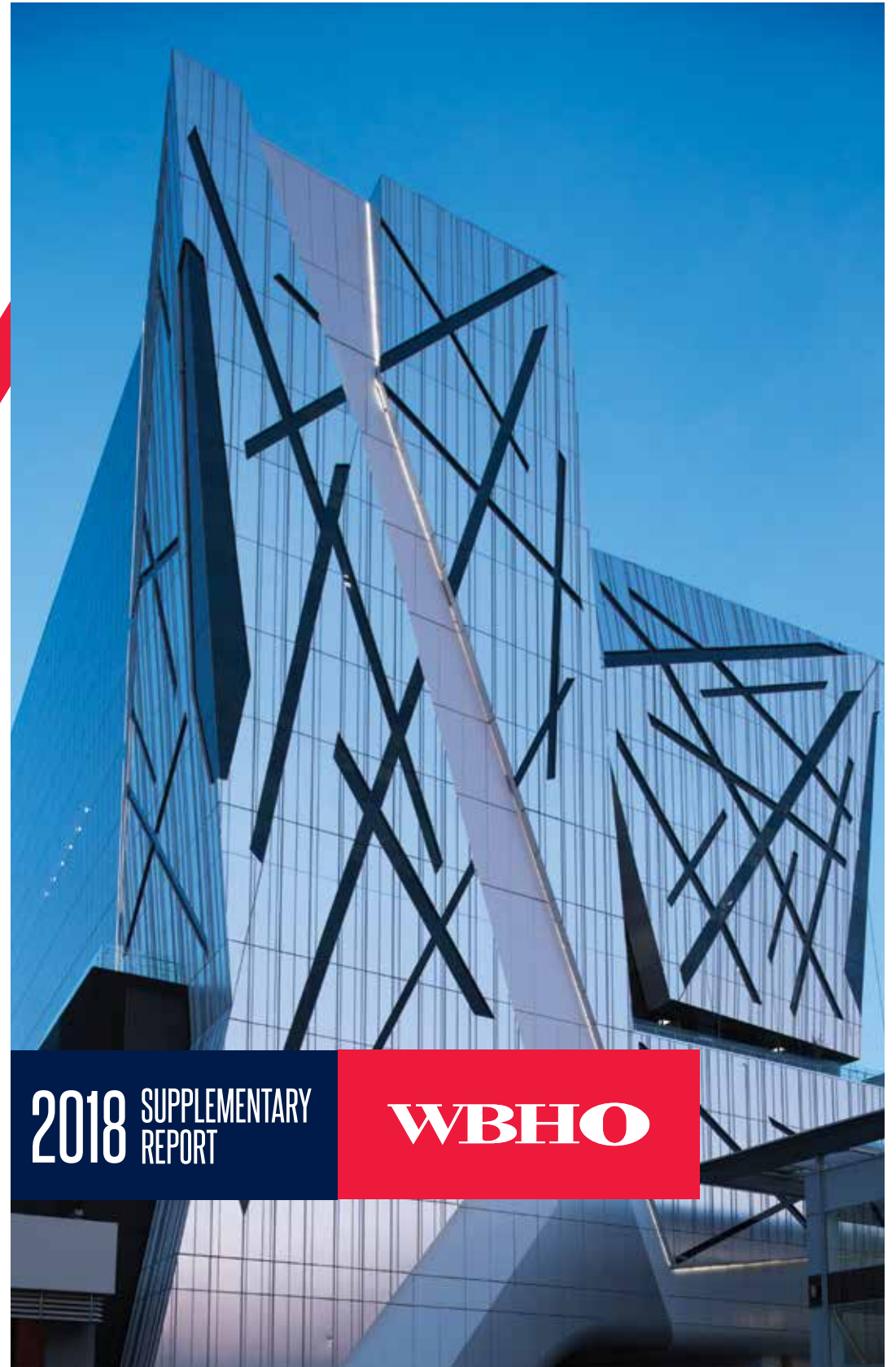
www.wbho.co.za

WBHO

2018 SUPPLEMENTARY
REPORT

WBHO

2018 SUPPLEMENTARY REPORT




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 For further information visit our website

www.wbho.co.za

ABOUT THIS REPORT

In all its dealings, WBHO considers the impact of its business and operations on the environment in which it operates. We therefore believe that the disclosure of socio-economic and environmental performance is as relevant as financial reporting. It is with this intent that WBHO has prepared its second Supplementary report.

The information presented in this report gives additional context to the key areas of our business. Detail is provided on how we ensure the highest levels of quality across our business, how we manage and develop our people while ensuring their safety and wellness and that of other stakeholders and how we manage our environmental responsibilities.

SUSTAINABILITY VISION


Managing health and safety, quality, environmental, social and financial demands and concerns are important to ensure the responsible, ethical and ongoing success of the business. WBHO subscribes to the principles of openness, integrity and accountability. These principles embrace economic, social and environmental relationships through an integrated, sustainable approach that encompasses all our stakeholders – shareholders, customers, employees, suppliers, governments and the communities in which WBHO operates.

WBHO continues to integrate economic development, environmental, quality and social equity into the various business practices to constantly improve performance in a sustainable manner. The approach includes the integration of sustainability into WBHO's corporate culture so that it will become fundamental across functions, including in the value proposition offered to stakeholders.

GOVERNANCE OF SUSTAINABILITY

The Board is ultimately responsible for the key governance processes to ensure sustainable growth and the acceptable performance of the group. The Board has delegated to the Social and ethics committee, its responsibility for monitoring and managing the group's social and economic development; good corporate citizenship, including the promotion of equality; environment; quality; health and safety, good labour conditions and sound business ethics.

In accepting its duty to present a balanced and understandable assessment of the group's position in reporting to its stakeholders, the Board takes into consideration the greater demand for transparency and accountability regarding non-financial matters. All stakeholders with a legitimate interest in the group's affairs should be able to obtain a full, fair and frank account to the WBHO performance.

 For more on the composition of the Social and ethics committee, duties and focus areas for 2018 and the forthcoming year, refer to the WBHO 2018 Integrated Report.

SUSTAINABILITY PERFORMANCE

HUMAN CAPITAL

Total workforce increased by
12% to **11 018**
employees

Net increase of
883 employees in RSA

333
retrenchments

19 835 days lost due to
strikes, work stoppages or
non-attendance (FY2017: 5 175)

R86 MILLION
invested in training

R7 MILLION
of bursary spend

ENVIRONMENTAL

ISO 14001
certified

ZERO
material reportable incidents

17 non-compliance findings
on ISO audits

9 completed
Green Star SA buildings

SAFETY

ISO 18001
certified

LTIFR per million man hours
0,90 (FY2017: 0,80)

RCR improved to
0,93 (FY2017: 1,07)

3
fatalities

TRANSFORMATION

LEVEL 1
B-BBEE status

R150 MILLION
training spend on black employees

Women comprised **13%** of the
workforce in RSA

R14 MILLION invested in
socio-economic development

R6 MILLION bursary
spend on black employees

QUALITY

ISO 9001
certified

Customer quality
perception feedback:
89% satisfaction rating

Conducted
159 quality audits

173 supplier inspection
and **89** supplier
audits conducted



HUMAN CAPITAL

Our people are essential to WBHO's continued success and sustainability.

STRATEGIC OBJECTIVE

People management is of primary concern within the group. Right-sizing our teams is a continuous process in order to match demand with economic cycles. Effective recruitment processes and solid working relationships with the representative unions are essential in achieving this outcome.

Projects seldom begin and end in a linear manner and the number of staff required at the various stages of projects differs significantly. We call the process of anticipating this fluctuating demand "managing the gap", where we ensure that the right skills and manpower are available at the right time.

Effective employee development fosters staff retention, loyalty and their commitment to "The WBHO Way", as well as attaining our strategic goals of "procurement and execution excellence" and "transformation".

OUR APPROACH TO PEOPLE MANAGEMENT

We endeavour to provide employees with equal opportunities in terms of recruitment, promotion, transfer, employee benefits, training and conditions of service. We provide well-structured employment contracts and fair and competitive remuneration.

We aim to provide a safe, healthy and enabling workplace that is characterised by mutual respect, fairness, integrity, non-discrimination and open, two-way engagement. In doing so, we seek to attract and retain the best available talent within the industry. When balancing the needs and capacity of the business with the sizes of our teams, we adopt responsible and ethical labour practices.

Our Human Resources (HR) department supports operational teams and ensures that we have the right balance of technical skills and manpower available throughout our projects.

Investing in the development of our people is a proactive way of ensuring the long-term sustainability of our business. Our commitment to the development of our employees prepares and equips them to participate safely and meaningfully in the workplace, and we endeavour to integrate this with their own developmental goals. We have a philosophy of "Growth from within" and, whenever possible, identify internal talent for development rather than hire from outside. Our bursary schemes, inductions, on- and off-site training interventions and management development programmes help equip our employees with the necessary expertise at each of the key

phases of their career development, while also attending to the skills shortages experienced within the construction industry.

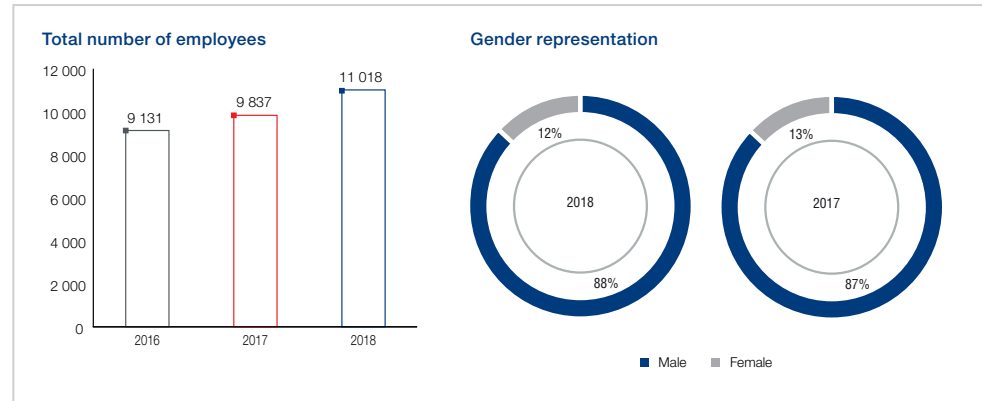
A training needs analysis is conducted by each business unit at the beginning of the year, after which a training budget is developed, reviewed and approved by the Executive committee.

Owing to the geographic diversity of our workforce, we have developed appropriate global, regional and site-based policies and programmes. Our training function coordinates external training through accredited providers where necessary, and offers a selection of programmes through our training centres, all of which are aimed at retaining, developing and transforming our employees, management and the business. We continuously strive to improve the training interventions offered to our people by reviewing external training service providers, updating and reviewing internal training subject matter and introducing new programmes where a need has been identified.

We follow the guidelines promulgated by the International Labour Organisation and comply with all legislation governing conditions of employment and labour relations in the countries in which we operate.

WBHO is a responsible protector of human rights. There were no human rights violations and no formal complaints of discrimination have been reported for the period under review.

CAPACITY MANAGEMENT
WORKFORCE DEMOGRAPHICS AND STATISTICS



WORKFORCE BY REGION

During the period under review, the total workforce increased by 12% from 9 837 to 11 018, which was attributable to a larger workforce within the African operations in order to meet project requirements. The number of employees increased by 883 in South Africa and by 316 in the rest of Africa, while the headcount reduced by 18 employees in Australia.

| | 2018 | | | | Total | 2017 | 2016 |
|----------------|-----------------|------------|------------------|------------|---------------|-------|-------|
| | Hourly contract | | Monthly contract | | | | |
| | Male | Female | Male | Female | | | |
| South Africa | 4 956 | 536 | 1 467 | 462 | 7 421 | 6 538 | 6 919 |
| Rest of Africa | 1 925 | 152 | 284 | 17 | 2 378 | 2 062 | 1 145 |
| Australia | 350 | 13 | 673 | 183 | 1 219 | 1 237 | 1 067 |
| Total | 7 231 | 701 | 2 424 | 662 | 11 018 | 9 837 | 9 131 |

Includes limited duration contracts.

WORKFORCE BY BUSINESS UNIT

| | 2018 | 2017 | 2016 |
|--------------------------------|---------------|-------|-------|
| Building and civil engineering | 3 683 | 3 662 | 3 807 |
| Roads and earthworks | 5 852 | 4 676 | 3 699 |
| Australia | 1 219 | 1 237 | 1 067 |
| Other* | 264 | 262 | 558 |
| Total | 11 018 | 9 837 | 9 131 |

**Other includes administration functions and Construction materials.*

RETRENCHMENTS

| | 2018 | 2017 | 2016 |
|--------------------------------|------------|------|------|
| Building and civil engineering | 205 | 224 | 112 |
| Roads and earthworks | 38 | 21 | 628 |
| Australia | 86 | 38 | 39 |
| Other | 4 | 32 | 55 |
| Total | 333 | 315 | 834 |

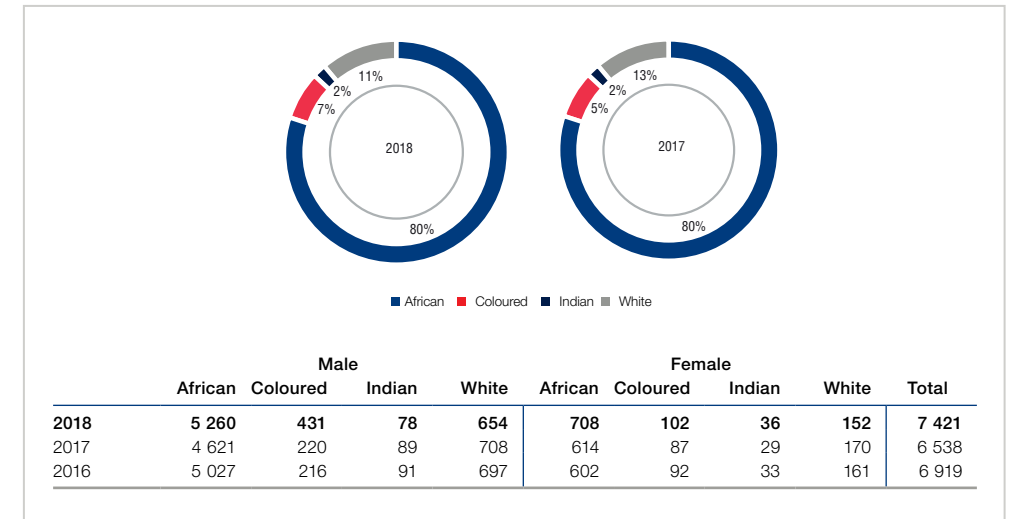
In total, there were 333 retrenchments in 2018, of which 235 were hourly-paid employees. The majority of these retrenchments came from within the building operations.

SOUTH AFRICAN WORKFORCE

The increase in the South African workforce was mainly due to the appointment of new employees to support increased activity within the Roads and earthworks and Civil engineering divisions. 89% (FY2017: 87%) of total employees come from previously disadvantaged backgrounds and female employees represent 13% (FY2017: 14%) of the workforce.

The Constitutional Court recently ruled on the definition of a labour broker and who is deemed to be employed by the labour broker. We welcome the recent ruling as this has provided the clarity needed to address a long-standing challenge to the industry. Currently, it is not anticipated that the matter will have a significant impact on the operations of WBHO.

SA workforce demographics



REST OF AFRICA WORKFORCE

Similarly, in the rest of Africa, the appointments of 316 new employees were necessary to support increased activity mainly within the Roads and earthworks and Civil engineering divisions in Mozambique and Zambia.

Localisation practices are becoming more rooted across most territories in the rest of Africa and now extend beyond local employment requirements and restrictions on work permits for expatriate employees. To meet these requirements, we have developed strong teams of local staff in all the geographies in which we have a permanent residence. At year-end 90% (2017: 91%) of the workforce represented citizens of the host country.

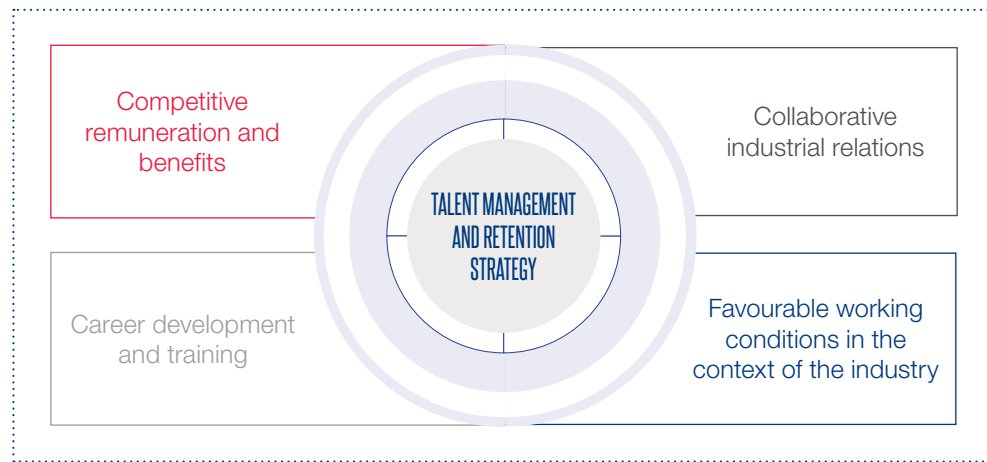
| | 2018 | | 2017 | | 2016 | |
|--------------------|--------------|-----------|------------|-----------|--------|----|
| | Local | % | Expats | % | Expats | % |
| Botswana | 303 | 93 | 22 | 7 | 4 | 6 |
| Ghana | 594 | 94 | 36 | 6 | 6 | 6 |
| Mozambique | 881 | 89 | 112 | 11 | 12 | 16 |
| Zambia | 302 | 85 | 55 | 15 | 14 | 15 |
| Grand total | 2 080 | 90 | 225 | 10 | 9 | 9 |

AUSTRALIA WORKFORCE

The Australian business continues to forecast market requirements to ensure that the right competencies and resource availability is in place to deliver current and future work secured in the competitive market. A key attribute to employment decisions and policies is flexibility, particularly in relation to migration of personnel within Australia when working on projects in different states, while still matching competencies and experience with our projects on hand. As such, the workforce remained relatively static at 1 219 employees as capacity requirements were anticipated and catered for in the previous year.

TALENT MANAGEMENT AND RETENTION

Talent development and retention, especially continuity at management level, is considered critical to our long-term success. WBHO’s approach to talent and capacity management is driven by the philosophy of “Growth from within”. Recognising that it takes time to gain the necessary experience to reach management levels within the group, we provide our employees with structured career plans incorporating on- and off-site training designed to equip them with the relevant skills at each stage of their progression through the business. Our talent management retention strategy is built around four pillars as reflected in the diagram below:



EMPLOYEE REMUNERATION AND BENEFITS

Remuneration for people employed or contracted with, is determined by management with reference to the remuneration policy and with oversight from the Remuneration committee which is a subcommittee of the Board.

We offer an equal rate of pay to both male and female employees of equivalent experience and we have committed to supporting the Workplace Opportunities for Women (WOW) initiative in Australia. The Australian business is also a sponsor and great supporter of the National Association of Women in Construction (NAWIC). In addition to the legally mandated employment benefits, we provide our full-time employees with retirement funding and medical scheme benefits.

Retention of our black senior and middle management in South Africa as well as seconded operational staff (all levels) in Africa remained a challenge during the year. These staff members are often headhunted for their experience and skill or are attracted by the dollar exchange rate. Our remuneration approach is thus adapted to mitigate the risk.

Our “localisation and transformation” objectives are key issues across all of the geographies in which we operate, in particular the transfer of skills and economic benefits to the previously disadvantaged and local residents, as well as representation within our management structures. We seek to employ members of the local community where possible when hiring employees in Africa, and offer training opportunities members that will allow them to develop the skills they need for their employment.

The construction labour market in Australia is currently highly competitive, driven by the significant infrastructure investment by the Federal and State government as well as the continuing appetite of property developers from the East Asia region to invest in the Australian market. This spending has resulted in a sharp increase in demand for, and remuneration of, project management and site leadership professionals.

For a detailed discussion on remuneration, please refer to the comprehensive Remuneration report included in WBHO’s Integrated Report for the year under review as well as our Remuneration policy which can be found on our website.

COLLABORATIVE INDUSTRIAL RELATIONS

We recognise the rights of our employees to engage in collective bargaining and a large number of employees in South Africa are covered by collective bargaining agreements. We do not tolerate discrimination and WBHO upholds employee rights to freedom of association. Potential employees are also advised of their rights in this regard. In South Africa, we have recognition agreements in place with the National Union of Mineworkers.

Currently, 68% of our employees in South Africa are covered by collective bargaining agreements which is 3% up from FY2017. The overall level of union representation within the group has increased to 22% (FY2017: 19%). The increase in collective bargaining coverage and union representation is mainly due to the growth in headcount that occurred during the year.

We engage with our employees in advance of any significant operational changes and consult with unions with the aim of reaching agreement. Negotiations on substantive matters take place at industry level with the South African Federation of Civil Engineering Contractors (SAFCEC) and the representative unions.

This process covers the majority of our hourly-paid employees while the balance of our personnel is covered by various other bargaining council and voluntary bargaining forum agreements.

In Australia, a change in industrial relations legislation during the 2018 financial year, which was fast-tracked by the federal government, resulted in a series of interim, one-year enterprise bargaining agreements (EBA) with state-based unions to enable compliance with the legislative changes. This enabled the WBHO Australia business to remain qualified to work on federally funded work. This will require a further EBA to be negotiated with the unions during the course of the 2019 financial year. In total, 14% (FY2017: 48%) of our Australian employees are covered by collective bargaining agreements.

The business continues to experience a relatively stable period in terms of employee relations and industrial action. The number of “person days lost” (i.e. the number of days lost due to strikes, work stoppages or non-attendance multiplied by the number of employees affected) has increased from 5 175 in FY2017 to 19 835.

| | 2018 | 2017 | 2016 |
|---------------------------------------|---------------|-------|-------|
| Total person days lost (South Africa) | 6 331 | 3 739 | 4 607 |
| Total person days lost (Africa) | 13 504 | 1 436 | 0 |
| Total person days lost (Australia) | 0 | 0 | 0 |
| Total | 19 835 | 5 175 | 4 607 |

The increase in person days lost in South Africa is mainly attributable to an unprotected strike at Saldanha early in the financial year and an increase in community and business forum disruptions.

Community unrest is a consequence of low job creation and high levels of poverty. In some instances, communities have been militant in insisting on jobs for their members, presenting unrealistic demands characterised by infighting among their leaders. This has often been further exacerbated by individuals and forums seeking to exploit communities for their own gain. Recognising the need to manage the community expectations, we have improved and increased our early community consultation activities prior to commencing construction as well as during the construction phase. Where possible, we also utilise local labour. In response to the increasing trend of violent actions, we have developed a response protocol to assist site managers and employees to respond to these challenges.

The rest of Africa has seen increased incidences of local workers striking, especially on the mines, which in turn impairs our productivity.

Pleasingly, there have been no “person lost” days in Australia. This outcome is underpinned by general industrial relations stability and reflects the ongoing commitment of the Australian business to invest in communication and mutual respect with all stakeholders, both state and federal governments and state-based and federal unions as well as other associations.

FAVOURABLE WORKING CONDITIONS WITHIN THE INDUSTRY CONTEXT

The avoidable staff turnover rate increased to 5,4% (FY2017: 4,7%) in 2018 but remains within our target of 7% or less. The group closely monitors this statistic in order to establish the reasons why employees elect to leave the business of their own accord and understand how to respond to any concerning emerging trends that become apparent.

Staff turnover

South Africa

| Type | 2018 | 2017 | 2016 |
|---|--------------|--------------|--------------|
| Resignations | 143 | 109 | 151 |
| Retrenchments | 226 | 302 | 339 |
| Retirements | 40 | 20 | 36 |
| Deaths | 9 | 5 | 3 |
| Total | 418 | 436 | 589 |
| Total number of employees | 7 421 | 6 538 | 6 919 |
| Avoidable staff turnover (permanent employees) | 4,7% | 4,4% | 4,6% |

Rest of Africa

| Type | 2018 | 2017 | 2016 |
|---|--------------|--------------|--------------|
| Resignations | 24 | 7 | 10 |
| Retrenchments | 21 | 13 | 380 |
| Retirements | 5 | 2 | 7 |
| Deaths | 2 | 0 | 0 |
| Total | 48 | 22 | 397 |
| Total number of employees | 2 378 | 2 062 | 1 145 |
| Avoidable staff turnover (permanent employees) | 0,7% | 0,3% | 0,3% |

Australia

| Type | 2018 | 2017 | 2016 |
|---|--------------|--------------|--------------|
| Resignations | 103 | 94 | 82 |
| Retrenchments | 86 | 38 | 39 |
| Retirements | 1 | 0 | 3 |
| Deaths | 1 | 0 | 1 |
| Total | 191 | 132 | 125 |
| Total number of employees | 1 219 | 1 237 | 1 067 |
| Avoidable staff turnover (permanent employees) | 3,3% | 3,2% | 2,5% |

Construction by nature is demanding, both physically and emotionally. Resignations within the industry are often due to lifestyle choices as the nature of the business demands long hours in order to meet contractual programmes and committed deadlines as well as in some circumstances cross-border secondments and travel. As part of its employee engagement programme, WBHO monitors and manages high-risk employees to support an appropriate work-life balance and required resting, including monitoring length of "out-of-town" engagements as well as overtime levels.

Employee wellness

Medical fitness programme

We have a medical fitness programme in place where operational employees undergo medicals annually to ensure that they are considered fit to work in a construction environment. The programme has been most successful in managing high-risk medical conditions, such as high blood pressure, diabetes and epilepsy, as well as occupational diseases. Executive and senior management also undertake medicals on an annual basis.

Mental health

During the 2018 financial year, the Australian business focused on programmes and awareness aimed at managing and supporting the mental health of its workforce, which included partnering with charity organisation Mates in Construction. Statistics in Australia illustrate that construction workers are more than twice as likely to commit suicide as other members of society, and more than six times more likely to die from suicide than by a work place safety incident. The programmes implemented are primarily focused on encouraging the workforce to ask for help if they feel they are at risk of mental health issues. The investment also included the ongoing employee assistance programme.

Wellness day and HIV/Aids

Every year, a wellness day is held at the head office of the group, which includes testing for cholesterol and diabetes as well as one-on-one HIV/Aids awareness sessions and voluntary testing. The number of wellness day attendees decreased from 169 to 124.

We recognise that HIV/Aids can have a significant impact on our business, our employees and the broader communities in which we operate. HIV/Aids awareness programmes are designed to educate and increase the understanding of all employees by providing them with more information and possible support systems available. We actively encourage early testing, awareness and lifestyle changes. We have an HIV/Aids policy that advocates our commitment to confidentiality, non-discrimination and to developing and implementing programmes for treatment and prevention. We also conduct regular on-site HIV/Aids awareness, counselling and testing programmes. Further awareness is generated through our toolbox talks and posters that are distributed to sites and regional offices.

With regards to treatment, we provide antiretroviral (ARV) therapy to permanent employees through a medical aid scheme and managed healthcare provider. Non-permanent employees are provided with five counselling sessions before being transferred to state services.

Site managers monitor absenteeism on our electronic system. Where absenteeism is unauthorised, disciplinary processes are followed. In creating a safe working environment, we have a zero tolerance policy for alcohol and drug abuse and continuous testing mechanisms are in place.

HIV testing (South Africa only)

| | 2018 | 2017 | 2016 |
|---|-------|-------|-------|
| HIV/Aids | 2 404 | 1 786 | 2 041 |
| Epilepsy | 3 171 | 1 786 | 2 041 |
| Drugs/alcohol | 3 171 | 4 334 | 3 027 |
| Other (wellness day) | 124 | 169 | 138 |
| Number of active employees registered on ARV programmes | 106 | 117 | 136 |

CAREER DEVELOPMENT AND TRAINING

The number of employees trained within our African-based businesses grew by 24% to 3 263 employees, while our training spend increased by 35% to R86 million. A significant portion of this relates to the increased participation in our management, artisan and skills, safety and environmental training interventions.

| | 2018 | 2017 | 2016 |
|---|--------|--------|--------|
| Total training and skills development spend (R million) | 85,7 | 63,7 | 42,3 |
| Total employees trained | 3 263 | 2 633 | 2 427 |
| Average hours spent per employee | 24 | 24 | 24 |
| Average spend per employee (rand) | 26 269 | 24 182 | 17 445 |

Retention of engineers remains a keen focus area when developing future leaders, building a corporate culture and delivering on the needs of the business. In South Africa, while 64 engineers resigned (FY2017: 56), we employed a further 89 engineers during the course of the year, which is a net increase of 25 engineers for the period under review.

Locally we work together with the Engineering Council of South Africa (ECSA) to assist with the retention of this vital skill, not only for our business but for the industry as a whole, and this also guides our engineers' careers. The group has registered qualified engineers who act as mentors with ECSA to assist candidates within the business to obtain the Professional Engineering (PR Eng) designation, which we consider to be crucial. Attaining this qualification is of tremendous professional value for our engineers and our financial and mentoring support successfully eases the difficulties that can be associated with this challenge. During the year, we successfully registered 18 candidates with ECSA, bringing the total number of candidates registered to 112 over the past three years.

| | 2018 | 2017 | 2016 |
|---------------------------------------|-----------|-----------|-----------|
| Candidate engineer | 8 | 10 | 38 |
| Candidate engineer technician | 6 | 3 | 5 |
| Candidate engineer technologist | 3 | 3 | 9 |
| Professional engineering technician | 0 | 0 | 3 |
| Professional engineering technologist | 0 | 0 | 4 |
| Professional engineer | 1 | 1 | 18 |
| Total | 18 | 17 | 77 |

Applicable to South Africa only.

The table below shows the number of our quantity surveyors (QSs) we have registered with the South African Council for the Quantity Surveying Profession in the year.

| | 2018 | 2017 | 2016 |
|-----------------|----------|-----------|----------|
| Candidate QS | 4 | 11 | 2 |
| Professional QS | 1 | 2 | 0 |
| Total | 5 | 13 | 2 |

Applicable to South Africa only.

While in the past our focus on professional registrations was limited to engineers and QSs, more recently we have adopted a more inclusive and wider approach to include all other professionals on the programme. The programme now extends to safety and environmental personnel, accountants and lawyers who are encouraged to register with their relevant professional bodies. The purpose behind this drive is to enhance the level of professionalism within the group and the continued development of our talent. Consequently the number of employees registered with South African Council for the Project and Construction Management Professions (SACPCMP) doubled to 18 in the year.

| SACPCMP registrations | 2018 | 2017 |
|--|-----------|----------|
| Candidate construction | | |
| Manager | 1 | 2 |
| Health and safety officer | 4 | 3 |
| Project manager | 1 | 0 |
| Professional construction manager | 2 | 4 |
| Construction health and safety manager | 1 | 0 |
| Construction health and safety officer | 9 | 0 |
| Total | 18 | 9 |

Applicable to South Africa only.

Despite the group's policy of developing from within, skills shortages in middle management levels in recent years has necessitated that we employ talent from outside the company. As a result, the development and training of middle management has been earmarked for attention. In order to accomplish this objective, the management development programme (MDP) as well as the Engineering School Level 3 have been enhanced.

The MDP is a formal training course designed to equip managers with the necessary competencies to implement the strategic objectives of the group. A collaboration with the University of Stellenbosch Business School and aligned with the National Qualifications Framework NQF level 6, the MDP provides managers with the opportunity to broaden their knowledge and understanding in the different fields of management and leadership, and to provide them with an alternative way of thinking and problem solving. The programme consists of two study blocks, four assignments and a final group presentation. Six (FY2017: four) employees participated in the programme during the year.

The Engineering School Level 3 programme, established in FY2017, is aimed at our senior site agents and contracts managers to develop their operational and managerial skills. During the year, 14 employees participated in the programme, bringing the total number of employees supported since inception to 37.

The graduate programme in the Australian business, which provides roles for university graduates and undergraduates, was recognised as being one of the top 100 graduate programmes offered in the country. The business continues to invest in its future with 50-60 graduates being employed annually, rotating over a three year period across all disciplines of construction management and delivery.

The table below illustrates the various programmes in place in respect of the African business for the year under review.

| Description of course | 2018 | | | 2017 | | |
|---|---------------------|---------|----------------------|---------------------|---------|----------------------|
| | Number of attendees | % Black | Spend per person (R) | Number of attendees | % Black | Spend per person (R) |
| Engineering School Level 1 | 50 | 68 | 12 000 | 56 | 58 | 13 000 |
| Engineering School Level 2 | 47 | 57 | 13 000 | 64 | 46 | 16 000 |
| Engineering School Level 3 | 14 | 42 | 40 000 | 23 | 52 | 40 000 |
| Management development programme | 6 | 66 | 39 500 | 4 | 100 | 36 400 |
| Senior management development programme | 1 | 100 | 71 800 | - | - | - |
| Construction management programme | 2 | 100 | 92 000 | - | - | - |
| Management training | 406 | 62 | 3 491 | 263 | 51 | 2 400 |
| Artisan/skills training | 79 | 96 | 1 770 | 22 | 95 | 8 000 |
| Finance | 14 | 50 | 5 222 | 17 | 88 | 3 300 |
| Safety | 1 639 | 86 | 850 | 596 | 67 | 800 |
| Environmental | 48 | 52 | 1 700 | 23 | 47 | 1 000 |
| Quality | 19 | 56 | 9 135 | 7 | 28 | 4 400 |

The performance appraisal system of the African business has been enhanced and standardised by incorporating it into the in-house ERP system of the group and linking it with the training application. The results of the performance management system also provide insight into training requirements and which will be incorporated into the annual training needs analysis, enabling the training team to procure and/or develop the required interventions for the coming year.

In Australia, Probuild trained 38 employees (FY2017: 21) in conducting site inductions, 153 employees (FY2017: 25) on health, safety and environment (HSE) management systems, 164 employees (FY2017: 87) on HSE risk management, 145 employees (FY2017: 11) in incident investigations, 75 employees (FY2017: 148) in plant inductions and 366 employees (FY2017: 469) in workplace behaviour. In addition, the Project Leaders' Development Programme, launched in FY2017, supported 10 senior leaders (FY2017: 10) in the year. 44 employees (FY2017: 50) participated in the Graduate Development Programme or junior site supervisor programme. Three employees (FY2017: one) completed various other apprenticeship programmes during the year.

HUMAN CAPITAL

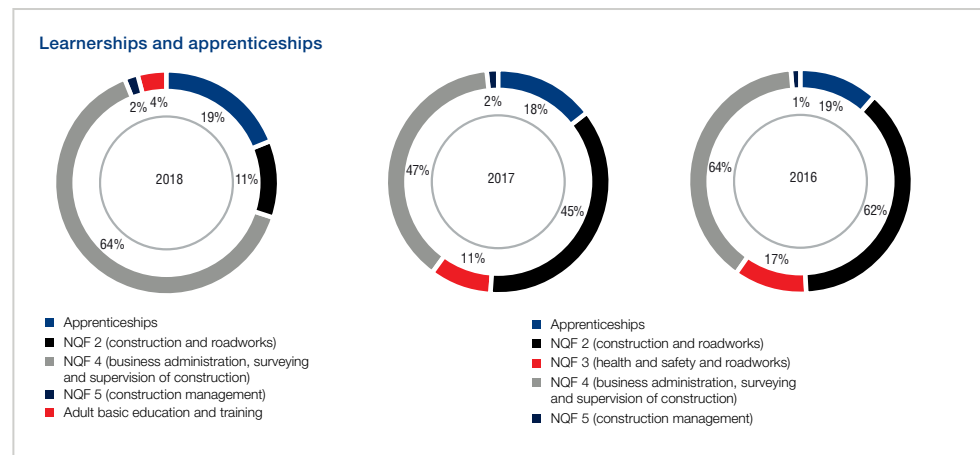
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Bursaries and learnerships

Our bursary and learnership schemes provide financial assistance to beneficiaries, enabling them to study on a full-time basis to qualify for a degree or national diploma at a recognised South African educational institution. Financial assistance covers expenses related to books, class fees, accommodation and general expenses.

Beneficiaries are selected through a rigorous process where not only academic merit is considered, but specific emphasis is placed on learning potential and historically disadvantaged backgrounds, especially students without financial means. The focus of programmes is largely on scarce skills relevant to our industry such as engineering and quantity surveying.

During the year we supported 104 (FY2017: 163) employees in South Africa with learnerships. In addition to the learnership programme, we also introduced a new skills programme for foremen. They will complete certain unit standards from the NQF 2 programme that although not resulting in a formal qualification will provide them with a certificate of competence for the unit standards completed.



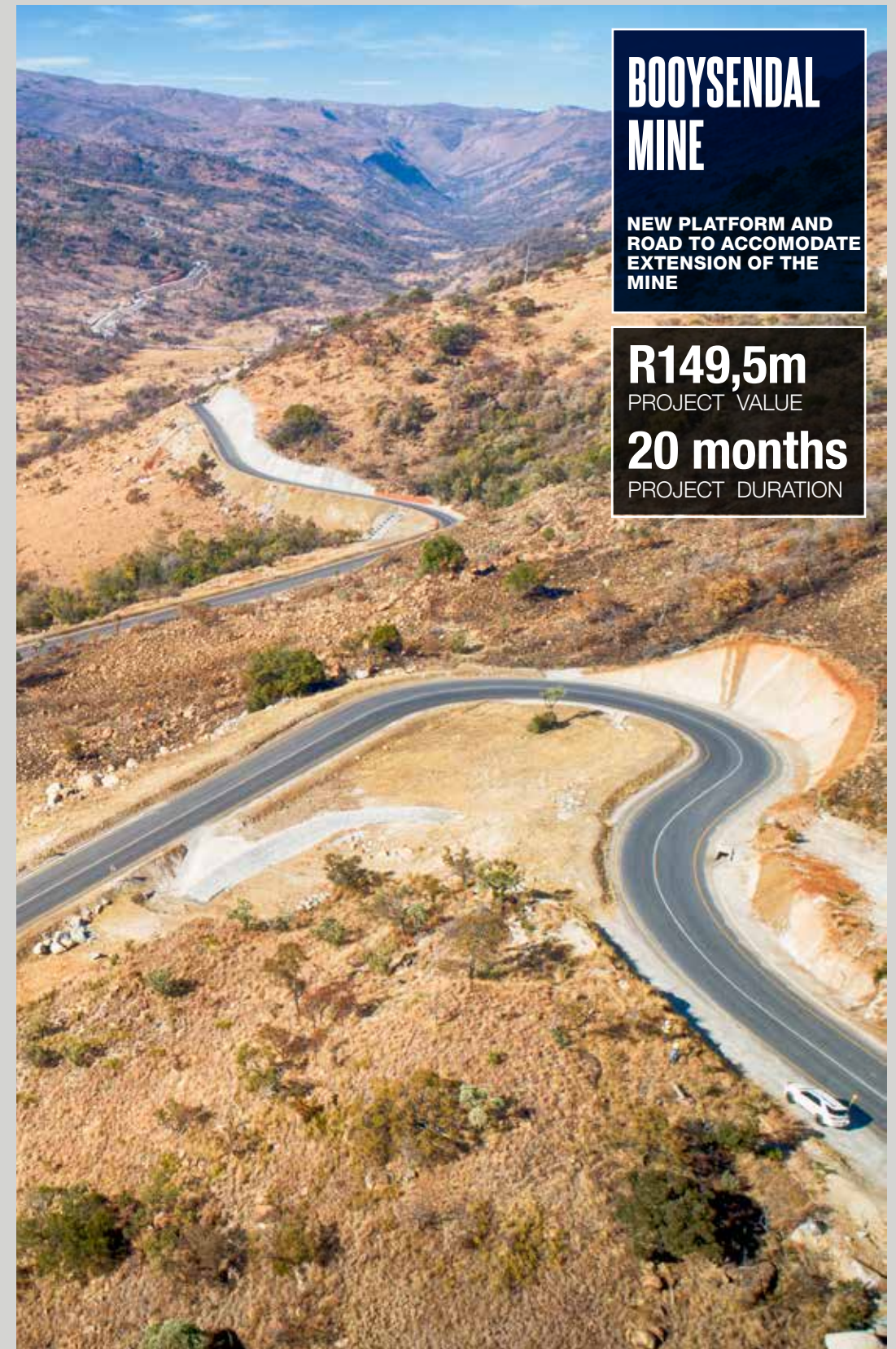
| | 2018 | 2017 | 2016 |
|---|-------|-------|-------|
| Total bursary spend (R'000) | 6 971 | 6 314 | 4 321 |
| Black bursary spend (R'000) | 5 587 | 4 740 | 2 561 |
| Total number of bursars | 95 | 91 | 97 |
| Black bursars (%) | 80 | 75 | 59 |
| Number of Bachelor of Science students | 45 | 32 | 35 |
| Number of National Diploma students | 12 | 18 | 20 |
| Number of students receiving in-service experiential training | 38 | 41 | 42 |

ENHANCING COMPETENCIES WITHIN THE HR TEAM

The HR function is required to stay abreast of industry trends and requirements and formal training is thus ongoing. Two HR personnel are currently studying towards Bachelor degrees in HR, while a further member of the HR team is studying towards advanced a post-graduate diploma in Law. During the year one HR staff member completed a post-graduate diploma in HR, while two attended various HR seminars that contributed towards their continued professional development.

LOOKING AHEAD

The ability to attract top talent and grow the next generation of leaders will be key focus area in 2019. We have also identified the need to increase our investment into skills development activities across the group.



**BOOYSENDAL
MINE**

**NEW PLATFORM AND
ROAD TO ACCOMODATE
EXTENSION OF THE
MINE**

R149,5m
PROJECT VALUE

20 months
PROJECT DURATION



SAFETY MANAGEMENT

We recognise that policies and procedures alone do not create a safe working environment and we encourage our employees to assume responsibility for their own safety.

STRATEGIC OBJECTIVE

As a contractor with an international footprint across Africa, Australia and now the United Kingdom, it is essential that we hold ourselves to the very highest health and safety standards. Protecting the welfare of our employees and subcontractors results in healthy morale and uninterrupted productivity. A proven safety record is also imperative in the procurement of work within some of our key markets, such as mining and the public sector.

OUR APPROACH AND POLICY

As construction is inherently a high-risk activity, occupational health and safety (OHS) is a critical imperative. We recognise that we have a moral and legal obligation to safeguard and protect the well-being of all of our stakeholders and aspire to achieve “zero harm” within our operations.

The Board assumes overall responsibility for the safety of our employees and stakeholders through the Social and ethics committee while each operational managing director assumes responsibility for safety within his individual business unit and reports thereon to the Executive committee.

The group applies best practice when implementing its safety policies and procedures through the safety management system and obtains external assurance on the legal compliance and effectiveness of the system. Internal assurance of compliance to the system by the operations of the group is obtained by the safety department.

The group monitors and reports on all safety incidents, including near-misses. This information is used to raise awareness and develop and implement safety initiatives and training on a continuous basis.

No amendments were made to the policy during the year.

ESTABLISHING A CULTURE OF SAFETY

An OHS strategic meeting took place during January 2018 which involved top management participation and five Safety First Initiatives were identified to improve overall OHS within WBHO. These initiatives are targeted towards: safety accountability and awareness; developing a safety first culture; a legal appointment process; a risk identification and mitigation process; and lastly improving accident or incident investigations. In future, this strategic meeting will take place twice a year where the effectiveness of the initiatives will be reviewed and revised.

We recognise that policies and procedures alone do not create a safe working environment and we continue to entrench a culture in which our employees assume responsibility for their own safety. We are also working to extend this culture outside of work – at home and with their families – by making safety an automatic, innate consideration.

As part of our preventative efforts, employees are encouraged to report “near-misses”, so that solutions preventing similar incidents from happening in the future can be devised and implemented.

We also have an incentive programme in place that rewards employees and stakeholders when OHS targets and objectives are achieved on a project – typically, 500 000 lost-time injury-free hours.

SAFETY MANAGEMENT

CONTINUED

The group also has in place a Visible Field Leadership (VFL) programme whereby scheduled visits are conducted by members of senior site management who are not specifically involved on the project to evaluate sites from a safety perspective, giving constructive feedback to the project team and sharing safety practices and initiatives implemented on other projects. In this way, senior management is seen to be leading by example, proactively raising awareness of specific safety issues.

We take responsibility for all people on our sites, regardless of whether they are our employees or not and report on injuries of all subcontractors and service providers on our sites or under our supervision.

SAFETY MANAGEMENT SYSTEM

The WBHO Safety Management System (SMS) ensures that our approach to safety is documented and methodical. Based on a comprehensive set of explicit procedures and records, the SMS defines how risk is identified and managed by the group. The objective of the SMS is to improve safety performance continuously through the seamless integration of planning, implementation and performance review processes. The SMS ensures compliance with statutory legislation and is monitored through a thorough auditing protocol.

An external service provider conducts annual audits to assess compliance with the OHSAS 18001 standard, and any areas of non-conformance and observations are addressed after the completion of the audit. An external legal audit on a sample of our sites is conducted every two years to identify any shortcomings within the SMS. All South African divisions are OHSAS 18001 certified by BSI.

During the year, WBHO retained its OHSAS 18001 certification. The next scheduled audits are taking place during July 2019. The new ISO 45001 standard was promulgated on 28 March 2018. The WBHO OHS Management System is being aligned with the changes of ISO 45001:2018 and will be rolled out for implementation from October 2018. The recertification audit in 2019 will then be based on the new ISO 45001 standard.

No person is allowed onto a site without being inducted. Our health and safety induction process incorporates our own employees, subcontractor employees, tenant contractors and visitors. The programme has been developed to inform all employees, and contract employees of the hazards and risks prevailing on each project. Visitors are also informed of the hazards and risks associated with each project, but it is not as in depth as the own and contractor employee inductions.

New employees are monitored and their understanding of hazards and risks is regularly assessed. In addition, newly appointed line managers undergo the level 1 and level 2 orientation programme of the group, where they are guided through the different OHS policies, procedures and processes in place within the organisation.

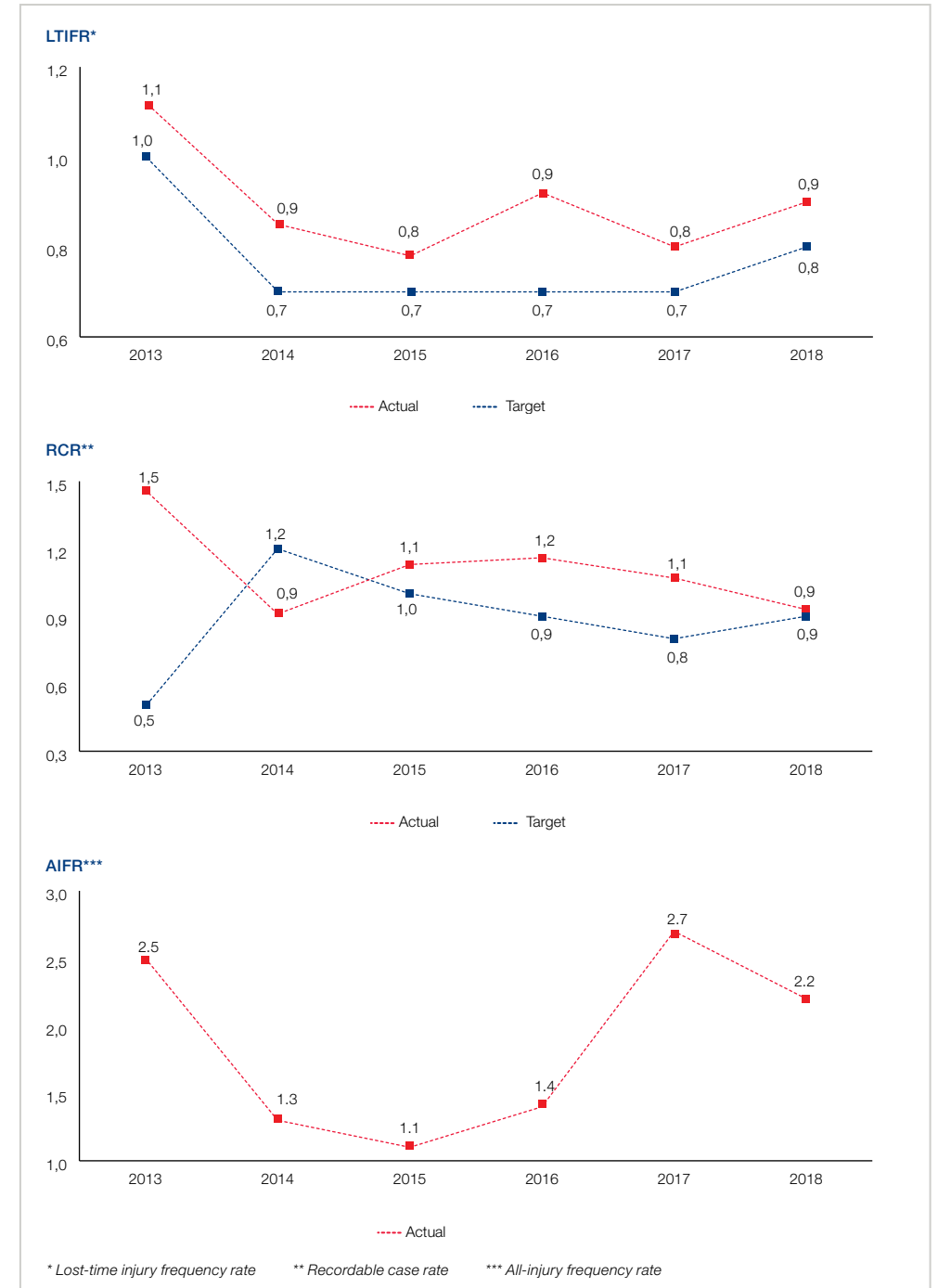
HEALTH AND SAFETY INITIATIVES

In implementing the Safety First initiatives defined at the strategic meeting, the VFL programme has now been rolled out to all divisions. An additional Monday morning "Safe start" meeting and weekly walkabout by the project management team (which includes subcontractors) have also been initiated on all projects. The aim of these meetings is to identify potential hazards and risks on the projects for the week ahead and to put effective mitigating factors in place to eliminate the hazards or to reduce the risks to an acceptable level.

SAFETY STATISTICS

As can be seen from the tables on the next page, our LTIFR increased and RCR improved marginally year-on-year. This is due to the inclusion of a new subsidiary company, iKusasa Rail, as well as smaller subsidiaries, Reinforcing Mesh Solutions and VSL Construction Solutions, which have now been aligned with group standards and practices. While good progress continues to be made in reducing the number of safety incidents across most divisions, we must, with great sadness, report that two WBHO employees and one subcontractor employee were fatally injured on work-related incidents in the year. Such accidents are shocking to us all and we are truly saddened by the loss to the families and WBHO of these employees. Any fatality is unacceptable and management continues to evaluate ways in which to prevent harm to our people and service providers, further improve safety awareness and to focus on improving safety throughout the group.

In Australia, two significant safety incidents occurred. The most notable being the fall of a tower crane at a residential project in New South Wales whereby the crane fell into a neighbouring occupied building. The business incurred in excess of AUS\$ 4 million in costs and loss of six working days. Investigation by the state-based regulatory body is still ongoing.



INJURY TYPES AND TRENDS

Decreasing trends in lost-time injuries are not necessarily a complete reflection of safety performance and therefore, we also monitor and report on the frequency of accidents measured as the total number of injuries/incidents per 200 000 hours worked. The all-injury frequency rate (AIFR) includes all types of injuries, from first aid provision to fatalities, indicating a wide range of personal injury trends within the business. The group AIFR is currently at 2,2 (FY2017: 2,0) per 200 000 hours worked. Root cause investigations are undertaken for all accidents and incidents and methods are implemented to prevent similar incidents from recurring.

Accident prevention has been a main focus area for the year under review. We have actively managed the occurrence of accidents which has ultimately led to the prevention of fatalities. This has been achieved by the dedication, assistance and advice from the OHS management team, which has been visible in their areas of responsibilities.

With regard to noted injury trends, continuous awareness campaigns have yielded positive results with the number of recorded hand and finger injuries down by 7%, leg and knee injuries down by 21%, as well as head and face injuries down by 44% over FY2017.

This year has been fraught with serious and fatal incidents within the construction sector. We have, as a preventative measure, investigated the causes of these accidents and verified that the processes, systems and procedures on our sites were adequate to prevent such accidents.

INTERNAL AUDITS

| | 2018 | 2017 | 2016 |
|-------------------------|---|---|---|
| SMS coverage % | 100 | 100 | 100 |
| Audit coverage % | 100 | 100 | 100 |
| Non-compliance findings | <p>Unsafe acts by employees</p> <p>Subcontractor non-compliance</p> <p>Subcontractor plant/machinery in poor state</p> | <p>Unsafe acts by employees</p> <p>Subcontractor non-compliance</p> <p>Attention to detail in documentation completion</p> <p>Subcontractor plant/machinery in poor state</p> <p>Compliance to OHS SMS and Plan</p> | <p>Unsafe acts by employees</p> <p>Subcontractor non-compliance</p> <p>Attention to detail in documentation completion</p> <p>Subcontractor plant/machinery in poor state</p> |

NON-COMPLIANCE TRENDS IDENTIFIED

Unsafe acts by employees is a continuous concern and is addressed by coaching and supervision and taking disciplinary action for repeat offences. This is further enhanced by awareness from union representatives. Toolbox talks and shared learnings are also directed towards the coaching of employees.

The group employs a high number of subcontractors across all its operations but predominantly within the building divisions locally and in Australia. The size of these companies can range from well-established businesses to individual contractors and as such the maturity of their safety standards can vary significantly. Subcontractor management thus remains a high risk. A vetting programme for larger contractors, which comprises pre-system and verification audits of procedures on operational projects, continue to support improved safety performances. The statistical information in respect of injuries and safety incidents in relation to subcontractor employees has improved from the previous year with injuries sustained by subcontractors having decreased by 15% to 225 compared to 265 in FY2017.

Providing employment opportunities to local communities presents additional challenges in respect of safety within the group. Often communities are based in rural areas with local subcontractors and/or community members having minimal experience when working on large construction sites. WBHO provides guidance and assistance to these businesses and community members to ensure they understand and comply with the group's safety procedures as well as to assist in developing a satisfactory OHS culture within their own businesses. Subcontractor employees participate in the WBHO toolbox talks. All safety communications are shared with them for implementation and awareness purposes.

The lack of consistent maintenance of subcontractor plant and machinery is still raised as a non-conformance across various business operations. Incidents relating to substandard plant and machinery is now better controlled as all plant and machinery is inspected prior to being allowed on site.

Contractor compliance to legislative requirements has improved but there are still a few non-conformances raised against contractors. This process is ongoing and is monitored through monthly project OHS officers.

Collisions by third parties on our road projects have decreased with the introduction of additional speed reduction methods and barriers in work areas.

Housekeeping, being the orderly stacking of materials and general tidiness of a site, particularly walkways, has improved through the Safety First interventions, ongoing monitoring and coaching of employees.

The Safety Alerts Programme is used to disseminate important safety reminders and information to site personnel. Safety alerts are sent to all sites when a significant incident or accident has occurred, ensuring we take the necessary precautionary actions to prevent similar incidents from occurring on other projects. Safety alerts this year comprised, amongst others:

- Working at heights
- Pedestrian safety
- Falling operations
- Safe plant and machinery operations
- Traffic management and man-machine interface

HEALTH AND SAFETY TRAINING

In 2018, 1 639 employees attended safety interventions (FY2017: 596), 92% of whom were from designated groups (FY2017: 67%) with an average spend per employee amounting to R1 353 (FY2017: R800).

The safety courses included training on the following: legal liability, firefighting, first aid, fall protection, scaffold erection, health and safety representatives, rigging, working at heights, traffic management, formwork and support work, plant and machinery operator and auditors courses.

All OHS personnel have applied for registration with the South African Council for Project and Construction Management Professions, with the majority of applicants having achieved registration.

LOOKING AHEAD

In the year ahead, the current focus on additional training of management and health and safety personnel will continue as it has already shown positive results.

Subcontractor management will also remain a focus area. Engaging with our contractors will continue as they are an integral part of our business and it is in everyone's best interest to ensure they have a high standard of health and safety on all WBHO related projects. WBHO continuously monitors and assists contractors where required.

Revisions to the OHS Management System to bring it in line with the requirements of the ISO 45001 standard will be implemented during the forthcoming year with the aim of obtaining certification during 2019.

We have also reviewed and revised the safety induction process and these changes will be implemented on all projects this year. Health and hygiene surveys are regularly conducted and incorporated in the risk management process on our sites and we will be continuing with this initiative.

An electronic management system, which will be integrated with other departments, is currently in use on a trial basis and the goal is to implement the system during 2019 on all projects. An electronic management system will give more control over essential documents which are required by legislation.



ENVIRONMENTAL MANAGEMENT

We have embraced the importance of protecting the environment and have made sustainable development one of our overall strategic goals.

STRATEGIC OBJECTIVE

As a good corporate citizen, we have a moral, ethical and legal duty to minimise and reduce our effect on the environment in the areas in which we operate. Compliance with environmental regulations and legislation strengthens our reputation and avoids legal and financial retribution.

OUR APPROACH AND POLICY

As a company, we believe in the constitutional right of all employees, clients and communities to exist and work in an environment conducive to sustainable development. We are committed to the highest standards of environmental protection throughout all phases of construction by upholding the basic principles of environmental management.

Stakeholders are also becoming more aware of 'green' issues, increasing the demand on businesses to operate in a sustainable and responsible manner. This increased expectation is not only limited to our national market but is clearly driven and influenced by international trends and pressures. Aspects involving environmental sustainability form a critical part of maintaining a good reputation within the industry as well as with our investors, clients and even our staff. Thus, it is important that WBHO be seen by stakeholders as having a firm awareness of the impact of sustainability and environmental issues, including the effects of climate change on our business, and proactively addresses these issues in a transparent way.

Engaging with stakeholders whose environment could be impacted by our projects or who could impact the environment within the vicinity of our projects is an important part of our environmental responsibility. We engage with local communities, government, non-governmental organisations, our clients, consultants and subcontractors in this regard.

The global increase in awareness around sustainability, environmental protection and limited natural resources has influenced the way we do business, enabling us to move beyond compliance and to strategically embed sustainability into all aspects of our business. We have embraced the importance of protecting the environment and have made sustainable development one of our overall strategic goals.

The group applies best practice when implementing environmental policies and procedures through the environmental management system and obtains external assurance on the legal compliance and effectiveness of the system. Internal assurance of compliance to the system by the operations of the group is obtained from the environmental department.

WBHO has implemented a wide range of key performance indicators (KPIs) to monitor progress, raise awareness and develop initiatives related to environmental matters. KPIs extend to, amongst others, non-compliance reports, (NCR), complaints, audit scores, energy consumption and waste generated.

During our annual review process, no amendments were made to the environmental policy.

ENVIRONMENTAL MANAGEMENT

CONTINUED

ENVIRONMENTAL MANAGEMENT SYSTEM

Environmental risks and opportunities are considered in respect of matters of compliance and planning processes and reported on using risk registers at site, division and executive management levels. Ultimate responsibility for our environmental policy and management rests with the Board assisted by the Social and ethics committee.

Our environmental impact is monitored, measured and reported on using our Environmental Management System (EMS). The EMS has been designed to contribute to the environmental pillar of sustainability through a systematic approach in managing environmental responsibilities. It is aligned with our environmental policy and aims to achieve the following:

- Identify environmental risks and trends
- Develop strategies, protocols and methodologies to mitigate these risks
- Monitor the implementation thereof through regular audits
- Report on incidents of non-compliance with processes and procedures

Ultimately, the EMS should result in the enhancement of environmental performance and fulfilment of our legal and regulatory compliance obligations and environmental objectives. It should also provide the necessary assurance thereof to the Board.

During 2018, we successfully transitioned to ISO14001:2015. The new standard requires the EMS to be more integrated into the strategic thinking of the business, as well as its processes. Environmental risks are incorporated into the strategic risks of the company.

The new standard allows for more flexibility and as a result, internal systems and processes have been tailored as required. The focus is on achieving a holistic, strategic approach to setting environmental policy, plans and actions within the specific context of the company. Documents were assessed and reworked to increase accuracy of information, thus improving recording and reporting on environmental performance metrics. Another key focus area for the year was the audit of services providers, especially waste service providers.

The external audit of the EMS performed by BSI resulted in 17 minor findings.

We aim to achieve zero environmental incidents throughout all our operations. We monitor, report, investigate and remedy any incidents and apply lessons learnt through root cause analysis to prevent similar events occurring in the future. We are pleased to report that there were no reportable incidents recorded during the year and there were no fines for non-compliance with environmental laws and regulations.

As part of our "duty of care", we need to ensure that our subcontractors, suppliers and other service providers adhere, not only to our minimum requirements, but also to the relevant legislation. One of the highest environmental risks for the group is that of non-compliance with legislation by our subcontractors, suppliers and service providers that have less sophisticated policies and procedures. As a result, greater attention was given to service provider and supplier monitoring and compliance, especially waste service providers. Going forward, frequent audits and more stringent recording and reporting requirements to monitor compliance, will be implemented to mitigate the risk.

INTERNAL AUDITS

| | 2018 | 2017 | 2016 |
|--------------------------------------|------|------|------|
| Number of audits | 89 | 83 | 91 |
| EMS coverage (%) | 97 | 95 | 100 |
| Audit coverage (%) | 90 | 85 | 90 |
| Reportable incidents | 0 | 0 | 0 |
| Non-compliance findings (ISO audits) | 17 | 7 | 18 |

Internal audits were performed during the year under review against the environmental aspects in the following table. While there are areas for improvement, it is gratifying to see that the average compliance is high, with most compliance results above 90 percentiles.

Average % compliance

| Environmental aspect | 2018 | 2017 |
|------------------------------------|------|------|
| Environmental management system | 84 | 85 |
| Legal documentation | 96 | 97 |
| Environmental awareness | 98 | 99 |
| Site establishment and demarcation | 96 | 95 |
| Access and traffic | 98 | 98 |
| Waste management | 87 | 86 |
| Hydrocarbons | 90 | 89 |
| Hazardous/flammable materials | 90 | 93 |
| Diesel storage | 97 | 96 |
| Vehicle and plant refuelling | 97 | 97 |
| Vehicle and plant maintenance | 98 | 98 |
| Wash bays | 99 | 99 |
| Batch plants/mixing areas | 84 | 82 |
| Sewage and sanitation | 98 | 97 |
| Storm water management | 89 | 88 |
| Ground water management | 89 | 88 |
| Air pollution management | 93 | 92 |
| Noise management | 98 | 99 |
| Fire prevention | 99 | 99 |

The minor internal audit findings related to a lack of timely maintenance and updating of documents as most sites use shared resources for implementing the EMS.

ENVIRONMENTAL TRAINING

This year we sought to increase the level and complexity of environmental training. To this end, we implemented the following environmental training initiatives and programmes during the year:

- Training on the requirements of ISO 14001:2015 and new system documents
- Environmental legal liability

CLIMATE CHANGE

WBHO is a diversified construction group, the volume of our greenhouse gas (GHG) emissions is tied to the number of projects we undertake and the design and specification thereof, over which we have little control. Hence, the setting of targets for the group is challenging and obtaining data and assigning responsibility for emissions is a complex undertaking.

A Climate Change Policy is in place as part of our response to managing our carbon footprint. It provides mechanisms for achieving objectives and targets relating to climate change. Our training and awareness programmes cover the topic of climate change and provide guidance on reducing, reusing and recycling waste which will assist us to reduce emissions substantially.

Water

The construction industry uses large quantities of water as a critical resource for operations. In the year, WBHO's South African operations used 34,5 gigalitres (FY2017: 24,9 gigalitres) across the various businesses. Recognising the need to conserve water, WBHO has implemented various group-wide water conservation initiatives including the following:

- Creating awareness of water conservation on sites as part of the environmental management system
- Ensuring that water is only sourced from legal and sustainable sources
- Ensuring that water consumption is accurately measured
- Use of water only within the specified requirements on sites
- Every site measures rainfall in order to understand a position on whether an insurance claim could be instituted
- Erosion control on sites has become more relevant due to increases in the precipitation extremes

A key achievement for WBHO was the 65% reduction in water usage in the Cape Town region, which has been impacted by a severe drought and water shortages. For the commercial sector, managers were expected to reduce their monthly consumption of municipal supply of water by 45% with 2015 as the baseline year. Construction companies were required to source alternative water use. Water conservation measures include using treated waste water instead of municipal water, reusing water (e.g. concrete waste water used for curing) and waterless systems in ablutions.

ENVIRONMENTAL MANAGEMENT

CONTINUED

Green buildings

WBHO is actively involved in the construction of both Green Star- and LEED- (Leadership in Energy and Environmental Design) rated buildings. We pride ourselves in being part of both the Green Building and LEED movements which both address sustainability issues related to excess energy and water consumption, the pollution of air, water and land, the depletion of natural resources and the disposal of waste. To date, WBHO has been or is involved in 48 Green Building projects and two LEED projects. WBHO is an active member of the Green Building Council of South Africa (GBCSA).

Statistics from the GBCSA indicate that Green Star SA buildings result in energy savings of between 25% and 50% when compared to standard buildings.

In the year, WBHO completed the construction of the following four Green Star-rated and one LEED-rated buildings, all of which are currently in different stages of the rating process:

- 140 West Street (Green Star)
- Discovery Head Office (Green Star)
- ABSA Regional Head Office (Green Star)
- PwC Tower (LEED)

Waste management

WBHO strives to reduce the impact of waste on landfill facilities by embracing environmentally friendly construction standards, evidenced by WBHO's commitment to maximising recycling as well as continuously reducing the environmental impact. Our South African operations generated 33 667 tonnes (FY2017: 21 073 tonnes) of waste during FY2018 of which 11 003 tonnes were recycled (FY2017: 7 039 tonnes).

CARBON DISCLOSURE PROJECT (CDP)

The CDP provides a framework to enable us to measure and disclose the size of our carbon footprint or GHG emissions. We have participated voluntarily in the CDP since 2009. We use this report to monitor and assess risks and opportunities associated with climate change. During 2018, the South African operations of WBHO recorded an increase of 13% in carbon emissions to 47 968 tCO₂e. Carbon emissions will fluctuate from year-to-year due the varying nature, size and complexity of projects undertaken during a year.

| | 2018 | 2017 | 2016 |
|---|------------------|-----------|-----------|
| Scope 1 (tCO ₂ e) Direct emissions from owned or controlled sources | 40 438,00 | 35 585,44 | 32 850,49 |
| Scope 2 (tCO ₂ e) Indirect emissions from the generation of purchased energy | 4 263,00 | 3 953,03 | 6 153,73 |
| Scope 3 (tCO ₂ e) Indirect emissions (not included in Scope 2) that occur in the value chain of the company | 3 267,31 | 2 984,52 | 3 176,87 |
| Total (tCO₂e) | 47 968,31 | 42 522,99 | 42 181,09 |

LOOKING AHEAD

Training of all environmental personnel and monitoring of the implementation of the ISO 14001:2015 standard across all sites will continue into 2019 to ensure all principles are well embedded.

Building on the success of the water conservation initiatives implemented, the company will embark on an extensive water-saving campaign across the group to reduce usage and costs. Initiatives are also planned to improve waste management.

Service provider and supplier audits will remain a key focus area in order to determine their compliance with environmental legislation and company policies.



**AXIS
APARTMENTS**

**83 NEW APARTMENTS
IN AN 11-STORY
BUILDING WITH TWO
BASEMENTS**

R224m
PROJECT VALUE

18 months
PROJECT DURATION

QUALITY MANAGEMENT



Our approach to quality provides confidence to our clients, enhances our reputation and results in repeat business.

STRATEGIC OBJECTIVE

We concentrate on providing our clients with a “top-quality” product, which is directly linked to the achievement of our “Execution Excellence” strategic objective. To this end, we mobilise our management skills to use their resources in the most efficient and cost-effective manner to execute projects to the required standard and quality. This, in turn, protects and enhances our reputation in the marketplace, and improves profitability.

OUR APPROACH AND POLICY

We ensure that high levels of quality are consistently attained on our projects by using the best and latest construction practices within the core activities of the group. By continuously improving our processes we ensure compliance to our own internal standards as well as external specifications, thereby enhancing client satisfaction.

It is each employee and manager’s responsibility to communicate, measure and report on the levels of quality achieved. This is a clear directive from executive management to all structures within the group. Quality management is the first agenda item after safety in all divisional and executive management meetings. The Quality Policy is a statement issued by the top management of WBHO, stating the commitment and objectives with regard to the delivery of quality projects to our clients. The policy is reviewed annually and is available as part of the WBHO electronic procedure manual to all, including subsidiaries. A copy of the approved policy and objectives will be submitted with all applicable tenders to our clients and has been made available on the WBHO corporate website for viewing by any interested parties. On commencement of a new project, a main quality file is developed by the quality department, which contains, among other things, the Quality Policy and objectives. The policy is displayed to all site employees in a visible area at all sites and offices.

A dedicated team of quality personnel, led by experienced professionals, assist site management and personnel to identify quality concerns and ensure continuous compliance with the ISO 9001 standard.

As a team we strive to:

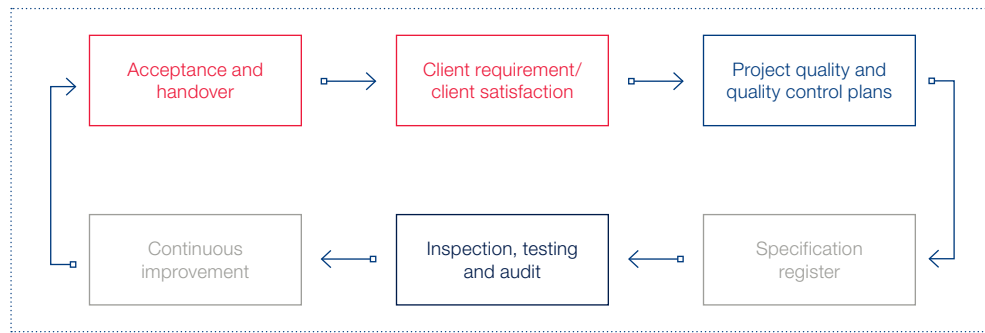
- Deliver our projects on time, within budget and to the standard of quality
- Create and maintain a culture of quality within the group
- Ensure ongoing training across all levels of employees on the Quality Management System (QMS)
- Meet all relevant statutory and legal requirements
- Provide the necessary resources to deliver the required level of quality
- Ensure that quality control and quality assurance mechanisms are sufficiently and effectively applied and that documentary evidence is maintained
- Document and measure quality objectives and targets through internal audits and management reviews
- Ensure that all advisors, suppliers, subcontractors and others involved on our projects meet the required quality standards
- Continually review, improve and implement best practice quality management procedures
- Seek feedback from our clients and consultants on our performance and the level of quality delivered

QUALITY MANAGEMENT SYSTEM

WBHO has implemented a formal QMS which is based on a process and risk-based approach. The risk-based approach aims to predict, through risk-based audits, the effect that decisions have on the outcomes. To meet client, statutory and regulatory requirements on a consistent basis are the most important objective of the QMS. As reflected in the diagram below, management responsibility, resource management, product requirements, risk management, quality processes and policies and measurement and improvements are all major elements of the WBHO QMS.

QUALITY MANAGEMENT PROCESS

The QMS is implemented on all sites, and includes a formal process for the review and audit of all projects and regional offices. An annual management review is performed which includes all business units. Quality reports are compiled monthly and communicated to all subsidiary and internal boards meetings, while report summaries are tabled at main Board meetings as a standard agenda item. In the year we successfully transitioned from ISO 9001:2008 to ISO 9001:2015. The QMS is audited by TUV Rheinland. We remain on track to align the QMS in Botswana to the new ISO 9001:2015 standard during the early part of the new financial year.



Internal audit

Competent, independent lead auditors and internal auditors in the quality department conduct internal audits, also called first-party audits. These audits confirm the effectiveness of the management system and obtain information for the improvement of the management system. We conduct on-site audits that are both risk- and control-based in three-month cycles. The audits aim to identify actual and current site-specific risks at a given time, rather than measuring against a generic set of criteria. Audits commence with an off-site analysis of the risks specific to a particular project. On our visits we then audit against those risks identified. This approach provides site management with more insight into problem areas and assists the risk management function in updating the risk matrix and implementing risk mitigation measures for common trends.

| 2018 | 2018 | | 2017 | |
|--|--------------|----------------|--------------|----------------|
| | QMS coverage | Audit coverage | QMS coverage | Audit coverage |
| South Africa and the rest of Africa | 100 | 58,7 | 100 | 48,6 |
| Australia | 100 | 95 | 100 | 98 |
| | 2018 | 2017 | 2016 | |
| Quality audits | 159 | 179 | 136 | |
| Corrective action notifications (CANs) | 534 | 624 | 1 269 | |
| Non-compliance reports (NCRs) | 2 284 | 3 008 | 3 028 | |

South Africa and the rest of Africa.

This year we conducted 159 audits (2017: 179). Based on our findings we were able to confirm that the group is monitoring and managing quality-related risks satisfactorily. Due to limited resources, our audit schedules are aligned with those key projects we considered to have high levels of risk and complexity. Based on the findings of these site audits, CANs were issued. As the name suggests, CANs are clear and concise descriptions of identified problems and the necessary preventative actions requiring implementation to avoid future occurrences. It was pleasing to note that despite the increase in the number of audits this year, the issues requiring CANs reduced from 624 last year to 534, due to an improvement in the implementation of the QMS alongside overall compliance.

A high number of NCRs related to asphalt failures were recorded during the year. Asphalt failures in Mozambique are of high concern. Failure mode and effects analysis (FMEA) will be implemented to identify the true root cause of these failures. FMEA is a team-based problem-solving tool intended to help identify and eliminate or reduce the negative effects of potential failures before they occur in systems, subsystems, a product or a process.

Supplier quality remain a big threat to the quality strategy of WBHO as the continuing pressures in the market and tight margins sometimes force suppliers to evaluate and change their manufacturing and procurement processes. Consequently strategic procurement and supply chain management have become a significant responsibility of the main contractor. Measuring compliance by ourselves, and not a third party, adds confidence that quality will be delivered to our clients.

The WBHO supplier management process has been significantly improved over the past few years. During the year our supplier approval and evaluation processes were further improved. Main and critical suppliers are well aware of our commitment to deliver quality according to specifications. The risk of receiving poor quality materials on site is reduced significantly. Full supplier assessments and/or formal audits were conducted on these suppliers. We assessed their manufacturing processes, quality and process controls, implementation of a formal QMS as well as general quality considerations and factory capacity and capability assessments. Final inspections of their products were also conducted prior to delivery to ensure compliance with project and SANS (South African National Standard) requirements.

Our intense focus in this area is reflected in the increase in the number of supplier audits undertaken since 2016.

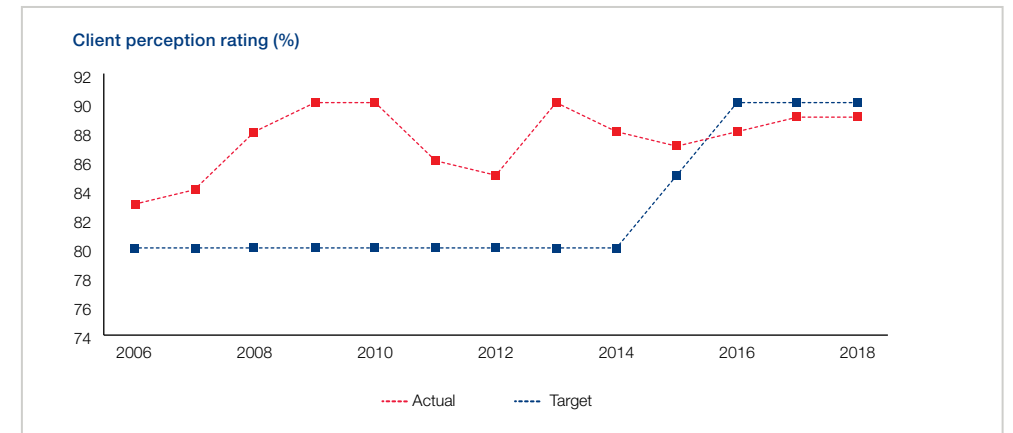
| | 2018 | 2017 | 2016 |
|---------------------|------|------|------|
| Supplier inspection | 173 | 150 | 19 |
| Supplier audits | 89 | 73 | 25 |

Our proactive engagement with suppliers includes training and guidance on ways to improve their processes in alignment with best practice. An updated database of suppliers has been developed to include risk ratings derived from our supplier audits, and thus provides site management and our tendering teams with advance warning of high-risk suppliers during the procurement phase. We go further to assist those suppliers deemed "non-compliant" in correcting areas resulting in their disqualification which builds relationships and assists in maintaining a sustainable supply chain for the future.

Due to the differing nature of work, we have implemented a management system, aligned to ISO 3834, for the pipelines business unit within the Roads and earthworks division at the OTMS project in Saldanha. Although we have successfully renewed our ISO 3834 certification, we have scheduled another audit by the South African Welding Institute at Head Office in Wynberg. This audit will enable WBHO to obtain an umbrella certification for the pipelines division and not for one individual site only.

CLIENT QUALITY PERCEPTION FEEDBACK

WBHO obtains annual feedback on our client's perception of the level of quality within the business. This year the client rating remained unchanged at 89% against a group target of 90%. A total of 28 (FY2017: 14) clients responded to the survey request.



QUALITY MANAGEMENT

CONTINUED

QUALITY MANAGEMENT TRAINING

Following the revision of the ISO 9001 standard, all personnel from the assurance team were formally trained on the new standard. Training of all our employees in the new QMS is underway on site and at the formal engineers training engagements.

In the year, training was focused on senior management's accountability towards quality, with specific focus on quality requirements, management responsibilities, continuous improvement and client quality assurance.

The table below illustrates the internal QMS training performed and facilitated by the quality department.

| | 2018 | 2017 | 2016 |
|------------------------------|------|------|------|
| Senior management | 50 | 35 | 22 |
| Site personnel | 221 | 214 | 220 |
| Engineering school personnel | 114 | 145 | 96 |

LOOKING AHEAD

In 2019, WBHO will seek to establish, implement, maintain and continually improve its QMS, including the processes needed and their interactions. Continued evaluation of important factors such as risk, resources, methods, inputs/outputs and responsibilities will be conducted for improvement. Key initiatives include:

- Ongoing training of all personnel on the new QMS as well as training of site personnel regarding material quality conformance and related inspections
- Supplier and materials quality management
- ISO 3834, quality management system for welding and certification for the pipeline division
- Implementation of FMEAs on all major NCRs
- Development and implementation of the paperless management system including a paperless document management process.

In addition, we are investing in new technology platforms in order to implement building information modelling (BIM) solutions on our sites. BIM is a process to create and manage information on a construction project – across the project's life cycle. The solution seeks to streamline the document management process, enhance the handover process and increase productivity. We have established a three-phase implementation approach for the group over the next two to three years. We are currently implementing a pilot of the new system at one Roads and earthworks as well as one Building division's site. The pilot focuses on the QMS documentation, followed by health, safety and environmental management.



UMHLANGA ARCH

PREMIER MIXED-USE DEVELOPMENT CONSISTS OF TWO 5-STOREY OFFICE BLOCKS, A 15-STOREY HOTEL AND A 22-FLOOR RESIDENTIAL TOWER

R808m
PROJECT VALUE

31 months
PROJECT DURATION

TRANSFORMATION AND LOCALISATION



At WBHO, we are proud to be among the leaders of transformation, in both the construction sector and South Africa as a whole.

STRATEGIC OBJECTIVE

A diversified workforce, the development of skills, succession planning and the transfer of economic benefits to previously disadvantaged individuals and local inhabitants, as well as cultivating a representative management structure are fundamental to our long-term sustainability.

OUR APPROACH AND POLICY


WBHO understands that it has a duty and a responsibility to contribute towards redressing historical inequalities within South Africa. An inclusive and representative economy in which all South Africans are able to participate is vital for the future sustainability and success of the country and by virtue thereof, the sustainability of WBHO.

Consequently, WBHO is committed to achieving long-term, meaningful broad-based transformation within our business and the industry at large.

CONSTRUCTION SECTOR CODES

WBHO fully supports the Department of Trade and Industry (the dti) in terms of the Broad-Based Black Economic Empowerment Act, No 53 of 2003 (B-BBEE Act) and the amended Codes of Good Practice on Black Economic Empowerment (B-BBEE Codes) of 2013. In December 2017 the industry adopted the Amended Construction Sectors Codes.

Through a concerted company-wide effort, we are pleased to report that WBHO has achieved a Level 1 B-BBEE status on its most recently assessed certificate.

 A copy of the certificate is available at www.wbho.co.za/sustainability.

MANAGEMENT OF TRANSFORMATION

A dedicated management committee, comprising the executive directors, managing directors of each business unit and the transformation director, monitors and reports on transformation within the organisation.

Taking direction from the Board, the transformation EXCO committee meets quarterly to review the group and divisional scorecards against predetermined targets which are aligned with the Amended Construction Sector Codes, our employment equity plan and overall strategy. In addition, a review of the latest applicable legislation and approval of the budget for social investment is conducted annually.

Initiatives are developed to improve performance where necessary and implemented within the business units by the managing directors and the transformation department. Each business unit reports on its individual performance quarterly.

The transformation department works closely with all divisions and subsidiaries of the group to ensure that the required target for each element of the scorecard is achieved. In addition, the department manages and administers the procurement spend, enterprise development programme and socio-economic programmes from a group perspective.

By managing transformation in this integrated way, the department ensures that individual elements are not pursued in isolation. For example, where there are overlaps between elements like training and enterprise development (training is seen as an essential tool to develop emerging companies), we harness the capabilities within our support structures to achieve the deliverables under both elements.

Similarly, when we invest in mathematics and science at school level through our corporate social investment programmes, and follow this up with tertiary education bursaries, we ensure a steady progression of students are available for recruitment into the construction industry.

OUR TRANSFORMATION JOURNEY

VOLUNTARY REBUILD PROGRAMME (VRP)

In 2016, WBHO, along with seven other listed construction companies, signed an historic agreement known as the VRP with the government of South Africa that is aimed at implementing wide-spread, meaningful transformation within the industry. Under this agreement, WBHO elected to mentor three black emerging contractors with a commitment to grow their combined turnover to within 25% of the turnover of the group's South African operations over a period of seven years, beginning from 1 July 2017.

We have established a structured framework to ensure we deliver on our engagement, meet the expectations of our partners and minimise the risk to WBHO.

In the first year of the programme we have, where necessary, introduced various operational and financial support interventions and have successfully bid on our first joint venture projects. Working together in joint ventures is particularly beneficial when imparting on-the-ground operational skills and expertise.

It has been encouraging that even amid difficult trading conditions, two of our development companies have increased their turnover substantially and exceeded the minimum targets set by the VRP agreement.

Additionally, the seven participating listed entities are also required to contribute R100 million annually until 2030 to a trust to support various transformation-related initiatives. The Tirisano Trust was established during the year and the policy and annual plan completed. Benefits will soon flow to beneficiaries with the first payment earmarked to support the eradication of pit latrines in schools.

OWNERSHIP

In 2006 we initiated our broad-based black economic empowerment scheme, through which we transferred ownership of a significant portion of our business into the hands of previously disadvantaged employees. To date, we have issued 871 112 shares (2017: 640 500) to our black employees in accordance with the scheme rules.

Under the scheme we have also formed an educational trust which has actively supported the education of our wage earners' children by providing full bursary funding, including accommodation and books. These children have gone on to further their education, obtaining degrees in construction, psychology, chemistry and commerce, among others. In this way, we have enabled our employees to help better the lives of their families.

In addition, we have produced booklets in four languages and held information sessions country-wide to further assist our employees in managing their children's futures and ultimate careers as well as having a dedicated email address offering additional guidance and support. This encompasses deciding on the correct subject choices at school with a view to securing a tertiary enrolment.

MANAGEMENT CONTROL

WBHO has implemented a number of initiatives to cultivate a more representative management structure within the business over the next number of years. These are aimed largely at the development of the existing and next generation of leaders already within our ranks.

As far back as 2013, the Transformation EXCO identified that the group had low numbers of registered black professionals, a crucial component for both the growth of our company and the country where registered professionals are sorely required in the built environment industry. Professional registration and the experience derived therefrom are key components in senior to top management appointments. As such, a concentrated programme, the "Road to Registration programme", together with the intensive Engineering schools has been embarked upon for these candidates. We are extremely gratified to report that this effort has seen an increase from 21 to 72 of registered black professionals within the business over a period of five years.

SKILLS DEVELOPMENT AND TRAINING

When performing our training needs analysis each year, we identify and prioritise the training of black individuals in alignment with our scorecard objectives while still meeting the operational requirements of the business. Specific attention is given to providing appropriate and relevant training to ensure the systematic progression of the career paths of our black employees, in order to prepare them for potential middle and senior management positions over time. The table on page 37 highlights the amount invested in these employees over the last six years.

Through our Engineering School Level 3 and management development programmes we equip identified individuals with the necessary skills to perform at a management level. During the year six black candidates successfully completed the programme. In addition to these programmes, on-the-job coaching and mentoring takes place with regular interaction with senior management. Through these conversations it was exceptionally gratifying to learn of their insistence on being recognised for their skill and contribution on merit alone.

Through these initiatives a number of appointments to senior management positions have been made in recent years.

We are proud to report that our internal bursary student support and mentoring programme is delivering excellent results. University life can be daunting, particularly for students from rural areas who have never studied away from home.

Language barriers can leave students feeling isolated and overwhelmed as they struggle to keep up with the curriculum. This programme provides support for these students and includes weekly mentoring sessions from our older bursary students, each of whom is assigned a student to assist from the year below. This builds an excellent nucleus of comradery and team building when these students start their working life at WBHO.

| Scorecard expiry year | Spend black employees (R) | Spend black female employees (R) | Number of black learners | Number of black female learners |
|-----------------------|---------------------------|----------------------------------|--------------------------|---------------------------------|
| 2012 to 2013 | 27 907 265 | 3 721 685 | 176 | 35 |
| 2013 to 2014 | 26 035 254 | 3 443 000 | 219 | 61 |
| 2014 to 2015 | 26 074 798 | 7 989 645 | 199 | 53 |
| 2015 to 2016 | 22 141 381 | 4 364 886 | 186 | 63 |
| 2016 to 2017 | 37 915 059 | 5 168 384 | 173 | 47 |
| 2017 to 2018 | 50 301 676 | 10 982 063 | 188 | 57 |
| | 190 375 433 | 35 669 663 | 1 141 | 316 |

EMPLOYMENT EQUITY

WBHO has prepared and submitted a comprehensive five-year employment equity plan to the Department of Labour. In devising the targets we have set, we endeavoured to make sure they were realistic and attainable, taking cognisance of the growth prospects of the industry.

When developing the plan we performed an extensive analysis of our entire South Africa workforce, identifying those employees who have the potential for promotions and a time frame for them.

Individual business units are given set targets to be achieved for each year of the plan. In accordance with our policy we strive to grow senior management from within our existing pool of talent, but in exceptional circumstances we may resort to external recruitment. As mentioned earlier in the report, it has been extremely satisfying to have made a number of merit-based appointments of black employees into senior management roles in recent years, particularly within our operations, which has previously been an area in which we have struggled.

ENTERPRISE AND SUPPLIER DEVELOPMENT

Procurement spend is managed and monitored using our specialised transformation software. Careful attention is given to directing our spend towards black-owned businesses, black women-owned businesses and qualifying small and micro enterprises and other sufficiently empowered businesses early on in the bidding phase of projects. Under the new sector codes, procurement has been expanded to include designated groups which include rural suppliers and the youth. This allows us to create opportunities for suppliers and contractors in the rural areas where we work and focus on supporting youth in business.

Spend is reported on by the transformation department on a monthly basis and detailed reports are provided to individual business units highlighting expired and expiring scorecards as well as any non-compliant spend. All new and expired scorecards are checked and verified by members of the transformation department.

This year an amount of R3,7 billion (FY2017: R2,6 billion) was spent with black-owned business of which R1,2 billion (FY2017: R794 million) was spent with black women-owned businesses.

For many years WBHO has had an extensive enterprise development (ED) programme in place. The programme is aimed at growing sustainable black businesses within our industry. Through this programme we offer advice and training in the areas of bidding, resourcing, contract management, safety, quality and finance and reporting, and in certain instances financial support. ED companies often partner with us on our projects either as joint venture partners or as subcontractors. Our project teams provide on-the-job mentoring and coaching to enhance their skills. We currently have 16 emerging companies on the ED programme.

TRANSFORMATION AND LOCALISATION

CONTINUED

SOCIO-ECONOMIC DEVELOPMENT

Over the last 10 years a total amount of R57 million has been invested in socio-economic initiatives. Set out below are details of how and why we have invested these funds.

Social development and upliftment

R3 million

This includes our support of projects for the disabled, the building of a resource centre, upgrading of community access roads, and investment in community trusts.

Education

R22 million

A total of 61 programmes have been established, including: the building of five community and school libraries, school bursaries, engineering programmes, direct support to 25 schools, provision of a mobile science laboratory to schools, the support of headmasters of three schools, and support of early childhood development. Recently, WBHO has also assisted black engineering students, who are not on our bursary programme, and who are unable to either graduate or continue their studies, due to outstanding fees. The past financial year has seen assistance to these students exceed R1,3 million.

HIV/Aids programmes

R12 million

This includes our support of seven HIV/Aids programmes.

General health

R1 million

This includes hospital and clinic support in the purchase of equipment, and health-related programmes.

Housing

R1 million

This includes the building of three housing programmes.

Community care assistance

R13 million

We have 46 programmes in total, including the building of community centres, victim support units, child and family welfare units, senior clubs and organisations for the elderly. We also support crime prevention, the upgrade and support for community churches, and support for rural agricultural projects.

Sport

R5 million

We have 10 programmes in total, including sponsorship to black sportsmen, support to soccer teams and football and basketball clubs, and sports scholarships, as well as sponsorship to our own Comrades Marathon runners.

LOCALISATION

This year, the Australian business has invested in the development of a Reconciliation Action Plan (RAP). The RAP provides a framework for organisations to support the national reconciliation movement with the indigenous community. The development of RAPs, which is a key focus of our state and federal governments and important for securing certain works, will set out the elements required to build strong relationships, respect and opportunities between the business and the indigenous community. Key to this plan is the development of employment opportunities in all areas of the business for members of the indigenous community.

STATUTORY INFORMATION

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(Incorporated in the Republic of South Africa)

(Registration number 1982/011014/06)

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