



2017 SUPPLEMENTARY  
INFORMATION  
TO THE INTEGRATED REPORT

**WBHO**



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## INTRODUCTION

As a group, we recognise the importance of operating with a long-term view, meeting the needs of today without compromising our ability to meet the needs of tomorrow. Our sustainability journey has progressed this year and the report that follows outlines our approach, our progress and our challenges.

While the Board is ultimately responsible, management accountability is integral to our approach to sustainability. The Board embraces the recommendation within the King Report on Corporate Governance for South Africa 2016 (King IV) that sustainability be integrated into the governance and strategy of WBHO. The Social and ethics committee assists the Board and enhances the oversight of key sustainability issues, including entrenching sustainability into the long-term strategy.

Stakeholder engagement is also a key aspect of gaining the views of shareholders, clients, suppliers, employees, analysts, regulatory authorities, civil society organisations and academics on matters of concern, which are incorporated into strategic approach to sustainability.

Safety, environmental and quality standards must be observed in a consistent manner throughout the entire organisation. We have a culture embodied in our code of conduct that is entrenched throughout the group, which makes WBHO a company of choice.

The information furnished in this report provide additional context to the key areas of our business, providing detail on how we manage and develop our people, ensure their safety and wellness and that of other stakeholders, how we manage our environmental responsibilities and ensure high levels of quality across our business. Throughout the report, we link these issues to our strategic objectives.



# HUMAN CAPITAL AND SKILLS DEVELOPMENT

## OUR PEOPLE ARE OUR KEY STAKEHOLDERS AND THEY ARE ESSENTIAL TO WBHO'S CONTINUED SUCCESS AND SUSTAINABILITY.

### OUR APPROACH AND POLICY

We aim to provide a safe, healthy and enabling workplace that is characterised by mutual respect, fairness, integrity, non-discrimination, equal opportunities and pay with open, two-way engagement. We expect our staff to conduct themselves in an ethical manner at all times and hold them accountable for their behaviour to ensure our strategic objective of "Reputation and relationships" is well maintained.

Our operations rely on having the right technical skills and manpower available to deliver our projects. This reliance requires the constant anticipation and management of fluctuating demands for highly skilled and semi-skilled employees. 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. Our Human Resources (HR) Department supports operational teams in ensuring we have the right balance of technical skills and manpower available throughout our projects.

As one of our key strategic objectives, our approach to capacity and talent management is driven by the philosophy of "Growth from within". Providing our employees with tangible career development is crucial in earning their loyalty and commitment to "The WBHO Way", as well as achieving our "procurement and execution excellence" and "transformation" strategic objectives. Whenever possible, we identify internal talent for development rather than hire from outside and have a policy of developing and promoting people from within the group. We prepare our employees along each of the stages of their career paths with various internal training and development interventions that allow them to grow and develop.

Investing in the development of our people is a proactive way of ensuring the long-term sustainability of our business. A training needs analysis is conducted by each business unit at the beginning of the year, after which a training budget is developed, and reviewed and approved by the Executive committee.

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.

Owing to the geographic diversity of our workforce, we have developed appropriate global, regional and site-based policies and programmes. 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.



## HUMAN CAPITAL AND SKILLS DEVELOPMENT

### CONTINUED

#### OUR CHALLENGES, PROGRESS AND ACHIEVEMENTS

Retention of engineers remains a keen focus area when developing future leaders, building a corporate culture and delivering on the business needs.

Retention levels of seconded operational staff in Africa have proved to be a concern during the year under review. Often headhunted for their experience and skill and motivated by dollar-based remuneration, the placement of personnel for these regions is carefully managed. We offer well-structured packages while remaining competitive and ensure the regular rotation of seconded staff to maintain morale, as lengthy periods of time away from family and regular life can have an unfavourable effect.

The construction labour market in Australia is currently highly competitive, driven by the significant infrastructure investment in the eastern states. This spending has resulted in a sharp increase in demand for, and remuneration of, project management and site leadership professionals. While this does not currently present a constraint to capacity, appropriate strategies for the retention of our people will be a key focus area given the substantial amount of work on hand in the region.

In South Africa, 57 (2016: 70) engineers resigned during the course of the year, and we employed a further 90 engineers, which resulted in a net increase of 33 engineers. Exit interviews are mandatory and reviewed to establish trends in resignations. We closely monitor our avoidable staff turnover which decreased by 0,2% to 4,7% in FY17, which is well within our target of 7% or less. Resignations are often due to lifestyle choices – the construction industry can require significant cross-border travel and/or long hours depending on project requirements.

Our work with the Engineering Council of South Africa (ECSA) assists with the retention of this vital skill category and guides our engineers' careers. We have registered qualified engineers as mentors with the ECSA to assist candidates within the business to obtain the Professional Engineering (PR Eng) designation.

Attaining the PR Eng 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. In terms of mentoring, we supply all of our engineers and quantity surveyors with logbooks, which include their personal development plans that are linked to their performance appraisals.

As the following table illustrates, we successfully registered 17 candidates with ECSA during the year. This represents a year-on-year decline due to the successful implementation of this initiative in previous years which resulted in the registration of the majority of our engineers in FY15 and FY16.

	FY17	FY16	FY15
Candidate engineer	10	38	15
Candidate engineer technician	3	5	2
Candidate engineer technologist	3	9	0
Professional engineering technician	0	3	4
Professional engineering technologist	0	4	3
Professional engineer	1	18	19
<b>Total</b>	<b>17</b>	<b>77</b>	<b>43</b>

*Applicable to South Africa only*

The table below shows the number of our quantity surveyors (QS) we have registered with the South African Council for the QS Profession (SACQSP) in 2017.

	FY17	FY16	FY15
Candidate QS	11	2	N/A
Professional QS	2	0	N/A
<b>Total</b>	<b>13</b>	<b>2</b>	<b>N/A</b>

*Applicable to South Africa only*

We have adopted a more inclusive and wider approach to our efforts to get our professional staff registered on the programme. In the past the focus was limited to engineers and Qs, however, all other professionals, including safety and environmental personnel, accountants and lawyers are now 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.

We anticipate that SACPCMP registrations will increase in the year ahead as we attempt to register all safety personnel. Safety staff have recently been accepted into the SACPCMP which used to focus primarily on engineers registrations.

SACPCMP registrations	FY17	FY16	FY15
Professional CM	4	6	0
Candidate CM	2	2	3
<b>Total</b>	<b>6</b>	<b>8</b>	<b>3</b>

*Applicable to South Africa only*

In alignment with our philosophy of "Growth from within" and to ensure the steady progression of management skills within the business, the management development programme (MDP) as well as the Engineering School Level 3 have been introduced and developed. 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.

Our Australian operations launched a project leaders' development programme which has 10 senior leaders participating for 12 months. Our Australian operations have 50 employees actively participating in the Graduate Development Programme as well as a junior site supervisor programme with three active participants. An apprentice in a WBHO Infrastructure also completed his apprenticeship in Heavy Diesel Mechanics and received his trade certificate.

In order to streamline the development and tracking of the comprehensive career and training plans for staff, our tailor-made electronic performance appraisal system has been successfully implemented and tested, and will soon be functional across all occupations. The results of the performance management system also provide much needed information for the training needs analysis, which enables us to procure and develop the required interventions for the coming year.

The legal uncertainty surrounding labour brokers issue remains an ongoing challenge. Since the amendment of the Labour Relations Act, the definition of a labour broker and

who is deemed to be employed by the labour broker, has yet to be determined. This issue was taken to the Labour Court and subsequently to the Labour Appeal Court. The Constitutional Court has now been approached to provide final clarity of whether this is a joint responsibility between the labour broker and the company or not. We await this ruling.

#### DEMOGRAPHICS AND STATISTICS

##### WORKFORCE BY REGION

During the period under review, the total workforce increased by 1,5% to 9 264 employees, mainly attributable to appointments in Australia due to high volumes of work and growth within the Infrastructure business. The reduction of 381 employees in South Africa was a result of some retrenchments and the transfer of 118 staff to various projects in the rest of Africa. The workforce in the rest of Africa increased by 344 due to the increase in activity during the year.

##### SOUTH AFRICAN WORKFORCE DEMOGRAPHICS

The decrease in the South African workforce mainly affects hourly-paid staff which consists mostly of African male employees and limited duration contract employees. In aggregate, the number of African males decreased by 406 employees, of which 238 related to retrenchments across various divisions and 94 were transferred to West Africa. The increase in the remaining demographics is due to the appointment of new employees following increased activity within the Roads and earthworks division and the strengthening of administrative capacity.

Workforce by region	FY17						FY16	
	Hourly contract		Monthly contract		Total		Total	
	Male	Female	Male	Female	Male	Female	Male	Female
South Africa	4 233	466	1 405	434	5 638	900	6 032	887
Africa	1 115	115	247	12	1 362	127	1 068	77
Australia	395	0	673	169	1 068	169	914	153
<b>Total</b>	<b>5 743</b>	<b>581</b>	<b>2 325</b>	<b>615</b>	<b>8 068</b>	<b>1 196</b>	<b>8 014</b>	<b>1 117</b>
Includes limited duration contracts					<b>Total</b>	<b>9 264</b>	9 131	

SA workforce demographics	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
<b>FY17</b>	<b>4 621</b>	<b>220</b>	<b>89</b>	<b>708</b>	<b>614</b>	<b>87</b>	<b>29</b>	<b>170</b>	<b>6 538</b>
FY16	5 027	216	91	697	602	92	33	161	6 919
FY15	4 847	199	83	649	503	71	25	125	6 502

# HUMAN CAPITAL AND SKILLS DEVELOPMENT

## CONTINUED

### STAFF TURNOVER

Type	FY17	FY16	FY15
Resignations	116	161	93
Retrenchments	315	779	1 476
Retirements	22	43	21
Death	5	3	5
<b>Total</b>	<b>458</b>	<b>956</b>	<b>1 595</b>
<b>Total number of employees</b>	<b>9 264</b>	<b>9 131</b>	<b>10 687</b>
<b>Avoidable staff turnover (permanent employees) (%)</b>	<b>4,7</b>	<b>4,9</b>	<b>3,5</b>

### SKILLS DEVELOPMENT INITIATIVES

#### SKILLS DEVELOPMENT PROGRAMMES

**Engineering School Level 1:** this programme is aimed at our graduates and engineers to develop their operational and team building skills. The course outline includes training on subject matters covering support functions, concrete, team building and plant awareness.

**Engineering School Level 2:** this programme is aimed at our senior engineers and site agents to develop their operational and people skills. The course outline includes subject matters covering support functions, technical skills and people skills.

**Engineering School Level 3:** this programme is aimed at our senior site agents and contracts managers to develop their operational and managerial skills. The course outline includes training on subject matters covering problem solving, managerial skills, support functions, cost revenues and forecasting and pre-plan or cost to completion.

**Management Development Programme:** this programme provides support to our operational teams and ensures that we have the right balance of technical skills and manpower available throughout our projects. It develops managerial skills and the course outline includes managerial finance, the business environment, economics, leadership competence and people management.

The table below illustrates the various programmes in place for the year under review.

		FY17			FY16		
	Description of course	Number of attendees	% black	Spend per person (R)	Number of attendees	% black	Spend per person (R)
Engineering School Level 1	Graduates – WBHO processes and procedures	56	58	13 000	49	38	12 000
Engineering School Level 2	Site agent level – technical training	64	46	16 000	46	58	16 000
Engineering School Level 3	Contract managers – management training	23	52	40 000	N/A		
MDP	University of Stellenbosch Business School	4	100	36 400	14	71	31 000
Management training	All	263	51	2 400	141	31	2 200
Artisan/skills training	Trade test/mechanic/plumbers	22	95	8 000	31	83	10 400
Finance	Administration	17	88	3 300	45	40	1 700
Safety	All	596	67	800	256	89	650
Environmental	All	23	47	1 000	0	0	0
Quality	All	7	28	4 400	0	0	0

In Australia, Probuild trained 21 employees in conducting site inductions, 25 employees on HSE management systems, 87 employees on HSE risk management, 11 employees in incident investigations, 148 employees in plant inductions and 469 employees in workplace behaviour. WBHO Infrastructure enrolled 25 employees on the Certificates 2 and 3 in Telecommunications as part of the National Broadband Network (NBN) Training Infrastructure. It also formally recognised the skills possessed by employees at the South 32 Project in Collie WA by providing them with nationally recognised plant operating qualifications. Infrastructure safety employees are also participating in formal, nationally recognised ICAM training.

### 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.

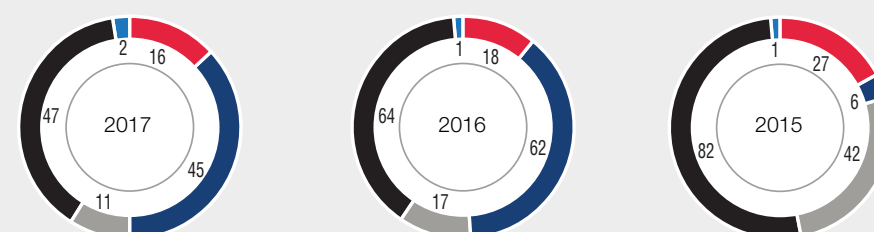
Financial assistance covers expenses related to books, class fees, accommodation and general expenses.

In South Africa, beneficiaries are selected through a rigorous process. Not only academic merit is considered – specific emphasis is placed on learning potential and historically disadvantaged backgrounds, especially students without financial means. The focus of programmes is largely on skills relevant to our industry such as engineering and quantity surveying.

Many of our learners that completed their studies during the year under review which resulted in a decline in the overall number. We continue to upskill our foremen and have now introduced a new skills programme. These foremen will complete certain unit standards from the NQF2 and while these studies will not result in a formal qualification, the foremen will receive a certificate of competence for the unit standards completed.

	FY17	FY16	FY15
Total bursary spend (R'000)	6 314	4 321	5 823
Black bursary spend (R'000)	4 740	2 561	3 615
Black bursars (%)	75	59	62
Number of Bachelor of Science students	32	35	41
Number of National Diploma students	18	20	12
Number of students receiving in-service experiential training	41	42	54
<b>Total number of bursars</b>	<b>91</b>	<b>97</b>	<b>107</b>

### LEARNERSHIPS AND APPRENTICESHIPS



- Apprenticeships
- NQF 2 (construction and roadworks)
- NQF 3 (health & safety and roadworks)
- NQF 4 (business administration, surveying and supervision of construction)
- NQF 5 (construction management)

# HUMAN CAPITAL AND SKILLS DEVELOPMENT

## CONTINUED

### EMPLOYEE REMUNERATION AND BENEFITS

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.

Remuneration for people employed by, or contracted with, WBHO 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. In addition to the legally mandated employment benefits, we provide our full-time employees with retirement funding and medical scheme benefits.

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 understand these two goals to be members of the local community, where possible when hiring employees in Africa, and we offer training opportunities to community members that will allow them to develop the skills they need to be employed by the group.

For a detailed discussion on remuneration please refer to the comprehensive remuneration report commencing on page 120 of the company's integrated report for the year under review, as well as our remuneration policy which can be found on our website.

### 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, 65% of our employees in South Africa are covered by collective bargaining agreements which is 3% down from FY16. The overall level of union representation within the group has fallen to 19% from 24%. The reduction in collective bargaining coverage and union representation is mainly due to the retrenchments that occurred during the year. In total, there were 354 retrenchments in FY17, of which 284 were hourly-paid employees. The majority of these retrenchments came from within the Civil engineering, Renniks and Western Cape buildings operations.

Retrenchments	FY17	FY16
Building	96	39
Civil engineering	128	73
Roads and earthworks	21	628
Other	32	55
Australia	38	39
<b>Total</b>	<b>315</b>	<b>834</b>

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 on 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, we have successfully negotiated enterprise bargaining agreements (EBAs) across all operations which assist in providing predictability in the forecasting of costs and ensuring consistent application of employment practices across the group. In total, 42% of our Australian employees are covered by collective bargaining agreements, which is an increase of 2% FY16.

The federal government of Australia, through the Australian Building and Construction Commission, announced that all employee bargaining agreements between contractors and their wage employees are to be compliant with the new Australian Building Code by 1 September 2017, far earlier than the original date of 28 November 2018. Non-compliance will technically result in contractors not being eligible to participate in federally funded projects, however very few, if any tier one builders in Australia currently have code compliant EBAs. This remains an issue for the industry to resolve with government.

It is gratifying to see that the number of "person days lost" (the number of days lost due to strikes, work stoppages or non-attendance multiplied by the number of employees affected) has decreased by 868 to 3 739 for FY17 (2016: 4 607). The majority of the person days lost in FY17 were a result of external local community action.

	FY17	FY16	FY15
<b>Total person days lost (group)</b>	<b>3 739</b>	4 607	3 260

### EMPLOYEE WELLNESS

#### MEDICAL FITNESS PROGRAMME

We have a medical fitness programme in place where operational employees undergo medicals annually to ensure that he or she is 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.

#### WELLNESS DAY AND HIV/AIDS

Every year, a Discovery 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 increased from 138 to 169, which included the plant and services divisions this year.

We recognise that HIV/Aids can have a significant impact on our business, both in terms of our fellow employees, the broader communities and markets 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. We have a zero tolerance policy for alcohol and drug abuse and continuous testing mechanisms are in place.

Testing (SA only)	FY17	FY16
HIV/Aids	<b>1 786</b>	2 041
Epilepsy	<b>1 786</b>	2 041
Drugs/alcohol	<b>4 334</b>	3 027
Other (Wellness Day)	<b>169</b>	138

	FY17	FY16	FY15
Number of active employees registered on ARV programmes	<b>117</b>	136	114

### ENHANCING COMPETENCIES WITHIN THE HR TEAM

It is vital that the HR function remains informed of industry requirements and formal training is ongoing. Two HR personnel are currently studying towards Bachelor degrees in HR, while a further two members of the HR staff are studying towards advanced post-graduate diplomas in HR and Law. We are pleased to report that one of our HR staff members completed a Bachelor degree in HR during the year under review and another two members of staff attended various HR seminars which contributed toward their continued professional development.

### LOOKING AHEAD

As a key strategic objective, talent retention initiatives and the development of our engineers remain focus areas. The new programmes that have been introduced will be monitored and we look forward to examining their effectiveness in the years to come. We will continue to implement our learnership programmes where possible and identify new candidates for management development for future appointment to middle and senior management levels.

A new integrated payroll platform will be implemented across the business which will cover salaried and wage employees both locally, as well as those in Australia and will streamline all payroll-related processes within the group.

Having revised our job profiles and job descriptions, we are also re-evaluating our equal work for equal pay. This has led to many occupation levels and grading system changes which have provide us with the opportunity to conduct a new analysis of the workforce. We aim to complete the process by March 2018.



# SAFETY MANAGEMENT

**WE RECOGNISE THAT POLICIES AND PROCEDURES ALONE DO NOT CREATE A SAFE WORKING ENVIRONMENT AND ENCOURAGE OUR EMPLOYEES TO ASSUME RESPONSIBILITY FOR THEIR OWN SAFETY.**

## 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 wellbeing of all of our stakeholders. We aspire to achieve 'zero harm', by conducting operations without fatalities and keeping lost-time injuries to a minimum.

The Board assumes overall responsibility for the safety of our employees and stakeholders through the Social and ethics committee and each operational manager assumes responsibility for safety within his individual business unit, ensuring that the Safety Management System (OHSAS18001:2007 certified) and OHS policies and procedures are implemented on every project.

## 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 our 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.

We are currently revising the risk assessment process and conducting a full review of the OHS Management System to ensure compliance with the anticipated changes to the OHSAS18001 Standard which will align with changes to the ISO45001 standards.

Senior legal appointments have also been revised in order for these vital appointments to better understand their roles and responsibilities towards OHS.

An external service provider conducts annually audits, to assess compliance with the OHSAS18001 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 OHSAS18001 certified by BSI.

During the year, the successful visible field leadership (VFL) initiative reached maturity within the Roads and earthworks division and has now been extended to the Building divisions. This has proved to be effective and informative for all concerned. The scheduled visits are conducted by members of senior management who are not specifically involved on the project and evaluate it from a safety perspective, giving constructive feedback to the project team. Senior management is seen to be leading by example, proactively raising awareness of specific safety issues.



## INTERNAL AUDITS

	FY17	FY16	FY15
SM coverage %	100	100	100
Audit coverage %	100	100	100
Non-compliance findings	<b>Unsafe acts by employees</b>  <b>Subcontractor non-compliance</b>  <b>Attention to detail in documentation completion</b>  <b>Subcontractor plant/machinery in poor state</b>  <b>Compliance to OHS SMS and Plan</b>	Unsafe acts by employees  Subcontractor non-compliance  Attention to detail in documentation completion  Subcontractor plant/machinery in poor state	Unsafe acts by employees  Poor compliance to standards by subcontractors  Compliance to OHS SMS and Plan

Although the overall OHS management has improved, it remains a challenge when local community subcontractors are used (SMMEs). WBHO provides guidance and assistance to these SMMEs to ensure they develop a satisfactory OHS culture. Subcontractor employees attend in the WBHO toolbox talks. All safety communications are shared with them for implementation and awareness purposes.

The incidence of unsafe acts by employees has decreased, which has in part been a result of union participation in communicating safety issues to employees and raising awareness.

A new edge protection system was developed and has been incorporated into our standard barricading procedures and rolled out to our sites to improve and prevent the poor barricading of structures and ensure consistent application. The scaffolding process has, for the most part, been subcontracted to specialist suppliers who are responsible for the erection and maintenance thereof to an acceptable standard.

We have identified that subcontractor plant and machinery on our local and African operations is not consistently maintained and have introduced inspection procedures by WBHO site personnel before being allowed onto site.

Substandard lifting practices have decreased following continuous awareness initiatives and on-site training. Housekeeping, being the orderly stacking of materials and general tidiness of a site, particularly walkways, has improved through the 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:

- Pedestrian safety
- Falling objects
- Abrasion – poor body position
- Lifting operations
- Safe plant and machinery operations
- Traffic management and man-machine interface

Three additional safety “stand downs” were initiated during certain peak accident periods during the year, as identified by the Safety Department. These required full site stoppages intended to double-check critical safety processes and procedures and refocus all employees.

### ESTABLISHING A CULTURE OF SAFETY

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, we are encouraging an environment in which employees can report “near-misses” without fear of reprisal, 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 STATISTICS

	FY18	FY17		FY16		FY15	
OHS targets and performance	Target	Actual	Target	Actual	Target	Actual	Target
LTIFR*	0,80	0,80	0,90	0,94	0,70	0,78	1,00
RCR**	1,00	1,07	0,90	1,19	0,90	0,99	1,00
Work-related fatalities	–	1,00	–	1,00	–	1,00	–
AIFR***	0,50	0,52	1,30	1,38	–	1,13	–
Visible field leadership visits (%)	100	100	100	96			
SMS coverage (%)	100	100	100	100	100	100	100
Audit coverage (%)	100	100	100	100	100	100	100

\* Lost-time injury frequency rate

\*\* Recordable case rate

\*\*\* All-injury frequency rate

## HEALTH AND SAFETY CHALLENGES, PROGRESS AND ACHIEVEMENTS

We take responsibility for all people on our sites, regardless of whether they are our employees or not. We report on injuries of subcontractors and service providers on our sites or under our supervision. Subcontractor management remains a high risk, but the statistical information has improved dramatically from FY16. Injuries sustained by subcontractors have decreased by 13% to 265 compared to 304 in FY16. A new vetting programme for larger contractors has been initiated recently, which comprises pre-system and verification audits of procedures on operational projects. This measures the standard of OHS within the subcontractor company and identifies any gaps, which need to be addressed.

Our health and safety induction process incorporates our own employees, subcontractor employees, tenant contractors and visitors. No person is allowed onto a site without being inducted. Medical fitness certificates are a prerequisite for induction.

As can be seen from the table above, we are pleased to report that our LTIFR and RCR improved year-on-year. This is a result of the significant changes in our safety culture, which is evident on all our projects.

Unfortunately, the Australian operation recorded a work-related fatality in October 2016, a significant event that is the first in Probuilt's 30-year history. In response, management held formal meetings with the leadership of the subcontractor company involved, issued various safety notices and conducted on-site training. This tragic occurrence has been used by the business to alert our sites against all forms of complacency and to reaffirm our commitment to safety on our projects.

### HEALTH AND SAFETY TRAINING

In 2017, 596 beneficiaries attended safety interventions (2016: 202), 67% of whom were from designated groups (2016: 84%) with an average spend per beneficiary amounting to R800 (2016: R668).

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.

### INJURY TYPES AND TRENDS

Decreasing trends in lost-time injuries (LTIs) 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 AIFR includes all types of injuries, from first aid provision to fatalities, indicating a wide range of personal injury trends within the business. The AIFR is currently at 0,52 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 recorded hand and finger injuries having reduced substantially by 7% and improper barricading by 28% in FY17. Material handling-related injuries also showed a 23% improvement. This was achieved by better planning when moving material and improving the quality of gloves worn by workers.



## SAFETY MANAGEMENT

### CONTINUED

This year has been fraught with various 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. One such incident, occurring at a competitor's site, entailed the collapse of a tower crane and we immediately conducted a company-wide audit on the securing of tower cranes on our projects to ensure similar incidents do not occur now or in the future.

### LOOKING AHEAD

In the year ahead, through the ongoing cooperation of the unions and additional awareness campaigns, we endeavour to further reduce the number of unsafe acts by employees and improve our site housekeeping. We also aim to decrease the number of head and face injuries related to 'struck-by' incidents. Leg, knee and ankle injuries account for 16% of injuries and are related to trip and fall incidents. Improved housekeeping and general observation will assist in achieving this objective. Through the auditing process, weekly observation reports from site safety personnel and management feedback from VFL visits, we aim to instil a culture of safe behaviour and attitudes in all employees and those of our subcontractors.

Subcontractor management remains an ongoing focus. We continuously review our subcontractor policy and procedures to ensure their teams attain our required levels of safety management. Further training will be provided to our safety officers to improve their overall project management and we are currently rewriting the OHS management system to simplify it further in order to reduce duplication of administrative functions and to bring it in line with ISO 45001. Further investigation into a fully electronic SMS is underway and we are hoping to report on our progress in this regard in the coming year. As part of our ongoing process to improve our stakeholder engagement we are currently reviewing and updating the induction process and intend developing a comprehensive induction DVD.





# ENVIRONMENTAL MANAGEMENT

**WE HAVE EMBRACED THE IMPORTANCE OF PROTECTING THE ENVIRONMENT AND HAVE MADE SUSTAINABLE DEVELOPMENT ONE OF OUR OVERALL STRATEGIC GOALS.**

## 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 and we are committed to the highest standards of environmental protection throughout all phases of construction by upholding the basic principles of environmental management.

The construction industry is a high impact industry and we fully acknowledge the moral and legal responsibility for the safeguarding of the environment and the wellbeing of all of those affected by our business. Another important part of our environmental management process is engaging with stakeholders whose environment could be impacted by our projects or who could impact the environment within the vicinity of our projects. We engage with local communities, government, non-governmental organisations (NGOs), our clients, consultants and subcontractors in this regard.

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 within the organisation. Ultimate responsibility for our environmental policy and management rests with the Board assisted by the Social and ethics committee.

We have embraced the importance of protecting the environment and have made sustainable development one of our overall strategic goals. We aim to reach this objective in four key ways:

- Being transparent about our environmental management
- Maintaining an environmental management system (EMS) that is ISO14001 compliant
- Minimising the adverse environmental impacts of construction activities by adhering to all legislative requirements
- By improving awareness throughout the business through induction and training initiatives

During our annual review process, we amended the environmental policy to include a greater focus on waste, namely the avoidance, reduction, re-use and recycling thereof as far as possible.



# ENVIRONMENTAL MANAGEMENT

CONTINUED

## ENVIRONMENTAL MANAGEMENT SYSTEMS

Our environmental impact is accurately monitored, measured and reported on by our ISO14001:2004-certified Environmental Management System (EMS). During FY16, we successfully audited and merged the four divisional certificates of the company into a consolidated ISO14001 certificate. This transition has allowed for a more integrated and effective approach to managing the EMS and future audits.

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.

The external audits of the EMS resulted in one major finding of non-conformance, six minor findings and six best practice findings.

The single major finding related to a spillage of raw sewerage onto soil from overflowing conservancy tanks. This was an unfortunate and abnormal condition which was immediately addressed. In response, our future emergency response will include placing the tanks in banded areas designed to contain any potential spills and conducting additional monitoring to ensure that the plumbing connections are well maintained.

The minor findings related to housekeeping, waste management, minor hydrocarbon spills and the storage and handling of hazardous chemicals.

Best practice findings were awarded to sites in the Western Cape, where the sites implemented a well-managed system for the handling and washing of mortar and concrete buckets. At our Plant and Services yard in Chloorkop, commendations were received for the proper management and controls within the heavy plant workshop and formwork and lay-down areas, as well as for high standards of housekeeping. The workshop received a further commendation in relation to the absence of any oil spills.

## TRANSITION TO ISO14001:2015 STANDARD

The primary focus of the new standard is the achievement of a holistic, strategic approach to setting environmental policy, plans and actions within the specific context of the group. Therefore, it allows for more flexibility, and as a result, companies can tailor internal systems and

processes as required. The standard requires the EMS to be further integrated into the strategic thinking of the business, as well as its processes. The EMS should not be viewed as a separate procedure and environmental risks should be incorporated alongside the strategic risks of the business.

The new standard changes relate to:

- increased prominence of environmental management within the strategic planning processes of the organisation;
- environmental policy and objectives being consistent with the overall business strategy and strategic direction of the company;
- greater focus on leadership with an explicit and enhanced requirement for top management to demonstrate leadership and commitment relating to the system;
- deeper consideration of risks and opportunities associated with aspects and impacts, compliance obligations and other requirements;
- additional proactive initiatives to protect the environment from harm and degradation, such as sustainable resource use and climate change mitigation;
- new emphasis on the need for evaluation in addition to the current requirements for monitoring measurement and analysis; and
- the introduction of "lifecycle thinking" from raw material acquisition, or generation from natural resources to end-of-life treatment and assuming this perspective when establishing value chain controls.

A gap analysis was undertaken between our EMS and the ISO14001:2015 standard to determine our readiness for assessment. Training was conducted on the gaps identified to ensure that environmental personnel are fully apprised of the new requirements.

## ENVIRONMENTAL RISK FOCUS AREAS

### LEGAL COMPLIANCE AUDIT

Identified as a strategic risk, legal compliance with a wide range of environmental legislation remains of the utmost importance and forms an integral part of our EMS.

In order to assess compliance with environmental regulations and legislation, we appointed an independent environmental legal specialist to conduct a full legal compliance audit to assist in identifying areas where improvement may be required.

Internal audits

	FY17	FY16	FY15
Number of audits	83	91	98
EMS coverage (%)	95	100	100
Audit coverage (%)	85	90	90
Reportable incidents	0	0	0
Non-compliance findings (ISO audits)	7	18	23

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.

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

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 is that of non-compliance by our subcontractors, suppliers and service providers with 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, formal service provider audits will form an integral part of the EMS.

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

## ENVIRONMENTAL TRAINING

This year we have increased our spending on, as well as the level and complexity of, environmental training. To this end, we have implemented the following environmental training initiatives and programmes during the year:

- Training on the requirements of ISO14001:2015
- Environmental legal liability
- Environmental training at the engineering schools Levels 1 and 2
- Root cause analysis training for coordinators

## 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, re-using and recycling waste which will assist us to reduce emissions substantially.

The newly enacted carbon tax focusses on the heavy emitters and it is likely that any knock-on effects will result in price increases for the construction industry.

## GREEN BUILDINGS

As a member of the Green Building Council of South Africa (GBCSA), we are actively involved in the construction of Green Star-rated buildings. We pride ourselves on participating in the green building movement which addresses 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.

Statistics from the GBCSA indicate that Green Star SA buildings result in energy savings of between 25% and 50% when compared to standard buildings. This year alone, we completed the construction of the following nine Green Star buildings, all of which are in different stages of the rating process:

- Rosebank Towers
- Menlyn Maine Central Square
- Alice Lane Phase 3
- Statistics SA offices
- Silo 3 and 4
- Silo 5
- The National English Literature Museum
- SANRAL Baywest offices
- Transnet administration building



# ENVIRONMENTAL MANAGEMENT

CONTINUED

## CARBON DISCLOSURE PROJECT (CDP)

The CDP provides a framework to enable us to measure and disclose the size of our ‘carbon footprint’ or greenhouse gas (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. Our FY16 emissions have been

submitted, however the assessment of our performance will only be released towards the end of 2017.

The reduction this year is due to the high component of building work and the number of Green Star buildings in our project portfolio all of which are less GHG intensive than in previous years.

During FY16, the South African operations of WBHO recorded the following carbon emissions:

	FY16	FY15	FY14	FY13
<b>Scope 1</b> (tCO <sub>2</sub> e)				
Direct emissions from owned or controlled sources	32 850,49	42 632,40	43 261,53	38 789,98
<b>Scope 2</b> (tCO <sub>2</sub> e)				
Indirect emissions from the generation of purchased energy	6 153,73	6 017,04	14 256,65	21 972,51
<b>Scope 3</b> (tCO <sub>2</sub> e)				
Indirect emissions (not included in Scope 2) that occur in the value chain of the company	3 176,87	2 058,78	2 209,19	4 858,38
<b>Total</b> (tCO <sub>2</sub> e)	42 181,09	50 708,22	59 727,37	65 620,87

## LOOKING AHEAD

We continue to plan for a smooth transition to the ISO14001:2015 standard. Significant work has already been done in this area to achieve our transition goals. Audits on the new standard are planned for March 2018.

Further training has been identified for all environmental personnel including the implications of changes to the updated ISO14001:2015 Standard and workshops have

been arranged to advise site management of these changes as well.

As mentioned earlier, service provider and supplier audits have been incorporated into the internal audit function and will remain a key focus area in order for us to determine compliance with environmental legislation and company policies.





# QUALITY MANAGEMENT

## OUR APPROACH TO QUALITY PROVIDES CONFIDENCE TO OUR CLIENTS, ENHANCES OUR REPUTATION AND RESULTS IN REPEAT BUSINESS.

### OUR APPROACH AND POLICY

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.

We ensure that high levels of quality are consistently attained on our projects by using 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. 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 ISO9001 standard.

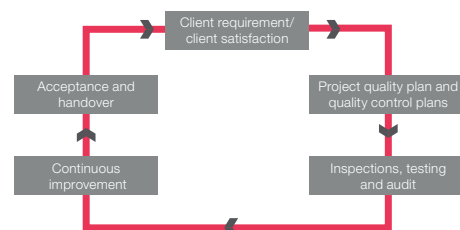
As a team we strive to:

- 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; and
- seek feedback from our clients and consultants on our performance and the level of quality delivered.

Our quality policy is reviewed on an annual basis. The QMS is implemented on all sites, assisted 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 boards, while report summaries are tabled at main Board meetings as a standard agenda item.



## QUALITY MANAGEMENT SYSTEMS



This year the QMS was audited by TUV Reinland and our ISO certification was successfully renewed. We remain on track to align the QMS with the new ISO9001:2015 standard.

### INTERNAL AUDIT

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.

This year we conducted 179 audits during the year (2016: 136). Based on our findings we were able to confirm that the group is monitoring and managing quality-related risks satisfactorily. Our audit coverage was 48,6% (2016: 46,0%), which is an improvement on the previous year. Due to limited resources, our audit schedule was aligned with those key projects we considered to have high

levels of risk and complexity. Based on the findings of these site audits, corrective action notifications (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 significantly from 1 269 last year to 624, due to an improvement in the implementation of the QMS alongside overall compliance.

### QUALITY CHALLENGES, PROGRESS AND ACHIEVEMENTS

Supplier quality has been a primary concern over recent years. As a result, this year we employed a dedicated auditor with a mandate to assess the ability of critical suppliers to deliver materials to the required specifications. 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 requirements.

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.

	FY17	FY16	FY15
Quality audits	179	136	137
Corrective action notifications (CANs)	624	1 269	628

	FY17		FY16	
	QMS coverage (%)	Audit coverage (%)	QMS coverage (%)	Audit coverage (%)
South Africa and rest of Africa	100	48,6	100	46,0
Australia	100	98	100	98

Our intense focus in this area is reflected in the increase in the number of supplier audits undertaken from 25 in FY16 to 73 this year.

	FY17	FY16	FY15
Supplier inspections	150	19	51
Supplier audits	73	25	23

Due to the differing nature of work, we developed a new management system for the Pipelines business unit within the Roads and earthworks division. It is aligned with ISO3834 and we successfully obtained certification thereof on the projects in Saldanha. In addition to the ISO9001 requirements, this standard places attention on the welding process and imposes strict requirements on the competency of the welding coordinator, welders and quality personnel. Welding procedures, equipment, consumables, inspection and testing, and safety requirements are clearly defined and specified within this standard.

This year the quality audit process was formally aligned with the risk management framework which was achieved by linking quality risks to the project and other risks within the risk matrix. Risk ratings from our audits are now incorporated into the overall risk assessment processes.

Following the success of the VFL in respect of safety we have now implemented a Quality VFL process. Senior management will conduct these assessments on site using a predetermined questionnaire and trend analysis template.

### QUALITY MANAGEMENT INITIATIVES

Trend analysis informs many of the operational training initiatives and programmes. This trend analysis is communicated to our training department annually, which guides the type of training to be planned for, based on actual information. When identifying new trends we develop continuous improvement infograms for communication to site personnel.

During FY17, continuous improvement infograms on the following subjects were distributed:

- Structural steel – welding process
- Specifications and standards
- Suppliers – material quality
- Root cause analysis

### QUALITY MANAGEMENT TRAINING

Following the revision of the ISO9001 standard, all personnel from the assurance team were formally trained on the new standard. We aim to be accredited against the new standard by November 2017. Training on the SANS1393 Construction Management System Standard was completed and will be implemented within all subsidiaries and enterprise development partners in the near future.

The table below illustrates the internal QMS training performed and facilitated by the Quality Department:

	FY17	FY16	FY15
Senior management	35	22	29
Site personnel	214	220	164
Engineering School personnel	145	96	40

### LOOKING AHEAD

Next year we will embark on the following initiatives:

- Updating the subcontractor database with risk ratings of all critical and high-value subcontractors
- Training and assisting enterprise development and VRP partners on quality management
- Implementing a new information management system throughout the group including collaboration software incorporating building information modelling (BIM\*)
- Implementing a paperless QMS
- Conducting mobile quality control inspections
- Introducing real-time reporting

*\* BIM is a process that provides a holistic view of data from various systems and integrates useful information in respect of a project allowing all participants including architects, professional teams, site management and suppliers to analyse and manage the full lifecycle of the building efficiently. It commences at the strategic business justification stages and continues throughout the construction, handover and operating phases. Through the digital application of all BIM processes, projects are managed in a connected and collaborative way.*

In addition to the new supplier quality auditor, we have employed a site-based QMS compliance auditor who will free our senior auditor to focus on internal training and on-site assistance. A greater focus on training and support is needed in addition to the audit assessment process to align the quality function with overall business improvement, as opposed to having a mere focus on system compliance. Thus, we aim to train 38 quality personnel on industry-specific areas of attention in the year ahead. ISO9001:2015 training will also be in focus.

We will also extend our formal supplier assessments to critical subcontractors and will actively assist them in improving their processes in order to consistently deliver work of a high-quality. Through the use of mobile applications, we aim to reduce the turnaround time when closing out works-related snags on sites, thus adding real value.



# TRANSFORMATION

**AT WBHO, WE ARE PROUD TO BE AMONG THE LEADERS OF TRANSFORMATION, IN BOTH THE CONSTRUCTION SECTOR, AND SOUTH AFRICA AS A WHOLE.**

## **OUR APPROACH AND POLICY**

Through transformation, we actively pursue the transfer of skills and economic benefits to previously disadvantaged individuals and local communities, as well as representation within our own management structures.

Transformation is one of our six strategic objectives, because we understand that it is fundamental to our long-term sustainability as a group.

## **CONSTRUCTION SECTOR CODES**

This year saw the negotiation of the new Construction Sector Codes, as required by the Department of Trade and Industry (dti). The new codes replace the Revised Generic Codes of Good Practice, which were applicable after the previous Construction Codes were repealed in February 2016. The interim generic codes impacted on the ratings level of WBHO and the entire construction industry, as the targets and measurement principles were very different from the previous codes.

WBHO dropped to a Level 4 Contributor when first assessed against the Generic Codes earlier this year. At 30 June 2017, we have improved to a Level 3 Contributor.

We have been involved in the alignment process of the new Construction Sector Codes and aim to improve our current status once these codes are published.



# TRANSFORMATION

## CONTINUED

### MANAGEMENT OF TRANSFORMATION

A dedicated management committee, comprising the executive directors, managing directors of each business unit and the transformation director has been established. Taking direction from the Board, the committee meets regularly to assess the transformation statistics and performance of the group against predetermined targets which are aligned with the Construction Sector Codes, our employment equity plan and overall strategy.

Initiatives are developed to improve performance where necessary and implemented within the business units by the managing directors. Each business unit reports on its individual performance at each divisional board meeting.

By managing transformation in an integrated way, we ensure 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.

This year, WBHO signed a Settlement Agreement with the Government of South Africa, along with seven other listed construction companies, the purpose of which is to create radical 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. This is a significant commitment which will result in sizeable and sustainable black-owned construction companies in the future. It is a journey we embrace and have constituted a stand-alone VRP committee to track and monitor our progress against these obligations. The commencement date for the seven-year period was 1 July 2017.

WBHO has developed specialist software to record, monitor and track our transformation progress. We are able to produce scorecards for each business unit which reflect their performance against individual elements. Not only does this allow the managing directors to focus their attention on specific areas which require improvement, it also creates the necessary accountability within the group. The software has recently been updated to cater for the requirements of the New Construction Sector Codes.

### OUR TRANSFORMATION JOURNEY 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 people. Now over 10 years old, we have issued 640 500 shares to our black employees in accordance with the scheme rules.

This year, 462 204 shares also vested with our black partners who have been long-standing members of our Board.

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 include staff performing the roles of shutterhands, welders and cleaners, whose 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.

We also conducted workshops for over 5 500 of our employees, reaching 50 sites countrywide over a period of nine weeks, to assist them in making informed decisions when guiding their children's educational choices. In addition, we produced a 67-page booklet for employees providing advice when deciding on the career path for their children. The booklet discusses the importance of benchmark testing, university applications for grade 11 students, making the correct subject choices, as well as providing workable career path options for non-academic children. The book was translated into four languages and presented to employees across South Africa. The feedback has been extremely positive, with employees able to explain what they learned from the presentations with a booklet in their preferred language. Our hope is for this initiative to make a real difference in the lives of our people, and the country as a whole.

### MANAGEMENT CONTROL

Through our Engineering School Level 3 and management development programmes we equip identified individuals with the necessary skills to perform at a management level. Over the last two years 26 black candidates have 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.

We have made a number of appointments to senior management positions in recent years, which include individuals from operational management, legal counsel and finance and we are excited about the positive contribution these individuals will make in sustaining the future of the business.

### 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 at the end of this section highlights the amount invested in these employees over the last 10 years.

We are proud to report the commencement of our internal bursary student support and mentoring programme during the year. 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 they often withdraw from their peers as they struggle to keep up with the curriculum. This programme provides support for these students and is delivering excellent results from the very outset. It includes weekly mentoring sessions from our older bursary students, each of whom is assigned a student to assist from the year below. This builds a sense of camaraderie that students can carry with them into their careers.

### 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 ourselves, 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 that had the potential for promotions and a timeframe for them. We also considered future retirements of senior members of staff particularly in senior management. Individual business units were given set targets to be achieved for each year of the plan. Where we are unable to fulfil those targets from within our existing staff complement we will 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 toward 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 rural suppliers. With a number of projects in these areas, we are excited about the opportunity to direct some of our spending toward these suppliers, while at the same time achieving our procurement objectives under the scorecard. Procurement spend is managed and reported upon by individual business units on a monthly basis. Detailed reports are issued 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. We use our existing relationships with suppliers and subcontractors to exert pressure where possible to improve their own empowerment scores. This year an amount of R2,6 billion was spent with black-owned business of which R794 million was spent with black women-owned businesses.

For many years WBHO has had in place an extensive enterprise development (ED) programme. Our programme is aimed at growing sustainable black businesses within our industry. Though these programmes 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. In addition, we employ a dedicated ED coordinator who oversees their development, liaising with relevant teams and functions within the group to further their development in accordance with their needs. Over and above our three VRP partners we currently have 12 ED companies on our programme.

### SOCIO-ECONOMIC DEVELOPMENT

Over the last nine years a total amount of R43 million has been invested in socio-economic initiatives. Set out below are details of how and why we have invested these funds.

## EDUCATION

**R17 649 074**

(33% of total spend)

A total of 58 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, the 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 R1,25 million.

## HIV/AIDS PROGRAMMES

**R8 935 330**

(17% of total spend)

These include our support of seven HIV/Aids programmes.

## GENERAL HEALTH

**R492 896**

(1% of total spend)

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



## TRANSFORMATION CONTINUED

## HOUSING

**R614 034**

(1% of total spend)

This includes the building of three housing programmes.

## COMMUNITY CARE ASSISTANCE

**R8 805 075**

(17% of total spend)

We have 44 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 and the upgrade and support for community churches, and support for rural agricultural projects. Most recently WBHO assisted victims of the Knysna fire and Cape Town flood, while last year we provided water tankers in drought-stricken rural areas in the Free State.

## SPORT

**R3 508 690**

(7% of total spend)

We have nine 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.

## SOCIAL DEVELOPMENT AND UPLIFTMENT

R2 879 287

(5% of total spend)

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

## TRANSFORMATION STATISTICS

Scorecard expiry year	Black training spend					
	Spend black employees (R)	Spend black women employees (R)	Number of black learners	Number of black women learners	Total spend (R)	Spend on black employees (%)
2011 to 2012	22 477 212	2 057 420	139	24	34 744 902	64,69
2012 to 2013	27 907 265	3 721 685	176	35	37 992 180	73,46
2013 to 2014	26 035 254	3 443 000	219	61	32 383 876	80,40
2014 to 2015	26 074 798	7 989 645	199	53	36 917 230	70,63
2015 to 2016	22 141 381	4 364 886	186	63	30 859 222	71,75
	<b>124 635 910</b>	<b>21 576 636</b>	<b>919</b>	<b>236</b>	<b>172 897 410</b>	<b>72,09</b>
	Learner years					

## NOTES



## NOTES

[illegible]