

# SUSTAINABILITY AT A GLANCE



## FINANCIAL CAPITAL

### VALUE ADDED STATEMENT

Value added is the measure of wealth created by the group in its operations by 'adding value' to the cost of raw materials, products and services purchased. The statement below summarises the total wealth created and shows how it was shared by employees and other stakeholders that contributed to its creation. Also set out below is the amount retained and reinvested in the group for the replacement of assets and the further development of operations.

	Adjusted 2016 R'000	Restated 2015 R'000
<b>Revenue from goods and services</b>	<b>4 993 092</b>	4 254 010
<i>Less: Cost of goods and services</i>	<b>(4 867 300)</b>	(3 144 578)
<b>Value added from trading operations</b>	<b>125 792</b>	1 109 432
<i>Add: Interest received on investments</i>	<b>3 460</b>	15 710
<b>Total value added</b>	<b>129 252</b>	1 125 142
<b>Utilised as follows:</b>		
<b>Employees</b>		
Salaries and benefits	<b>728 633</b>	568 835
<b>Providers of capital</b>		
Interest on borrowings	<b>74 530</b>	52 194
<b>Government – company tax</b>	<b>19 613</b>	(23 328)
Current	<b>13 045</b>	8 526
Deferred	<b>6 568</b>	(31 854)
	<b>822 776</b>	597 701
<b>Retained for reinvestment</b>		
Depreciation and amortisation	<b>69 412</b>	48 321
Income retained in the business	<b>(762 936)</b>	479 120
	<b>(693 524)</b>	527 441
<b>Total utilisation of value added</b>	<b>129 252</b>	1 125 142

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(continued)

## EXCHANGES WITH GOVERNMENT, INCLUDING AMOUNTS COLLECTED ON THEIR BEHALF

	12 months ended 31 March 2016 R'000	9 months ended 31 March 2015 R'000
Employee taxes	123 509	104 193
Company taxes	20 950	18 453
Value added tax and sales tax	93 080	68 505
Customs and excise duty	41 405	32 806



## HUMAN CAPITAL

### EMPLOYMENT

DAWN's employment strategy focuses on employee initiatives, social conditions and sustaining jobs in the supply base as well as occupational health and safety. DAWN's employees are the foundation of the business that enable the execution of the group's business strategy to deliver sustainable profit growth. The group's focus is on attracting, engaging and retaining the best talent to deliver on its strategic plan. DAWN's employment brand is built on a combination of its culture, its leadership, its product brands and its reputation.

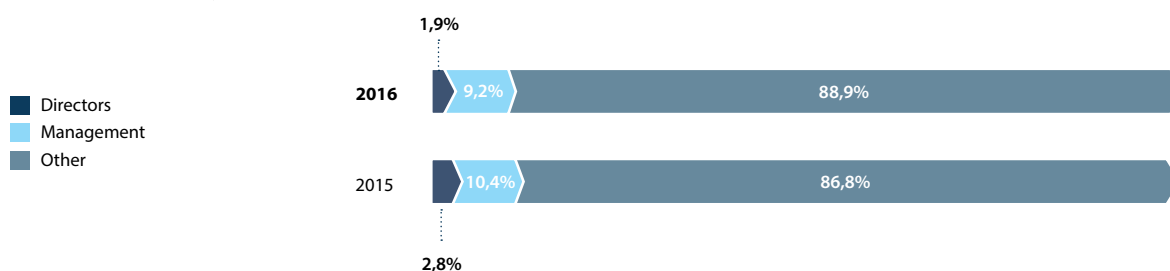
DAWN's vision of transformation is translated into strategies and specific targets and plans which are monitored and governed by the board. Transformation plans and targets are reflected in the leadership and other relevant employees' performance goals.

The group's subsidiaries employ 2 984 (F2015: 3 017) people and the segmental breakdown of employees as well as the employment by race, gender, age group and region are graphically depicted below:

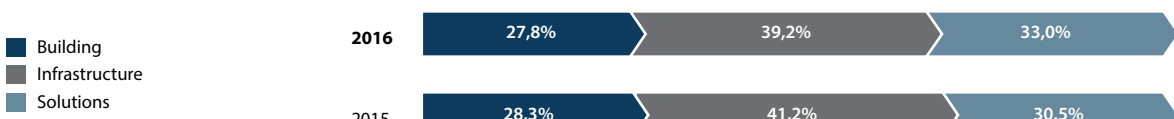
#### Employment by gender profile



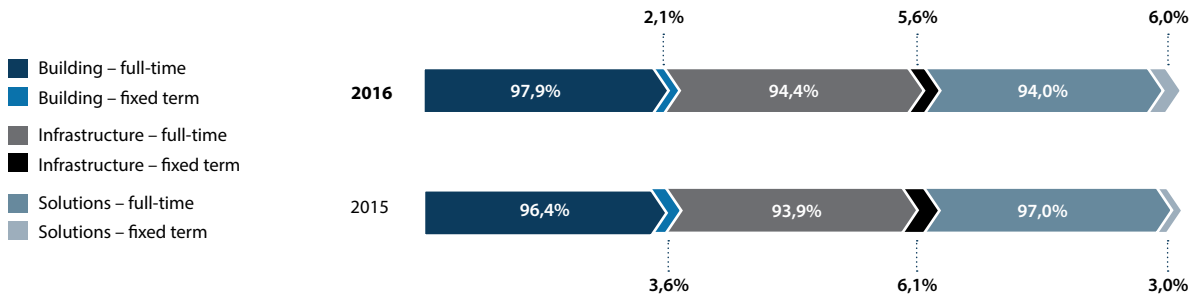
#### Levels of female employment



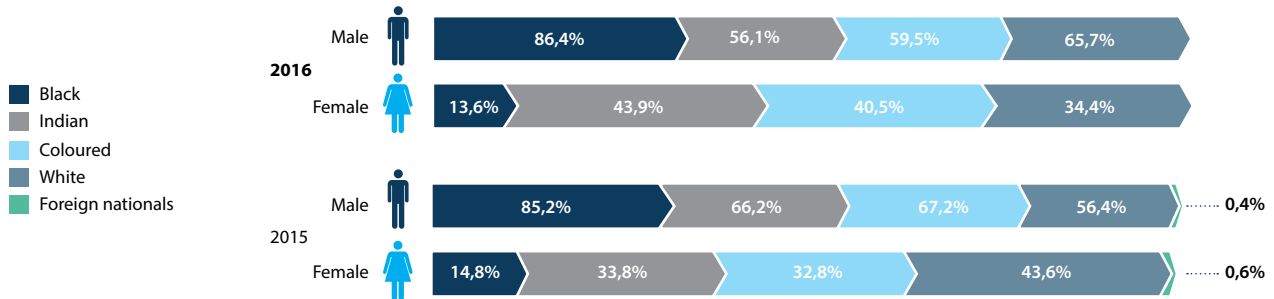
### Employment by segment



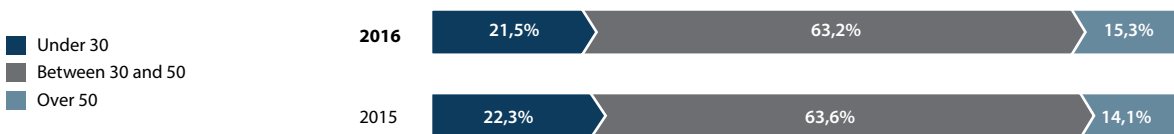
### Employment by segment (full-time and fixed term)



### Employment by race and gender



### Employment by age group



### Employment by region



- Angola (0,4% : 0,4%)
- Botswana (0,7% : 1,8%)
- Democratic Republic of the Congo (0,4% : 0,3%)
- Eastern Cape (5,6% : 5,0%)
- Free State (3,8% : 3,5%)
- Gauteng (42,4% : 41,1%)
- KwaZulu-Natal (18,6% : 18,7%)
- Limpopo (3,7% : 3,7%)
- Mauritius (0% : 0,3%)
- Mozambique (0,7% : 0,9%)
- Mpumalanga (4,4% : 4,4%)
- Namibia (2,0% : 2,0%)
- Northern Cape (0,4% : 0,9%)
- North West (0,6% : 1,1%)
- Tanzania (0,5% : 0%)
- Western Cape (15,1% : 14,6%)
- Zambia (1,2% : 1,1%)

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(continued)

## *Staff turnover*

The internationally recognised way of calculating labour turnover is as follows: employees who resign, are retrenched, retire, leave due to mutually agreed settlements and long-term contracts that are ended.

$$\frac{\text{Number of employees leaving during period}}{\text{Average number employed during period}} \times 100$$

The absenteeism issues are most prevalent in the manufacturing businesses, which is quite normal. Physical strains, monotony of the work and motivation levels are the cause. The HR strategies approved for the manufacturing businesses in the infrastructure segment have elements aimed at improving the causes of absenteeism.

## *Industry information about absenteeism*

Absenteeism should be at about 1,5%, which means that for every 250 working days per year, the average employee should take 3,75 days off. Most South African companies have an overall absenteeism rate of between 3,5 and 6%, way over the acceptable limit.

- 14,08% of the total sick absenteeism incidents in corporate South Africa were related to influenza.
- 13,8% of all sick leaves taken by males were due to influenza.
- Influenza accounted for 11,55% of all sick leaves taken in the female segment of the 150 000 strong sample.
- 7,14% of the total incidents related to back pain and back symptom complaints.
- The second highest reason for sick leave amongst males was lower back pain.
- For women, the second highest reason for sick leave taken was acute bronchitis.
- 6,09% of the total sick leave incidents related to gastroenteritis.
- The biggest difference in sick leave diagnosis between males and females was depressive disorder. While a mere 0,70% of men took sick leave because of depressive disorders, it accounted for 1,2% of sick leave taken by women.

The staff turnover rate for DAWN and its subsidiaries, based on the above calculations, has been 30,56% for the 2016 financial year with an absenteeism rate of 1,36%. Comparative rates for the prior year are not available as the calculation method has been changed in line with international best practice.

## LABOUR/MANAGEMENT RELATIONS

The number of unionised employees is listed below and constitutes 33,5% (F2015: 29,9%) of the group's workforce.

Trade unionisation	BUILDING				INFRASTRUCTURE					SOLUTIONS	TOTAL
	Trading		Manufacturing	Hamilton's	Trading	Manufacturing					
	WHS	DKF				Pro-Max		Incedon	DPI Plastics	Sangio Pipe	Swan Plastics
SATAWU	3	6			1					29	39
SACCAWU	16				3					400	419
NUM										1	1
BCAWU										1	1
NUMSA		4			7	204	94	13	12	63	397
CEPPAWU				23		19					42
GIWUSA			4			30				22	56
SACWU			38								38
SOLIDARITY	1					1					2
UCIMESHAWU										4	4
<i>Number of unionised employees</i>	<b>20</b>	<b>10</b>	<b>42</b>	<b>23</b>	<b>11</b>	<b>254</b>	<b>94</b>	<b>13</b>	<b>12</b>	<b>520</b>	<b>999</b>

### Definitions:

SATAWU – South African Transport and Allied Workers Union

SACCAWU – South African Commercial, Catering and Allied Workers Union

NUM – National Union of Mine Workers

BCAWU – Building, Construction and Allied Workers Union

NUMSA – National Union of Metalworkers of South Africa

CEPPAWU – Chemical, Energy, Paper, Printing, Wood and Allied Workers Union

GIWUSA – General Industries Workers' Union of South Africa

UCIMESHAWU – United Chemical Industries Mining Electrical State Health and Aligned Workers Union

# SUSTAINABILITY AT A GLANCE

(continued)

## OCCUPATIONAL HEALTH AND SAFETY

### *Workplace injuries*

Lost time injury reporting has improved overall throughout the group, hence the slight rise in the Disabling Injury Frequency Rate (DIFR) for the period 1 April 2015 to 31 March 2016.

The group is working towards zero incidents through training and awareness programmes, improved housekeeping practices and manager-employee relationships.

A calculation was done of DAWN's subsidiaries' DIFR, which resulted in a rate of 1,19% (F2015: 1,10%) calculated on 200 000 hours worked with 25 (F2015: 21) disabling injuries.



The 25 disabling injuries referred to above relate to cuts, bumps, sprains and fractures.

### *Occupational and healthcare clinics and initiatives*

On-site occupational clinics are operational at the following manufacturing plants:

- DPI Plastics, Roodekop and Bellville

Where no on-site clinic is available, such as warehousing and distribution outlets, employees are referred to outsourced occupational health services, for matters such as lifting equipment operator medical examinations, vision screening, injury on duty cases and other occupational work-related cases such as noise induced hearing loss. Focus has also given to occupational hygiene risk assessments in terms of health-related recommendations.

As required, mobile occupational healthcare units are brought onto site to attend to groups of employees; such services include full medical examinations, chest x-rays, vision screening, HIV/Aids counselling and testing as well as blood sugar testing, hypertension and diabetes.

Over and above occupational healthcare on-site clinic services, occupational health nurse practitioners address primary healthcare for employees with chronic illnesses such as diabetes, hypertension, etc.

Wellness programmes are in place for pregnant female employees, HIV/Aids testing and counselling, as well as other related primary healthcare requirements.

## TRAINING AND EDUCATION

The intent of people development within the group is entrenched in the DAWN mission statement, “to implement ongoing skills and development programmes for employees”. In being true to developing, growing and empowering employees, all entities within the Group have training development plans in place to ensure employees achieve their full potential. This translates into an efficient and effective workforce.

The training plans ensure the group is abreast of scarce and critical skills within the organisation, allowing for strategies for building local talent from within. A blended learning approach sees employees make optimal use of development in line with competencies and capabilities.

### *DAWN Academy*

The DAWN Academy is the vehicle used to ensure the building of various talent pipelines as well as the continuous upskilling and development of employees. This is done in partnership with various SETAs and using the principle of collaboration with established and accredited training providers who are able to present courses that are up-to-date, offer modern approaches to their subject matter and provide subject matter experts who are skilled and able to transfer their knowledge easily and efficiently.

The current model of the DAWN Academy is designed to operate with minimal staff but provides the necessary services to internal and external companies.

CEB Inc is the world's leading member-based advisory company, which forms part of the blended learning strategy implemented at DAWN Academy. This content site provides the group with benchmarking, e-learning and webinar content. For management development, content is targeted at highest-impact managerial activities that improve performance in teams. For employees, it provides opportunities to drive peer-to-peer effectiveness and business results within organisations.

### *Skills development*

The employment equity and skills development forums are in place to provide quality assurance in terms of training and development as well as transformation across all companies. The workplace skills plans derived from the training plans and annual training reports, have been submitted as per the Skills Development Act requirements.

A number of learnerships have been implemented across the group namely:

- Wholesale and retail supervision learnership;
- Production technology learnership;
- Manufacturing and assembly learnership;
- Plastics manufacturing learnership;
- Supply-chain management learnership; and
- Generic management learnership.

These learnerships include permanent employees and unemployed learners recruited as fixed term employees. These interventions form part of the transformation strategy. Apprenticeships are also underway at DPI Plastics in order to create a pool of competent trades within manufacturing. This includes trades such as tool, jig- and die-makers, ATRAMI Setters and Millwrights. These are some of the trades considered as scarce skills within the industry.

Internal training courses in the form of product training are taking place across the businesses, based on the needs within the individual organisations. The eMerge project has resulted in the upskilling of many staff across the group due to the implementation of new systems and processes. This has necessitated the need for computer-based training with Microsoft Excel training being a core focus.

# SUSTAINABILITY AT A GLANCE

(continued)

## Succession planning

All senior and middle management employees of the DAWN group form part of the group's performance management programme. This programme aims to ensure the alignment of management's objectives to those of the group and individual companies. All applicable participants of this programme receive, on an annual basis, a clear and agreed performance charter linked to the companies' and group's strategic objectives and supported by the companies' incentive programme. Official bi-annual review discussions are held to align performance with expectations.

Furthermore, the performance of all other employees is monitored through productivity ratios and measurements inherent in the monthly measurements of the companies. The performance management programme assists in career path development as well as succession planning.

The formal succession planning policy ensures that the group has available replacements for key job incumbents in executive, management, technical and professional positions. DAWN views succession planning as an ongoing process that identifies the necessary competencies, and then works to assess, develop and retain a talent pool of employees, or order to ensure a continuity of leadership for all critical positions.

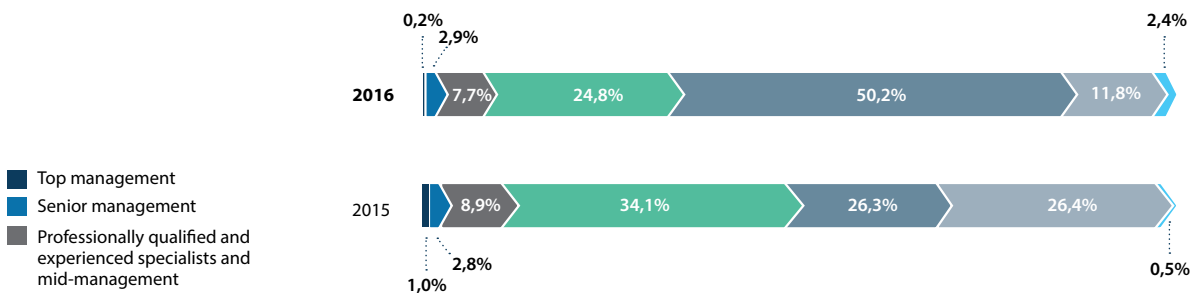
## Training hours

During F2016 a total of 19 288 hours (F2015: 9 224 hours) were spent on internal and external training of employees. The number of employees trained was 414 (F2015: 795).

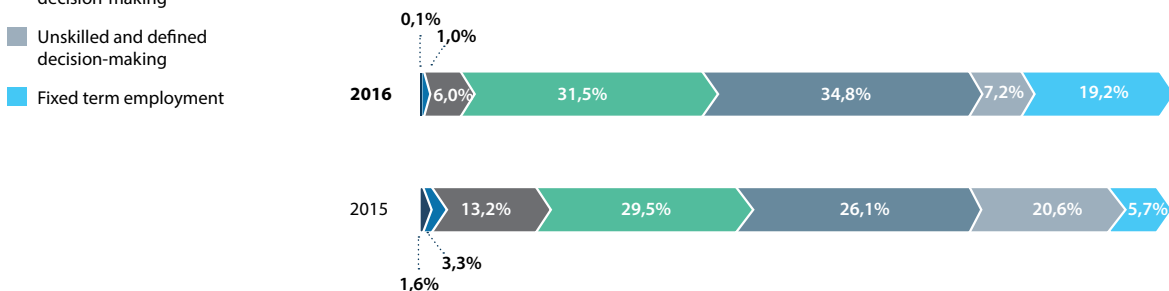
## Statistics

Data has been collated by employee category as well as by gender and race and are depicted below.

Number of employees trained by employment category

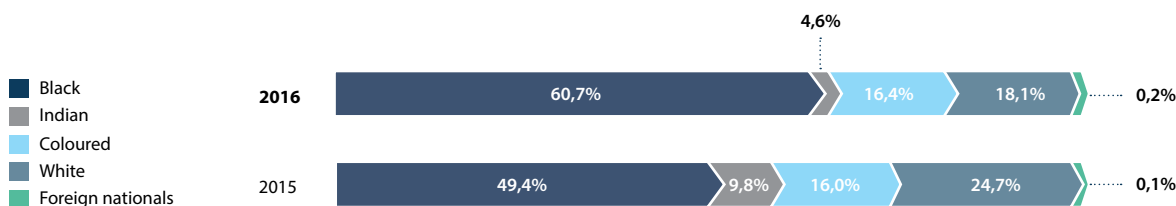


Number of hours training per employment category

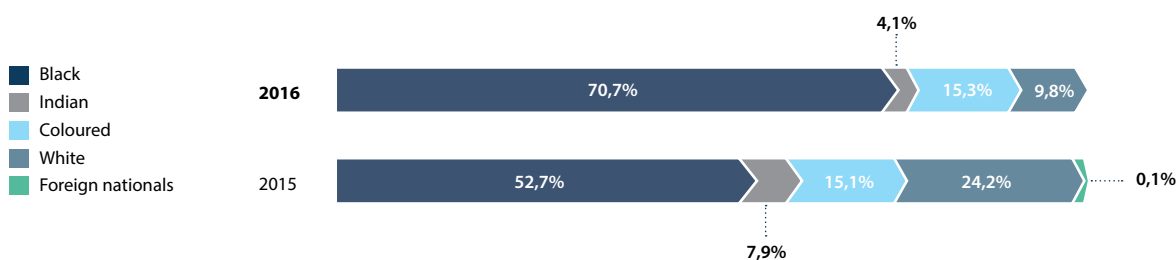




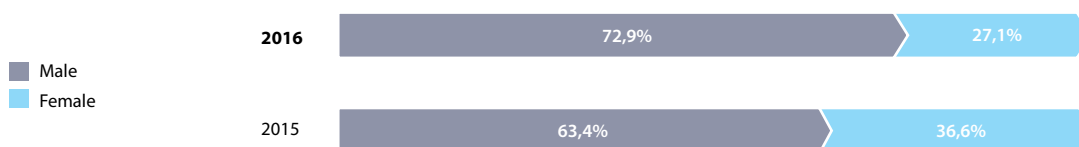
### Number of employees trained by race



### Number of hours training by race



### Number of employees trained by gender



### Going forward

Strategic training and development interventions, in line with the group's strategy, will be fine-tuned and continuously implemented within all businesses in the group. The intent is entrenched in the five pillars of DAWN, namely customer centricity; planning, sourcing and forecasting; world-class logistics capability; Africa business development strategy; and leadership and culture change. Building core capabilities and transformation alignment are key features of the strategic interventions, which include a blended learning approach.

The offering, aligned to the strategic objective, will continue to include customer care and customer relationship management, financial management, applied logistics and supply-chain management learnership, a sales in Africa course, leadership/ management/supervisory development programmes, including generic management learnership, sales in terms of the wholesale and retail supervisory learnership and project management. A fair amount of focus will be placed on internships/apprenticeships/learnerships in order to provide the youth with an opportunity to gain work experience, and also maximise on BBBEE skills development point accumulation.

The roll-out of the group's technology upgrades are still being implemented across the businesses with different go live stages at present. The main aim is to roll out multiple enterprise resource planning modules to address different divisional workflows across the businesses, thereby creating standardisation. The latter has resulted in a significant increase in computer and Microsoft Excel training across the group.

A structured approach to performance and career development reviews is currently only applied at senior management level, across DAWN group companies. Informal performance management is in place at all other levels of employment. Human Resources is, however, currently leading a project to address the gaps identified at all other levels. This team will be addressing matters such as policy, process and templates, with training following thereafter. Once completed, performance management will be implemented across the group in formalised cycles where submission will be tracked by the relevant human resources managers.

# SUSTAINABILITY AT A GLANCE

(continued)



## NATURAL CAPITAL

### CARBON FOOTPRINT

For the year ended 31 March 2016, activities of the DAWN group generated a carbon footprint of 63 392 CO<sub>2</sub>e tonnes. This includes all activities under Scope 1 and Scope 2 as well as business travel under Scope 3 (nine months F2015: 39 953 CO<sub>2</sub>e tonnes).

#### *Scope 1*

Diesel and petrol jointly are the second most important energy carriers in the DAWN group with 3,927 million litres of diesel (nine months F2015: 3,249 million litres) and 1,384 million litres of petrol (nine months F2015: 1,369 million litres) being used – resulting in 13 665 CO<sub>2</sub>e tonnes from transport and distribution (nine months F2015: 11 820 CO<sub>2</sub>e tonnes). Diesel is primarily used in the transportation component of the distribution model to get manufactured goods to wholesale locations as well as to deliver wholesale goods to retail customers. Petrol is primarily used by sales personnel to promote and sell products. A small amount of diesel is being used in factories and warehouses by forklifts. LPG gas consumption amounted to 24 430 litres which generated 36,5 CO<sub>2</sub>e tonnes of carbon. Based on low materiality (<1%) and insignificant changes in the installed equipment that cause fugitive emissions from previous periods (refrigeration and air-conditioning) – a weighted average from the last three periods results in an estimate of 604 CO<sub>2</sub>e tonnes for F2016.

Historically, the third most significant individual contributor to the carbon footprint was in the form of natural gas consumption of 4,726 million m<sup>3</sup> in F2014 (F2013: 4,505 million m<sup>3</sup>) resulting in a carbon footprint of 9 754 CO<sub>2</sub>e tonnes in F2014 (F2013: 9 100 CO<sub>2</sub>e tonnes). This energy source is used to power kilns, furnaces and boilers at three of the now associate manufacturing locations, which formed part of the Grohe DAWN Watertech transaction. As these operations are now associates, they were excluded from the carbon footprint for F2015 and are again excluded for the F2016 financial year. This information is included as other operations in the DAWN group do not utilise natural gas or, importantly, are not in the position to use this alternate energy carrier due to the technical application of energy in the manufacturing technology process.

#### *Scope 2*

The primary contributor to the carbon footprint emanated from Scope 2 emissions in the form of electricity consumption of 46 702 MWh (nine months F2015: 27 914 MWh) resulting in a “country specific weighted emission factors for grid electricity and solar PV” of 47 257 CO<sub>2</sub>e tonnes (nine months F2015: 28 128 CO<sub>2</sub>e tonnes) which equals 74,5% (nine months F2015: 70%) of the total carbon footprint. Electricity is used at all of the 45 locations across the group with large consumption being recorded at particularly the pipe manufacturing locations. Reporting is based on the 28 subsidiary businesses.

The top five subsidiaries use 93,7% of the DAWN group's total electricity consumption. In order of magnitude these are DPI Plastics (23 650 MWh), Swan Plastics (9 050 MWh), Sangio Pipe (6 472 MWh), DDC (3 552 MWh) and NPC (1 584 MWh).

During the year back-up power generators have been installed at the PVC pipe manufacturing businesses in the infrastructure segment.

#### *Scope 3*

A selected category under scope 3 has been taken under review, with the support of a third-party, for the first time. This process assured the gathering of reliable data gathering and verification of data provided. Business travel on a flight and car rental basis accounted for 1 829,7 CO<sub>2</sub>e tonnes for F2016.

### *Segmental analysis*

The segmental analysis of the carbon footprint indicates that:

- the building segment generated a carbon footprint of 4 889 tonnes of CO<sub>2</sub>e (nine months F2015: 3 098 tonnes of CO<sub>2</sub>e) – 7,7% (nine months F2015: 7,8%) of the total;
- the infrastructure segment generated a carbon footprint of 46 698 tonnes of CO<sub>2</sub>e (nine months F2015: 29 850 tonnes of CO<sub>2</sub>e) – 73,7% (nine months F2015: 74,7%) of the total; and
- the solutions segment generated a carbon footprint of 11 805 tonnes of CO<sub>2</sub>e (nine months F2015: 7 005 tonnes of CO<sub>2</sub>e) – 18,6% (nine months F2015: 17,5%) of the total.

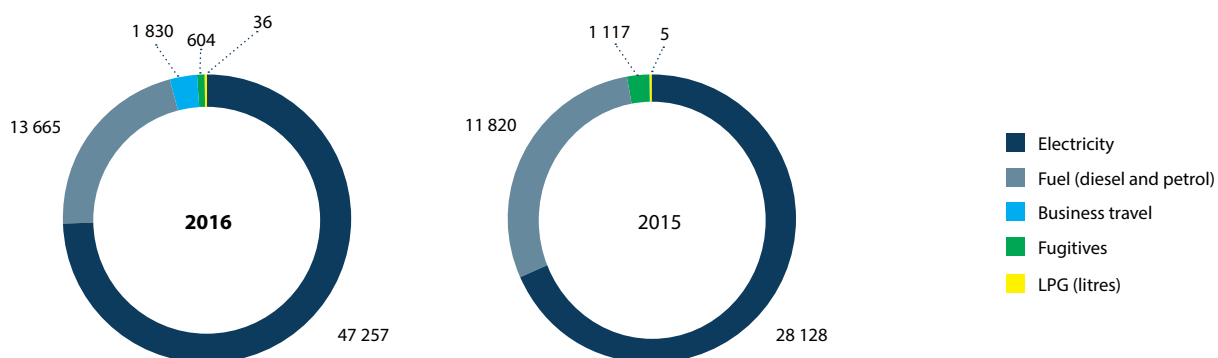
## Summary

In summary during F2016, energy in the form of electricity, diesel, petrol and LPG gas accounted for 63 392 CO<sub>2</sub>e tonnes (nine months F2015: 39 953 CO<sub>2</sub>e tonnes) of carbon emissions which amounted to 96,2% (nine months F2015: 99,78%) of the total carbon footprint of the group. Fugitive emissions from the refill of air-conditioners and refrigeration plants, together with business travel, made up the remainder of the emissions. The carbon footprint generated by the use of fugitive emissions amounted to 604 tonnes (nine months F2015: 1 117 CO<sub>2</sub>e tonnes) with business travel generating 1 830 CO<sub>2</sub>e tonnes of carbon.

## Verification

The carbon footprint data is based on Scope 1 and Scope 2 emissions as well as business travel which is a Scope 3 emission. Risk-based assurance was provided by internal audit in this regard. Fugitive emissions from the refill of air-conditioners and refrigeration plants made up the remainder of the emissions. The carbon footprint generated by the use of these products amounted to 604 tonnes (nine months F2015: 1 117 CO<sub>2</sub>e tonnes).

## Graphical representation of DAWN's carbon footprint (CO<sub>2</sub>e tonnes)



## WATER

Water sources (large roofed areas and a borehole) have been identified at the DDC in Germiston for the supply of potable water produced on site. A balance between production and use was established.

During the year piping routes from roof catchment to a reservoir were determined and a borehole was drilled. Water quality proved a challenge, due to high levels of iron and other heavy metals. The borehole delivered a yield of 18 kilolitre per day. In mitigation, filtration treatment and pumping solutions were specified and sourced.

An overall review of the existing water system at the DDC was undertaken and a maintenance programme was put in place to repair all leaks.

The casting of bases for raw and clean water tanks, tanks and piping was completed during Q1 F2017.

The aim is to produce most of the potable water used on the site by reducing waste and establishing a stable supply with low maintenance intervals.

## ADDITIONAL INFORMATION

The following additional information is available on DAWN's website [www.dawnltd.co.za](http://www.dawnltd.co.za).

- Sustainability performance data;
- Supply-chain; and
- Accreditations.