Strong corporate governance and a sustainable approach to business remain key factors in delivering on the group’s strategy.

- 4.2 million trees planted
- R129.6m invested in training and people development
- 1,551 employee learnerships, apprenticeships and internships (FY17: 843)
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
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</thead>
<tbody>
<tr>
<td>Sustainability report</td>
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<td>Our people</td>
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<td>Remuneration report</td>
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<td>Corporate governance</td>
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<td>Responsibilities framework</td>
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<td>Board of directors</td>
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<td>Social and ethics committee report</td>
<td>80</td>
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</tbody>
</table>
The group is committed to continuously evaluating and improving its long-term sustainability in terms of the environment, social commitment and corporate governance to the benefit of shareholders, customers, suppliers, employees and communities.

The group regularly reviews and adapts its policies and processes to reinforce its ability to be economically viable, socially responsible and environmentally sound, while still remaining competitive.
FTSE4Good Index
The group provides policies and guidance to each of the operating divisions. The divisional management is responsible for managing their own sustainability efforts and are accountable to the board of directors and their stakeholders.

KAP subscribes to the guiding principles and reporting requirements of the FTSE4Good Index across all the themes of environment, social and governance (ESG) and uses this as a framework to monitor compliance and progress. KAP was first included in the FTSE4Good Index in June 2017.

The group has done an extensive evaluation of its scores across the various ESG themes and has identified areas for possible improvement.

<table>
<thead>
<tr>
<th>Theme exposure</th>
<th>Health and safety</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pollution and resources</td>
<td>Climate change</td>
</tr>
<tr>
<td>Water usage</td>
<td>Social supply chain</td>
</tr>
<tr>
<td>Biodiversity</td>
<td>Risk management</td>
</tr>
<tr>
<td>Environmental supply chain</td>
<td>Corporate governance</td>
</tr>
<tr>
<td>Labour standard</td>
<td>Anti-corruption</td>
</tr>
</tbody>
</table>

KAP INTEGRATED REPORT 2018 49
A senior KAP executive has been tasked with the responsibility of driving sustainability for the group. ESG targets have also been integrated into employee remuneration structures.

The social and ethics committee reviews the group’s ESG targets in the context of FTSE4Good and also monitors the group’s standing in terms of:

- the goals and purposes of the 10 principles as set out in the United Nations Global Compact (‘UNGC’) around human rights, labour, the environment and anti-corruption;
- the recommendations regarding corruption of the Organisation for Economic Co-operation and Development (‘OECD’);
- the Employment Equity Act (‘EE’);
- the Broad-Based Black Economic Empowerment Act (‘B-BBEE’);
- good corporate citizenship;
- the environment, health and public safety;
- consumer relationships;
- labour and unemployment;
- training and development; and
- exposure to politically exposed people (‘PEP’)

Social responsibility
The group acknowledges its role and responsibility in supporting the communities in the areas where it operates.

KAP’s various businesses support the development of the consumer in African countries by contributing to economic growth through its active involvement in infrastructural services and general business in these countries.

The group addresses this through a focus on community development, education and childcare. Throughout the group, divisions identify and are involved in social projects that are aligned with their strategies and that are usually in close proximity to the operations, to make the biggest impact and difference to these communities.

The businesses actively engage with community members and work with community organisations, NPOs and various community service delivery organisations to develop the appropriate projects and to successfully execute these projects to the benefit of the recipients.

During 2018, R14.6 million was contributed to socio-economic development across a number of projects of which a few are highlighted:

**Ugie vegetable project**
PG Bison, with the local community, identified the need to provide a source of fresh vegetables to the local community. Two projects have been established: the Ugie socio-agricultural project, which has been running for four years, and the Malibongwe project, which is two years old.

PG Bison provided nine hectares of land, infrastructure and various implements, such as tractors, to establish the farms. The seedlings, fertiliser and expertise are also provided by PG Bison.

The two projects have been established as sustainable cooperatives that employ 16 local people and supply fresh vegetables to the community.

**Ugie feeding scheme**
PG Bison has partnered with Judea Hope (an NPO), local farmers and JEI Forestry Transport to establish a feeding scheme in the Ugie area.

The feeding scheme provides 30 000 packed nutritious meals to the elderly and crèche-going children per annum.

In addition, this programme has trained 20 early childhood development (‘ECD’) teachers to further assist in the development of local children.
Unitrans volunteer programme:

FoodForward SA
Unitrans encourages its staff to volunteer to assist with packaging meals for FoodForward SA. FoodForward SA is a non-profit organisation that collects surplus food from manufacturers, wholesalers and retailers and repackages and labels the food for distribution to organisations focusing on ECD, youth development, women empowerment groups and day-care centres. They distribute over 17 million meals per annum.

The company encourages Unitrans employees to volunteer for one working day per month to unpack boxes, check product expiry dates, rebrand the food and repackage it for distribution.

Vitafoam mattress donation
Vitafoam identifies deserving charities in the various communities within which they operate and donates beds to old age homes, orphanages and hospices on an ongoing basis.

Phomolong in Maseru, Lesotho
Unitrans provides funding to Phomolong, one of the rest houses in the SOS Village in Lesotho. The SOS Village takes care of orphans aged nought to eight years old.

PG Bison Knock-Out soccer tournament
In the Eastern Cape, an annual soccer and netball tournament is held, involving the communities of Elliot, Mount Fletcher, Ugie and Maclear. The tournament is funded by PG Bison and is targeted at the youth in the community. Eleven soccer teams and eight netball teams participate.

Participants receive clothing and more than 3 000 meals are served to participants and spectators.

KAPsani2c
KAP has partnered with sani2c since its inception. KAPsani2c is a three-day mountain bike event in KwaZulu-Natal, with its route starting at the bottom of the Sani Pass and ending in the coastal town of Scottburgh.

Established 14 years ago, primarily as a vehicle to raise funds for a local farm school, the event now attracts more than 4 500 riders per annum. Their reach extends to a far wider community and provides much-needed funds and employment in the area. Sixteen local schools and communities are now recipients of the funds raised through entries to the race and sponsorships.

The event employs permanent and temporary staff from the local community. In 2018, the organisers of KAPsani2c contributed more than R10 million to the local communities. The sani2c Development Trust recently purchased land to expand the Kings Harvest Academy, a rural school catering for the local children.

Infundo School Project
PG Bison supports Infundo, an independent organisation whose aim is to develop and coach high school educators in critical subjects, such as mathematics, physical science, accounting and English to improve education standards.

As part of the Infundo School Project, PG Bison has provided assistance in the form of books, infrastructure and mentoring to four schools, namely the ET Thabane Public School, Ugie High School, Umthawelanga Senior Secondary School and the Sibabale Senior Secondary School. These schools collectively educate 4 800 learners. In the six years since the inception of the programme, pass rates have increased dramatically.
Environmental responsibility
KAP is committed to protecting natural resources, reducing waste and investing in technologies that reduce our environmental impact. KAP acknowledges that this is an ongoing process requiring continuous monitoring and action.

Protecting the biodiversity in our forests
The long-term sustainability of timber supply is of strategic significance to PG Bison.

We are members of the Forestry South Africa (‘FSA’) environmental management committee, which oversees the environmental standards for forestry in South Africa. Management works closely with communities, NGOs, civil interest groups and the government’s department of environmental and natural resource management.

We work with a number of government departments and NGOs to eradicate alien invasive species, restore natural wetlands and maintain weeding and fire prevention.

PG Bison’s North East Cape Forest (‘NECF’) received a Forestry Stewardship Council (‘FSC®’) certification in January 2018, which is valid for five years. The NECF accounts for 79% of PG Bison’s plantations.

The NECF has a land area of 76 393 ha, of which 33 601 ha is planted and the balance of 42 792 ha consists of either protected wetlands, or is being used for other agricultural activities.

The areas that are not protected or suitable for commercial forestry are used for cattle farming. The NECF herd of 4 298 cattle plays an important role in protecting the biodiversity. An effective grazing programme optimises conditions in the veld in terms of specie richness and maintaining the optimum biodiversity within the plantations. The herd also plays an important role in reducing fire risk. Our own farmers, supported by local and state veterinarians, manage the cattle on a commercial basis.

Several species of wild animals previously common to the area have been reintroduced, while other species like Cape Grysboek have immigrated naturally. The game forms part of an integrated environmental plan and includes species such as Burchell’s Zebra, Blesbok, Mountain Reedbuck, Southern Reedbuck, Grey Rhebok, Grey Duiker, Bushbuck, African striped weasel and Black Wildebeest. We have identified and monitor Red Data bird species, such as the Wattled Crane, Grey Crowned Crane and Blue Crane that reside in our plantations.

In our southern Cape plantation, we participate in a forum, the Knysna Elephant Landowners, which, together with the South African National Parks, assists in the research of the rare Knysna elephant.

Our non-commercial forestry areas have been mapped using a vegetation mapping standard developed by the South African forestry industry that records information on fauna and flora, rare and endangered species, as well as areas of special interest, such as archaeological, paleontological and historical sites. The conservation management plans monitor and implement actions to mitigate and manage the impact on the environment in these special identified areas.

Managing plastic waste
The benefits of plastic are well documented in terms of lightness, strength, durability, formability, and its use in sterile and hygienic environments. Plastic is found in many everyday products and can be reused and recycled almost infinitely.

Discarded plastic waste is, however, a global challenge. KAP is committed to working with industry, government and society to promote the reduction, reuse or recycling of plastic waste.

KAP is involved in a number of initiatives to reduce the impact of plastic waste. We participate in industry forums such as Packaging SA, PETCO, Polyco and Plastics SA, which all have recycling and waste management at their core. These industry forum initiatives include clean-up operations, education, training programmes, awareness campaigns and employment creation. They are actively engaging with government, industry, local communities and retailers to develop an Integrated Waste Management Plan (‘IWMP’) for approval by the government’s Department of Environmental Affairs.

KAP’s financial contribution to these industry forums is linked to our production volumes. KAP contributed R4.5 million to Plastics SA and an additional R1.4 million to PETCO in the form of a grant in 2018.

PETCO is an industry-driven and industry-financed initiative to self-regulate post-consumer PET recycling.

PETCO has been extremely successful in growing the PET recycling volumes and currently 66% of all PET is recycled, creating an estimated 50 000 income opportunities for informal collectors. PETCO subsidises collections and recyclers.

The PET recycling industry has created 1 335 permanent jobs at recyclers.

Over 103 800 tonnes of PET was recycled this past year. PETCO estimates that over the past 10 years, recycled PET has saved 651 000 tonnes of carbon and avoided 2.7 million m³ of landfill space.

PETCO also has several education initiatives for both industry and schools to encourage recycling.

Polyco provides financial funding support to the polyolefin recycling industry value chain to grow the collections, recycling and recovery or beneficiation of polyolefin plastics.

KAP supports a number of education and recycling initiatives within the local community where Safripol operates.
Reducing and managing water usage

Our manufacturing processes are dependent on water, which is a scarce resource. The KAP businesses actively monitor and manage water consumption and strive to reduce water usage. Through the group’s risk management structure, water usage is reviewed on an operational level. Rainwater is harvested, recycled and reused at several of the group’s operations.

During this past year, various operations introduced a number of initiatives to reduce their water usage.

DesleeMattex fitted remote metering systems to monitor all water usage throughout their plant and to identify any potential leaks and wastage. They also installed storage tanks with a 40 000 litres capacity of rainwater for reuse in their production processes. Aerators have been fitted to all taps to reduce the flow of water from 12 litres per minute to less than 1.5 litres per minute. At both our DesleeMattex and Vitafoam plants, we now reuse the water after testing our fire sprinkler systems.

Unitrans Passenger installed additional rainwater harvesting capacity and changed their bus-washing processes to reduce water consumption. At its Epping operation in the Western Cape, average water usage was reduced from 613 kl to 245 kl per month.

Plans for saving water were integrated into the design of the newly constructed Restonic superplant. Based on average annual rainfall, they are able to harvest over 2 million litres of rainwater and have capacity to store 220 000 litres. In addition, a borehole was sunk, which reduces their dependency on municipal water.

PG Bison installed a 1.2 million litre capacity storage system that harvests rainwater from the factory roof at its Boksburg facility.

The group will continue to measure its water consumption and focus on reducing consumption and waste; collecting rainwater and increasing the storage facilities of harvested water; and reusing and recycling water.

Investing in pilot projects to improve safety and reduce the environmental impact

Unitrans’s participation in an innovative pilot project, in conjunction with the Council for Scientific and Industrial Research (‘CSIR’) and the Department of Transport, has yielded significant benefits.

With an investment from Unitrans in excess of R150 million in specialist technology vehicles and systems with increased safety standards, the project, which is known as the Performance-Based Standards (‘PBS’) programme, has reduced the impact on the environment, improved payload efficiency and reduced supply chain costs.

The innovative design of PBS vehicles and the use of new technologies allow for safer and more productive vehicle combinations to be manufactured and operated. This, in turn, causes less damage to the environment and road infrastructure.

The project’s metrics indicate that PBS vehicles have a 39% lower crash rate or 1.37 accidents per million kilometres compared to well-managed fleets with a standard average of 2.24 accidents per million kilometres.

Payloads have increased significantly and with some PBS vehicles consuming on average 16.94% less fuel per ton kilometre, the emissions per tonne kilometre transported has been significantly reduced.

The impact of these units on road and highway infrastructure per tonne transported payload is 9.5% less.

Unitrans currently has 50 PBS vehicles in its fleet operating in a variety of industries, including the mining, agricultural and petrochemical sectors.

Unitrans recently introduced a locally manufactured PBS-designed petrochemical tanker with a lower centre of gravity and a higher static rollover threshold than conventional units. This feature, coupled with other dynamic handling criteria, ensures optimal vehicle performance and improved handling and safety. The unit outperforms other commercial vehicle combinations on the road and its tyre and axle combinations significantly reduce the wear on road and bridge infrastructure.
Investment strategies benefit customers and have a positive impact on efficiencies, the environment and resources consumed.

In 2013, a new continuous process MDF plant was installed on the Boksburg site, replacing the old batch-process technology. Production volumes increased, quality improved, the product offering expanded and manufacturing costs were lowered, raising the barriers to entry to further enable the group to invest in new technology, processes and people.

Subsequent to the commissioning of the MDF plant in 2013, PG Bison explored additional opportunities and continued investing in the plant, completing further upgrades that once again increased capacity, lowered costs and reduced the impact on the environment.

Production capacity has increased from 180 m³ per day to over 420 m³ per day (16 mm equivalent).

The quality of the product has improved significantly with A-grade yields steadily improving:

<table>
<thead>
<tr>
<th>A-GRADE PRODUCT %</th>
<th>-13.3%</th>
<th>-4.9%</th>
<th>-0.9%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Old technology</td>
<td>91.0%</td>
<td>96.9%</td>
<td>98.0%</td>
</tr>
<tr>
<td>Phase 1 upgrade</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phase 2 upgrade</td>
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<td></td>
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<tr>
<td>Phase 3 upgrade</td>
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</tbody>
</table>

Electricity consumption and coal consumption per m³ produced has also reduced:

<table>
<thead>
<tr>
<th>ELECTRICITY CONSUMPTION/m³</th>
<th>-16.0%</th>
<th>-10.8%</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY16</td>
<td></td>
<td></td>
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<tr>
<td>FY17</td>
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<tr>
<td>FY18</td>
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</tbody>
</table>

A better-quality product has enabled PG Bison to penetrate new markets and to improve the offering to existing customers, both domestically and internationally. It has allowed PG Bison to introduce new value-added product ranges to the market, both in terms of sizes and finishes, such as the new gloss boards. The introduction of value-added products has enhanced margins and displaced previously imported products. The new technology enables PG Bison to offer E1 boards to the market, making them the only local MDF manufacturer with this capability.

Customers have further benefited as improved efficiencies and new product ranges have kept prices below inflation, while still improving PG Bison’s margins.

The investment in new technology and processes has reduced the use of raw material resources in terms of timber, water and energy consumption per m³ produced.
PG Bison's own technical team and engineers executed all the plant upgrades and developed the new products within budget and within the project timelines. The skills they have gained are transferable to other capital investment projects within the KAP stable.

**Climate change and carbon emissions**

KAP is committed to the effective management of its climate-related risks and opportunities, and the reduction of its carbon footprint.

This year KAP improved the measurement of its carbon footprint through:
- improving data collection processes;
- ensuring all greenhouse gas emissions are captured; and

Where required, KAP registered with the South African Department of Environmental Affairs to report on its greenhouse gas emissions. KAP submitted its first report in March 2018 on emissions for the 2017 calendar year.

KAP’s carbon footprint is calculated in accordance with the Intergovernmental Panel on Climate Change (‘IPCC’) 2006 Guidelines and the Technical Guidelines for Monitoring, Reporting and Verification of Greenhouse Gas Emissions by Industry. We measure all activities over which we have operational control.

KAP’s carbon footprint increased year on year due to acquisitions and increased production capacity. Scope 1 and Scope 2 for the 2018 financial year were 1 004 052 tonnes CO₂e. (2017: 796 734 CO₂e; 2016: 650 994 CO₂e). Of this, 60% can be attributed to emission sources under direct operational control (Scope 1) and 40% to emissions from purchased electricity and steam (Scope 2).

Scope 1 emissions increased primarily due to the acquisition of Lucerne Transport in September 2016, and the inclusion of Southern Star in December 2017. Diesel consumption increased from 145 998 435 litres to 171 635 807 litres.

KAP’s major source of Scope 1 emissions is the fuel consumed by its Contractual Logistics and Passenger Transport businesses. These two divisions account for 87% of the Scope 1 emissions.

The majority of the Scope 2 emissions are attributable to the Chemical and Integrated Timber divisions, where volumes increased significantly through capacity upgrades and the inclusion of Safripol’s greenhouse gas emissions for a full year. Electricity consumption increased from 310 491 725 kWh to 379 096 391 kWh as result of capacity expansion and acquisitions.

KAP continues to identify opportunities to reduce its carbon footprint by investing in new technologies. For example, in the design of the PG Bison Boksburg upgrade, new technologies were installed, including energy-efficient lighting and ‘soft starters’ for large motors to reduce the carbon footprint. Unitrans Logistics also completed a pilot project on PBS vehicles where they invested R150 million in more than 50 vehicles that have a significantly better fuel consumption and lower impact on the environment.

KAP continues to focus on reducing its emissions and is monitoring any potential changes in legislation. KAP is in the process of evaluating the benefits of its plantations that sequester carbon.
KAP has a strategic and multifaceted approach to developing human capital and managing identified talent for the future.

A strategic objective of KAP is to be an industry leader in its chosen markets. This implies a requirement to attract and retain the best people in industry and to consistently improve their skills.

R56 million invested in learnerships, apprenticeships and internships

15 623 people trained (including health and safety initiatives) (FY17: 14 000)

328 people promoted, of whom 18% are women
This strategy is underpinned by our corporate culture and reinforced through our code of ethics to create a competitive advantage for KAP.

To enable us to achieve this strategic objective, our annual investment in terms of remuneration and benefits is R4.3 billion, which represents 53% of the wealth created.

KAP employs 20 163 permanent and seasonal staff. Seasonal workers are employed primarily by our African Contractual Logistics division, operating in the agricultural sector.

Women play an important role and add significant value throughout the group. Currently, women only represent 13.3% of our permanent staff, but several initiatives are in progress to increase female representation across all the businesses and levels of management. Of the employees studying for a degree or diploma, 33% are women and, in terms of participants in learnership or apprenticeship programmes, 13% internal participants and 34% external participants are female. We promoted 328 people this past year of whom 18% are women. They represented 21% of all middle and senior management promotions.

Despite the physical industrial nature of the industries we operate in, the group has 80 employees with disabilities.

The group focuses on developing and retaining its own staff. Permanent staff turnover was 4%, in line with industry trends. KAP proactively aligns day-to-day business practices in South Africa with B-BBEE requirements and creates opportunities for the youth through learnerships and educational upskilling.

We acknowledge the importance of creating a healthy and safe environment, giving our staff a ‘voice’, and ensuring we reward our staff relative to market standards.

KAP strives, where applicable, to employ people from the local communities.

Training and development
KAP encourages staff to further develop themselves by creating a positive environment through either financial assistance and/or time off to pursue degree or diploma courses. We have 102 full-time employees currently studying toward a degree or diploma, of whom 91 are black employees. We have 34 women studying toward a degree or diploma. KAP invested R129.6 million in training and people development and trained 6 475 employees during the year.

In terms of learnerships, apprenticeships and internships, we have 1 551 participants in these programmes, of whom 76% are black and 24% are female. We invested R56 million in these programmes. KAP has 820 non-employees participating in third-party recognised learnerships, apprenticeships or internships across the various businesses. Of the 820 participants, 281 are women. There are 109 learners with disabilities that participate in these programmes.

The learnership programmes provide both a theoretical and practical learning environment. If positions are available in the company, candidates are first sourced from this pool of learners.

Each business has submitted a three-year EE plan and target to the South African Department of Labour. The EE plan identifies the skills and the target number of people across all management levels required to balance the gender and race diversity levels within the organisation, to better reflect the demographics of our communities. Progress is measured against these targets in each division to ensure that we have a sustainable supply of educated talent for the future needs of the company and that we achieve our gender and race diversity targets.

Employee engagement
A quarterly engagement forum aimed at all senior employees across the various businesses encourages interaction and creates a platform to share experiences and case studies. Senior executives receive training at these forums on relevant topics, for example competition legislation, ethics, ESG and leadership-related matters.

The various divisional managers provide regular feedback and communication to all levels of staff.

The culture of open communication in the business is further encouraged through staff surveys and, where applicable, staff can access KAPREF, an independently managed and confidential reporting hotline. All incidents reported on the hotline are investigated in detail and reported to the social and ethics committee and in divisional board meetings.

Creating a safe place to work
Our health and safety policy is embodied in our code of ethics and it applies to all our own staff, as well as to contractors working on our sites. The CEO, Gary Chaplin, is ultimately responsible for health, safety and environment, which he delegates throughout the organisation. Each business identifies, measures and reports back to the board on health, environmental and safety issues. A continuously evolving process exists with a legal register, risk register, incident register and risk management plan with regular
hazard identification and risk assessments, internal audits, safety training, management reviews and third-party audits undertaken on both existing businesses and any new projects. In-depth investigations are conducted into all incidents and mitigation procedures are continuously reviewed. Targets are set by each business and their performance is measured.

There are regular interactions to continuously ensure the health and safety of our staff. Safety representatives are appointed from the shop floor in accordance with the South African Occupation Health and Safety Act. We continuously train our staff and contractors in health and safety.

KAP is regularly audited by accredited independent specialists to ensure compliance to statutory and legal requirements.

KAP continues to focus on safety to reduce our Lost Time Frequency Rate (\textit{LTIFR})/1 million hours worked of seven. During the period under review, 9 148 people were trained or had safety interventions (FY17: 5 727).

Programmes are also in place to ensure the health of our employees. HIV/Aids is addressed in divisional policies, and divisions have holistic and comprehensive programmes in place to promote awareness, prevention, voluntary testing and support. Policies cover aspects of confidentiality, non-discrimination and commitment to implement programmes relevant and of value to that division and its employees. Where applicable, local communities are involved in initiatives such as World Aids Day. HIV/Aids education is ongoing, with 6 285 staff educated in the past year.

Certain businesses, where appropriate, have on-site health clinics for their staff. Within our transport environment, mobile clinics are available on the main routes. Our clinics have qualified nursing staff, assisted by doctors, to provide workplace health risk assessments, including the monitoring of TB, industrial hygiene, medical surveillance, outcome management and incident management in line with the Health Risk Control section of the Health Care Model.

**Responsible employment**

KAP subscribes to the principles of the UNGC, the recommendations of the International Labour Organisation, and the OECD. Our code of ethics provides employees with summary information on what constitutes unlawful or unethical practices and behaviour and provides guidelines on topics that include basic human rights, gender and race diversity.

Freedom of association is guaranteed in the South African Constitution. Of our 15 639 South Africa employees, 59% are unionised. KAP is actively involved and prominent in all our associated industry bargaining councils and engages with all the main unions represented in the various businesses. Almost 95% of all the group’s collective bargaining is conducted through centralised structures.

KAP meets or exceeds all minimum wage requirements as legislated by the Minister of Labour in South Africa. Furthermore, our staff voluntarily participate in both medical and health schemes. Memberships to retirement schemes are compulsory for permanent employees. Overtime is strictly monitored and reported on at each business unit to ensure we remain compliant with all local labour laws.

**20 163 permanent employees**

<table>
<thead>
<tr>
<th>Staff profile</th>
<th>Level 7 B-BBEE rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black 91%</td>
<td></td>
</tr>
<tr>
<td>White 9%</td>
<td></td>
</tr>
</tbody>
</table>

KAP is actively involved and prominent in all our associated industry bargaining councils and engages with all the main unions represented in the various businesses. Almost 95% of all the group’s collective bargaining is conducted through centralised structures.
The company is focused on providing sustainable value to all its stakeholders.

### Value-added statement 30 June 2018

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>%</th>
<th>2017</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>22 985</td>
<td>19.8</td>
<td>19 783</td>
<td></td>
</tr>
<tr>
<td>Net cost of raw materials, goods and services</td>
<td>(14 728)</td>
<td></td>
<td>(12 383)</td>
<td></td>
</tr>
<tr>
<td>Wealth created by trading operations</td>
<td>8 257</td>
<td>7.7</td>
<td>7 400</td>
<td></td>
</tr>
<tr>
<td>Capital items</td>
<td>(66)</td>
<td></td>
<td>(34)</td>
<td></td>
</tr>
<tr>
<td>Income from investments</td>
<td>60</td>
<td>0.5</td>
<td>133</td>
<td></td>
</tr>
<tr>
<td><strong>Total wealth created</strong></td>
<td>8 251</td>
<td><strong>100.0</strong></td>
<td>7 499</td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

**Distributed as follows**

**Employees**
- Benefits and remuneration: 4 345 (52.7) vs 4 039 (53.9)  

**Governments**
- Taxation: 508 (6.2) vs 510 (6.8)  
- Finance costs: 743 (9.0) vs 633 (8.4)  
- Distributions to shareholders: 559 (6.8) vs 442 (5.9)  
- Distributions to non-controlling interests: 37 (0.4) vs 71 (0.9)  

**Providers of capital**
- Retained for growth: 2 059 (25.0) vs 1 804 (24.1)  
- Depreciation and amortisation: 1 045 (12.7) vs 862 (11.5)  
- Profit attributable to the owners of the parent: 1 000 (12.1) vs 963 (12.8)  
- Profit attributable to non-controlling interests: 14 (0.2) vs (21) (0.3)  

**Total wealth created**
- 8 251 (100.0) vs 7 499 (100.0)

---

1. Profit for the year attributable to non-controlling interests less dividends paid.  
2. Profit for the year attributable to owners of the parent less dividends paid.