

2018

SUSTAINABILITY REPORT

 **Accentuate**

The essence of Accénuate revolves around responsibility, care and quality in everything we are, in all that we do, in the products that we manufacture and distribute, in the service we deliver and in the way we treat our employees, stakeholders, customers and the environment. It is all this that underpins our approach to sustainability.

Accénuate continues to focus on ensuring the group is sustainable despite the tough trading conditions. Within Accénuate sustainability is viewed in the context of the well-being of the company and the environment in which it operates over the long term. It encompasses the concept of stewardship and the responsible use of resources. We understand and respect our responsibility towards the transformation of the organisation and the society within which we operate in those aspects where we have some influence.

The communication of our governance, social and environmental performance to all stakeholders is thus of critical importance. This sustainability report offers us the platform to advise stakeholders of the aspirations that we hold for the organisation in a context broader than just shareholder value, as well as our achievements in this regard.

Accénuate continues to view itself as a good corporate citizen and is therefore committed to not only complying with regulations, but achieving a leadership position within the realms of responsible business practices. Our commitment is to transparently disclose information that is material and relevant as part of the group's reporting process.

The development and maintenance of the identified and required skills base have always been leading priorities within Accénuate and therefore formal structures have been established to monitor progress in this regard. Management, together with the employment equity committees, strives to uplift employees by ensuring that they are equipped with the necessary skills and competencies to perform at their best. In addition to this, there is an active programme to identify and eliminate the effects of past discriminatory practices, should they exist within the group, to move the organisation towards a profile that adequately reflects the racial demographics of the various regions in which we operate.

Accénuate is a learning organisation, relying heavily on the collective human capital of its workforce to respond to a highly competitive and dynamic environment. Its learning culture starts at the top of the organisation, with the commitment to continuous improvement permeating through the various echelons of management down to shopfloor level.

A well-prepared training matrix identifies the various skill requirements and forms the basis of manpower planning. Training requirements are integrated into management performance measures (KPA's) and include the continuous identification of needs, which are managed and recorded for Workplace Skills Plan ("WSP") / Annual Training Report ("ATR"), ISO, Employment Equity ("EE") and B-BBEE purposes.

As well as being responsible for building the capacity of their various departments, management teams are actively encouraged to enhance their own knowledge and skills through continuous learning.

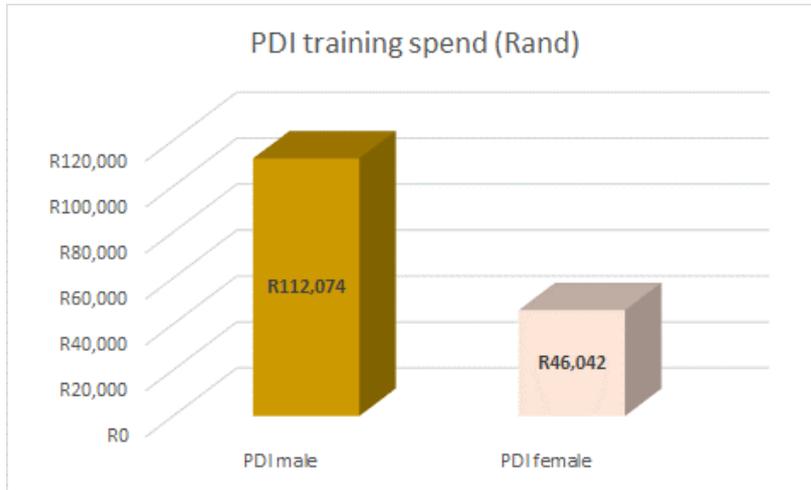
Personal development plans are in place, resulting in most managers being involved in learning, whether studying towards a formal qualification in their field of expertise, postgraduate studies or through attending continuous professional development programmes.

In addition to internal training initiatives, Accénuate contributes greatly to the upliftment of skills broadly within the flooring and cleaning industries. Several initiatives undertaken by the group ensure that our customers and their employees are trained on the efficient and effective use of our products. This training is conducted to the highest international standards and within a framework

embracing quality, safety, environmental awareness and ultimately, customer satisfaction and service. A fully operational training centre has been established at our Steeledale facility that constantly trains and uplifts the skills of fitters involved in the flooring sector in the Southern African region.

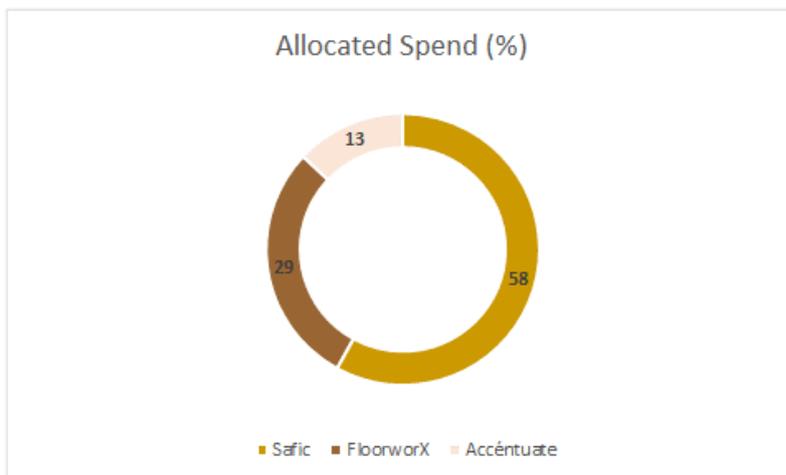
Succession planning has been identified as an important aspect of sustainability and systems have been implemented to monitor progress in this area against predetermined objectives.

During 2018 the Accéntuate group of companies has ensured spend on PDIs as follows:



In addition to the PDI spend, an additional amount of R86 058 was spent on various other forms of training, bringing the total spend for the 2018 financial year to R244 174.

The total training spend is utilised across the operating businesses in the following manner:



The group’s commitment in this area was reflected by direct expenditure of R1 315 508 on employee and customer training during the year, as well as in-house training.

FloorworX falls within the domain of the Metal and Engineering Related Services Seta (“MERSETA”) which, guided by the National Skills Strategy, has identified critical skills shortages within the industry in areas such as management, engineering, finance and sales.

This business focuses many of its skills development initiatives around these disciplines, thereby not only satisfying the business’s need for specific skills, but also contributing to the economy at large. it

recently employed one of its former female apprentices who successfully completed her electrical trade test but was unable to find work.

FloorworX has one full-time bursar (the child of a PDI employee), who is studying towards a medical degree, and further provides study assistance to four employees studying part time towards formal qualifications in accounting, management, information technology and marketing.

Employees in several areas of the business are pursuing postgraduate qualifications. The FloorworX sales force is kept abreast of the latest sales techniques and market trends through continuous training and development initiatives.

Safic belongs to the Chemical, Industrial, Educational and Training Authority Seta (“CHIETA”) where there is a strong focus on improving skills of all individuals in the related industries. During the year, three learnerships funded through the CHIETA discretionary grants system came to an end, while five new learnerships in Chemical Operations Level Three and One started.

Besides various upliftment programmes such as first aid, firefighting and EE workshops, we are currently funding the following qualifications for certain of our employees:

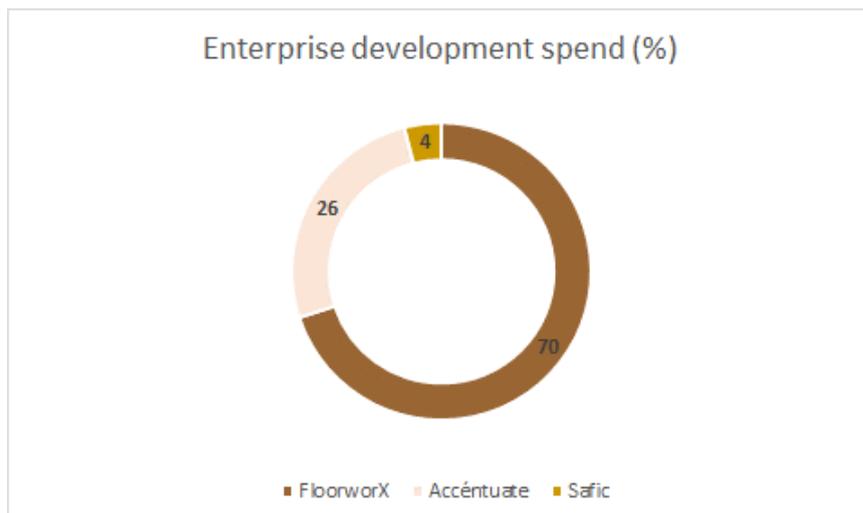
- BTech Quality – two employees
- BTech Chemistry – one employee
- Strategic Logistics Management – one employee

We have contributed to the payment of school fees, school uniform and stationery for the children of certain PDI employees.

Enterprise development

Accénuate is committed to enterprise development, defined as “contributions of monetary and non-monetary recoverable and non-recoverable contributions actually initiated in favour of a beneficiary entity by a measured entity with the specific objective of assisting or accelerating the development, sustainability and ultimate financial independence of the beneficiary. This is commonly accomplished through the expansion of a beneficiary’s financial and/or operational capacity”.

Accénuate’s operations are committed to a number of enterprise development and corporate social investment programmes. The indicative spend was R645 234 (2017: R630 203), further complemented by substantial non-monetary assistance. The enterprise development spend for the 2018 financial year was as follows:

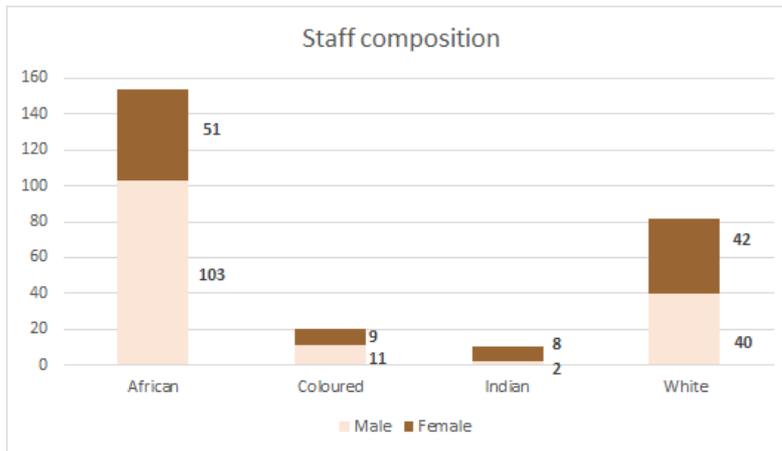


Accénuate views preferential procurement as an effective tool to facilitate the transformation of our society. To this end we have developed effective preferential procurement strategies that are implemented at divisional level. Procurement policies are integrated as part of the ISO 9001 system, and several factors are evaluated before awarding orders. These include price, quality, customer service and B-BBEE status. The availability of certain raw materials from limited sources does, however, constrain our preferential procurement initiatives around many of our high-value procured items.

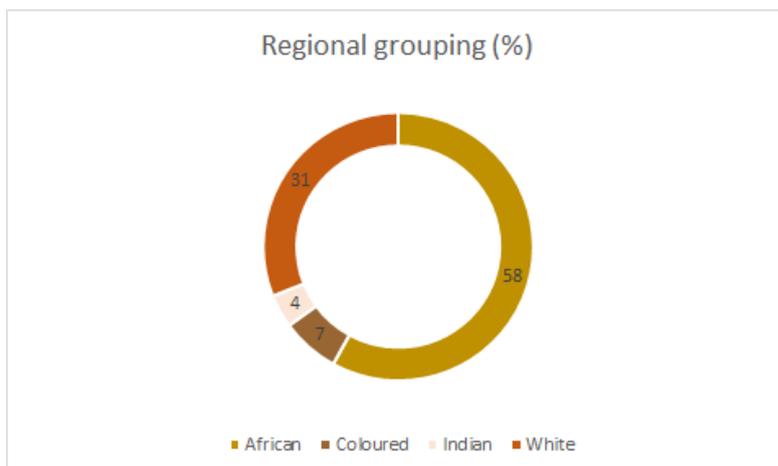
Continuous improvement in this critical area of the business is encouraged and monitored on an ongoing basis. Accénuate measures preferential procurement at a B-BBEE level and the objective is to preferably deal with companies that have a score of level 4 and above. The group's goal is to achieve the full 20 points from this area in the BEE scorecard. This year FloorworX, Safic and Pentafloor spent R55,5 million, R38,8 million and R34 million respectively with their top 10 suppliers.

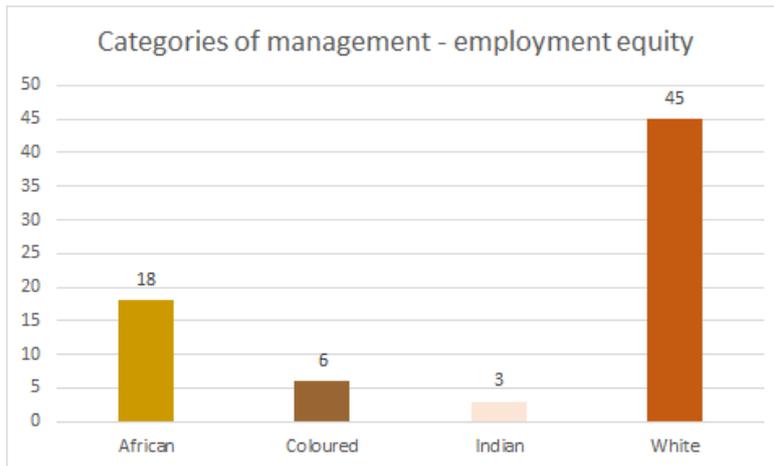
Staffing composition

Accénuate is acutely aware of the need to ensure that PDIs are engaged in the organisation and from the report above, they are being trained to ensure they can improve their knowledge of the tasks involved in as well as presented with opportunities that further their careers. Accénuate has a total employees complement of 266, composed as follows:



All Accénuate staff operate in South Africa.





It is with statistics such as this that Accénuate is committed to ensure black ownership of Accénuate in the near future.

During the financial year under review, six fixed contracts were entered into with employees from FloorWorX.

Lost hours due to industrial action

Accénuate makes a point of ensuring good employees and labour relations and is very proud to announce that zero man hours were lost across the business due to industrial action.

Ethics tip-off line

Accénuate as part of a group-wide initiative has an ethics tip-off line in place and is proud to report that during the 2018 year, no incidents were reported.

Zero incidents reported on the ethics tip-off line

Environmental issues

Serious attention is also given to environmental issues. This has become a critical issue for the group for a number of reasons, including the need to conserve energy, as well as the focus on “green building”.

Accénuate has taken the lead in the area of responsible manufacturing and the development of environmentally-acceptable products, with Safic being voted the Mail & Guardian’s “Greening the Future” company for two consecutive years for developing an environmentally-acceptable range of chemical products that comply with the highest EU environmental directives.

Safic has retained its ISO 14001 certification, whilst Pentafloor was awarded the PMR Africa Diamond Arrow Award.

Safic is a signatory to the responsible care campaign, the largest initiative worldwide aimed at ensuring that chemical producers operate within very stringent environmental and safety standards. Pentafloor minimises the impact on the environment by ensuring that all steel and related waste are sent for recycling.

In order to save water, non-harmful chemicals are added to the water used to cool the machines, thus minimising the need to replace the water on a regular basis due to contaminants.

The group is committed to minimising the impact of its activities on the environment. The key points to achieve this include:

- Minimise waste by evaluating operations and ensuring they are as effective as possible.
- Minimise toxic emissions through the selection and use of its fleet and the source of its power requirements.
- Actively promote recycling both internally and among customers and suppliers.
- Source and promote a product range to minimise the environmental impact of both production and distribution.
- Meet or exceed all the environmental legislation that relates to the company.

Accreditations

FloorworX, Safic and Pentafloor hold the following accreditations:

FloorworX	Safic	Pentafloor
ISO 9001	ISO 9001	ISO 9001
OHSAS 18001	ISO 14001	
SANS 786	OHSAS 18001	
SANS 581	SANS 1828	
	SANS 1853	
	CAIA Responsible Care	