

ANNEXURE 3: SUSTAINABILITY REPORT

OUR SUSTAINABILITY JOURNEY

Invicta is committed to the continual creation of superior shared value for our stakeholders through the focussed stewardship of the six capitals.

Our sustainability efforts are focussed on ensuring that the business processes do not adversely impact the environment, our communities and our stakeholders.

At the start of 2021 Invicta commissioned an external specialist consultancy firm to engage with the divisions and senior management to gain a fuller appreciation of Invicta's business model and environmental and social impacts. Following this engagement, the most material sustainability key performance indicators (KPIs) for the Group were identified. A sustainability data collection tool was then developed in order to collect more detailed sustainability information from our divisions.

The identification of more sustainability focused content has afforded us the opportunity to assess our progress towards success in a holistic, transparent, and detailed manner. The next step in our sustainability journey is about evaluating our performance and looking for areas of improvement, and finding ways in which the positive impact of our business can be increased.

Operating context

With the COVID-19 pandemic, we have experienced a very different social way of working and living. We have focused on operating remotely through on-line access and training, restricted travel, and the use of video conference facilities as a mode of communication.

Employees were mostly able to adapt quickly to changing technology that enabled remote working. It has brought an awareness of the benefits of technology and an appetite for technological change.

In addition, further adjustments to working methodologies have been required of the business as a result of continued government legislative amendments that arose as a result of COVID-19.

Sustainable business practises are essential for the continuity of the business in a difficult to predict environment, being agile and quick to react to changes imposed on the business and its employees, provides our employees with a certain level of job security.

Our approach to sustainability



The Board is responsible for the success and continued sustainability of the Group and provides strategic direction and management to the Group considering, inter alia, the six capitals, the interests of stakeholders and risk management. Being a responsible corporate citizen is core to our business.

Material sustainability matters

Invicta conducted an internal materiality scan to identify and contextualise Invicta's relevant sustainability matters. This involved assessing matters that directly affect the Group and its divisions, through the review of relevant company information. An assessment of the issues affecting Invicta's external environment and the industrial consumables sector in general, was also conducted by analysing media articles, research materials, industry benchmarking studies and economic outlook reports.

Given the nature of our activities, location of our operations and key stakeholder issues, the following environmental, social and governance aspects are considered material to the Group:

Licence to operate

Regulatory compliance	Community relationships	Climate change
Environmental and social regulatory control, permitting and compliance is critical.	We manage the expectations of the communities in which we operate.	We acknowledge the potential impact of climate change on our business.

Operational execution

Environmental impact	Availability of reliable infrastructure	Health and safety	Skills development
We aim to limit the impact of our operations on the environment.	Availability of power, water and service delivery affects our operations.	Workforce health and safety are key to business sustainability, even more so in the COVID-19 operating environment.	Investing in employees to ensure that we have the necessary skills to meet our strategic objectives.

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NATURAL CAPITAL

Our businesses comply with the applicable environmental standards and are regularly monitored with a view to reducing any negative impact they may have on the environment.

As the Group is primarily engaged in the supply and distribution of products, we have a relatively low direct environmental impact. We are nevertheless mindful of ways to minimise the effect our operations have on the environment and continually monitor elements such as the carbon footprint of products sourced from different suppliers and the efficiency of the distribution methods. Waste recycling occurs as a matter of course and measures are implemented to ensure no oils and chemicals are allowed to contaminate the water table and soil. Our businesses are increasingly moving to solar energy as the costs decrease. A supply chain social and environmental responsibility code of conduct was adopted during the previous financial year.

At ESG, there has been a renewed focus on environmental issues with a move to recycling and minimising the use of toxic substances, as well as investigating the use of alternative energy.

We are committed to continually maintaining the relevant environmental and quality ISO standards (ISO 14001 and ISO 9001) as appropriate across our operations.

At ESG an audit programme is developed on an annual basis for planning scheduled internal audits, and annual ISO surveillance audits by certification bodies.

CEG has appointed an independent consultant to perform internal audits at all CEG sites on an annual basis, to ensure that the company complies with the mandatory legal and applicable ISO standards.

Energy and carbon management

The Group recognises the importance of energy efficiency in a carbon-constrained world and acknowledges that our operations produce greenhouse gas emissions (GHG emissions).

The main sources of energy consumption include electricity consumed by our operations as well as various fuels, such as diesel and petrol for stationary equipment, mobile machinery, and vehicles. Energy consumption is currently tracked on a periodic basis at the ESG operations.

ESG Division Energy Consumption	Unit	FY2021 Total
Volume of diesel consumed from vehicles	litres	848 463
Cost of diesel consumed from vehicles	ZAR	13 445 168
Volume of diesel consumed from generators	litres	7 474
Cost of diesel consumed from generators	ZAR	117 280
Grid electricity consumption	kWh	1 199 559

Renewable energy has become an economically attractive power alternative globally and in South Africa. This is as a result of the price of renewable technologies steadily declining over the years. In response to this, ESG is focussing on the roll-out of solar power installations at BMG World central warehouse and logistics hub. Which should significantly reduce the amount of electricity consumed.

From a fuel usage perspective CRM digital technology has been implemented to limit unnecessary travel. Going forward, ESG aims to establish measurable objectives for significant environmental aspects, such as fuel usage.

The Rustenburg Engineering foundry currently monitors stack emissions, dust from melting, fettling, and from floor moulding.

During the financial year, KAG replaced high bay lightings at the main warehouse in Singapore with LED lights.

Water management

While we do not undertake water-intensive activities, our businesses pursue the efficient use of water, particularly in water stressed areas.

ESG monitors each business's water withdrawal by source in order to avoid any negative impact on the local water balance. Currently, only municipal water is consumed at operations, alternative sources water supply, such as water from boreholes, are being investigated. 68 319 cubic meters of municipal water was consumed by ESG in the year under review.

Waste management

In addition to cutting our carbon emissions and water usage, the divisions also looked at other ways to reduce our wider environmental impact including the impact of waste generated.

Waste generation and disposal is currently only formally measured at the BMG operations in ESG. General waste sent to landfill in 2021 (15 370 tonnes) decreased by 49% from the previous financial year (30 287 tonnes). Further a 4 tonnes of used oil was recycled by BMG in 2021

ESG has introduced a number of waste management initiatives including the reduction of plastic bottle usage on site, a oil recycling program, and replacing the usage of toxic substances with organic substances wherever possible.

KAG has introduced electronic invoicing and statement of accounts as well as a paperless project in its purchasing department in order to reduce the amount of waste produced.

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SOCIAL AND RELATIONSHIP CAPITAL

Corporate social responsibility

The Humulani Employee Investment Trust and the Humulani Empowerment Trust were established in 2007 and 2011 respectively and is the main conduit for Invicta's social investments.

The Trusts are funded from dividends from Invicta South Africa Holdings Proprietary Limited.

Projects are identified and vetted by the independent trustees, who play an active role in supporting the initiatives.

Our divisions further support several high school learners with bursaries and support organisations such as the Gerald Fitzpatrick Old Age Home and the Streetlight Foundation.

ESG Division Corporate Social Responsibility Spend	Unit	FY2021 Total
Corporate Social Investment	ZAR	9 084 190
Local Economic Development	ZAR	27 433 943
Bursaries	ZAR	398 666
Total expenditure	ZAR	36 916 798

In addition to the expenditure from ESG, CEG contributed R441 735 in 2021 to the Humulani Trust. These funds are used to sponsor gifted students from underprivileged backgrounds at the following schools – Cornwall Hill College, Maritzburg College, Queens High School and Theo Jackson Jeppe Trust. The students annual school fees are paid until the completion of Grade 12.

HUMAN CAPITAL

Health and safety

Health and safety is a focus area across the Group, and Invicta continues to target zero harm. Invicta is pleased to report that there were zero occupational fatalities for the Group for the financial year.

Occupational health clinics are available to our staff at some of our facilities to conduct screenings and provide basic medical assistance. Free flu vaccines are also made available at certain divisions where facilities are available.

Invicta is committed to continually maintaining the relevant ISO safety standards (ISO 45001) and the OHSAS 18001 Health and Safety Management System as appropriate across our operations. Dedicated SHEQ officers in our divisions ensure that our staff's working environment remains safe.

At CEG, an independent Occupational Health and Safety consultant performs internal audits at all CEG sites on an annual basis, to ensure that the CEG complies with the mandatory legal and applicable ISO standards.

There was a significant reduction in the number of work-related safety incidents across all three divisions during 2021, with total recordable injuries decreasing by 48% year on year. CEG had no occupational injuries in 2021. There is a strong focus on all health and safety related training. All divisions ensure all staff who operate any regulated machinery and are required to be licensed have the necessary licenses.

Safety Key Performance Indicator	ESG		CEG		Kian Ann		Invicta Group Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Number of fatal injuries	0	0	0	0	0	0	0	0
Number of lost-time injuries	5	8	0	0	32	50	37	58
Number of medical treatment cases	10	25	0	5	1	4	11	34
Number of first-aid treatment cases	11	70	0	16	2	1	13	87
Number of recordable injuries	15	33	0	5	33	54	48	92

COVID-19 Response

The Group was required to adapt to significant changes in the uncertain times as a result of COVID-19. The Group has been proactive in addressing the COVID-19 pandemic, with staff education, temperature screening, sanitising and social distancing implemented at an early stage. Warehouses implemented shifts with a view to isolating smaller teams from each other and administrative staff were assisted to enable remote working wherever possible. During the financial year 219 employees were tested for COVID-19.

The divisions also implemented COVID-19 policies and protocols. As a result, Invicta was able to ensure a safe work environment for all staff members designated as essential workers that had to work on-site to keep the businesses operational. There was a big focus on mental health and keeping employees that were working remotely in contact with their team members to ensure business continuity. There was significant investment in support and training to enable employees to adapt to new technologies that enabled remote working.

In addition, food parcels were distributed to employees that were hardest hit by the pandemic during the hard lockdown.

Percentage of employees who have recovered from COVID-19

ESG	97%
CEG	100%
KAG	100%

Skills development and training

The Group looks to promote personal development, develop critical skills and enhance technical competencies. Each division has training programmes in place to develop skills relevant to their areas of focus.

2021 skills development and training	Unit	ESG	CEG
Skills development and training cost	ZAR	5 821 196	960 975
Total number of employee's trained	Number	887	105

At CEG, the main type of training is for artisans who are offered an apprenticeship of three to four years to qualify as a mechanic. CEG pays for all required exams, classroom sessions and ensures the practical experience needed is obtained.

CEG also have additional soft skill training available to all staff including, but not limited to, training on Leadership, Microsoft Office, Emotional Intelligence and Coping with Stress.

At ESG skills development and training initiatives are focused on the following:

- > Leadership development: running learnerships for 72 managers or soon to be managers. The programme runs for a full year and is provided by an external service provider.
- > Business Administration and New Venture Creation: 52 learners split between these two programmes, is delivered as a learnership for the duration of a year. There is also a small group of existing employees on a Business Administration learnership.
- > Ongoing in-house training hosted on ESG's Siyakhula Online Platform. There are currently over 130 online modules on the platform, including Product Knowledge, Customer Care, Leadership Development, Project Management and Excel.
- > Legislative training: Health and Safety, Working at Heights, First Aid and Fire Fighting.

