

SUSTAINABILITY REPORT
FOR THE FINANCIAL YEAR ENDED

2016





EXECUTIVE SUMMARY

ADvTECH's foundations are built on providing academic excellence and the highest levels of service. Our intellectual capital, skills and most importantly the calibre and quality of our people are our greatest assets. Therefore, we continuously invest in human capital with the intention of growing a sustainable business.

Stakeholder engagement: Communication channels and shareholder analysis

ADvTECH's success relies on the input and participation of all our stakeholders. As such, we engage continuously with a broad range of interested parties with the aim of consolidating relationships throughout the group. As technology evolves, we update our methods of communication, and currently we reach our stakeholders through the following means:

Investors

- > Regular results presentations
- > Integrated annual report and annual and interim financial results publications
- > Roadshows
- > SENS announcements through the JSE Limited
- > Media releases
- > Ad hoc engagements and individual meetings with investors and analysts
- > Investor site visits

Employee communication

- > ADvNET, our group intranet, which was redesigned to increase functionality, and reaches employees across all our brands and sites, enabling them to communicate with each other
- > Internal newsletters at select sites
- > Regular health and wellness programmes
- > Cultural events to celebrate employee diversity
- > Awards functions
- > Annual CEO roadshow for senior employees
- > Conduct internal and external employee satisfaction surveys

Students and parents

- > Parent functions and meetings
- > Opening addresses by principals and key stakeholders
- > Continuous assessment and feedback on student progress
- > Student portal or Mosaic App for The Independent Institute of Education (IIE) registered students
- > Newsletters and magazines
- > Information technology platforms
- > Student support teams and school counsellors
- > D6 Communicator

Recruitment candidates and clients

- > Regular face-to-face consultations and interviews
- > Electronic newsletters
- > Salary survey reports
- > Informative seminars

Alumni

- > Increased work placement surveys
- > Electronic newsletters
- > Fellowships
- > Graduate and alumni surveys to determine employment status and career success and achievements

Community and environment

- > Environmental awareness education
- > Initiating or participating in various greening initiatives
- > Conservation and clean-up projects
- > Schools support disadvantaged schools in their communities through tutoring, academic and administrative support as well as various donations from food parcels, clothes and school supplies.
- > Initiating and partaking in various CSI projects and initiatives

Education and resourcing regulatory bodies

- > Representation on the Higher Education Quality Committee (HEQC) Board and Institutional Audit Committee of the Council of Higher Education (CHE)
- > Founder and a member of the South African Private Higher Education (SAPHE)
- > Member of the Association of Personnel Service Organisations (APSO)
- > Member of the Institute for Personnel Service Consultants (IPSC)
- > Member of the Confederation of Associations in the Private Employment Sector (CAPES)
- > Founding contributor of annual publication, The Independent Journal of Teaching and Learning

Social performance

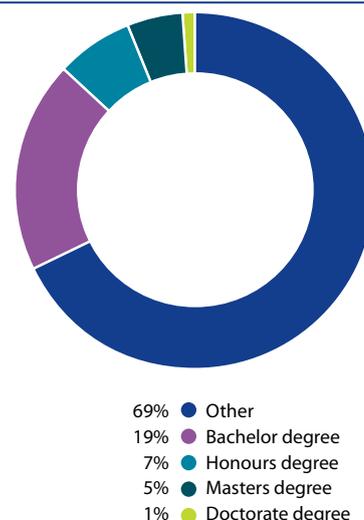
a. Employees

Our people are our greatest asset; they are key to the success of our business and add value to the lives of thousands of students, parents, job candidates and clients. We take pride in our highly skilled workforce.

Of the 5 916 employees across the group (2015: 5 441), 4 052 are permanently employed. 72% of our employees are female, and a large number of employees have tertiary qualifications.

The table below shows the academic profile of the group's workforce at 31 December 2016 by highest qualification.

STAFF QUALIFICATIONS (BY HIGHEST QUALIFICATION)



Our ability to attract and retain skills is key to our success, and this is influenced by our structured approach to talent management. We continue to “grow our own timber” through ADvTALENT. Established in 2011, the programme aims to train and develop our employees to enhance succession planning in preparation for organisational and structural changes. It comprises a management toolkit, mentoring programmes, management development programme (MDP) to develop current and future management, and a leadership development programme (LDP). With the tremendous growth in the schools division, the programme has proven valuable in assuring the sustainability of our business.

42 Employees were invited to participate in the MDP and 247 trained mentors provided guidance to employees. R19 million (2015: R11 million) was invested in employee development, training and conferences.

We take pride in receiving the international Top Employer certification from the Top Employers Institute and, this year, the gold achiever seal for the Deloitte “Best Company to Work For” survey.

The Top Employers Institute, based in the Netherlands, is a global institution that certifies excellence in the working conditions employers create for their people. For the second consecutive year, this valuable process has given us insight and guidelines for areas in which we can improve. ADvTECH’s score improved from 66% to 74%.

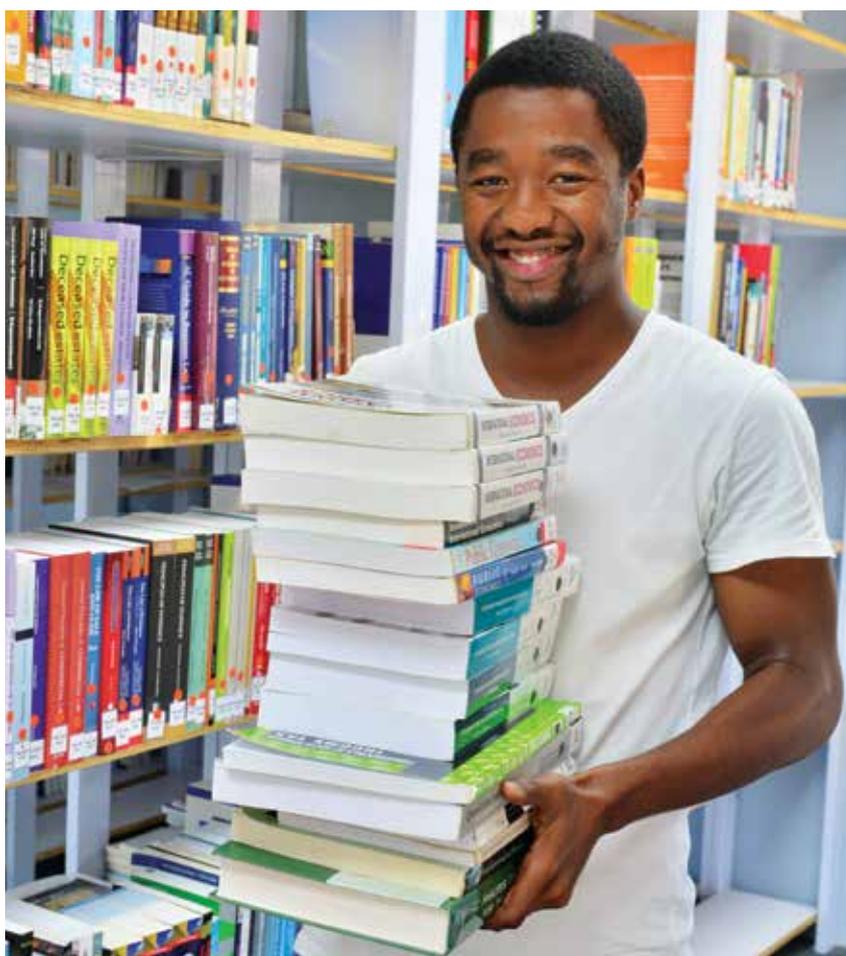
The Deloitte “Best Company to Work For” survey provides us with insights into perceptions and work satisfaction. We are proud of our overall gold achiever seal for the group, an improvement from silver in 2015. In this, our 10th year of participation, each division was rated on its own merits, with the resourcing division receiving the prestigious platinum achiever seal.

To further enhance our employees’ HR experience, we implemented the ADvTECH People Solutions (APS) system. This IT-driven HR and payroll system provides a holistic and automated approach to HR management. It also supplies employee information such as integrated performance management, succession planning, payroll, leave applications and more with the full benefits of the system still being harnessed.

The key to consistent high quality service delivery lies in attracting and retaining well-qualified, experienced and enthusiastic employees. Long service awards are presented on completion of five years’ service and every five years thereafter to acknowledge the important contribution of longer serving employees.

Long Service Award 2016

	Number of employees
5 years	231
10 years	159
15 years	50
20 years or more	24
Total	464



We try our best to make our facilities user-friendly to employees and students with disabilities. We currently employ 17 people with disabilities and do everything within our means to supply them with the resources and technologies they need to conduct day-to-day business activities.

b. HIV/Aids

HIV and Aids has reached epidemic proportions in many developing countries, and it has far-reaching socio-economic, employment and human rights implications. While the pandemic is now better contained through the availability of antiretroviral drugs, new infections continue to occur. ADvTECH is perfectly positioned to use its learning environment in the education of students and we promote responsibility with regard to this virus. We encourage and support voluntary testing and education to minimise the stigma around those living with HIV/Aids and numerous voluntary counselling and testing initiatives took place during the year. Events and speakers are arranged regularly and condoms, pamphlets and brochures are made available at head office and in our higher education institutions.

c. Health and safety

The health, safety and hygiene of our scholars, students and employees in their working and learning environment is a top priority.

To ensure that our sites are compliant with the South African Occupational Health and Safety (OHS) Act, a dedicated health and safety team trains, audits and proactively ensures adherence to the group’s OHS policies. As part of the group’s overall commitment to student and employee well-being, the group conducts external audits to ensure independent evaluations. In 2016, externally audited sites averaged a 91% compliance level.

Extensive work has been performed on playgrounds in conjunction with the Playground Safety Institute of South Africa. The South African National Standard requirements for playgrounds have been implemented as far as practicable at all our schools. Playground equipment injuries have declined from 13 in 2015 to seven in 2016.

The human resources employment equity environment, skills development and social responsibility, investors in people and investing in people and occupational health and safety (Hesio) committee, comprising representatives from human resources, environment, skills development, investing in people and OHS committees, meets quarterly to discuss and monitor the group's progress.

The number of accidents, incidents and theft at our facilities increased to 208 in 2016 (2015: 130). In part, the higher number of incidents reported can be ascribed to our recent acquisitions, where compliance to ADvTECH's health and safety standards is still in progress. The major reason for the increase in crime was the theft of IT equipment to the value of R0.5 million. We improved security arrangements and reinforced policy awareness relating to IT equipment and personal liability.

Health and safety representatives were appointed and trained at their respective sites. A further 51 employees completed their first aid training during 2016, ensuring that our employees are well equipped to deal with emergencies.

d. Transformation

Because our employee demographics reflect our nation's diversity, we are in tune with the needs of our students and the companies who will ultimately hire them. This is an essential component for our long-term success. While ADvTECH makes use of external accredited empowerment rating agencies, the transformation, social and ethics committee (Tsec) monitors the group's progress on the pillars of transformation: employment equity, black share ownership and management control, skills training and development, black economic empowerment (BEE) procurement, enterprise development and corporate social investment. Please refer to the Tsec report on page 53 of the 2016 integrated annual report.

ADvTECH regards equal employment opportunity as both a strategic and a business imperative. We recognise that diversity enables us to garner the different

skills, experiences and cultures of our employees to create an even richer working and learning environment. This increases our ability to deliver consistent excellent value to all our stakeholders. The group's employment equity policy sets out annual targets and is monitored by the group Tsec and Hesio committees.

We remain committed to transformation and continued to make progress during the year.

Black staff as a percentage of total staff as at 31 December

	2016	2015
General staff	48%	43%
Management	37%	33%
Exco	22%	13%

i. Black economic empowerment

Through our affirmative procurement process, we support suppliers from historically disadvantaged communities. Our policies encourage procurement from BEE suppliers, and motivates the group's suppliers to become BEE compliant. This has resulted in just under half of the group's weighted BEE procurement spend being spent with BEE compliant beneficiaries.

ii. Corporate social investment

ADvTECH's corporate social investment (CSI) strategy is aimed at promoting a culture of sustainable development. Our approach is directed towards educational interventions with local disadvantaged communities. Education is essential to promoting equality and is an enabling factor in transforming our society. The group promotes participation in outreach projects that provide volunteer staff and students with a greater sense of belonging. This year, throughout the group, 249 projects were supported.

The group invested more than R112 million (2015: R102 million) in bursaries, which positively impacted on the lives of 9 853 beneficiaries.

The teacher bursary scheme, launched in 2007 is aimed at addressing the need for high quality teachers in South Africa,

enrolled 50 students (2015: 52). Of these, 12 were new students as part of the 2016 intake. In addition to completing their tertiary studies, bursary recipients are given the opportunity to apply their acquired skills practically within the group's schools. Nine of the 2016 teacher training bursary graduates were successfully placed within ADvTECH (2015: 10).

Environmental projects

Even though our footprint does not have a significant environmental impact, the group abides by an environmental policy that focuses on achieving and demonstrating sound environmental practices.

ADvTECH is well placed to educate our students and instil in them a deep respect for the environment and an understanding of the risks associated with global climate change. Environmental education forms an integral part of the curriculum at our schools. Two schools in the Centurus group are internationally certified eco-schools and have earned their platinum flags. Creating environmental awareness among our students and communities promotes the protection of the valuable natural assets of our country for the future. Practical initiatives to reduce water and electricity usage include the implementation of gas geysers under sinks, light switch movement sensors, rainwater capture tanks, recycling and back-up generators as well as reducing travel by using video conferencing.

When developing or expanding infrastructure, the properties department conducts impact studies to identify ways to mitigate potential negative effects on the environment. They also develop environmental management plans to protect and maintain sites situated in eco-sensitive areas. During the design process of greenfields buildings as well as existing buildings, the department ensures that they are environmentally friendly. We run environmental programmes on an ongoing basis throughout the group and encourage a greater sense of environmental responsibility. Please read more about our sustainability projects at www.advtech.co.za.



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