



### **Foreword**

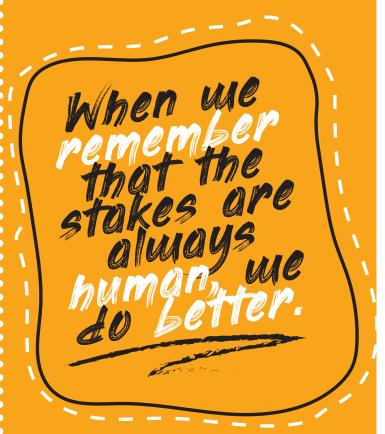
A transformative journey is rarely one that ends nor quickly reaches its destination. Rather, it is a slow and arduous yet incredibly rich and rewarding process one commits to for the long haul. You surely appreciate any quick wins along the way but focus effort, time and resources on building a solid foundation for lasting change. Some might struggle with embracing transformation because, simply put, it is not easy. However, I don't believe easy has anything to do with it. It is the right thing to do and therefore, it must be done because ultimately, human lives are at stake. As Simon Sinek says, "when we remember that the stakes are always human, we do better." To ensure our organisation stays relevant, sustainable and attractive to its current and future employees, we cannot afford to diminish the value our people hold. Even as the world evolves and digitilisation and automation advance, it cannot be at the cost and loss of human engagement.

2021 was a critical year for us at CTSA as we did more and more work to embed the values and characters necessary for transforming our culture. We unpacked more of the unconscious biases and blind spots that could be hampering our transformation. We asked questions of our people and we listened to understand. The interventions we then designed and put in place spoke specifically to the issues raised in an attempt to address the root cause hindering a sense of Belonging, Inclusion, Equality and Diversity in our organisation.

By far, we haven't yet "made it" but we are proud of the strides we have made in certain instances. More of our student pool moved into permanent positions in the company this year than ever before. An increased number of staff applied and received study grants in order to further their studies. We launched a programme to revitalise the consciousness of our leaders so they can practice and live transformation authentically and in so doing build trust with our people. We launched the Women@Work programme with the aim of empowering some of the female leaders current and potential, in the organisation to lead holdly and courageously.

It is true what Brene Brown writes, "Daring leaders must care for and be connected to the people they lead." Care and connection take many forms as people are all different but whatever the form, it is critical that these two elements be present in our organisation and in the leadership styles we practise.

I am honoured to be part of a process that is set to impact and changes lives for the better.



- Simon Sinek

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### Message from the MD's Desk

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In the second year of the pandemic, 2021, CTSA was not only affected by Covid infections, lockdown restrictions, higher unemployment and consequently, lower consumer spending but we also contended with continued supply chain disruptions and the July political unrest in the country. All these external factors had an impact on our organisation, especially the effects of supply chain interruption, which became highly visible in the second half with many OEMs (Original Equipment Manufacturers) adiusting their production volumes.

> In response to the mammoth challenges we faced, we had to become

more flexible in all areas with the safety of our people and business partners remaining our number one priority. As an example, when it came to adjusting our working patterns, wherever possible we moved towards using mobile work as a standard working arrangement. In addition, we were one of the first companies in the Metro to successfully open a vaccination site at our plant to make access to vaccinations easier for our employees. We also had to find new ways of conducting training and workshops as we were not willing to halt the development of our people. The Purchasing & Logistics teams did a tremendous job to keep production running as we had to react to supply chain instability. At the same time, in our Sales area, we had to react quickly and regularly to the rapid increase of raw materials, logistics and energy costs.

Ultimately, in 2021, we had to be closer to our customers, business partners and

suppliers. more so than ever before.

Despite facing a tough year, we managed to score many great victories. We were able to significantly increase the production output as compared to 2020, while still adjusting our production portfolio, introducing new articles, and focusing on internal process efficiencies. From a sales perspective, we were able to properly react to increased customer demands and escalating costs and we managed to handle our supply chain and logistics challenges very well. All the efforts which my colleagues put behind their day-to-day activities resulted in the improved financial performance of the company. In doing all these activities, I am proud that we were still able to establish new learning and development activities, focusing not only on skills development but also enhancing our company culture by proactively working towards higher inclusion and diversity.

We were one of the first companies in the Metro to successfully open a vaccination site..

This year was significant for us for another important reason. Continental globally celebrated a momentous milestone, its 150 years anniversary. Achieving such a feat is no walk in the park. It took persistence, innovation, a clear vision and strategy and most especially, the day-today hard work of all our colleagues, those who used to work for Continental in the past and those currently working in our organisation. We have come a long way as a company, having had to overcome a lot of challenges and through those, obtain a lot of learnings which informed and moulded our Continental DNA. Ultimately, our core values remained our North Star -Passion to Win, Trust, For One Another and Freedom to Act - continuing to propel us forward.

Sustainable success for any business is dependent on the environment and care it provides its people. Continental Tyre South

Africa has put in a huge amount of effort in creating a more fertile environment for growth, change and development for its employees in 2021. This is because people are key in everything we do. We did not stop investing in the development of our people this year. We launched programmes such as VUKA, Women@ Work, Men in Conversations, to name just few of the newly started initiatives via which we want to impact our company culture

Caring for the people that work for the organisation is one thing, caring for the community in which you operate is another, both are important to us. As part of our Corporate Social Responsibility mandate this year, we continued with our CSR activities focused on serving the communities living in the Nelson Mandela Bay Metro. We supported more than 16 individual projects - with the primary focus on children's education, women, and social programs. We donated towards the food relief in support of the affected communities in KZN during the looting mid-2021. Together with our employees, we used our 150-year anniversary celebration to provide additional support to the local community. We also continued with our well-established Graduate-in-Training, scholarship and learnership programmes.

This year, we also managed to finalise our Vision 2030 strategy. We have a clear vision and view on what we want to accomplish, where we want to be and how we want to achieve our goals. Additionally, we made very good progress inside our product portfolio, developed one additional leg for our business and proved to our customers that we are a reliable partner even in the face of external challenges whose proportions were greater than usual. We never stopped investing in our plant and people, and we are very confident that we will continue to do our utmost best to serve our customers' needs.

All CTSA employees can be very proud on how we managed to get through the crisis, and I would like to sincerely say a big thank you to them. I am certain that our teams will continue to deliver superior products and services to our customers with passion.

## Looking Back. Stepping Forward.







#### **OUR VISION**

In Continental, we transform your mobility experience into the future.

### **OUR MISSION**

Through our values, we create a passionate ownership culture. We engage our customer and employee experiences through proactive and innovative solutions.

Through care, we demonstrate sustainable, mutual value creation.



**Continental AG shared** the company's global Vision 2030 strategy and, in the months following this, we spent a considerable amount of time crafting Continental Tyre South Africa's version.

CTSA in years past went through a rigorous period of turnaround and having successfully passed through this, we have now entered a period of transformation. The inspiration for our strategy is our customers' needs and how these inform our organisation's core, opportunity, responsibility, and team.

In Our Core we commit that through excellence, we provide high quality products and services to our customers.

Through **Our Opportunity**, we create trusted, customised solutions through our uniqueness and inclusive environment.

With **Our Responsibility**, we proactively identify and act on opportunities to reduce our environmental impact.

And unique to us at CTSA, due to the exceptional individuals who make up **Our Team**, with our South African spirit, we secure our future.

The ability to visualize and articulate a possible future state for an organization or company has always been a vital component of successful leadership.

- Tony Mayo

Without vision we would not have been able to successfully turn our organisation around and with it, we are set to transform our organisation innovatively, authentically, and radically, in a way that will have us leading the game.

### **VUKA Executive Summary**

**The launch of the VUKA programme** this year was a pivotal moment for our organisation. The VUKA programme (VUKA means to "rise up" in isiXhosa) was launched in answer to the realisation that our employees did not feel like they worked for an organisation that was fair and inclusive and we were, and continue to be, determined to change that.

Cohesion Collective, (our Equality, Diversity and Inclusion consultants), landed on our premises with an impressive and difficult mandate - to initiate an inward looking, future facing transformation. We believed that for the change necessary to not only happen but to last, we had to work from the inside out.

VUKA entails seven theoretical modules integrated with leadership coaching sessions which support its participants (EXCO, Senior Management, Shift Managers and the Transformation Committee) on their transformation journey. Module 1 was an unexpected and unforgettable voyage into the thinking environment.

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The quality of everything we do depends on the quality of the thinking we do first. The quality of our thinking depends on the way we treat each other while we are thinking.

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Our leaders were introduced to the ten behaviours that are believed to generate the freshest and finest thinking, namely the Ten Components of a Thinking Environment. For the first time, the principles of Attention, Equality, Ease, Appreciation, Encouragement, Feelings, Information, Diversity, Incisive Questions and Place became a part of the CTSA agenda. We realised that in paying genuine attention to our people and treating them as thinking peers, we needed to create a working environment that offered freedom from the historical sense of urgency and that both said and showed our people that they matter to us. At the same time, we needed to let our employees know that their feelings mattered and offer a safe place for these to be expressed, encouraging self-expression, confidence and innovative thinking and problem solving. It became crystal clear how important it was to welcome and encourage diversity in our teams and to encourage these teams to reach for the sun, moon and the stars in the thinking and execution of their work. We finally created a platform for our people to think about the same question.

The power of vulnerability was a lived experience and at the core of Module 2: Equality, Diversity and Inclusion foundation, language and literacy Awareness. Delving into the parts of ourselves we rarely share with others showed how this can be an incredibly enlightening and enriching experience, for all involved. With each session, VUKA participants are inspired to VUKA in their ordinary interactions thereby transforming the environment they are in.

We are looking forward to getting back to our VUKA sessions and going further on our journey to transformation.

### **Women in Leadership** The WOW Factor



It will come as no surprise to many that when people are asked to identify leaders. they often think of men. Subsequently, the lack of females in leadership roles in industries the world over

is no surprise either. Yet, here's the crucial piece we all need to remember - just because the status quo is what it is, it doesn't have to stay that way. Where there's a WiL(I)\*, there's a way.

This year, at Continental Tyre South Africa (CTSA), we embarked on our journey to disturb the existing state of affairs by launching the Women@Work (W@W) programme as part of our Women in Leadership initiatives. Why? We know that the glass cliff and the glass ceiling are realities that many women face. Implicit biases that work against women in the workplace are at play. Women are often seen as functionaries who cannot hold leadership or executive positions. These are all notions we aim to fight and eradicate. That is why empowering some

of the women in our organisation who currently hold positions of influence and those with the potential to become leaders through the

Women in Leadership programme.

The W@W programme (quickly pronounced WOW by its participants), was designed to be an immersive experience, one where its members not only learned critical business fundamentals but were also exposed to real world lessons, experiential exercises, case studies and peer reviews. The programme created a platform for women to engage in critical, creative, convergent and systems thinking, while developing

> leadership competence and skills. It was and continues to be a means to practically support women at CTSA by building networks to establish trust among women in the organisation and create a positive leadership culture that embraces gender and racial

diversity.

The 13 participants of the inaugural year of the Women in Leadership programme had the opportunity to grapple with the challenges faced by women in leadership and explore the dynamics and challenges of single identity leadership positions and how to overcome the barriers specific to women in business.

With the programme coming to an end in February 2021, we know our work doesn't end here. There is more to be done and more to come as we fully embrace the truth - the more women in the workplace and the more women in leadership roles there are, the better. As more and more research has found, the more women there are, means there more diversity of thought

> there is and subsequently, there is better problem solving. With more women leaders in an organisation, the greater the collaboration and trust, both of which are fundamental for

> > the success of any business.

Research by Deloitte suggests that companies with an inclusive culture are six times more likely to be innovative. It is also said that the female brain is naturally wired for long term strategic vision and community building. A higher EQ is critical in the world of business with women more likely to use emotional information in an effective and meaningful

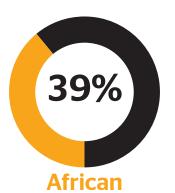
To not prioritize the inclusion and advancement of women in the workplace is to set yourself up for failure. Not creating and sustaining an environment that

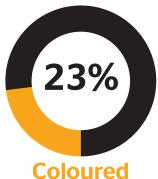
is geared towards women being challenged, nurtured, developed, and heard the declaration of zero interest in future proofina your organisation. We will not fail. We will not be left behind. Women in leadership at Continental Tyre South Africa will break barriers and expand boundaries; they will revolutionise our organisation. And we are here for it!

\* WiL = Woman in Leadership















Leadership

# inclusivity

## PASSION TO WIN

transformation TRUST FOR ONE ANOTHER

FREEDOM TO ACT

**Living values** 

**ENGAGEMENT** 

diversity

**Empowerment** 

equality

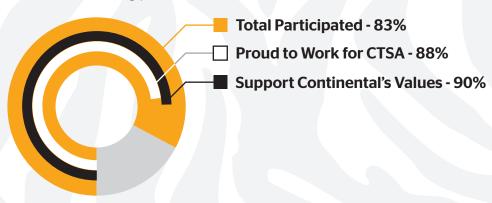
# **BASICS LIVE** Results

this is manifested through the behaviour of our people. Our BASICS includes our vision, our mission, our values and We believe that in order to have exceptional achievements we need an exceptional culture.

# **PUR BASICS LIVE**

**OUR BASICS LIVE** is a tool to develop the organisation and its culture. It fosters dialogue and exchange, focusing on topics relevant to the organisation as a whole. The survey poses questions to a sample of employees each year under our four values Trust, For One Another, Freedom to Act and Passion to Win.

In 2021, 83% of Continental Tyre South Africa employees completed the survey, with 90% saying they support Continental's values and 88% of overall staff being proud to work for CTSA.



Our key results showed that we are doing well in employees:

- > Understanding their contribution to CTSA's objectives (94%)
- > Believing we bring leading technology to the markets (88%)
- > Thinking our internal processes are geared towards providing solutions to our customers (91%)

The areas in which we can improve include:



Providing equal opportunities for all employees



Recognising and rewarding good performance beyond monetary means



Living our values daily

In Marketing & Sales, 89% of employees shared their views. From the results, here we see we are doing well in employees:



### We can do a better job in:

- Providing an environment where stress levels are manageable.
- Cooperation and Collaboration between departments.
- Enabling work-life balance.

Our Manufacturing staff makes up most of our workforce, therefore their results were very similar to the overall CTSA results reflected in the survey.

Considering these results, we have implemented a variety of interventions to address those areas where our employees would like to see us do better. From those areas we have seen a drastic improvement in our results, we are excited to see the fruit of the various programmes that have been put in place and to launch new initiatives to help us move forward and upward

### **2022 Projects**



### **Onboarding**

How new hires experience Continental Tyre South Africa sets the foundation for their experience working with us. It is very important to us that they feel welcome. This applies to employees who have worked with us, whether for a short or long time, when they are transferred internally, promoted, or moved due to operational requirements. The NEW Onboarding Project aims to create a structured and transparent onboarding process to be adopted by all those involved, which engenders a feeling of inclusivity (psychological safety) of those being onboarded. The programme aims to provide a personal onboarding journey that drives our ownership culture.

### **Competency Management**

The world of work is changing, becoming more virtual, more flexible, with fewer structures and more contracting services. This means lifelong learning as opposed to upward movement will be more beneficial to most employees from an employability perspective. This makes Competency Management more important than ever before

Competency management is an essential part of our organisation's success, as it allows for the identification of the key skills necessary for an employee to reach his/her target performance in their specific role. From there the process continues with developing and optimizing those skills to best align with Continental Tyre South Africa's business strategy.

Career Planning is critical for an individual to obtain knowledge about themselves (their values, personality, preferences, interests, and abilities) and information about the working environment and then make an effort to achieve a match. This can be achieved individually with minimal support from the organisation, and it is with this in mind that we will launch the iCare programme.

With iCare, employees are encouraged to:

- 1. Identify the needs and drivers important to them personally for their careers.
- 2. Establish both short-term and long-term career goals.
- 3. Explore what they are prepared to do to gain better knowledge and experience.
- 4. Examine the reality of one's experiences gained thus far as well as the strengths and opportunities available for growth. 5. Move forward and take action to agree on the identified career goals with your manager and ensure regular review.

We can't wait to see the impact of this integrated approach towards personal development.



## The Business of Giving Back



**Sustainable management** and corporate social responsibility are among Continental's fundamental values. Supporting the community in which we operate is more than a legal requirement or item on our organisational to-do list. It is a heartfelt investment in the people and families of our city.

Our support of the communities where we have an impact has prioritised educational, environmental, and sporting projects. Our charitable donations are geared towards issues of importance to our staff (e.g., education and health). Most of our CSR spend takes place in Port Elizabeth, given the development needs of the region and as the home to the company headquarters from an oversight perspective.

2021 was a momentous year for the Continental brand (it celebrated its 150 years anniversary) and giving back was an integral part of our celebrations. We donated over R2 million to various charities within the Port Elizabeth region working in the Education, Community and Health environments. We were able to support the likes of the Childhood Cancer Foundation, Association for the Physically Disabled, Ubomi Obutsha Centre to the SOS Children's Village and Unity in Africa's iGems programme. Our business reaches across the country, therefore we felt it necessary to also extend our giving to the KwaZulu-Natal region in the aftermath of the violence and looting the area experienced mid-year, through Gift of the Givers.



# CTSA/BestDrive Learnership: Creating Opportunities, Changing Lives

The Continental Tyre SA/BestDrive Learnership Programme was established in February 2019. Through consultation with merSETA, the Manufacturing, Engineering and Related Services Sector Education and Authority, the learnership programme was created to centre around the National Certificate, Automotive Repair and Maintenance with a focus on Tyre Fitment. Each year we take on four youths from the SOS Children's Village House of Youth and this year was no different.

As part of the Learnership Programme, the participants are given extensive training and a set of skills that we hope and trust will empower them to create a brighter future, whether they remain in the tyre industry, or move on to other opportunities. This is an important step in assisting them to become economically active members of society where they can determine their own success.

Their journey with the company started with an induction process and a tour of the Port Elizabeth tyre plant giving

them an in-depth insight into the tyre manufacturing process. Thereafter they commenced with classroom and practical training at the previously company-owned BestDrive William Moffett store. In creating more opportunities like these we aim to change more lives.

Proud members of the YES programme

The Youth Employment Service (YES) initiative was launched in 2018 in an effort to create 1 million new 12-month job opportunities for young people. It is a business-led initiative aimed at providing employment experience, in order to stimulate employment for the youth of South Africa. Continental Tyre South Africa (CTSA) became involved in this programme in 2019 to assist unemployed youth based in Port Elizabeth where the tyre manufacturing plant is situated.



In our third year of the programme and with the COVID-19 pandemic causing chaos in the lives of many around the world, we knew our continued support of this initiative was imperative. We selected 17 YES learners from the YES data base and hosted by them at our plant in order to provide them with invaluable work experience. Through the programme, we provide a stipend towards the learners' income and resources which they needed for learning.

At Continental we have opted to further train our YES learners on additional skills to support their efforts in finding work and be absorbed into the workforce. The timeframe for the programme is normally one year, after which the learner receives a certificate of completion and an employment reference. We also offer the learners assistance in putting together a CV and through our provider, assist in finding the youth permanent employment.

Continental Tyre South Africa's involvement in the YES programme aims to create employment for young people and provide them with learning and employment opportunities, creating a talent pool for possible employment at Continental.

It is our corporate responsibility to support government initiatives aimed at contributing towards our economy and when we empower our youth, we grow future leaders.

### Half a Million Rands Donation to Future Engineers

They say go big or go home and as we closed off the year of Continental's 150 years anniversary, we chose to go big. We were proud to donate more than half a million to Unity in Africa's iGems programme which helps foster aspiring engineering minds in our city. Investing

in the education of our youth is a gift we hope we will always be able to share. Wishing all the iGems learners all the very best for this year. May your far exceed your expectations and dreams for yourselves! We cannot wait to see you shine.

For more information, read the full story on our intranet.

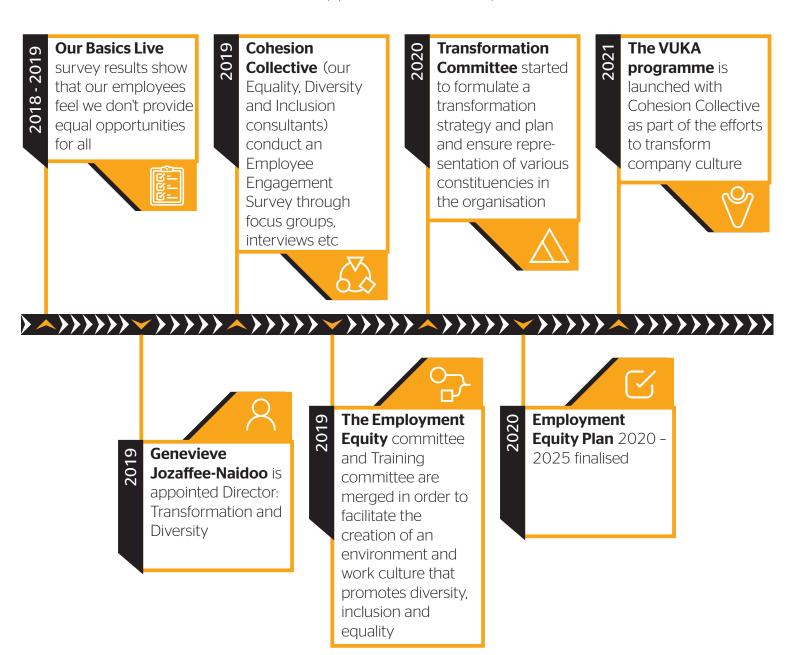


## The Transformation Journey

Our vision for transformation in our organisation highlights that Continental Tyre South Africa's performance and engagement will improve when we recognize our social inequity, restore trust in our people, the organisation and its systems and remedy social cohesion through our four transformation pillars.

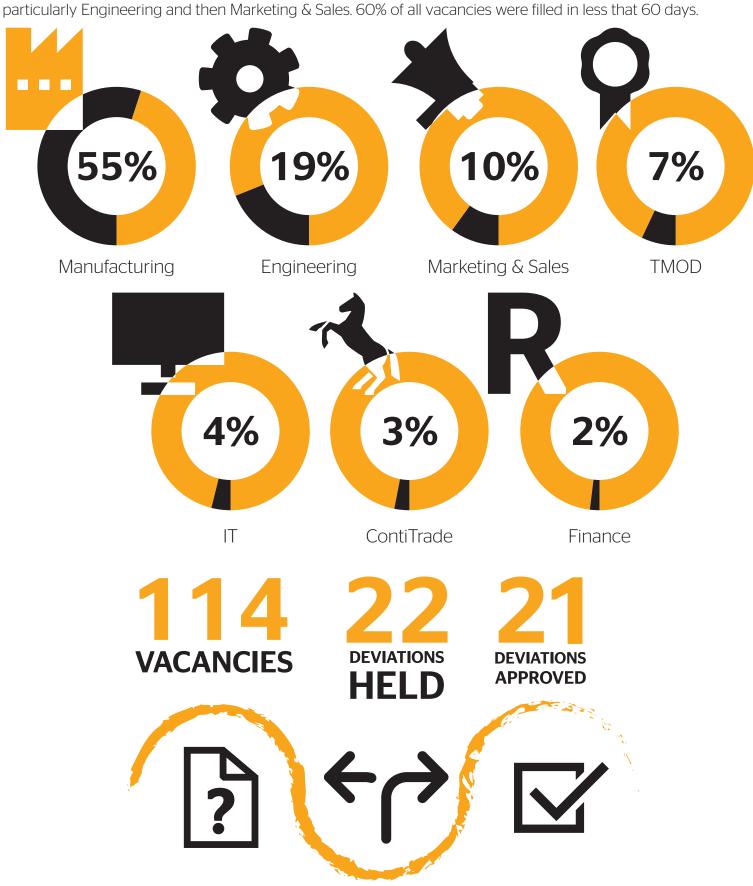
The transformation pillars are Diversity, Inclusion, Equity and Stakeholder Engagement. These inform our multipronged approach to our business's transformation journey.

- We seek to make the full scope of our identities (both visible and invisible) represented in order to move past exclusionary criteria.
- We believe the manner in which we engage our people will enhance performance and engagement, so employees fully show up when at work.
- Through our policies and procedures, we aim to create capacity to treat different people differently in order to have access to equal opportunity.
- It is imperative that we proactively consult and involve those affected in our decision-making process.
- All of this sits on a foundation of change management where various interventions have been executed to ensure our transformation and diversity plan is effective and impactful.



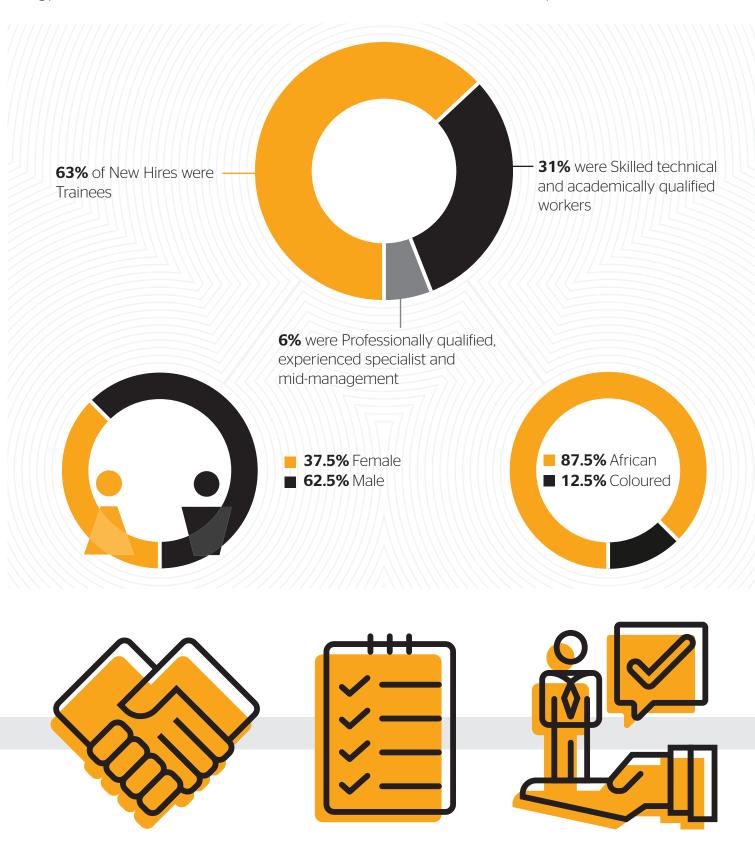
# **Talent Rentention**Vacancy Status

We had a total of 114 vacancies in 2021 spread across the organisation, with the majority falling in Manufacturing, particularly Engineering and then Marketing & Sales. 60% of all vacancies were filled in less that 60 days.



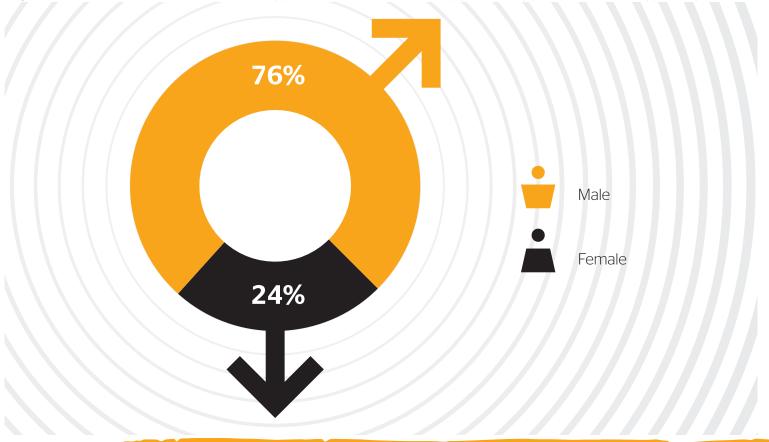
### **New Hires**

As we evolve as an organisation, we will continue to place emphasis on hiring more skilled and talented women as their presence is essential in diversifying our environment. Research has shown how more women in the workplace and the equality thereof adds significant value to the global economy. The gender balance more women in the workplaces creates makes the environment more dynamic as women bring different skills and energy levels. We were fortunate to welcome some more women into CTSA this year.

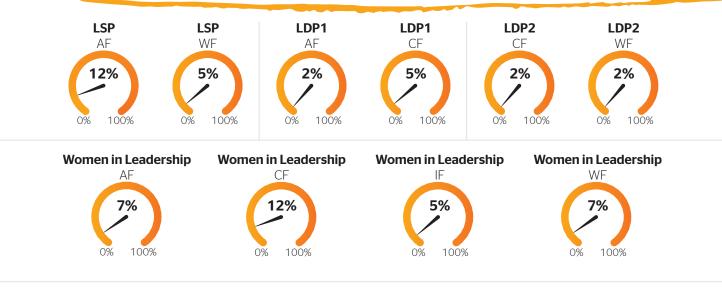


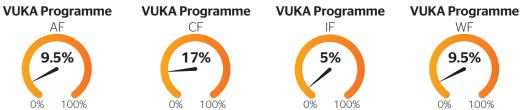
# Talent Aquisition Placement in Technical Positions.

As part of our transformation, we are working hard towards getting more females in technical positions in our organisations. In 2021, we had 76% male applicants and 24% female applicants appointed in these types of positions.



## **Females on Development Programs**





### **Training**

Young Talent always enriches our business and each year we look forward to the new in-take of Graduates-in-Training along with the continued development of our trainees and apprentices. The number of permanent placements from this student pool in 2021 was one of our greatest achievements in this space.

•••• We had 7 Graduates-in-Training of which 5 have been appointed permanently

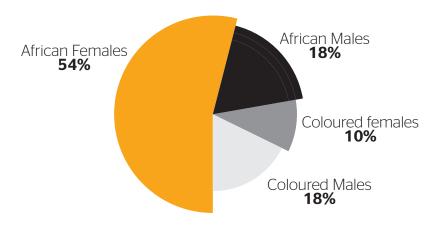


Graduates appointed permanently

We had 12 Trainees of which 7 were appointed permanently and 4 on contract extensions and 1 left CTSA

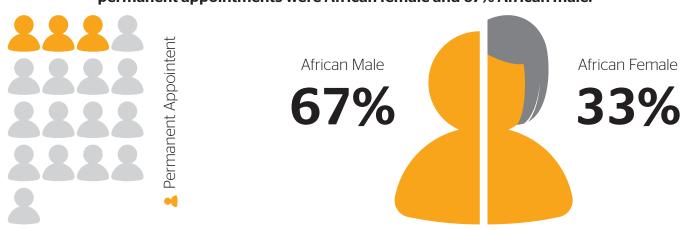


Of our permanent and temporary placements, 54% were African females, 18% African males, 10% Coloured females and 18% Coloured males.



We had 4 SOS learners still in progress on our Continental Tyre South Africa/ Best Drive learnership

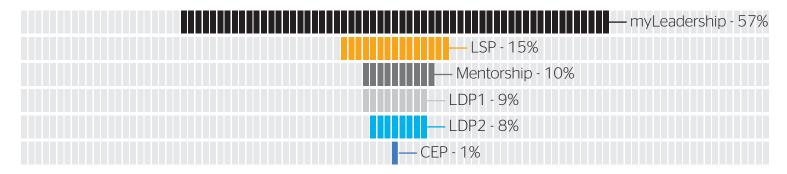
We had 17 apprentices of which 3 were appointed permanently. 33% of these permanent appointments were African female and 67% African male.



# Development Programmes: Leadership Architecture

At Continental we believe that through the various development programmes we offer as part of our Leadership Architecture, we are scaffolding future leaders in our organisation who hold a common leadership ethos. As we strive to support our leadership bench strength, we continue building leadership practice that creates an environment for our people where accountability and ownership are a part of the lived experience.

Employees have the opportunity to go on Leadership Development Programme (LDP), Leading Self Programme (LSP), Corporate Entry Programme (CEP), myLeadership and on the Mentorship programme. For 2021, participation across the programmes looked like this:



### **Promotions**

At CTSA we have long known the value of promoting from within as it helps boost our employees' morale and assists in keeping productivity high. Both old and new employees appreciate opportunities for advancement within an organisation and the knowledge that where there is potential for growth, there you shall find talent, challenging and stretching itself for the next career step. Knowing that there is a potential career path within Continental Tyre South Africa helps us lessen the likelihood of losing capable and talented staff to other organisations. This year our promotions were made up of



