

Social, ethics and transformation committee report



Connie Molusi | Chairman of the social, ethics and transformation committee



As required by the Companies Act and King III, this committee oversees and monitors Basil Read's activities in relation to:

- Social and economic development, including the principles of the United Nations Global Compact, broad-based black economic empowerment (BBBEE), employment equity and the Organisation for Economic Co-operation and Development's (OECD) recommendations on corruption
- Good corporate citizenship which includes promoting equality, preventing unfair discrimination, corporate social responsibility, ethical behaviour and managing environmental impacts

- Investor and stakeholder relations
- Labour and employment, including skills development
- Safety, health and environmental issues.

Membership

There were no changes to the composition of the social, ethics and transformation committee during the year.

The committee met three times during the year (attendance shown on page 69) and comprised four members:

- Mr Connie Molusi (chairman): non-executive director
- Mr Thabiso Tlelai: non-executive director

- Dr Claudia Manning: independent non-executive director
- Mr Neville Nicolau (CEO): executive director.

Focus areas

Enterprise development

Basil Read has been a significant contributor to enterprise development in the South African construction and mining landscape through programmes running with the South African Forum of Civil Engineering Contractors (SAFCEC) and Aurik for the past two years.

The majority of our subcontractors are BBBEE level 3 companies and are either exempted micro-enterprises or qualifying small enterprises.

BBBEE

Basil Read has a level 3 BBBEE rating, following an audit in February 2017 under the dti Codes of Good Practice. We await the promulgation of the amended construction sector codes in 2017 as this will present an opportunity for the company to return to a level 2.

Social impact on community development

The corporate affairs department is embedding a strategic approach to corporate social investment (CSI) in Basil Read.

In line with our CSI focus areas, as outlined in our policy, education is at the heart of our activities as it has the power to address some of society's most significant problems, notably illiteracy, poverty, lack of skills, inequality and food security. The majority of all CSI spend was directed at education in 2016.

In a holistic approach, this included sponsoring maths and science teachers at Alldays High School in Limpopo to improve the quality of teaching and increases learners' eligibility for bursaries. The 2016 matriculants benefited from this intervention as reflected in their pass rates:

- Maths – 71%
- Maths literacy – 63%
- Science – 76%

See page 44.

Stakeholder engagement

The establishment of the corporate affairs department has assisted the business in creating a culture for reporting on material issues and coordinating coherent

engagement with our stakeholders. A stakeholder perception survey during the year indicated that although Basil Read is generally regarded as a key industry player in its sectors (construction and mining), there is a general lack of:

- Awareness of Basil Read products and services
- Transparency in business activities
- Transformation
- Ability to respond to government's economic growth agenda
- Marketing
- Social responsibility.

The company has formulated strategies to respond to and address issues raised with external stakeholders. We are also investigating the option of a customer relationship management (CRM) system that will enable effective reporting and insight generation.

Employee education

As part of our aim to prepare talent for future business needs, the company sponsored 20 students with educational bursaries in 2016 at a cost of R1.7 million. While bursars will have the opportunity to work full time for the company after successfully completing their studies, this will also generate a pipeline of talent for future business needs.

The learning and development unit focused on key learning programmes and projects during the year to enhance operational performance, which included:

- Management development programme
- Supervisory development programme
- Electronic or e-learning platform.

Basil Read invested almost R10 million in the growth and development of its employees. In total, 2 246 employees were trained in 2016 at an average spend of R4 389 per employee.

Health, safety and environmental

Safety is a core value of Basil Read and integral to the way we conduct business. Our aim is to proactively reduce the frequency and severity of injuries by reviewing our strategic safety objectives annually.

There were zero work-related fatalities in 2016. With the exception of medical treatment cases, all other classes of injuries decreased in the review period compared to 2015. Please see full report on pages 34 and 35.



Connie Molusi

Chairman of the social, ethics and transformation committee

31 March 2017