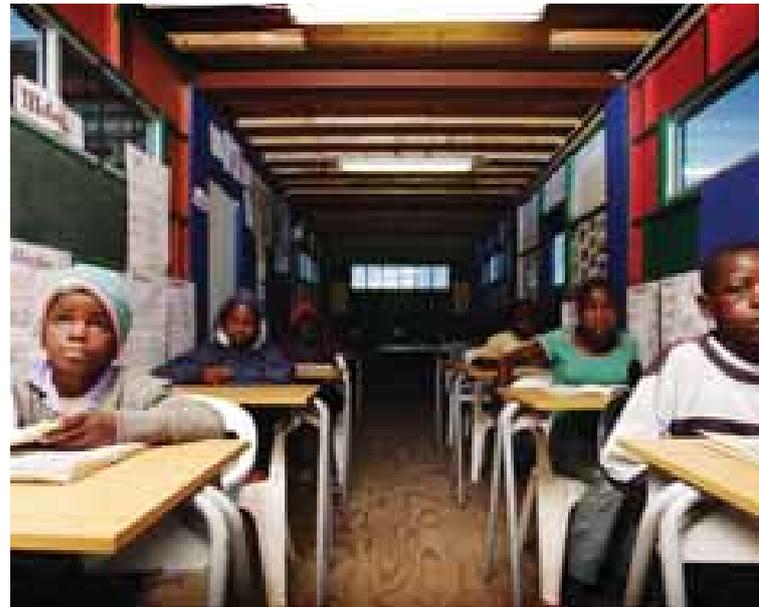


Making a difference



DRC School Project and Community Centre

Statement from CEO

The ever-growing Basil Read group is making steady progress towards our goal of extending our corporate social responsibility way beyond building the roads, bridges and power stations that form the framework of our economy and our society. We readily embrace our duty to enhance the quality of life of those we employ and the people touched by our operations across all our businesses, in our conduct and in our strategic plans for growth.

For nearly six decades, Basil Read has operated as a family business and these values continue to guide our group today. Four years ago, we aligned those family values with the triple bottom-line approach to reporting to stakeholders by integrating our economic, social and environmental performance in our annual report.

This integrated annual report is guided by the recommendations of King II, the Global Reporting Initiative and the United Nations Global Compact. We have also considered the expanded scope of the recently published King III. In many areas of sustainability reporting, we have made significant progress such as creating an equitable working environment for our people and developing their full potential. In the past two years, we have committed ourselves to the green-building approach in striving to optimise energy efficiency and reduce carbon footprints. These initiatives are detailed on page 92 and 93.

We are committed to taking our role in South Africa's transformation well beyond legislative compliance, and to entrenching global standards into our corporate governance. This approach guides our corporate social investment initiatives as well – elevating corporate philanthropy into making a sustainable difference by empowering communities.

Given the group's very strong growth in recent years, it is taking time to integrate acquisitions, standardise systems and platforms and, most importantly, get to know the new stakeholders who are now part of the Basil Read family. This includes thousands of new employees, communities in new geographic regions with different needs and priorities, and new local and provincial governments with different integrated development plans. Considering the sterling work being done in bedding down the larger group, we believe we will be ready by the next financial year end to formally declare a GRI application level and take our place alongside the growing number of global companies as we embed sustainability into every facet of our business en route to making Basil Read a truly global construction group.



Marius Heyns
Chief executive officer



Chris Hani/Baragwanath

Construction sector scorecard

The codes of good practice on broad-based black economic empowerment for the construction sector were promulgated in June 2009 after intensive and extensive consultation between government and the industry.

As a sector, we believe the implementation of the construction charter with its attendant codes of good practice will address inequalities in the sector, unlock potential and enhance growth – for the ultimate benefit of the entire South African nation.

The code provides a framework for the construction sector to address broad-based transformation, enhance capacity and increase productivity to meet global best practice standards. Its implementation will be monitored by the construction charter council, which will act with executive capacity and provide the necessary links to government institutions.

Scorecard

Indicator		Targets as per the code		Actual 2009	Progress
		Year 0 – 4	Year 5 – 7		
Ownership					
Voting rights	Exercisable voting rights in hands of black people	27,5%	30%	31,44%	The group is in the process of investigating proposals for prospective shareholders.
	Exercisable voting rights in hands of black women	10%	10%	0,38%	
Economic interest	Of black people	27,5%	30%	31,44%	
	Of black women	10%		0,38%	
	Of black natural people contractors	10%		0%	
	built environment professionals (BEPs)	5%			
	black designated groups				
	black participants in employee ownership schemes				
	black beneficiaries of broad-based ownership schemes				
black participants in co-operatives					
Management control					
Board participation	Exercisable voting rights of black board members	40%	40%	55,11%	The group will maintain its level of black board members. Developing or employing black senior top management is more challenging. The group is addressing this issue through the development of internal staff through management development programmes and through active recruitment of suitable candidates. This process is expected to take some time however.
Top management	Black senior top management	25%	40%	8,23%	

Sustainable development *continued*

Indicator		Targets as per the code		Actual 2009	Progress
		Year 0 – 4	Year 5 – 7		
<i>Employment equity</i>					
Contractors	Black employees in senior management	35%	60%	6,48%	Through internal development programmes the group is aiming to fast-track the progress of identified candidates. Recruitment policies take cognisance of these requirements and the group is comfortable with the steady progress being made.
	Black employees in middle management	45%	75%	19,43%	
	Black employees in junior management	68%	80%	44,25%	
	Black disabled employees	2%	3%	0%	
<i>Skills development</i>					
Expenditure	On all employees as percentage of leviable amount	1,5%	1,5%	2,81%	The group has made significant progress in this category and will look to maintain and improve these levels. The group recently completed construction of a state-of-the art training facility at its head office building to facilitate internal training and development. The group is currently putting an approved and verified mentorship programme in place.
	Black employees	70%	70%	51,3%	
	Black employees in management categories	25%	25%	11,43%	
Learnerships	Number of learners (learnerships, category B, C and D programmes) as percentage of total employees	2,5%	2,5%	3,04%	
	Black participants in learnerships	70%	70%	80,33%	
	Black people with disabilities in learnerships	5%	5%	0%	
Bursaries	Scholarship/bursary expenditure on black students (of leviable amount)	0,3%	0,3%	0,34%	
Mentorship	Implementation of approved and verified programme			No	
<i>Preferential procurement</i>					
BBBEE procurement	% of total procurement	50%	70%	39,63%	The group maintains a database of approved suppliers and subcontractors and regularly updates its records with regard their BEE status. As empowerment throughout the industry improves, the group expects these levels to improve. Of key importance is ensuring that suppliers and subcontractors are obtaining their BEE certification.
	% from qualifying small enterprises or exempted micro enterprises	10%	15%	12,96%	
	% from suppliers that are 50% black-owned	9%	12%	10,36%	
	suppliers that are 30% black women-owned	6%	8%	2,26%	
<i>Enterprise development</i>					
Enterprise development programme	Compliance with requirements and guidelines for enterprise development programme				The group scores well in this category and has implemented further measures to ensure this is maintained. The group is in the process of increasing the number of enterprise development relationships it currently has.
Contributions	Average annual value as a % of net profit after tax/leviable amount	3%	3%	>3%	
<i>Socio-economic development</i>					
	Average annual value as a % of net profit after tax/leviable amount	1%	1%	1,01%	A committee has been formed to ensure that the minimum requirement in this category is met each year. Certain identified organisations are supported on an ongoing basis.

Scope of report

Basil Read's 2009 annual report includes the group's sustainable development performance, integrating our economic, social and environmental results for the year for a group-wide understanding. It also sets out the challenges and opportunities that lie ahead.

Although the group is 57 years old, it has expanded at an unprecedented pace in the past five years, both organically and acquisitively. This makes data comparability quite challenging in some areas. Throughout these processes, however, the group's earlier adoption of triple bottom-line reporting has remained a cornerstone of our commitment to sustainable development and of our determination to entrench global best practices in all operations. Basil Read therefore reports against the 2006 guidelines of the Global Reporting Initiative (G3), and the content

of this report has been mostly aligned with GRI beginner level C ahead of the formal declaration of an application level in the next financial year.

Social performance

Our people

Basil Read is making significant process in creating an equitable working environment for its people and developing their full potential. The group is committed to playing a role in South Africa's transformation beyond legislative compliance, and this commitment guides our corporate social investment initiatives as we embed sustainable development into every facet of our business.

Individual development, equality and performance-based advancement are the cornerstones of our approach to employing

and maintaining a balanced and highly skilled workforce. Accelerated opportunities for talented people are steadily eradicating past inequalities and ensuring a pool of skills for the continued growth of the group.

High-performance culture

Given the enormous growth of Basil Read in recent years – with a staff complement rising from 600 to over 5 000 since 2005 – a performance enhancement programme was introduced during the year to continue building the sense of pride and passion that characterises this group.

Capitalising on the football fever that will mark 2010, the strategic focus of this League of Champions programme is to instil a high-performance culture through teamwork across the group. Working from established benchmarks, teams set goals for November 2009 and then new targets for March 2010. Winning scores are based on elements such as performance improvement, meeting deadlines and team spirit – all of which will be rewarded. The purpose is to align the broader group's vision and instil an even greater pride in the Basil Read brand.



Training and development

Based on the long-standing approach that continuous development unlocks individual potential, numerous opportunities are extended to every member of our group. Diverse, quality training by accredited providers covers a broad range:

- > Management development
- > Learnerships
- > Foreman development
- > Adult basic education and training
- > Other opportunities for personal development include mentorship programmes, on-site technical training, and international exposure.

Basil Read has one of the best plant teams in the field and this reputation is protected by closely monitoring the comprehensive training programmes in place for all mechanics and plant operators.

Collectively Basil Read spent 2,81% of the leviable amount as defined by the construction sector scorecard on training and development, well above the requirement of 1,5%. In meeting our responsibility to transform the workplace, the group aims to spend over 70% of our annual budget on developing the skills of employees from previously disadvantaged backgrounds.

In addition to formal training programmes, the group often undertakes informal training in local communities near our various sites in skills such as bricklaying and carpentry. In Nelspruit, where the Mbombela Stadium was being constructed, some 70 locals were trained as bricklayers, carpenters and shutter hands. This included 30 women who were trained as bricklayers.

Skills development in Cosmo City

During the review period, Basil Read Developments took the initiative by contracting a professional training company to develop the skills of 20 candidates from Cosmo City. This is in line with the need and desire to use local skills wherever possible.

Training was conducted in five modules:

- > Introduction to the world of construction contracting (completed in September).
- > Health and safety (completed in September).
- > Quality and productivity on a construction site (completed in November).

The remaining modules were completed in January and February 2010.

Bursary programme

In addition, the Basil Read bursary programme supports a number of students entering our fields of activity each year. Candidates can choose from a range of disciplines including civil engineering, quantity surveying, building and financial management.

Sustainable development *continued*

In 2009, 44 young people enrolled at tertiary institutions received assistance with tuition, registration and accommodation.

Quantity surveyors play an extremely important role in this industry, but they are becoming a very scarce commodity. While the quantity surveying industry seems to attract a large number of black women, the challenge appears to be long-term retention of these candidates. Basil Read is taking steps to encourage people in this direction through its bursary programme, raising awareness and on-site training to encourage people within the company to become quantity surveyors.

Basil Read takes an active interest in the candidates' progress, arranging help if required, and providing vacation work to enable students to gain practical experience while studying theory. On completion, graduates are guaranteed positions in the group, which ensures that the skills base is constantly replenished with new talent.

Field of study	Male	Female
BEng Civil Engineering	19	3
BTech Civil Engineering	6	–
BSc Civil Engineering	2	–
BTech Construction Management	2	1
BSc Construction Management	1	2
BTech QS	1	1
BSc QS	–	1
BSc Construction Studies	–	1
BSc Property Studies	–	1
BSos Psychology	1	–
BCom Financial Management	1	–
NDip Building	1	–
<i>Total</i>	34	10

Developing foremen

Our programme for developing foremen provides specialised education for learners who have passed grade 12. While addressing the shortage of middle managers in our industry, this course also empowers learners in other fields. The first two-year programme was completed in 2009, giving Basil Read 12 new foremen with the appropriate skills to deploy on various sites. The next intake began in February 2010 with 15 participants.

In an attempt to uplift educational standards, representatives from the construction industry met with the Department of Education to examine ways of addressing skills shortages in the construction sector. The industry pledged its involvement in the country's Further Education and Training (FET) Colleges.

As part of this commitment, Basil Read became involved with the Tshwane South College in Atteridgeville, Pretoria in support of their three year National Certificate (Vocational) course, which comprises classroom work, as well as practical, on-site training. The complete three year course carries a National Qualifications Framework (NQF) level 4 certification, which is the approximate equivalent of a junior foreman. Each successful year of study is equivalent to one NQF level.

Basil Read provided funding for 10 students to start this course and takes a group of students each year for the practical component of

Going beyond the bursary

During the year, Basil Read extended its corporate team-building approach and activities to its bursars. The group of over 40 students attended a three-day team-building trip at the Vaal River, learning to interact and form stronger relationships while having a great deal of fun.

This team-building event follows the December road trip when the students were taken to sites that best illustrated Basil Read's range of activities – Chris Hani/Baragwanath Hospital, Mbombela Stadium and the Atterbury road site. The purpose was also to encourage and motivate the students to take full advantage of the opportunities available and emphasise the importance of studies and day-to-day learning on the job.

To emphasise that Basil Read is not just a funder for tertiary studies, but a participant in lifelong learning, students received feedback on psychological assessments conducted earlier in the year. Each student has also been assigned a mentor, which will go a long way in their further career development at Basil Read.



the course. Each student is assigned to a Basil Read site to gain a better understanding of how the theoretical knowledge they are acquiring is practically applied.

Building and civil engineering learnerships

More than 150 technical high school graduates from in and around KwaZulu-Natal have been specifically selected by Basil Read to enrol in a Building and Civil Engineering learnership with the

Training Force Construction Academy in Pietermaritzburg and Durban. The first intake will commence with their studies in 2010.

To test the suitability of candidates, Training Force teamed up with School Trade, an adopt-a-school programme. As a minimum, applicants were required to have successfully completed Mathematics, Science, Engineering Graphic Design and a Workshop related subject at matric level. Technical high schools in the area were also approached to recommend suitable candidates.

Through this learnership, the group hopes to prove that technical high schools continue to play a pivotal role in the development and nurturing of future tradesmen and women and assist in addressing the shortage of qualified artisans in South Africa.

Adult basic education and training

In 2007, Basil Read implemented formal ABET (adult basic education and training) courses. Working with accredited providers, employees acquire communication, numeracy and life skills to prepare them for learnerships and further education and training courses. The courses are proving their worth to people with little formal primary or secondary schooling as well as those who have been out of the educational environment for some time.

Through training provider Triple E, the group selected 40 unemployed previously disadvantaged women from the community to commence with ABET level one courses. The two-month programme started in October 2009. Additional levels are expected to be undertaken in 2010.

The group also has four ABET programmes running at various sites for employees. These programmes began in September 2009 and will continue through 2010.

Industrial relations

Basil Read enjoys sound labour relations. At all levels of management, our people ensure they understand the company's industrial relations policies and procedures, and implement them fairly and correctly.

Basil Read has strengthened its internal resources to effectively manage industrial relations by forming a dedicated employee relations wing. During the review period, this team has focused on creating awareness of the responsibilities and rights of both employer and employee on site, and disseminating information about current trends and practices in the field to management. This has been supplemented by formal courses on industrial relations developments and legislation to encourage line managers to assume greater, but informed, responsibility for these issues at site level.

Black economic empowerment and employment equity

Black economic empowerment remains a key focus area for Basil Read, reflecting the group's support for the objectives of the Broad-Based Black Economic Empowerment Act and associated Codes of Good Practice.

As the group is already black-empowered at ownership level, we are concentrating on the other elements that make up true

broad-based economic empowerment, with immediate focus on management control and skills development. As the construction industry scorecard has now replaced the current dti scorecard for procurement on construction projects, Basil Read's targets have been aligned to the former and our progress reported in the 2009 financial year.

Basil Read became the first truly black-empowered construction company in South Africa in 2005, when 51,9% of the company was acquired by a consortium of Amabubesi Investments and Metallon. Although Metallon has since sold its stake, the latest shareholding analysis shows that over 30% of the group is held by black shareholders with unrestricted voting rights.

Basil Read has been fully committed to meeting its BBBEE objectives since the inception of the dti scorecard, which preceded the newly promulgated construction sector scorecard. After a concerted effort to have our suppliers and subcontractors certified, in May 2008 we achieved level 4 to become a 100% contributor. This was well ahead of our target of achieving level 5 status by early 2009. Following significant acquisitions during the review period, the focus has been on consolidating and standardising processes to ensure that our level 4 status is sustainable before aiming for a higher level.

As a level 4 contributor, Basil Read is well placed to participate in large contracts for major parastatals and state-owned entities.

We understand, however, that broad-based black economic empowerment is a journey, not an event. While Basil Read scores well in the areas of ownership, preferential procurement, enterprise and socio-economic development, we continue to face challenges in management control, employment equity and skills development. Our interaction with other construction companies shows they face identical challenges, yet these are the very areas on which the transformation of the local construction industry rests. We trust that the promulgation of the construction charter as a legislated sector scorecard will facilitate an industry-wide effort to accelerate this process.

Specific and ongoing interventions are in place to ensure our group plays a significant role in empowerment:

- > A comprehensive employment equity and skills development programme was implemented in 2009.
- > More black directors were appointed at operational level in 2009, with the first appointment taking effect in March 2009.
- > 34% of bursary students employed in 2009 are from historically disadvantaged population groups.
- > Of 12 employees who graduated from our internal accredited management development programme, five were black.

HIV/Aids

This year marks the 21st anniversary of World Aids Day – and in South Africa the response to Aids has 'come of age', with government fully committed to reducing the spread of this pandemic and providing effective treatment to those infected. While many of these changes are positive, the fact that two decades have passed highlights how much more still needs to be done.

Sustainable development *continued*

Acknowledging the seriousness of HIV/Aids in South Africa and the workplace, the Basil Read group continues to work towards being a model in the marketplace and to positively influence customers, suppliers and competitors in their response to this challenge.

Each year, Basil Read participates in the Aids Week Bannerthon with banners enveloping head office, Mbombela Stadium, Chris Hani/Baragwanath and Paarl Hospital in Cape Town. The bannerthon concept enjoys ongoing support from South African businesses that want to be involved in a meaningful challenge to address the real threat of Aids to business and the economy. It creates visibility and awareness during the annual international Aids Week while raising funds for selected Aids orphan homes.



Enterprise development

Building on a proven approach of identifying and developing suitable companies through assistance and mentoring, Basil Read is making steady progress with initiatives focused on enterprise development.

BR-Tsima offers quality construction services to the North West, Mpumalanga and Limpopo provinces. Previously 100% owned by Basil Read, the group transferred 80% of BR-Tsima to a BEE consortium to facilitate the genuine and sustainable transfer of skills and knowledge. Basil Read also contributed an interest-free loan of R1,2 million for BR-Tsima to continue operations while securing further contracts and a 50% share in a R50 million contract.

The group is helping Bokhomo Mpha (Pty) Limited become a sustainable stand-alone enterprise in the civil engineering and building market. This addresses all aspects of the knowledge and skills required to operate a construction company, including financial mentoring, management, estimating and project delivery. By focusing on the genuine transfer of skills and knowledge we will, over time, build sustainability and hopefully create a wholly

black-owned civil engineering construction company, able to compete equally with the larger players in this market.

Safety, health, environment, risk management and quality

Highlights of 2009

- > Basil Read's Park Station site was the first to receive a safety award from the Gautrain's Bombela Construction joint venture for achieving one million hours without a lost-time injury.



- > In the buildings division, the Regent team achieved 1,5 million hours without a lost-time injury, while the Cosmo City team building residential flats recorded 500 000 hours without a lost-time injury.



- > At the OR Tambo International Airport site, zero incidents have been reported in the past 11 months – not even for first aid.
- > Several Basil Read SHE managers upgraded their professional qualifications, with two receiving Registered Occupational Safety Professional (ROsprof) status from the Institute of Safety Management. Two have also been accepted as members of the Institute of Risk Management South Africa and as auditors: quality management systems – ISO 9001:2000.

Integrated approach

In recent years, much attention has been given to integrating the disparate systems that existed across a group recording rapid organic and acquisitive growth. The group's robust safety/health/environment/quality system is both a guide and measurement tool to achieving set standards in each of these areas. We continue to believe that the adequacy, suitability and effectiveness of any management system is judged by how successfully it helps us achieve our objectives, operate efficiently and fulfil our purpose and mission – no benefit is gained from simply focusing on one aspect of performance when a combination of factors is needed to deliver superior performance.

Accordingly, during the year, we incorporated risk management into the safety, health and environment division, aligning our governance processes with the recommendations of King III and reinforcing our commitment to an integrated approach focused on zero harm.



SHEQ POLICY STATEMENT

(Safety, Health, Environment and Quality)

Basil Read is building the future offering clients in the construction industry a comprehensive range of services spanning buildings, roads and civil engineering.

OUR DEFINITION:

The Oxford English Dictionary defines quality as a "degree of excellence".

At Basil Read, our degree of excellence is defined in our ISO 9001 Quality, OHSAS 18001 Occupational Health and Safety and ISO 14001 Environmental implementation.

OUR AIM:

Our SHEQ system serves as an on-going measurement tool to ensure effective management of the priority items identified through our assessments.

OUR OBJECTIVES:

Safety and Health (SH)

- To proactively reduce the frequency and severity of injuries.
- Awareness of risk.
- To promote an environment where all employees accept responsibility for their own Health and Safety and the Health and Safety of everyone engaged in our core business.
- Ensure we comply with the OHS Act, relevant legal and other requirements.

Environment: (E)

- Prevent Pollution
- Legal compliance with the relevant Environmental Legislation and other requirements.
- Continual Improvement of monitoring to ensure an effective management system.

Quality: (Q)

- In our company, quality standards are achieved when our joint effort in delivering a service or product meets or exceeds our client's specified requirements.
- We value and nurture our client relationships.
- We carefully evaluate and select our suppliers, sub-contractors and partners, striving for mutually beneficial relationships.
- We promote learning, increasing knowledge and transferring skills according to an identified programme.

OUR APPROACH:

At all levels in the company, managers implement a clear system of Safety and Health, Environmental and Quality checks by:

- Identifying aspects, impacts, hazards and risks.
- Determining priorities.
- Setting SHEQ objectives.
- Formulating action plans.
- Measuring progress regularly and analysing the results by specialists.

By being focused on SHEQ, we control risks and enhance efficiency.

OUR COMMITMENT:

At EXCO level we are personally committed to achieving excellence and we commit all employees to achieve their SHEQ objectives.

IMPROVEMENT:

At Basil Read, we implement an Annual Plan for Improvement. The Improvement Plan is consistent with our business strategy, and ensures continuous improvement of the SHEQ System.

YOUR ASSURANCE:

Our implementation of OHSAS 18001 Occupational Health and Safety, ISO 14001 Environment and ISO 9001 Quality assures successful identification of priorities for effective management.



14 January 2010



Sustainable development *continued*

Our formal risk management process supports our quality, safety, health and environmental policies. All controls and procedures are formalised in line with a comprehensive quality and safety management system, and certified under the following international and national accreditations: ISO 9001:2008, OHSAS 18001:2007 and ISO 14001:2007.

Basil Read believes that clear and distinct designation of responsibility and authority is essential. Accordingly, our risk management process incorporates:

- > Clearly defined responsibilities embedded into the system of corporate governance.
- > Clear communication of the group's philosophy, strategy, objectives and values to all employees.
- > Clear, written policies and procedures.
- > The empowerment and incentivisation of staff according to the group's long-term objectives.

Basil Read applies a *do it right first time* principle on every project, with the SHERQ system functioning as the procedural tool during project management. As such, Basil Read fully complies with the requirements of the International Standards Organisation (ISO) and the relevant SHE legislation i.e. OHS Act, MHS Act, NEMA etc.

Safety

Safety, health, environment, risk management and quality (SHERQ) is the cornerstone of Basil Read's operations – the driving force behind project delivery, teamwork, operational discipline and overall business excellence.

During the review period, there has been a strong drive by project managers, divisional managers and executive directors to reduce the number of incidents and accidents, coupled with continuous training and the industrial theatre roadshow (page 91). This commitment has paid off in a disabling-injury frequency rate (DIFR) of 0,58, just below the group's 2009 objective of 0,6. The target DIFR for 2010 has been set at 0,3.

Given that 92% of all accidents are caused by human behaviour, decreasing at-risk behaviour is key to Basil Read. We believe behaviour-based safety is not a programme, it is a process. If we are serious about continually reducing work-related injuries, we need to make safety a way of life.

Behaviour-based safety focuses on observing what people do, analysing why they do it, and then acting to increase and support safe behaviour and reduce unsafe behaviour. There is also a strong focus on positive consequences to improve attitudes. Continuous feedback reinforces the required standards and helps people more fully consider the risk of injury. It also triggers self-observation and gives employees accurate information on work practices.

The behaviour-based safety approach calls for a systematic change in attitude that puts safety at the forefront of every employee's mind. This has been accomplished through peer support and evaluation, and by the appointment of a full-time behaviour-based

safety champion to ensure a smooth roll out of the programme. In addition, full-time SHERQ practitioners are part of the management team in each division, assuring Basil Read clients of the highest levels of quality and professionalism on each project.

Basil Read's zero-harm approach is promoted both from the top down and bottom up throughout the company. Wherever possible, safer practices are continually adopted and lessons learnt shared across the group.

Early results from this long-term programme are most encouraging:

- > The buildings division reduced its DIFR from 0,53 to 0,28 in the last 15 months, with only six lost-time injuries with very low severities.
- > At Mbombela Stadium, Nelspruit, we achieved 5,3 million hours without a fatality. The team also recorded three million injury-free hours with a DIFR of 0,26 – well below the corporate objective of 0,6.
- > The Basil Read roads division floating trophy for the safest project from start to finish was won by subsidiary Newport Construction for completing the 12-month N2 phase 3 project without a single accident.

The zero-harm approach extends to our subcontractors. During the year, we reviewed and refined the relevant processes to ensure that all subcontractor documents and competencies are thoroughly vetted before contracts are awarded. At all times, subcontractors are expected to uphold the group's standards.

Tragically, the group recorded five fatalities at road sites during the year. In the first, Ngwatha Thomas Raphahlele, a subcontractor employee, was killed when a reversing tipper truck struck him on the Atterbury site. A similar incident on the Leandra site led to the death of subcontractor employee Pieter Gerhardus Pretorius. Risenga Michael Maluleke, employed as a subcontractor on the East London Industrial Development Zone platform site, was fatally wounded when he became caught between the flywheel and walkway of a jaw crusher while effecting repairs. Alfred Nyalamotse Nonyane, employed on the Tom Jones site, died in a road accident when a truck, whose brakes had failed, entered the lane closure. The final incident involved Lwanda Tyali who died while assisting traffic control at the D1/D2 site and was struck by a milling machine. The loss of even a single life is unacceptable and zero remains the only target.

In each case, a full enquiry was conducted, a portfolio of evidence collected and a full report lodged with the Department of Labour. Where required, risk assessments were amended and new processes introduced. Group sessions were held to communicate results to employees and to share lessons learnt. To support this level of communication, the SHERQ department now issues news flashes:

- > Incident – a serious injury has occurred on a Basil Read site.
- > Safety alert – a minor injury/incident/near-miss has occurred.
- > Good news flash – highlighting achievements.

Compliance

Statutory and internal compliance is monitored monthly through legal compliance audits, internal and group audits. Against a target of 85% compliance, the group audits recorded an average of 84,6%, and legal compliance audits an average of 87%. The target for 2010 has been set at 90% for group audits and 100% for legal compliance audits.

Basil Read's history of compliance underscores our commitment to a working environment that does no harm:

- > In 1998, we were one of the first local construction companies to be certified to ISO 9001:1994.
- > In 2003, Basil Read was the first local construction company to achieve ISO 9001:2000 certification.
- > Also in 2003, we were assessed and certified as meeting the requirements of OHSAS 18001:1999.
- > In 2009, Basil Read successfully completed its reassessment on ISO 9001:2008 and OHSAS 18001:2007 certification with NQA, an international certification body.
- > Also in 2009, Basil Read successfully obtained ISO 14001:2007 certification. This international environmental standard ensures that global best practices are in place at Basil Read.

As part of a process of continuous improvement, resident engineer and employer questionnaires are completed for all sites. The responses received coupled with the results from internal and external group audits reinforce the benefits of an integrated system and group-wide commitment to implementing the SHERQ system.

Safety training

Induction and training into the SHERQ management system is ongoing, to ensure that all employees, particularly new employees, understand and can deliver on their responsibilities.

During the year, the group used the effective tool of industrial theatre to take the *do it right first time* principle to employees on site. Spanning two months, the industrial theatre proved very popular on every Basil Read site and those of group subsidiaries. Although the show with its football theme was fun and interactive, the point was vital – health and safety is the responsibility of each and every employee. The various safety messages conveyed through industrial theatre included:

- > Safe use of scaffolding.
- > Plant and equipment use.
- > Unsafe acts on sites.
- > Correct use of personal protective equipment.
- > Pride in your work and working safely at all times.



An induction DVD is distributed to all sites. This greatly reduces time spent on the induction process and frees our safety personnel to focus on areas where they can add more value.

Health

Since 2006, Basil Read has had a health monitoring programme in place to ensure that all employees are fit and healthy for their specific roles and responsibilities. A professional third party conducts regular medicals on all site employees to ensure no one is exposed to any harm.

During the year, we expanded entry and exit medicals for all group and subcontractor employees. These have enabled us to develop a clear understanding of the key occupational health risks faced by our group, which include:

- > Noise-induced hearing loss.
- > Vibrating equipment.
- > Dust.
- > Substance abuse.
- > Vision impairment (particularly stress related).
- > Fatigue.

Specific programmes are in place to address these risks, from enforced rest periods to counter the effects of fatigue to six-week suspension periods with counselling before retesting in the case of identified substance abuse.

During the year, a gym was added to the head office building, complementing the healthy nutrition provided by outsourced service providers and encouraging overall employee wellness. Given the distance of the group's head office from retail facilities, this is an important and convenient wellness benefit.

Objectives in 2010

- > Ongoing maintenance and improvement of the SHERQ management system.
- > Compliance with the Basil Read safety and environmental legal audit results of a minimum 100%.
- > Compliance with the Basil Read SHERQ management system group audit results of a minimum 90%.
- > Resident engineer assessments – minimum 90% per site.
- > Client assessment – average 90% per site.
- > Entrench behaviour based safety on a minimum of 15 sites.
- > A safety DIFR of less than 0,3%.
- > Improvement of subcontractor compliance with Basil Read's health, safety and environmental requirements.

The implementation of the annual SHERQ plan for the group is closely monitored through a monthly feedback system to the CEO and directors. Any identified shortcomings are immediately addressed and incorporated as goals for continual improvement.

Sustainable development *continued*

Environment

Highlights

- > One of the first construction groups to become a member of the Green Building Council of South Africa.
- > Group environmental officer awarded Green Star Accredited Professional status.
- > First group internal environmental audits introduced, with subsequent audits showing steady progress.

We keenly understand the direct and indirect impact of construction activities on our environment. In the prior year, an experienced conservationist was appointed to spearhead the group's environmental initiatives, including documenting significant risks and developing plans to address these.

Excellent progress was made in environmental management during the review period.

In the first half Basil Read completed the first of a rigorous two-part audit by external evaluators for its ISO 14001:2007 certification, the latest version of this international standard. This was the culmination of an 18-month project to update processes within the group and the external evaluators commended the group for its progress towards certification. They identified only seven minor issues in the first phase; six of these were rapidly addressed and the seventh by year end.

The final phase was completed in November. At the closing meeting, lead auditor Professor JC Engelbrecht commended Basil Read for having one of the best SHERQ management systems.

The first group internal environmental audits were conducted during the year. Results are indeed encouraging from two perspectives: firstly, issues identified as requiring attention were predominantly minor and easily addressed. Secondly, sites recorded steady improvements in subsequent audits, reflecting widespread commitment at all levels to meeting and exceeding environmental responsibilities. These audits are integrated with safety, health and risk issues to provide holistic assessments.

In recent years, environmental considerations have become far more important in planning projects. While Basil Read's clients are responsible for completing the mandatory environmental impact assessments and developing an appropriate environmental management plan, we supplement the client's plan with our own stringent framework to ensure the best possible environmental practices on each site.

Basil Read has also proactively developed an environmental checklist, based on ISO and OHSAS standards, for all tenders. We have our own environmental management plans for specific Basil Read developments such as St Micheil's.

To reinforce our commitment to reducing our environmental footprint, solar panels were installed at head office to supplement our daily electricity use. This is apparently one of the largest commercial installations in the southern hemisphere and is contributing 50kWh towards our daily consumption of 250kWh (20%) while reducing monthly costs.

During the year, Basil Read received no fines for non-compliance in any of its operations. No major spills were recorded at any of our sites.

Objectives in 2010

- > Continue monitoring water, electricity, waste oil, waste paper and e-waste (such as printing cartridges and redundant equipment) with the objective of developing group-wide targets in the near future. This is a complex process for a company in a high-growth phase as disparate systems need to be integrated and employees trained to a common standard.
- > Determine the group's carbon footprint to establish a benchmark and to determine tangible and measurable interventions to reduce this footprint.

Quality

Group audits were conducted on the Basil Read QA system based on the new requirements of ISO 9001:2008. To ensure accurate results, these audits were conducted throughout the year.

Based on collated results, the elements that are well managed are:

- > Management of resources.
- > Planning and monitoring of financial resources.
- > Process planning.
- > Control and calibration of inspection, measuring and testing equipment.
- > Document and data control.

The elements that require further attention are as follows:

- > Competency of personnel.
- > Management commitment to the SHERQ system.
- > Control of product non-conformance.

Corporate social investment

Basil Read remains committed to enhancing the quality of life of both the people we employ and those living in communities touched by our operations. We believe that for corporate social investment (CSI) to be truly effective and make an ongoing and meaningful difference to the lives of underprivileged people and to the overall economic well-being of the country, it needs to be well-managed and underpinned by the principle of sustainability. To ensure our various contributions fulfil real needs, a dedicated committee identifies initiatives that are both sustainable and reflect the values of our group.

Green projects make a difference to quality of life

In February 2009, Basil Read was one of the first construction groups to become a member of the Green Building Council of South Africa (GBC). The current membership base spans the property and construction industries, including developers, owners, professionals, consultants, investors, manufacturers, suppliers, academia, NGOs, utilities, contractors and various levels of government.

Traditionally, the building sector has been viewed as a significant consumer of raw materials and non-renewable resources. In addition, construction is a material contributor to carbon dioxide emissions and consumer of energy during the building process.

Encouragingly, there is now growing support from South Africa's broader construction sector for environmental sustainability while enhancing the country's competitiveness through innovation and diversification.

The council's new green-building rating tool is prompting building material suppliers to introduce a range of green products to the industry. According to the council, a green building is energy efficient, resource efficient, and environmentally responsible – elements that Basil Read incorporated in constructing its new head office building. The same principles are being applied by Basil Read Developments in the housing sector.

The group was present at the third Green Building Conference in July 2009, showcasing its own environmentally responsible operations while gaining valuable information on global best practices and solutions on how the built environment and humans can ease their combined impact on the planet.



Although the green building movement is only just beginning to emerge in South Africa, Basil Read is already among the frontrunners.

Embracing renewable energy

Basil Read recently had 85% of its new workshop building roof in the head office complex covered with solar panels.

According to the Department of Energy solar energy, like all other renewable energies, is very safe and environmentally friendly. Unlike coal-fired power stations, solar energy has zero emissions. Given South Africa's high average levels of sunshine per year, solar energy is the most readily accessible resource in South Africa. Solar energy lends itself to a number of potential uses and the country's solar-equipment industry is developing rapidly.

This is a significant step for the group in using more renewable energy resources. With an initial investment of R2,3 million to install the solar panels, the resulting power cost saving will deliver a significant return on investment within the next three to five years. Basil Read is displaying a panel at its head office to show the energy saving achieved over time.



Sustainable development *continued*

The group is actively involved in a number of corporate social initiatives around the country, partnering with Greater Good South Africa. This organisation spends much time researching the corporate social investment environment in specific market sectors to facilitate the most effective investments for South African companies, including Basil Read.

In partnership with Greater Good SA, Basil Read focuses on sustainable projects through enterprise development, particularly for previously disadvantaged communities and individuals. Some of these are detailed in this report, along with initiatives in which we are directly involved.

Irene Homes

In 2009 Basil Read became involved in the Irene Homes ceramic project to raise funds for people with mental disabilities. Irene Homes is a non-profit organisation providing quality life-long residential care for women with mental disabilities. A total of 74 residents are accommodated in seven 'home-from-home' houses, cared for by qualified nursing staff and house mothers.

Centre for the Advancement of Science and Mathematics Education

Basil Read is working with the centre (known as CASME) on a project that provides specialist training, support and resources for teachers. This will in turn boost the performance of learners in these crucial subjects, improving opportunities for post-school study and employment.

Autism South Africa

Autism SA supports all services for individuals with autism spectrum disorder (ASD) to maintain an approved quality of service delivery. The programme also evaluates and promotes specialist knowledge in understanding the nature of ASD, and strategies to meet the needs of people with ASD effectively and appropriately.

Centre for Language and Hearing-impaired Children

The centre uses a multidisciplinary framework to identify and manage specific speech, language and hearing impairments in pre-school children. This includes assessment, therapy and teaching in a small, nurturing, language-rich classroom environment with strong parental involvement. There are also outreach programmes to disadvantaged communities, a resource facility for external professionals and opportunities for student training.

Hospice

Hospice provides care to meet the physical, emotional, social and spiritual needs of patients and families facing life-threatening illness. Basil Read supports the Hospice group providing these and other services in the greater Johannesburg and Soweto areas.

Hosanna Community Centre

The centre provides a number of essential services that make a real difference in the lives of underprivileged people, including soup kitchens.

Institute for the Blind

The institute concentrates on empowering people who are blind, partially sighted or deaf-blind – and those with additional disabilities – through education, training, development and care.

Sparrow Ministries

Sparrow provides aid and comfort to adults and children infected or affected by HIV/Aids. Sparrow Village is both a hospice for the terminally ill and home to children who have lost one or both parents to the pandemic. It currently cares for 225 children and 80 adults.

Margate Roundtable

Margate Roundtable has completed a number of successful social programmes and activities that greatly benefit the community. One of these was Kids to the Sea, which Basil Read supported in 2009.

Ambassadors in Sport

Basil Read is a partner in *Match for a Day*, an annual 24-hour soccer event developed by Ambassadors In Sport South Africa (AIS-SA) with key partners from the worlds of football, business and media. Several high-profile football stars have offered their support for these events.

The broader programme has a dual objective: holistic development of young people through sport, particularly those from disadvantaged communities, and raising funds to assist with AIS-SA's community programmes.

AIS-SA is part of Ambassadors In Sport International and was founded in Cape Town in 2001 to 'bring hope through soccer'. As a faith-based, non-profit, public-benefit organisation, AIS-SA endeavours to partner with church groups and other NGOs in communities across South Africa and into Africa, helping them to develop the world of soccer from grassroots through to professional ranks.

AIS-SA has pioneered several models of soccer programmes to help young people develop holistically. Through these programmes, AIS-SA seeks to counter crime, gangsterism, drugs and alcohol and teach players of all ages how to make a difference in their communities.

The AIS-SA flagship programme is its Hope Academy and the intention is to have 10 academies running across South Africa by 2011. These academies will not just be soccer driven, but will provide education, life skills development and instil moral values in South Africa's next generation.

AIS-SA is also working closely with the South African Department of Correctional Services to set up associated Hope Academies in prison. The academy selects players based on behaviour and soccer

ability, and runs an intensive one-year programme. Through these Hope Academies, AIS-SA aims to eradicate the gangsterism, hopelessness, violence and abuse that characterise the lives of many prisoners.



Roadcrete Africa joins Greater Good

Roadcrete Africa supports the Child Welfare Keep Me Safe Home in Boksburg with monthly contributions that help cover the cost of nutrition. Roadcrete has recently partnered with Greater Good South Africa to expand its CSI activities, including support for the Nyeleti Children's Home.

Cycling for the children

The CHOC Cows have done a phenomenal job in raising donations for CHOC (Childhood Cancer Foundation). What started as a dare to ride the 94.7 Cycle Challenge in a cow suit for charity resulted in an outstanding fundraising drive for CHOC and is fast becoming an annual event at this landmark event on the cycling calendar. This year Roadcrete Africa joined the action and donated a significant amount towards the CHOC Cows.

The funds collected will help build a safe and comfortable house next to the Chris Hani/Baragwanath hospital for children recovering from cancer treatment. In 2009, there were 140 cyclists riding in cow suits for the cause, eventually raising an incredible R2 million from their various sponsors.

Into the desert

Company policy at Basil Read Mining Namibia mandates development in a dual approach: a formal and co-ordinated CSI programme focused on uplifting nearby communities by supporting sustainable initiatives, and on-site training and education to develop its own people. Some of these initiatives are detailed below:

- > Genesis Mining and Engineering Services: Basil Read assisted and empowered local citizens to form a company wholly owned by Namibians. Basil Read covered all establishment costs and committed to a cash funding injection and will, in future, jointly tender with Genesis for mining and civil work in Namibia.
- > Small-scale Miners Stakeholders Forum: established in 2005, the forum encourages the use of best practice for small-scale mining and reliable access to international markets. Seven groups (with 800 members) are currently operating in rural parts of the Erongo region. Initiatives driven by Basil Read include the supply of protective clothing, transportation and mentorship.
- > Polytechnic of Namibia: Basil Read has awarded three bursaries to students at this science and technology institution, and the practical component will be completed on site at Basil Read.
- > Namibia Institute of Mining and Technology: Basil Read Mining offers students practical training opportunities, while B&E is taking in apprentices in its drilling and blasting division to address an identified skills shortage.
- > DRC: The DRC School Project and Community Centre meets the needs of an impoverished community in the Swakopmund municipal district by providing services including basic education, health information and a cultural forum. Basil Read donated funds to replace the roof and fencing of the school, and is investigating opportunities to assist the community centre.



Sustainable development *continued*

Nelson Mandela Day

Inspired by the inaugural Nelson Mandela Day that called for members of the public to donate 67 minutes of their time to a worthy cause, Basil Read's estimating and procurement departments collaborated with two Boksburg charities, New Beginnings Shelter and Strelitzia Care Centre. All the clothing, food and money collected were divided equally between these charities.

The New Beginnings Shelter is open to all, particularly street- and orphaned children, rehabilitated substance abusers, abused women and children, destitute or dysfunctional individuals, sex-workers and parolees who have either been rejected by society or left homeless by their circumstances. With over 500 people accommodated in the shelter, and needs ranging from a safe haven to rehabilitation or medical treatment for life-threatening diseases, all donations are welcomed.



Strelitzia is a care centre for the elderly. Residents run a thrift shop to fund kitchen costs and regular church fairs where they sell costume jewellery and cakes to supplement the centre's income – hard hit by reduced government subsidies.

Taking time to make a difference

Staff from Basil Read Developments recently visited three crèches in Cosmo City to donate toys, colouring books, crayons and candy. The children's smiles told the story.

The Sigodiphola Secondary School in Cosmo City, also known as the Hotel School, has started a Dress a Child initiative, where individuals or companies can make a difference sponsoring the school uniform of a child in need. Basil Read Developments participated by supporting a grade 10-pupil.



Basil Read Shavathon 2009

The first Basil Read corporate Shavathon in March 2009 raised R4 000 for CANSA, amid much fun and goodwill.

CANSA Shavathon is one of South Africa's best-loved charitable events, where members of the public show their solidarity with cancer survivors. It also raises awareness and funds in the fight against cancer as all money generated goes towards CANSA prevention programmes and patient-care services.

Although the funds generated by an event like this are important, we believe there is an equally important message for any company's people: every single individual can and should make a difference. This is also an important component in our volunteerism initiatives.

