



Basil Read's directors and senior management endorse the code of corporate practices and conduct set out in the King II report on corporate governance.



Enna Kruger, company secretary

Corporate governance

Given the size of the group, the board believes that Basil Read complies with the code as well as with the Listings Requirements of the JSE Limited in all material aspects. The group regularly reviews its corporate governance policies and practices and strives for continuous improvement.

Corporate governance remains a permanent item on the board's agenda, and the board believes the group complies with JSE requirements.

The group's corporate philosophy is consistent with the principles of King II in that:

- > The roles of the chairman and chief executive officer are separate.
- > An independent non-executive director is elected as chairman of the board.
- > The remuneration and audit and risk committees are chaired by independent non-executive directors who act independently.

The group is currently formalising a detailed plan to ensure compliance with King III and the new Companies Act.

An implementation team, led by the financial director and monitored by the audit and risk committee, will manage the process to ensure a seamless transition in complying with the new legislation.

Board of directors

Basil Read has a unitary board structure, which comprises three executive directors, an independent non-executive chairman, two non-executive directors and two independent non-executive directors.

New directors are appointed depending on board requirements, including the need for specific skills and expertise, or shareholding changes. Any member of the board may nominate an individual for appointment to the board, and directors are appointed by unanimous resolution at board meetings.

The board's key responsibilities are to:

- > Review and approve corporate strategy.
- > Approve all acquisitions and major investment decisions.
- > Identify and monitor key risk areas.
- > Safeguard group assets.
- > Monitor operational performance.
- > Review and approve annual budgets and business plans.
- > Oversee the group's reporting and communication process.
- > Approve the nomination of directors and appointment of the chief executive officer.
- > Oversee succession planning.

The appointment of new directors to the board is done according to approved procedures and guidelines. All appointments are subject to confirmation by shareholders at the annual general

meeting. Every member of the board has equal standing and voting rights, thus ensuring the balance of power within the board.

The roles of chairman and chief executive officer are separate.

The board meets at least once every quarter and details of attendance in the review period are shown below.

Date meeting held	Director's name	Attended	Apologies
11 March 2010	SLL Peteni (chairman)	✓	
	ML Heyns	✓	
	MDG Gouveia	✓	
	NJ Townshend	✓	
	CP Davies	✓	
	LB Dyosi		✓
	SS Ntsaluba	✓	
	NY September	✓	
	GR Sibiya	✓	
	AT Tlelai	✓	
6 May 2010 Annual general meeting	SLL Peteni (chairman)	✓	
	ML Heyns	✓	
	MDG Gouveia	✓	
	NJ Townshend	✓	
	CP Davies	✓	
	LB Dyosi	✓	
	SS Ntsaluba		✓
	NY September	✓	
	GR Sibiya	✓	
	AT Tlelai		✓
31 August 2010	SLL Peteni (chairman)	✓	
	ML Heyns	✓	
	MDG Gouveia	✓	
	NJ Townshend	✓	
	CP Davies	✓	
	SS Ntsaluba	✓	
	NY September	✓	
	GR Sibiya	✓	
	AT Tlelai		✓
	18 November 2010	SLL Peteni (chairman)	✓
ML Heyns		✓	
MDG Gouveia		✓	
NJ Townshend		✓	
CP Davies		✓	
SS Ntsaluba		✓	
NY September		✓	
GR Sibiya		✓	
AT Tlelai		✓	

<i>Date meeting held</i>	<i>Director's name</i>	<i>Attended</i>	<i>Apologies</i>
<i>24 March 2011</i>	SLL Peteni (chairman)	✓	
	ML Heyns	✓	
	MDG Gouveia	✓	
	NJ Townshend	✓	
	CP Davies	✓	
	SS Ntsaluba	✓	
	GR Sibiya	✓	
	AT Tlelai	✓	

No director has a service contract with the group. One-third of the directors retire each year by rotation with reappointment subject to shareholder approval at the annual general meeting. No restraint-of-trade payments are made to directors.

The board retains effective control over the group and monitors the implementation of strategies and policies by the executive management team through various committees and processes. The information provided to the board is sufficient to enable the directors to consider decisions on material matters.

The group operates according to a business plan, compiled by the executive management team and approved by the board of directors.

All directors have access to the advice and services of the company secretary, and unrestricted access to all records, assets and employees of the group, as well as to each committee and its chairman.

Board committees

The board has established three formal committees to assist in discharging its duties and responsibilities, namely the audit and risk committee, the remuneration committee and the chairman's committee.

Audit and risk committee

Members:

- GR Sibiya (chairman) (appointed 24 March 2011)
- CP Davies
- SS Ntsaluba (appointed 24 March 2011)
- NY September (deceased 6 January 2011)

The audit and risk committee comprises two independent non-executive directors and one non-executive director.

Due to the untimely passing away of Ms Ntombekaya September a vacancy occurred on the audit and risk committee. In order to substantially comply with King II the following appointments were made – Mrs Given Sibiya, an independent non-executive director and an existing member of the audit and risk committee, was appointed as chairman and Mr Sango Ntsaluba, a non-executive director who is a qualified chartered accountant and is suitably skilled and experienced, was appointed to fill the vacancy which then occurred.

However in compliance with King III and the new Companies Act 2008, Mr Sango Ntsaluba will step down as a member of the audit and risk committee once a suitably qualified independent non-executive director can be appointed to fill the vacancy.

The committee meets periodically throughout the year to review the financial statements, the scope of external audit functions, risk management and the effectiveness of management information, internal controls and corporate governance procedures. It reports to the board on its findings. Details of attendance at meetings are shown below.

<i>Date meeting held</i>	<i>Member's name</i>	<i>Attended</i>	<i>Apologies</i>
<i>10 March 2010</i>	NY September (chairman)	✓	
	CP Davies	✓	
	GR Sibiya	✓	
<i>5 May 2010</i>	NY September (chairman)	✓	
	CP Davies	✓	
	GR Sibiya	✓	
<i>3 August 2010</i>	NY September (chairman)	✓	
	CP Davies	✓	
	GR Sibiya	✓	
<i>20 October 2010</i>	NY September (chairman)	✓	
	CP Davies	✓	
	GR Sibiya	✓	
<i>23 March 2011</i>	GR Sibiya (chairman)	✓	
	CP Davies	✓	
	SS Ntsaluba	✓	

The committee is also responsible for reviewing the group's accounting policies and statutory compliance and recommending changes, where appropriate.

The committee also sets the principles for recommending the use of the external auditors for non-audit services.

For the annual reporting process, the committee is responsible for considering the appointment of the external auditor and the review of the nature and scope of the external audit.

The audit and risk committee considered the competence, skills and experience of the financial director in terms of the JSE Listings Requirements on appointment and is satisfied that Donny Gouveia meets all the requirements to fulfil the role of financial director of Basil Read.

The board is satisfied that the audit and risk committee has fulfilled its responsibilities under its terms of reference.

Refer to page 76 for the audit and risk committee's report for the year ended 31 December 2010.

Remuneration committee

Members:

CP Davies (chairman)
 GR Sibiyi (appointed 2 February 2011)
 AT Tlelai
 OJP Giot
 BM Johnson
 EG Grace (appointed 6 October 2010)
 LB Dyosi (resigned 6 May 2010)

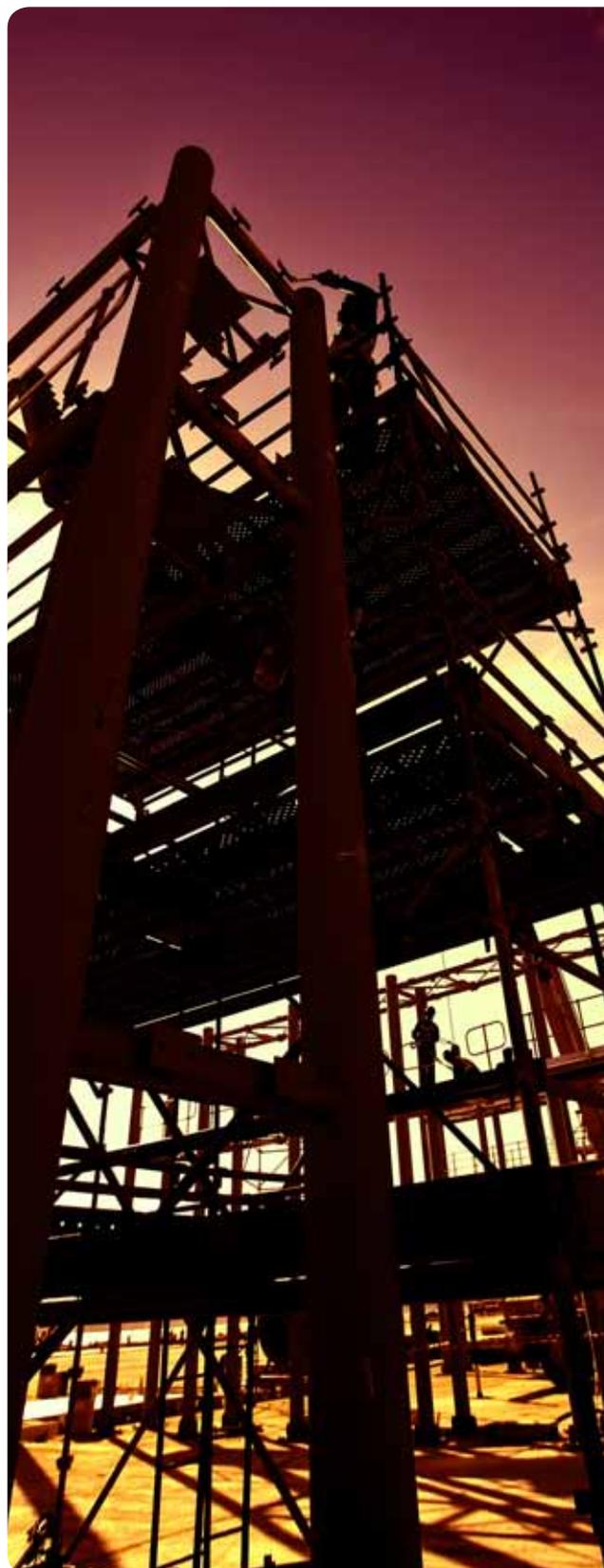
The remuneration committee, which comprises three non-executive directors, two of whom are independent, and three members of management, meets periodically throughout the year. Details of attendance are shown below.

Date meeting held	Member's name	Attended	Apologies
3 February 2010	CP Davies (chairman)	✓	
	LB Dyosi	✓	
	AT Tlelai	✓	
	OJP Giot		✓
	BM Johnson	✓	
21 July 2010	CP Davies (chairman)	✓	
	AT Tlelai	✓	
	OJP Giot	✓	
	BM Johnson	✓	
6 October 2010	CP Davies (chairman)	✓	
	AT Tlelai	✓	
	OJP Giot	✓	
	EG Grace	✓	
	BM Johnson	✓	
2 February 2011	CP Davies (chairman)	✓	
	GR Sibiyi	✓	
	AT Tlelai	✓	
	OJP Giot	✓	
	EG Grace	✓	
	BM Johnson	✓	

The committee's objectives are to assist the board in determining conditions of employment and to review and approve remuneration policies and practices for executive directors and senior management. The committee is also responsible for establishing the policy for, and operation of, the group's share incentive scheme. The committee is satisfied that executive directors are remunerated in line with their responsibilities and performance, and in line with the market.

Remuneration philosophy

Basil Read's philosophy is to encourage sustainable long-term performance. The purpose of remuneration is to attract, retain, motivate and reward staff to achieve the group's objectives. Remuneration is reviewed at appropriate intervals to motivate staff to perform to a required standard and to retain their services by offering and maintaining at least market-related remuneration in line with their performance and outputs for particular jobs.



Remuneration increases are granted for all staff annually in March, considering individual performance and output and appropriate market increases.

Non-executive directors

The committee considers and recommends fees for non-executive directors after taking into account duties performed and market trends. Non-executive directors receive a fixed remuneration for their services based on their participation in board meetings and other committees. Non-executive directors do not receive incentive bonus payments nor do they participate in the group's share incentive scheme. Details of fees earned by non-executive directors in the year under review are provided on page 118.

Executive directors

The objective of the remuneration policy is to attract and retain high-calibre directors and executive management, while balancing the group's primary objective of sustainable growth. Remuneration structures are designed to create an environment that motivates and supports high levels of individual and team performance.

The annual performance bonus, coupled with the share incentive scheme, is structured to encourage sustainable, enhanced earnings growth and aid in aligning long-term director remuneration directly to growth in shareholder wealth.

The annual performance bonus plan offers incentives to executives and management, based on group performance levels. A bonus pool is created only if certain criteria or financial standards are met, and its size is a function of productivity and improved performance in real terms. Executive directors and management are allocated bonuses from the organisational pool based on:

- > Divisional performance.
- > Individual performance.

Details of the remuneration of executive directors appear on page 117.

Share incentive scheme

The share incentive scheme for employees and executive directors was launched in 1998 to reward participants for the group's performance and to support retention strategies.

Details of options awarded to executive directors appear on page 119.

Chairman's committee

In 2010, we formed a new board committee, known as the chairman's committee, comprising three non-executive directors and the chief executive officer. The approved charter for this committee focuses on ensuring balanced and well-structured recommendations to the board by:

- > Serving as the nominations committee to consider and recommend the composition of the board and its subcommittees, and new directors.

- > Considering succession planning for the board, CEO and company secretary. The committee will also assist the CEO in considering the financial director and other executive directors who may serve on the board.
- > Functioning as the investment committee responsible for considering group acquisitions, mergers and disposals relative to group strategy, financial soundness of the target entity, and the capital structure of the proposed deal, before making a recommendation to the board.

Deliberations by this committee will embrace the board charter, King III, the Companies Act and the articles of association of Basil Read Holdings Limited. Meetings are scheduled monthly or as required by the chairman. Details of attendance in the review period are shown below.

<i>Date</i>	<i>Member</i>	<i>Attended</i>	<i>Apologies</i>
<i>13 May 2010</i>	SSL Peteni (chairman)	✓	
	ML Heyns	✓	
	CP Davies	✓	
	SS Ntsaluba	✓	
<i>8 June 2010</i>	SSL Peteni (chairman)	✓	
	ML Heyns	✓	
	CP Davies	✓	
	SS Ntsaluba	✓	
<i>19 July 2010</i>	SSL Peteni (chairman)	✓	
	ML Heyns	✓	
	CP Davies	✓	
	SS Ntsaluba	✓	
<i>13 August 2010</i>	SSL Peteni (chairman)	✓	
	ML Heyns	✓	
	CP Davies	✓	
	SS Ntsaluba		✓
<i>20 September 2010</i>	SSL Peteni (chairman)	✓	
	ML Heyns	✓	
	CP Davies	✓	
	SS Ntsaluba	✓	
<i>21 February 2011</i>	SSL Peteni (chairman)	✓	
	ML Heyns	✓	
	CP Davies	✓	
	SS Ntsaluba	✓	
<i>10 March 2011</i>	SSL Peteni (chairman)	✓	
	ML Heyns	✓	
	CP Davies	✓	
	SS Ntsaluba	✓	

Risk management

Basil Read has identified two broad sources of risk:

- > Risks emanating from the group's general operations, encompassing many departments and disciplines.
- > Those arising at a project level and which can be of a general nature, in that they apply to many projects, or unique to that project.

Basil Read's risk management report is detailed on page 79.

Code of ethics

At Basil Read, we place trust in our employees and believe that, inherently, each one knows and understands the difference between right and wrong. As such, we do not see the need for detailed policies and procedures on all acceptable and unacceptable ethical behaviour. We believe this complicates matters and creates grey areas where someone may believe it is appropriate to engage in a form of unethical behaviour simply because it was overlooked or omitted from a list.

For appropriate behaviour to be entrenched in a company, senior management must consistently demonstrate ethical behaviour and practices in all their dealings. Basil Read has therefore adopted a code of business conduct to which all senior managers have pledged their commitment. This will be renewed annually.

Financial statements

The directors are responsible for preparing financial statements which fairly present the state of affairs of the group at the end of each financial period.

The board ensures the consistent use of appropriate accounting policies, supported by reasonable and prudent judgements and estimates.

The board recognises its responsibility for complying with International Financial Reporting Standards (IFRS) and has prepared the financial statements set out in the annual report accordingly.

Auditing

External audit

The primary responsibility of the group's external auditors is to express an opinion on whether the financial statements are fairly presented. The external auditors were also formally engaged by the board to perform other services on behalf of the group. Fees paid for these services are disclosed in note 10 to the financial statements and include:

- > Advice on various tax issues including transfer pricing, VAT and capital gains taxation.
- > Factual findings reports for tender documentation.
- > Due diligence investigations on acquisition targets.
- > Other advisory services on certain acquisition targets.

The external independent auditors have also reviewed the non-financial aspects of this annual report to ensure consistency with their knowledge of the business, particularly those aspects embodied in King II. They do not, however, express an opinion on these aspects.

Unless otherwise stated, the non-financial aspects of this financial report have not been subject to external validation.

Internal audit

The board has established controls and procedures to provide a high standard, but not absolute assurance, on the accuracy and integrity of the group's financial information.

These controls are designed to safeguard, verify and maintain accountability of the group's assets and to detect and minimise fraud, liability and loss or unauthorised use. All joint ventures, associates and partnerships are subject to the same risk profile procedure as any other project undertaken by the group.

Grant Thornton is the group's appointed internal audit service provider to provide a more comprehensive internal audit function and ensure that the controls and procedures in place are adequate and operating as intended.





River Walk Office Park

Through Deloitte, Basil Read runs a round-the-clock dedicated tip-off service where employees can anonymously, and without fear of retribution, report any perceived unethical behaviour. This service has been in operation since 1 August 2008. Each tip-off is investigated and results fed back to the audit and risk committee.

Pilferage and theft on site is an ongoing problem across our industry. To address this, Basil Read has engaged a specialist security company to provide forensic investigation and prosecutorial services when the need arises.

The Basil Read group does not engage in anticompetitive or cartel behaviour, including price-fixing, market sharing or collusive tendering. We fully support the tenets of the Competition Act and the Competition Amendment Bill.

Basil Read endorses the principles on ethical practices and organisational integrity set out in King III, and will do all that is necessary to ensure it operates in line with these principles.

Company secretary and professional advice

The company secretary is appointed by the board with duties that include providing guidance to directors on their duties and ensuring awareness of all relevant legislation and statutory requirements. The company secretary's statement of compliance is set out on page 114 of the financial statements.

The company secretary is suitably qualified and experienced and is responsible for, among others, the duties stipulated in section 268G of the Companies Act and for the certificate to be signed in terms of subsection (d).

All directors have access to the advice and services of the company secretary, who is responsible to the board for ensuring that board procedures are followed.

All directors are entitled to seek independent professional advice about the affairs of the group at the group's expense.

Going concern

The board of directors confirms that the group has adequate resources to continue to operate for the foreseeable future and will remain a going concern in the year ahead.

Share dealings

Basil Read operates two closed periods from 31 December and 30 June each year until the publication of its year end and interim results, respectively. To ensure that dealings are not carried out at a time when other price-sensitive information may be known, directors and named officers must at all times obtain permission from the chairman before dealing in the shares of the company. Dealings in company shares by directors and named officers are, as required, disclosed to the JSE and published on SENS.

Stakeholders

The directors recognise the importance of strong relationships with all stakeholders whose needs are balanced against the group's accountability to its shareholders. The group subscribes to a policy of open and timely communication in accordance with the JSE Listings Requirements.

Corporate responsibility

Basil Read is resolutely committed to being a responsible corporate citizen in the communities and environment in which it operates. The group is equally focused on maintaining positive relationships with all stakeholders, the wellbeing of the environment and upholding universal human rights.

We understand that our continued success is not just a factor of economic performance, but also relates to our investment in corporate, social and environmental sustainability.

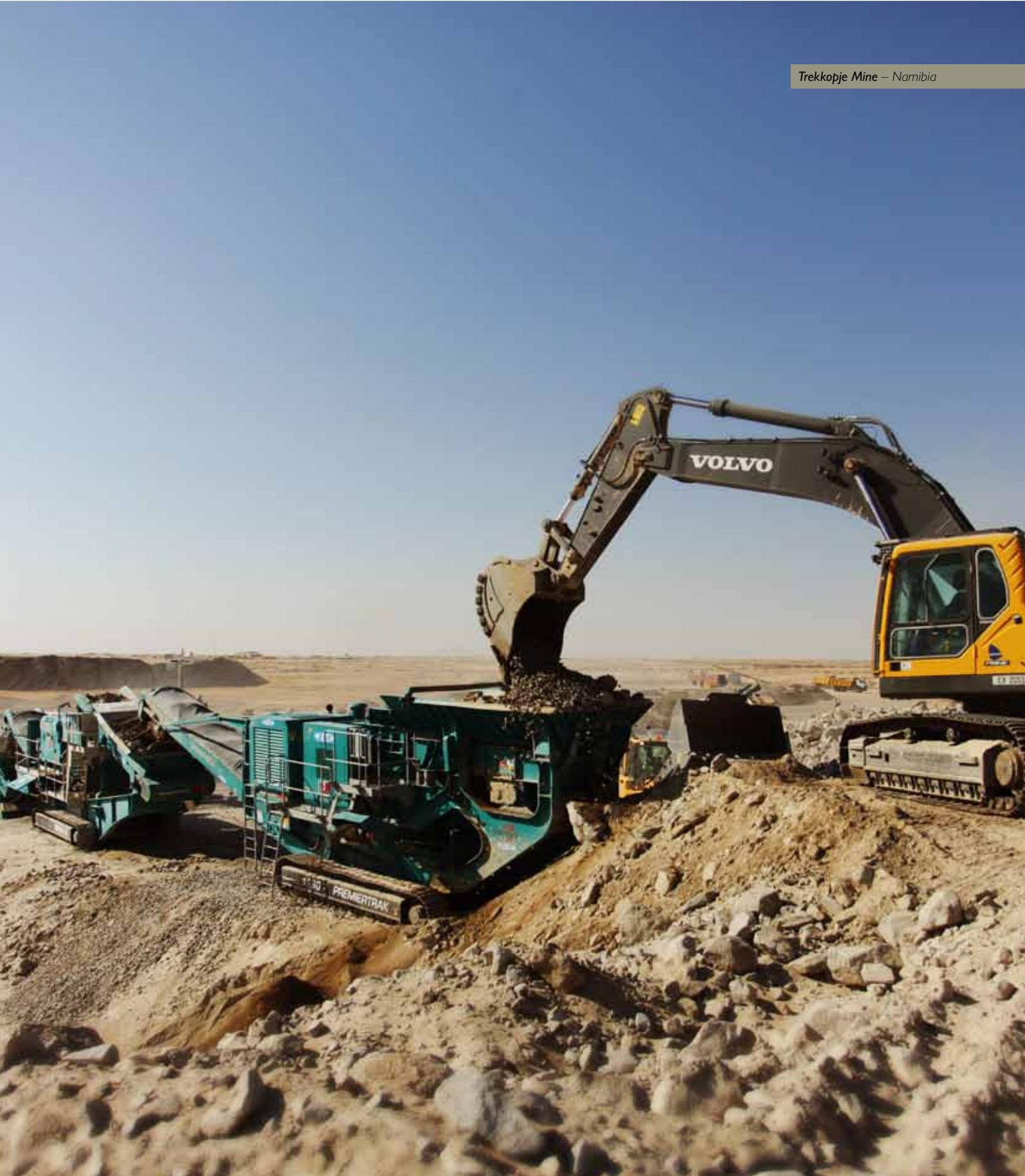
Code of business conduct

In all our dealings with employers, suppliers, subcontractors, stakeholders and among ourselves, we at Basil Read are committed to upholding the principles of:

- > Respect for human dignity, human rights and social justice.
- > Non-discrimination.
- > Transparency.
- > Honesty.
- > Fairness.
- > Accountability and responsibility.

Accordingly, we undertake to:

- > Respect and uphold the laws of the countries in which we operate. Unethical payments, business dealings or participation in fraudulent acts such as bribery or asset misappropriation will not be tolerated.
- > Avoid any potential conflict of interest in all our dealings. We will perform our duties diligently and to the best of our ability, in the best interests of the company and all stakeholders.
- > Refrain from deriving any personal advantage from our dealings. We will not accept gifts, hospitality or other favours which could be considered inappropriate or unwise, and which could be perceived as placing the recipient or the company under some kind of obligation.
- > Only use company funds, property and assets for legitimate business purposes. Improper use of the company's electronic communication systems – computer systems, email and internet access – will not be tolerated.
- > Respect the dignity of all employees, their right to freedom of association, to be rewarded fairly and to realise their full potential. Harassment of any kind, particularly sexual harassment, will be severely dealt with.



Basil Read is well prepared for a new era of regulation and compliance – King III, the new Companies Act, various pieces of environmental legislation, Consumer Protection Act and others. These will all impact on the way we conduct business going forward.



Given Sibiyi, chairman of the audit and risk committee

Report of the audit and risk committee

for the year ended 31 December 2010

The committee is pleased to present its report for the financial year ended 31 December 2010 as recommended by the Corporate Laws Amendment Act No 24 of 2006.

The committee's operation is guided by a formal detailed charter that is in line with the Companies Act and is approved by the board as and when it is amended. The committee has discharged all its responsibilities as contained in that charter.

Objective and scope

The overall objectives of this committee are to:

- > Assist the board in discharging its duties relating to safeguarding of assets and the operation of adequate systems and controls.
- > Control reporting processes and the preparation of accurate reporting of the financial statements in compliance with the applicable legal requirements and accounting standards.
- > Provide a forum for discussing business risk and control issues and developing recommendations for consideration by the board.
- > Oversee the activities of internal and external audit.
- > Perform duties that are attributed to it by the Companies Act, the JSE and King II, and to monitor the transition to compliance with King III.

The committee performed the following activities:

- > Received and reviewed reports from both internal and external auditors concerning the effectiveness of the internal control environment, systems and processes.
- > Reviewed the reports of both internal and external auditors detailing their concerns arising out of their audits and requested appropriate responses from management.
- > Made appropriate recommendations to the board of directors regarding the corrective actions to be taken as a consequence of audit findings.
- > Considered the independence and objectivity of the external auditors and ensured that the scope of their additional services provided was not such that they could be seen to have impaired their independence.
- > Reviewed and recommended for adoption by the board such financial information that is publicly disclosed which for the year included:
 - > The annual report for the year ended 31 December 2010.
 - > The interim results for the six months ended 30 June 2010.
- > Considered the effectiveness of internal audit, approved the one-year operational strategic internal audit plan and monitored the adherence of internal audit to its annual plan.

The audit and risk committee is of the opinion that the objectives of the committee were met during the year under review. Where weaknesses in specific controls had been identified, management undertook to implement appropriate corrective actions to mitigate the weakness identified.

Memberships

During the 2010 financial year, the membership of the committee comprised solely independent non-executive directors.

As a result of the death of Ms Ntombekaya September in January 2011, Ms Given Sibiyi was appointed as acting chairman and was formally appointed chairman on 24 March 2011. Given is a chartered accountant with 20 years of experience in accounting and auditing, both internal and external. She is considered to be suitably qualified to carry out the duties required of chairman.

Mr Charles Davies continued to serve on the committee in the year under review. Charles has extensive management experience at executive level and continues to serve on various boards in a non-executive capacity.

Mr Sango Ntsaluba was invited to attend the meeting of the audit and risk committee held on 23 March 2011. Sango is a chartered accountant with more than 20 years of experience. He was formally appointed to the audit and risk committee on 24 March



2011, until such time as a suitably qualified independent non-executive director can be appointed.

Details of membership to the committee can be found on page 70.

External audit

The committee has satisfied itself through enquiry that the auditor of Basil Read Holdings Limited is independent as defined by the Companies Act. The committee, in consultation with executive management, agreed to an audit fee for the 2010 financial year. The fee is considered appropriate for the work that could reasonably have been foreseen at that time. Audit fees are disclosed in note 10 to the financial statements.

A formal procedure that governs the process whereby the external auditor is considered for the provision of non-audit services has been incorporated during the 2010 financial year. Each engagement letter for non-audit work in excess of R250 000, is reviewed by the committee in advance of the commencement of the work. Routine work assignments, including auditor letters required for tendering purposes, below the value of R250 000 are not required to be approved by the committee.

Meetings were held with the auditor where management was not present, and no matters of concern were raised.

The committee has reviewed the performance of the external auditors and has nominated, for approval at the annual general meeting, PricewaterhouseCoopers Inc as the external auditor for the 2011 financial year. In terms of the rotation requirements of the Act, Mr JP van Staden, the designated auditor for the 2010 audit, cannot continue as designated auditor. Accordingly Mr FJ Lombard will assume the role of designated auditor for the 2011 financial year, effective from 26 May 2011.

Financial director review

The committee has reviewed the performance, appropriateness and expertise of the chief financial officer, Mr MDG Gouveia, and confirms his suitability for appointment as financial director in terms of the JSE Listings Requirements.

Annual financial statements

The audit and risk committee has evaluated the annual report for the year ended 31 December 2010 and considers that it complies, in all material aspects, with the requirements of the Companies Act and International Financial Reporting Standards. The committee has therefore recommended the annual financial statements as set out on pages 116 to 201 for approval to the board. The board has subsequently approved the financial statements which will be open for discussion at the forthcoming annual general meeting.

Given Sibiya

Chairman of the audit and risk committee

Risk and opportunity management

Managing risk in increasingly turbulent times

While the global financial crisis that occupied prime position on every risk agenda a year ago has abated somewhat, similar to an earthquake it continues to produce financial tremors and after-shocks, reminding us that a slide back into recession is possible. Add to this the turmoil in North Africa and the Middle East, soaring oil prices, global warming causing flooding on a massive scale in the southern hemisphere, record summer heatwaves and winter snowfalls in the northern hemisphere, diminishing food and water resources causing rioting and protectionism, the 'overnight' dearth of construction projects post the 2010 World Cup and the dire state of the local building industry, we certainly are living in interesting times.

In line with our enterprise and operational risk management policy, we continue to address our risks from two distinct viewpoints – at the enterprise (business), and operational (project) level.

At the enterprise level we categorise our risks based on the source:

- > External – these risks evolve from outside the enterprise, and we have only limited, if any, control over their occurrence.
- > Transactional – these risks arise where we interact with third parties – employers, subcontractors, suppliers. We have greater control over the occurrence of these risks.
- > Internal – risks that lie in our own environment and are of our own making. We have complete control over the occurrence of these risks.

Enterprise risk reviews are carried out twice yearly. Each identified risk is evaluated in terms of probability of occurrence,

impact on the group, trend since last review, actions/controls to manage the impact, risk rating after the introduction of the actions/controls and adequacy of the actions/controls.

Key risks that we continue to focus on at all levels throughout the group are:

- > Negotiated terms and conditions of contract that reflect a fair allocation of risk between the parties and provide the commensurate reward.
- > Management of subcontractors – from the time of selection for inclusion in our tenders until signature of their final account and the rating of their performance.
- > A detailed due diligence and risk analysis when entering into new markets and new countries.
- > Proper project planning and record keeping – these two disciplines are the cornerstone for successfully pursuing contractual entitlements.

We are entering a new era of regulation and compliance – King III, the new Companies Act, various pieces of environmental legislation including the proposed carbon tax, Consumer Protection Act and others will all impact on the way we conduct business going forward.

Issues of ethics, corruption, bribery and collusion are receiving local and global attention, with governments imposing far-reaching punitive legislation such as the US Foreign Corrupt Practices Act and the new UK Bribery Act.

In line with our goals for 2010, we have appointed a dedicated head of risk and compliance to assist the group in understanding our regulatory obligations and ensuring compliance.

Basil Read again employed Grant Thornton to carry out the internal audit function. Areas for audit are identified from the

company risk register. Audits carried out in Basil Read operations in 2010 covered business acquisitions, overhead expenditure, tendering and estimating, payment guarantees, fraud risk assessment, IT general controls and IT application. At TWP, audits were conducted on the business processes of sales and debtors, purchases and payables, and payroll. All concerns raised were addressed and recommendations implemented where necessary. Internal audit has not identified any fatal flaws in our processes and procedures.

Given the rapid growth in employee numbers, coupled with acquisitions, our biggest challenge remains educating and training our employees in our policies, procedures and practices.

Tip-offs Anonymous enables our employees and stakeholders to report possible incidents of fraud or corruption without fear of retribution. In 2010, only four calls were received, of which only one required further investigation. We have benchmarked the effectiveness of this service compared with other companies carrying out a similar business. Awareness of the service in Basil Read is rated low, primarily because of rapid growth in the workforce.

In 2011 we will relaunch Tip-offs Anonymous through awareness sessions, a poster campaign and regular articles in the various group newsletters. Studies have shown that anonymous tip-off lines are one of the most successful means of counteracting crime and corruption.

Theft on site is becoming increasingly prevalent. It is usually done on a small scale, often involves our own employees and/or subcontractors and is uninsurable since the value falls within our excess or is only noticed during periodic stocktakes. Basil Read uses Control Management Services, a specialist security company, to investigate every incident and to prosecute the people



involved, regardless of the relatively minor nature of the incident. The success of this initiative will be publicised periodically to discourage such occurrences and to reinforce our zero-tolerance attitude.

During the year, we issued a gifts and benefits policy and register to provide clear guidelines to all employees, customers, subcontractors, suppliers and service providers in dealing with any offer of a gift or benefit. Each new employee receives a copy and signs acknowledgment of our business conduct policy and guidelines.

Marsh (Pty) Limited, the world's leading insurance broker and risk advisor, serves as broker to the Basil Read group. Insurances are renewed annually on 1 January. We continually review our insurance portfolio in light of the company's growth, changing risk profile and global best practice. We are again satisfied that our level of cover is commensurate with good corporate governance and the expectations of our shareholders.

The audit and risk committee meets four times a year and continues to provide leadership and guidance in risk management and governance to the operations of the group.

Operational risk is dealt with on a project-by-project basis. Although there may be common trends, each project is unique and has its own risk profile. We continue to place great emphasis on detailed analysis of the risks associated with a project at time of tender and ascribe to the 70/30 rule as postulated by Fluor, "70% of the contributing factors as to whether we will have a successful or unsuccessful project are determined by the time we sign the contract. There is never a good time to sign a bad deal."

Each project has its own risk and opportunity management plan. Risks and opportunities are identified from first principles based on a common template – physical conditions, contractual/commercial, employer/engineer performance, own performance, subcontractors and site conditions – and the detailed plan developed from risks and opportunities identified when assessing these six elements.

The projects report monthly through the 'risk radar' and 'risk status dashboard'. These reports provide a subjective snapshot and serve as an early warning of potential problems. In addition, the risk management plan is reviewed at defined intervals – commencement, 20% complete, 50% complete and 80% complete.

Basil Read continues its membership of the Engineering and Construction Risk Institute (ECRI), an initiative started by the World Economic Forum. ECRI provides a platform for sharing risk management best practices across the engineering and construction industry. ECRI also provides an introductory and advanced course in engineering and construction risk management held at Stellenbosch University, which targeted members of staff attend. All ECRI's best practices and procedures are readily accessible on the company intranet.

In light of the King III recommendation on combined assurance, ie using a number of internal and external sources to verify that the risks facing Basil Read are identified, adequately addressed and that suitable controls are in place to treat or mitigate the risks, we have developed a risk and compliance assurance matrix.

Combined risk and compliance assurance matrix

Activity/discipline	Management-based assurance						Independent assurance				
	Board	Audit and risk committee	Remuneration committee	Peer review	Annual self-assessment	Performance reporting	Internal audit (ISO)	Internal audit	External audit (ISO)	External service provider	External audit
Financial reporting/controls	✓	✓					✓				✓
Estimating				✓			✓	✓			
Procurement							✓				
Subcontractors						✓	✓				
Legal/commercial						✓					
Legal secretarial						✓					
Business continuity					✓						
Information technology					✓	✓		✓			
Plant and equipment					✓	✓	✓				
Health and safety							✓		✓		
Quality assurance							✓		✓		
Environment							✓		✓		
Human resources			✓			✓					
Industrial relations						✓					
Insurance		✓		✓	✓						
Fraud/ethics	✓	✓		✓				✓		✓	
Operations						✓					
Strategy	✓					✓					
Special projects				✓		✓					

Goals for 2011

- > King III and Companies Act 2008 compliance across the group.
- > We have held off on implementing an enterprise risk management software programme until our risk management practices are more fully embedded in the group. We will revisit this goal in 2011 and introduce the software at the appropriate time.
- > We will continue our risk-training seminars – aligning our procedures with ISO 31000.
- > Detailed risk management plans developed and kept live on all new projects.
- > Relaunch Tip Off line.

Sunderland Ridge Waste water treatment works



Basil Read's business is to build the roads, bridges and power stations on which our economy and our society depend. Our impact goes way beyond infrastructure and is reflected in our ongoing commitment to preserving our environment and enhancing the lives of our stakeholders.

Sustainable development

Highlights

- > Implementing world-class human resources practices
- > Considerable improvement in disabling-injury frequency rate (down from 0,58 in 2009 to 0,4)
- > Carbon footprint determined for group

Lowlights

- > Missing our safety target, albeit marginally (target DIFR 0,3 against actual 0,4)

Basil Read's business is to build the roads, bridges and power stations on which our economy and our society depend. Basil Read's impact, however, goes way beyond infrastructure. In this section we elaborate on the achievements, challenges and disappointments of our social and environmental performance for the review period.

Scope of report

Basil Read's 2010 annual report integrates our economic, social and environmental results in South Africa for a group-wide understanding. It also sets out the challenges and opportunities that lie ahead.

Although the group is almost six decades old, rapid expansion in recent years makes data comparability quite challenging in some areas. Where practical, we are implementing common data standards. In some sections, however, readers will find separate disclosure on the performance of TWP given the nature of its business and different stakeholder needs.

Triple bottom-line reporting remains a cornerstone of our commitment to entrench global best practices in all operations. Basil Read therefore reports against the most recent guidelines of the Global Reporting Initiative (G3), and the content of this report is self-declared at

GRI level C. Once a group-wide reporting platform is more mature, this report will be externally assured.

Construction sector BBBEE scorecard

As a sector, we believe the implementation of the codes of good practice on broad-based black economic empowerment for the construction sector (the construction charter) in June 2009 will address inequalities in the sector. In time, this will unlock potential and enhance growth – for the ultimate benefit of the entire South African nation.

The charter is 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 have executive capacity and will provide the necessary links to government institutions.

Construction sector BBBEE scorecard for Basil Read (Pty) Limited

Indicator		Target year 0-4	Target year 5-7	Actual 2010	Progress
Ownership					
Voting rights	Exercisable voting rights in the hands of black people	27,5%	30%	22,81% (2009: 31,4%)	Ongoing investigations into prospective shareholders.
	Exercisable voting rights in the hands of black women	10%	10%	0,37% (2009: 0,38%)	
Economic interest	Of black people	27,5%	30%	22,81% (2009: 31,4%)	
	Of black women	10%		0,37% (2009: 0,38%)	
	Of black natural people			0% (2009: 0%)	
	> contractors	10%			
	> 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				

Construction sector BBBEE scorecard for Basil Read (Pty) Limited (continued)

Indicator		Target year 0-4	Target year 5-7	Actual 2010	Progress
Management control					
Board participation	Exercisable voting rights of black board members	40%		47,47% (2009: 55,1%)	The group will maintain the level of black representation on the board. Developing or employing senior black management is more challenging; this is being addressed by developing staff through formal programmes and active recruitment of suitable candidates. Steady progress is being made.
Top management	Black senior management	25%	40%	11,76% (2009: 8,23%)	
Employment equity					
	Black employees in senior management	35%	60%	10,4% (2009: 6,48%)	Steady progress is being made by fast-tracking identified candidates through internal development programmes. Recruitment policies work in tandem with these requirements.
	Black employees in middle management	45%	75%	14,03% (2009: 19,43%)	
	Black employees in junior management	68%	80%	39,2% (2009: 44,25%)	
	Black disabled employees	2%	3%	0% (2009: 0%)	
Skills development					
Expenditure	On all employees as percentage of leviab amount	1,5%		2,91% (2009: 2,8%)	Excellent progress made during the year. This included the launch of the Basil Read Training Academy (page 90), sizeable learnership programme in KwaZulu-Natal (page 91) and planned implementation of a verified mentorship programme.
	Black employees	70%		74,03% (2009: 51,3%)	
	Black employees in management categories	25%		27,3% (2009: 11,4%)	
Learnerships	Number of learners (learnerships, category B, C and D programmes) as percentage of total employees	2,5%		8,45% (2009: 3,04%)	
	Black participants in learnerships	70%		85,97% (2009: 80,3%)	
	Black people with disabilities in learnerships	5%		0% (2009: 0%)	
Bursaries	Scholarship/bursary expenditure on black students (of leviab amount)	0,3%		0,24% (2009: 0,34%)	
Mentorship	Implementation of approved and verified programme				

Construction sector BBBEE scorecard for Basil Read (Pty) Limited (continued)

Indicator		Target year 0-4	Target year 5-7	Actual 2010	Progress
Preferential procurement					
BBBEE procurement	% of total procurement	50%	70%	30,5% (2009: 39,6%)	The group has a database of approved suppliers and subcontractors, and regularly updates its records on their BEE status. As empowerment throughout the industry improves, we expect these levels to increase. Ensuring suppliers and subcontractors obtain BEE certification is a major focus.
	% from qualifying small enterprises or exempted micro-enterprises	10%	15%	9,61% (2009: 12,96%)	
	% from suppliers 50% black-owned suppliers 30% black women-owned	9%	12%	6,67% (2009: 10,36%)	
		6%	8%	1,16% (2009: 2,26%)	
Enterprise development					
Enterprise development programme	Compliance with requirements and guidelines for enterprise development programme				The group has implemented further measures to maintain its solid score in this category. We are also adding to the enterprise development relationships already in place.
Contributions	Average annual value as a % of net profit after tax/leviable amount	3%		3,35% (2009: >3%)	
Socio-economic development					
	Average annual value as a % of net profit after tax/leviable amount	1%		0,52% (2009: 1,01%)	A focused committee is responsible for maintaining existing relationships with sustainable initiatives and identifying new projects for support.

As a JSE-listed entity Basil Read has no control over trading in its shares, hence the drop in black ownership from 31,4% to 22,81%.

Basil Read is committed to the transformation of the SA construction industry to be far more representative of

the demographics of the country. We acknowledge that transformation is a journey and not something that can be achieved overnight. The critical areas are skills development, employment equity and management control and we are pleased with the improvement shown in these areas.

The building blocks we put down today will form the path to a transformed company in the future.

To drive this process within all the Basil Read entities a dedicated Transformation Performance Monitoring Manager was appointed in 2010.

Sustainability in action

Developing an integrated human settlement is not a commercial venture and must be seen as an investment in the future of South Africa.

Basil Read Developments is recognised as the development company that puts the citizens of South Africa first. With over 50 years' experience installing civil infrastructure in townships, this company has consciously focused on eradicating informal settlements by implementing the government's *Breaking new ground* strategy in all its housing developments, simultaneously:

- > Creating employment
- > Accelerating housing delivery
- > Alleviating poverty by creating wealth and fostering empowerment
- > Turning settlements into sustainable integrated suburbs.

For over ten years, Basil Read Developments has been involved in upgrading and developing new mixed-use, sustainable towns in various parts of South Africa. It is currently busy with five large-scale, integrated projects, valued at R56 billion and involving about 60 000 houses and 250 000 inhabitants in South Africa's provinces of Gauteng, Free State and Western Cape.

In this sector, we recognise there is no blueprint for developing a new town and each development is unique. We also acknowledge the constraints faced by local and provincial authorities in providing the services and financial contribution for which they are responsible. We are working closely with government and various financial institutions to remove obstacles hampering delivery.

However, we have identified many common factors where important lessons have been learned and improvements have been incorporated in new developments. Given the clear and major constraints for local and provincial authorities to provide the services and financial contribution they are responsible for, Basil Read is working closely with government and various financial institutions to unlock the obstacles hampering delivery.

Cosmo City, Gauteng

Cosmo City was initiated by the Gauteng Department of Housing and the City of Johannesburg in 1998, and Codevco (Basil Read) was appointed as preferred developer in 2000. After years of legal objections to the development Basil Read eventually broke ground in January 2005, making Cosmo City

the first mixed-use, fully integrated sustainable housing development in South Africa.

Catering to an estimated population of 60 000, Cosmo City includes:

- > 12 500 mixed housing units (including RDP, finance-linked bonded and rental units).
- > Six of 12 planned schools.
- > 40 sites for churches, clinics and crèches.
- > 43 parks and recreational sites.
- > 30 commercial and retail sites.
- > 40ha industrial park.
- > 300ha environmental area.

The socio-economic development impact value has been estimated at R15,9 billion, including 30 924 jobs, during construction.

Savanna City, Gauteng

Savanna City is a private greenfields development, 35km from Johannesburg's CBD and adjacent to Orange Farm. The farm was bought by Basil Read and Old Mutual to develop a mixed-use, sustainable and integrated housing development. In developing Savanna City, Basil Read would be complying with its commitment to the government's *Breaking new ground* strategy while Old Mutual would be complying with the requirements of the financial sector charter.

The scope of Savanna City includes:

- > 18 691 units (finance-linked and bonded).
- > 16 schools.
- > Parks, churches/crèches, clinics.
- > Business and retail facilities.
- > Light industrial units.

The socio-economic development impact value of Savanna City is estimated at R28,4 billion, providing 54 900 jobs during construction.

Malibongwe Ridge, Gauteng

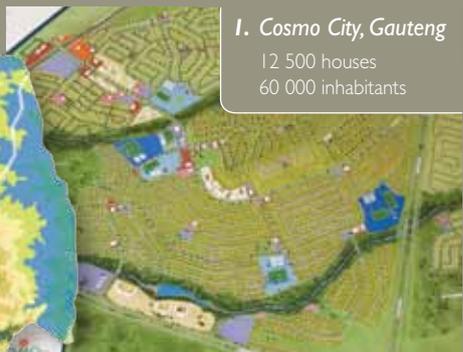
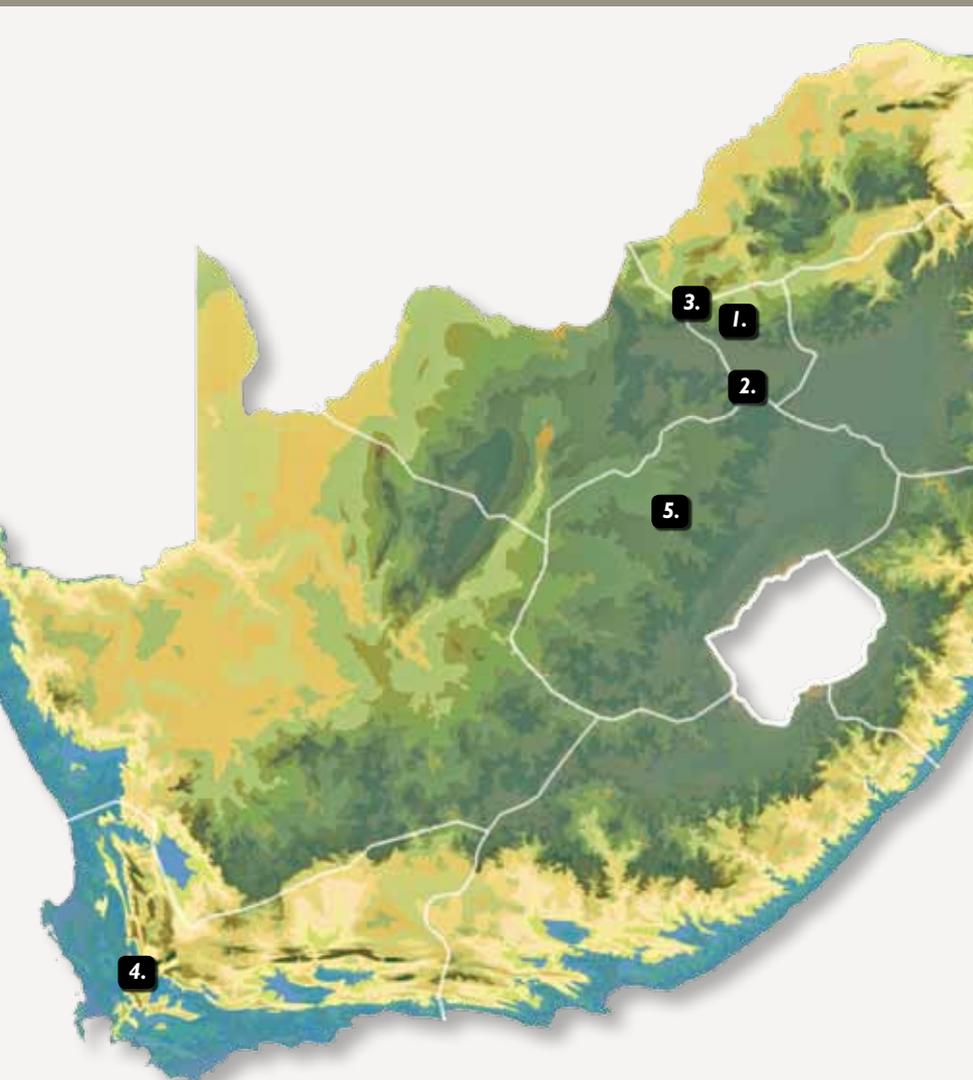
This development is an extension to Cosmo City and will incorporate the informal settlement of Itsoseng. It will also be a mixed-use, sustainable and integrated development.

The scope of Malibongwe Ridge includes:

- > 5 265 mixed housing units.
- > Schools, parks, clinics, churches and business sites.

The socio-economic development impact value of Malibongwe Ridge is estimated at R5,7 billion, providing 11 100 jobs during construction.





1. Cosmo City, Gauteng
 12 500 houses
 60 000 inhabitants



2. Savanna City, Gauteng
 18 691 houses
 76 000 inhabitants



3. Malibongwe Ridge, Gauteng
 5 265 houses/rental rooms
 22 000 inhabitants



4. Garden City New Town, Western Cape
 15 790 houses
 62 000 inhabitants



5. Phakisa Estate
 9 550 houses
 40 000 inhabitants

Garden City New Town, Western Cape

Garden Cities, one of the oldest affordable housing and section 21 companies in South Africa, approached Basil Read to jointly develop a mixed-use, sustainable integrated housing development on one of its properties in the Western Cape.

The scope of Garden City New Town includes:

- > 14 500 mixed housing units.
- > Schools, parks, clinics, municipal facilities, churches, business and retail, and light industrial facilities.

The financial development value of Garden City New Town is estimated at R5,8 billion, employing 53 730 during construction.

Phakisa Estate

In 2007, members of the Free State government visited Cosmo City and requested Basil Read to assist with a similar development in that province. Once infrastructural issues that are the responsibility of the local municipality have been resolved, the scope of the project will include:

- > 9 500 mixed housing units.
- > Schools, parks, clinics, municipal facilities, churches, business and retail, and light industrial facilities.

Oom Piet receiving his long service award



Our people

Loyal service is a hallmark at Basil Read – in 2010, 67 employees collectively boasted 1 245 years' service. At the same time, our training and development programmes ensure a steady pipeline of new talent at every level.

Social performance

The legend of Oom Piet

Basil Read was founded on family values and that culture sets the group apart in a modern competitive marketplace.

Piet Ndabane embodies the spirit of family unity that characterises this group. Affectionately known by all as Oom Piet – a mark of extreme respect – this stalwart has served the group for 50 years, arriving for his first day of work on 23 March 1961 as a steel fixer in Modderfontein. A year later he was transferred to Alberton, and then moved on to the Basil Read workshops, building huts that were eventually sent to various sites for office accommodation.

By 1965, recognising the singular loyalty of this man, Piet was transferred to head office, where he became the group founder's assistant – a position he filled with pride and distinction until the death of Basil Read in 1974.

Because the early start required to fulfil his duties included catching a train from home at 03:45 every day, the suggestion was made and happily accepted that Oom Piet make his home at head office, where he has remained ever since.

For the past 37 years, Oom Piet has served various chairmen and managing directors. He is the custodian of the Basil Read head office complex and although he officially retired in 2010 with the means to live in comfort anywhere he chooses, his choice was to stay with his 'family' – the group that has been home for five decades.

Managing growth

Basil Read's staff complement has risen more than eightfold in recent years, in tandem with significantly greater legislative and reporting requirements. To manage this more effectively, human resources processes were streamlined in 2010 for improved efficiencies and performance, and better alignment to the group strategy. As a result, HR management in Basil Read has moved from a reactive environment to a proactive team focused on partnering with the business to strengthen capacity and capability.

As part of this initiative, business partners (HRBPs) have been appointed in each division with a particular focus on strategic HR interventions. This, together with the introduction of E-Serve, has been implemented to relieve HRBPs and managers of time-consuming operational issues that result in HR being reactive rather than proactive. These HRBPs understand the business of the division in which they operate and advise the management team on all HR-related matters, supporting the divisional strategy and driving group-wide HR initiatives in that division. HRBPs have the full support of the centres of excellence, summarised below.

The Basil Read centres of excellence focus on remuneration (benchmarking, calibration, corporate governance and compliance), talent management and development, employee relations, expatriate management, policy and procedure design, and E-Serve, a team dedicated to resolving employee and manager queries on pay, benefits, etc. The centre, together with the HRBPs, has designed and is implementing the talent audit process to support talent

identification and performance management and development, from executive level through to emerging talent. These processes will enable the group to understand, manage and enhance the strength of its people, and assist managers and employees to map individual career paths. The centres will also focus on new ways of resolving challenges, with particular focus on improved communication using various technologies.

Basil Read's E-Serve is creating an easy and convenient platform for employees to access information. The employee self-service system, in its final phase, will:

- > Give our people easy access to past and present remuneration information.
- > Make it possible to apply for leave online.
- > Allow employees to update personal details and create comprehensive CVs that can be accessed for tenders, etc.
- > Through the creation of an online performance management system, enable employees to set up, in agreement with their manager, their performance and personal development plan.
- > Offer online recruitment, internal or external.

In addition, as a tool, managers will have access to relevant dashboards, salary information for their staff as well as market-related data – giving them quick access to employee information as required.

This substantial exercise has created a world-class, streamlined structure and channelled resources into a support service that can deliver on all human resource objectives as the group works towards its ambitious international growth targets.

As a member of the HR Leadership Council, run by the Corporate Executive Board,

Basil Read's human resources team has access to global knowledge and best-practice principles. The team is also able to communicate with other HR practitioners anywhere in the world, particularly in those areas where Basil Read has a presence – with instant access to legislation in those jurisdictions. These will become important tools in developing and implementing strategic initiatives to achieve our goals through rigorous and dedicated teamwork.

We are making steady progress in creating an equitable working environment for our people and developing their full potential. As a group, we committed to playing a role in South Africa's transformation beyond legislative compliance; this commitment guides our initiatives as we embed sustainable development into every facet of our business.

Training and development

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.

Operating in a sector where skilled individuals are often in short supply, the group has embarked on a full-spectrum training programme by launching the Basil Read Training Academy. Now in its second year, the BR Training Academy's primary focus is on technical training, an area of significant risk given the already-constrained resource availability. The focus is on foreman development at NQF 4 level. Participants on the three-year programme are sourced externally, predominantly from previously disadvantaged backgrounds and display technical aptitude. On completion of the programme, they are appointed to foreman positions.

The recently introduced three-year foreman programme (NQF 5) is aimed at those already in foreman positions to further deepen capacity and provide foremen with a recognised qualification.

The artisan (carpentry) training has also started this year. This is a three-year programme, with candidates writing trade tests on completion. The investment in these technical programmes for the period exceeds R15 million and will benefit around 160 participants at its peak.

In TWP, drawing-office accreditation is under way. From 2012, this programme will train 25 students per annum, recognising the scarcity of draughting staff particularly in the mining environment.

Working with our partners, we have deliberately focused on addressing the risk of high drop-out rates in learnerships.

We are also using the project to set new training standards in the civil and building construction industry. As a prerequisite, learners must have grade 12 maths, science, technical drawing (engineering graphic design) and a workshop subject (mechanical technology – welding or motor mechanical, or civil technology – building, carpentry or plumbing). The learnership will include intensive theory and very relevant practical on-site work experience in a number of building and civil construction trades.

The shortage of artisans in South Africa, despite the economic downturn, continues to have a debilitating effect on growth opportunities in our economy. This is exacerbated by the fact that some school leavers would rather remain jobless than enter the 'blue collar' field of desperately needed artisans.

Through these learnership programmes, we hope to prove that technical high schools still have a pivotal role in developing and nurturing our country's future top tradespeople.

Basil Read has also introduced a three-year carpenter apprenticeship programme (NQF level 3), partially funded by grants from CETA (the construction education and training authority) valued at R1,4 million over three years. Basil Read will enrol 15 students as apprentice carpenters, seven from KwaZulu-Natal and eight from Gauteng, starting in January 2011.

This supports our firm belief that to provide leading construction solutions, efficient training and continuous skills development is imperative in our sector. Equally, we recognise that the future of our industry and South Africa's sustained growth and development as global players relies on the exchange of skills and transfer of accumulated knowledge that comes with experience. As such we are fully committed to providing access to training opportunities for all our employees.

Collectively Basil Read spent 2,91% 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, we aim to spend over 70% of our annual budget on developing the skills of employees from previously disadvantaged backgrounds.

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

- > Executive development.
- > Management development.
- > Development arising from individual development plans.
- > Learnerships.
 - Artisan training
 - Foreman development (NQF 4)
 - Foreman training (NQF 5)
- > Adult basic education and training.
- > Mentorship programmes, on-site technical training, international exposure.
- > Continued professional development.

Foreman development

The student foreman development programme is Basil Read's flagship training course for learners who have passed grade 12. This is a three-year programme, preceded by a stringent selection process after which students complete three months' theoretical and skills training at the beginning of each year. They are then placed on various construction sites in group divisions to complete their practical training. After exposure to all four divisions in their first and second years, students can specialise in any of the group's divisions in their third year.

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.

Management development

Management development is ongoing through various institutions and focused on particular needs. An executive development programme is currently being designed to incorporate international best practice and thinking. With the roll-out of the talent audit process and performance management system, further needs will be identified and the appropriate development designed and implemented over the year ahead.

Skills programmes

During the year, Basil Read gave over 150 technical high-school graduates from KwaZulu-Natal the opportunity to enrol in a building and civil construction learnership with the Training Force Construction Academy in Pietermaritzburg and Durban. Candidates were drawn from technical high schools in and around Pietermaritzburg and Durban, based on the recommendation of each school's life orientation teachers. Basil Read will test the top 30 candidates from this group to see how many qualify for

a three-year carpentry apprenticeship or the foreman development programme.

In addition to formal training programmes, informal skills training takes place among communities near our various sites. Most recently, this included bricklaying and carpentry.

Newport Construction developing skills

Given that the continuous transfer of skills is fundamental to the sustainability and development of the local construction sector, Newport Construction provided skills training to 25 of its local employees (around 17,5%) and five bursaries, two internal and three external.

Bursary programme

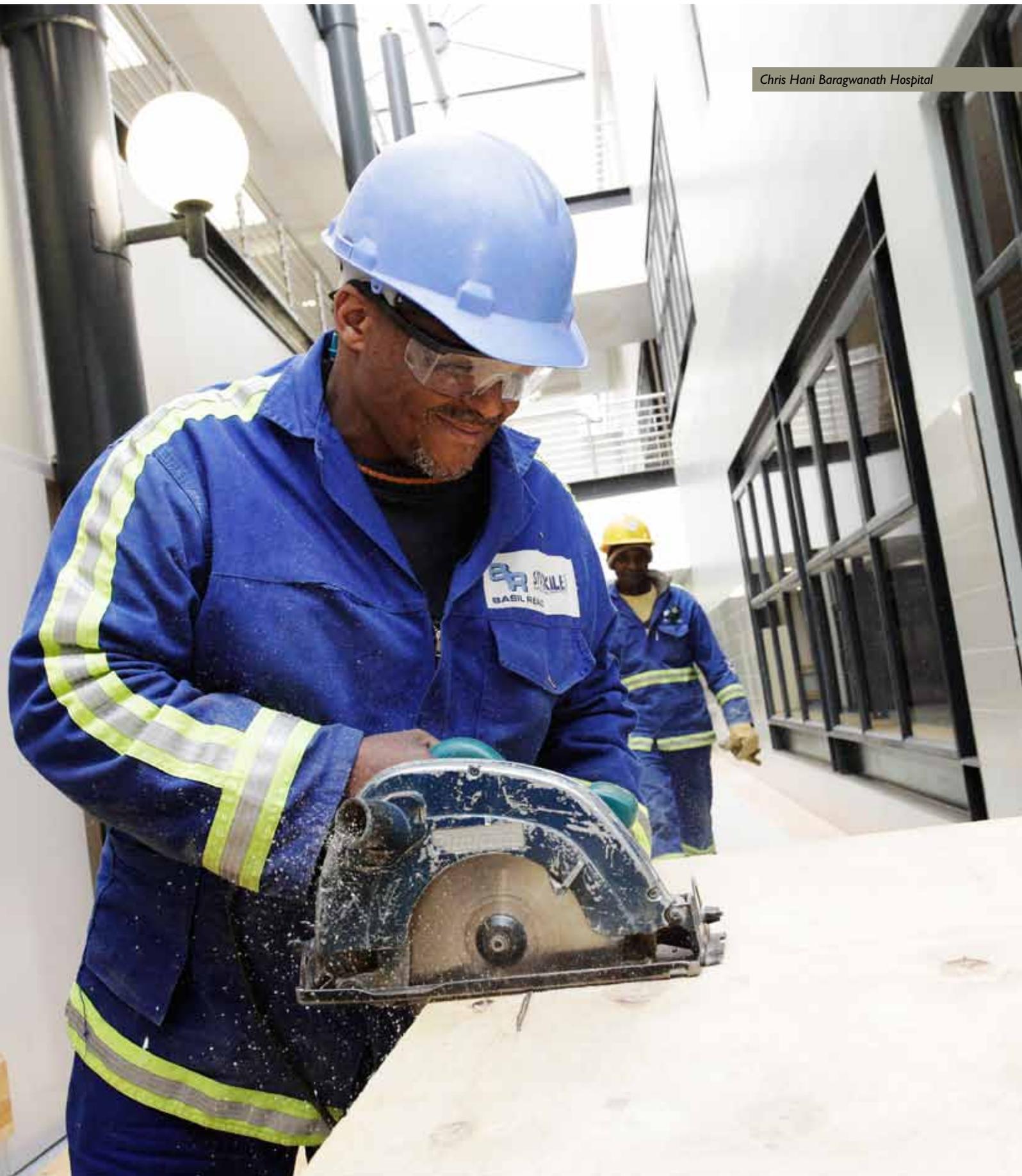
The Basil Read bursary programme supports a number of students entering our fields each year, particularly civil engineering, quantity surveying, building and financial management.

Basil Read currently has 61 full-time bursary students who are required to work on various group sites in their mid- and year-end vacations. In November each year, the students are taken on a roadshow which includes a communication course followed by visits to major suppliers including Corobrik, Wiehahn Formwork, Afrisam Ready Mix, Doka Formwork, Rocla Precast and Steeldale Reinforcing. The students also participate in team-building events. In December the bursary students attend a prize-giving, and are joined by the new intake of students during the year-end roadshow.

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



Chris Hani Baragwanath Hospital



Basil Read bursary programme

Discipline	Number of candidates	Male	Female
Civil	26	20	6
Mechanical	4	4	–
Mining	1	1	–
Quantity surveying	14	10	4
Chemical/process	2	1	1
Construction/building	9	5	4
BCom	2	2	–
Social sciences	1	1	–
Accounting	1	–	1
IT	1	1	–
Total	61	45	16

through its bursary programme aimed at both universities and technikons, raising awareness and on-site training to encourage people in the company to become quantity surveyors.

Basil Read takes an active interest in the progress of each candidate, arranging help if required, and providing vacation work so students can gain practical experience. On completion, graduates are guaranteed positions in the group, which ensures our skills base is constantly replenished with new talent.

In future, students will be visited at their universities and technikons to ensure they have settled well, establishing whether they have the necessary study material, offering support, addressing concerns and assessing overall wellbeing. At the same time, relationships with the various institutions' engineering faculties are being developed to ensure ongoing dialogue and that vacation work programmes are well understood by all.

Since the launch of Basil Read's bursary scheme, only one person has not completed the intended studies after realising he/she was not suited to site work. This reflects the group's robust selection process.

Basil Read plant operators

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.

Industry initiatives

In 2009, representatives from the construction industry met with the Department of Education to examine ways of addressing skills shortages in the sector and uplifting educational standards. The industry pledged its involvement in the country's further education and training (FET) colleges.

As part of this commitment, Basil Read is working with the Tshwane South College in Atteridgeville, Pretoria in support of its three-year national certificate (vocational) course, which comprises classroom work and practical, on-site training. The course carries a national qualifications framework (NQF) level 4 certification, roughly corresponding to junior foreman. Each successful year of study is equivalent to one NQF level.

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

In addition, Basil Read is extending training and development into communities through a one-year skills development programme focused on skills such as bricklaying, carpentry, plastering, etc.

Adult basic education and training

Basil Read has offered formal ABET (adult basic education and training) courses for

three years now. Working with accredited providers, employees and member of the communities in which we work 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.

The ABET programme is currently operational at five Basil Read sites. Candidates attend classes with an accredited facilitator twice each week.

The following sites have been involved to date:

- > Bethal – Seven candidates have completed the training.
- > Cosmo City – Six candidates completed the training. A new community project started in February 2011 at Cosmo City.
- > Park Station – One candidate completed the training.
- > Head office – Ten candidates undergoing training.
- > Blasting & Excavating – Two candidates are completing their training.

Basil Read will consider starting a new programme once these sites have all completed the course. The ABET course duration is 12 months or until the candidate is competent.

Roadcrete Africa helps trainees give local community schools a complete overhaul

What started as a contract requirement specified by the client has become a success story that has benefited an entire community.

As Roadcrete Africa nears completion of its Malibongwe (K29) dual-carriage upgrade for the Department of Public Works and Transport in Randburg, it is also completing a comprehensive training programme that has equipped hundreds of local community members, previously unemployed, with the skills to find long-term employment.

During the training programme, 137 beneficiaries attended and 57 of these learners have since been employed by Roadcrete. The beneficiaries received a stipend for each day they attended the training courses and in addition to theoretical training as well as practical on-site experience, they were also equipped with essential life skills training such as HIV awareness. This ensures the safety of the learners and helps them identify a long-term career path once training is completed.

The course comprised selected training modules from NQF level 1 to 3, including:

- > Applying health and safety at work.
- > Expanded public works programme infrastructure and life skills (HIV awareness, financial life skills, environmental awareness, first aid).
- > Use and maintain hand tools on a construction site.
- > Computer skills.
- > Landscape maintenance level I.
- > Garden maintenance module I.
- > Eradication of intruder plants, brush cutting (mobile).
- > Erect fencing.
- > Erect and maintain guardrails on a road construction site.
- > Construct V-drains.
- > Basic concrete skills, applying (grade III).
- > Shutterhand grade III.
- > Batch and mix concrete by volume (already covered under basic concrete skills, applying (grade III)).
- > Install manholes and chambers on a civil construction site.

- > Excavate, backfill and compact a trench.
- > Use a small self-propelled compactor to compact material (operate a lightweight roller and plate vibrator).
- > Use and maintain small plant and equipment on a construction site.

Once the training programme began, it soon became apparent that the skills being taught could be put to practical use in the community to ensure trainees received thorough practical training while helping to benefit others as well. Three local schools with dilapidated buildings were selected for this process and were soon transformed into far more suitable learning facilities.

Several school buildings received gutter and roof repairs as well as plastering work where necessary. In addition, learners were able to use their landscaping course to assist in transforming the school grounds, planting shrubs and flowers, and turning the bushy landscape into a beautiful and welcoming environment for learners, staff and visitors to appreciate.

The Kwena Malopo Crèche received a complete facelift through replastering and painting. A signboard was erected and colourful gardens established on the school grounds.

The Blair Athol High School, although in not such disrepair, also received a full aesthetic overhaul by establishing new landscaped gardens, maintained by the trainees, who have in turn transferred their knowledge to school staff.

One of the schools that received the most attention was the Kwena Malopo Secondary School, previously surrounded by dust and bush, which now boasts beautifully landscaped grounds and an irrigation system. The tuckshop, a popular meeting place for school learners, received massive repair and plastering to mend cracks and damp that had begun to creep into the building. Gutters and downpipes were replaced and erected throughout the school grounds, and all broken windows and panes replaced. The finishing touch was a fresh coat of paint. The school principal said the work done was a massive financial relief as limited resources have largely prevented repairs for the past 15 years.

Roadcrete Africa takes ABET into the community

In March 2010, Roadcrete Africa celebrated with 42 students who completed ABET English and numeracy courses across levels 1-4 in December 2009. The students were a mix of Roadcrete employees and residents from the local community of Comet.

ABET is a cornerstone of skills development and training, in turn one of the most critical areas of focus in South Africa today. Working with an external service provider, Roadcrete Africa has ensured its ABET courses are flexible and targeted at the specific needs of particular audiences. Support of ABET is ongoing and staff are continuously encouraged to participate.

Industrial relations

Basil Read continues to enjoy 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.

A dedicated employee relations team focuses on raising awareness of the responsibilities and rights of both employer and employee on site. It also disseminates information about current trends and practices in the field to management. This is 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

Basil Read fully supports the objectives of South Africa's broad-based black economic empowerment act (Act 53 of 2003) and its associated codes of good practice. Since 2009, the group has reported against the statutory construction industry scorecard (page 84), which shows steady progress in most areas.

Basil Read became the first truly black-owned construction company in South Africa in 2005, when over 50% of the company was acquired by the Amabubesi Investments and Metallon consortium. Although Metallon has since divested its stake, the latest shareholding analysis shows that over 25% of the group is held by black shareholders with unrestricted voting rights. We are investigating proposals to increase this percentage.

The empowerment status of key subsidiaries is externally verified each year. At present, Basil Read is a level 4 (100%) contributor, well placed to participate in large contracts for major parastatals and state-owned entities. Given our ongoing organic and acquisitive growth, we are concentrating on consolidating and standardising processes to ensure this level is sustainable before aiming higher.

We understand, however, that lasting and broad-based black economic empowerment is a journey. While the group scores well in some areas – ownership, preferential procurement, enterprise and socio-economic development – we face industry-wide challenges in management control, employment equity and skills development. These are the cornerstones of transformation in the local construction industry. We trust that the new construction charter will support an industry-wide effort to accelerate this process.

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

- > More black directors were appointed at operational level in 2010.
- > A number of bursary students employed in 2010 are from historically disadvantaged population groups.
- > Five of 12 employees graduating from our internal accredited management development programme were black.
- > As part of our comprehensive development programme, a group-wide talent audit will be conducted in 2011.

Enterprise development

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

BR-Tsima Construction (Pty) Limited offers quality construction services primarily to the North West, Mpumalanga and Limpopo provinces. Established in 2003 by Basil Read and its empowerment partner, Bokhoma Mpha, this 80% black-owned and 100% black-managed company is making steady progress, with projects reaching the R300 million mark in value during the year. Its flagship projects include the much-praised Hlanganani Flats at Cosmo City in joint venture with Basil Read for the Johannesburg City Council. BR-Tsima's services include construction contracting for roads, civil engineering, spatial planning and building. It also offers structural engineering and design-and-build contracts. Recognising the needs of the communities it serves, BR-Tsima is involved in various social upliftment programmes such as township services and socio-economic development.

Transformation in action

Developing our people to their fullest potential has long been a cornerstone of our human resources policies and practices because we benefit exponentially when individual potential is coupled with motivation and loyalty.



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1. Dhanaseelan Pakiri Naidu (35)

S3 Building management and quantity surveying

Number of years with the Basil Read group: 2

Entry position: Estimator

Current position: Estimator

2. Vanessa Duncan (41)

NMP, Project Management (Wits Business School)

Number of years with the Basil Read group: 21

Entry position: Site office manager

Current position: Director: SHEQ, Basil Read Mining

Group IT Manager

3. Bernard Melvin Johnson (43)

HR Management diploma

Number of years with the Basil Read group: 23

Entry position: Payroll administrator

Current position: Director: Human Resources

4. Ravikumaran Michael (34)

Diploma: Purchasing and supply chain management; Strategic logistics management

Number of years with the Basil Read group: 9

Entry position: Buyer

Current position: Director: Purchasing manager

5. Morwangwato Donald Nkadimeng (28)

BCom Accounting, A+ PC support technician, Programming in VB 6.0

Number of years with the Basil Read group:

10 months

Entry position: Performance monitoring manager: transformation

Current position: Performance monitoring manager: transformation

6. Daphne Nyati (43)

National diploma: Human resources, Management development programme (GIBS)

Number of years with the Basil Read group:

9 months

Entry position: Human resources manager: buildings

Current position: Human resources business partner

7. Peter Antony Makaza (31)

National diploma: Civil engineering

Number of years with the Basil Read group: 1

Entry position: Planning and methods engineer

Current position: Planning and methods engineer

8. Vinesh Moodley (44)

National diploma: Chemical engineering (cum laude)

Number of years with the Basil Read group: 3

Entry position: Senior project manager: TWP Projects

Current position: Managing director: oil and gas

9. Tshiwo Sibane Yenana (35)

Masters in city and regional planning (UCT)

Number of years with the Basil Read group: 2

Entry position: Development manager

Current position: Executive director: business development (KZN office)

10. McDonald Letlhogonolo Tisane (36)

BTech: Cost and management accounting

Number of years with the Basil Read group: 13

Entry position: Junior cost controller

Current position: Senior cost control manager



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11. Vinayagam Kumarasamy Moodley (41)

Number of years with the Basil Read group: 22
Entry position: Trainee creditors clerk
Current position: Group cost control director

12. Nillesh Bhima (40)

Number of years with the Basil Read group: 9
Entry position: Financial administrator
Current position: Administration director: buildings

13. Dr Ramchunder Singh (44)

BCom, MBA, DBA

Number of years with the Basil Read group:
9 months
Entry position: Managing director: BR Energy
Current position: Managing director: BR Energy

14. Malachi Setati (35)

National diploma: cost and management accounting

Number of years with the Basil Read group: 9
Entry position: Cost controller
Current position: Financial director: plant

15. Thapelo Mokae (55)

Number of years with the Basil Read group: 21
Entry position: Programmer
Current position: System analyst

16. Yusuf Patel (40)

MSc (Financial economics), MSc (Development planning), BSc (Quantity surveying)

Number of years with the Basil Read group:
8 months
Entry position: Executive director: special projects
Current position: Executive director: special projects

17. Kgomotso Bontle Sekgobela (31)

Number of years with the Basil Read group: 2
Entry position: Executive director: business developments
Current position: Executive director: group business developments

18. Mohamed Saleem Aziz Joosub (45)

BCompt

Number of years with the Basil Read group: 22
Entry position: Financial director: buildings
Current position: Financial director: buildings

19. Webster Mfebe (51)

Diploma International Trade, IPM Diploma

Number of years with the Basil Read group: 1
Entry position: Executive director: stakeholder relations
Current position: Executive director: stakeholder relations

20. Mushir Khan (44)

MSc Civil

Number of years with the Basil Read group: 4
Entry position: HOD: Civil department (TWP)
Current position: Executive director (TWP)

21. Nariansamy Dheenadayalan Naidoo (62)

Number of years with the Basil Read group: 42
Entry position: Office assistant
Current position: Senior buyer; KwaZulu-Natal



For Basil Read, safety is as much a core element as a strategic imperative. The group's robust safety, health, environment and quality system is both a guide and measurement tool to achieving set standards in each of these areas.

Safety and health

Strategy, risk, performance and sustainability are inseparable in the modern business environment. A renewed focus on good corporate citizenship and governance, increased scrutiny by providers of project capital, the expansion of directors' fiduciary duties and the need to embed risk in business decisions and processes have made implementing an integrated enterprise risk management process a business priority.

For Basil Read, safety is both a core element and a strategic imperative. 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 are steadily integrating disparate systems across the group after a period of rapid organic and acquisitive growth.

We have 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.

We believe that all workplace injuries and illnesses are preventable. This is driven by:

- > An uncompromising commitment to zero harm.
- > Active involvement of all stakeholders.
- > Continuous improvement of our systems, procedures and standards.
- > Applying industry best practice.
- > Continuously training and developing our people on risk and safety awareness.

The group 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, ie Occupational Health and Safety Act, Mine Health and Safety Act, National Environmental Management Act, etc.

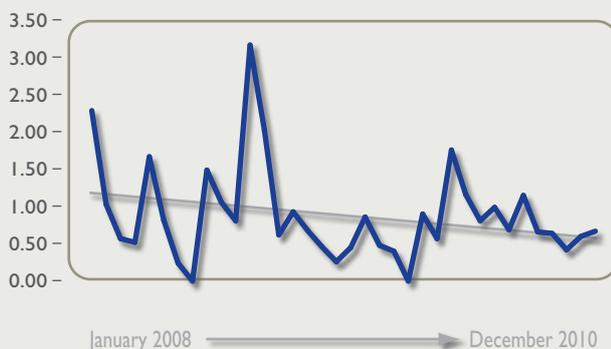
All controls and procedures are formalised against a comprehensive quality and safety management system, and certified under the following international and national accreditations: ISO 9001:2008, OHSAS 18001:2007 and ISO 14001:2007.

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

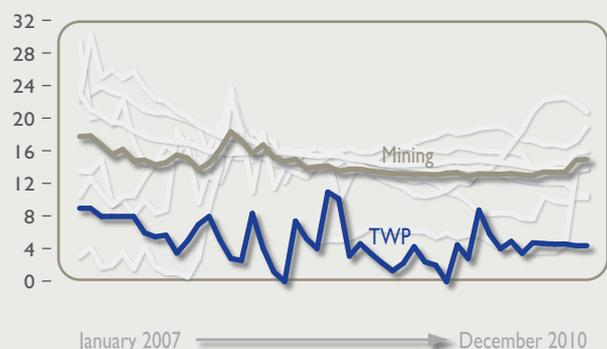
Safety processes in action across the group

The sophisticated safety framework in place at TWP has delivered significant benefits in recent years, including industry-leading safety performance.

TWP Projects LTIFR



All Injury Rate TWP vs Mining Peers



In Basil Read Mining, annual SHERQ objectives are signed for all senior management and used as the benchmark for performance evaluation. These extend beyond actual safety statistics to task observations, audit results, near-miss reporting and safety interactions, among others.

The mining division implemented safety stand-downs at two sites during the year to address the rate of incidents. This intense focus contributed to improved LTIFR results at both Jwaneng and Rössing.

Roads division invests in weather-warning technology

Foggy conditions, rain showers, lightning and temperature extremes all impact adversely on construction operations. In fact, the Highveld area experiences some of the most turbulent weather conditions in South Africa. The problem lies in the surprise element – a cold snap when stabilising a road or unexpected winds during chip and spray result in the loss of work in progress and productive time. Rain showers and storms also cause havoc with intraday operations – making some kind of warning system invaluable to operations.

Basil Read is using a weather safety and risk management portal on a number of its road projects to minimise the exposure of people and equipment to the effects of disruptive weather. This was piloted on the D1 and D2 project with recurring benefits.

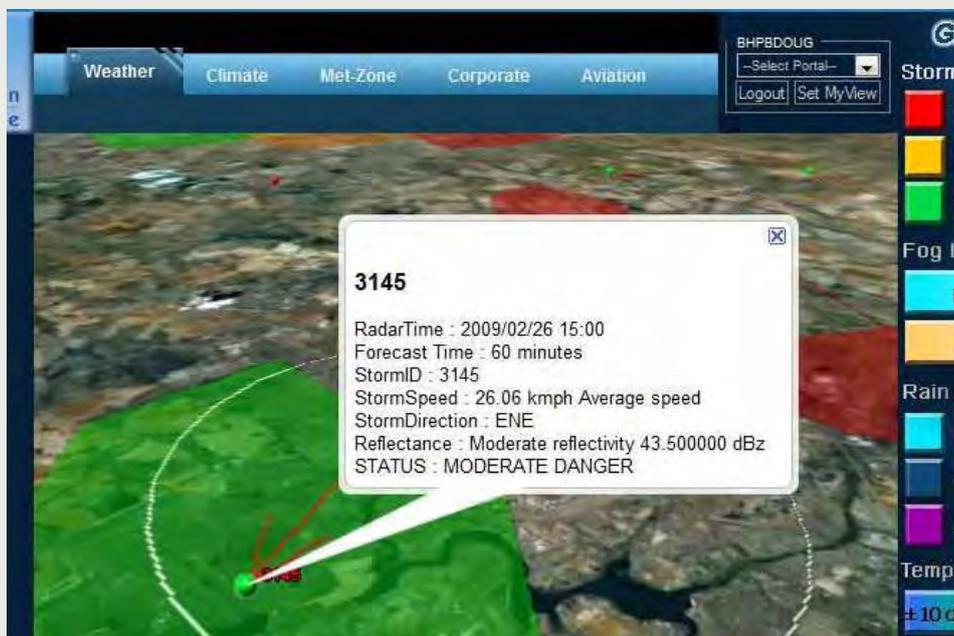
Provided by Weather Intelligence Systems, in conjunction with the South African Weather Service, the portal gives sites detailed and advanced forecasts of weather conditions in a 15km radius. This enables sites to optimise daily operations according to expected weather conditions, improve safety and enhance productivity under prevailing circumstances.

The system has accuracy levels of up to 95% and can describe impending weather per hour for the next two days on a specific site. It also provides decision-support information to manage risks associated with mist, fog, rainfall, extreme temperature and other weather elements through two easy-to-access methods.

Information messages are sent (via sms) to specified staff on site, alerting them to dangerous conditions and allowing them to optimise any at-risk work ahead of weather conditions.

Comprehensive information is also provided through a web-based portal and is accessible to a number of employees via their computers. This includes the current and future position of storms as well as an hourly forecast for the next 48-hour period.

Basil Read is using the system to plan weather-sensitive activities in the coming period and to avoid losses due to rain. Another significant benefit is that it has increased the safety of employees and reduced the number of incidents on site.



Safety

The driving force behind project delivery, teamwork, operational discipline and overall business excellence in Basil Read's operations is SHERQ (safety, health, environment, risk management and quality).

In the past two years, a strong drive by project managers, divisional managers and executive directors to reduce the number of incidents and accidents, coupled with continuous training, has paid off in a disabling-injury frequency rate (DIFR) of 0,58 in 2009 dropping by nearly 30% to 0,4 in 2010. While this falls short of the target set at 0,3 for the review period, we believe this is encouraging progress.

Understanding that over 90% of all accidents are caused by human behaviour, decreasing at-risk behaviour is key in our group. Equally, we believe behaviour-based safety is not a programme, it is a process. Because we are serious about continually reducing work-related injuries, our focus is on making safety a way of life.

This approach requires a systematic attitudinal change that puts safety uppermost in every employee's mind, reinforced by peer support and evaluation, and 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.

The zero-harm approach extends to our subcontractors. After refining the relevant processes to ensure that all subcontractor documents and competencies are thoroughly vetted before contracts are awarded in 2009, we reinforced this by introducing the permit-to-work system in 2010. Both the project manager and site

safety manager must sign off that any subcontractors are both legally compliant and have the necessary competencies prior to starting work.

Tragically, the group recorded four fatalities at road sites during the year, three of which were directly attributable to incorrect behaviour:

- > An employee was being transported on the back of a truck which collided with an excavator. The impact threw the employee off the back, causing fatal injuries.
- > An employee was crushed when caught between a container and a reversing truck, not being operated by the authorised driver.
- > A subcontractor employee did not use access scaffolding to climb down from an elevated slab. He was fatally injured when he lost his balance and fell through an opening in the slab.
- > A flag lady was killed when a motorist ignored temporary delineators and drove at speed into the demarcated work area.

The loss of even a single life is unacceptable and zero remains the only target. In every case, a full internal inquiry was conducted, a portfolio of evidence collected and a 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 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 safety 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. The group was certified to ISO 14001:2007 standards, a global environmental benchmark of best practices.

To ensure continuous improvement, resident engineer and employer questionnaires are completed for all sites. The responses received, coupled with 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

Ongoing induction and training on the SHERQ management system ensures all employees, particularly new employees, understand and can meet their responsibilities. In addition, 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.

Legal compliance, subcontractor management and risk assessment training is continually provided to all project managers, supervisors and foremen to ensure clear understanding of their legal responsibilities.



Basil Read Civils exceeds three million hours without injury

In October 2010, Basil Read's civils division passed the prestigious milestone of three million hours without a lost-time injury (LTI) on Transnet's multi-billion rand Port of Durban upgrade.

This record achievement has been accruing since 2006 through several Basil Read projects associated with the port upgrade: infrastructure works, upgrading Pier One, truck staging area, car terminal and the upgrade of Pier Two. Basil Read's prior benchmark was two million LTI-free hours on a project for BHP Billiton in Richards Bay.

When group teams started on the port upgrade in 2006, they brought detailed and tested safety systems, but quickly had to familiarise themselves with issues such as hot work permits, ventilation in confined spaces and double-lanyard and fall-protection for working at heights, which were required at the time by the client. They also had to manage the legal liabilities and responsibilities involved in complying with Transnet's safety requirements.

This required new and detailed training for the Basil Read team, using benchmark programmes such as IRCON construction and safety training, HIRA (hazard identification risk assessment) and legal liability. Once senior personnel training and strategic planning had been completed, site staff were trained in the new safety culture. Daily reinforcement ensured all team members and site subcontractors understood the safety requirements.

Securing the commitment of subcontractors to these high-level safety measures was more challenging and protracted, but resolved by a dedicated budget to cover elements such as entry/exit-level medicals, personal protective equipment and a full-time safety officer.

With this milestone, the Basil Read civils team has set the standard for how safety should be implemented, monitored and maintained to ensure a safe working environment on such a massive and diverse project. Through a continuous process of learning, the next target is four million LTI-free hours by April 2011.

Health

Basil Read has had a health monitoring programme in place since 2006 to ensure all employees are fit and healthy for their specific roles and responsibilities. Regular medicals are conducted on site by a professional third party to ensure no employees are exposed to harm.

In 2009, we expanded entry and exit medicals for all group and subcontractor employees 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.

HIV/Aids

Acknowledging the seriousness of HIV/Aids in the workplace and in our operating areas, the Basil Read group is working towards being a model in the marketplace. This includes positively influencing customers, suppliers and competitors in their response to this challenge.

HIV/Aids awareness in Botswana

The Basil Read mining team and its joint venture partner, Bothakga Burrow, initiated a very successful HIV/Aids drive at its site at Jwaneng Mine in Botswana in August 2010. Client Debswana Mining Company helped by organising more qualified HIV counsellors and staff to assist with the testing process. What started out as a one-day initiative soon escalated into a week-long HIV awareness campaign beyond the site into surrounding communities.

Testing and counselling were followed by motivational discussions from peer educators and an awareness drive in the greater community.

Based on the success of this campaign, the team is discussing plans for similar future initiatives.

Objectives in 2011

- > Adopting international reporting standards.
- > Continuous 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.
- > A safety DIFR of less than 0,3.
- > Improving subcontractor compliance with Basil Read's SHERQ requirements.

Environment

Highlights

- > Basil Read received its ISO 14001 accreditation end 2009.
- > TWP received ISO 14001 accreditation in March 2011.

- > Group carbon footprint determined during the year.
- > Solar panels at head office generated a portion of the group's energy needs and saved carbon dioxide being emitted into the atmosphere.

Understanding the direct and indirect impact of construction activities on our environment, we again made solid progress in environmental management during the review period. The global standards in place at Basil Read are reflected in our ISO 14001 accreditation, which was confirmed early in the review period.

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. In addition, we have our own environmental management plans for specific group developments such as St Micheil's.

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.

Carbon footprint for Basil Read group

In 2010, the group initiated an independent assessment of its baseline carbon footprint. This was compiled according to ISO 14064-1 standards, as well as the Greenhouse Gas Protocol guidelines (www.ghgprotocol.org), and covered only activities over which Basil Read has control. By applying these principles, the GHG inventory constitutes a true and fair representation of the company's GHG emissions.

Projects on which Basil Read was a subcontractor were excluded, as these carbon footprints depend on client specifications, and vary substantially from project to project.

In line with international best practice, data was collected on direct emissions (scope 1), energy indirect emissions (scope 2) and other indirect (scope 3) emissions. Direct emissions are those from sources owned or controlled by the company. Indirect GHG emissions are the consequence of the company's activities but occur at sources owned or controlled by another company. While the boundaries of scope 1 and 2 emissions are clearly defined, scope 3 presents more of a challenge. This additional voluntary disclosure requires surveying an organisation's entire supply chain, as well as those of its suppliers. Basil Read elected to include scope 3 emissions in its carbon footprint in the interests of accurate and transparent reporting.

We also elected to adopt the conservative approach of excluding the carbon dioxide absorbed by vegetation on areas either owned by Basil Read or site rehabilitation. Given the extensive tree-planting activities of our developments division, this may become pertinent in future years.

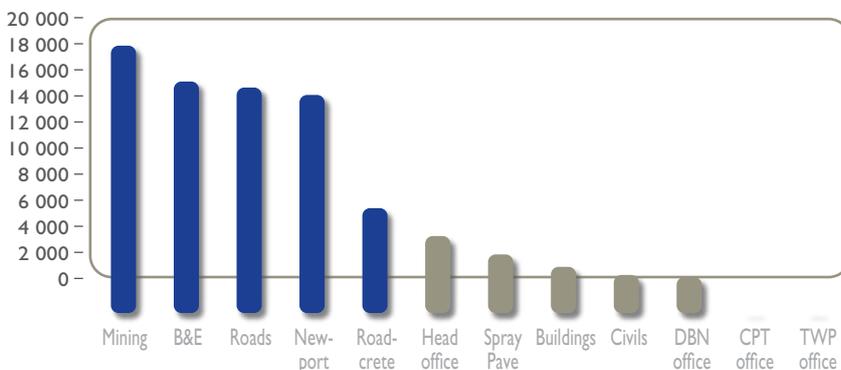
Our baseline carbon footprint quantifies and reports emissions association with the following activities:

- > Scope 1: fossil fuel consumption – diesel, petrol.
- > Scope 2: use of national grid electricity.
- > Scope 3: business travel (road and air).

The 2009 baseline carbon footprint was calculated at 76 736 tonnes CO₂-e, with an emissions intensity of 16,46 tonnes CO₂-e/R1 million revenue. Calculating the emissions intensity will enable better comparison with future years' footprints.

The breakdown of emission sources is shown below. Given the dominance of surface mining and roads and earthworks

Scope 1 and 2 emissions of different divisions within Basil Read

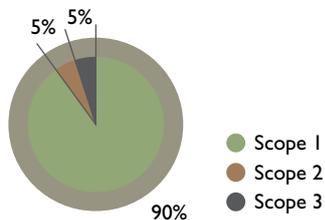


in group operations, the entities with the highest emissions are our roads division (49%) and Roadcrete (18%).

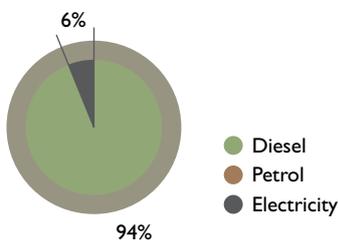
With this carbon footprint baseline now determined, the group will evaluate all available options for reducing emissions. This will be reported in future.

Overall emission scopes and emission sources of Basil Read

All emissions



Emission sources – Scope 1 and 2



SprayPave

As a responsible organisation, SprayPave strongly supports environmental best practices, and is committed to ongoing research that will replace products traditionally used by the road-surfacing industry to meet all international guidelines and legislation.

SprayPave is also a member of the Southern African Bitumen Association (Sabita) – a body of representatives that encourages best practice in the use and application of bituminous materials, employee safety, environmental conservation and continuous education and training.

TWP Energy

Given its active participation in the energy sector, TWP Energy is well versed in the complexities of the carbon market. This experience ensures that the potential benefits of the clean development mechanism (CDM) are incorporated early into relevant projects to secure the maximum possible advantage for that project and its stakeholders.

Objectives in 2011

- > Sites will complete a sustainability report each month to assist in managing our carbon footprint. The report will provide detailed information on waste disposal, recycling, use of resources (water, electricity, fuel), environmental incidents/ achievements and community initiatives.
- > In 2011 this report will become web-based, allowing the data to be analysed in various ways for more meaningful feedback and reports.

Quality

Group audits were again 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. Against a target of 90% compliance, the quality group audits recorded an average of 88%.

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

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

Elements that require further attention include:

- > Implementing a system to identify personnel competency.
- > Documenting and communicating responsibility and authority of all personnel.
- > Inducting all new group personnel on the SHERQ system, prior to starting work.
- > Controlling subcontractors (supervision and planning).
- > Sites need to train personnel on the effectiveness of in-process inspection and completion of inspection records (with involvement of senior group personnel).
- > Making more effective use of corrective and preventative actions.

Objectives in 2011

- > Basil Read Mining aims to obtain ISO 9001 and OHSAS 18001 certification.
- > Roadcrete aims to obtain ISO 9001 and OHSAS 18001 certification.

Renewable energy making a difference

Basil Read demonstrated its commitment to energy conservation by installing a R2,3 million solar energy system at its head office in Boksburg late in 2009. The photovoltaic solar system feeds power into the company's grid distribution network and provides up to 20% of the head office energy requirements, reducing its need for energy from fossil fuels.

Covering 85% of the plant department building, the solar array spans about 352m² and has a peak capacity of 43,2kW.

Figures from the Department of Energy indicate that most areas in South Africa average more than 2 500 hours of sunshine a year, with average daily solar-radiation levels of 4,5-6,5kWh/m². The annual 24-hour global solar radiation average is about 220W/m² for South Africa, compared with about 150W/m² for parts of the US, and about 100W/m² for Europe and the UK, making South Africa's local resource one of the highest in the world.

In terms of a calculation conducted on the expected peak sun hours in the Boksburg area, the annual amount of power that will be generated from the Basil Read system is 99MWh, depending on meteorological conditions. For the same quantity of energy to be generated using coal-fired electricity, it would require 55,5t of coal and 142,5 kilolitres of water, resulting in 99 tonnes of carbon dioxide emissions, sulphur dioxide emissions of 861kg and nitrogen oxide emissions of 435kg.

The system is linked to software that sends data to a display in the building's reception area. This provides real-time information on the amount of power being generated by the system, total electricity generated since installation, as well as how much carbon dioxide has been displaced since the project was commissioned.

Basil Read's solar energy system is in line with the government's strategy of installing 10 000GWh of renewable energy capacity by 2013. Once government has finalised legislation on independent power producers and the related power-purchase agreements, we believe there is great potential for growth in the use of solar-powered systems, both by businesses and private residences.

Basil Read Developments Green Projects, Cosmo City



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.

Corporate social investment

Go for Gold

After much consideration, and with a deep understanding of the urgent need to develop a healthy skills pool in the construction environment, Basil Read selected the Go for Gold initiative.

Go for Gold was launched in 1999 to address the scarcity of suitably equipped candidates from disadvantaged communities to enter the built environment. It has grown steadily since then into an independent non-profit organisation and section 21 company, aiming to be the preferred supplier of skilled individuals to the construction sector by developing students and facilitating their careers in construction.

The programme comprises four integrated phases. In phase 1, grade 11 and 12 pupils attend regular tutorials for mathematics, science, life skills and computer skills. Phase 2 involves a one-year job shadowing/internship, incorporating essential bridging programmes. In phase 3, students complete tertiary education or learnerships in preparation for their careers, and phase 4 is the start of permanent employment.

At each phase, the programme addresses the critical skills needed to progress to the next phase. In this way, requirements at entry, intermediate and advanced levels are aligned with the needs of both participants and the company that will ultimately employ them. The programme is unique and innovative in that it does not focus exclusively on hard skills, but incorporates other key success factors such as life skills, communication training and mentoring. The programme ethos is to instil a sense of self-worth and the belief that success is within the reach of every student.

All beneficiaries are black youth and, at any point, at least 50% are women. Most candidates enter the programme with a low sense of self-worth and self-belief, often coming from communities where they are surrounded by social decay, gang activities and substance abuse.

Through Go for Gold, the beneficiaries begin a journey that will culminate in qualifications and permanent employment, enabling them to become role models in their communities and at their schools. They are, in most cases, the first in their families to have permanent employment.

In 2010, the broader Basil Read group contributed over R1 million to Go for Gold, benefiting some 400 young people.



Cosmo City's Hlanganani Gardens nominated for SAPOA award

The Hlanganani Gardens residential housing project, in the heart of Cosmo City, received a special nomination for the 2010 SAPOA Awards for Innovative Excellence in Property Development. This affordable and adaptable housing project, for which Basil Read Developments was the project manager and BR-Tsima the main contractor, was another groundbreaking residential scheme completed for the Johannesburg Housing Company.

According to SAPOA, the design of the environmental aspects of this development was intensively workshopped with all members of the professional team. Alternative materials and products were carefully considered before agreeing on the ideal ones. A guiding criterion of the project was to avoid some of the challenges currently being experienced in the social housing sector – a critical one being the adoption of environmental solutions and methodologies to attenuate design defects that have manifested themselves in similar projects. Various environmentally friendly materials and products were explored and installed in Hlanganani Gardens, while keeping end-users and their wishes in mind.

Total community involvement was an integral part of the process; subcontractors were sourced from the local community, and required to verify their BEE status as well as ownership details. As such, it was also possible to create employment for further community empowerment.

Without compromising structural stability, different mixes of bricks, roof tiles and other materials were used. The community centre serves as an area where a computer centre can be established and regular community meetings held. The attenuation dam doubles up as a sporting facility, and can be developed into future tennis and basketball courts.



We believe that for corporate social investment (CSI) to be truly effective in making a lasting 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 initiatives fulfil real needs, a dedicated committee identifies projects that are sustainable and reflect the values of our group.

To ensure CSI initiatives are aligned with the group's strategy, Basil Read has partnered with GreaterCapital in identifying an industry-aligned flagship organisation into which Basil Read, Blasting & Excavating, Roadcrete Africa and SprayPave can channel resources (see Flagship initiative). GreaterCapital is a not-for-profit social enterprise in the GreaterGood group, focused on providing specialist services to the social investment sector. Its goal is to develop a vibrant culture of responsible giving and social investment in South Africa where communities are sustainably developed by a professional and well-resourced civil society and supported by engaged and committed individual and corporate citizens.

Skills development

During the year, Basil Read also contributed to Nurcha, which helps emerging contractors develop their skills in managing and completing construction projects, and grow their construction businesses. The intention of the project was to facilitate the transition from subsistence emerging contractor status, to successful, black-owned construction companies.

In addition to its flagship initiative and focus on skills development, at group level, Basil Read continued to support a number of other projects throughout the year, primarily in health and education.

Health

- > Sparrow Ministry – 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 285 children and 156 adults.
- > East Rand Children's Fund – assists abused or abandoned children (newborn to 18 years) with safe accommodation, food parcels, clothing, and blankets. The fund also assists street children with regular daily meals through soup kitchens.
- > Hosanna Community Centre – provides a number of essential services that make a real difference in the lives of under-privileged people, including soup kitchens.
- > Walter Sisulu Paediatric Foundation – the largest single philanthropic paediatric cardiac centre, besides Egypt, in Africa. It is dedicated to ensuring that underprivileged children in Africa get the corrective cardiac intervention they need irrespective of their ability to pay for it.



Education

- > Girls & Boys Town – provides care and development through residential programmes for youths of any race, creed and gender who range from underprivileged, deprived, abused and neglected to those regarded as difficult to manage and 'at risk.' The organisation operates eight projects countrywide, caring daily for 200-300 school-going youth in the 9-18-year bracket.
- > Kingsway Centre of Concern – Thandanani House of Refuge is next to the Zandspruit informal settlement and home to abused, orphaned and HIV children from surrounding areas.

- > Zweliyakhanya Development Trust – Basil Read contributed to a career day to expose rural learners from the Tsojana, Tsomo and surrounding villages to the range of opportunities available.



- > National Health Laboratory Services – funded bursaries for six grade 12 historically disadvantaged students, as well as funding research for historically disadvantaged students seeking honours and masters qualifications.

Rural development

Through a building project initiative at the Skilpadhoek border post in Zeerust, Basil Read assisted the Gopane tribe, which controls the area, by upgrading tribal offices and adding a boardroom and toilet block to the existing tribal administration offices structure. The tribal offices are used as a central meeting/contact point for members of a tribe that numbers some 600 000. The centre therefore also brings community members into the mainstream economy by serving as a hub for liaison, information and meetings.

Other activities

- > Western Cape Firefighters Association – contributed funds towards airfares, accommodation, kit and registrations for a team of 45 firefighters competing in the World Firefighter Games in South Korea.
- > Business Against Crime South Africa – assists government in developing strategies to combat crime by mobilising and deploying appropriate business resources and skills to co-ordinate anti-crime initiatives.



- > Nourish the Children, Hunger & Thirst and Nuskin South Africa – a combined initiative that provides feeding schemes and boosts immunity levels in primary-school children, in turn creating opportunities to improve adult lives through education, jobs and teaching self-sufficiency.
- > St Joseph Church – contributed funds to extending a church building for parishioners from historically disadvantaged backgrounds.

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 develop the world of soccer from grassroots to professional ranks. AIS-SA has pioneered several soccer programme models 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 driven by soccer, but 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 prisons. 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.

The broader group

Basil Read subsidiaries also have active CSI programmes under way. In most cases, these are targeted at specific needs in local communities.

Newport Construction

- > Emmanuel Haven, Motherwell, Port Elizabeth. For the past two years, Newport Construction has been actively involved with this project which was established primarily to assist the growing number of adults and children in the local community who have been infected or adversely affected by HIV/Aids.

The company provides financial support to Emmanuel's Haven by paying the salaries of the clinic matron and administration clerk, and employees are encouraged to become involved in their personal capacities. The result is a growing relationship between Newport Construction and Emmanuel's Haven that will be continued well into the future.

- > Newport Construction has been involved in a high number of HIV/Aids education and awareness campaigns since its inception in 2003. For the past three years, these campaigns have been extended to all the staff at Newport Construction as well as employees involved in the Coega Industrial Development Zone.
- > Newport has supported the Take a Girl Child to Work Day initiative since 2004, and has hosted many learners from local schools such as Uitenhage High School.

Roadcrete Africa

- > Boksburg Child Welfare – Roadcrete Africa's regular support contributes towards the nutritional needs of the children as well as stipends for a number of teachers who volunteer at the organisation. The aim of Boksburg Child Welfare is to provide two balanced meals per day to all of its programme participants, and to give children the opportunity to further their development through its Educare programme.
- > 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 race. Roadcrete Africa joined the initiative in 2009 and increased its contribution in 2010 to support the 260 cyclists who rode in cow suits and collected R3,6 million from various sponsors. Funds from 2010 contributed to refurbishing the paediatric section of Chris Hani/Baragwanath Hospital.

Roadcrete Africa also regularly supports local schools and community welfare organisations in areas where it is building roads. In 2010 Roadcrete contributed to the Tsenang Home of Safety in Pretoria, Pontsho Disability Care Centre, Oranjekrag Middelbare School in Gariep and Zamintuthuko Primary School in Mamelodi.

SprayPave

- > In 2010 SprayPave joined Roadcrete in supporting the CHOC cows in the 94.7 Cycle Challenge.
- > A substantial contribution was made to support skills development in our industry by contributing to SERI (Science Education Resource Initiative) in establishing a centre of excellence at a Khayelitsha School. The centre focuses on skills transfer in maths and science technology.



Blasting & Excavating

- > The group's mining entity Blasting & Excavating channelled its 2010 corporate social investment into two areas. The majority was invested in the group's flagship initiative, Go for Gold, and the remainder donated to Cotlands, which cares for orphaned and vulnerable children.

