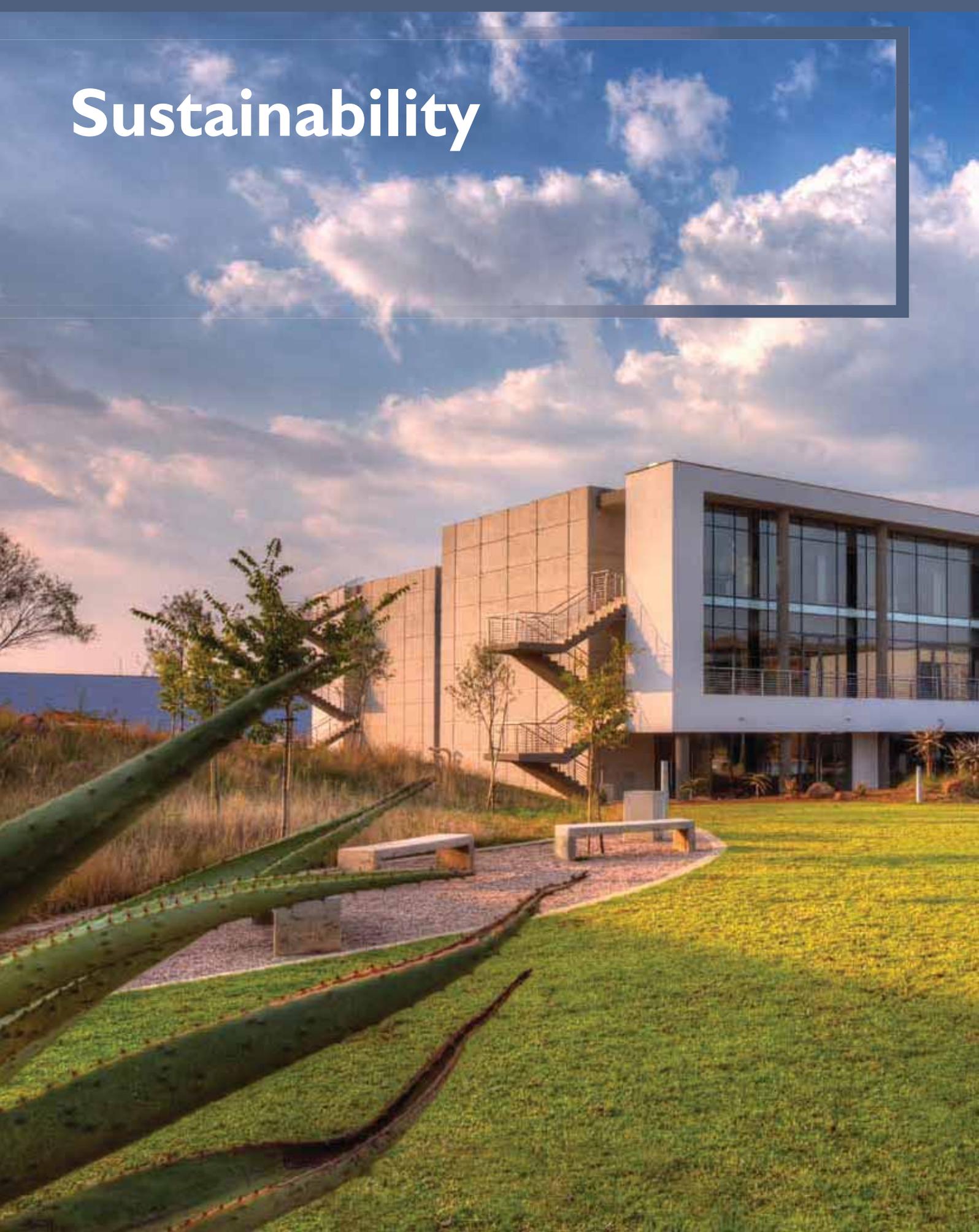


Sustainability



During the year, Basil Read received numerous accolades for its performance and initiatives to advance sustainability – both in the group and in its communities. Among these was our inclusion as a best employer in the CRF 2011/12 rankings.



Corporate governance

Basil Read endorses the value and application of good corporate governance and standards as recommended in the code of corporate practices and conduct in King III and the Listings Requirements of the JSE Limited. Corporate governance is a permanent item on the board's agenda and the board accepts the inclusive approach to good corporate governance set out in King III.

The board and individual directors accept their responsibility to ensure that the principles set out in King III are observed. The board is of the

view that the group complies, as far as applicable, with provisions in the code and that the group's corporate philosophy is consistent with the principles of King III:

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

King III

The board, via its governance structures, initiated a process to review the status and identify any gaps between the recommendations of King III and the Companies Act 71 of 2008 compared to existing practices in the group. The following table reflects the findings of this review process.

Compliance assessment and explanations

Recommendation	Key	Note
Chapter 1 – Ethical leadership and corporate citizenship		
The board should provide effective leadership based on an ethical foundation	#	Standardising and aligning codes of conduct and ethics policies across the group will be completed in 2012
The board should ensure that the company is and is seen to be a responsible corporate citizen	✓	
The board should ensure that the company's ethics are managed effectively	#	Measuring adherence to ethical standards will be monitored once all policies have been standardised across the group
Chapter 2 – Board and directors		
The board should act as the focal point for and custodian of corporate governance	✓	
The board should appreciate that strategy, risk, performance and sustainability are inseparable	✓	
The board and its directors should act in the best interests of the company	✓	
The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Companies Act	n/a	It has not been necessary to consider business rescue proceedings
The board should elect a chairman of the board who is an independent non-executive director. The CEO of the company should not also fulfil the role of chairman of the board	✓	
The board should appoint the chief executive officer and establish a framework for the delegation of authority	#	The formalisation of the group CEO's role and function is under way
The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent	✓	
Directors should be appointed through a formal process	✓	

Key: ✓ Compliant # Partial compliance * Under review n/a Not applicable

Recommendation	Key	Note
The induction of and ongoing training and development of directors should be conducted through formal processes	#	Given the experience of Basil Read's board members, it has not been necessary to have a formal induction process. In future, a formal induction process will be followed
The board should be assisted by a competent, suitably qualified and experienced company secretary	✓	
The evaluation of the board, its committees and the individual directors should be performed every year	✓	
The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities	#	By year-end, the group had appointed a social and ethics committee as required by the Companies Act 71 of 2008. The size and nature of the group does not warrant that the audit and risk committee is separated
A governance framework should be agreed between the group and its subsidiary boards	✓	
Companies should remunerate directors and executives fairly and responsibly	✓	
Companies should disclose the remuneration of each individual director and certain senior executives	✓	
Shareholders should approve the company's remuneration policy	*	The approval of the group's remuneration policy by shareholders is tabled for consideration at the upcoming annual general meeting
Chapter 3 – Audit committees		
The board should ensure that the company has an effective and independent audit committee	✓	
Audit committee members should be suitably skilled and experienced independent non-executive directors	#	Refer to the audit and risk committee report on page 80
The audit committee should be chaired by an independent non-executive director	✓	
The audit committee should oversee integrated reporting	✓	
The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities	✓	
The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function	✓	
The audit committee should be responsible for overseeing of internal audit	✓	
The audit committee should be an integral component of the risk management process	✓	
The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	✓	
The audit committee should report to the board and shareholders on how it has discharged its duties	✓	
Chapter 4 – The governance of risk		
The board should be responsible for the governance of risk	✓	
The board should determine the levels of risk tolerance	✓	
The audit and risk committee should assist the board in carrying out its risk responsibilities	✓	
The board should delegate to management the responsibility to design, implement and monitor the risk management plan	✓	
The board should ensure that risk assessments are performed on a continual basis	✓	
The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	✓	
The board should ensure that management considers and implements appropriate risk responses	✓	
The board should ensure continual risk monitoring by management	✓	
The board should receive assurance regarding the effectiveness of the risk management process	#	Assurance regarding the effectiveness of the risk management process is being investigated
The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders	✓	

Sustainability CONTINUED

Recommendation	Key	Note
Chapter 5 – The governance of information technology		
The board should be responsible for information technology (IT) governance	✓	
IT should be aligned with the performance and sustainability objectives of the company	✓	
The board should delegate to management the responsibility for the implementation of an IT governance framework	✓	
The board should monitor and evaluate significant IT investments and expenditure	✓	
IT should form an integral part of the company's risk management	✓	
The board should ensure that information assets are managed effectively	✓	
Audit and risk committee should assist the board in carrying out its IT responsibilities	✓	
Chapter 6 – Compliance with laws, rules, codes and standards		
The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	✓	
The board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the company and its business	✓	
Compliance risk should form an integral part of the company's risk management process	✓	
The board should delegate to management the implementation of an effective compliance framework and processes	✓	
Chapter 7 – Internal audit		
The board should ensure that there is an effective risk based internal audit	✓	
Internal audit should follow a risk based approach to its plan	✓	
Internal audit should provide a written assessment of the effectiveness of the company's system of internal controls and risk management	✓	
The audit and risk committee should be responsible for overseeing internal audit	✓	
Internal audit should be strategically positioned to achieve its objectives	✓	
Chapter 8 – Governing stakeholder relationships		
The board should appreciate that stakeholders' perceptions affect a company's reputation	✓	
The board should delegate to management to proactively deal with stakeholder relationships	✓	
The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company	✓	
Companies should ensure the equitable treatment of shareholders	✓	
Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	✓	
The board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible	✓	
Requests for information in terms of the Promotion of Access to Information Act (PAIA)	n/a	No requests for information in terms of the PAIA were received
Chapter 9 – Integrated reporting and disclosure		
The board should ensure the integrity of the company's integrated annual report	✓	
Sustainability reporting and disclosure should be integrated with the company's financial reporting	✓	
Sustainability reporting and disclosures should be independently assured	#	Independent assurance on sustainability reporting and disclosures will be obtained in subsequent integrated annual reports

Key: ✓ Compliant # Partial compliance * Under review n/a Not applicable

Board of directors

Basil Read has a unitary board structure, which comprises three executive directors, two non-executive directors and three independent non-executive directors. The chairman is one of the independent non-executive directors. In line with King III, the composition of the board reflects a good balance between executive and non-executive directors with the majority of non-executive directors being independent to ensure an appropriate balance of power and authority so that no individual or group can dominate the board's decision-making.

In appointing new directors, the board considers its own requirements, including the need for specific skills and expertise to achieve balance and meet the group's strategic objectives. Each appointment of a new director requires the unanimous approval of the board and is subject to confirmation by shareholders at the annual general meeting.

The board is responsible for directing the management of the group's business affairs, including the following key responsibilities:

- Review and approve corporate strategy.
- Ensure compliance with the relevant law and regulations.

- 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 board meets at least once every quarter. Attendance at board meetings held during the year is set out below.

Meeting	Directors	Attended	Apologies
24 March 2011	SLL Peteni (chairman)	✓	
	ML Heyns	✓	
	MDG Gouveia	✓	
	NJ Townshend	✓	
	CP Davies	✓	
	SS Ntsaluba	✓	
	GR Sibiyi	✓	
	TA Tlelai	✓	
6 April 2011	SLL Peteni (chairman)	✓	
	ML Heyns	✓	
	MDG Gouveia	✓	
	NJ Townshend	✓	
	CP Davies	✓	
	SS Ntsaluba	✓	
	GR Sibiyi	✓	
	TA Tlelai	✓	
26 May 2011	SLL Peteni (chairman)	✓	
	ML Heyns	✓	
	MDG Gouveia	✓	
	NJ Townshend	✓	
	CP Davies	✓	
	SS Ntsaluba	✓	
	GR Sibiyi	✓	
	TA Tlelai	✓	
25 August 2011	SLL Peteni (chairman)	✓	
	ML Heyns	✓	
	MDG Gouveia	✓	
	NJ Townshend	✓	
	CP Davies	✓	
	SS Ntsaluba	✓	
	GR Sibiyi	✓	
	TA Tlelai		✓



Sustainability CONTINUED

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 directors to consider decisions on material matters.

The group operates against 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.

During the year, directors completed a self-assessment of their performance. These questionnaires were evaluated by a third party, which confirmed that the directors had met their responsibilities for the review period.

Board committees

Specific responsibilities have been formally delegated to board committees with defined terms of reference, with transparency and full disclosure from these committees to the board.

Audit and risk committee

The audit and risk committee comprises three non-executive directors namely GR Sibiya (chairman), CP Davies and SS Ntsaluba, the majority of which are independent.

The committee meets at least four times during the year or as frequently as required

to review the financial statements, scope of external audit functions, risk management and the effectiveness of management information, internal controls and corporate governance procedures to report to the board on its findings. Attendance at audit and risk committee meetings held during the year is set out below.

The committee is responsible for considering the appointment of the external auditor and reviewing the nature, scope and cost effectiveness as well as independence and objectivity of the external auditors. The committee is responsible for reviewing the nature and extent of non-audit services and recommending to the board that the external auditors provide such services. The committee

is also responsible for reviewing the group's accounting policies and statutory compliance to ensure adequate changes are made, where appropriate.

The audit and risk committee has met with the executive financial director and is satisfied that Donny Gouveia meets all the requirements to fulfil the role of financial director of Basil Read Holdings Limited.

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

Refer to page 80 for the audit and risk committee's report for the year ended 31 December 2011.

Meeting	Directors	Attended	Apologies
23 March 2011	GR Sibiya (chairman)	✓	
	CP Davies	✓	
	SS Ntsaluba	✓	
25 May 2011	GR Sibiya (chairman)	✓	
	CP Davies	✓	
	SS Ntsaluba	✓	
24 August 2011	GR Sibiya (chairman)	✓	
	CP Davies	✓	
	SS Ntsaluba	✓	
1 November 2011	GR Sibiya (chairman)	✓	
	CP Davies	✓	
	SS Ntsaluba	✓	

Remuneration committee

The remuneration committee comprises three non-executive directors with the majority being independent, including the chairman. Members are CP Davies (chairman), GR Sibiya and TA Tlelai. The committee operates under an approved charter.

The committee meets at least three times during the year or as frequently as required. Attendance at committee meetings in the review period is set out below.

The committee's responsibilities and objectives are to assess and approve the board's remuneration strategy for the group and determine the conditions of employment. The committee is also responsible for establishing the policy for, and operation of, the group's share incentive scheme.

Directors who are members of the remuneration committee are excluded from discussions on the review of their own remuneration.

The committee is satisfied that executive directors are remunerated according to their responsibilities and performances.

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

Meeting	Directors	Attended	Apologies
2 February 2011	CP Davies (chairman)	✓	
	GR Sibiya	✓	
	TA Tlelai	✓	
20 July 2011	CP Davies (chairman)	✓	
	GR Sibiya	✓	
	TA Tlelai	✓	
5 October 2011	CP Davies (chairman)	✓	
	GR Sibiya	✓	
	TA Tlelai	✓	

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 January and 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 during the year are provided on page 113.

Executive directors

The objectives of the remuneration policy are:

- To attract and retain high-calibre directors and executive management, while balancing the group's primary objective of sustainable growth.
- To motivate executive management to manage and lead the business successfully and to drive strong long-term organisational growth in line with the strategy and business objectives.
- To provide competitive and balanced, performance-related remuneration, consisting of both fixed and variable components.
- To drive successful organisational performance by incorporating both short- and long-term incentives.
- To ensure that the interests of the executive management are aligned with those of shareholders by linking remuneration directly to company performance.
- To ensure there is transparency and fairness in executive remuneration policy and practices, and at the same time recognise that remuneration is a critical aspect of human resource management.

Remuneration structure

Fixed/guaranteed remuneration

Guaranteed remuneration takes into account market realities, having regard for the need for Basil Read to attract, motivate and retain executives.

The chief executive officer recommends to the remuneration committee, the remuneration of the senior executives based on their direct accountability and responsibility for the

operational management, strategic direction, decision-making and demonstrated leadership, taking cognisance of the relevant market data and overall performance of the company, the division in which the executive is located and the executive's own performance.

The board:

- Decides the remuneration of the chief executive officer, having taken into consideration market/survey data, company performance and the chief executive's officer performance.
- Decides on the recommendation for general increases on an annual basis.

Short Term Incentive (STI) Scheme

The payment of annual performance bonuses under the Basil Read Short Term Incentive Scheme is contingent on the achievement of the budgeted turnover as well as profit after tax and is structured to ensure that the shareholders receive the targeted return on their investment.

The STI Scheme for executives provides for an annual performance bonus for the following levels:

- Chief executive officer – The board decides/ approves the chief executive officer's STI based on achievement of the key performance areas contained in the performance recognition system which includes the achievement of a pre-agreed profit after tax as well as the achievement of transformation targets as set out in the numerical goals matrix.
- Senior executive – Incentives are based on a combination of individual, divisional and group performance. These are recommended by the chief executive officer.

The threshold for the incentive bonus payments to senior executives are determined by an agreed profit after tax margin – the company performance measure. Under trading conditions that warrant it, the chief executive officer, in his discretion, can decide on an ad hoc basis to award additional amounts to ensure the continued sustainability of the organisation and to ensure retention.

STI bonuses become payable after the release of the annual audited financial statements.

Long Term Incentive (LTI) Scheme

The Long Term Incentive Scheme for the chief executive officer will be in terms of the five-year agreement already in place, covering the period 2009 to 2013 which has been approved by the board and noted in the integrated annual report to shareholders (page 112).

The Long Term Incentive Scheme for all other senior executives is under review. Currently,

ad hoc share options are awarded to senior executives and other staff who may be eligible to participate.

The current employee share incentive scheme (share options) is designed to achieve the following objectives:

- The alignment of the interests of participants with those of the company over the long term.
- To motivate participants to strive for achievement which is value enhancing to the company's shareholders.
- To reward employees for their efforts and contribution towards creating value.
- To motivate participants to retain long-term employment with the company.

The chief executive officer recommends allocations to eligible participants for approval by the board, in terms of the rules of the share incentive scheme.

Details of the remuneration of executive directors appear on page 112.

Details of the options awarded to executive directors appear on page 114.

Chairman's committee

The chairman's committee comprises the chief executive officer and three non-executive directors, two of whom are independent. 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 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 memorandum of incorporation of Basil Read Holdings Limited.

Meetings are scheduled monthly or as required by the chairman. The attendance at the chairman's committee meetings held during the period under review is set out on the next page.

Sustainability CONTINUED

Meeting	Directors	Attended	Apologies
21 February 2011	SLL Peteni (chairman)	✓	
	CP Davies	✓	
	SS Ntsaluba	✓	
	ML Heyns	✓	
10 March 2011	SLL Peteni (chairman)	✓	
	CP Davies	✓	
	SS Ntsaluba	✓	
	ML Heyns	✓	
19 July 2011	SLL Peteni (chairman)	✓	
	CP Davies	✓	
	SS Ntsaluba	✓	
	ML Heyns	✓	
4 August 2011	SLL Peteni (chairman)	✓	
	CP Davies	✓	
	SS Ntsaluba	✓	
	ML Heyns	✓	
26 October 2011	SLL Peteni (chairman)	✓	
	CP Davies	✓	
	SS Ntsaluba	✓	
	ML Heyns	✓	

Social and ethics committee

The new Companies Act requires a social and ethics committee to be established. This committee was duly formed by the board and comprises two directors, one of whom is a non-executive director, three prescribed officers and two senior staff members. Members are TA Tlelai (chairman), DJ Glover, NJ Townshend, EG Grace, CJ Erasmus, A Fourie and A Naidoo.

The committee will monitor the following functions as set out by the Companies Act:

- Social and economic development.
- Corporate citizenship.
- Environment, health and public safety.
- Consumer relationships.
- Labour and employment.

Governance, risk and compliance

The board is responsible for corporate governance, risk management and legal and regulatory compliance in the group. The board has delegated this responsibility to the audit and risk committee which meets four times a year and provides leadership and guidance over governance, risk management and compliance across the group. Basil Read's risk management report appears on page 82.

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 for

these services are disclosed in note 8 to the financial statements and include:

- Advice on 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 non-financial aspects of this integrated annual report to ensure consistency with their knowledge of the business, particularly those aspects embodied in King III. 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 group outsources its internal audit function to Grant Thornton, whose work is guided by the group's risk register, management and previous audit findings. During the year, several follow-up reviews were undertaken to ensure previous findings have been addressed.

Combined assurance model

King III introduced the combined assurance model, in terms of which assurance is provided at three levels, ie management assurance, internal assurance providers and external assurance providers. The group audit and risk committee ensures the combined assurance

model is applied to provide a coordinated approach to all assurance activities. The combined assurance provided by management, internal and external assurance providers during the year has been sufficient to satisfy the group audit and risk committee that significant risk areas in the organisation have been adequately addressed and suitable controls exist to mitigate and reduce these risks.

Insurance

Marsh (Pty) Ltd and Aon (Pty) Ltd, the world's leading insurance brokers and risk adviser, are brokers to the Basil Read group. Insurances are renewed annually. 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.

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. To formalise this approach and clarify any potential grey areas, however, we have issued a code of ethics.

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

Financial statements

The directors are responsible for preparing financial statements that 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 integrated annual report accordingly.

Compliance

In recent years, the regulatory landscape has changed dramatically, with no industry immune to increased compliance pressures to improve governance structures and practices in their businesses. These pressures are placed on the group by both local and international regulators. At Basil Read we are committed to high standards of corporate governance and business ethics in all our activities, and this remains the cornerstone of our business.

The group now operates in 22 countries across three continents. Each country has a unique legal, financial and taxation regime which needs to be complied with at either subsidiary or holding company level.

Throughout this year we have focused on reinforcing our commitment to being a responsible corporate citizen. Accordingly, during the year we introduced programmes to improve compliance to King III, the Consumer Protection Act, Competition Act and Promotion of Access to Information Act. These programmes have been rolled out across the group. In addition, all key staff have been trained on their responsibilities to uphold the requirements of the Competition Act. All directors in the group have been trained on their responsibilities and duties as directors in terms of the new Companies Act.

After the Companies Act 71 of 2008 became effective in 2011, we initiated a process of aligning the group's constitutional documentation to the requirements of the Act. This process of drafting and obtaining approval from shareholders on the memorandum of incorporation has begun.

A group-wide anti-corruption policy is being developed to demonstrate our commitment to eradicating corruption in the countries in which we operate. This policy has been developed taking into account the United Kingdom's Bribery Act of 2010.

The group continues to engage with the competition authorities to resolve matters raised in its investigation of the construction sector. After considering the projects flagged by the competition authorities, an appropriate provision was raised.

Tip-offs Anonymous

Tip-offs Anonymous is an independently managed hotline facility designed to enable our employees and stakeholders to report possible incidents of fraud or corruption without fear of retribution. In 2011, we relaunched the facility through an awareness drive including face-to-face sessions across the group, a poster campaign and regular articles in various group newsletters.

During the year, six contacts were made with the hotline facility, of which two required further investigation by an independent external service provider. No substance was found to the allegations.

Company secretary

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 108 of the financial statements.

The company secretary is suitably qualified and experienced and is responsible for, among others, the duties stipulated in section 88 of the Companies Act 71 of 2008.

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 the Stock Exchange News Service (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 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 depends on economic performance, and 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.

Audit and risk committee report

for the year ended 31 December 2011

The committee is pleased to present its report for the financial year ended 31 December 2011 as recommended by the Companies Act 71 of 2008 (the act).

The committee's operation is guided by a formal detailed charter that is in line with King III and the act and is approved by the board as 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 assets and the operation of adequate systems and controls.
- The control of reporting processes and preparation of accurate reporting of the financial statements in compliance with legal requirements and accounting standards.
- To provide a forum for discussing business risk and control issues and developing recommendations for consideration by the board.
- To oversee the activities of internal and external audit.

- To perform those duties prescribed by the act, the JSE and King III.

The committee performed the following activities:

- Received and reviewed reports from both internal and external auditors on the effectiveness of the internal control environment, systems and processes.
- Reviewed the reports of both internal and external auditors detailing concerns arising out of their audits and requested appropriate responses from management.
- Made appropriate recommendations to the board on corrective actions to be taken as a result of audit findings.
- Considered the independence and objectivity of the external auditors and ensured that the scope of additional services provided did not impair their independence.
- Reviewed and recommended for adoption by the board financial information that is publicly disclosed. For the year, this included:
 - The integrated annual report for the year ended 31 December 2011; and
 - The interim results for the six months ended 30 June 2011.
- 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 believes its objectives were met during the review period. Where weaknesses in specific controls were identified, management undertook to implement appropriate corrective actions.

Memberships

During the 2011 financial year, membership of the committee comprised two independent non-executive directors and one non-executive director.

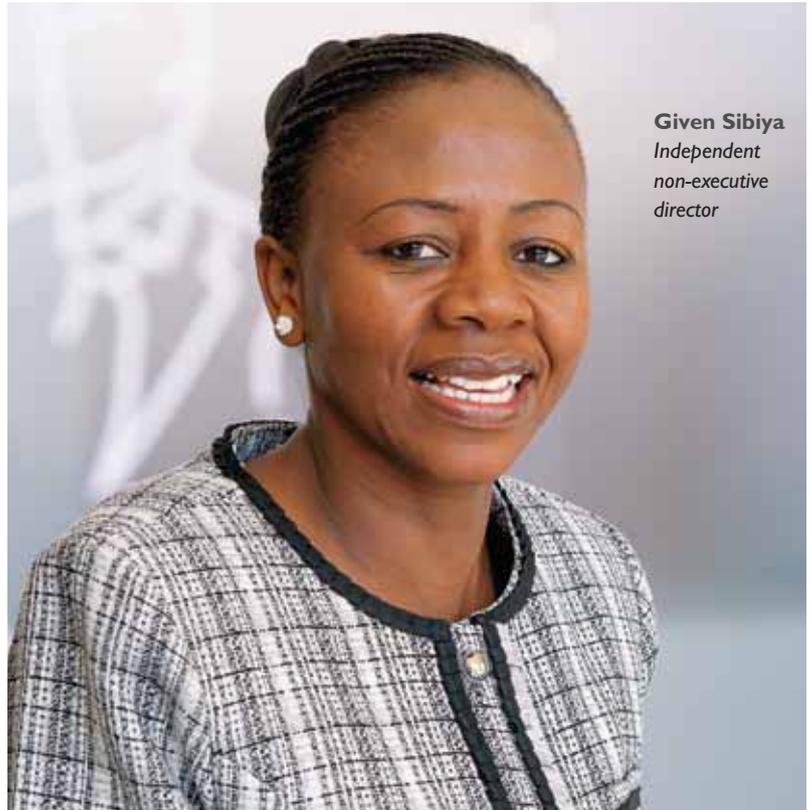
Ms Given Sibiyi was appointed chairman of the committee on 24 March 2011. Given is a chartered accountant with 20 years of experience in accounting and auditing, both internal and external. She is considered suitably qualified to carry out the duties required of chairman.

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 appointed to the audit and risk committee on 24 March 2011.

Summary

- The committee has fulfilled its obligations for the review period.
- Where required, the committee is monitoring management actions to enhance the control environment.



Given Sibiya
Independent
non-executive
director



Sango is a chartered accountant with more than 20 years of experience. Sango will remain a member of this committee until a suitably qualified independent non-executive director can be appointed.

Details of committee membership appear on page 76.

External audit

The committee has satisfied itself through enquiry that the auditor of Basil Read Holdings Limited is independent as defined by the act. The committee, in consultation with executive management, agreed to an audit fee for the 2011 financial year. The fee is considered appropriate for the work that could reasonably have been expected at that time. Audit fees are disclosed in note 8 to the financial statements.

A formal procedure governs the process by which the external auditor is considered for providing non-audit services. Each engagement letter for non-audit work in excess of R250 000 is reviewed by the committee in advance of this 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 2012 financial year.

Mr F Lombard assumed the role of designated auditor for the 2011 financial year and will continue for the 2012 financial year.

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 integrated annual report for the year ended 31 December 2011 and considers that

it complies, in all material aspects, with the requirements of the act and International Financial Reporting Standards. The committee has therefore recommended the annual financial statements as set out on pages 110 to 193 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 management

Effective risk management is central to the group maintaining a competitive advantage and adapting to changes in the internal and external environments. The underlying principles of an integrated enterprise-wide risk management system ensure risk management forms part of all strategic, business process and operational activities.

Basil Read regards risk as the impact of uncertainty on the objectives of its key processes and activities. Hence, a holistic approach to managing uncertainty, representing both risk and opportunity, has been adopted in the group. By better understanding and managing risk, we are able to add value, reduce cost and be more informed in our decisions while providing greater clarity and certainty to our employees, customers and stakeholders at large.

The group uses a hybrid risk management process which assesses risk from a top-down as well as a bottom-up approach. Risk assessments are performed continuously at four levels in the group:

- Enterprise:** Conducted bi-annually at enterprise level by the group's executive committee, board of directors and sector advisers.
- Operational:** Conducted every quarter by the management team of each functional level, business unit and operating entity.
- Project:** Conducted monthly by the relevant project teams and at specific completion points with the broader project management team and divisional management teams.
- Tender evaluation:** As part of the tendering process, a detailed risk assessment is performed on the proposed project.

Risks are evaluated in terms of probability of occurrence and impact on the business across several matrixes. The key risks that the group faces can be categorised into the following (in no particular order):

- Project selection and execution.
- Project management and reporting.

- Liquidity management.
- Project awarding.
- Entering new markets.

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 2011 covered payroll, subcontractors, human resources, business acquisitions, insurance cover, critical financial controls in B&E and Valente Brothers, business continuity and project performance monitoring. 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 2011, six calls were received, of which only two required further investigation.

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.

Goals for 2012

During 2011, the Tip-offs Anonymous line was relaunched across the group and this awareness drive will continue going forward. The process of stabilising and embedding the enterprise risk management methodology was started and 2012 will see a fully integrated risk methodology and taxonomy for the group.

Goals for 2012:

- Embedding the risk methodology across the group. Once embedded enterprise risk management systems will be introduced to support the process.
- Development of a legal framework.
 - We will continue with our risk training seminars – aligning our procedures with ISO 31000.
 - Detailed risk management plans developed and kept live on all new projects.
- Continuation of governance and compliance training.

Information and technology governance

The group's audit and risk committee is responsible for oversight of the group's information technology (IT) governance. IT governance and strategy development are effected through the new IT steering committee, while day-to-day management of the group's IT infrastructure and systems rests with a number of management committees across the group. The steering committee reports directly to the audit and risk committee as recommended in King III.

During the year, a group chief information officer was appointed to manage the group's IT infrastructure and systems.

The IT steering committee has been tasked by the audit and risk committee to develop a group-wide IT governance framework. In addition, the steering committee will report into the group audit and risk committee bi-annually on the following key areas:

- IT risk management
- IT investment
- Information security

IT governance structures will be developed further during the 2012 year. Once fully operational, the group's internal auditor will provide assurance to management and the audit and risk committee on the effectiveness of IT governance.

Stakeholder engagement

As the concept of sustainability becomes entrenched in the wider Basil Read group, management is focusing on a more formalised stakeholder identification and engagement process. While we have long been committed to complete transparency for our shareholders, we are extending this to all stakeholders, acknowledging that their input and support are invaluable in our continued progress.

As part of this process, during the year, we introduced open days and roadshows. These were extremely well received by all stakeholders. The open days involve members of our executive management team hosting a mixed group of stakeholders at a range of sites in our various divisions, giving them the opportunity to interact with Basil Read management and learn more about the group's operations. During the year, sites visited included the Jwaneng Mine in Botswana and Impala Platinum's new shaft developments in Rustenburg.

Basil Read's business is to build the roads, bridges and power stations on which our economy and our society depend. Our 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.

Construction sector BBBEE scorecard

As a sector, we believe the codes of good practice on broad-based black economic empowerment for the construction sector (the construction charter) implemented in June 2009 are addressing 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.

Basil Read is committed to the transformation of the South African 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 future.

To drive this process in all Basil Read entities, a dedicated transformation performance monitoring manager was appointed in 2010.



Our people

Social performance

Basil Read takes great pride in its history as a competitive employer, consistently contributing to improving skills in the construction sector to meet the demands and challenges of the future. Over almost 60 years, Basil Read has become a leading local construction and engineering group – largely due to its highly regarded and talented staff. These are also the people behind the group's staunch commitment to innovation, quality and service excellence.

To retain this talent base, we developed and introduced a number of key drivers in 2011 to ensure sustainability over the longer term. Broadly, these are talent management and succession planning, combined with appropriate training and development, remuneration benchmarking and performance recognition. Our dedication to recognising and developing individual

potential, equality and performance-based advancement is coupled with a broader objective of contributing to the growth of the sector through the exchange of skills and transfer of knowledge.

In 2011, the group recorded revenue of R6,2 billion with a record order book extending beyond 2013. Given our rapid expansion, we understand the need to develop a sustainable pool of skills to meet these commitments.

At year-end, the group had 6 493 permanent employees. 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, human resources 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.

With an annual investment of over R20 million in training and development (direct spend excluding time, travel or accommodation costs), our group spends almost double the leviable amount – as defined by the construction sector scorecard – on related initiatives. These range from executive and management development, to learnerships, adult basic education and training (ABET) and various mentorship programmes. Around 70% of this amount is allocated to individuals from disadvantaged backgrounds.

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 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.

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. Of the existing bursars, 19 qualified at the end of 2011 and have taken up permanent employment in various parts of the group.

Quantity surveyors play an extremely important role in this industry, but they are becoming a very scarce profession. While the quantity surveying industry seems to attract a large number of black women, the challenge appears to be long-term retention of these candidates. Basil Read is taking steps to encourage people in this direction through its bursary programme aimed at both universities and universities of technology, raising

Basil Read bursary programme

Discipline	Number of candidates	Male	Female	Qualification
Civil	29	22	7	NDip civil engineering (2 females, 7 males) BSc civil engineering (5 females, 13 males) BTech civil engineering (1 male) BTech structural engineering (1 male)
Mechanical	3	3	–	BSc mechanical engineering
Mining	1	1	–	BSc mining engineering
Quantity surveying	12	7	5	BSc quantity surveying (4 females, 5 males) BTech quantity surveying (1 female, 2 males)
Chemical/ process	3	2	1	BSc chemical engineering (1 female) BSc process (1 male) BSc metallurgy (1 male)
Construction/ building	8	3	5	BSc construction management (2 females) NDip building (1 female, 4 males) BSc housing and development (1 male)
BCom	2	2	–	BCom general HR
Social sciences	1	1	–	BSocSci
Accounting	1	–	1	BTech
IT	1	1	–	NDip
Total	61	42	19	

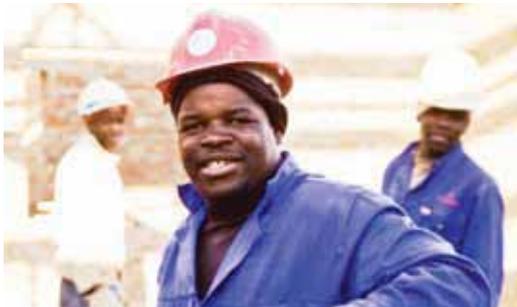
Sustainable development

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).



awareness and on-site training to encourage people in the company to become quantity surveyors.

Given prevailing conditions in the construction sector, we have suspended our bursary programme for 2012 and will review this when markets improve.

Basil Read Training Academy

The group's industry-leading in-house programmes and learnerships offer a strategic combination of theory and practical on-site experiences under the aegis of the Basil Read Training Academy.

With a strong focus on technical training, the academy is setting new standards in training in the civil and building construction sectors. Potential candidates for learnerships are sourced from institutions for further education and training (FET). The selection process is rigorous, enabling Basil Read to select the best-possible candidates, and the results reflect the success of the candidates on these programmes.

Recognising the shortfall in official foreman training, Basil Read has introduced two much-needed courses. For students, there is a foreman development programme (NQF level 4) and for those already in the field, the foreman programme (NQF level 5).

This year sees the completion of the first students (NQF 4) and 16 will join Basil Read. Following the decision to ensure cross-discipline exposure, each student has been exposed to all the divisions in construction and mining.

The academy also offers artisan training (carpentry) in conjunction with the Construction Education and Training Authority (CETA), a three-year programme with an NQF level 3 equivalent qualification.

Basil Read's engineering subsidiary, TWP, initiated an in-house draughting training programme some years ago, and more recently decided to create an accredited facility. After an intense, almost two-year process of developing content and fitting out a facility, this is now a fully accredited resource under the Construction SETA, offering training at NQF level 3. TWP is thus able to ensure a well-qualified supply of draughting staff of the highest calibre. To date, TWP has trained more than 30 learners from disadvantaged technical high schools and many are now employed in its draughting office.

A new multi-function training facility has been constructed as part of the Basil Read Campus in Boksburg, Gauteng. This sophisticated facility will offer real-time training to sites across South Africa and even those outside its

borders. This year will see the roll-out of many programmes to further support the group's strategic direction.

NQF 4 foreman development programme
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 divisions in their first and second years, students can specialise in any of the group's divisions in their final year.

While addressing the shortage of middle managers in our industry, this course also empowers learners in other fields.

Sustainability CONTINUED



NQF 3 learnership programmes

In 2010, 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 those cities, based on the recommendation of each school's life orientation teachers. Basil Read tested the top 30 candidates from this group and enrolled 14 on the carpentry apprenticeship and two on 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.

NQF 3 health and safety learnership

Recognising the need to develop our existing safety representatives and safety officers from the building division, we put 19 through laboratory tests and specific psychometric assessments. We enrolled the top 12 on the NQF 3 health and safety learnership, which was started in May 2011. They attend theoretical training for three days every month at Tjeka Training in Henley-on-Klip. The learnership is a two-and-a-half-year programme.

NQF 5 management learnership

Given the work being done at NQF levels 3 and 4 with the foreman development programme, we identified the particular need to develop the skills of our existing general foremen and site agents and to upskill our

junior foremen who completed the NQF 4 learnership. We started the programme in March 2011 with 10 students.

Adult basic education and training

Basil Read has offered formal adult basic education and training (ABET) courses for three years now. We are working with accredited providers, employees and members of our communities so that participants can 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.

Learnership programmes

Course	Start date	Number	Programme duration
NQF 3 health and safety	Started May 2011	12 students	2½ years
NQF 4 foreman development	Group 1 started February 2010	16 students	3 years
	Group 2 started June 2010	16 students	3 years
	Group 3 started September 2010	16 students	3 years
NQF 4 internal foreman	Group K started May 2011	9 students	3 years
NQF 5 management programme	Started March 2011	10 students	3 years

ABET courses and participants are identified on starting up a site and, where there are sufficient participants, ABET training is put in place. The ABET course duration is 12 months or until the candidate is competent.

Best employer certification

The CRF Institute has certified Basil Read as a best employer for 2011/12. The CRF Institute is an international research and media group specialising in human resources, strategy and leadership research that works with blue-chip and Fortune 500 clients around the globe.

For an organisation to be awarded this accolade, the CRF Institute administers a survey into the formal and informal policies and practices currently used in the organisation and benchmarks these against a body of international research. This survey is completed by the human resources executive team. Our goal was to achieve CRF certification of the policies and practices that form the framework under which our people are managed and led. Basil Read therefore elected to go through a human resources management and policy audit, earning certification as a best employer because over 100 policies and practices either measure up to or exceed international standards of best practice.

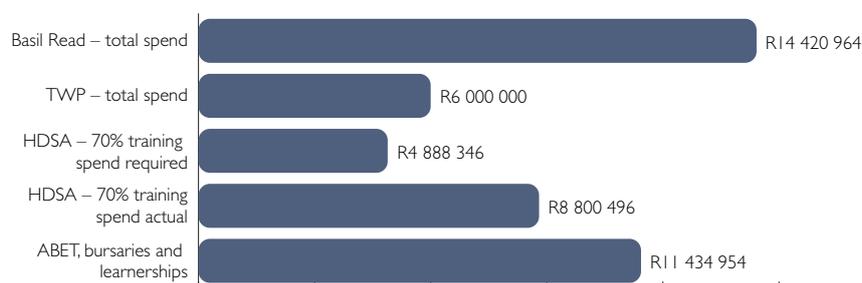
This is just one of our initiatives aimed at delivering a superior employment experience to staff to better align to organisational objectives, improve productivity and margins, and secure the profitability and sustainability of our group in years to come.

Proactive career development

The Basil Read centres of excellence focus on remuneration and reward, ensuring competitive remuneration practices across the group, consistent agreements and employment practices, talent management and development. The annual talent audit provides insight into the depth and spread of skills and ensures a strong succession pipeline.

These centres of excellence are tasked with developing best-in-class processes, staying abreast of new trends, analysing data, understanding trends and developing responses to new directions. They allow the company to better understand, manage and enhance its people capability. Given the diversity of businesses and technical disciplines

Group training expenditure (R)



within the group, Basil Read is able to offer staff not just a job but a career and the focus has thus been on building career maps, allowing employees to better manage their careers.

Technical development is a particular focus of the centres of excellence given that the strength of technical skills in the group is a strategic advantage. The company supports employees in furthering their technical education or project-management qualifications. All technically qualified staff are encouraged and supported to attain their professional status. Employees also have the opportunity to be seconded to any one of Basil Read's numerous subsidiaries and can move between divisions within the company. This ease of movement is important to enable our people to obtain their professional registration and build experience that supports promotion.

An online performance recognition system was designed in 2011 and is being rolled out across the business, the first year of assessment being 2012. This system focuses on group, divisional and individual performance and is aimed at driving business success, and complementing and supporting the talent audit process.

Transformation initiatives are focused on developing and growing talent internally to take up more senior positions to better reflect the demographics of the regions in which we operate. In this respect, we have made great strides in not only developing a pipeline of people but also identifying talent early and developing and promoting staff internally.

Our employee relations initiatives ensure a consistent approach when dealing with staff, focusing on fair processes and procedures.

Adjacent to the Basil Read Campus, the new multi-function training centre will offer real-time training to sites to take training down to site level (both virtually and through e-learning).

Basil Read's ability to attract and retain talent is, in large part, due to the fact that it offers employees a multi-faceted career in the group, competitive remuneration packages and generous bonuses for high performers. We aim for a staff turnover rate of under 10% – at year-end, this was around 6%, underscoring the effectiveness of our retention strategies.

The group recently introduced E-Serve, an employee and manager self-service system that gives our people easy access to payslips, leave applications, updating of personal details and résumés, and an online performance-management system. Managers are able to search a database for particular skills and experiences, have access to a dashboard containing critical people metrics and have access to team calendars, salary, performance and talent information, as well as being able to consolidate information across the group from one central system. Cognisant of the fact that a significant number of our people are on site and without access to computers, salary information can be received and queries raised through E-Serve via sms. We are also able to track turnaround on queries and requests.

As part of the process of continuous improvement, during the year, we commissioned independent follow-up reviews to internal audits conducted in earlier years (human resources in 2010 and payroll and wages in 2009). The objective was to ascertain the extent to which Basil Read had implemented action plans to address the findings of these audits. The 2011 review found that over 80% of the findings on human

Sustainability CONTINUED

resources had been adequately or partially addressed. Steady progress is being made on closing the few gaps in the payroll audit.

We are incrementally 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 people stewardship and sustainable development into every facet of our business.

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.

Employee 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 assisting sites to manage any disciplinary action or grievance as laid out in the policy, and raises 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.

Training on employee relations has been added to the foreman development programmes and candidates are required to write an exam and pass with 80% or more.

Black economic empowerment and employment equity

Basil Read fully supports the objectives of South Africa's Broad-Based Black Economic Empowerment Act 53 of 2003 and its associated codes of good practice. Since 2009, the group has reported against the statutory construction industry scorecard, 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 (Pty) Ltd is a level 3 value added (135%) 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.

Bolstering the role of women in construction

Because Basil Read believes in empowering women in the construction industry, we partnered with Khuthaza to take a group of black female engineers on a site visit to our waste water treatment plant construction in Sunderland Ridge in Centurion to broaden their career experience.

As a non-profit organisation, Khuthaza interacts with government, industry role-players and other stakeholders to initiate and encourage transformation. Its programmes are aimed at developing talent and contractors regardless of whether the women are students or professionals. Much of Khuthaza's work falls under enterprise development. Through its contractor development programmes, for example, it is empowering women for entry and development in the construction industry. The programme provides participants with skills, exposure, networks and knowledge to improve their own companies and efficiency in the industry.

Exposing participants to large construction projects is a crucial learning tool. Khuthaza and Basil Read are therefore working together to develop the capacity of the industry through contractor development and practical experience.

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) Ltd 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

During the year, Basil Read (Pty) Ltd and TWP Projects (Pty) Ltd were independently ranked as level 3 broad-based black economic empowerment contributors, and value-added suppliers (enabling clients to claim 135% of every rand spent with these companies towards their own BBBEE rating).

We also made progress on transformation within the group when TWP launched its profit-share scheme for employees, which has driven significant growth and has again been approved for the current year.

Training transforms schools

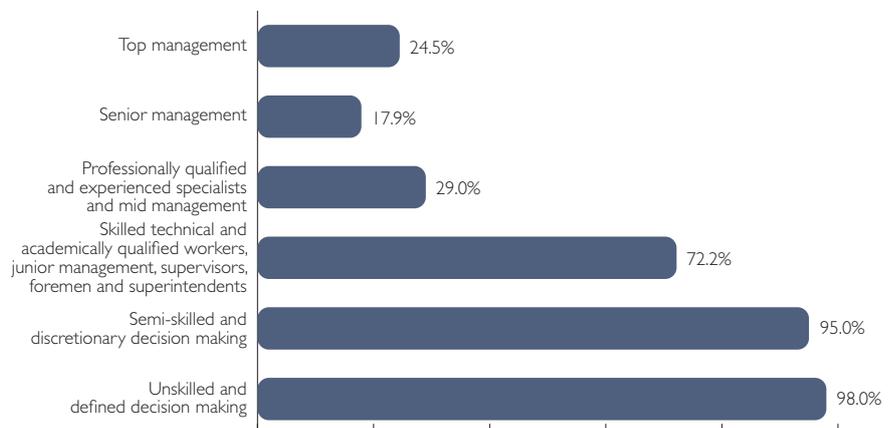
For Roadcrete Africa, an initiative that started as a contract requirement for the expanded public works programme has become an unparalleled success benefiting an entire community.

As part of the Malibongwe dual-carriageway upgrade in Randburg, Roadcrete has also concluded a comprehensive training programme that has equipped hundreds of local community members (previously unemployed) with the skills to find long-term employment.

Over 130 beneficiaries attended various courses, covering individually selected training modules from NQF level 1 to 3. Almost half the learners were subsequently employed by Roadcrete. Training beneficiaries received a stipend for each day they attended skills courses, which included theoretical training and practical on-site experience rebuilding dilapidated local schools. This was supported by essential life skills training such as personal finance, health and HIV awareness.

This approach ensured the safety and personal development of learners while equipping them with skills that can be used to secure jobs and identify possible long-term career paths.

Percentage of HDSA per occupational category



Safety and health

In keeping with international best practice, Basil Read's risk, safety, health, environmental and quality practices have been incorporated into a transversal SHERQ division. This ensures a risk-driven approach to safety, health and environmental practices on project sites and the incorporation of all these activities into the quality management system for the consistent maintenance of quality standards.

The SHERQ approach supports the governance requirements of guidelines such as King III and the Companies Act 71 of 2008 and forms the basis of the integrated certification of the Basil Read group under the international ISO 9001, ISO 14001 and OSHAS 18000 standards. Both project and operational risk are managed according to the ISO 31000 guideline on risk, ensuring Basil Read remains at the forefront of managing risk – both on an enterprise level and within projects for our clients.

We believe 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.

Basil Read successfully completed the NQA surveillance audit and retained its certification for ISO 9001, OHSAS 18001 and ISO 14001 with the fewest findings recorded in the company's history. The certification audit is scheduled for November 2012.

In August 2011, Basil Read Mining/Blasting & Excavating achieved ISO 9001, ISO 14001 and OHSAS 18001 certifications, underscoring their total alignment to the group and commitment to compliance.

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 improvement plan for the group is closely

Safety achievements during the year

In the review period, significant working periods free of lost-time injuries were recorded by:

- | | |
|--|-----------------|
| – Wesiswe-Ledig project | 459 days |
| – Chambishi CuSep | 240 days |
| – Kumba bucket and bowl | 198 days |
| – Kumba housing and infrastructure | 378 days |
| – Grootegeluk plant workshop | 800 000 hours |
| – Thembelani 2 shaft project | 277 days |
| – South Deep | 177 days |
| – LoM Hydromet process plant | 257 days |
| – Impala 17 | 350 days |
| – Cut 8 contract mining | 1 million hours |
| – Venetia drill and blast | 1 million hours |
| – Goldfields Metallurgical plant upgrade | 1 million hours |
| – TWP Sishen Kumba projects – various | over 1 000 days |
| – TWP's Impala shaft 17 team recorded one million fatality-free shifts worked, translating into 8,5 million fatality-free hours worked, with 50 companies involved on site | |
| – TWP process and mining projects recorded zero fatalities for 2011 | |

Safety milestones during the year

- We have established a safety executive committee with representation across the group to ensure standardisation and to initiate and drive our strategic plans in 2012.
- In the buildings division, our Trompsburg site won the Master Builders Association trophy for best safety achievement in the Free State.
- Various sites received client awards for no lost-time injuries
 - working a cumulative 450 days without a lost-time injury.



monitored through monthly feedback to the chief executive officer and senior executives. Any identified shortcomings are immediately addressed and incorporated as goals for continual improvement.

Safety

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

The group regularly introduces and drives training and information initiatives aimed at increasing awareness of occupational health, safety, environmental and quality among subcontractors, management and our employees.

As a group, Basil Read has adopted the slogan *because we care*. This is being rolled out in 2012 to reinforce our commitment to SHERQ and all related elements. The cornerstones of this approach are care, innovation and excellence.

At TWP, this initiative was fully implemented during the year at all process and mining projects, with a total of 938 observations submitted during this period. Analysis of information reaffirms that most incidents are related to unsafe acts caused by human behaviour.

Safety posters highlighting a specific topic are distributed throughout the company each month to ensure ongoing safety awareness and serve as discussion topics with employees during toolbox talks.

The health and safety support function in the group gained new momentum during the year with the continuous behaviour-based safety training programme now implemented on 52 sites throughout South Africa. The Basil Read induction booklet and DVD were revised and are being distributed to the various sites for implementation in 2012.

In recent years, the disabling-injury frequency rate (DIFR) has dropped from 0,58 in 2009 to 0,43 in 2011. While this falls short of the target set at 0,3 for the review period, it does show a marked improvement on results for 2010:

- Lost-time injuries down from 54 to 32.
- Reportable incidents down from 14 to 10.
- Fatalities down from five to one.

The recorded fatality happened during an operator changeover at our Sierra Leone project, when an unauthorised person operated a bulldozer causing the death of the actual operator. The site was closed and the necessary corrective and disciplinary measures put in place before work resumed.

At TWP, the DIFR dropped from 1,18 in 2010 to 1,13 in 2011:

- Lost-time injuries down from 44 to 40.
- Reportable incidents were flat at 17 for 2011.
- Zero fatalities for 2010 and 2011.

Understanding that over 90% of all accidents are caused by human behaviour, decreasing at-risk behaviour remains 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 and continuation 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 from the top down and bottom up throughout the company. Wherever possible, safer practices are adopted and lessons learnt shared across the group.

Sustainability CONTINUED

The zero-harm approach extends to our subcontractors. A permit-to-work system was introduced 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.

Compliance

Statutory and internal compliance is monitored monthly through legal compliance audits, internal and group audits. Against a target of 90% compliance, SHEQ group audits recorded an average of 84%, and legal compliance audits an average of 90%. The target for 2012 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 also certified to ISO 14001:2007 standards, a global benchmark of environmental 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

The induction process has been streamlined to ensure that all new employees are firstly

inducted through our human resources system and then on site for site-specific induction. 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.

A Flagman training DVD has been developed to assist our remote sites in ensuring traffic safety is maintained throughout each project.

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

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.

In recent years, we have 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.

Results of specific objectives set for 2011

- Adopting international reporting standards – this will now take place in 2012.
- 100% compliance with the Basil Read safety and environmental legal audit results – average achieved was 90%.
- 90% compliance with the Basil Read SHERQ management system group audit results – average achieved was 84%.
- At least 90% score on resident engineer assessments – average achieved was 84%.
- Average 90% score per site on client assessments – average achieved was 87%.
- Entrench behaviour-based safety – programme rolled out to 52 sites.
- Safety DIFR of less than 0,3 – as a group we achieved 0,43.
- Improving subcontractor compliance with Basil Read's SHERQ requirements. Subcontractors are audited monthly and a permit-to-work system has ensured their legal compliance prior to starting activities.

Objectives in 2012

- Adopting international reporting standards.
- Continuous improvement of the SHERQ management system.
- 100% compliance with Basil Read safety and environmental legal audits.
- Minimum of 90% compliance with the Basil Read SHERQ management system group audit.
- Resident engineer assessments – minimum score of 90% per assessment.
- Client assessment – minimum score of 90% per assessment.
- Continuous reduction of DIFR to a target of less than 0,1.
- Reviewing our subcontractor evaluation system for effective management and feedback into the estimating process.
- Introducing client expectation questionnaire.

Environment

Highlights

- Basil Read retained its ISO 14001 accreditation in 2011.
- TWP received ISO 14001 accreditation in March 2011.
- Group carbon footprint for 2011 determined.
- Group signed an energy-efficiency leadership network pledge.
- Green building design at new head office.

The group's commitment to green building extends to the intelligent design of the Basil Read Campus buildings, which will house all construction and mining divisional staff and subsidiary companies at the head office in Boksburg. Although the buildings have not yet been officially rated by the Green Building Council of South Africa, they encompass world-class green building standards.

The campus buildings are positioned on a north-south orientation to maximise the use of natural light and for optimum efficiency when options such as solar power are implemented. All buildings use solar heaters for hot-water supply. Glazing (high-performance double glazing) has been limited to the eastern and western facades to minimise solar heat gain into the building, reducing the workload on the air-conditioning system.

The building has been designed to be more energy efficient than standard commercial office buildings by using:

- A high ratio of external glazing to reduce dependency on artificial light.
- Large overhangs to shade glazing as far as possible.
- Motion-operated light sensors.
- Energy-efficient light fittings.

To save water, toilets are fitted with dual-flush systems; taps are electronically operated to supply required amounts only. Rainwater from the roof and groundwater from the subsoil drainage system is collected in storage tanks in the basement and used for irrigation, alleviating pressure on the municipal water supply. In the landscape design, we planted only indigenous flora and succulents to minimise water use. The inclusion of basement levels has reduced surface parking and increased the amount of landscaped and green spaces around the building. This ultimately reduces hard surfaces, solar radiation and stormwater runoff.

Maintaining international standards and compliance

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 Rolling Hills.

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 the Basil Read group

In 2011, the group initiated an independent assessment of its baseline carbon footprint. This was compiled according to ISO 14064:1 standards, as well as Greenhouse Gas Protocol guidelines (www.ghgprotocol.org), and covered only activities over which Basil Read has control. By applying these principles, the greenhouse gas (GHG) inventory constitutes a true and fair representation of the company's GHG emissions.

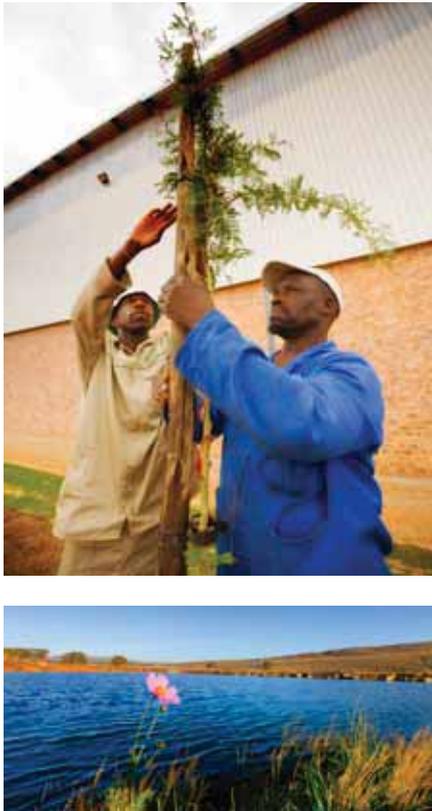
In line with international best practice, data was collected on direct emissions (Scope 1), energy indirect emissions (Scope 2) and other indirect emissions (Scope 3). Direct emissions are those from sources owned or controlled by the company. An indirect GHG emission is the consequence of the company's activities but occurs 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.

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

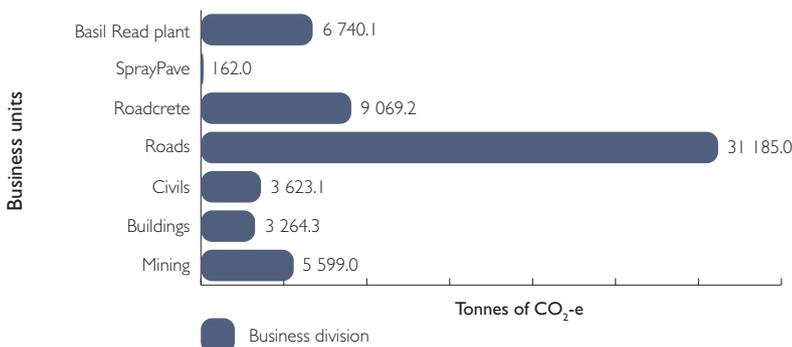
- Scope 1: fossil fuel consumption – diesel, petrol.
- Scope 2: use of national grid electricity.
- Scope 3: business travel (road and air).

Sustainability CONTINUED

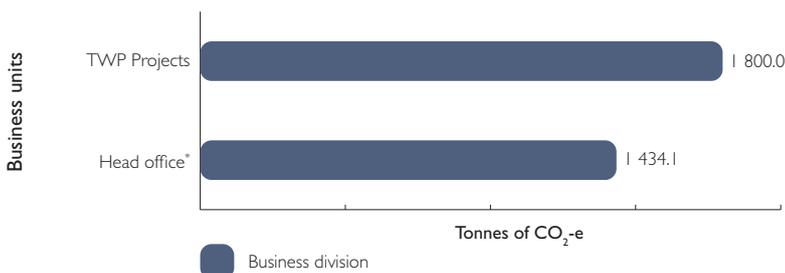


Scope 1 and 2 emissions of divisions in Basil Read

Temporary operations – Scope 1 and 2



Permanent operations – Scope 1 and 2



The 2009 baseline carbon footprint was calculated at 76 736 tonnes CO₂-e, with an emissions intensity of 16,46 tonnes CO₂-e/RI million revenue. The 2011 carbon footprint has increased to 222 092 from 2009. This is directly attributable to including Scope 3 emissions in the 2011 figures. In addition, there was a 46.2% CO₂-e/RI million revenue increase in tonnes from 2009.

The breakdown of emission sources is shown below. Given the dominance of surface mining and roads and earthworks in group operations, the entities with the highest emissions are our roads division (39%) and Basil Read offices (26%) which includes subsidiary companies. The Basil Read operations are divided into permanent operations (offices) and temporary operations (construction sites) as shown alongside.

* Head office includes Basil Read, Durban, Valente Brothers and Newport Construction offices

Year	Emission intensity	
	Employee intensity	Financial intensity
2009	16,65	16,46
2011	39,30	36,65

Overall emission scopes and emission sources of Basil Read

All emissions



- Scope 1 – 28%
- Scope 2 – 2%
- Scope 3 – 70%

Emission sources – Scope 1 and 2



- Diesel – 92%
- Petrol – 2%
- Electricity – 6%

The results of the 2011 carbon footprint have highlighted Scope 3 activities (road travel and air travel) as the largest contributor. The major emission source is directly and indirectly associated with burning fuel (diesel and petrol). Business travel increased significantly in 2011 compared to 2009.

Effects of climate change

Global climate change has been identified as a risk where detrimental weather events and temperature extremes will have a direct effect on our construction operations, rendering sites unworkable (flood events) and affecting

the health and safety of our workforce. Our operations in the civils, roads and buildings divisions particularly are highly vulnerable to short- and long-term effects of climate change.

As the group is a significant contributor to greenhouse gas emissions (including mining operations), these impacts are identified and reported in group risk registers. Managing these impacts is carried out at source (operational construction sites).

Although not solely attributed to climate change effects, risks associated with extreme weather are factored into our risk analysis and response; this is reflected in the risk assessment at each of our operations and updated as risks become more prevalent. In addition to risk assessments, an early-warning weather system is being successfully used by the roads division. This has proved useful in managing working times and conditions in light of extreme weather (heavy rains and potential for flooding) that directly affects production.

Basil Read is interacting directly and indirectly with policy makers to encourage further action on mitigation and/or adaptation. This includes representation on several groups providing input and advice on sustainable practices in business:

- Institute of Directors' sustainable development forum: a multi-disciplinary team of experts aiding the business sector on sustainable development practices by drafting and distributing position papers ranging from business response to climate change to ethical business practices.
- Climate leadership programme: this is a Germany-funded initiative encouraging south-south interaction between South Africa and Indonesia to cultivate the climate leaders whose interaction will aid in developing sustainable solutions for climate change in the cities of emerging countries.
- National Business Initiative: voluntary group of leading national and multinational companies, working towards sustainable growth and development in South Africa through partnerships, practical programmes and policy engagement through evidence-based experience and research in key areas.

Objectives in 2012

- 10% carbon footprint reduction across the group.
- 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 and include LPG gas), environmental incidents/achievements and community initiatives.

Quality

Internal audits are conducted at sites throughout the year on the effectiveness of the group's quality assurance system, based on the requirements of ISO 9001:2008. Against a target of 90% compliance, the quality group audits recorded an average of 85%.

The yearly surveillance audit for OHSAS 18001, ISO 14001 and ISO 9001 was conducted in November 2011 over a five-day period. All three audits had positive outcomes, with only a few minor non-conformances recorded, and continued certification to all three standards confirmed.

Objectives in 2012

- Roadcrete aims to obtain ISO 9001 and OHSAS 18001 certification.

Corporate social investment

Go for Gold

Given the urgent need to develop a healthy skills pool in the construction environment, Basil Read has supported the Go for Gold initiative over the past two years. To date, the group has contributed over R1,5 million.

Go for Gold, a non-profit organisation, was launched in 1999 to increase the number of qualified, suitably equipped young people from disadvantaged communities to enter the engineering, building and construction industries. The programme, comprising four integrated phases, aims to build confidence, develop skills and empower young people through education, training and mentoring so that they may find employment in the built environment. In phase 1, grade 11 and 12 pupils attend tutorials for mathematics, science, life skills and computer skills. Phase 2 involves a one-year job shadowing/ internship, incorporating essential building programmes. In phase 3, students complete their tertiary education or learnership in preparation for their careers, and phase 4 marks the start of permanent employment. In addition to addressing the critical skills required to progress to the next phase, the programme includes life skills, communication training and mentoring.

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, they are able to obtain a qualification, gain permanent employment, and become role models in their communities and schools.

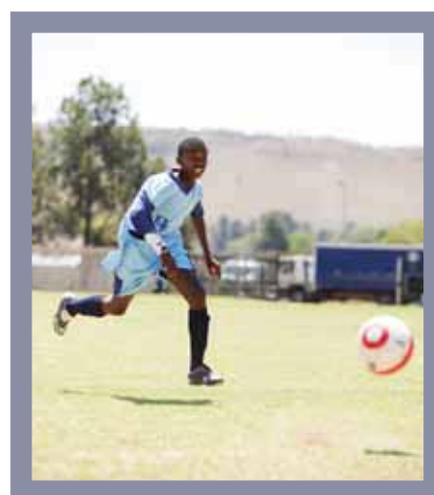
The built environment, in turn, benefits from highly motivated, suitably equipped candidates and new talent entering the field.

Eleven students were assisted with tertiary bursaries in 2011. This was directly due to the Basil Read donation as the Go for Gold bursary fund would only have covered the cost of two bursaries. The group's contribution also covered two weeks of basic induction training at the beginning of the gap year in 2012.

For Basil Read, corporate social investment is more than just a responsible business practice – it is about investing in the future. The group, which has a long history of aligning itself with meaningful and sustainable programmes that leave an enduring legacy, is committed to forming significant and lasting partnerships with its beneficiaries. With its ongoing support aligned to its core business objectives, Basil Read aims to make a difference in the lives of the communities in which it operates.

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 wellbeing 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.



A home of her own

In November 2011, Basil Read improved the quality of life for Ntombilezi Phungula, or Mama Phungula as she is affectionately known, when she was handed the keys to her new home in KwaDumisa by President Jacob Zuma.

Despite severe hardships, including a massive stroke in 2004 that left her paralysed and bedridden, Mama Phungula has devoted herself to supporting her six orphaned grandchildren. They shared a self-built one-roomed rondavel in the remote area of KwaDumisa, solely on a state old-age pension.

Mama Phungula was selected as a beneficiary of an upliftment project by the Jacob Zuma Foundation, which addresses the needs of the most impoverished members of the rural community in line with its mission statement of breaking the cycle of intergenerational poverty. Touched by her plight, Basil Read Construction, in association with the foundation, funded and constructed a new home for Mama Phungula and her grandchildren.

As we believe we can make a real difference for fellow South Africans living in impoverished circumstances, we established the Basil Read corporate social investment (CSI) project for KwaZulu-Natal. We are investing the bulk of our social investment resources in initiatives where it will have the greatest impact.

Basil Read is also in the final stages of completing a new primary school in Jozini, northern KwaZulu-Natal, where children attended classes in dilapidated mud structures belonging to a church group. In conjunction with the provincial department of education, Nondabuya Primary School was identified as a beneficiary of the group's CSI project. The school will be ready in March 2012 and, as with Mama Phungula's home, the work was undertaken by a local contractor under the supervision of Basil Read. The new school will benefit 270 children and teachers, and incorporated sustainable building elements to make it warmer in winter, cooler in summer and capable of recycling rainwater for irrigation.

By focusing on areas where we have real strengths – schools and housing developments – we aim to measurably improve living conditions for the rural poor through a strategic bias towards select rural development projects.

Health

Many employees contribute in their personal capacity by volunteering time, cash donations or participating in individual fundraising efforts. One of Basil Read's subcontract administrators participated in a gruelling 1 188km marathon expedition over 19 days for the Sunflower Fund. This organisation

raises funds and awareness for the plight of those suffering from leukaemia and other life-threatening blood disorders. The Basil Read group and several staff members contributed towards this expedition, raising R65 000.

The group also supports other health-related initiatives, including:

Highlights

- Cornell University students design Cosmo City crèche.
- Strong support for education initiatives.
- Empowering entrepreneurial women.



- CHOC (children's haematology oncology clinics) provides direct practical help to children with cancer, from diagnosis stage: the group sponsored an employee who completed the CHOC Cows cycling fundraiser.

Sustainability CONTINUED

Skills development

Women in the construction industry

Basil Read believes in empowering women in the construction industry and recently partnered with Khuthaza to take a group of 70 emerging female engineers on a site visit to the Sunderland Ridge waste water treatment project. This broadened their career experience and gave them valuable insight into construction work in progress.

As a non-profit organisation, Khuthaza interacts with government, industry role-players and other stakeholders to encourage change, partnership and transformation. Through a number of initiatives, it contributes to creating a foundation for sustainable change. Khuthaza's programmes are aimed at women who are students or professionals to develop talent and contractors. It also hopes to build bridges through industry facilitation, advocacy, information dissemination and support.

A great deal of Khuthaza's work falls within the scope of enterprise development, particularly through its contractor development programmes. In 2011, Basil Read's financial and technical support played a significant role in these programmes, particularly important in a sluggish economy when it is difficult for emerging contractors to gain exposure to practical on-site experience.

One of the components of the programme is to expose the participants to large construction projects, and build networking opportunities. The partnership between Khuthaza and Basil Read will see the companies working together to invest in the capacity of the industry through contractor development, building on the willingness of established companies to share their time and skills with emerging contractors.

During the site visit, a senior contracts manager from Basil Read fielded delegates' questions on concrete placing, construction methodology and, more importantly, opportunities for emerging contractors in South Africa.



Education

US students create Cosmo City's first sustainable crèche

Education Africa, a non-profit organisation aimed at providing disadvantaged South Africans with an opportunity for better education, invited students from Cornell University in New York City to design and build the new crèche in Cosmo City. With over 70 000 expected residents, a formal childcare centre for Cosmo City was identified as a pressing need and will enable trained educators to implement early child development programmes.

During the research phase, the Cornell team consulted with educators, visited landmark crèches in Gauteng, and encouraged participation from local community members in actual construction or in outreach activities, such as mural painting, gardening, playground building, finishing and landscaping.

In addition to the design, the Cornell students raised US\$170 000 for the project.

Already actively involved in bringing Cosmo City to life, from planning and construction, right to fruition, Basil Read assisted the student team with construction management; it also provided on-site safety measures, transport and construction supervision.

To manage costs effectively, Cornell sent 30 volunteers to work with local workers, community members and skilled craftsmen. The new crèche was designed around the principle of sustainability, cooling and heating naturally without excessive electricity use for lighting and temperature control. Materials used create employment opportunities through non-mechanised production techniques using small amounts of electricity. The crèche was completed in August 2011 and opened in January 2012.



Doxa Deo Foundation

In a new partnership with the Doxa Deo Foundation, Basil Read committed to contributing to the education funds of two of its education institutions for 2011. The foundation represents a number of non-profit organisations committed to uplifting vulnerable children through educational programmes and other welfare and development initiatives.

Basil Read has contributed to the operational costs of the POPKids Crèche based at POPUP skills development centres and the Doxa Deo Edendale School in Mamelodi.

POPUP is a skills development programme based in Salvokop, a community on the outskirts of Pretoria largely characterised by poverty and other social challenges. Recognising the significant need, particularly in the lives of young children, this organisation established POPKids to care for children as young as 12 months up to five years. The POPKids facility can accommodate up to 77 children daily in a safe and loving environment. A holistic development programme has also been established to develop and stimulate children spiritually, emotionally, educationally, physically, psychologically and socially. The programmes are built on a structured routine that provides security and stability for the children. In addition POPKids also provides two healthy meals per day, weekly occupational therapy sessions, clothing, free medical services and extra food parcels to families in need.

The crèche cares for inner-city children, providing healthy meals, clothing and medical services, and its programmes are designed to stimulate educational, emotional and spiritual development.

The Doxa Deo Edendale School comprises a primary and high school, as well as the Makhulong child and youth care centres. The school has 670 children enrolled, all from previously disadvantaged communities. Often these children have faced severe poverty and sometimes extreme abuse. The youth centres also provide two foster homes for around 20 children. In June 2011, Basil Read staff members assisted with building renovations at the Edendale school – the first of many planned participation days.

The Doxa Deo Makhulong Children's Homes is another of the initiatives that Basil Read contributes to as part of its corporate social investment. In this instance, the group contribution was used to pay school fees and fund other activities to improve the lives of these children.



Ambassadors in sport

Bringing hope and opportunity to youth through football is the primary goal of the global Ambassadors in Sport initiative. Basil Read has been involved with the South African project since 2008.

A community-based non-profit and public-benefit organisation, the flagship project is the Hope Academy programme being run across South Africa. These projects are intensely focused on helping disadvantaged children reach their full potential both on and off the football field.

This year, Basil Read made a commitment to support the organisation on a monthly basis,

with the specific goal of developing a new Hope Academy in Mamelodi. Ambassadors in Sport has been conducting a feasibility survey in the township and conducting community football events. In August 2011, several Basil Read staff members participated in the Ambassadors in Sport Match for a Day to help raise awareness and additional funds for this initiative.

Basil Read funding was used to support a coaching clinic for over 100 children, an ongoing weekly football programme and an annual football tournament for a dozen community teams.

The broader group

Some Basil Read subsidiaries also have active CSI programmes under way, although an increasingly coordinated group-wide approach is being used. In most cases, subsidiary activities are targeted at specific needs in local communities.

Basil Read Mining

De Beers Venetia mine, together with one of its contractors, Basil Read subsidiary Blasting & Excavating, helped renovate the local Alldays Combined School, working with members of the local community. This school falls in the Blouberg municipal area and has more than 400 learners.

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nr Not reported

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EN17	Other relevant indirect greenhouse gas emissions	94
CRE3	GHG gas emissions intensity from building energy	94
CRE4	Greenhouse gas emissions intensity from new construction and redevelopment activity	94
EN18	Initiatives to reduce greenhouse gas emissions, reductions achieved	94
EN19	Emissions of ozone-depleting substances	n/a
EN20	NOx, SOx, and other significant air emissions by type and weight	n/a
EN21	Total water discharge by quality and destination (planned and unplanned in m ³ /yr)	nr, 95
EN22	Total weight of waste by type and disposal method	nr, 95
EN23	Total number and volume of significant spills	nr, 95
EN24	Waste transported under terms of Basel Convention (Annex I, II, III, VIII)	n/a
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by discharges of water and runoff	n/a
CRE5	Land remediated and in need of remediation for the existing or intended land use, according to applicable legal designations	n/a
	Products and services	
EN26	Initiatives to enhance efficiency and mitigate environmental impacts of real estate and infrastructure assets, extent of mitigation	93
EN27	Percentage of products sold and packaging materials reclaimed by category	n/a
	Compliance	
EN28	Significant fines, sanctions for non-compliance with environmental laws and regulations	Zero
	Transport	
EN29	Significant impacts of transporting products, and members of workforce	95
EN30	Total environmental protection expenditures and investments by type	nr
	Social performance: labour practices and decent work	
LA1	Workforce by employment type, employment contract, gender and region	84
LA2	Number and rate of new employee hires and employee turnover by age group, gender, and region	87
LA3	Benefits for full-time employees not provided to temporary/part-time employees	nr
LA15	Return to work and retention rates after parental leave, by gender	nr

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GRI element	Topic	Page
	Labour/management relations	
LA4	Percentage employees covered by collective bargaining agreements	88
LA5	Minimum notice period on significant changes, including specified in collective agreements	nr
	Occupational health and safety	
LA6	Percentage workforce represented in formal joint H&S committees to monitor and advise on programmes	91
LA7	Rates of injury, occupational diseases, lost days, absenteeism, work-related fatalities broken down by employees, supervised employees and independent contractors	91
CRE6	Percentage of organisation operating in verified compliance with internationally recognised health and safety management system, eg OHSAS 180001 or equivalent	90
LA8	Education, training, counselling, prevention, and risk-control programmes to assist workforce members, their families or community members with serious diseases	92
LA9	Health and safety topics covered in formal agreements with trade unions	92
	Training and education	
LA10	Average hours of training per year per employee, by gender and by employee category	nr
LA11	Programmes for skills management and lifelong learning that support continued employability	85
LA12	Percentage of employees receiving regular performance and career development reviews	nr
	Diversity and equal opportunity	
LA13	Composition of governance bodies and breakdown of employees per category: gender, age group, minority group membership, and other indicators of diversity	nr
LA14	Ratio of basic salary of men to women by employee category	nr
	Social performance: human rights	
	Investment and procurement practices	
HR1	% and # of significant investment agreements with human rights clauses or human rights screening	nr
HR2	% significant suppliers and contractors screened on human rights and actions taken	nr
HR3	Total hours and percentage employee training on aspects of human rights relevant to operations	nr
	Non-discrimination	
HR4	Total number of incidents of discrimination and actions taken	Zero
	Freedom of association and collective bargaining	
HR5	Operations where right to freedom of association and collective bargaining at significant risk, actions to support rights	Zero
HR6	Operations with significant risk for incidents of child labour, measures to eliminate	Zero
HR7	Operations with significant risk of forced or compulsory labour, measures to eliminate	Zero
	Security practices	
HR8	Percentage security personnel trained in policies/procedures on human rights relevant to operations	nr
	Indigenous rights	
HR9	Number of violations involving rights of indigenous people and actions taken	Zero
HR10	Percentage and number of operations subject to human rights reviews and/or impact assessments	n/a
HR11	Number of grievances related to human rights filed, addressed and resolved through formal mechanisms	Zero

Key: n/a Not applicable
nr Not reported

GRI element	Topic	Page
	Social performance: society	
	Community	
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programmes	100%
SO9	Operations with significant potential or actual negative and positive impacts on local communities	96
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities	96
CRE7	Number of persons voluntarily and involuntarily displaced and/or resettled by development, broken down by project	Zero
	Corruption	
SO2	Percentage and number of business units analysed for risks related to corruption	72, 79
SO3	Percentage of employees trained in anti-corruption policies and procedures	78
SO4	Actions taken in response to incidents of corruption	79
	Public policy	
SO5	Public policy positions and participation in public policy development and lobbying	nr
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions	n/a
	Anti-competitive behaviour	
SO7	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices, outcomes	79
	Compliance	
SO8	Significant fines, sanctions for non-compliance with laws and regulations	79
	Social performance: product responsibility	
	Customer health and safety	
PR1	Lifecycle stages in which impacts of real estate and infrastructure assets are assessed for improvement, percentage of significant products and services categories subject to such procedures	n/a
PR2	Number non-compliances with regulations and voluntary codes on health and safety impacts of real estate and infrastructure assets (only to operation, refurbishment and demolition of assets) during lifecycle, by type of outcomes	n/a
	Products and service labelling	
PR3	Type of information required (eg building and infrastructure components and materials), % of significant products concerned	n/a
CRE8	Type and number of sustainability certification, rating and labelling schemes for new construction, management, occupation and redevelopment	90, 93
PR4	Incidents of non-compliance with regulations and voluntary codes on labelling	Zero
PR5	Practices related to customer satisfaction including results of surveys measuring customer satisfaction	90, 93
	Marketing communications	
PR6	Programmes for adherence to laws, standards, and voluntary codes	90, 93
PR7	Incidents of non-compliance	Zero
	Customer privacy	
PR8	Substantiated complaints on breaches of customer privacy and losses of customer data	n/a
	Compliance	
PR9	Significant fines for non-compliance with laws and regulations concerning provision and use of products and services	n/a