

SUSTAIN



ABILITY



Our business is about building legacies – roads, hospitals, schools – that enhance quality of life for thousands of people. Our approach is to ensure that lasting benefits reach all stakeholders touched by our activities, while minimising our impact on the natural environment.

Group overview

Management review

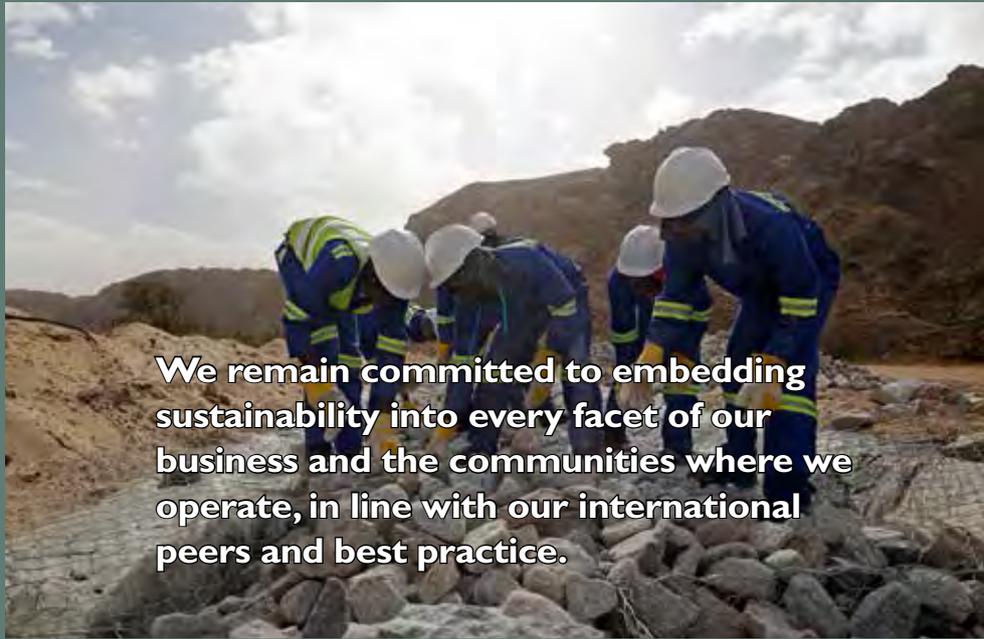
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Sustainability review – our people



We remain committed to embedding sustainability into every facet of our business and the communities where we operate, in line with our international peers and best practice.

During the year, Basil Read's expanding footprint across Africa and further afield has presented challenges in managing our human resources, both in the availability of suitably qualified people and managing across increasingly complex and diverse environments.

In line with Basil Read's strategy to review and upgrade all core business processes to improve efficiencies and controls, we reviewed our human resources (HR) systems and procedures over the past year, and initiated a process improvement programme covering all our related systems, policies and practices. This initiative is already delivering significant benefits in the way Basil Read manages its people.

An independent ISO audit report (November 2013) concluded that, "The evidence available confirms that the human resource system as developed and maintained was an effective tool for managing the competence of personnel working for Basil Read". The auditor concluded that best practice was consistently being applied and implemented and that significant improvements to this process had been realised as planned.

Importantly, systems improvements to the group's HR information management platform are facilitating greater integration with other platforms used by the group's operations as well as the reliability of real-time data. Given the increasingly complex operating environment among the group's divisions, these enhancements have improved governance and audit trails, increased competitiveness and improved decision making. Improvements to HR systems and practices will continue to take priority in the next financial year.

The construction industry is very labour-intensive, and the availability of suitably qualified and experienced people remains an ongoing challenge. Accordingly, Basil Read invests heavily in skills development, and a significant portion of training expenditure is focused on bursaries and learnerships. These initiatives are also integral to Basil Read's longer-term transformation strategies.

We also recognise that the construction industry plays a significant role in creating employment, especially in more rural regions. Where possible, the group makes every attempt to employ and develop skills for its projects from communities near its construction projects. Locally, the Olifants River water resources development project and, internationally, the St Helena airport project are prime examples of our commitment to employing and developing local resources.

While finding and developing the skills necessary for the St Helena airport project has required much planning and logistics, we never needed to halt operations because of human resources not being provided on time. This is a particularly commendable achievement by our HR teams.

Despite the significant downturn in the construction sector since 2010, Basil Read has largely maintained its skills base by investigating every option to redeploy project teams into other areas to avoid possible retrenchment. Equally, in the face of a relatively volatile labour environment across the industry over the past year, Basil Read has maintained a sound employee relations climate.



In line with our focus on taking care of our people, Basil Read ensures employees have access to an extensive range of health and wellness services. In the construction industry, employee health and safety is a continual challenge. The group's HR and SHEQ functions work closely together to ensure employee health and safety is not compromised. During the year, we established an in-house occupational health clinic to identify and assist in the case management of employee health and wellness.

Basil Read also continues to address the strategic transformation of its business through broad-based black economic empowerment (B-BBEE), employment equity and enterprise development initiatives. Basil Read (Pty) Ltd has retained its status as a level 2 value-added (125%) contributor over the past year and is actively taking the necessary steps to meet amended B-BBEE scorecard requirements for 2014. Despite the challenges, we continue to make steady progress with transformation.

Further detail of our strategic human resource initiatives is provided on the following pages.

ORGANISATIONAL DEVELOPMENT

Organisational development was a major focus in 2013. To raise the standard on human capital performance in Basil Read, a new job analysis initiative was implemented to improve effectiveness within working disciplines. Comprehensive job profiles were developed and standardised for the production function that will, in turn, optimise recruitment, succession, performance management and training strategies. Core HR systems and procedures were redesigned and implemented to ensure human excellence in Basil Read.

Going forward, the focus of organisational development will be on succession and performance management. A comprehensive succession plan will be deployed in Basil Read in which key risk positions will be identified and potential successors evaluated and developed. We also plan to implement an improved performance management strategy and system to effectively monitor, evaluate and reward good work performance.

OPERATIONS AND EMPLOYEE RELATIONS

Our capacity for managing both the operations' HR and employee relations functions was reviewed and restructured to ensure effective and efficient service delivery. Administrative capacity was increased to successfully facilitate the logistics of staffing large undertakings such as the St Helena airport project, Olifants River water resources development project and the Medupi and Kusile power stations projects.

Employee relations proved challenging in 2013, especially at the Kusile and Medupi power station projects. Industrial action affecting Basil Read was mainly due to unprotected strikes aimed at these projects in general and not Basil Read specifically. Our employee relations remain essentially sound, with no major issues raised or pending.

Training on employee relations-related matters, particularly managing disciplinary processes in a procedurally and substantively fair way, has remained a focus area for the group employee relations manager. Both site management and union shop stewards were trained, resulting in improved work relationships and a declining number of cases referred to external institutions for litigation. In addition, as a direct consequence of improved skills, referred cases were mostly successfully defended by the employee relations team.

Sustainability review — our people continued

Basil Read remained involved in industry initiatives, and formed part of the negotiations team representing employers at the SAFCEC (South Africa Federation of Civil Engineering Contractors) national wage negotiations. We also participated directly in negotiations at the Gauteng buildings voluntary bargaining forum. Human resources managers participate in a number of SAFCEC committees, ensuring Basil Read is represented and heard on industry matters.

TRANSFORMATION

Basil Read is actively involved with South African transformation and broad-based black economic empowerment. Through our transformation objectives, we are addressing three focus areas: B-BBEE, employment equity and enterprise development.

Employment equity

Basil Read is actively addressing employment equity targets through developmental change, transitional change and transformation change. We have made great progress in improving the percentage of designated groups in management levels.

Employment equity profile for Basil Read (Pty) Ltd

Occupational levels	Male				Female				Foreign nationals		Total
	B	C	I	W	B	C	I	W	Male	Female	
Top management	3	–	4	8	–	–	–	–	–	–	15
Senior management	6	–	2	25	4	–	–	1	1	–	39
Professionally qualified and experienced specialists and mid-management	22	6	15	107	7	–	5	10	7	–	179
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	844	29	6	160	49	7	5	70	19	1	1 190
Semi-skilled and discretionary decision making	504	3	2	13	30	1	2	6	3	–	564
Unskilled and defined decision making	795	29	1	6	130	7	–	2	2	–	972
Total permanent	2 174	67	30	319	220	15	12	89	32	1	2 959
Temporary employees	–	–	–	–	–	–	–	–	–	–	–
Grand total	2 174	67	30	319	220	15	12	89	32	1	2 959

B – Black C – Coloured I – Indian W – White

Broad-based black economic empowerment

Basil Read fully supports the objectives of South Africa's Broad-Based Black Economic Empowerment Act 53 of 2003 and associated codes of good practice. Since 2009, the group has reported under the construction sector code, and shows solid progress in most areas. The company is a level 2 125% B-BBEE contributor and value-adding supplier, which provides 25% bonus points which means that the company is a 156% total B-BBEE contributor.

As one of the major construction companies in South Africa, with 53% black ownership, Basil Read continues to hold the importance of transformation and B-BBEE under the construction sector code in high regard. The group has achieved full points on the preferential procurement, enterprise development and socio-economic development elements. This, coupled with our black ownership, management control, employment equity and skills development, makes Basil Read one of the most empowered construction companies in South Africa in terms of overall scorecard.

Enterprise development

Basil Read recognises enterprise development as a key contributor to national economic prosperity given its impact on job creation, skills development and the multiplier effects on socio-economic development. Our main objective with enterprise development is to support businesses to be financially and operationally stable. Enterprise development initiatives range from providing business skills development through mentoring to financial assistance for established enterprises.

Basil Read enterprise development beneficiaries

Beneficiary	Black ownership %	Black women ownership %	B-BBEE recognition level	Basil Read support
<i>BR-Tsima Construction</i>	90,6	20,9	Level 3	Construction and operational mentorship, interest-free loan with no security (short and long term)
<i>Makali Plant and Construction</i>	65	15	Level 2	Construction and operational mentorship
<i>Triple E Construction</i>	100	50	Level 3	Construction and operational mentorship
<i>Makgetsi Construction Enterprise</i>	100	60	Level 5	Construction and operational mentorship
<i>Anquet Construction Solution</i>	100	10	Level 1	Construction and operational mentorship

TRAINING AND DEVELOPMENT

The focus of training and development in 2013 was to enhance operational excellence and raise the bar on human capital performance. Basil Read invested around R13 million in training and development initiatives to develop both its own employees and unemployed members of the public.

Several initiatives were also implemented to enhance effectiveness in the training department. These included:

- ▶ Redesigning training procedures
- ▶ Developing a comprehensive training policy
- ▶ Implementing a training management system
- ▶ Restructuring the training department.

A training needs analysis has identified competency gaps in the company, which formed the basis for a 2014 group training budget and training matrix.

Due to the rapid growth of the company in the past 10 years, it was important to align employee competence to the needs of our business. Our operational development programmes played a significant role in achieving this goal. Around R4 million was invested in operational development programmes, aligned with our transformation targets, that focused on six key development needs:

- ▶ Foreman development
- ▶ Carpenter training
- ▶ Managerial development
- ▶ Health and safety training
- ▶ Diesel mechanic training
- ▶ Blaster training.

Foreman development programme

This customised programme focuses on developing foremen to obtain an NQF 4 (National Qualifications Framework level 4 qualification) in supervising construction processes. In 2010, 60 learners enrolled for the programme and 44 of these (73%) have successfully completed it to date. The remaining learners will qualify in 2014, and 15 additional employees will start this programme.

Carpenter apprentice programme

Basil Read initiated a carpenter apprenticeship programme in 2010 in which 15 external learners (unemployed members of the public) were carefully selected and enrolled to become qualified carpenters after completing a three-year apprenticeship. The 15 learners will qualify early in 2014.

Construction management programme

The programme targets junior and middle managers to complete an NQF 5 diploma in managing civil construction processes. It was initiated to improve the competence levels of site agents and general foremen, and a three-year programme was customised to Basil Read's needs and standards. Currently 10 learners are enrolled on this programme and will qualify early in 2014. In 2014, 15 more employees will start this programme.

Health and safety programme

As a company with family-value traditions, Basil Read strives to protect its family members (our employees) from injuries at work. One way of doing this is to ensure health and safety practitioners are properly trained according to Basil Read's standards. A health and safety training programme was customised for the group and implemented in 2011 to give employees the opportunity to complete a national certificate in health and safety (NQF level 3). Twelve employees were enrolled and will complete this programme in 2014.

Sustainability review — our people continued

Diesel mechanic programme

Due to the scarcity of quality diesel mechanics in our mining division, Basil Read initiated a programme in 2012 to train 14 new diesel mechanics (with four learners being unemployed members of the public). This two-year programme includes theoretical training at an accredited institution, and practical training with learners working on several group mining sites to gain experience on earthmoving machines. The return on investment from this programme will be evident in 2014 after learners pass a trade test. The programme will then be repeated in a three-year cycle.

Learner blaster programme

Basil Read identified a need to train new blasters given the shortage of this skill across the industry. The programme aims to train 20 employees to become qualified civil and opencast blasters to support operations effectively. Nine learners qualified in 2013 and the rest will qualify end-2014.

Breakdown of learners in technical training programmes

Training programme	Gender		Race				Total learners
	Male	Female	Black	Indian	Coloured	White	
Foreman development	50	6	38	0	2	16	56
Carpenter apprentice	10	3	10	0	2	1	13
Construction management	9	0	2	0	0	7	9
Health and safety	7	1	8	0	0	0	8
Diesel mechanic	12	1	8	0	1	4	13
Learner blaster	12	2	1	0	2	11	14
Total	100	13	67	0	7	39	113

BASIL READ BURSARY SCHEME

To ensure we address scarce skills in the company and the industry, Basil Read invested R1,1 million in 2013 to give unemployed members of the public a bursary to study civil engineering or quantity surveying. Nine bursars completed their studies in 2013 and were employed by Basil Read. Five new bursars were selected after an intensive procedure. Additional training initiatives will be implemented in 2014 to effectively prepare bursars for the working environment.

Breakdown of current bursars

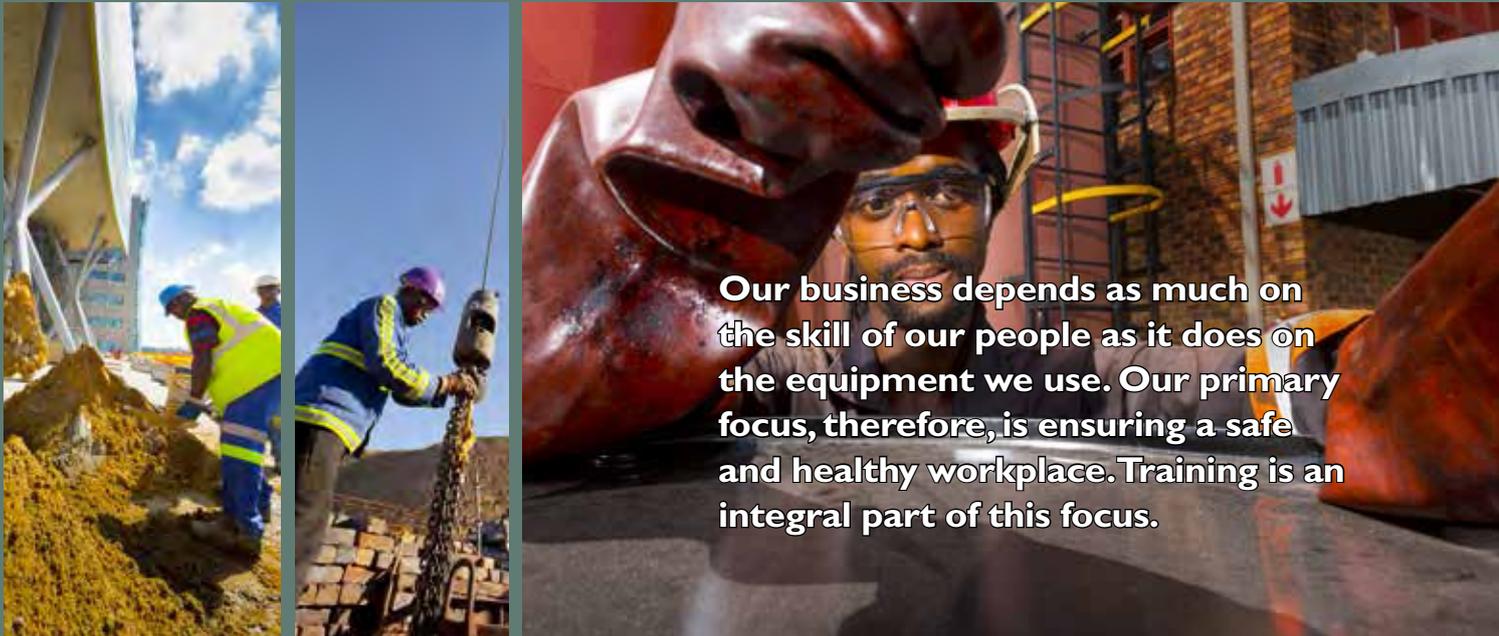
Study field	Gender		Race				Total bursars
	Male	Female	Black	White	Coloured	Indian	
Civil engineering	5	3	3	4	0	1	8
Quantity surveying	3	1	3	1	0	0	4
Construction management	2	2	3	1	0	0	4
Building science	0	1	1	0	0	0	1
Architecture	0	1	0	1	0	0	1
Industrial engineering	1	0	0	1	0	0	1
Law	0	1	0	0	0	1	1
Total	11	9	10	8	0	2	20

In 2014 we will implement further value-added training programmes focused on identified needs:

- ▶ The management development programme will focus on developing managers in the company in core managerial competencies
- ▶ The future leadership programme will identify and accelerate the development of future leaders in Basil Read
- ▶ The professional registration programme aims to get employees professionally registered at the Engineering Council of South Africa, the South African Council for the Quantity Surveying Profession, and the South African Council for Project and Construction Management Professionals either as a professional engineer, quantity surveyor, or construction manager.

EMPLOYEE WELLNESS

Our employees are vulnerable to all the typical lifestyle risks associated with societal and work pressures. As part of our corporate social responsibility towards employees, Basil Read provides assistance and support in a number of areas. This includes various types of employee assistance schemes, professional healthcare services, counselling services for employees as well as on-site canteen and gym facilities at our Basil Read campus. Site and project visits are also regularly undertaken by the employee wellness team to provide support and assistance to operations personnel.



Our business depends as much on the skill of our people as it does on the equipment we use. Our primary focus, therefore, is ensuring a safe and healthy workplace. Training is an integral part of this focus.

SUMMARY

- ▶ Basil Read's safety, health, environment, risk and quality practices are incorporated into a group SHERQ division
- ▶ Our management system provides the framework for integrating hazard identification, risk analysis and risk management into all our activities
- ▶ Basil Read maintains and continually improves its quality assurance and quality control systems to ensure the delivery of a quality product to clients.

At executive committee and all management levels, we are personally committed to achieving excellence and ensuring all employees commit to achieving their set objectives. We implement an annual plan for improvement which is consistent with our business strategy and ensures the continuous improvement of the system.

At Basil Read, our degree of excellence is defined in our ISO 9001 quality, OHSAS 18001 occupational health and safety and ISO 14001 environmental implementation.

Our SHEQ (safety, health, environmental and quality) system is an ongoing measurement tool to ensure effective management of priority items identified through our risk assessments and ongoing SHEQ trend analyses to identify and highlight problem areas.

SAFETY

We promote an environment where all employees accept responsibility for their own health and safety and that of everyone engaged in our core business.

We proactively reduce the frequency and severity of injuries by reviewing our SHEQ objectives yearly. The group DIFR (disabling injury frequency rate) has been reduced from 2,3 in 2006 to 0,12 for 2013, which clearly indicates the management commitment throughout the group. The constituent DIFRs at 31 December 2013 were construction 0,12, mining 0,12, special projects 0,41 and corporate 0,00.

Disabling injury frequency rates for the Basil Read group between January 2013 and December 2013

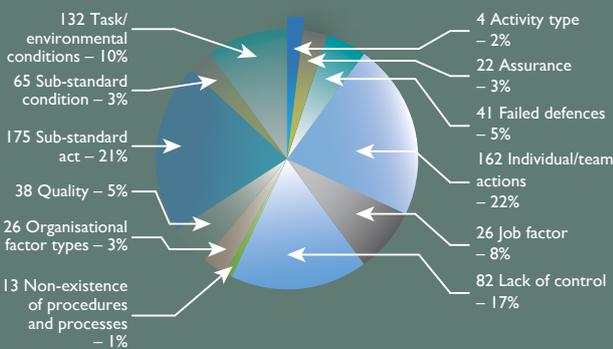


Regrettably, we had one fatality in June 2013 when an employee of our subsidiary company, Valente, died while exiting an excavation when mechanical failure of equipment caused fatal injuries. All incidents are investigated and lessons learnt are distributed to all sites across the group to prevent similar events from recurring.



Managing risks

Basil Read is one of the leading construction companies in terms of electronic SHEQ management reporting systems, which provides the framework for real-time trend analysis and a proactive approach as shown below:



Once risk areas have been identified, awareness programmes and posters are distributed monthly to ensure all employees are aware of their SHEQ responsibilities and all work towards the common goal of doing things right the first time. Basil Read is committed to ensuring all employees are competent and better equipped with both technical and practical skills to perform in their work.

Division/project safety achievements for 2013

Basil Read Buildings

- ▶ Our joint venture at Kusile achieved 2,5 million hours without a lost-time injury and achieved first place in the national Master Builders Association (MBA) competition
- ▶ Trompsburg Hospital site received first prize in the Master Builders' Association – Free State safety competition
- ▶ The Melrose Arch TWP project was awarded second place in the Master Builders' Association north regionals (five-star gradings)
- ▶ The Basil Read buildings division achieved 2,7 million lost-time injury (LTI) free hours.

Basil Read Civils

- ▶ The Basil Read civils division achieved 5,98 million LTI-free hours at the end of December 2013. The division is currently well on its way to achieving the company target of 10 million LTI-free hours
- ▶ Medupi project achieved 2 million LTI-free hours awarded by Eskom
- ▶ Medupi primary and secondary clarifiers project passed 500 000 LTI-free hours.

Basil Read Roads

- ▶ The division achieved 1 million LTI-free hours
- ▶ Sladden International achieved 3,4 million LTI-free hours.

Basil Read plant department

- ▶ 1,5 million hours without a lost-time injury.

Special projects

- ▶ St Helena airport project achieved 500 000 LTI-free hours
- ▶ Olifants River water resources development project achieved 500 000 LTI-free hours.

Basil Read Mining/Blasting & Excavating

- ▶ Sites above 500 000 LTI-free hours
 - B&E Venetia 770 028
 - Basil Read Mining Venetia 951 815
 - Beeshoek 690 284
 - B&E Workshop 551 159
- ▶ Sites above 1 million LTI-free hours
 - Jwaneng 1 323 124

2014 objectives

- ▶ Further reduction in incident/accident occurrences
- ▶ Continued training, communication, monitoring, as well as staff and management involvement as part of the programme to achieve a safe work environment for all and ensure legal/contractual SHEQ compliance.

OCCUPATIONAL HEALTH

The health of our employees is just as important as their safety, and just as important to our sustainability as a business. To ensure our people remain healthy, we established an in-house occupational health department during the review period, which is responsible for the continuous monitoring and analysis of all occupational health and safety issues in the group. It will also be responsible for implementing related projects in pursuit of continuous improvement.

In addition to a full-time clinic at head office, we also have a mobile clinic for the various sites. This will assist in improving the occupational health of employees in a number of ways:

- ▶ Early detection of health hazards
- ▶ Rectifying work exposure and reducing absenteeism.

By conducting pre-employment, annual and exit medicals, we are able to detect the start of an occupational health disease and alert the responsible managers to take the necessary steps.

QUALITY

Basil Read maintains and continually improves its quality assurance and control systems to ensure we deliver a quality product to all our clients. The performance of the management system is evaluated during group audits and results are presented to senior management during regular management review meetings. We also carefully evaluate and select our suppliers, subcontractors and partners, striving for mutually beneficial relationships.

The annual surveillance assessment audits were carried out successfully in 2013, resulting in Basil Read (Pty) Ltd retaining its certification in ISO 9001, OHSAS 18001 and ISO 14001. In addition, Roadcrete Africa (Pty) Ltd achieved ISO 9001 and OHSAS 18001 certification, while SprayPave (Pty) Ltd achieved ISO 9001 certification.

Basil Read Mining/Blasting & Excavating has completed stage 1 of the ISO 14001 assessment and passed both ISO 9001 and OHSAS 18001 second assessment audits.

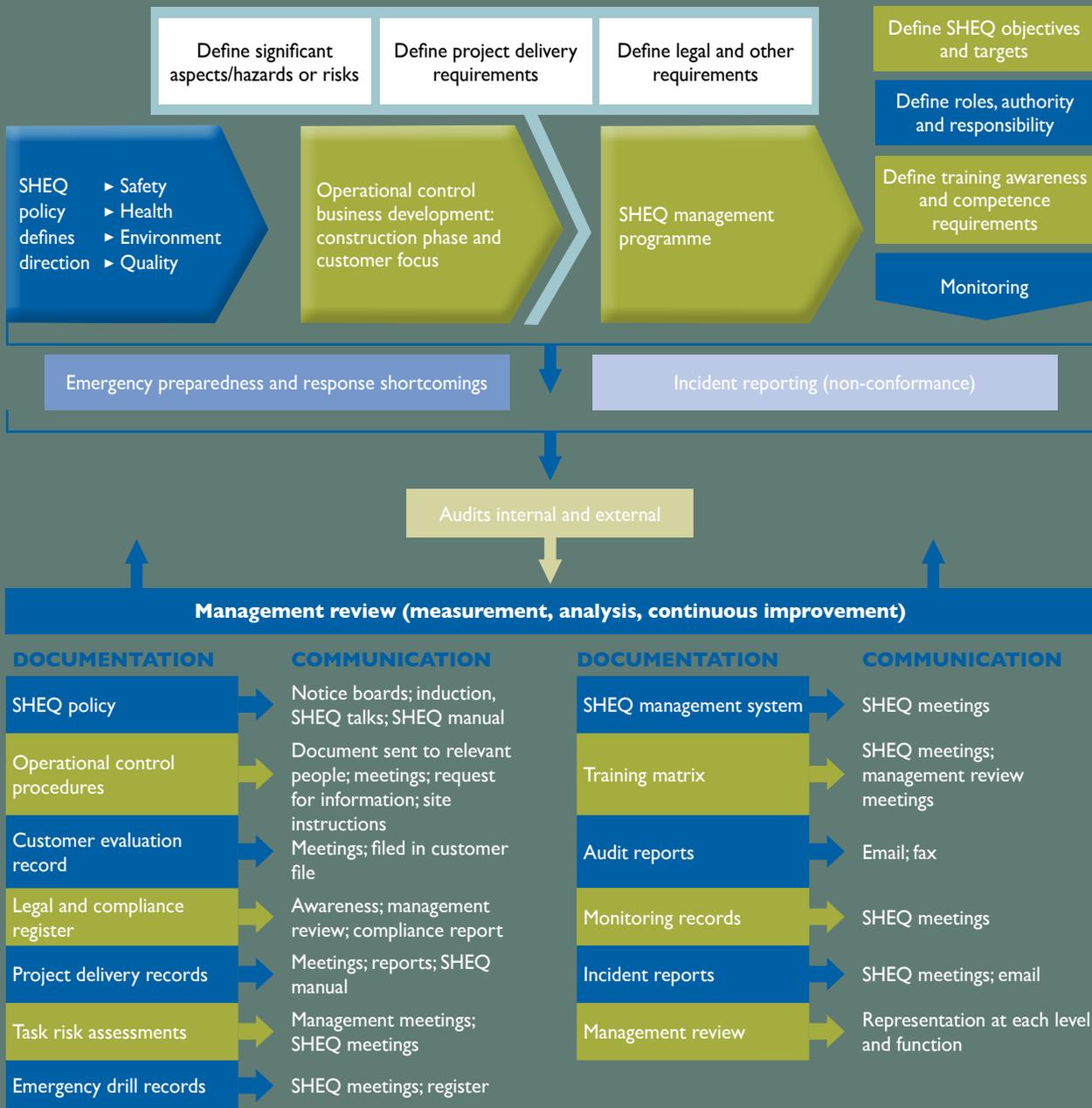
CASE STUDY: SAFETY AT ST HELENA AIRPORT PROJECT IN 2013

Building an airport with related infrastructure is not unique in the world and therefore, the industry has a database of related knowledge and experience on safety hazards and risk management in such a project. The uniqueness of the Basil Read project lies in the remoteness of St Helena island and the island itself, which presents identified high-risk areas including:

- ▶ Design, condition and maintenance of existing public roads
- ▶ Mountainous terrain
- ▶ Fast-changing adverse weather
- ▶ Remoteness – availability of resources and support, ie construction-related and medical
- ▶ Staff safety and health – keep workforce motivated and focused.

In April 2013, we had to reset our LTI-free hours back to zero after a sprained ankle, the most serious personal injury recorded for the year. Since then, the project has accumulated 838 232 LTI-free hours. Most reported incidents were of a near-miss and minor rating. In June 2013, the SHEQ department had a change in management and its structure was reviewed, resulting in a 36% reduction in incident/accident occurrences in the second half of the period.

The model below summarises the Basil Read SHEQ operating system and confirms its alignment with OHSAS 18001:2007, ISO 14001:2004 and ISO 9001:2008. Continual improvement is facilitated both at corporate and project-specific level.



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Respecting the environment is a crucial element of our approach to business. We strive to protect and sustain the environment, and to manage our impacts effectively, when these are unavoidable. Equally, striving for accurate carbon footprint reporting will help us to reduce our natural resource consumption.

OVERVIEW OF THE ENVIRONMENTAL POLICY

Respect for the environment is crucial for our business. At Basil Read, we strive to manage our impacts effectively where impact is unavoidable. In understanding the impacts of our construction activities, we are committed to protecting and sustaining the environment. The group's SHEQ (safety, health, environment and quality) system is a tool to measure our environmental performance against our key performance indicators (KPIs). The group's environmental objectives are to:

- ▶ Prevent pollution
- ▶ Comply with relevant environmental legislation and other requirements
- ▶ Continuous improvement in achieving our KPIs to ensure an effective management system.

HIGHLIGHTS

- ▶ Being part of developing a 27 MW renewable energy facility (MetroWind van Stadens wind farm)
- ▶ Retaining our ISO 14001 certification in 2013
- ▶ Group carbon footprint 2013 determined
- ▶ Member of the Green Building Council of South Africa
- ▶ Implementing an enhanced system for better environmental data reporting.

Basil Read's head office in Boksburg demonstrates its commitment to green building through intelligent design:

- ▶ Natural light is maximised by the building's north-south orientation
- ▶ Solar heaters are used on all buildings for hot water supply
- ▶ Energy-efficient lighting and motion-operated light sensors reduce energy consumption.

Basil Read Energy is one of the primary shareholders in the world-class MetroWind van Stadens wind farm. Due to growing global environmental crises and our commitment to reducing our carbon footprint, Basil Read Energy took up a 23% stake in developing the 27 MW renewable energy facility.

To put this investment in context, every megawatt/hour (MWh) of electricity generated in South Africa currently releases one tonne of carbon dioxide (CO₂) and other harmful gases into the atmosphere. Wind farms release no CO₂ or harmful gases into the atmosphere. As such, the MetroWind van Stadens wind farm will displace 80 000 tonnes of CO₂ emissions each year. Similarly, as about 1 000 litres of water are used to generate 1 MWh of electricity from a coal-fired power station, this wind farm will save 80 million litres of water per annum.

Creating sustainable livelihoods through enterprise development and socio-economic development projects for communities living within 20 km of the wind farm is a priority for Basil Read Energy. Accordingly, 1,5% of total project revenues have been dedicated for this purpose and the MetroWind Community Trust, a 5% shareholder in the wind farm, is committed to ensuring the local community benefits from this development for the next 20 years.



KEY ACTIVITIES DURING THE YEAR

The group has purchased sophisticated environmental software to improve the collection and reporting of environmental data. While there has been ongoing improvement in reporting environmental KPIs in recent years, the group continues to train relevant staff to improve accuracy and completeness in reporting.

Through the principle of continuous improvement, Basil Read monitors its activities in line with ISO 14001, ISO 14064:1 and environmental legislation. This ensures alignment between the requirements of ISO, legislation and the client's environmental specifications. These are then supplemented with our own stringent framework to ensure the best possible environmental practices are implemented on sites.

At Basil Read, we believe environmental incidents can be minimised. In addition to an advanced system that monitors environmental incidents and allows us to manage this aspect effectively, training and awareness play an integral part in our performance.

ENVIRONMENTAL PERFORMANCE

Carbon emissions

Carbon emission data was compiled according to ISO 14064:1, the European Network of Construction Companies for Research and Development (ENCORD), as well as the greenhouse gas protocol guidelines, and covered only activities over which Basil Read has control. By applying these principles, the greenhouse gas (GHG) inventory fairly represents the company's emissions.

In line with international best practice, data was collected on direct emissions (scope 1), indirect emissions (scope 2) and other indirect emissions (scope 3):

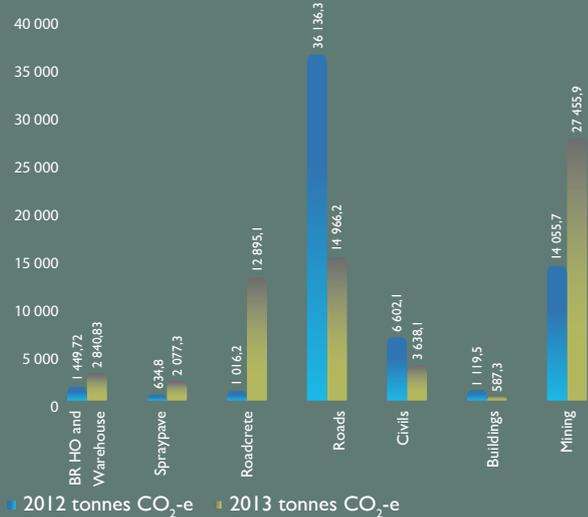
- ▶ Direct emissions (scope 1) are those from sources owned or controlled by the company
- ▶ An indirect emission (scope 2) is the result of a company's activities, but occurs at sources owned or controlled by another company.

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 transparent reporting.

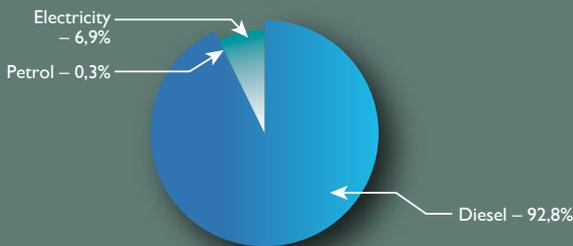
Our carbon footprint quantifies and reports emissions associated with the following activities:

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

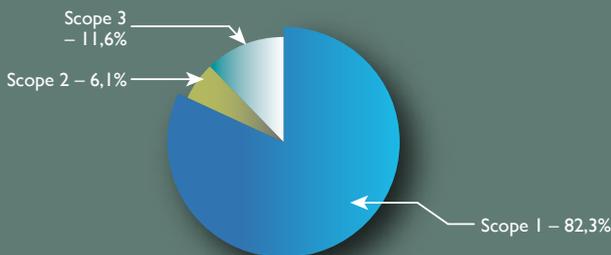
Operations – scope 1 and 2



Basil Read's 2013 carbon emissions (scope 1 and 2)



All emissions – scope 1, 2 and 3



The 2013 carbon footprint has decreased to 72 928 tonnes CO₂-e from 96 584 in 2012, primarily due to the decrease in number of operations.

Emission intensity	2012	2013
Employee intensity	14,77	11,54
Financial intensity	0,014	0,012

Water

Water affects the triple bottom-line of many businesses. Its availability has an impact on economic development, social upliftment and the wellbeing of the environment. As a business, our risk lies in stricter controls on water access for use.

Basil Read monitors water consumption at its operations. The group used 263 196 kl of water in its activities for 2013 (2012: 300 324 kl). We continue to monitor our water consumption to manage it better and conserve it in the best possible way.

At our head office, to save water, toilets are fitted with dual-flush systems; and taps are electronically operated to supply required amounts. Rainwater from the roof and groundwater from the subsoil drainage system are collected in storage tanks in the basement and used for irrigation, alleviating pressure on the municipal water supply. This is in an attempt to conserve what brings life to our country.

Waste

Basil Read's waste management plan ensures that waste management is properly implemented. We continue to separate our waste to comply with legislation, and to reduce our impact on the environment. In managing our waste, we follow the waste hierarchy, namely:

- ▶ Prevention (highly favoured option)
- ▶ Minimisation
- ▶ Reuse
- ▶ Reduce
- ▶ Recycle
- ▶ Energy recovery
- ▶ Disposal (least favoured option).

KEY CHALLENGES

Climate change

Global climate change (caused by GHG) has been identified as a risk where detrimental weather and temperature extremes will have a direct effect on our construction operations, rendering sites unworkable (floods) and affecting the health and safety of our workforce. Our operations in the civil, roads and buildings divisions particularly are highly vulnerable to the short and long-term effects of climate change.

The group has acknowledged this risk; monitoring our carbon emissions is the first step to reaching our carbon emission reduction target. Our climate change-related risks include:

- ▶ Carbon tax – driven by changes in regulation
- ▶ Delays in projects, damage to sites, concrete pouring hampered by extreme temperatures – driven by physical climate parameters
- ▶ Irreversible damage to projects, lack of available water – driven by extreme changes in precipitation (flash flooding, drought).

Sustainability (Basil Read Developments)

As part of our commitment to sustainable development, Basil Read Developments engaged communities on environmental sustainability when Cosmo City started. Given that planting trees is one of the most practical ways to preserve South Africa's natural heritage, it was critical that we optimised environmental awareness in the community of Cosmo City and other developments. In partnership with Food and Trees for Africa, a non-governmental organisation, and Johannesburg City Parks, we have planted and distributed over 80 000 trees in Cosmo City, both street and fruit trees.

Community involvement

When the first beneficiaries of Cosmo City took occupation of their houses, we introduced a garden competition aimed at:

- ▶ Mobilising communities and stakeholders in protecting and improving the environment
- ▶ Creating awareness and deepening the understanding of environmental issues and their implications for the community
- ▶ Promoting sustainable living practices by encouraging the community to initiate environmental projects
- ▶ Mitigating the effects of global warming and climate change through individual participation.

We have also trained about 30 residents in urban farming in our endeavour to build a sustainable community.

Eco-friendly and green-building technologies

In investigating eco-friendly and green-building technologies, we initiated a number of projects. One of our innovations is using waste material to create building panels for houses or any market. This was the first green technique used in the affordable housing market for Cosmo City extension 8. These houses were built in partnership with EnviroServ, Tower Technologies and FNB using waste steams as a primary source of raw materials.

There are also houses run entirely on solar power, generated by 14 roof-mounted solar panels and 12 batteries for storing generated power. This was done in partnership with Sun Concept Renewable Energy Systems as a pilot project.

In partnership with the City of Johannesburg's environmental department and the Danish Embassy, we fitted 700 low-cost houses with solar water heaters and insulated ceilings. Eskom participated by supplying all households with energy-saving lights.

In 2012, Basil Read Developments facilitated and managed the construction of a 550 m² early childhood development centre, built by Cornell University Sustainable Design (CUSD). The building has zero environmental impact, no electricity is needed for heating and cooling the solar passive building, and high-performance double-glazed windows provide natural ventilation and insulation. An earth bag wall system used sand taken directly from excavating the building's foundations for insulation and thermal mass.

Basil Read Developments started an earthworm farm to produce its own environmentally friendly organic fertiliser, and established a nursery at Cosmo City to propagate trees. It is also planting these trees in other projects, eg Klipriver Business Park, Savanna City, Rolling Hills Leisure Estate and Malibongwe Ridge.

LOOKING AHEAD

- ▶ Continue environmental training and awareness programmes to keep abreast of best practices in the industry and legislation
- ▶ Basil Read Energy will use the MetroWind van Stadens wind farm as a solid foundation for building a clean energy company with a number of solar voltaic, hydro and biomass projects already under way
- ▶ Basil Read Developments and Reel Gardening are establishing urban agriculture at Malibongwe Ridge that will cater for about 12 people. This project will also have a chicken farm that will produce eggs, chickens and manure for the garden.

At Basil Read we strive to use natural resources conservatively and protect the environment to the best of our ability.



Although most of our business activities are projects with specified durations, our aim is to leave a legacy wherever we operate by contributing to initiatives that enhance infrastructure or skills with lasting benefits for the community.

Basil Read's corporate social investment (CSI) strategy strives to engage with meaningful initiatives that contribute to the transformation of people and communities. We are currently reassessing some of our existing CSI initiatives as part of an ongoing development process to comply with the mandate from the social and ethics committee which oversees the CSI process for the group.

A CSI subcommittee was established during the year to ensure that this philosophy and any supporting initiatives are both met and further developed.

In 2013, Basil Read contributed almost R3 million towards specific projects, organisations and NGOs focused on education, enterprise development and upliftment.

One of our more significant CSI projects is in partnership with Eskom on the Medupi power station to develop communities affected by the project in the Lephalale area in Limpopo.

Our other CSI focus areas include:

- ▶ Through a partnership with Khuthaza (a non-profit agency), we provide focused training and development to develop the entrepreneurial skills of women and enable them to participate more effectively in economic opportunities in the construction industry

- ▶ Through Ambassadors in Sport, a non-profit public-benefit organisation, we help develop young people through sport. The programme endeavours to uplift and develop young people from disadvantaged communities, counter crime and addictions, and inspire players of all ages to make a difference in their communities
- ▶ We made a substantial contribution towards building materials to assist the Mpumalanga provincial government in building houses in rural areas
- ▶ We supported a road-safety project for four schools in Standerton through Active Education, which initiates scholar-patrols so that children are trained and educated to ensure safe road-crossing in rural areas
- ▶ A successful project in the Eastern Cape is providing solar lighting in township areas to make communities safer and contribute to the development of residents through work opportunities.

We also encourage our employees to contribute to CSI initiatives in their personal capacities and make a difference in people's lives outside of the company.

Through events like Mandela Day, Basil Read employees participated in a number of initiatives in and around communities where we operate. Employees collect food, clothing and equipment for various shelters and help with distribution.



CASE STUDY – VOLUNTEERS MAKE THE DIFFERENCE

Corporate citizenship gains new depth and traction when staff members are actively involved. Shared activities boost morale, encourage teamwork and introduce a significant multiplier effect through word of mouth among peers. At Basil Read, our approach also includes matching the result of individual initiatives with a corporate contribution for greater impact.

Basil Read is about building legacies, but we want to go beyond that to building lives – even if it is just one life, or one community.

In 2013, our people again made a real difference in the lives of many others. Notable initiatives included:

- ▶ For Mandela Day, a head office finance employee involved her divisional and subsidiary peers in making that difference to the Siyabonga Children’s Cottages in Alberton. While the children enjoyed a fun day, Siyabonga benefited from much-needed equipment, including an industrial clothing press, a DVD player, and food, toiletries and bedding for the home. At present, the home is a haven for 12 children, but is looking to expand to cater for more.
- ▶ Knowing that winters in Gauteng are short but brutal, Basil Read Mining and its subsidiary, Blasting & Excavating, supported radio station Jacaranda 94.2’s Winter Warmer challenge to collect blankets for the needy. By the end of the challenge, 450 new blankets were donated by employees, with a matching corporate donation, to supply almost 1 000 blankets to Jacaranda 94.2 to distribute to communities that really needed them.
- ▶ As a group, Basil Read took on an exciting but gruelling corporate social responsibility challenge by entering a group of enthusiastic cyclists in the Momentum 94.7 Cycle Challenge. The challenge – with our seven cyclists among 300 dressed in cow cycling gear – was to raise R4 million for the Childhood Cancer Foundation SA (CHOC) to build a house in the Eastern Cape that will act as a home away from home for children and their families while children undergo treatment. The “cow” cyclists made a significant dent in the required funds (R3,2 million raised) and Basil Read was recognised among the top-three corporate donors.
- ▶ Basil Read experts are contributing professional skills and time in developing a community education campus in Devland, Soweto. This 2 000 m² multi-purpose building was designed to encourage residents to participate in their community and foster a social and stable environment. The education training classrooms provide a safe and nurturing environment for collaborative and individual learning and growth in an area challenged by racial tensions, extreme inequality and lack of infrastructure projects.
- ▶ We are also taking the concept of volunteerism a step further by encouraging youths to embrace the concept of giving back. During the year, we awarded a trophy for best learner in civil technology at Kensington Secondary School, which falls under phase one of the school replacement programme. The trophy was donated at a function attended by Trevor Manuel, a former learner of the school.
- ▶ Traditionally, Basil Read’s ladies have been involved with the Santa Shoebox project, but in 2013 everyone took part. This is an inspiring community initiative by the Kidz2Kidz Trust that coordinates the donation, collection and distribution of personalised gifts at Christmas time to underprivileged children across South Africa and Namibia. Participation is a valuable and personal experience, with donors selecting the child who will receive their Santa Shoebox by name, gender and age.