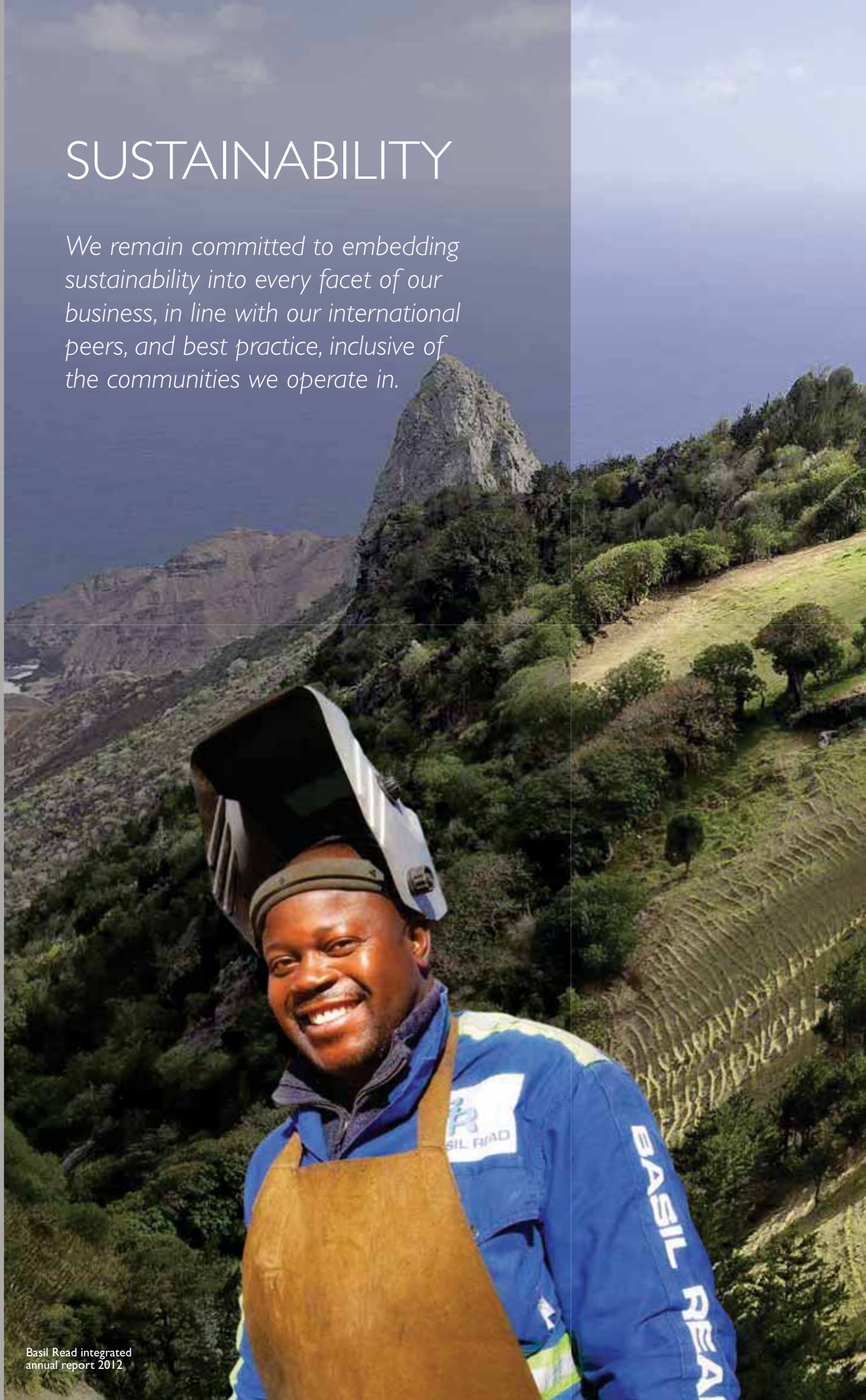
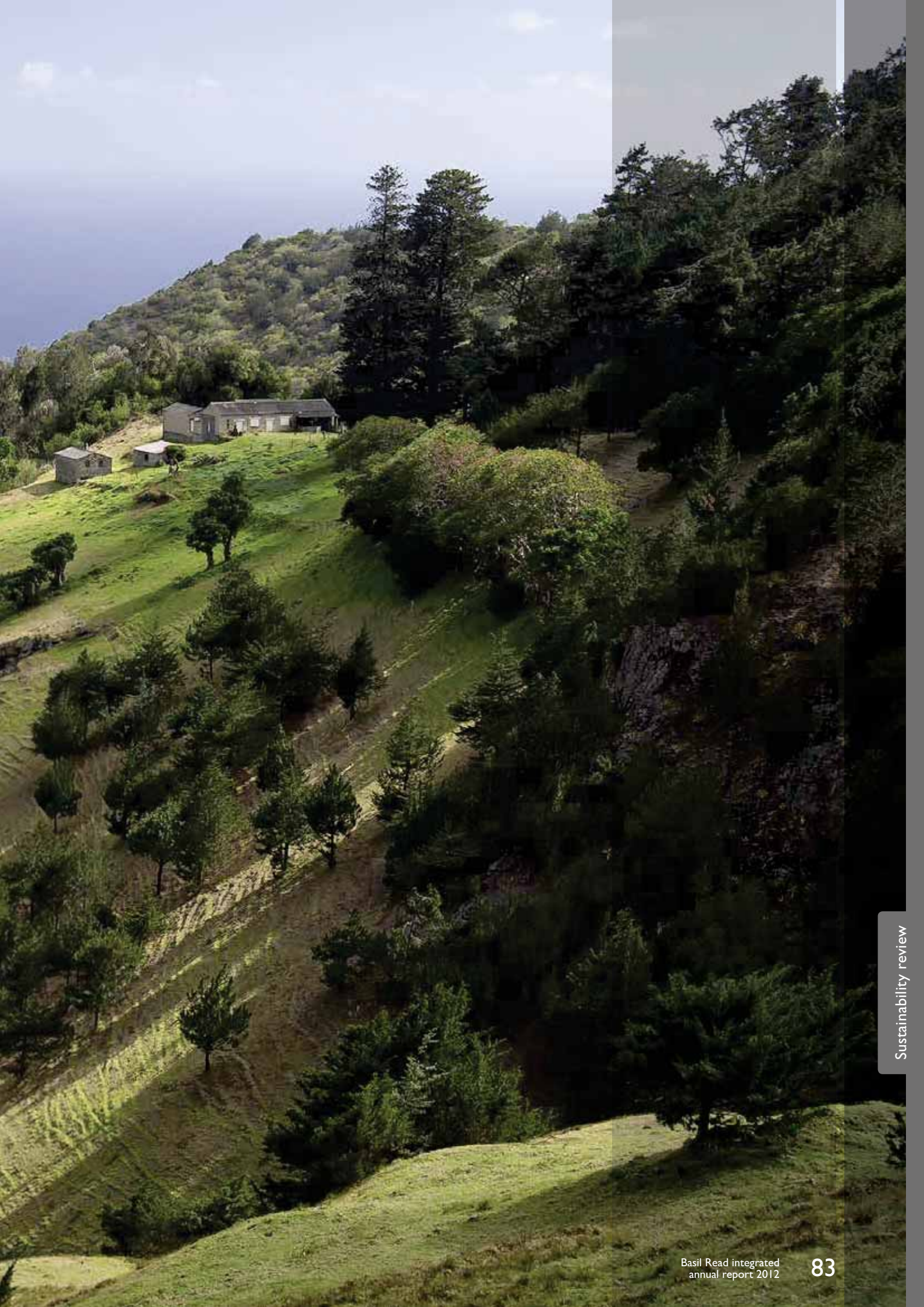


SUSTAINABILITY

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





Sustainability review *continued*

Corporate governance

SUMMARY

- Basil Read is committed to being a responsible corporate citizen in the communities and environment in which it operates.
- The group operates against a business plan compiled by the executive management team and approved by the board.
- Basil Read recognises the importance of effective risk management and, as such, risk is a regular board agenda.



Andiswa Ndoni – Group company secretary and legal adviser

Basil Read recognises the value of good corporate governance as recommended in the King III Code of Governance Principles (King III). The board of directors is committed to ensuring Basil Read complies with the JSE Listings Requirements, the Companies Act 71 of 2008, as amended (Companies Act), as well as all other codes, regulations and legislation that may apply to the company. As part of our objective to continuously improve corporate governance, we are currently completing the Institute of Directors' gap analyses, and feedback will be provided to shareholders in the 2013 integrated annual report.

The board, with the assistance of various sub-committees and the company secretarial team, has reviewed the application of King III principles. The findings of this process are reflected in the relevant sections that follow:

BOARD OF DIRECTORS

The board should elect a chairman 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 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.	✓
The evaluation of the board, its committees and individual directors should be performed every year.	✓
A governance framework should be agreed between the group and its subsidiary boards.	✓

✓ *Compliant*

The board of directors of Basil Read comprises two executive directors, three non-executive directors and five independent non-executive directors. The chairman is an independent non-executive director and his role is separate to that of the

CEO. The company also has a full-time executive financial director as required by the JSE Listings Requirements.

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. The board is satisfied that there is an appropriate balance of power and authority so that no individual or group can dictate the board's decision-making processes. The board is also satisfied that there is a clear division of responsibilities to ensure the effectiveness of board processes and procedures.

All appointments to the board are done in line with an approved policy. Appointments are formal and transparent and a matter for the board as a whole, assisted where appropriate by the chairman's nomination and investment committee. When appointing new directors, the board also considers its own requirements, including the need for specific skills and expertise to achieve balance and to meet the group's strategic objectives. Each appointment of a new director requires the approval of the board and is subject to confirmation by shareholders at the annual general meeting.

During the past financial year, the following changes to the board were effected:

- Mr Andrew Conway Gaorekwe (Connie) Molusi was appointed as a non-executive director with effect from 14 March 2013.
- Mr Nigel John Townshend resigned as an executive director with effect from 12 March 2013.
- Mr Paul Cambo Baloyi was appointed as an independent non-executive director with effect from 2 November 2012.
- Dr Claudia Estelle Manning was appointed as an independent non-executive director with effect from 23 August 2012.
- Ms Nopasika Vuyelwa Lila was appointed as an independent non-executive director with effect from 23 August 2012.
- Ms Given Refilwe Sibiya resigned as an independent non-executive director with effect from 31 August 2012.



For more information, please refer to the company's respective SENS announcements.

The board meets at least four times per year or as frequently as required. A schedule of attendance at board meetings held during the 2012 financial year is set out below:

Directors	17 Jan	19 Mar	20 Mar	7 Jun	17 Jul	23 Aug	19 Oct	21 Nov
Lester Peteni [#]	✓	✓	✓	✓	✓	✓	✓	✓
Marius Heyns	✓	✓	✓	✓	✓	✓	✓	✓
Donny Gouveia	✓	✓	✓	✓	✓	✓	✓	✓
Nigel Townshend	✓	✓	✓	✓	✓	✓	✓	✓
Paul Baloyi [^]								✓
Charles Davies [^]	✓	✓	✓	✓	✓	✓	✓	Apologies
Nopasika Lila [^]						✓	✓	✓
Claudia Manning [^]						✓	✓	✓
Connie Molusi [*]								
Sango Ntsaluba [*]	✓	✓	✓	✓	Apologies	✓	✓	✓
Given Sibiyi [^]	✓	✓	✓	✓	✓	✓		
Thabiso Tlelai [*]	Apologies	Apologies	✓	✓	Apologies	✓	✓	Apologies

[#] Independent non-executive chairman

[^] Independent non-executive director

^{*} Non-executive director

The group operates against a business plan compiled by the executive management team and approved by the board. The board then 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 board is satisfied that information provided is sufficient to enable directors to consider material matters and make informed decisions.

During the year, a board evaluation was completed by an external specialist and certain recommendations made to improve board performance. These recommendations are currently under consideration and the required steps to implement them will be taken in due course. The board has decided that a more comprehensive evaluation will be conducted in 2013, which will include an evaluation of the board, its sub-committees and each of the respective directors.

BOARD COMMITTEES

The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities.	✓
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✓ Compliant

To facilitate effective decision making, specific responsibilities have been formally delegated to board committees with defined terms of reference, with clear transparency and full disclosure from these committees to the board. The board understands that ultimate responsibility vests with the board, duly assisted by its sub-committees. These include the social, ethics and transformation committee; audit and risk committee; chairman's nomination and investment committee; and remuneration committee.

Sustainability review *continued*

Corporate governance



Social, ethics and transformation committee

The board should provide effective leadership based on an ethical foundation.	✓
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.	✓
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 should provide effective leadership based on an ethical foundation.	✓
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 disputes are resolved as effectively, efficiently and expeditiously as possible.	✓

✓ *Compliant*

In compliance with the Companies Act, the board has constituted a social, ethics and transformation committee. The composition of this committee changed during the period, with Chris Erasmus, Antonie Fourie, Digby Glover and Erica Grace resigning as members of the committee and Dr Claudia Manning being appointed as a new member. Connie Molusi was appointed to the committee in March 2013.

The committee meets at least twice a year, and the attendance record for the review period is set out below:

Committee members	25 Sept	22 Nov
Thabiso Tlelai [#]	✓	✓
Claudia Manning [^]		Apologies
Connie Molusi		
Nigel Townshend ⁻	✓	✓
Avi Naidoo [†]	✓	✓

[#] *Non-executive chairman*

[^] *Independent non-executive director*

⁻ *Executive director*

[†] *Member*

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 well being of the environment and upholding universal human rights.

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

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

The committee is cognisant of its broad range of responsibilities in terms of the Companies Act and has adopted a phased approach in the execution of its mandate, starting with the approval of terms of reference as well as an annual work plan. The committee is in the process of putting the necessary structures in place, and will agree on a combined assurance framework. It is expected that the process of ensuring that all requirements are met and structures to be put in place may take a number of years but the committee is satisfied that the journey is well under way.

The committee monitors relevant legislation, other legal requirements and prevailing codes of best practice specifically with regard to social and economic development, good corporate citizenship, the environment, health and public safety,



consumer relationship as well as labour and employment. A gap analysis will be conducted on relevant legislative requirements, including international best practice and the committee will thereafter agree on action plans to close any gaps.

The committee will seek to consolidate its understanding of the material social, ethical and transformational issues that pertain to the group and will ensure that they are managed in the best interest of all stakeholders. This will include the task of monitoring the responsible and sustainable development performance of the group in respect of:

- Ethics management;
- Corporate social investment;
- Stakeholder relations;
- Sustainability strategy and framework;
- Safety, health, environment and quality; and
- BBBEE.

Remuneration committee

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.	✓

✓ *Compliant*

The remuneration committee comprises two independent non-executive directors and one non-executive director. The chairman of the board is not a member of this committee.

The committee makes recommendations to the board and the board may approve, alter or vote against these recommendations.

The committee's responsibilities and objectives are to assess the remuneration strategy of the group and determine conditions of employment. It is also responsible for the group's share incentive scheme.

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

The group's remuneration policy is set out in the remuneration committee report on page 92 and, in terms of King III, shareholders will have the opportunity to vote on this by way of a non-binding advisory vote. In compliance with the Companies Act, remuneration of non-executive directors will also be approved by shareholders at the company's annual general meeting, and this resolution is included in the notice of annual general meeting.

The committee meets at least three times during the year or as frequently as required. A schedule of attendance at remuneration committee meetings held in 2012 is set out below:

Committee members	1 Feb	18 Jul	3 Oct
Charles Davies [#]	✓	✓	✓
Claudia Manning [^]			
Given Sibiy ^a	✓	✓	
Thabiso Tlelai [*]	✓	Apologies	✓

[#] *Independent non-executive chairman*

[^] *Independent non-executive director*

^{*} *Non-executive director*

Chairman's nomination and investment committee

The committee comprises two independent non-executive directors and one non-executive director. The CEO attends all meetings as an invitee and, in accordance with the JSE Listings Requirements, the chairman of the board is also the chairman of the committee.

The duties and responsibilities of the committee include providing balanced and well-structured recommendation to the board by:

- Serving as the nomination committee to consider and recommend the composition of the board and its committees as well as the appointment of new directors.
- Considering succession planning for the board, CEO and company secretary. The committee will also assist the CEO in considering succession planning for the financial director and other executive directors who may not serve on the board.

Sustainability review *continued*

Corporate governance

- Functioning as the investment committee and being responsible for considering group acquisitions, mergers and disposals relative to the capital structure of the proposed deal, before making recommendations to the board.

The committee meets at least four times per year. A schedule of attendance at committee meetings held during the year is set out below:

Committee members	12 Mar	8 May	26 Jun	7 Aug	10 Oct
Lester Peteni [#]	✓	✓	✓	✓	✓
Charles Davies [^]	✓	✓	✓	✓	✓
Sango Ntsaluba [*]	✓	✓	✓	✓	✓
Marius Heyns [~]	✓	✓	✓	✓	✓

[#] Independent non-executive chairman

[^] Independent non-executive director

^{*} Non-executive director

[~] Executive director

Audit and risk committee

The board should ensure the company has an effective and independent audit committee.	✓
The board should be responsible for the governance of risk.	✓
The board should ensure the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	✓
The board should ensure there is an effective risk-based internal audit.	✓
The board should appreciate that stakeholders' perceptions affect the company's reputation.	✓
The board should report on the effectiveness of the company's system of internal controls.	✓
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 Act.	n/a
Audit committee members should be suitably skilled and experienced independent non-executive directors.	✓

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.	✓
The board should determine the levels of risk tolerance.	✓
The risk committee or audit 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.	✓
The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders.	✓

✓ Compliant

^{n/a} Not applicable



Audit and risk committee *continued*

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.	✓
A risk committee and audit committee should assist the board in carrying out its IT responsibilities.	✓
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.	✓
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 control and risk management.	✓
Internal audit should be strategically positioned to achieve its objectives.	✓

✓ *Compliant*

In compliance with the JSE Listings Requirements, the Companies Act and King III, the board has an audit and risk committee, which reports directly to the board. This committee's report appears on page 96 of the integrated annual report.

The audit and risk committee comprises three independent non-executive directors and one non-executive director. In line with King III, the board chairman is not a member of this committee.

The members of the audit and risk committee changed during the review period. Given Sibiya resigned as member and chairperson and Nopasika Lila was appointed as a new member and chairperson. Paul Baloyi was appointed as member to the committee in March 2013. Committee members are appointed annually by shareholders at the annual general meeting and the relevant resolutions are included in the notice of annual general meeting.

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

Basil Read recognises the importance of effective risk management and as such, risk is a regular board agenda. Grant Thornton South Africa has been appointed as independent internal auditor to ensure that the risk controls and procedures in place are adequate and operating as envisioned.

Basil Read, through Deloitte, operates a 24-hour, dedicated tip-off service where employees can anonymously, and without fear of retribution, report any perceived unethical behaviour. This service has been in operation since 1 August 2008. Each tip-off is investigated and the results reported to the audit and risk committee, which in turn considers the appropriate action.

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

Sustainability review *continued*

Corporate governance



The audit and risk committee meets at least four times per year or as frequently as required. A schedule of attendance at meetings during the year is set out below:

Committee members	19 Mar	12 Apr	23 May	23 Aug	19 Oct
Nopasika Lila [#]					✓
Paul Baloyi [^]					
Charles Davies [^]	✓	Apologies	✓	✓	✓
Sango Ntsaluba [*]	✓	✓	Apologies	✓	✓
Given Sibiyi [#]	✓	✓	✓	✓	

[#] Independent non-executive chairman

[^] Independent non-executive director

^{*} Non-executive director

In March 2013, a decision was taken by the board to separate the audit and risk committee into two separate committees to ensure adequate consideration of all matters that fall under the ambit of these committees. The members of the audit committee will be as follows: Nopasika Lila will serve as the audit committee's chairman. Charles Davies, Paul Baloyi and Sango Ntsaluba will serve as members, subject to the approval of shareholders at the annual general meeting. The newly formed risk committee will be chaired by Paul Baloyi with Connie Molusi, Marius Heyns, Donny Gouveia and Avi Naidoo serving as members.

Integrated reporting and disclosure

The board should ensure the integrity of the company's integrated report.	✓
Sustainability reporting and disclosure should be integrated with the company's financial reporting.	✓
Sustainability reporting and disclosure should be independently assured.	#

✓ Compliant

Under review

The integrated annual report is the culmination of contributions from the board, its various committees, the company secretarial department and management. The board believes it is a true reflection of the company and its performance.

Independent assurance on sustainability reporting and disclosures will be obtained in subsequent integrated annual reports.

Professional advice, induction and training

The induction and ongoing training and development of directors should be conducted through formal processes.	✓
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✓ Compliant

Formal induction programmes for new directors are in place and training is provided to directors should the need be identified.

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

Company secretary

The board should be assisted by a competent, suitably qualified and experienced company secretary.	✓
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✓ Compliant



Following the resignation of Ms Enna Kruger as group company secretary with effect from 5 April 2012, Merchantec Capital was appointed as the company secretary to the group. Ms Andiswa Ndoni was appointed as company secretary to the group, with effect from 14 March 2013, following the resignation of Merchantec Capital.

The company secretary is appointed by the board and the board is satisfied that the company secretary is suitably qualified, experienced and competent. The board has assessed appropriateness and expertise of Andiswa Ndoni and is satisfied that an arm's-length relationship exists between the board and the company secretary. The company secretary is responsible for, among others, the duties stipulated in section 88 of the Companies Act, with the required statement of compliance on page 132 of the integrated annual report.

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; and
- 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.

Sustainability review *continued*

Remuneration committee report

SUMMARY

- Remuneration structures are equitable and aligned with the long-term interests of the group and its stakeholders.
- The purpose of our total rewards package is to attract, retain, motivate and reward staff, in a very competitive environment, to achieve the group's objectives.



Charles Davies – Chairman: remuneration committee

REMUNERATION GOVERNANCE

The board is responsible for ensuring the group's remuneration structures are equitable and aligned with the long-term interests of the group and its stakeholders. To ensure compliance, the board has tasked the remuneration committee with assisting it in making decisions affecting employee remuneration.

The remuneration committee comprises three non-executive directors with the majority being independent, including the chairman. Members are CP Davies (chairman), TA Tlelai and CE Manning. The composition and scope of the committee are set out in written terms of reference which have been approved by the board.

REMUNERATION COMMITTEE RESPONSIBILITIES

For the year under review, the remuneration committee:

- Proposed a new short-term incentive structure for the chief executive officer to the board for approval and implementation effective from January 2012;
- Proposed a short-term incentive for subsidiary/business unit management;
- Reviewed and recommended executive remuneration for board approval;
- Reviewed and recommended non-executive directors' fees for board approval;
- Considered and recommended an annual increase in salary bill for approval by the board;
- Received feedback on the analysis of the annual salary review process for monitoring purposes;
- Monitored the organisation's transformation and employment equity targets;
- Reviewed group employee retirement funding as well as healthcare benefits;

- Received feedback relative to executive succession planning; and
- Monitored and commented on the internal talent audit process.

REMUNERATION PHILOSOPHY AND POLICY

Basil Read's philosophy is to encourage sustainable long-term performance across all subsidiaries and business units. The purpose of our total rewards package is to attract, retain, motivate and reward staff, in a very competitive environment, to achieve the group's objectives. The group is acutely aware of its dependence on appropriately qualified, trained and experienced specialists to achieve its goals. Furthermore, with the emphasis on international exposure, the demand, both locally and internationally, for scarce skills is ever-increasing.

As a result, the group's remuneration philosophy needs to ensure that it:

- Retains, develops and continues to attract people with the required skills necessary to enable the business to meet its current and future demands;
- Develops a collaborative and single focused spirit among different business units that is directed towards attaining the group's objectives and strategy rather than just individual or departmental success;
- Clearly differentiates and rewards performance excellence while discouraging and dealing with mediocrity;
- Achieves the appropriate balance between short- and long-term rewards;
- Enables the payment of rewards and incentives out of a portion of the shareholder value created during any financial year cycle; and
- Creates a sustainable leadership structure with the succession pool necessary for continuity, growth and one that in future becomes more representative of the demographic of South Africa.



The group's remuneration philosophy, policies and structures have been developed around these core principles and conform to the best practice guidelines contained in the King III report for South Africa.

CURRENT COMPONENTS OF REMUNERATION

The remuneration committee ensures that the components of proper remuneration, inclusive of annual guaranteed remuneration, short-term incentives and long-term incentives are linked in such a way as to achieve the Group's strategic objectives.

Guaranteed remuneration

The group makes reference to a total guaranteed package (TGP) approach which encompasses a cash component, fixed car allowance, retirement funding and healthcare contributions.

The company makes reference to the Paterson 'job grading' system and participates, as well as subscribes, to external online benchmarking remuneration surveys which enable reliable comparisons of remuneration for executive job descriptions and across all other disciplines in the sector.

Our policy is to remunerate all competent performing employees between the 50th and 75th percentiles ensuring they are properly benchmarked within their respective disciplines.

Employee benefits

Basil Read makes provision for employee retirement funding by means of a defined contribution fund, which is compulsory for all salaried construction and mining employees. It is also compulsory for all new salaried employees to belong to the group medical aid scheme. Where applicable, an employee can remain on their spouse's medical aid and provide proof of membership.

Variable remuneration

Short-term incentives

The objectives of the short-term incentive policy are:

- To ensure that the Basil Read group is able to attract and retain highly qualified and motivated executives;
- To motivate executives to manage and lead the business successfully and to drive strong long-term organisational growth in line with strategy and business objectives;
- To provide competitive and balanced, performance-related remuneration, consisting of both fixed and variable components;
- To ensure that the interests of the executives are aligned with those of shareholders by linking remuneration directly to company performance; and
- To ensure there is transparency and fairness in the executive remuneration policy and practices, and at the same time recognise that remuneration is a critical aspect of human resource management.

CHIEF EXECUTIVE OFFICER

The short-term incentive bonus for the chief executive officer for the 2013 financial year will be calculated based on profit after tax on a sliding scale as follows:

< R100 million	0%
R100 – R200 million	2%
R200 – R300 million	4%
> R300 million, to a maximum of R500 million	5%

If certain predetermined transformation targets are not achieved, the short-term incentive bonus may be reduced.

Sustainability review *continued*

Remuneration committee report



Executive directors, group executive management and divisional executive management

The payment of annual performance bonuses under the Basil Read short term incentive scheme is structured to ensure that the shareholders receive the targeted return on their investment and is contingent on the achievement of certain measures relating to the following:

- Group performance;
- Business unit performance; and
- Individual performance.

The threshold for determining the maximum executive bonus pool to be allocated will be determined on a sliding scale based on a return on equity (ROE) calculation as follows:

- Group ROE of <15% – no executive bonus pool to be allocated
- Group ROE of between 15% and 17,5% – executive bonus pool of 3,5% of net profit after tax of the group
- Group ROE of between 17,6% and 20% – executive bonus pool of 4,25% of net profit after tax of the group
- Group ROE of >20% – executive bonus pool of 5% of net profit after tax of the group

The threshold for determining the maximum divisional/company bonus pool to be allocated to each business unit for all levels of staff will be determined on a sliding scale based on a return on equity calculation as follows:

- Business unit ROE of <15% – no divisional/company bonus pool to be allocated;
- Business unit ROE of between 15% and 17,5% – divisional/company bonus pool of 5% of net profit after tax of the business unit;

- Business unit ROE of between 17,6% and 20% – divisional/company bonus pool of 7,5% of net profit after tax of the business unit; and
- Business unit ROE of >20% – divisional/company bonus pool of 10% of net profit after tax of the business unit.

The divisional/company bonus pool determined in terms of the formula above will be further adjusted based on group performance as follows:

- Group ROE of <15% – divisional/company bonus pool of the business unit to be reduced by 30%;
- Group ROE of between 15% and 20% – divisional/company bonus pool of the business unit to be reduced by 15%; and
- ROE of >20% – no reduction of the divisional/company bonus pool.

Individual performance will be measured against a set of individual and job-specific criteria. Executive directors and group executive management can earn up to a maximum of 200% of their annual guaranteed cost to company. Divisional executive management can earn up to a maximum of 100% of their annual guaranteed cost to company.

In all cases, the payment of awarded bonuses to executive directors, group executive management and divisional executive management will only be made if, and when, there is sufficient cash available to do so. For this purpose, guidance will be taken from the liquidity and solvency calculations performed for each division and for the group.

In exceptional circumstances, the remuneration committee, on recommendation from the chief executive officer, may consider external and internal factors that may have contributed to the thresholds not being met and may award purely discretionary short-term bonuses on an individual and business unit basis.



Long-term incentives

The long-term incentive for the chief executive officer is detailed in the directors' report on page 135. The long-term incentive for all other senior executives and other staff is currently under review.

Details relating to the group's current employee share scheme can be found on pages 137 to 140 and in note 40 to the annual financial statements.

DIRECTORS' REMUNERATION

Executive directors

The tables showing the breakdown of the annual remuneration for executive directors for the years ended December 2012 and December 2011 are set out in the directors' report on page 135.

Non-executive directors

The board applies principles of good corporate governance relating to directors' remuneration and also keeps abreast of changing trends. Non-executive directors' fees are recommended to the board by the remuneration committee, and then proposed to shareholders for approval at the annual general meeting.

When determining the level of non-executive directors' fees to be proposed, the committee takes cognisance of market practices and norms as well as the additional responsibilities placed on board members by new legislation and corporate governance principles.

The group's policy on fees for non-executive directors is that they should be fee-based, market-related but not linked to share performance. No bonuses or share incentives are awarded as these can create a potential conflict of interest.

Non-executive directors qualify for reimbursement of expenses incurred in the performance of their duties on behalf of the company.

Fees paid to board and committee members for the 2012 and 2011 years are shown in the tables on page 136 of the directors' report. The proposed fees for the 2013 financial year are disclosed on page 136 of the directors' report.

Charles Davies

Chairman of the remuneration committee

Sustainability review *continued*

Audit and risk committee report

SUMMARY

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



Nopasika Lila – Chairman: audit and risk committee

The committee is pleased to present its report for the financial year ended 31 December 2012 as required 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 of 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 operating adequate systems and controls;
- Control reporting processes and accurate reporting of financial statements in compliance with legal requirements and accounting standards;
- Provide a forum for discussing business risk and control issues, and developing recommendations for consideration by the board;
- Oversee the activities of internal and external audit; and
- Perform those duties prescribed by the Act, the JSE and King III.

The committee performed the following activities:

- Received and reviewed reports from internal auditors on the effectiveness of the internal control environment, systems and processes;
- Reviewed the reports of 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 in view of audit findings; and
- Considered the independence and objectivity of the external auditors and ensured 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 2012;
 - The interim results for the six months ended 30 June 2012; and
- 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.

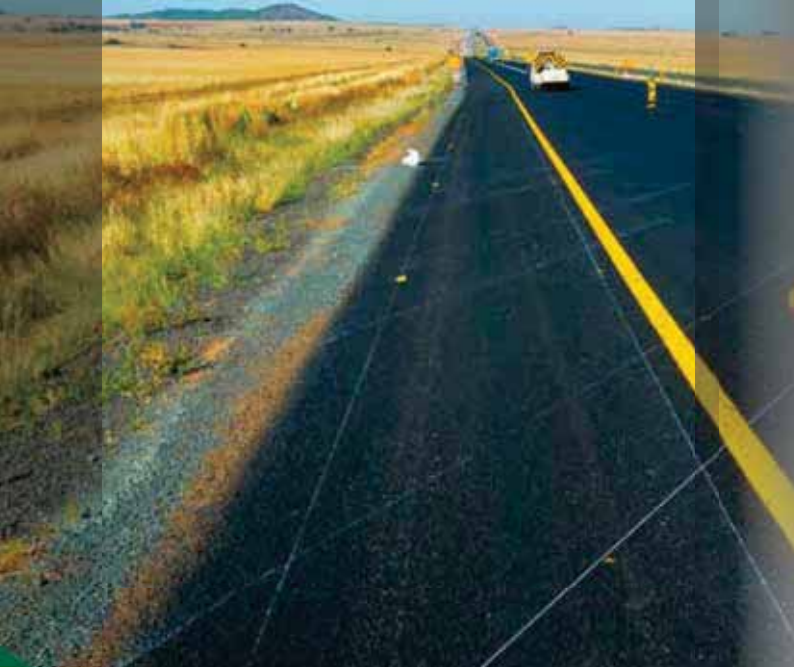
The audit and risk committee believes its objectives were met during the review period. Where weaknesses in specific controls were identified, management undertook to implement appropriate corrective actions.

MEMBERSHIPS

During the 2012 financial year, membership of the committee comprised two independent non-executive directors and one non-executive director.

Ms Given Sibiyi continued to serve as chairman of the committee until her resignation from the board on 31 August 2012. As a chartered accountant with 20 years' experience in accounting and auditing, both internal and external, she was considered suitably qualified to carry out the duties required of chairman.

Ms Nopasika Lila was appointed to the committee on 23 August 2012 and as chairman on 19 October 2012. Nopasika is a chartered accountant with a number of years' experience in accounting, auditing and corporate governance. 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 serves on various boards in a non-executive capacity.

Mr Sango Ntsaluba continued to serve on the committee in the year under review. Sango is a chartered accountant with more than 20 years of experience.

As required by the JSE Listings Requirements, the committee should comprise at least three independent non-executive directors. To comply with this requirement and following various appointments to the board in 2012, Mr Paul Baloyi was appointed to the committee on 14 March 2013. Paul has extensive management experience at executive level, significant banking experience and serves on various boards as a non-executive director.

Details of committee membership appear on pages 89 and 90.

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 2012 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 9 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 2013 financial year.

Mr F Lombard assumed the role of designated auditor for the 2012 financial year and will continue for the 2013 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 2012 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 142 to 221 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.

Nopasika Lila

Chairman of the audit and risk committee

Sustainability review *continued*

Risk management

SUMMARY

- Effective risk management is central to the group strategy of maintaining a competitive advantage and adapting to changes in the internal environment.
- At Basil Read we are committed to the highest standards of corporate governance and business ethics in all our activities.
- We are committed to being a responsible citizen in all jurisdictions in which we operate.



Norman Milne – Commercial director*
 Avi Naidoo – Head: group risk and compliance

Within the group, risk is regarded as the impact of uncertainty on the objectives of key processes and activities of the group. 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, be better informed in making decisions and provide greater clarity and certainty to all our employees, customers and stakeholders.

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

To continually improve the risk management methodology in the group, we reassessed the maturity of our risk management process and procedures with the assistance of Marsh Risk Consulting. During this process, we sought to improve our understanding of the group's risk-bearing capacity, risk appetite and risk tolerance. These constraints are being embedded in all divisional and business unit decision making. The risk identification process has been refreshed across the group and management teams are looking at processes to ensure identified risks are actively managed to reduce the impact of uncertainty on organisational strategy.

The group continues to use a hybrid risk management methodology which assesses risk from a top-down and 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 management team, 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.

*Appointment at subsidiary level

Risks are evaluated in terms of probability of occurrence and impact on the business across several matrixes. The key risk areas facing the group can be summarised as (in no particular order):

- Project selection and execution;
- Project management and reporting;
- Liquidity management; and
- Entering new markets.

INTERNAL AUDIT

The internal audit function is a key element of the group's assurance structure. The group continues to outsource its internal audit function to Grant Thornton, whose work is guided by the group's risk register, management perceptions and previous audit findings. Internal audit activity is governed by a charter approved by the group's audit and risk committee. Internal audit provides objective and independent assurance, via the group audit committee, to the management and board of Basil Read about risk management, control and governance processes and systems.

COMPLIANCE

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

The group continues to operate in several countries across the African continent, and each has unique legal, financial and taxation regimes that need to be complied with. This has increased the burden of ensuring effective compliance programmes.

Throughout this year, we have focused on reinforcing our commitment to being a responsible corporate citizen in all jurisdictions in which we operate. Accordingly, during the year, we introduced programmes to improve compliance with new legislation and codes of good governance. A group-wide anti-corruption policy has been developed and implemented



to reinforce our zero-tolerance approach towards corruption in countries where we operate. This policy has been developed taking into account the requirements of the South African Preventing and Combating of Corrupt Activities Act as well as the United Kingdom's Bribery Act. All senior staff were trained to ensure they understand the legislative requirements and their responsibility to ensure compliance.

The Companies Act 71 of 2008 became effective in 2011, and we have continued the process of aligning the various group companies' constitutional documentation to the requirements of this Act. This process of drafting and obtaining approval from shareholders of the new memorandums of incorporation was completed before the 31 March 2013 deadline.

The group continues to engage openly with the competition authorities to resolve any matters raised in its investigation of the construction sector.

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. During 2012, we continued to create awareness of and trust in the Tip-offs Anonymous facility.

GOALS FOR 2013

- Embedding risk methodology across the group. The executive management team will continue to focus on refining the risk-bearing capacity model to entrench decision making against the group's risk tolerance and appetite. Once embedded, enterprise risk management systems will be supported by appropriate information technology;
- Development of the legal framework will continue in 2013 with a focus on cross-border jurisdictions. As we expand our footprint, it is critical that we maintain focus on regulatory compliance in these jurisdictions and support the in-country project teams;
- Early project interventions will be a focus area for 2013. Early interventions that support project teams will enable them to better manage risks and deliver our projects successfully with greater certainty of outcome;

- The business continuity process will be refined to consider ever-changing threats to our operations. A revised business continuity plan will be rolled out in 2013, ensuring all staff are aware of the appropriate responses to possible threats; and
- In 2013, we will continue training our staff on high-risk; and legislation such as anti-bribery and corruption and competition law.

INFORMATION TECHNOLOGY GOVERNANCE

Following the appointment of a group chief information officer (CIO) in the review period, a management and steering structure was established to effectively manage the group information technology (IT) infrastructure and information systems (IS) functions. Related management committees were formed across the group to manage the day-to-day maintenance and enhancement of IT infrastructure and systems. These committees report to the IT steering committee which in turn reports to the group audit and risk committee.

In the first half of the year, current information systems were assessed against the emerging requirements of different business units and an appropriate strategy developed. This highlights three primary areas of activity:

- Short-term risk mitigation to further enhance the core business system;
- Medium-term exercises to develop or enhance system capabilities in priority areas; and
- A longer-term project to define and procure an integrated enterprise resource planning (ERP) system to more optimally support the wider needs of the group.

Other areas of focus during the review period include:

- IT integration across the group;
- Improved software asset management to ensure licensing compliance;
- IT business continuity planning;
- Review of procurement channels and strategies;
- Improvements to the group-wide area network (WAN); and
- Enhanced system functionality in various key areas to support the business.

Sustainability review *continued*

Stakeholder engagement

SUMMARY

- Management is focusing on a more formalised stakeholder identification and engagement process.
- Basil Read is committed to the transformation of the South African construction industry to be more representative of the demographics of the country.

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 continued to hold 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.

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 (BBBEE) 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 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.



Transformation case study

ZUKO MCITWA

Q Where and when were you born?

I was born in Queenstown in the Eastern Cape on the 15th of July 1982.

Q Where did you spend your childhood?

I spent my childhood in Queenstown with my mom and my late brother before we moved to Johannesburg in 1989. In 1992 we returned to the Eastern Cape.

Q Describe your best and worst childhood memory.

My best childhood memory would be the day I was selected to play for Umthatha Bush Bucks football club in a premier league. My worst childhood memory was losing my brother at a young age, particularly as he was the one who had taught me how to play soccer.

Q Where did you go to school?

I did my lower level at Lonwabo Primary and my higher level at Mhlotshana High, both in Queenstown.

Q What tertiary education do you have? How did you study?

I did not have a chance to further my studies because I come from a poor background. I have since completed a three-month computer course.

Q Briefly describe your career to date.

I have a promising career because I am surrounded by people who will go an extra mile to make sure I follow the right path in life.

Q When did you start working at Basil Read? What was your job title?

I started working at Basil Read in March 2009 as a plumber assistant, where I worked more with the maintenance team.

Q What is your current job title?

I am currently working in the mailroom and stationery department as a mailroom clerk.

Q How has working at Basil Read helped with your career progression?

Working for Basil Read was a dream come true to me in terms of personal growth within the company. To move from being a plumber to administration is amazing to me.



Sustainable development

HIGHLIGHTS

- Implementing world-class human resources practices;
- Considerable improvement in disabling-injury frequency rate (from 0,58 in 2009 to 0,31); and
- Carbon footprint determined for group.

With the formation of a social, ethics and transformation committee, operating under a board-approved charter, Basil Read has taken an important step towards more fully integrating sustainability into its strategy and operations.

The committee's specific areas of responsibility include:

- Social and economic development
 - 10 UN Global Compact principles;
 - OECD recommendations on corruption;
 - Employment equity;
 - BBBEE;
- Good corporate citizen
 - Promoting equality, preventing discrimination and reducing corruption
 - Contribution to community development
 - Record of sponsorship, donations and charitable contributions;
- Environmental, health and public safety;
- Consumer relationships; and
- Labour and employment
 - International Labour Organisation protocol on decent work and working conditions
 - Contributing towards employment relations and educational development.



Sustainability review *continued*

Our people

SUMMARY

- The Basil Read brand is recognised and respected throughout the industry and the broader community as one rooted in a strong family-values identity.
- Basil Read is investing in its employees through a number of focused developmental and wellness initiatives.
- Transformation remains a priority on the Basil Read strategic agenda.



Guenter Hellhoff – Executive director: Human resources*

Bernard Johnson – Group remuneration and services manager

Basil Read has just celebrated its 60th year. From inception, our founder, Basil Read, established an organisational culture based on family values. This culture has been maintained throughout our history. Today the Basil Read brand is recognised and respected throughout the industry and the broader community as one rooted in a strong family-values identity, and evidenced by the number of employees with 20 to 30 years of loyal service with the company.

In line with our family-values traditions, Basil Read has retained critical skills and avoided staff reductions despite tough trading conditions in the construction industry which have forced many of our competitors to downsize their staff complements.

Construction remains a very people-intensive industry and, as such, a major employer in the South African economy. Given the stated government expenditure in the national budget of February 2013 to improve infrastructure, our industry should continue to contribute significantly to creating employment and supporting the GDP growth of our country. Basil Read is

therefore continually sourcing and developing its skills base at all levels, with strong emphasis on enhancing operations capacity and capability.

In line with our values and responsibility towards our people, Basil Read is investing in its employees through a number of focused developmental and wellness initiatives.

EMPLOYEE DEVELOPMENT

Basil Read is involved in a number of key employee development initiatives. Transformation targets are also being driven through these initiatives.

The Basil Read bursary scheme

A large component of our bursary scheme is directed at developing our technical and operational expertise in key disciplines: civil engineering, quantity surveying, building management and financial management. From a transformation perspective, Basil Read has achieved the demographic targets required by the BBBEE scorecard.

The Basil Read bursary scheme

Discipline	Number of candidates	Male	Female
Civil engineering	16	10	6
Chemical engineering	2	0	2
Quantity surveying	8	5	3
Industrial engineering	1	1	0
Mechanical engineering	2	2	0
Geology	1	0	1
Human resources	2	2	0
Accounting	1	0	1
Construction management	4	3	1
Housing and development	1	1	0
Mechanical engineering	1	1	0
Structural engineering	1	1	0
Total	40	26	14

*Appointment at subsidiary level



Learnerships

Learnerships play a pivotal role in strengthening our operational capability. Improving production and achieving operational excellence is a core strategic driver.

Foreman training scheme

Basil Read's flagship foreman development programme meets all the standards required by the Construction SETA (CETA). In addition, the programme has been extensively customised by Basil Read management, working with an accredited external service provider, to ensure that our foremen are some of the best developed in the industry, and provide a solid platform for achieving construction excellence.

Our foreman training scheme draws on unemployed people from our communities as well as existing employees. From our pool of 38 foremen learners, 20 have recently graduated. These graduates will now be monitored and re-assessed, and further programmes introduced to accelerate their ongoing development.

Health and safety

The nature of construction and mining carries inherent risk. Basil Read strives to continually enhance safe working practices to minimise the risk of injury to our employees. Accordingly, we initiated a health and safety learnership (NQF 3 level) in mid-2011, a 30-month programme with the first graduation date in December 2013. Currently eight learners are enrolled in the programme to provide more health and safety practitioners for our operations. In support of transformation, the full complement of students was drawn from historically disadvantaged employee groups.

Managerial learnerships

After selecting two groups of site agents and general foremen (some of whom do not yet have adequate formal qualifications and some with formal qualifications, ie NQF 4), we are developing the incumbents towards an NQF level 5 managerial qualification. This will give these employees the opportunity to secure appropriate qualifications for future promotion and expand their career paths.

Apprenticeships and learnerships

No.	Level	Course description	PDI male	PDI female	White male	Total
1	NQF3	Health & Safety Learnership	7	1	0	8
2	NQF3	Carpenter Apprenticeship	10	3	1	14
3	NQF4	Foreman Development – Group 1	10	3	2	15
4	NQF4	Foreman Development – Group 2	7	0	6	13
5	NQF4	Foreman Development – Group 3	6	3	2	11
6	NQF4	Supervision of Construction Processes	6	0	3	9
7	NQF5	Management Construction Processes	2	0	7	9
Total			48	10	21	79

Sustainability review *continued*

Our people



ABET programmes

Our adult basic education and training (ABET) programmes are ongoing and essentially focused on community development initiatives in areas where we undertake construction and mining projects.

APPRENTICESHIPS

Basil Read initiated a carpenter apprenticeship scheme in 2010 for the Kusile project, with 14 apprentices enrolled. The scheme will conclude at the end of 2013 when apprentices take their trade tests. In line with transformation targets, 13 of the 14 apprentices are from historically disadvantaged employee groups.

In line with the requirement to continually uplift skills, Basil Read provides opportunities for people working in a broad range of trades, but who lack formal qualifications, to enrol in formal apprenticeships as welders, electricians or diesel mechanics, among others.

Operator certification

In line with legal requirements, Basil Read continues to invest heavily in ensuring that all our plant and equipment operators are properly certified.

Study grants

Basil Read encourages its employees to capitalise on continuous professional development opportunities. During the year, 20 study grants were provided to employees, eight of these to employees from historically disadvantaged groups.

CASE STUDY: RAISING THE BAR

After completing one of the most rigorous learnership programmes in the South African construction industry, Basil Read's first graduates from the three-year foreman development programme are taking their place in the construction sector.

Basil Read began the supervision of construction processes learnership (foreman development programme) in January 2010 with the aim of building a strong pipeline of foremen for the future. Understanding clearly the pitfalls of a lack of skilled artisans on site, we focused on training unemployed individuals and young students from technical schools and FET colleges.

SETTING THE STANDARD

While the CETA (construction education and training authority) NQF 4 national certificate: supervision of construction processes learnership is well-known in the construction sector today, there is currently no other company that offers the same level of training as Basil Read does.

We have tailored the NQF 4 to include aspects from all four facets of the construction division, including civil, roads, building and mining, and added basic skills such as bricklaying, plastering, formwork reinforcing, concreting, scaffolding, V drains, curbing, gabions, pipe laying, stone pitching and precast elements.

In addition, students also attended training courses at Wiehahn Formwork and Form-Scaff, and visited the factories of Rocla, Steeleedale Reinforcing, Corobrik and Afrisam. To round off this extensive programme, students received training on the Basil Read SHEQ policy as well as disciplinary policies and procedures.

We believe this intensive training programme has set Basil Read apart from others in the sector because you cannot lead a team if you do not have first-hand experience and a thorough understanding of the task required.





CASE STUDY: RAISING THE BAR

SELECTION CRITERIA

Passing the programme was challenging, with a minimum mark of 80% required. But the challenges began at the selection phase, when we made it clear we were looking for high-quality candidates. After an overwhelming response from eager applicants, 45 potential candidates with a minimum entry level of grade 12 with maths and English were invited to the next level, which involved comprehensive assessments. From that, 20 students were invited for one-on-one interviews and finally the top 16 candidates went on to become the first group on the Basil Read foreman development programme. While the selection criteria may seem stringent, we believe our approach has been effective, with a 0% dropout rate so far.

A valuable learning experience for all

At the end of 2012, these 16 men and women were fully qualified and, thanks to the unit standards Basil Read added to the standard NQF 4, already well-equipped to participate in the construction sector.

For Basil Read, lessons learned from the inaugural intake will be applied to future intakes.

A word from the learners

"Through the various components of this programme, I have gained valuable knowledge. It has also been challenging, not just on a mental and physical side, but on a personal level. It has helped me foster a new sense of independence and responsibility. At the same time, it has been highly rewarding and it's true that hard work and perseverance pays and can help you create opportunities."

Marc Plumridge

Currently working with Basil Read Roads.

"In 2010 I was interviewed among hundreds of other young people. The panel initially saw someone who may be too feminine and I had to convince them that women also have a critical role to play in what has traditionally been seen as a man's world. Through this experience, I have gained a great deal of knowledge on how to work according to drawings and specifications. I have also gained a lot of knowledge about various construction materials, plant and equipment, quality assurance, environment, the importance of good planning, production and, most importantly, health and safety."

Nomthandazo Bernice Langa

Currently working with Basil Read Civils.

"Fresh out of college, I thought I knew it all when it came to construction, but thanks to this programme, I soon realised there was still much to be learned. I believe Basil Read helped transform my thinking, equipped me with the necessary skills and groomed me in such a way that I began to see construction and life in a whole new way."

Collen Thabo Skosana

Currently working with Basil Read Civils.



EMPLOYEE RELATIONS

Basil Read continues to enjoy sound labour relations. During the year, no significant industrial actions occurred that were directed at the company. Basil Read is involved in various mega-projects such as Kusile and Medupi for Eskom as well as a pipeline project in Limpopo province, the Trans-Caledon Tunnel Authority (TCTA). Of these three mega-projects, only Medupi has experienced labour unrest which was essentially aimed at the client and not contractors.

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 sold its stake, following the transaction with SIOC Community Development Trust detailed by the chairman, the latest analysis shows that over 34% of the group is held by black shareholders.

The empowerment status of key subsidiaries is externally verified each year. Basil Read (Pty) Ltd is now a level 2 value-added (125%) contributor, well placed to participate in large contracts for major parastatals and state-owned entities.

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

TRANSFORMATION

Transformation remains a priority on the Basil Read strategic agenda. Through our transformation agenda, we are addressing three focus areas: employment equity; BBBEE targets; and enterprise development.

Employment equity – we are actively addressing targets through our recruitment, promotions, and training and development practices.

Employment equity scorecard of Basil Read (Pty) Ltd

Occupational levels	Male				Female				Foreign nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	3	–	3	11	–	–	–	–	–	–	17
Senior management	6	–	2	22	2	–	–	1	–	–	33
Professionally qualified and experienced specialists and mid-management	21	6	10	111	9	–	2	11	10	–	180
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	890	23	6	168	54	7	4	67	15	1	1 235
Semi-skilled and discretionary decision making	500	2	7	27	23	2	2	6	–	–	569
Unskilled and defined decision making	537	1	–	–	96	–	–	–	2	–	636
Total permanent	1 957	32	28	339	184	9	8	85	27	1	2 670
Temporary employees	–	–	–	–	–	–	–	–	–	–	–
Total	1 957	32	28	339	184	9	8	85	27	1	2 670



EMPLOYEE WELLNESS

In line with our values and responsibility to our employees, Basil Read is focusing on a number of wellness initiatives. A dedicated manager will be appointed to drive these initiatives.

Basil Read provides various counselling services for employees who may be experiencing personal difficulties.

We also promote wellness day initiatives where professional healthcare service providers offer HIV testing, assessments for vital health indicators and flu vaccinations to our employees. Costs are carried by the company.

We provide on-site paramedic and nursing staff on our St Helena project.

We have a fully equipped gym facility at our Basil Read Campus and our canteen encourages healthy eating plans for staff.

ENTERPRISE DEVELOPMENT

Through our enterprise development programmes, Basil Read is helping developing contractors to build sustainable businesses. This assistance takes two forms: providing resources so that developing contractors are able to compete in the market; and coaching, guiding and mentoring developing contractors and their employees.

Beneficiaries of our enterprise development programmes currently include:

Beneficiary	Black ownership	Black women ownership	BBBEE recognition level
BR-Tsima Construction	85%	13,09%	Level 1
Triple E Construction	100%	50%	Level 3
Dipcivils	58,23%	2,33%	Level 4
Makali Plant and Construction	65%	15%	Level 1
Makgetsi Construction Enterprise	100%	60%	Level 3
Anquet Construction Solutions	100%	0%	Level 1



Transformation case study

JOSEPH MAKOTA

- Q** *Where were you born?*
Stirtonville in Boksburg.
- Q** *Where did you spend your childhood?*
Boksburg.
- Q** *Briefly describe your career to date.*
I joined Basil Read on 1 March 1971 as a goods receiving and dispatch clerk in the workshop buying department. Six months later I was transferred to the radio room, where my responsibilities included operating the radio to communicate with our sites, time-keeping and wages preparations for hourly-paid employees and creditors accounts processing.

In 1975 I was transferred to the head office creditors department. In 1994, I was transferred to the Maseru Bridge project in Lesotho. Later that year I returned to the creditors department at head office, which is where I continue to work.

During my time in the procurement department, I had the privilege of working for Mr Basil Read himself. In those days, if a contract was experiencing difficulties, Mr Read would personally come to check that the proper company procurement procedures had been followed, keeping us all on our toes.

Sustainability review *continued*

Safety and health

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.



Billy Becker – Director: Group SHERQ*
Johan Booysen – Group health and safety manager

GOVERNANCE

In keeping with international best practice, Basil Read's risk, safety, health, environmental and quality practices are incorporated into a group SHERQ division. This ensures a risk-driven approach to safety, health and environmental practices on project sites and incorporating all these activities into the quality management system to consistently maintain 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 OHSAS 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.

Three-yearly certification audits were carried out in 2012, resulting in Basil Read retaining its NQA certification in ISO 9001, OHSAS 18001 and ISO 14001. During the year, Roadcrete Africa achieved ISO 9001 certification and stage one of the OHSAS 18001 audit. Stage two is scheduled for March 2013. SprayPave will apply for OHSAS 18001 and ISO 9001 certification in 2013. Basil Read Mining/Blasting & Excavating successfully passed their first surveillance assessment by PricewaterhouseCoopers in terms of ISO 9001 and OHSAS 18001 in June 2012, with a second surveillance assessment planned for May 2013.

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 relevant SHE legislation, ie Occupational Health and Safety Act, Mine Health and Safety Act, National Environmental Management Act, etc.

The implementation of the annual SHERQ improvement plan for the group is closely 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

We believe all workplace injuries and illnesses are preventable.

This is driven by:

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

We are on track to our objective of reducing the DIFR (disabling-injury frequency rate including lost-time injuries, reportable injuries and fatalities) to 0,0. We measure progress towards this objective by monitoring data for our own employees and our subcontractors. At year-end, the rate for the construction division was 0,21 (2011: 0,40), with the group ending at 0,31. Commendably, the civils division and plant department ended the year without any lost-time injuries, resulting in a rate of zero.

For the year, Basil Read (Pty) Ltd worked 4 856 378 hours without a lost-time injury, which includes subcontractors. Basil Read Mining/Blasting & Excavating achieved 1 604 731 hours without a lost-time injury.

*Appointment at subsidiary level



Regrettably, we had one fatality in 2012 when a subcontractor's employee died while working on the Golden Highway roads project. After any incident, we conduct an in-depth investigation to determine the root cause and ensure the conclusions/lessons learned are distributed across the group to prevent similar events from recurring.

Our management system provides the framework for integrating hazard identification, risk analysis and risk management into all our activities. This, together with management commitment, contributes to reaching our goals.

We have introduced the INX SHEQ management system to standardise procedures across the group. This enables management to view performance and progress by displaying real-time data. The system facilitates cross-pollination of data and sharing lessons learned, ensuring a proactive approach to managing safety and health.

During 2012, Basil Read received numerous awards for our health and safety performance:

- Medupi civils site was acknowledged by Eskom for achieving 1 million LTI-free hours;
- Trompsburg Hospital site received first place in the Master Builders Association Free State competition for the second consecutive year and is aiming for a hat-trick in 2013; and
- Kusile: This Basil Read Buildings joint venture with Stefanutti Stocks achieved second place in the Gauteng regional competition of the President's Cup award.

Commendable safety performances during the year included:

- 1 million LTI-free hours was achieved at Kusile and Natalspruit Hospital;
- Zimplats: We completed the project without a single LTI, resulting in 1,3 million LTI-free hours;

- Grootegeluk: We completed the project in 850 days without an LTI;
- Colesberg: We have worked over 1 million hours LTI free; and
- Basil Read Mining/Blasting & Excavating: B&E's Venetia operation reached 1 282 620 LTI-free hours in July 2012 (since the start of project in 2008), while the Jwaneng project achieved 1 million LTI-free hours in May 2012. The mining division as a whole achieved 2,5 million LTI-free hours in July 2012.

To foster awareness, we run monthly poster campaigns across the group. Our behaviour-based safety programme is on track, with the first site award presented early in 2013. This system has helped change the attitude of employees and supervisors to safety, creating a culture in Basil Read where employees look out for each other. This initiative was responsible for the birth of the group slogan "because we care". It was taken a step further during the review period when Basil Read Mining launched an awareness campaign using industrial theatre to promote the importance of safety entitled "zero harm – because we care". The slogan is branded on personal protective equipment, in email signatures and on all internal correspondence. This ongoing visibility entrenches both the importance of the message and management's commitment to the well being of all employees.

Finding suitably qualified safety personnel with adequate experience and knowledge is an ongoing challenge. Accordingly, the SHEQ and training departments introduced a safety officer development programme in 2010. As this runs over three years, the first graduates will come through the programme in 2013, better equipped with both technical and practical skills to perform in their work areas.

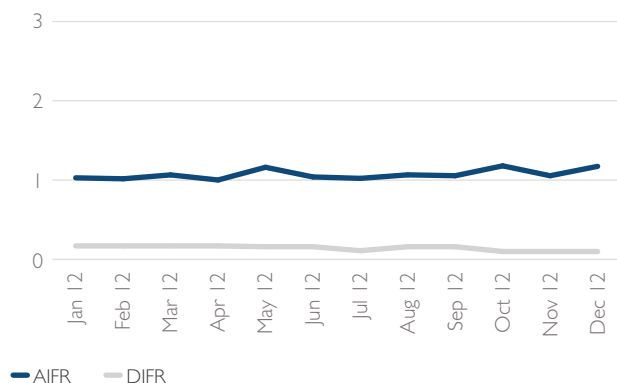
Sustainability review *continued*

Safety and health

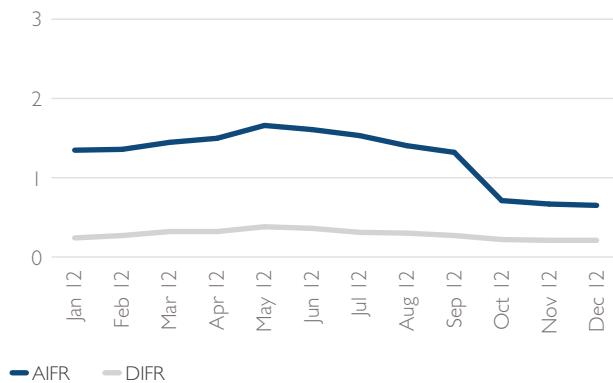


MANAGEMENT DASHBOARD – BASIL READ GROUP

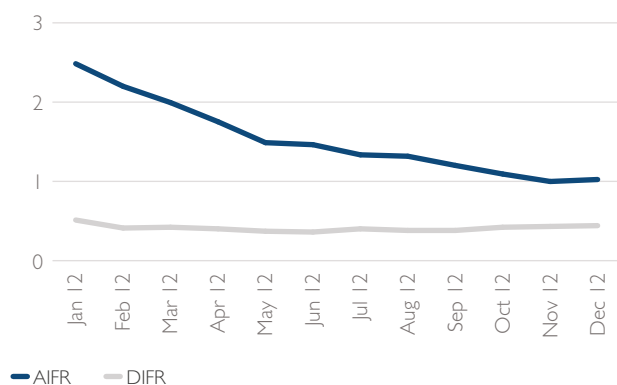
Mining



Construction



Engineering

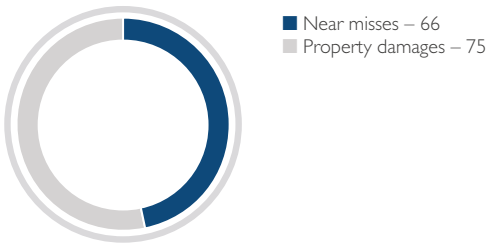


Basil Read management use this dashboard information to determine whether the group is managing safety effectively. The information is presented at executive management meetings to establish future objectives and strategies to ensure a safe working environment for all employees. The group has seen a decrease in the all injury frequency rate (AIFR) as well as the disabling injury frequency rate (DIFR), due to an increased awareness of safety issues as well as more effective implementation of control measures.

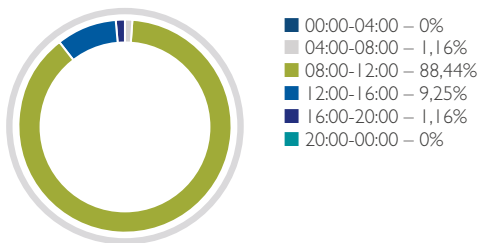


CONSTRUCTION OPERATIONAL DASHBOARD

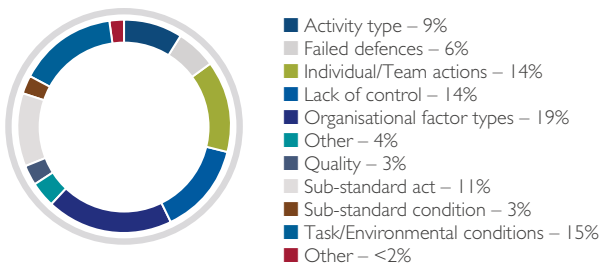
Near misses and property damages



2012 injury time analysis year to date

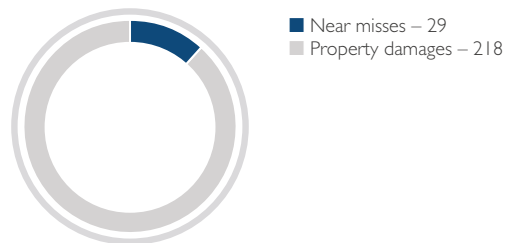


Root cause analysis rolling 12 months

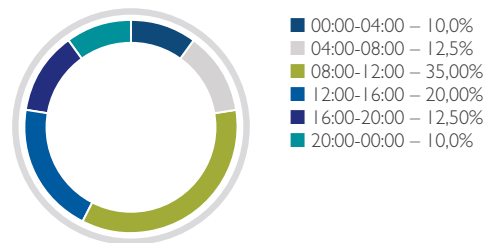


MINING OPERATIONAL DASHBOARD

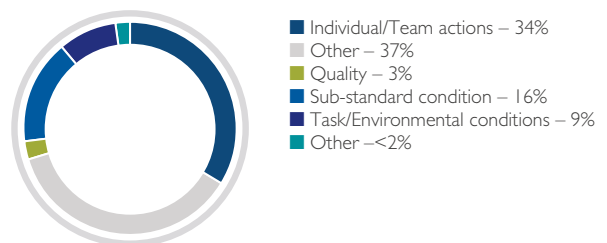
Near misses and property damages



2012 injury time analysis year to date



Root cause analysis rolling 12 months



Sustainability review *continued*

Safety and health



OCCUPATIONAL HEALTH

Basil Read regards the health of its employees just as important as their safety. During 2012, we conducted 584 pre-employment, 2 221 periodical and 919 exit medical examinations.

We have conducted hygiene surveys and effectively addressed noted opportunities for improvement. These reports were used by our occupational health practitioner to incorporate health hazards to which employees were likely to be exposed into the medical screening process.

Basil Read, in common with the rest of the construction industry, continues to face the challenge of employees using cannabis and/or habit-forming drugs. On one of our sites we established a trial project, in conjunction with the local health department and labour departments, offering voluntary

counselling sessions and periodic awareness campaigns. The response has been extremely positive and we will consider rolling this out more widely.

During the year, 175 employees were declared temporarily unfit for duty, eight permanently unfit for duty, 218 fit with specific restrictions and 31 tested positive for cannabis. This equates to 11% of all medicals performed during the year.

QUALITY

Basil Read maintains and continually improves its quality assurance and quality control systems to ensure the delivery of a quality product to clients. The performance of the management system is evaluated during group audits and results are presented to senior management during regular management review meetings.



Transformation case study

NQOBILE SIMELANE

Q Where and when were you born?
In exile in Harare, Zimbabwe, 23 March 1987.

Q Where did you spend your childhood?
In Pretoria.

Q What tertiary education do you have?
BCom (Marketing) from the University of the Witwatersrand, Johannesburg.

Q Briefly describe your career to date.
My career started off as a pension funds administrator at Alexander Forbes where I stayed for two years after which I moved into a junior strategy role in the consulting division. I am currently a business development manager for Basil Read Energy with some ad hoc marketing responsibilities.

Q When did you start working at Basil Read? What was your job title?

I joined Basil Read on 25 July 2011 as an administrator for Basil Read Energy.

Q What is your current job title?
Business development manager, Basil Read Energy.

Q How has working at Basil Read helped with your career progression?

My business acumen has increased exponentially due to the motivation and lessons from extraordinary mentors within the Basil Read group. I have also been able to focus on using all of my strengths productively and managing my weaknesses constructively.



Transformation case study

PERITTY NGOMANE

Q Where and when were you born?

In a small village called Islington at Bushbuckridge (Mpumalanga) on 24 April 1977.

Q Where did you spend your childhood?

Islington at Bushbuckridge (Mpumalanga)

Q Describe your best and worst childhood memory.

My best

- Fetching wood and water after school
- Making an open fire outside our two-room house
- Occasionally watching my grandfather's goats
- Sitting around the fire late at night, listening to my granny's stories or playing
- Reciting the scripture at church in front of everyone

My worst

- Waking up at 4am to plough or grind mealie meal before going to school
- Going to school without shoes as we could not afford them; I would make shoes by using a box and some rope to avoid the heat or thorns
- My mother having to use money lenders to pay for my tertiary education
- Wearing pyjamas to school that had been given to me as I did not have decent clothes to wear

Q Where did you go to school?

- Primary school – Khokhovela
- High school – Mhlangane
- Tertiary – Pretoria College, Varsity College and Unisa

Q What tertiary education do you have? How did you study?

- Certificate in food and hospitality, funded through a loan that my single mother arranged
- Bookkeeping, that I was unable to complete due to finances

Q Briefly describe your career to date.

- I worked as a catering manager and bookkeeper at Compass Group. I later worked as a bookkeeper at SA Mint Coin World

Q When did you start working at Basil Read? What was your job title?

- I started on 10 August 2011 as a mailroom and stationery supervisor

Q What is your current job title?

- Data capturer in the international finance department

Q How has working at Basil Read helped with your career progression?

- I am gaining a lot of wisdom and knowledge that is helping me to improve and grow

Sustainability review *continued*

Environmental

SUMMARY

- Basil Read is committed to protecting and sustaining the environment.
- The group remains an active part of the Green Building Council of South Africa.
- ISO requirements and legislation supplement Basil Read's stringent framework to ensure the best-possible environmental practices are implemented on sites.



Paulesa Rametse – Group environmental manager

ENVIRONMENTAL

Environmental consideration has become an integral part of any business. In understanding the impacts of its construction activities, Basil Read is committed to protecting and sustaining the environment. The group's SHERQ policy stipulates conducting our business in an environmentally friendly and sustainable manner, while our SHERQ 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; and
- Continuously improve against our KPIs to ensure an effective management system.

HIGHLIGHTS

- Basil Read retained its ISO 14001 certification in 2012;
- Group carbon footprint 2012 determined; and
- Group remains an active part of the Green Building Council of South Africa.

The group's commitment to green building extends to the intelligent design of the Basil Read Campus, which houses all construction and mining staff and subsidiary companies at the head office in Boksburg.

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 façades 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; and
- Energy-efficient light fittings.

Other examples of incorporating a greener lifestyle in our business include Basil Read's Rolling Hills Estate where design is coordinated with the environment and rocky outcrops, unique wetlands and biodiversity are well protected. The use of energy and water is aimed at long-term sustainability. An eco-village within the estate is planned where homes will be self-sufficient from electricity grids and sanitation works. This will assist the estate in minimising its carbon footprint.

KEY ACTIVITIES DURING THE YEAR

Through the principle of continuous improvement, the group has proactively updated its environmental checklist, based on ISO 14001, ISO 14064:1 and current environmental legislation. This ensures alignment between ISO requirements, legislation and the client. These are supplemented with our own stringent framework to ensure the best possible environmental practices are implemented on sites.

While there has been ongoing improvement in reporting environmental KPIs, the group continues to provide training to improve accuracy and completeness in reporting.

An environmental incident process is in place to minimise incidents and, where they do occur, to manage them more effectively. Training and awareness continue to address this issue.



ENVIRONMENTAL PERFORMANCE

Carbon emissions

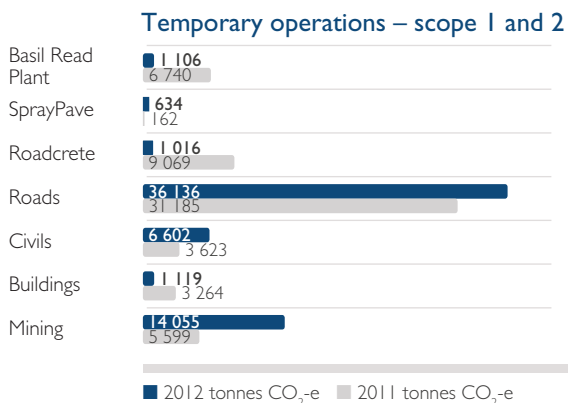
Carbon emissions were calculated according to ISO 14064:1, as well as the Greenhouse Gas Protocol guidelines. This covered only activities over which Basil Read has control. By applying these principles, the greenhouse gas (GHG) inventory is a fair representation of the company's GHG emissions.

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 are those from sources owned or controlled by the company. An indirect emission is the result 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 interest of transparent reporting.

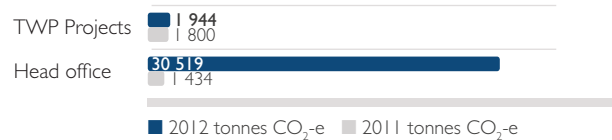
Our carbon footprint quantifies and reports emissions associated with the following activities:

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

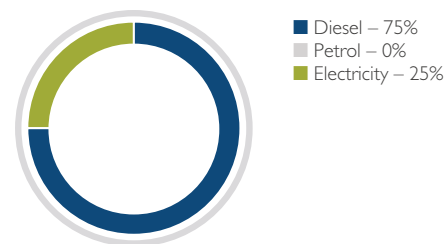
CONSTRUCTION OPERATIONAL DASHBOARD



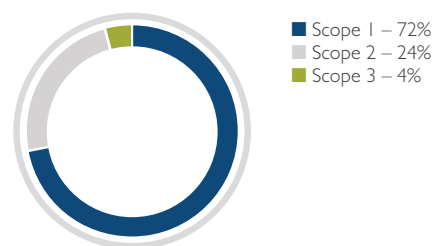
Permanent operations – scope 1 and 2



Emission sources – scope 1 and 2



All emissions – scope 1, 2 and 3



The 2012 carbon footprint has decreased to 96 584 tonnes CO₂-e from 222 092 tonnes in 2011, primarily due to reduced travel.

	2011	2012
Emission intensity		
Employee intensity	23,55	14,77
Financial intensity	0,036	0,014

Environmental



WATER

Environmentalists believe the next war is going to be over water. More importantly, South Africa is facing a water crisis now. Water problems can have a severe impact on business and be even worse in a community's social and economic life.

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

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.

WASTE

Basil Read has a specific plan to ensure waste management is properly implemented. We continue to separate our waste to comply with legislative requirements, and to reduce our impact on the environment.

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 (flood events) and affecting the health and safety of our workforce. Our operations in the civil, roads and buildings divisions particularly are highly vulnerable to short- and long-term effects of climate change.

The group has identified this risk, and monitoring our carbon emissions is the first step to reach our carbon emission reduction target. Other risks include high electricity costs, high water bill, and carbon taxes.

LOOKING AHEAD

Across the SHERQ function, several initiatives are under way, including:

- Incorporate sustainability into the company's strategy.
- Continue with environmental training and awareness programmes to stay abreast of best practices in the industry and legislation.
- Protect the environment to the best of our ability.



Transformation case study
SYLVIA NDLOVU

- Q Where and when were you born?**
I was born in Tembisa on 14 October 1982.
- Q Where did you spend your childhood?**
I spent my childhood in Tembisa.
- Q Describe your best and worst childhood memory.**
Best – the love, warmth and protection that I got from my parents.
Worst – the poverty we experienced.
- Q Where did you go to school?**
Primary education – Phuthumani Primary School.
Secondary education – Tersia King Learning Academy.
- Q What tertiary education do you have? How did you study?**
I have a diploma in business information technology, a three-year diploma that my grandfather paid for, for which I am forever grateful.
I am now studying purchasing and supply management which I am grateful that Basil Read is paying for.
- Q Briefly describe your career to date.**
After graduating I worked for a company called Skynet Worldwide Express as a data capturer and was then promoted to an in-house clerk. I then worked in the international department at Speed Services Couriers after which I luckily found a job at Basil Read.
- Q When did you start working at Basil Read? What was your job title?**
I started working for Basil Read in July 2008 as a mailroom clerk.
- Q What is your current job title?**
IT office administrator.
- Q How has working at Basil Read helped with your career progression?**
I have gained a lot of experience at Basil Read, I enjoyed working in the mailroom and stationery department because I learned how to multitask and deal with pressure. Humble beginnings make a person strong; they make you who you are, because you will always know where you came from and where you are going. I'm glad that I moved into the IT department because I studied IT so it will help me to gain experience in my career. I would love the opportunity to move into the procurement department to gain additional exposure. My ultimate goal is to be the one of the best buyers that Basil Read has ever had.



Transformation case study
STANLEY MAHLALELA

- Q Where and when were you born?**
I was born in Soweto on 24 March 1968.
- Q Where did you spend your childhood?**
In a boarding school in Swaziland.
- Q Where did you go to school?**
Lomahasha Central and Entfonjeni High School in Swaziland.
- Q What tertiary education do you have? How did you study?**
Housing policy development and management programme with Wits Business School (part time), environmental management and environmental law with Northwest University, Potchefstroom Campus (part time).
- Q Briefly describe your career to date.**
I was self-employed for a long time, running a brick manufacturing plant, a hairdressing salon and a communication tower installation company.
- Q When did you start working at Basil Read? What was your job title?**
I joined Basil Read in 2007 as an assistant community liaison officer in Cosmo City.
- Q What is your current job title?**
I am the environmental manager for Basil Read Developments and I assist with stakeholder relations as well.
- Q How has working at Basil Read helped with your career progression?**
I have been exposed to new career and study opportunities. Before joining Basil Read I didn't know anything about the importance of environmental management and today I am the environmental champion for the developments division.

Sustainability review *continued*

Corporate social investment

SUMMARY

- With ongoing support aligned to our core business objectives, Basil Read aims to make a difference in the lives of the communities in which it operates.
- Many employees contribute in their personal capacity by volunteering time, cash donations or participating in individual fundraising efforts.



For Basil Read, corporate social investment is more than just a responsible business practice – it is an investment in the future. The group has a long history of aligning itself with meaningful and sustainable programmes that leave an enduring legacy, and we are committed to forming significant and lasting partnerships with beneficiaries. With ongoing support aligned to our 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.

During the year, Basil Read contributed R3,25 million to selected projects. The bulk of this was invested in a school for the Jozini community in KwaZulu-Natal. The balance was spread among NGOs focused on enterprise development, education, health and sport. Many employees contribute in their personal capacity by volunteering time, cash donations or participating in individual fundraising efforts.

CASE STUDY: METROWIND IS SERIOUS ABOUT COMMUNITY DEVELOPMENT

Following the successful installation and commissioning of solar-powered area lighting in the community of Fitches Corner on Mandela Day in 2012, the Metrowind Van Stadens wind farm helped to improve the lives of the communities of Shamrock and Witteklip by installing similar solar-powered area lighting. The lights were commissioned in December 2012, transforming conditions for local residents just in time for Christmas.

Witteklip is metres away from a main road, and street lighting will do much to reduce the risk of pedestrian accidents and crime. In Shamrock, some residents have lived for 15 years without any form of external lighting.

The lighting was funded by Basil Read Matomo, which is responsible for the engineering, procurement and construction of the Metrowind Van Stadens wind farm.

In addition, Basil Read Matomo invested over R400 000 to develop black-owned small and medium business enterprises in the Nelson Mandela Bay Metro during the year. These construction and engineering enterprises will continue to receive financial support, as well as mentorship and professional advice to develop their businesses.

We believe small and medium enterprises are the incubators of job creation in South Africa. The growth of the renewable energy industry in the Eastern Cape, particularly the wind farms being developed in and around the Nelson Mandela Bay Municipality, are a catalyst for economic growth in one of the most impoverished provinces in the country. We are committed to contributing to the growth and development of communities and businesses in this region and hope to make a meaningful and sustainable difference over time.





HEALTH

During the year, the group supported health-related initiatives, including:

- 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.
- Sunflower Fund for terminally ill children.

SKILLS DEVELOPMENT

Education

Guided by the philosophy that "a school is a centre of community life", Basil Read built a proper brick-and-mortar school to replace the existing mud-walled church building

serving pupils of the Nondabuya Primary School in Jozini, in the Umkhanyakude District Municipality in KwaZulu-Natal.

Pupils could not wait to move into the new school Basil Read had built for them, complete with sports facilities and a beautiful garden. Community members will also be able to use the school as a community centre.

Basil Read incorporated sustainable elements to make the building warmer in winter, cooler in summer and capable of recycling rainwater for irrigation purposes. The new school was officially handed over in June 2012 by the MEC for Education, Senzo Mchunu.

CASE STUDY: STYLISH FAREWELL TO SCHOOL

Basil Read Developments (BRD) understands and appreciates the challenges that some scholars in and around Cosmo City deal with, and the different financial backgrounds they come from. As a result, BRD helped make the 2012 matric farewell a memorable experience for the grade 12 students of two high schools in Cosmo City (Cosmo Secondary 1 and Cosmo City Secondary 2) ensuring a wonderful send-off into adulthood.

BRD worked with the schools to plan a Spring Market day for September 2012, inviting community members to support this initiative. BRD contributed the produce for various stalls which were set up and managed by students with assistance from teachers. The event included a modelling show for Miss Cosmo Secondary, soccer and netball matches by the schools' A teams and a car wash and entertainment by fellow students.

BRD also secured support from Project Princess which donated dresses to girls in need at both schools. Hair and makeup on the day was sponsored by Toni Firmani and Beauty Solutions.

After a successful fundraiser and all the assistance on board, the big day was a great success for students and teachers. This year, BRD will again assist the schools and do as much as possible to make a difference in the lives of the students and the community of Cosmo City.



Sustainability review *continued*

Corporate social investment



CASE STUDY: DEVLAND EDUCATION CAMPUS SOWETO

Basil Read is one of the sponsors and partners in a community project in Soweto called the Devland Community Education Campus project. This project attempts to broaden the horizons of the youth of Soweto by providing learning and business processing facilities in the heart of the largest township in South Africa. Together with other partners, such as Growing Up Africa (GUA), Golden Triangle Development Company, Builders Warehouse, Target Cranes, Afrisam, Saint-Gobain, Basil Read contributed to project development and design.

The project will be the first of its kind in the township and certainly a needed resource by the community. The centre design has been completed and, when constructed, will be a flagship of functional design, sense of place and sustainability in the building industry. It has been designed with various sustainability attributes such as energy efficiency and green building technologies.

This follows an earlier and successful project in Cosmo City – the Early Childhood Education Centre – in collaboration with Growing Up Africa and other sponsors.

Construction will begin in 2013 and various fundraising activities have been planned – including a recent auction hosted by Webber Wentzel. The project is again proving that through the involvement of the Basil Read family, other sponsors and suppliers are inspired to become involved and contribute to worthy causes that assist in uplifting the lives of needy people in South Africa.



ENTERPRISE DEVELOPMENT

CASE STUDY: PAVING THE ROAD TO SUCCESS

During the year, Basil Read again teamed up with Khuthaza to inspire a group of entrepreneurs and contractors participating in Khuthaza's development programme, when it hosted a breakfast at its head office followed by a site visit to the N12 Tom Jones project.

Khuthaza is a non-profit organisation that interacts with government, industry role-players and other stakeholders to encourage change, partnership and transformation. Khuthaza's programmes are aimed at developing talent and contractors. Through a number of initiatives, it contributes to creating a foundation for sustainable change through industry facilitation, advocacy, information dissemination and support. Its aim is to position individuals for entry and development in the construction industry through its contractor development programmes. Khuthaza also provides participants with skills, exposure, networks and knowledge that will enable them to improve the efficient operations of their companies and engage more effectively with the industry.

During the site visit to Basil Read's N12 freeway project, various technical and operational aspects were explained to the visiting group. These included the challenges of working as a team with a large number of subcontractors, as well as the safety and logistical challenges of working on such a busy highway.

One of the highlights for participants was viewing specialised equipment imported from Germany and hearing about the specialised ultra-thin concrete being used on this contract. Basil Read staff shared tips on good business practice and reminded contractors to continuously plan and manage their building programmes.

The contractors who participated in this session rated the day very highly and greatly appreciated the time and experience the team shared with them.





AMBASSADORS IN SPORT

The global Ambassadors in Sport initiative brings hope and opportunity to youth through football. Basil Read has been involved with the South African project since 2008 and now supports the organisation on a monthly basis, with the specific goal of developing a new Hope Academy in Mamelodi.

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.

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

Most Basil Read subsidiaries 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.

CASE STUDY: MANDELA DAY

Basil Read Developments celebrated the 2012 Mandela Day by organising, preparing and serving soup to the elderly community of Itsoseng, an informal settlement along Malibongwe Road next to Cosmo City. These residents will be the primary beneficiaries of the Malibongwe Ridge project that Basil Read has recently begun to implement.

The fun-filled day included much music and singing, with senior citizens showing the youth a few moves on the dance floor that would have impressed the elderly statesman and patron of the day, Nelson Mandela. As the 67 minutes dedicated to Madiba were drawing to a close, the local Honeydew police made a surprise visit and donated blankets to the elderly.

At head office, employees in the group finance and accounts teams collected groceries and clothing to be donated to Siyabonga Children's Cottages, a local charity organisation. In recognition of their individual efforts, management of Basil Read agreed to make a contribution in the form of a new deep freeze, which Siyabonga had identified as a critical need. Due to the success of this initiative, the finance and accounts teams committed to similar drives on a regular basis.





This index includes the 2009 GRI guidelines (G3.1) and 2010 construction and real estate sector supplement

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	WATER	
EN8	Total water withdrawal by source (m ³ /year)	116
EN9	Sources significantly affected by withdrawal	nr
EN10	Percentage and volume recycled and re-used	nr
CRE2	Building water intensity	nr

nr – Not reported



GRI element	Topic	Page
	BIODIVERSITY	
EN11	Location and size of land owned, leased, managed or next to protected areas, areas of high biodiversity value	n/a
EN12	Description of significant impacts of activities	n/a
EN13	Habitats protected or restored	n/a
EN14	Strategies, actions and plans for managing impacts on biodiversity	n/a
EN15	IUCN Red List species and national conservation list species in areas affected by operations	n/a
	EMISSIONS, EFFLUENTS, AND WASTE	
EN16	Total direct and indirect greenhouse gas emissions by weight	115
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CRE3	GHG gas emissions intensity from building energy	115
CRE4	Greenhouse gas emissions intensity from new construction and redevelopment activity	nr
EN18	Initiatives to reduce greenhouse gas emissions, reductions achieved	115; 116
EN19	Emissions of ozone-depleting substances	nr
EN20	NO _x , SO _x , 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
EN22	Total weight of waste by type and disposal method	116
EN23	Total number and volume of significant spills	nr
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

n/a – Not applicable

nr – Not reported



GRI element	Topic	Page
	PRODUCTS AND SERVICES	
EN26	Initiatives to enhance efficiency and mitigate environmental impacts of real estate and infrastructure assets, extent of mitigation	114
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	115
EN30	Total environmental protection expenditures and investments by type	nr
	SOCIAL PERFORMANCE: LABOUR PRACTICES AND DECENT WORK	
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LA2	Number and rate of new employee hires and employee turnover by age group, gender, and region	nr
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LA15	Return to work and retention rates after parental leave, by gender	nr
	LABOUR/MANAGEMENT RELATIONS	
LA4	Percentage employees covered by collective bargaining agreements	106
LA5	Minimum notice period on significant changes, including specified in collective agreements	nr
	OCCUPATIONAL HEALTH AND SAFETY	
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LA7	Rates of injury, occupational diseases, lost days, absenteeism, work-related fatalities broken down by employees, supervised employees and independent contractors	108 to 112
CRE6	Percentage of organisation operating in verified compliance with internationally recognised health and safety management system, eg OHSAS 18001 or equivalent	108
LA8	Education, training, counselling, prevention, and risk-control programmes to assist workforce members, their families or community members with serious diseases	113
LA9	Health and safety topics covered in formal agreements with trade unions	113

n/a – Not applicable



GRI element	Topic	Page
	TRAINING AND EDUCATION	
LA10	Average hours of training per year per employee, by gender and by employee category	102 to 104
LA11	Programmes for skills management and lifelong learning that support continued employability	102 to 104; 107
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	106
LA14	Ratio of basic salary of men to women by employee category	nr
	SOCIAL PERFORMANCE: HUMAN RIGHTS	
	INVESTMENT AND PROCUREMENT PRACTICES	
HR1	Percentage and number of significant investment agreements with human rights clauses or human rights screening	nr
HR2	Percentage 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

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	118
SO9	Operations with significant potential or actual negative and positive impacts on local communities	118 to 121
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities	118
CRE7	Number of persons voluntarily and involuntarily displaced and/or resettled by development, broken down by project	nr
	CORRUPTION	
SO2	Percentage and number of business units analysed for risks related to corruption	98
SO3	Percentage of employees trained in anti-corruption policies and procedures	98 to 99
SO4	Actions taken in response to incidents of corruption	98 to 99
	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	14 to 16; 18; 25; 91
	COMPLIANCE	
SO8	Significant fines, sanctions for non-compliance with laws and regulations	14 to 16; 18; 25; 91

n/a – Not applicable

nr – Not reported



GRI element	Topic	Page
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	nr
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	zero
PRODUCTS AND SERVICE LABELLING		
PR3	Type of information required (eg building and infrastructure components and materials), percentage of significant products concerned	n/a
CRE8	Type and number of sustainability certification, rating and labelling schemes for new construction, management, occupation and redevelopment	108 to 109
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	nr
MARKETING COMMUNICATIONS		
PR6	Programmes for adherence to laws, standards, and voluntary codes	84
PR7	Incidents of non-compliance	zero
CUSTOMER PRIVACY		
PR8	Substantiated complaints on breaches of customer privacy and losses of customer data	zero
COMPLIANCE		
PR9	Significant fines for non-compliance with laws and regulations concerning provision and use of products and services	zero

n/a – Not applicable

nr – Not reported