

ENVIRONMENTAL

Brait operates in many different regions, some of which have critical resource bases, which need to be wisely used if they are to provide sustainable support for development. This is particularly applicable in the group's African operations. It has become increasingly important for organisations worldwide to participate in conserving the environment. All companies, to a varying extent, have an impact on environmental resources and therefore need to develop strategies to measure and monitor their impact, and implement systems to ensure that these resources are used in a responsible manner.

The board recognises that, as a financial services organisation, Brait's environmental impacts are lower than those of other industries, but that environmental risk may arise indirectly from the environmental impact of the actions of its suppliers, clients, staff, business partners and investment companies. Its strategy and objectives, in terms of the environment, are based on the premise of ensuring a better life for all the group's stakeholders and future generations and, in doing so, ensuring that none of the group's activities have a detrimental effect on the environment. The group undertakes to conduct its business activities in a manner that minimises or eliminates negative impacts, and maximises positive impacts of an environmental or socio-economic nature.

The board has committed to ensuring that Brait, and those parties over whom it has influence, set appropriate standards to deal specifically with environmental challenges and the subsequent measures required to reduce any negative impact on the environment.

Due to the significance of the group's commitment to the environment, the group chief executive, assumes direct responsibility for ensuring that the group policies in place are appropriate and will lead to the achievement and maintenance of, as a minimum, the benchmark practice in all jurisdictions in which the Brait group operates.

The environmental steering committee, chaired by the group chief executive, is mandated to assume responsibility for environmental risks across all aspects of the group's operations and to provide the board of directors with assurance that the group policies and standards in place are appropriate. The committee meets at least twice a year, and their brief incorporates the following areas of responsibility:

- Identifying all critical environmental issues and risks;
- Setting minimum standards for the group;
- Reviewing standards against best industry practice;
- Implementing the group's environmental policy;
- Monitoring the company's use of natural resources;
- The development of indicators to assess progress against recognised standards;
- Measuring environmental performance in each of the group's operations; and
- Reporting to the board.

Achievement against objectives

Objectives set for the 2006 financial year	Performance against objectives
• Approval of targets for the reduction of energy and water usage.	• Targets approved to reduce the electricity and water consumption at the Johannesburg office premises by 15% over a three-year period.
• Continued measurement, and monitoring of energy and water consumption.	• Accurate consumption figures are available up until the sale of land and buildings (October 2005). As a tenant, subsequent to this date, we have been unable to obtain exact consumption figures specific to our business, however, our facilities department are addressing this issue with the landlord, and investigating various solutions to obtain accurate measurements in the future.
• Further initiatives to reduce direct environmental impacts.	• Redesign of Johannesburg office premises to consolidate and reduce the required space to accommodate the same number of employees, resulting in more effective utilisation (and reduction) of electricity consumption. Comparison between annual figures for 2004 and 2005 (adjusted to accommodate missing readings for Nov and Dec 2005 – post sale of building) reflect that the target for reduction in water consumption was met, whilst the anticipated energy saving from this initiative will only reflect during 2006.
• Enhanced management of indirect environmental impacts.	• Increased focus on procurement of suppliers who are both BEE compliant and offer environmentally-friendly solutions (i.e. waste paper collection for re-cycling).

ENVIRONMENTAL CONTINUED

Core objectives for the 2007 financial year:

- Focus on reducing the use of paper, encouraging electronic communication;
- Increasing the percentage of paper recycled;
- Implementing an accurate monitoring system to measure use of water and energy resources.

References in this report to targets, measurements, consumption and utilisation of resources and materials refer to the Johannesburg offices of Brait.

Direct environmental impacts

The facilities division of Brait manages Brait's internal direct environmental impacts (energy saving, recycling, etc), and also some of Brait's indirect environmental impacts (via procurement). The responsibility for the environmental management of the Johannesburg offices rests with the facilities manager. The division is mandated to eliminate, minimise or control at source any impact the company's activities might have on the environment by applying appropriate proactive and remedial measures to foster environmentally sustainable solutions.

The following internal areas of direct impact use, are managed, monitored and measured:

- Energy
- Water
- Materials
- Emissions, effluents and waste.

Energy and water usage

Brait used 2004 as the year for collecting accurate baseline information to be used as a starting point from which to set preliminary targets for reducing consumption over the coming years. These targets will be reviewed and, if required, revised annually as the quality of management information continues to improve.

Targets were set, during 2005, to reduce electricity and water consumption by 15% over a three-year period. Notwithstanding the difficulties in obtaining accurate consumption readings since becoming a tenant at the end of 2005, comparison of the annual water consumption figures (2004: 2005), adjusted to accommodate the missing readings for November and December 2005, reflect a reduction in excess of the target, whilst the adjusted electricity consumption figures (2004: 2005) reflect a 2% increase. The expected lowering of energy consumption, as a result of the reduction and re-design of office space to facilitate more effective utilisation of electricity (completed in November 2005), and the resultant electricity saving, is only expected to reflect during 2006.

The board has reviewed the company's use of natural resources, and has decided not to include these results (annual comparable data on utilisation of resources) in this report. This information, however, is available to any interested stakeholder on request.

Materials

Brait utilised 350 boxes/1 750 reams of paper during the period under review, and continues to encourage electronic communication with its stakeholders. Waste paper is separated for recycling, shredded on-site and collected by companies involved in the recycling of paper.

The majority of laser toner cartridges supplied to Brait are recycled cartridges which, once empty, are returned to the supplier for further recycling until the cartridges are no longer viable.

Redundant office furniture, equipment, carpets and computers are either sold second-hand to staff via an internal 'bid/offer' auction or donated to institutions as approved by the board.

Emissions, discharges and waste

As a financial institution, the group is a service provider and the measuring and monitoring of emissions to the air is not material or significant to the business of Brait. Every effort is made to reduce vehicle emissions, by regularly maintaining and servicing the company fleet of three cars, as prescribed by the manufacturers of the respective vehicles. The group does not operate any trucks or heavy-duty vehicles in its fleet.

There is a full-time onsite service operator servicing the air-conditioning units in the building. The current air-conditioning system emits ozone depletion gasses (R22 and 134A), however, disposal to the atmosphere is minimised by the recovery, reclamation and recycling of the refrigerant gas as per SABS standards, during regular maintenance procedures conducted by the supplier. In addition, air-conditioners are programmed for energy saving to only operate during normal business hours.

The group produces an insignificant amount of water discharges as it is a provider of financial products and services, and not a producer or manufacturer of resources or goods. Water is primarily used for consumption and ablution facilities.

The collection and disposal of waste is contracted to a third party for safe disposal. A daily waste disposal service removes waste from the building, in accordance with the safety regulations of (ISO 14000). The ISO 14000 standards are a series of international voluntary standards on environmental management. The group does not transport, store or trade in hazardous waste, nor recycle or reclaim waste materials, nor own any waste disposal sites.

There were no uncontrolled releases, discharges or spills of any kind, during the period under review.

Biodiversity

Brait has no significant impact on biodiversity through land occupation, as the group currently occupies (under various lease agreements) existing offices worldwide.

Indirect environmental impacts

The Brait group recognises that as a financial services institution its most significant environmental risk may arise indirectly from the environmental impact of third parties such as its clients, investors and business partners. Indirect risks have the potential to cause financial losses and reputational damage.

Clients, investors and business partners

Brait addresses the indirect environmental impact of its investor, and investee companies, with a stringent set of guidelines designed specifically for the Private Equity Funds under the management and administration of the group. Brait, as the fund manager, requires that its activities and those of the investee companies in which the funds

have or will have an investment, comply with all applicable environmental laws and regulations of the host country and any other countries in which the investee companies may have an operation. In addition, the World Bank/IFC safeguard policies and guidelines are used, in the environmental impact assessment process. Where the environmental risk is considered to be material, a detailed risk assessment and mitigation is required, which would typically entail environmental impact studies undertaken by suitably qualified, independent assessors.

Illovo Property Owners' Association

Due to the sale of the Johannesburg office premises (including the land and buildings), by the group during the period under review, Brait is no longer directly represented in the Illovo Property Owners' Association, but is represented on the board of the Illovo Boulevard Management District via their landlord's representative. This association addresses, inter alia, the environmental impact of its members and neighbours on its direct surroundings.

Procurement and supply chain

The facilities manager continues to source suppliers who meet certain specified minimum environmental requirements, by practising their in-house environmental policies, re-cycling, utilising environmentally-friendly products, etc, and to promote black economic empowerment through the supply chain. Brait is in the process of modifying the procurement guidelines to include key environmental and social aspects in the evaluation processes, and procurement questionnaires will be updated to stimulate greater environmental responsibility.

Compliance

The group has not incurred any fines or penalties for non-conformance or non-compliance with environmental regulations during the period under review.

The Brait group constantly strives to improve on its sustainability and non-financial reporting, on an ongoing basis. In light of this, we value any feedback, recommendations and/or suggestions regarding content that would add to the value of future reports, from our stakeholders.

Please feel free to contact us with your comments and suggestions on Brait's sustainability reporting as follows:

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