

SUSTAINABILITY REPORT

Introduction

Brait's approach to corporate sustainability is to create long-term shareowner value by embracing opportunities and managing the risks derived from economic, social and environmental developments. Brait views sustainable development as an essential component in the growth and improvement of the group in all its operations. In light of this, it strives to find a balance between economic objectives, social upliftment and environmental responsibility ("triple bottom line"), in recognition of the financial and reputational benefits of integrating sustainability into sound business practice.

Brait is pleased to present the group's third consecutive annual sustainability report. The aim of this report is to demonstrate to stakeholders the group's continued commitment to operate a sustainable company, whilst respecting all three aspects of the triple bottom line. This report covers the activities of the Brait group, during the 2006 reporting period.

The report follows a similar format used for the two previous reports, and draws on the framework of the internationally accepted Global Reporting Initiative (GRI) Sustainability Guidelines (2002), as well as the criteria of the JSE Limited's (JSE) Socially Responsible Investment (SRI) Index, as guides for sustainability reporting on the triple bottom line. These criteria have been used for guidance only, with this report focusing on issues that are specifically material to the business of Brait. Sustainability is not an isolated undertaking removed from day-to-day business activities, and as such, this report should be read in conjunction with the rest of the annual report to gain a full overview of the group's activities.

As a financial services company, the group's contribution to promoting sustainable development relates largely to its ability to make a positive impact on social upliftment, and economic development. The group has thus taken the strategic decision to focus its sustainability activities on addressing the challenges that are most material to its business, namely the responsible provision of its financing, lending and funds management activities (taking into account both social and environmental indirect impacts), the roll-out of its BEE initiatives, the promotion of its CSI motto of "better opportunities through education", and the implementation and maintenance of sound employment practices. Brait nevertheless recognises the importance of the natural environment, and the minimisation of both the direct and indirect environmental activities of its business.

With the increased focus on sustainability, worldwide, Brait has benchmarked itself against the criteria of the JSE Socially Responsible Investment (SRI) Index, launched in May 2004. This index aims to promote and enhance good corporate sustainability practices, in South Africa, by using a set of predetermined criteria to assess and measure companies' triple bottom line performance. Participation in the JSE SRI Index is voluntary and limited to the 160 companies listed in the FTSE/JSE All Share Index. Brait has participated in this process, for the third consecutive year, and is proud to be one of the 58 companies included in the JSE SRI Index for 2006.

Interaction with our stakeholder groups is fundamental to the sustainability process. Brait looks forward to engaging with all its stakeholders on the issues raised in the report, and encourages feedback to advance the company's approach to sustainability development and management, in an effort to continually improve in these key areas.

The framework for reporting on the triple bottom line, in this report, is as follows:

Stakeholders	–	Economic performance
Social responsibility	–	Social performance
Employee report	–	Social performance/occupational health and safety
Environmental	–	Environmental performance

Stakeholders

Brait recognises the importance of building and cementing long-term reciprocal relationships with our stakeholders and views this as integral to the success of our business. Our direct stakeholders are shareowners, clients, investors, employees, suppliers, government and regulators, whilst our indirect stakeholders include the communities in which we operate encompassing the education fraternity which serves as a source of future employees of the group. All our stakeholders play a key role in the sustained success of Brait's business and we regularly engage and consult with them. Brait is committed to creating wealth and adding value for all our stakeholders, and further strengthening our relationship with them.

Shareowners and providers of capital

Shareowners are our providers of capital and their key performance measures are the achievement of superior long-term sustainable growth in earnings and dividends, and the consistent demonstration of exceptional returns on shareowners' equity. The past year has seen the group meet and exceed these performance measures with a significant increase in earnings, and the declaration of a total dividend of 18,24 US cents per share to shareowners. ROE on a performance scorecard basis improved to 45,9%, exceeding our target of 20%. The group's risk exposure has been conservatively managed and the long-term nature of our private equity business and the good standing of our client franchise are still intact.

Clients

We view our clients as partners and work hand in hand with them in the creation of shared value. They are key to the long-term sustainability of our business. Our approach and objectives fit those of our clients. In fostering long-term and mutually beneficial relationships with them, we go the extra mile and respond quickly and innovatively to their needs. Clients appreciate our integrated multi-disciplinary service offering, and our enthusiasm to co-invest with them in support of our advice and ideas.

Investors

We have an obligation to our investors to deliver superior returns and, as a result, our ability to find and convert opportunities into financial reward provides our investors in funds under management with a balance of risk/return profile with consistent and sustainable returns and earnings that they are unlikely to achieve themselves, or within our peer group. Brait has committed itself to stringent standards of reporting transparency and disclosure. This practice is followed not only for shareowners, but also at client and investor levels. Investors in our private equity funds receive regular, transparent and comprehensive reporting disclosure in regard to their investments. They are represented on advisory boards and are party to the investment strategy with regard to these funds. All investments are fully discussed with our investors at bi-annual meetings. The trust and confidence of our investors in our private equity team is reflected by the historic record of growth in Brait's funds under management and their ongoing participation in Brait's new fund offerings.

Employees

The intellectual capital of Brait's employees form the foundation, and is the key driver behind the success of the group. Recognition of our employees performance is aligned with the performance of the group. We are focused on the development of our pool of talented people and are committed to education and training to improve and extend their skills. Recruitment and retention of good people is important to the group, and our human capital base is stable. Employees are treated with respect and are key partners to the business.

Regulators and other industry bodies

The group engages proactively in the regulatory process and pursues opportunities to interact with various regulators. It engages with all three stock exchanges, on which the group's shares are listed.

Brait is a full member of the Southern African Venture Capital and Private Equity Association (SAVCA). The main objective of SAVCA is the promotion of the venture capital and private equity industry in

southern Africa. Over the past five years, Brait has been actively involved with SAVCA, and has played an integral role in a number of its key initiatives. Brait is represented on SAVCA's board of directors, its executive committee, as well as on a number of project sub-committees. The group also engages with the Micro Finance Regulatory Council (MFRC) and the Securities Regulation Panel (SRP).

Government and public sector officials

During the period under review, Brait has engaged with the South African Deputy Minister of Finance, who has been most supportive in terms of the group's efforts to expose international investors to senior policymakers in government. We have further engaged with the Department of Public Enterprise, the Department of Trade and Industry, and other relevant government sectors pertinent to an investor company's business.

Suppliers

Brait is committed to furthering black economic empowerment, and has procedures in place to substantially increase the company's procurement from black-owned (shareholding), and black-staffed enterprises. Suppliers are required to submit their employer and employee profiles and employment equity strategies. The group is also dedicated to sourcing suppliers with appropriate environmental policies in place (re-cycling, environmentally-friendly products, etc).

Communities and social interest groups

Brait is committed to assisting less fortunate people in the communities in which we operate, and to developing human capital. We recognise that we have a contribution to make in uplifting these communities. This is primarily facilitated through the activities of the Brait Foundation, which has a chief objective to promote, nurture and develop intellectual capital in commercial activities in these communities and to work in conjunction with academic institutions, including the granting of educational bursaries for employment equity candidates.

SUSTAINABILITY REPORT CONTINUED

Below is a table setting out methods of engagement with each stakeholder group:

Stakeholders	Methods of engagement
Shareowners and providers of capital Shareowners are our providers of capital and their key performance measures are the achievement of superior long-term sustainable growth in earnings and dividends, and the consistent demonstration of exceptional returns on shareowners' equity.	• Media releases • Corporate website: www.brait.com • The Stock Exchange News Service (SENS) • Annual and interim results • Presentations and investor visits • Annual general meeting • The annual report • Analyst briefings, including results presentations • Conference calls
Clients (including Fund Investors) Creating lasting and mutually beneficial relationships with our customers with the creation of shared value, and an obligation to deliver superior returns to our investors.	• Advertising and marketing • Corporate website • Electronic, telephonic and telefax communication • Corporate hospitality • Client seminars • Daily economic research reports • Quarterly, monthly and weekly Fund reports • Distribution through the M&A Network Inc. • Investor memorandums • Investor visits • Educational seminars • Industry surveys
Employees Creating a positive, supportive, healthy and diversity-friendly working environment.	• The intranet • Electronic and verbal communication • Internal newsletters • Wellness at work programme • Training and development • Emerging Fund Manager programme • Employment equity and diversity • Staff share schemes • Paid maternity leave • Health and safety (Regular on-site eye assessments, sponsored flu vaccinations) • Study loan scheme • Annual appraisal/employee satisfaction surveys
Regulators and other industry bodies Brait actively engages with the various stock exchanges on which it is listed, and other statutory authorities to ensure that the interests of the group, its shareholders and customers are properly represented in all policy-making and regulatory processes in the development of financial services markets.	• Electronic, telephonic and telefax communication • Attend road shows and presentations • Meetings • Forums • Board representation
Government Through the executive management, Brait engages with government by interacting with key personnel within various government departments relevant to the business of the group.	• One-on-one consultations between staff and key government personnel • Economic briefings • Public-Private Partnerships
Suppliers We view our suppliers as business partners and are committed to aligning with reputable suppliers, and assisting with supplier transformation.	• Electronic, telephonic and telefax communication • One-on-one consultations between relevant staff and suppliers
Communities Brait is committed to assisting less fortunate people in the communities in which we operate and to developing human capital.	• The Brait Foundation

A number of important challenges have emerged from stakeholder feedback:

- To raise awareness about the Corporate Social Investment initiatives run by the Brait Foundation.
- To achieve diversity at all levels throughout the organisation, particularly within senior management.
- To actively communicate the group's BEE implementation status to ensure awareness of the group's initiatives amongst stakeholders.