EQSTRA
HOLDINGS LIMITED

SUPPLEMENTARY SECTION OF THE INTEGRATED ANNUAL REPORT

2014

CONTENTS

The group fully appreciates that different stakeholders have different requirements and expectations in terms of disclosure.

This year is the second year we have chosen to not print certain sections of our report, but to place additional, detailed information which is likely to be of interest to particular groups of stakeholders in this supplementary section of the integrated annual report.

This report provides readers with additional information to that provided in the main, printed section of the integrated annual report.

As is evident this year, our reporting is increasingly guided by addressing the group's most material issues, which were identified and prioritised in consultation with a wide range of stakeholders.

We actively welcome feedback on our identification of material issues and the extent of disclosure. Please provide feedback at +27 11 966 2000 or investor.relations@eqstra.co.za.

CORPORATE GOVERNANCE REPORT

INTRODUCTION

Eqstra Holdings Limited ("Eqstra" or "the group") is a public company listed on the JSE Limited (JSE). Good corporate governance principals support management's vision of creating a sustainable business that operates in a responsible, ethical and transparent manner. The Eqstra group remains committed to embracing good corporate governance practices and subscribes to the corporate practices and conduct set out in the King Code of Governance Principles ("King III"), in the requirements of the JSE and the Companies Act 2008, No of 1971 ("the Act").

The group remains committed to complying with all corporate governance legislation, regulations and good practice in the countries in which it operates.

The board of directors emphasises and expects high standards of financial management, accounting and reporting. The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), our reporting takes into account the principles of the Global Reporting Initiative's ("GRI's") G4 guidelines on sustainability reporting. During the previous year executive management realised that the sustainability indicators identified in the past was not did not present a complete picture of the sustainability drivers at divisional level. Management re-evaluated what was critical within each business unit to ensure its long-term sustainability. The integrated report reflects the material issues identified as a result of this process.

In guiding the group's development, the board attempts to balance and encourage entrepreneurial freedom within the boundaries of good corporate governance to achieve maximum shareholder value.

GROUP STRUCTURE

The group currently operates within three operating business units:

- Industrial Equipment
- Fleet Management and Logistics
- Contract Mining and Plant Rental

Within these divisions various legal entities were consolidated. Each division is managed by a chief executive officer and functions within set limits of authorities, as delegated by the Eqstra board.

THE GOVERNANCE STRUCTURE

	STAKEHOLDERS	
	Unitary board of directors	
Framework	Board committees	
MOI	Asset and liability committee	**Assurance**
Laws	Audit committee	**External audit**
Regulations	Nominations committee	**Internal audit**
Policies	Remuneration committee	
Values	Social and ethics committee	
Codes	Risk committee	
INTERNAL CONTROLS	**EXECUTIVE MANAGEMENT**	
	Divisional boards	
	Divisional audit committees	

CORPORATE GOVERNANCE REPORT CONTINUED

THE BOARD AT A GLANCE

	Year appointed	Age	Asset and liability	Audit	Nomination	Remuneration	Risk	Social and ethics
Independent non-executive directors								
MJ Croucamp	2008	69	Member	Member				
GG Gelink	2012	64		Member	Member	Member		
NP Mageza (chairperson)	2011	59			Chair	Member		
VJ Mokoena	2008	54					Member	
SD Mthembi-Mahanyele	2008	63						Chair
AJ Phillips	2008	68			Member	Chair	Chair	Member
TDA Ross	2008	70		Chair			Member	
LL von Zeuner*	2013	53	Member	Member				
Non-executive directors								
S Dakile-Hlongwane	2008	64					Member	Member
Executive directors								
WS Hill (CEO)	2007	55	Chair				Member	Member
JL Serfontein (CFO)	2011	39	Member				Member	
E Clarke	2007	49						

** Mr LL von Zeuner was appointed independent non-executive director on 22 November 2013.*

THE BOARD OF DIRECTORS

COMPOSITION AND APPOINTMENT

Eqstra has a unitary board of 12 directors, led by an independent non-executive chairperson. Eight are independent non-executive directors, one is a non-executive director and three are executive directors. Their details appear on pages 4 to 6 of the integrated annual report. There are no alternate or shadow directors and no one block of directors can dominate the board, ensuring a balance of power and authority.

The appointment of new directors is considered by the entire board, based on recommendations made by the nominations committee. These recommendations are based on identified requirements for skills and experience, combined with personal and business attributes. Re-appointment of retiring directors is not automatic and is recommended by the board after consultation with the nominations committee.

New directors are required to attend an induction course which includes a tour of the various divisions, focusing on their core business areas, key drivers and management teams. All directors are also provided with an explanation of their fiduciary duties and responsibilities.

Non-executive directors are required to devote sufficient time to the group's affairs. The strong independent composition of the board and clearly defined directors' responsibilities ensures that no individual director has unfettered powers of decision-making and authority.

Mr LL von Zeuner was appointed by the board as an independent non-executive director on 22 November 2013. The shareholders will be required to confirm Mr LL Von Zeuner's appointment at the next annual general meeting ("AGM") to be held on 24 November 2014.

In accordance with the Memorandum of Incorporation ("MOI"), at least one third of all directors retires by rotation each year and stands for re-election at the AGM. Mr NP Mageza retires by rotation and is eligible and available for re-election at the next annual general meeting to be held on 24 November 2014. Mr TDA Ross also retires by rotation, but will not be available for re-election based on company recommendation to retire by the age of 70 years. The résumés of board members appear on pages 4 to 6 of the integrated annual report. The spread on pages 47 and 48 of the integrated report illustrates the unique skills and experience that each board member brings to the group.

RESPONSIBILITIES AND BOARD MEETINGS

The board is ultimately responsible for directing the group towards achieving its objectives. Executing the strategy and delivering operational performance and financial results are the responsibility of the group chief executive officer (CEO) and the executive management team, who work within the parameters set by the board. Management timeously reports to the board to enable them to make informed decisions.

The board believes the balance and composition of directors' knowledge, skills and experience support the group's vision and that the board can provide effective leadership in line with the recommendations of King III.

The board has a charter detailing the policies, roles and responsibilities which it pursues in executing its mandate. It is assisted by six committees:

- Asset and liability committee
- Audit committee
- Nominations committee
- Remuneration committee
- Risk committee
- Social and ethics committee

Each board committee is governed by a charter which was approved and adopted by the board. These charters are annually reviewed by the board. The board delegates the detailed planning and implementation of policy to management and formally reviews progress each quarter.

The board plans to meet at least four times a year and on an ad hoc basis should an issue demand its attention. The board met four times during the year under review and attended a strategy session. The board formally considered and approved group strategies and budgets.

A number of decisions were taken between meetings by written resolution in accordance with the company's MOI.

Board meetings are convened by written notice and a quorum for meetings is a majority of directors. Members receive minutes of all committee meetings and supporting documentation prior to each meeting to ensure that meetings are effective. The board follows an agenda and considers strategy, growth initiatives, operational performance, sustainability, structures, key risks and other activities of the group. The directors have unrestricted access to all information needed to carry out their duties and responsibilities fully and effectively. With the prior agreement of the chairperson, they are entitled to obtain independent professional advice on group-related matters at the group's expense.

Board members are required to regularly declare any interest they might have in transactions with the group. Annual declarations are also made.

The powers of the directors are set out in the company's MOI. The main responsibilities of the board are set out in the board charter. These include, but are not limited to:

- Approve of the group's strategic and annual business plan
- Ensure the sustainability of the group, including reviewing the material sustainability issues
- Set objectives and review key risks and performance areas
- Monitor the implementation of board plans and strategies, taking into account the economic, environmental and social issues relevant to the company, as well as international political and economic conditions
- Provide effective leadership on an ethical basis
- Mitigate risks
- Review the group's IT governance and corporate governance processes and assess against the objectives set
- Appoint the chief executive officer and maintain a succession plan
- Appoint directors, subject to election by shareholders in general meeting
- Take responsibility for the group's remuneration policy as recommended by the remuneration committee
- Formulate the group's dividend policy
- Determine overall policies and processes to ensure the integrity of the company's management of risk and internal control

THE CHAIRPERSON

The role of the chairperson is to provide overall leadership to the board without limiting the principle of collective responsibility for board decisions. Eqstra has an independent non-executive chairperson. Mr NP Mageza has significant experience in leading boards and ensuring that the board remains efficient, focused and able to operate as a unit. The chairperson is also responsible for the annual appraisal of the CEO's performance.

CORPORATE GOVERNANCE REPORT CONTINUED

LEAD INDEPENDENT DIRECTOR

Mr AJ Phillips is the lead independent director. The board recognises that the function of the lead independent director is to provide leadership and advice to the board when the chairperson has a conflict of interest without detracting from or undermining the authority of the chairperson.

NON-EXECUTIVE DIRECTORS

Eqstra's non-executive directors are Mr MJ Croucamp, Mrs S Dakile-Hlongwane, Messrs GG Gelink, VJ Mokoena and NP Mageza, Dr SD Mthembi-Mahanyele and Messrs AJ Phillips, TDA Ross and LL von Zeuner. The board reviewed the independence of all non-executive directors and Mrs S Dakile-Hlongwane is the only non-executive director that is not considered to be independent.

The group's non-executive directors are credible individuals of high calibre from diverse backgrounds. They are representative of South Africa's population and contribute significantly to the board's discussions and deliberations. They have the necessary skill and experience to bring judgement to bear, independently of management, on all issues affecting the company, including strategy, performance, diversity and employment equity.

THE CHIEF EXECUTIVE OFFICER (CEO)

Mr WS Hill is responsible for formulating and recommending strategies to the board. Once they are approved, he is required to ensure implementation. He is held accountable to the board to provide regular reports during board meetings and at any other time when required. Mr Hill is assisted in this task by the executive committee members.

THE CHIEF FINANCIAL OFFICER (CFO)

Mr JL Serfontein is responsible for the financial functions and internal control processes within the group, as well as ensuring that sufficient funding is available and bank covenants are adhered to.

THE COMPANY SECRETARY

Mrs L Möller guides the board as a whole and directors individually on discharging their responsibilities. The appointment and removal of the company secretary are matters for the board. She is considered suitably qualified to perform her duties, which include responsibility to:

- Maintain and regularly update a corporate governance manual
- Ensure that, in accordance with pertinent laws, the proceedings and affairs of the board and its members, the company itself and, where appropriate, owners of securities in the company are properly administered
- Ensure compliance with the rules of the JSE Listings Requirements
- Ensure that all directors have access to her advice and services relative to the affairs of the company and their roles and responsibilities
- Together with the chairperson, ensure good information flow within the board and its committees and between the board and senior management and non-executive directors
- Set up the annual work plan for the board and board committees

Directors and company officers keep the company secretary advised of their dealings in securities of the company according to well-defined rules and procedures. A report is tabled at the board meeting following any such dealings.

The board considered her to have appropriate knowledge and experience to perform her duties. She maintains an arms-length relationship with the board of directors and is not a director of the company. These are annually self-assessed by the board, together with board and committee reviews.

Shareholders, employees and investors are encouraged to communicate recommendations or instructions to the board, the company secretary or the CEO.

BOARD COMMITTEES

The board is assisted by committees to which specific responsibilities were delegated. Each board committee acts according to its written charter as approved by the board, which sets out its purpose, membership requirements, duties and reporting procedures. These charters were independently reviewed during the year. Board committees may take independent professional advice at the company's expense. The performance and effectiveness of these committees are subject to evaluation by the board. Committee chairpersons report formally to the board and the minutes of committee meetings are circulated to directors. These committees do not diminish the board's responsibilities.

The chairpersons of the board committees are required to attend annual general meetings to answer questions raised by shareholders.

The three divisional boards are responsible for managing day-to-day affairs in their areas of responsibility and subject to board-approved authority limits. These board meetings consist of divisional directors, the CEO and CFO, as well as relevant management by invitation. The company secretary acts as the secretary. Committee and board charters, as approved by the main board, were adopted by the divisional boards.

ASSET AND LIABILITY COMMITTEE (ALCO)

ALCO consists of four directors. The members of the committee are Messrs WS Hill (chairperson), MJ Croucamp, LL von Zeuner and JL Serfontein, with Mr NP Mageza as permanent invitee. Mr P Siddall (group treasurer) attends as ex-officio participant. The company secretary acts as secretary. Invitees do not have voting rights. Mr GG Gelink was replaced by Mr LL von Zeuner as a member on 26 March 2014.

The committee met four times during the year. The committee is responsible for implementing best practice asset and liability risk management policies. Its main objectives include managing liquidity risk, interest rate risk, foreign exchange risks and monitoring the capital adequacy of the group within acceptable risk profiles.

The group has committed funding facilities from South African and international banks. The committee is pleased to report that all bank covenants have been met. The board and the committee are committed to actively managing borrowings and assets to ensure covenants are not breached. During the year, the committee reviewed the long-term funding strategy of the group. The committee also reviewed the group's dividend policy before recommending the policy for approval to the board.

Eqstra long-term facilities and debt repayment period is detailed in the CFO's report.

The board is satisfied that the committee fulfilled its responsibilities, as set out in its charter.

AUDIT COMMITTEE

The group audit committee comprises four independent non-executive directors, one of whom is appointed as chairperson. The CEO, CFO, internal and external auditors, as well as certain members of the group's management team attend by invitation. A majority of members present constitutes a quorum. The group company secretary acts as secretary. As planned, the committee met four times during the year.

Members of the group audit committee are Messrs TDA Ross (chairperson), MJ Croucamp, LL von Zeuner and GG Gelink. Dr SD Mthembi-Mahanyele and Mr AJ Phillips were replaced as committee member on 26 March 2014. All members are independent non-executive board members. Invitees to these meetings do not have voting rights.

The audit committee's objectives, scope and duties performed are detailed in the audit committee report on pages 82 to 84 of the annual financial statements.

Further to the board audit committee, divisional financial and risk review committees have been constituted to support and assist the committee. These committees are chaired by an independent non-executive member of the group audit committee. The remaining members of the divisional committees are the group CFO and company secretary who are not associated with the day-to-day activities of that division, thereby ensuring the independence of the committees. These meetings are also attended by the management and internal and external auditors by invitation. Divisional audit committees report to the group audit committee and the company secretary acts as secretary. The group audit committee accepts overall responsibility.

The board satisfied itself that the committee fulfilled its responsibilities as set out in its charter and that the committee as a whole has a good understanding of financial risks and financial and internal controls. The committee has sufficient and relevant knowledge of corporate law, a thorough understanding of IFRS and other relevant frameworks applicable to the company.

NOMINATION COMMITTEE AND REMUNERATION COMMITTEE

This committee consists of three non-executive directors, all of whom are independent. The CEO and CFO attend by invitation to assist the committee in its deliberations, except when issues relating to their own remuneration are discussed. The company secretary acts as secretary. Invitees do not have voting rights.

In line with King III recommendations, Mr NP Mageza chairs the nomination committee and Mr AJ Phillips chairs the remuneration committee.

CORPORATE GOVERNANCE REPORT CONTINUED

These committees have the same membership. The members are Messrs NP Mageza, GG Gelink and AJ Phillips. Mr GG Gelink replaced Mr VJ Mokoena on 26 March 2014 as committee member.

Both committees met twice during the year, with all members attending.

The board of directors assigned the following main duties and responsibilities to the nominations committee:

- Identify and nominate candidates for the approval of the board, subject to shareholders' approval, as additional directors or to fill any board vacancies when they arise
- Advise the board on succession planning, particularly in respect of the chairperson of the board and CEO
- Proposals for renewing the board's composition are proactively managed by the committee to ensure that timely changes take place
- Make recommendations to the board with regard to the re-election of directors who retire in terms of the MOI

The nomination committee also regularly reviews the independence of non-executive directors. The committee determined that the following non-executive director was not independent:

- Mrs S Dakile-Hlongwane, as she represents Nozala Investments Proprietary Limited, the group's B-BBEE shareholder.

As defined by the Act, all other directors were assessed as being independent.

The nomination committee evaluated the work done by Messrs NP Mageza and LL von Zeuner, being the directors who are available for re-appointment at the AGM on 24 November 2014. Mr NP Mageza recused himself from the discussion.

The nomination committee identified the necessity of early succession planning at board level. Directors are recommended to retire at the AGM following their 70th birthday. Mr TDA Ross celebrated his 70th birthday in July 2014. Mr LL von Zeuner also joined as a director on 22 November 2013 and subsequently became an audit committee member. The board will continue to ensure a balanced and skilled board as directors retire.

The board assigned the following duties and responsibilities to the remuneration committee:

- Design, monitor and communicate the group's remuneration policy and the short- and long-term incentive policies for directors, executives, management and employees
- Consider and approve the remuneration and incentives for directors and executive management
- Advise on remuneration for non-executive directors
- Consider any significant changes to the group pension and provident fund and medical aid schemes
- Scrutinise all other benefits, including allowances, and ensure they are justified and appropriate

The board satisfied itself that these committees fulfilled its responsibilities, as set out in its charter.

BOARD RISK COMMITTEE

The board is responsible for the risk management process and is assisted in its responsibilities by the risk committee. The day-to-day responsibility for identifying, evaluating and managing risk resides with management.

The board's risk committee consists of four non-executive directors of whom three members, including the chairperson, are independent. The members of the committee are Messrs AJ Phillips (chairman), WS Hill (CEO), VJ Mokoena, TDA Ross, JL Serfontein (CFO) and Mrs S Dakile-Hlongwane. The company secretary acts as secretary. Invitees do not have voting rights. The group risk manager, Mr C du Toit, serves as ex-officio participant.

The chairman of the group audit committee is also a member of the risk committee to ensure the appropriate exchange of information on key issues between these committees. The committee met three times during the year.

The committee believes the group's risk management process is effective in identifying and evaluating risks. The board is satisfied that the committee fulfilled its responsibilities as set out in its charter.

SOCIAL AND ETHICS COMMITTEE

This committee comprises the following members: Dr SD Mthembi-Mahanyele (chairperson), Mrs S Dakile-Hlongwane, Mr WS Hill (CEO), Mr AJ Phillips (appointed 26 March 2014) and Mr M Price. The committee met twice during the year.

The committee oversees and monitors:

- The implementation of the principles of transformation in the divisions and broader matters relating to creating a framework which will enable the advancement of previously-disadvantaged South Africans in the workplace and the formation of partnerships for the development of communities in which the company operates
- Internally-developed statements of mission or values relevant to social, environmental and economic performance
- Social and economic development, including the principles of broad-based black economic empowerment, employment equity and the Organisation for Economic Co-operation and Development's (OECD's) recommendations on corruption
- Good corporate citizenship, including the management of environmental impact, the prevention of discrimination and the promotion of equality and socio-economic development
- Consumer relations
- Labour and employment, including skills development

In fulfilling their duties and responsibilities, committee members may consult, whenever appropriate, with other members of the board or experts on any relevant subject matter. The board is satisfied that the committee fulfilled its responsibilities as set out in its charter.

Attendance register	Board	Asset and liability	Audit	Nomination and remuneration	Risk	Social and ethics
Independent non-executive directors						
MJ Croucamp	4 of 4	4 of 4	4 of 4			
GG Gelink	4 of 4	2 of 2	2 of 2	1 of 1		
PN Mageza	4 of 4			2 of 2		
VJ Mokoena	4 of 4			2 of 2	3 of 3	
SD Mthembi-Mahanyele	3 of 4		2 of 2			1 of 2
AJ Phillips	4 of 4		2 of 2	2 of 2	2 of 3	1 of 1
TDA Ross	4 of 4		4 of 4		3 of 3	
LL von Zeuner	3 of 3	2 of 2	2 of 2			
Non-executive directors						
S Dakile-Hlongwane	3 of 4				2 of 3	1 of 2
Executive directors						
WS Hill	4 of 4	4 of 4			3 of 3	2 of 2
E Clarke	4 of 4					
JL Serfontein	4 of 4	4 of 4			3 of 3	

EXECUTIVE COMMITTEE

The CEO is supported in his duties by the executive committee (exco). The committee members are Mr WS Hill (CEO), Mr JL Serfontein (CFO), Mr E Clarke (CEO of Contract Mining and Plant Rental), Ms JV Carr (CEO of Fleet Management and Logistics), Mr GD Neubert (CEO of Industrial Equipment) and Mr DV Haripal (chief information officer). Mr GE Bantam (corporate affairs) resigned in September 2013. The chairperson of the committee is the CEO. The company secretary acts as secretary.

This committee meets monthly. Its duties include:

- Financial, strategic, operational, governance, risk and functional issues
- Formulation of group strategy and policy for approval by the board
- Alignment of group initiatives
- Monitoring market trends and performance, competition and benchmarking structures
- Measuring, monitoring and taking proactive action on divisional performance

CORPORATE GOVERNANCE REPORT CONTINUED

INFORMATION TECHNOLOGY GOVERNANCE (IT)

In line with King III, technology governance forms an important part of governance structures, policies and procedures. The group implemented monthly IT steering committees, as well as a group IT committee. This committee reports to exco and the audit committee. This function is managed by Mr DV Haripal, the group's chief information officer. The committee is governed by a board-approved charter.

This committee mainly focuses on:

- Formulating and implementing the strategic direction of the group in terms of technology
- Aligning the technical strategy to the business needs and strategy
- Ensuring adequate information security
- Ensuring proper information management
- Business continuity management, including disaster recovery

INTEGRITY AND ETHICS

Personal and organisational integrity are embedded in Eqstra's culture. The group has a Code of Business Conduct and Ethics in place and annual declarations in terms of this policy are made by managers. All employees are expected to act ethically and align themselves to the group's values and business philosophy.

Eqstra maintains the highest ethical standards in conducting its business, acknowledging that the group's reputation is one of its most important assets. Equally, maintaining the trust and confidence of all with whom we deal is one of our most vital responsibilities. At divisional level, our values and standards of trust, integrity, accountability, teamwork, client satisfaction and responsibility are used to guide the way in which the broader group conducts business.

We recognise our obligations to those with whom we have dealings, in particular shareholders, employees, clients, suppliers, competitors and the wider community. Accordingly, our Code of Business Conduct and Ethics sets overall principles and guidelines to be adopted throughout the group. The divisions are required to adopt appropriate principles and processes to deal with specific ethical issues that arise in their particular circumstances. To report suspected irregularities, the group has e-mail and tip-off line facilities that are easily accessible to all employees: eqstra@tip-offs.com or 0800 21 26 77.

EMPLOYMENT AND LABOUR RIGHTS

Eqstra is committed to promoting equal opportunities and fair employment practices regardless of employees' ethnic origin or sex. The group subscribes to the principles of fair labour practices and our conditions of service comply with applicable laws and industry standards.

CONFLICT OF INTEREST

The group's company secretary maintains the declarations of interest and related-party disclosures register of the board. The directors are required to declare and update their interest at each board meeting. Directors who have a conflict of interest on any matter to be discussed at meetings are required to inform the chairperson and the group secretary before the meeting. This director is recused from the meeting when the item is being discussed.

ACCOUNTABILITY AND AUDIT

The directors acknowledge their responsibility for instituting internal control systems, which provide reasonable assurance on safeguarding assets and preventing their unauthorised use or disposal, as well as maintaining proper accounting records that give reasonable assurance on the reliability of financial information produced.

GOING-CONCERN

The group audit committee considers the facts and assumptions used in assessing the going-concern status of the group at the financial year-end. This provides assurance to the directors before confirming their assessment that the annual financial statements have been effectively prepared on the going concern basis. The directors have every reason to believe that the company and the group have adequate resources in place to continue to operate for the foreseeable future.

INTERNAL CONTROL FRAMEWORK

The board approved the levels of authority of the CEO, who in turn delegates appropriate levels of authority to executive members of the divisions to ensure effective day-to-day operations. This framework is designed to maintain an appropriate control environment within approved budgets and implementation of strategies. The CEO conducted business controls reviews during the year at all divisions.

INTERNAL AUDIT

Internal audit is an independent and objective assurance activity to add value to the group's operations. With its responsibilities clearly defined and approved by the audit committee, internal audit functioned effectively.

Internal audit focused on the following main areas:

- Appraising and advising on systems, procedures and management controls
- Assessing the effectiveness of risk management processes
- Evaluating the reliability and integrity of management and financial information
- Assessing the control over assets and verifying their existence
- Reviewing compliance with policies and procedures
- Recommending improvements in procedures and systems to enhance efficiencies and prevent fraud

An annual review of the company's system of internal controls and risk management is undertaken, including the design, implementation and effectiveness of internal financial controls. The review is conducted by the internal audit function and supports the audit committee's formal annual assessment of internal controls on behalf of the board. Internal audit follows a risk based audit approach.

The chief audit executive, who reports functionally to the CEO and who has regular meetings with the chairperson of the audit committee, reports the consolidated activities and key findings of the internal audit function at each audit committee meeting. The internal controls of the group were assessed as being effective during the year.

LITIGATION AND LEGAL

All material legal actions and litigations are reported monthly to exco and quarterly to divisional audit committees and boards, as well as to the group risk committee. The board is not aware of any material pending or threatened legal action against the group. Internal audit function reviews adherence to laws and compliance to regulations.

COMPLIANCE

The group appointed a legal and compliance executive during the year to create a compliance function in the group. The group remains committed to improving compliance reporting group-wide. During the year, the group assessed the top items of legislation that are likely to materially impact the group. The assessments were done at divisional level. These acts were prioritised and compliance to these acts is in the process of being reviewed.

FINANCIAL REPORTING

All divisions in Eqstra prepare detailed monthly management accounts, budgets and four-year plans. These are approved by the board. Performance against budget is monitored monthly by exco and quarterly by the board. Variances are analysed and corrective measures put in place where required.

Profit and cash flow forecasts are reviewed and include an analysis of material changes. Accounting policies, which have been agreed by the external auditors and approved by the audit committee, are disseminated throughout the group to ensure compliance.

The group is satisfied that appropriate and adequate resources are available in the finance functions within the group with experienced senior management members responsible for these functions. During the year, the audit committee identified areas that require additional resources. Management is addressing these concerns.

INSIDER TRADING AND PRICE SENSITIVE INFORMATION

No employee, nominee or members of his or her immediate family may deal either directly or indirectly, at any time, in the securities of the company based on unpublished price-sensitive information about the company's business or affairs. No director or officer may deal in the securities of the company during the closed period determined by the board in terms of a formal policy implemented by the company secretary. Closed periods are from the end of the interim and annual reporting periods to 24 hours after announcing financial and operating results for those respective periods. Directors and senior designated employees are required to instruct their portfolio or investment managers not to trade in the securities of Eqstra without written consent. A list of people who are restricted for this purpose has been approved by the board and is revised from time to time. A register of directors and officers is available for inspection at the company's registered office in Kempton Park, South Africa.

The rules of the JSE extend obligations regarding transactions in the securities of the company to include those of any major

CORPORATE GOVERNANCE REPORT CONTINUED

subsidiary. The directors or officers of the company's subsidiaries are included in the list of directors, company secretary and other officers.

Trading in the company's shares is conducted on completion of an application form. Authorisation for the transaction is given in writing by the chairperson of the board or the CEO, as appropriate, prior to the transaction. The written authority is kept by the company secretary with the record of the particular transaction. If the chairperson wishes to trade in the company's shares, permission is obtained from the board.

RELATIONSHIP WITH STAKEHOLDERS

The group is committed to protecting the interests of shareholders and other investors and will not do anything which will prejudice one class of stakeholder at the expense of another. The group is committed to presenting accounting statements which are accurate and timely.

Eqstra aims to generate attractive returns to investors on a long-term basis. The group will also communicate business policies, achievements and prospects honestly.

The CEO, CFO and divisional heads conduct regular presentations which are available on the Eqstra website, www.eqstra.co.za. The company also posts the group's latest financials, operational and historical information and its integrated annual report and supplementary information on the website.

Executive management is committed to personal communication with the majority of the group's shareholders at least twice a year. Executive management is pleased to report that this commitment was achieved for 2014.

As a geared company, Eqstra views financial providers as important stakeholders. Senior management is committed to pro-active personal interactions with all financial providers and the rating agency. Feedback from these stakeholders has been positive.

The company's AGM is scheduled for 24 November 2014, and will be attended by the directors. Shareholders are encouraged to be present and to ask questions during the meeting. They will have the opportunity to meet with directors after formal proceedings.

The notice of the AGM, detailing all proposed resolutions, is included in the integrated report.

RISK MANAGEMENT

RISK MANAGEMENT

Risk management is an essential component of strategy development, both in financial and non-financial areas. Eqstra has an established system of internal controls to manage risk and operates a centralised risk management system. Risk management is facilitated by the head of risk across the group. Risk champions at divisional level report directly to the head of risk, who in turn reports to the executive committee and the CEO. The head of risk reports to the risk committee, who in turn reports to the board of directors.

RISK MANAGEMENT SYSTEMS

Divisional risks are identified through interaction with divisional heads and operating employees, scrutiny of incident reports and an ongoing programme of site visits. This process is overseen by independent risk champions.

Divisional management reviews the risks and controls that have been identified and monitors the implementation of mitigating controls. Risks are assessed in terms of the impact and probability of occurrence and a residual risk rating is assigned to each based on the effectiveness of relevant internal controls. Key risks are elevated to a group level and are addressed through defined action plans with assigned responsibilities.

The executive committee reviews group strategic, financial and operational risks.

Reports are prepared for the risk committee covering each operation's strategic, financial and operational risk assessments. In addition to these assessments, risk registers are maintained for new projects until such time as they are fully integrated into divisional management structures. The risk committee refers material issues for discussion to the board.

The group's strategic, financial, operational and new project risk registers are reviewed at each meeting of the risk committee. Where the group operates outside South Africa, annual risk assessments are undertaken. These reports are reviewed by the risk committee and referred to the board.

The group's active risk management processes align risk management with the group's strategic direction and ensure:

- Proactive identification and management of key risks
- Implementation of effective risk-mitigating processes
- Resource allocation based on risk assessments
- Effective consideration of risks in decision-making
- Active board involvement, which guides management in managing risk issues

Our risk management system is continuously refined and a number of actions were undertaken during the year under review against the objectives identified in our previous report. These are outlined below.

KEY FOCUS AREAS FOR THE 2014 FINANCIAL YEAR	PROGRESS
Roll out of combined assurance to all divisions	Operational risks were assessed during the year and good progress has been made.
Broaden the use of the risk system to track and monitor incidents and actions to mitigate key risks	The necessary tasks are actioned to mitigate key risks. Specific task owners are identified to implement mitigating controls. Incidents are tracked on an ongoing basis to address any control weaknesses.
Finalise the process of defining group and divisional risk appetite and tolerance	Group and divisional risk appetite and tolerances were defined and approved by the group and divisional boards. This remains an ongoing process.

RISK MANAGEMENT CONTINUED

KEY GROUP-LEVEL RISKS

Key objective	Risk	Risk description	Actions planned or taken	Status
Attraction and retention of critical skills	The attraction and retention of key middle managers with adequate skills and experience	Middle management has a direct impact on overall productivity and the efficient execution of functions within the organisation	› Eqstra identified a shortage of appropriately-skilled middle managers. The risk was addressed during the year and appropriate actions were included in the strategic plan › Certain middle management employees were identified for development and appropriate training programmes were implemented, including supervisory training › The Eqstra Leadership Academy (ELA) was established in January 2011 to provide a wide range of formal management courses in conjunction with the Wits Business School › Appropriate retention plans are in place for key personnel	51 Managers and supervisors graduated from the ELA during 2014. Refer to page 23 this report for additional details on ELA programmes
Preservation and availability of assets	Care and maintenance of revenue-generating assets	A lack of proper care and maintenance could result in: › Low availability and utilisation of assets › A negative impact on the re-sale value of assets › Appropriate controls and maintenance procedures are essential. Operator abuse remains a significant contributor to machine breakdowns	› An asset management policy has been implemented › Driver operator training and assessments have been conducted › Maintenance scorecards have been implemented › Premature component failure is monitored and components are replaced › Cases of potential abuse are investigated and disciplinary action taken when required	This is a continued area of focus, with regular training, audits and programmed maintenance
Strong labour and community relations which ensure the continuity of operations at all times	Disruption to operations, a loss of revenue and damage to company assets	A material breakdown in labour relations could result in industrial action, disruption of operations and damage to company and client assets, resulting in a loss of revenue and impacting negatively on financial performance The indirect impact of industrial action could result in disruption and loss of revenue	› Middle management competence to deal with labour issues is being strengthened › Workplace forums have been rejuvenated to ensure the involvement of executives and to improve communication	Middle management development programmes have resulted in an improvement in labour relations management The group is improving engagement with communities around its operations

Key objective	Risk	Risk description	Actions planned or taken	Status
			› Facilitation workshops were established between trade unions and management › The group is closely aligned with the relevant collective bargaining councils › The human resources function has been restructured › An employee climate survey was conducted and the recommendations of the survey are being implemented	A wage agreement was entered into in September 2013 by the Bargaining Council with unions, fixing wage increases for the next two years
Deliver satisfactory returns	Eqstra is not meeting its target return on equity (ROE). This could negatively affect the group's market rating, and therefore the cost and availability of funding	**Financial performance** The key contributors to poor financial performance during the financial year under review are as follows: › A three-week strike in August 2013 › Reduced production requirements on certain mining contracts › Temporary suspension of the Benga contract › Mining contracts reach end of term during 2014 › Work stoppages due to severe rain in March 2014 › Operational inefficiencies	› Disposal, closure and turnaround of business units/contracts that are not meeting the targeted return on investment › Equipment availability and utilisation levels are reviewed on a daily basis › Non-capital value-added offerings have been identified to improve financial returns on assets employed › An assessment of each product line at divisional level is being performed to improve ROE › Orders with original equipment manufacturers (OEMs) were reduced to decrease overall stockholding › A detailed cost-cutting strategy for major expenses across the group has been implemented › The group's operations continuously tender for new/replacement contracts where excess equipment can be deployed › The business model in the plant hire division has been revised to leverage Eqstra's plant leasing capability through the Eqstra Plant Leasing business unit (EPL)	Certain mining contracts not delivering the required ROE were renegotiated or not renewed A two-year wage agreement was concluded, see page 35 of this report Standing costs for the temporary suspension of the Benga contract were recovered ROE remains below the target of 20%

RISK MANAGEMENT CONTINUED

Key objective	Risk	Risk description	Actions planned or taken	Status
		Non-performing assets. Non-performing assets are classified as: › Assets with low availability and utilisation levels › Inventories which remain on hand for an extended period › Late payment by debtors negatively impacting on working capital › Unutilised assets due to cancellation of non-performing contracts		
Maintaining and improving the group's broad-based black economic empowerment (B-BBEE) rating	B-BBEE codes are being amended, which could result in decreased B-BBEE credentials	The introduction of legislation with higher targets relating to ownership, economic transformation and employment equity could negatively impact our rating	› Improve strategic succession planning to long-term employment equity plans › Business strategy to be realigned to accommodate changes in new B-BBEE codes	Employment equity requires renewed attention to achieve the amended targets set by the new code The relationships with current long-term B-BBEE shareholders are being entrenched
Delivery of information systems which support business operations effectively	Unsuccessful conversion and implementation of new Enterprise Resource Planning (ERP) systems could result in costs and operational impacts	Cost implications, employee availability, delays in implementation, change management and employee training requirements	› Fixed cost contracts have been negotiated for the development of ERP systems › A strategic long-term plan is in place which ensures alignment to the system development plan › Employees are trained on systems to ensure effective implementation	The Fleet Management and Logistics division's ERP system development is on track, and anticipated to go live during F2015. Current systems remain stable and will continue to address business requirements
Viable and sustainable clients in the tough economic conditions	Financial viability of clients and sustainability of existing contracts	Tough market conditions impact a range of clients. Due to pressure in the commodity markets, mining operations are under pressure to cut back on production and industrial action has eroded the sustainability of junior mining companies	› Renegotiation of contract terms of mining contracts › Termination of non-viable contracts › Commodity and geographic diversification	Renewed risk review process for all new and existing contracts

COMBINED ASSURANCE

Principle 3.5 of the King Report on Governance of South Africa 2009 (King III) introduced combined assurance as a recommended governance practice following an understanding that more can be done to improve assurance coverage and quality through better coordination of assurance providers.

SCOPE AND APPLICATION

In line with the King III principles, the group's audit committee is responsible for monitoring the appropriateness of the combined assurance model and ensuring that significant risks are adequately addressed.

Combined assurance embraces all assurance activities in a coordinated approach across three lines of defense:

- Management control self-assessments, special management projects etc (first line)
- Risk management, compliance, legal etc (second line)
- External audit, internal audit, other external assurance providers (third line)

BOARD

The board is responsible for publishing an assessment of the state of risk management and internal controls on the recommendations of the audit committee.

RISK COMMITTEE

The risk committee is responsible for approving the enterprise risk framework and risk profiles. This committee will make recommendations to the audit committee on the combined assurance proposed scope and coverage and deliberates the assurance provided in conjunction with the audit committee to cover overlaps and gaps.

AUDIT COMMITTEE

The audit committee is responsible for providing the oversight for combined assurance, with the statement to be prepared by the chief audit executive. The audit committee will provide approval of the combined assurance scope and coverage, will oversee and monitoring implementation and will consider the assurance provided.

RISK OWNER

It is the role of the risk owner to ensure that the first line of defence is effective.

HEAD OF RISK

The head of risk will be supported by a combined assurance forum.

COMBINED ASSURANCE FORUM

The purpose of the combined assurance forum is to implement and embed the combined assurance framework principles, as approved by the board.

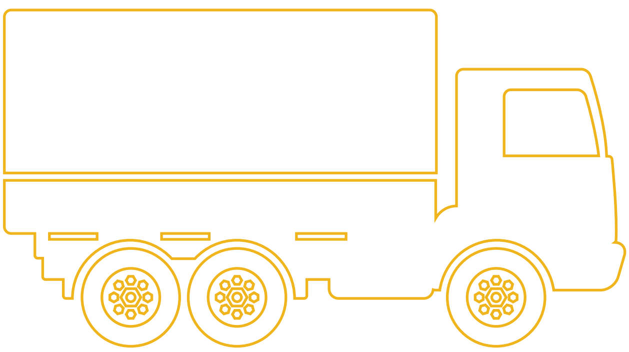
The combined assurance forum will have the following objectives:

- Engage with the board, through the audit committee, to determine the desired level of assurance required in each area
- Review all assurance activities on a quarterly basis
- Highlight and review the current areas of concern for management (emerging and/ or existing risk)
- Ensure coordination, reporting and communication to stakeholders
- Develop a common view of the business risk themes
- Recommend to the head of internal auidt future assurance activity to ensure broad and efficient coverage

PURPOSE OF THIS REVIEW

The purpose of this review is to provide detailed information on the Eqstra group's sustainability initiatives, supplementing information contained in the group's 2014 printed integrated annual report.

CONTENTS



GROUP STRATEGIC PRIORITIES

The group's strategy has four key priority areas, reflecting its commitment to an integrated approach to business and sustainable development:

01 VALUE-CREATION

CREATING SUSTAINABLE ANNUITY REVENUE STREAMS THROUGH OUR BUSINESS MODEL OF DISTRIBUTING, LEASING, ADDING VALUE AND SELLING MOBILE EQUIPMENT

02 FINANCIAL PERFORMANCE

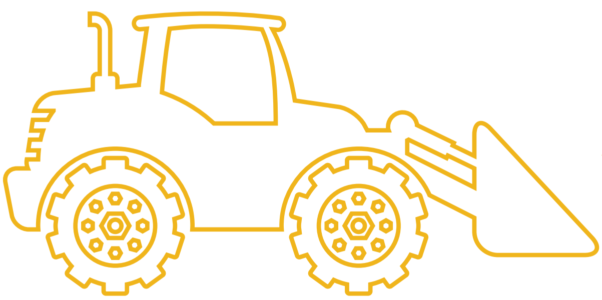
ACHIEVING AN ACCEPTABLE RETURN FOR SHAREHOLDERS

03 HUMAN CAPITAL

ENSURING OUR EMPLOYEES LIVE BY OUR INTERNAL CULTURE

04 ENVIRONMENTAL

REDUCING THE NEGATIVE IMPACTS OF OUR BUSINESS ACTIVITIES ON THE ENVIRONMENT



MOVING VALUE

SCOPE OF SUSTAINABILITY DATA

As highlighted in the printed section of the group's integrated annual report, key areas for Eqstra in sustainability centre on people development, particularly skills development and training, and the reduction and management of the group's environmental impact. At a divisional level, various specific sustainability issues are relevant, depending on the nature of business conducted. For example, in the Contract Mining and Plant Rental division, safety is a core priority and continuous attention is given to improving the safety performance of this division.

As we committed to do in last year's integrated annual report, the group's executive management met in late 2013 to analyse sustainability priorities and ensure that the sustainability data gathered at group level was aligned with group strategy.

As a result, the system for collating group-level sustainability data was revised and the group will now report on a number of key sustainability metrics at group level, contained in the Global Reporting Index (GRI) G4 guidelines, as listed below.

ECONOMIC INDICATORS

- Performance against return on equity targets
- The economic impact of climate change[1]
- The economic impact of industrial action and work stoppages

ENVIRONMENTAL INDICATORS

- Fuel usage
- Water usage
- Electricity usage
- Travel miles (ie the major part of scope 3 emissions)
- Tonnes of waste tyres

SOCIAL INDICATORS

- Investment in employees in the form of training and development
  - Total training spend
  - Number of employees trained
  - Training spend per employee
  - Training hours per employee
- Employee turnover (our target is to reduce employee turnover to less than 10%)
- Employment equity and diversity[2]
- Lost-time injury frequency rates
- Socio-economic development (SED) and enterprise development (ED) spend

[1] *This indicator is relevant primarily in the Contract Mining and Plant Rental division where standing time can be incurred as a result of adverse weather conditions, particularly as a result of protracted rainfall at the division's South African operations*

[2] *Data in relation to this indicator is collated for South Africa only, where it has relevance due to the employment equity legislation in place in that jurisdiction*

Data relating to the economic indicators listed above is included in the group's printed section of the integrated annual report. Robust carbon footprint data is not yet available at a group level, although systems are being put in place internally to ensure that accurate group-level data can be published in future.

In addition to the above metrics, the group publishes a value-added statement, showing how wealth is generated and distributed over the year. The group's 2014 value added statement is available on page 45 of the integrated annual report.

DATA COLLATION AND BOUNDARIES

All data included in this report refers to all operations owned and managed by Eqstra. In the case of subsidiaries which are not wholly owned by the company, data is included on a 100% basis.

ALIGNMENT WITH GLOBAL REPORTING INDEX G4 GUIDELINES

In compiling this report, reference was made to the G4 guidelines. The company does not yet report against these newly-released guidelines, but its reporting includes a number of G4 indicators.

ACCOUNTABILITY FOR SUSTAINABILITY ISSUES

Eqstra manages sustainability impacts and issues at a divisional level in terms of its integrated business model and strategy. At group level, accountability for sustainability rests with the social and ethics committee.

Eqstra is committed to sustainable development, recognising that operating safely and responsibly underpins our license to operate. The Eqstra culture is shaped by six business values and six core principles, which are collectively termed "The Eqstra Way".

THE EQSTRA WAY

Together with the vision, mission and values of the group and our business ethics policy, The Eqstra Way underpins the way in which we operate. It requires the active management, by all employees, of those sustainability issues which are material to the business. This report outlines how the group manages the various financial and non-financial issues and risks that can impact on performance.

Each employee is a custodian of the group's business ethics policy. This guides the way in which business is done and how individuals conduct themselves. In 2012, the group revised its business ethics policy and rolled out the new policy in all divisions, supported by a summarised business ethics guideline and declaration. This policy is updated annually to incorporate improvements.

Our ethics embrace fair competition, the avoidance of conflicts of interest, cultural diversity, the highest standards of health and safety and the protection of company resources. Our ethics policy is fully integrated into our governance structures, requiring reporting and monitoring at an operational level through to the social and ethics committee and the board.

The group's emphasis on business ethics has been integrated into programmes offered at the Eqstra Leadership Academy (ELA), one of the group's internal training facilities. Employees are required to be familiar with the business ethics policy and to complete and sign an employee declaration each year that they understand and are fully committed to ethical behaviour.

To underpin our policy, an anonymous 24-hour tip-off line exists for employees wishing to report irregularities or non-compliance with the policy. The tip-off line is administered by an external consultant and is easily accessible to all employees.

A total of 40 tip-off reports (2013: 45) were received during the year under review, with topics related to, amongst others, unethical behavior, alleged fraud, corruption and grievances relating to human resourcing issues. Each report was investigated and the appropriate disciplinary action was taken, including employee dismissals, where necessary.

STAKEHOLDER ENGAGEMENT

Eqstra has engaged pro-actively with key stakeholder groups during the year, and the most significant issues raised through this engagement are set out in the table below. The themes raised have informed the content of the group's integrated report, as well as the content of this sustainability review.

EMPLOYEES

HOW WE ENGAGE	WHAT ISSUES WERE RAISED	HOW WE ARE RESPONDING
One-on-one and team meetings and report-back sessions In-house publications Computer screen savers providing information Weekly and monthly communication meetings at mine sites Safety and environmental meetings Sales conferences Presentations by senior management In-house publications Sales conferences	Level of transformation Training and personal development, including career path goals Improving internal communication Creating a one-group culture Technical skills availability Safety Competitive landscape Product relevance Salary brackets Education and understanding of collective bargaining agreements	Refer to the following report sections: Sustainability review Review from the Chairperson and CEO Divisional reviews Human capital

SHAREHOLDERS, INVESTMENT COMMUNITY AND MEDIA

HOW WE ENGAGE	WHAT ISSUES WERE RAISED	HOW WE ARE RESPONDING
Results presentations are arranged twice a year through the Investment Analysts Society to reach a broad representation of audiences Annual investor day, including site visits Regular engagement with these audiences without compromising the provision of equal information Attendance at investor conferences	Sustainability of earnings and plans to improve returns on equity Contract Mining and Plant Rental turnaround, equipment utilisation and contract information Achieving continued growth in domestic materials handling market share Renewal of substantial contracts and fleet growth opportunities in Fleet Management and Logistics Diversification across sectors and businesses African strategy	Refer to the following report sections: Our strategy and delivery on strategy Material issues Review from the Chairperson and CEO Divisional reviews

STAKEHOLDER ENGAGEMENT **CONTINUED**

DEBT INVESTORS

HOW WE ENGAGE	WHAT ISSUES WERE RAISED	HOW WE ARE RESPONDING
• After results are released, the CEO, CFO and group treasurer meet the credit team of each of the banks • The CEO and CFO meet with capital market investors or potential investors at least every six months	• National labour relations climate • Major contract concentration risk • Refinancing of debt maturing in 2014 and after	Refer to the following report sections: • Material issues • Review from the CFO • Divisional reviews

CREDIT RATING AGENCY

HOW WE ENGAGE	WHAT ISSUES WERE RAISED	HOW WE ARE RESPONDING
• After results are released, and at other relevant times, the CEO, CFO and group treasurer meet face-to-face with the rating agency • A full financial review is performed annually	• South African macro environment • Liquidity that is reliant on cash flows • Wholesale (bank) funding concentration	Refer to the following report sections: • Review from the CFO • Contract Mining and Plant Rental review • Material issues

CUSTOMERS

HOW WE ENGAGE	WHAT ISSUES WERE RAISED	HOW WE ARE RESPONDING
• One-on-one meetings • Service support meetings are held at least bi-monthly with key customers • Attitude surveys are conducted by Fleet Management and Logistics and Industrial Equipment • Regular meetings on site with Contract Mining and Plant Rental customers	• Ability of the group to add value • Tangible cost efficiencies • Management information through technology systems • Transparency and integrity of dealings • Empowerment credentials • Relationship building • Safety • Production targets • Training	Refer to the following report sections: • Our strategy • Delivering on our strategy • Divisional reviews • Sustainability review

STAKEHOLDER ENGAGEMENT CONTINUED

SUPPLIERS AND BUSINESS PARTNERS

HOW WE ENGAGE	WHAT ISSUES WERE RAISED	HOW WE ARE RESPONDING
• Annual dealer conference • International visits to Original Equipment Manufacturers (OEMs) • Visits to local suppliers • Attendance at supplier-hosted technical conferences and new product launches	• Collective agreements • Integrity of relationships • Joint growth opportunities • Exchange rate fluctuations impacting demand • Performance statistics • Joint growth opportunities	• Individual engagements with suppliers Refer to the following report sections: • Divisional reviews • Material issues

NATIONAL, PROVINCIAL AND LOCAL GOVERNMENT

HOW WE ENGAGE	WHAT ISSUES WERE RAISED	HOW WE ARE RESPONDING
• Extensive engagement with the Departments of Labour, Mineral Affairs and Transport • The group's tax manager liaises with the South African Revenue Service (SARS) in respect of tax issues, tax compliance with laws and regulation, as well as regulatory reviews	• Safety • Creation of sustainable small, medium and micro enterprises • Enterprise development • B-BBEE scorecard • Once empowered always empowered' principle' • Development of black employees • Social labour plans related to the mining charter • Community development • Compliance, understanding and interpretation of legislation	• Individual engagements with government

INDUSTRY ASSOCIATIONS AND TRADE UNIONS

HOW WE ENGAGE	WHAT ISSUES WERE RAISED	HOW WE ARE RESPONDING
• The group's key trade unions are the National Union of Mineworkers (NUM), the National Union of Metalworkers of South Africa (NUMSA) the Federated Mining Union (FMU) and Solidarity	• Requests for continued building of constructive relationships • Information around conditions of employment • Inequality amongst employees • Collective bargaining mechanisms	• Collective engagement in industry bodies Refer to the following report sections: • Material issues • Divisional reviews

HUMAN CAPITAL REVIEW

The group maintained its focus on human capital development in a challenging business environment where there are critical skills shortages in key areas such as technical and artisanal employees. The effective management of human capital is therefore considered to be a key strategic priority and a business sustainability issue for Eqstra. In the group in total, R51.7 million was spent during the year under review on human resource development in the form of training.

Balancing the need to recruit and retain an appropriately skilled workforce, Eqstra also works hard to achieve meaningful transformation in the group's workforce and management. We strive to identify, recruit and develop black talent. We have achieved some success in this regard, with SA black management reaching over 67% during the year and black female management 8%. However, a great deal more needs to be done and management is aware of the need to redouble its efforts to transform the group.

HUMAN CAPITAL REVIEW CONTINUED

Detailed statistics are shown in the table below.

	Industrial Equipment	Fleet Management and Logistics	Contract Mining and Plant Rental	Corporate	Total
Management profile by race					
African male	6	6	903	3	918
African female	2	2	112	1	117
Indian male	7	7	3	2	19
Indian female	3	4	4	–	11
Coloured male	4	3	16	2	25
Coloured female	4	1	2	–	7
White male	49	51	341	14	455
White female	11	31	30	5	77
Non South African	15	6	61	–	82
Total management	101	111	1 472	27	1 711
Non-management profile by race					
African male	461	166	1 553	–	2 180
African female	107	100	252	3	462
Indian male	79	23	2	1	105
Indian female	39	29	3	3	74
Coloured male	135	31	1	–	167
Coloured female	43	40	–	1	84
White male	318	112	16	3	449
White female	115	102	21	2	240
Non South African	250	33	671	–	954
Total non-management	1 547	636	2 519	13	4 715
Workforce movement	(39)	(113)	(1302)	2	(1 452)
Total employees at beginning of year	1 687	860	5 293	38	7 878
Resignations	184	139	511	5	839
Dismissals	40	16	164	–	220
Retirements	12	3	21	2	38
Retrenchments	57	104	1 000	–	1 161
Engagements	260	153	421	9	843
Deaths	6	4	27	–	37
Total employees at end of year	1 648	747	3 991	40	6 426

Labour relations entered a difficult phase for business during 2014. Eqstra was not directly impacted by the strikes which took place in the platinum mining sector during the year, despite having operations located in these mining areas. It was, however, impacted by industrial action in the engineering sector during August and September 2013, which resulted in work stoppages at the majority of Contract Mining and Plant Rental's South African operations. These stoppages lasted approximately three weeks and the cost to the division was profit of R135 million. The volatile state of relationships between employers and labour in many sectors of the South African economy continues to be the subject of constant management attention.

Despite demanding operating conditions, we continued to invest in socio-economic development, particularly in communities with which we interact directly and in the technical skills development of black learners at selected technical schools throughout South Africa.

The group aspires to create a work environment in which individuals can contribute to their full potential. To achieve this, we believe in an open and consultative management style.

During 2014, a group-wide climate assessment study was conducted to assess how employees perceived Eqstra as an organisation. The findings are based on the perceptions of leaders, managers and employees. A key finding of the study was that there still exists a division between management and employees' views and that more needs to be done to create an inclusive and empowering culture. As Eqstra is a new organisation and there has been significant change in the period since listing, both internally and in the external business context, the review also highlighted the need for a greater degree of proactive change management and communication relating to change.

HUMAN CAPITAL REVIEW CONTINUED

CASE STUDY: RESPONDING TO THE FINDINGS OF THE CLIMATE ASSESSMENT STUDY IN FLEET MANAGEMENT AND LOGISTICS

The division has always had a positive approach to management and management development and its expectation from the climate assessment study conducted throughout the group in mid-2013 was that this would be reflected in the outcomes. Although respondents highlighted some pockets of good practice in the division, the overall findings of the study were more negative than anticipated. One of the main concerns raised by the study's findings was that some employees felt disempowered and lacked the freedom to contribute and engage with the business or its clients.

We took the findings of the survey very seriously as a division and used the feedback from employees to implement some significant changes and initiatives in the area of human capital management.

From a leadership perspective, we reviewed how we operate, starting with the most senior leadership structure in the division, our divisional executive team. We asked ourselves what we could do to create a more empowering structure, understanding that a critical part of our role is to create a compelling strategy that the business can execute and a working environment where people can flourish.

Our first decision was to create a fully-fledged human capital department. While the function had previously existed in the division, it had played a more conventional human resource management role. We recognised that we needed a strategic head of human capital, at an executive level, to be accountable for engaging with our talent pool and ensuring that all employees are given the opportunity to function effectively.

As a leadership team we also had to look at the culture we had created. Due to the pressurised nature of our business, we had created an environment where managers were treating people too robotically, and were then frustrated when people failed to take initiative and accountability. This was true all the way up the leadership pipeline. So our next step, and probably the longest-term challenge we face, was to start creating a leadership culture that will enable people all the way through the business to engage better with their work, to embrace change and to innovate. This requires a set of behaviours and agreed values that filter down from the top management of the division to every employee.

One of the ways of achieving this was to take every leader of people and key influencer within the business through consistent leadership training. For this we have used the Eqstra 'Thought Leaders' programme. This ensures that every leader, from the divisional CEO to team leaders, has experienced the same training, which will ensure we can develop our own leadership vocabulary.

LEADERSHIP CONFERENCE

One part of our role as a senior leadership team is to create an environment where individuals in the business are engaged and energised. To start this process, we identified the 60 most senior and influential people within the business and organised a management breakaway, designed to engage and energise delegates.

The conference exceeded expectations by delivering an incredible energy and drive within the team, and participants' feedback was that for the first time they felt as if they were in control of the future. The most important outcome, however, was that this energy and commitment was cascaded down to each leader's team.

Changing the leadership culture of any organisation is a long and difficult task which cannot be undertaken quickly regardless of the extent to which each individual sees the benefit of change. As a leadership team, we recognise the importance of getting this aspect of our business right and are committed to being relentless in driving, and ultimately delivering, this change.

CASE STUDY: RESPONDING TO THE FINDINGS OF THE CLIMATE ASSESSMENT STUDY IN FLEET MANAGEMENT AND LOGISTICS (CONTINUED)

PERFORMANCE MEASUREMENT

One of the specific pieces of feedback from the climate survey was that the business had not created a consistent and reliable tool to measure performance and to deal with poor performance. The newly-created human capital team has therefore prioritised the implementation of a consistent performance appraisal system. The implementation of this system is the first step, but ensuring that all managers use it effectively will also be a high priority.

EMPLOYEE ASSISTANCE PROGRAMME

During the financial year we launched an employee assistance programme 'Ask Nelson'. Through this programme, all employees will have access to confidential counselling on a range of issues, such as tax, legal issues, budgeting, emotional therapy and medical advice. We believe the programme will help make employees' personal challenges become more manageable.

As a result of these initiatives, we believe that the human capital function in the division now benefits from good leadership and a clear vision of the areas in which it needs to make progress.

INTERNAL LEARNING AND DEVELOPMENT INITIATIVES - "E-TRAIN"

In addition to the Eqstra Leadership Academy (ELA) and external training courses, we have embarked on an internal learning and development strategy that will cater for all of the division's employees.

Towards the end of the financial year we ran change management workshops, facilitated by experts in change. These are now being complemented by e-learning modules that contain content relevant to the workshops and will be completed in the third quarter of 2014.

Based on the above we are implementing a blended internal learning strategy (ie a mixture of classroom and virtual training), which will be measured quarterly, and will form part of each employee's key performance areas.

EMPLOYEE TRAINING AND DEVELOPMENT

The group invests significantly in the training and development of all employees. Recruiting skilled employees and undertaking training initiatives on a regular basis is essential to ensure client satisfaction and business performance, especially in the context of skills shortages in certain technical areas.

Having capable, empowered employees is of utmost importance to the group's sustainability, especially to its ability to compete and to offer clients value-added services.

Skills development is undertaken at all levels of the organisation through various programmes including:

- Leadership development
- Supervisory and generic skills development
- Artisan and technical development
- Operator development

During the year, R51.7 million (2013: R50.1 million) was invested in employee training and development throughout the group. This equates to R8 053 per employee (2013: R6 354). Training programmes were maintained despite difficult operating and market conditions.

	Industrial Equipment	Fleet Management and Logistics	Contract Mining and Plant Rental	Corporate	Total
Number of employees	1 648	747	3 991	40	6 426
Total training spend (R000)	11 786	5 892	33 631	440	51 749
Total training spend/employee (R)	7 151	7 887	8 427	11 000	8 053

HUMAN CAPITAL REVIEW CONTINUED

LEADERSHIP, SUPERVISORY AND GENERIC SKILLS DEVELOPMENT

The Eqstra Leadership Academy (ELA) is a partnership with the Wits Business School to deliver the Certificate Programme in Leadership Development (CPLD) and the Certificate Programme in Management Development (CPMD). Both programmes are accredited with the Council for Higher Education. The two leadership programmes include core modules on finance and marketing, complemented by leadership modules which are aligned to the group's specific needs.

During the year under review, 51 (2013: 30) managers and supervisors completed these programmes, of which 35% (2013: 47%) were black South Africans.

ARTISAN AND TECHNICAL DEVELOPMENT

The Eqstra Technical Training Academy (ETTA) is in its fifth year of operation. It provides much-needed technical skills to all levels of employees.

During 2014, ETTA provided 221 (2013: 264) employees with apprentice training, with 78% (2013: 75%) being black South Africans. Apprentice training is a long-term commitment, as it takes three years for an employee to qualify as an artisan in a specified trade. All courses are accredited by the Manufacturing Sector Education Training Authority, MerSETA.

OPERATOR DEVELOPMENT

Divisions provide operator training to relevant employees. During the year under review, training was provided to 925 (2013: 1 765) employees in the use of various items of industrial, mining and construction equipment.

STUDY ASSISTANCE PROGRAMMES

Eqstra provides financial assistance to employees seeking to gain formal academic qualifications which are relevant to the employee's work. During the year, 11 employees (2013: 1 518) benefited from the programme.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT

Eqstra is committed to the transformation of its workforce. The most recent evaluation of the group's performance against the broad-based black economic empowerment (B-BBEE) scorecard was undertaken in March 2014 and the group achieved a level 3 rating.

Proposed changes to the B-BBEE codes are likely to have an impact on the group's scorecard in 2014, particularly in the areas of employment equity and management control, where higher minimum hurdle rates implemented in certain categories, particularly employment equity, will be harder to achieve. The revised codes will therefore require a more concerted effort in respect of B-BBEE compliance across the group.

OWNERSHIP

Eqstra has traditionally performed well on the ownership element of the B-BBEE codes. There were no significant changes in ownership this year and the group scored 32.3% for black equity ownership, above the minimum threshold required to operate sustainably in the South African mining sector.

EMPLOYMENT EQUITY

All divisional targets are aligned to employment equity criteria, as contained in the B-BBEE scorecard.

B-BBEE rating scores were as follows:

Ownership	19.0/23
Management control	5.5/11
Employment equity	3.1/18
Skills development	10.8/15
Preferential procurement	17.3/20
Enterprise development	15/15
Socio-economic development	5/5
Overall score	**75.7/107**

77.4% of the group's South African workforce is black (2013: 83.5%) and 14% female (2013: 17.7%). The reason for the movement in the workforce is primarily the closure of mining sites at Contract Mining and Plant Rental.

Particular emphasis was placed on recruiting and retaining black South Africans, notably at management level, as well as the provision of fast-tracking opportunities.

At the year-end, 67.3% of the management team was black (2013: 42.1%), and 13.0% female (2013: 15.0%).

PROCUREMENT

To meet the Department of Trade and Industry's targeted 70% requirement for spending with B-BBEE suppliers, including black-owned and black female-owned businesses, qualifying small enterprises and exempt micro enterprises, we have a number of initiatives in place that are linked to enterprise development.

ENTERPRISE AND SUPPLIER DEVELOPMENT

Where possible, Eqstra supports enterprise and supplier development. We engage with black-empowered partners in business transactions that are mutually beneficial, with particular emphasis on the continuous transfer of skills to partners and suppliers.

During the year under review, enterprise development support was implemented through a combination of:

- Preferential payment terms (15 days or less) on payments in excess of R10 million
- Training of suppliers' buyers and operational teams
- Providing standards of certification for black suppliers
- Creating tender opportunities for black suppliers
- Mentoring expertise and skills transfer

The group's expenditure on enterprise development initiatives during the year under review was R6.5 million (2013: R6.8 million).

NATURAL CAPITAL MANAGEMENT

During the year, environmental indicators measured in the sustainability data system were revised, to ensure that accurate group data could be obtained in relation to key areas of natural capital management performance.

Group-level data collated during this process is set out below:

Indicator	Industrial Equipment	Fleet Management and Logistics	Contract Mining and Plant Rental	Group total
Fuel usage (l)	2 110 461	10 245 527	113 797 480	126 153 468
Water usage (l)	33 997	87 211	6 060	127 268
Electricity usage (KwH)	3 242 386	4 465 709	1 471 605	9 179 700
Travel miles (scope 3)	1 716 521	609 818	2 000 472	4 326 811
Waste tyres disposed (t)	156	2	283	441

The group is working towards setting targets in these critical areas of environmental management, on the basis of more robust group-level data.

SOCIO-ECONOMIC DEVELOPMENT (SED)

Eqstra actively contributes to social and economic development in the areas and communities in which it operates. Wherever possible, employees are sourced from local communities, particularly in recruitment programmes undertaken by Contract Mining and Plant Rental. Similarly, procurement is undertaken locally and, again wherever possible, in a manner that makes use of suppliers meeting B-BBEE requirements.

SED spend was increased despite the difficult economic conditions faced by the group, with R3.8 million (2013: R2.3 million) being spent on SED initiatives during the year in two main areas:

- Eqstralution
- Social welfare

EQSTRALUTION

Eqstralution is the group's programme of sustained support for learners in various South African technical and agricultural schools and Further Education and Training (FET) colleges. Total spend on Eqstralution during the financial year under review was R3.4 million (2013: R1.3 million).

Eqstralution aims to:

- Provide children from previously disadvantaged backgrounds who demonstrate an aptitude and interest in a technical or agricultural field with the opportunity to attend technical or agricultural school
- Assist identified schools to acquire the appropriate equipment and tools needed to ensure their learning environment is safe, up-to-date and aligned to both industry needs and the curriculum
- Enlighten scholars and promote a positive attitude of career opportunities within these fields
- Enhance and encourage further learning and skills development by offering grade 12 graduates the opportunity to enter into an apprenticeship at our training academy

Ten technical schools and three agricultural schools are targeted through the programme, with technical support provided to teachers and learners, as well as assistance in procuring relevant equipment and learning material.

SOCIAL WELFARE

This programme's objective is to give immediate support to the most needy and vulnerable. Total welfare spend during the financial year under review was R1.2 million (2013: R1.0 million).

INDUSTRIAL EQUIPMENT REVIEW

In this section, we outline the various sustainability initiatives undertaken at a divisional level. For more information on each division, please see the divisional reviews in the printed section of the integrated annual report. As in previous years, these reports focus on the information which is most material for each division during the financial year.

INDUSTRIAL EQUIPMENT

MANAGEMENT OF HUMAN CAPITAL

In the current challenging economic environment, we know that without a healthy, engaged workforce, we will not be able to achieve the overall business goals and objectives. Good employee relations and employee retention are critical for management.

The employee climate assessment results have provided a benchmark to improve employee relations. During the year, we also invested in the 'Ask Nelson' programme. The programme was launched in April 2014, and approximately 800 employees have attended the training interventions.

The shortage of critical and scarce skills, such as electrical technicians, remains one of our key challenges. In our attempt to address the skills scarcity, we have put in place an ongoing apprenticeship programme, with no less than 40 apprentices receiving training through the programme at any given time. Our technical team of 514 technicians continues to undergo related technical training. Training of employees remains critical to our business success. Employees attended a total of 2 092 training courses in the last financial year in our various training disciplines in both technical and soft skills. These include our customised leadership programmes, the Eqstra WITS Business Leadership Academy programmes, and other specialised business courses attended by employees for the purposes of self-development. We remain committed to upholding our values of empowering and uplifting our employees to meet future client and market demands.

Our aim as a division is to create entrepreneurial individuals within the business, and we have therefore significantly increased our investment in employee training.

TRAINING SPEND

Industrial Equipment	2014	2013
Training spend (R000)	**11 786**	9 499
Training spend per employee (R)	**7 151**	6 120

MANAGEMENT OF NATURAL CAPITAL

The division established an integrative safety, health, environment and quality (SHEQ) system that threads itself throughout the operational aspects of the business. In South Africa, three of our major centres within the forklift business were ISO 9001 and ISO 14001 certified, whilst our UK business achieved ISO certification in three ISO standards – ISO 9001, ISO 14001 and OHSAS 18001. These management systems support improvements in our operational processes and underpin our ability to provide the highest quality services and products for our clients.

Management has committed to reducing and improving key environmental aspects through their environmental management plans. SHEQ performance is measured throughout the year and progress improvements are benchmarked at our annual surveillance audits.

OCCUPATIONAL HEALTH AND SAFETY

Regrettably, the division experienced a fatality during the year which was the result of a motor vehicle incident. The division has provided training for technical employees on safe driving techniques to improve driver awareness. Injury on duty cases fell by 5% during the year.

Several factors contributed to the division's good operational safety performance:

- Dedicated SHEQ personnel in each of the division's businesses, who ensure that employees are continually trained on key safety aspects and disciplines
- The implementation of SHEQ systems systematically throughout the division, as detailed above

OPERATIONAL REVIEWS CONTINUED

- Safety induction training and safety toolbox talks, which are conducted on a monthly basis among employees in all business units. Dedicated safety personnel are appointed in each workplace to manage legal and operational safety requirements. They are responsible for hazard identification and risk assessments, as well as for implementing corrective actions following instances of non-conformance

Initiatives undertaken as part of our wellness plan will include the provision of on-site mobile clinics for employees and the broadening of the scope of our HIV and Aids interventions, which will contribute to achieving our objective of improving the health of our workforce and the overall quality of life of our employees.

TRANSFORMATION
The division achieved a Level 3 B-BBEE rating in its independent rating process. We have employment equity committees in all key businesses within the division to ensure we work towards achieving our five-year Equity Plan to 2017. The division is committed to creating and maintaining an environment which provides equal opportunities to all employees.

COMMUNITY RELATIONS AND SOCIO-ECONOMIC DEVELOPMENT SPEND
The division is committed to the development of our 90 Eqstralution students. One of our key values of "Uplifting our People" extends beyond business corridors. During mid-term school breaks, employees have been involved in hosting students in their respective businesses, with the aim of helping foster a passion for our industry among the students. In addition, from an academic standpoint we have committed to sponsoring an additional Maths teacher for our school in Cradock, to ensure that students are not marginalised in their academic curriculum and that every possible support is provided for them to excel. For 2015, we hope to extend these community-related activities, which in our view are essential in creating future skilled artisans and business leaders.

LABOUR RELATIONS
Good relations between management and employees are fundamental to the success of the division. Almost 20% of employees are unionised and management engages pro-actively with this stakeholder group to ensure that good relationships are maintained. The division operates worker forums, regular employee meetings, quarterly business review meetings, newsletters and other communications briefs to keep employees informed of business progress and performance expectations. The same platforms are used by employees to inform management of their concerns and to share ideas on business solutions.

FLEET MANAGEMENT AND LOGISTICS REVIEW

FLEET MANAGEMENT AND LOGISTICS

MANAGEMENT OF HUMAN CAPITAL

A total of R5.9 million was spent by the division on employee training, with 22 apprentices trained and 21 employees graduating from the Certificate Programme in Leadership Development (CPLD) and the Certificate Programme in Management Development (CPMD). Ten employees graduated from adult basic education and training (ABET).

A successful mentoring and coaching programme aims to develop employees' full potential. The mentorship programme is a formal performance indicator for employees in leadership roles.

MANAGEMENT OF NATURAL CAPITAL

No environmental incidents were recorded during the year. Third party contractors are used to assist in the clean-up of any incidents which occur.

OCCUPATIONAL HEALTH AND SAFETY

Over the period between July 2013 to June 2014, our logistics fleet of trucks travelled a combined distance of over 10 million kilometres. Regrettably during this period there were five major incidents which resulted in three fatalities.

An in-depth investigation was conducted in each case to establish the cause for each incident and to ensure that corrective actions were put in place to avoid future incidents. The findings of the investigations concluded that third parties were responsible for four of the five accidents. In the remaining case, the evidence examined during an independent investigation did not show any driver negligence, wrongdoing on the part of the company or technical deficiency with the vehicle.

Several new safety measures were introduced, including biometrics and driver monitoring in our vehicles, as well as speed capping on our trucks. We operate a 24/7 call centre which monitors driver performance. Corrective action is taken when speeding violations and poor driving are recorded.

In our commodities business we are in the process of applying for Road Transport Management System (RTMS) accreditation. This is now a requirement for future transporter appointments for some of the larger mining companies.

Alcohol testing is conducted by the security officers on each employee reporting for duty. This, together with a formalised signing-in procedure, is designed to ensure that only employees who are fit for service are allowed onto our vehicles. Safety topics are discussed with drivers prior to shifts and a pre-trip inspection is conducted.

An accredited full-time driver trainer conducts all our on-site training. Operating conditions are continuously monitored and, during heavy misty conditions, vehicles are not allowed to leave the yard. If conditions deteriorate while drivers are on the road, drivers are instructed to pull off the road into a safe place.

TRANSFORMATION

The division achieved a Level 3 B-BBEE rating in its stand-alone rating process and its joint venture company Amasondo Fleet Services Proprietary Limited (Amasondo) achieved a Level 2 rating.

COMMUNITY RELATIONS AND SOCIO-ECONOMIC DEVELOPMENT SPEND

The division continues its support for the Rhodesfield and Pretoria Technical High Schools under the Eqstralution initiative. It has also continued to sponsor the Clover Mama Afrika women's project with an annual sponsorship of vehicles. This project is intended to give mobility to the Mamas to deliver services to the community effectively.

The division's "Think Pedestrian" safety campaign, in partnership with the Department of Transport, was launched in 2012 and continued during the year under review. The campaign is aimed at stabilising and then reducing road fatalities by undertaking awareness and education programmes on road safety with both drivers and pedestrians.

TRAINING SPEND

FLEET MANAGEMENT AND LOGISTICS	2014	2013
Training spend (R000)	**5 892**	5 589
Training spend per employee (R)	**7 887**	6 499

FLEET MANAGEMENT AND LOGISTICS REVIEW CONTINUED

"Think Pedestrian" is part of the UN Decade of Action for Road Safety Campaign 2011 – 2020, a global initiative aimed at mobilising all nations to unite in promoting road safety. It has been developed as a platform which allows Eqstra and its subsidiaries to express their social responsibility as businesses through various initiatives involving road users and pedestrians.

The campaign activates stakeholders in three areas:

- Education and awareness
- Infrastructure development
- Fundraising

During 2014, a major campaign was the lollipop project, a joint initiative between Eqstra Fleet Management business unit and its joint venture company Amasondo, endorsed by the Department of Transport. The project aims to reduce pedestrian fatalities by employing women from female-led households to assist school children with crossing the road, mainly in rural areas.

Schools are nominated by the respective municipalities based on the most hazardous locations. It emphasises education and awareness, as well as developing infrastructure around school crossings to make them safer.

This project is being piloted in the Ingwe Municipality in KwaZulu-Natal and a launch was conducted in July 2014 at Nkelebantwana Primary, sponsored by Amasondo.

During 2014, initiatives undertaken also included a major golf day, raising money through employees, suppliers and business partners for road safety initiatives. The golf day has become an annual event and in 2014 the initiative raised R587 000.

LABOUR RELATIONS

The division experienced no direct impact from labour action during the year. However, there was some indirect impact as some drivers were taken off the road during industry nationwide strike actions in September 2013 to ensure their safety.

A small number of drivers belong to the National Bargaining Council for Road Freight and Logistics Industry (NBCRFLI). In addition, approximately 200 mechanical and vehicle sales employees belong to the Motor Industry Bargaining Council (MIBCO). The division operates in compliance with the rules and regulations of both Councils. We continue to monitor this area closely.

CONTRACT MINING AND PLANT RENTAL REVIEW

CONTRACT MINING AND PLANT RENTAL

MANAGEMENT OF HUMAN CAPITAL

The division's dedicated training centres are an integral part of its business and continue to make a significant contribution to the development and career growth of employees. The division comfortably exceeded its target of training 2 300 employees per month by training 2 809 employees every month.

During the 2014 financial year, 61 apprentices (2013: 21 apprentices) from training schools adopted by the division were enrolled at the Eqstra Technical Training Academy (ETTA) to start their four-year apprenticeships. Most of the apprentices are enrolled for earthmoving equipment mechanics modules, a skill which is critical to the division. Apprentices trained through the ETTA are now entering the workplace, and all apprentices trained have been employed by the division.

The division spent approximately R213 000 on ETTA artisan graduates as part of its engineering development programme and has undertaken capacity building at various tertiary institutions.

The MCC Learning Centre, launched in January 2011, has seen 313 operators undergo a full 45-day course of testing, training and refresher training during the year, with increased awareness of care and maintenance.

The division this year launched on-site basic computer courses for administrative clerks, with 45 having completed the courses.

To address the skills shortage within local communities, the division further implemented:

- The training of 138 people in local communities to ensure that skills will be available when required
- The revival of bursaries, internships and learnerships to feed the talent pipeline

MANAGEMENT OF NATURAL CAPITAL

The division's operations were affected by heavy rainfall in South Africa in the first quarter of the 2014 calendar year. Loss of profits due to the resulting standing time were approximately R70 million.

TRANSFORMATION

The division's employee base consists of 13% women, exceeding the minimum requirement of 10% set by the Department of Mineral Resources.

LABOUR AND INDUSTRIAL RELATIONS

The division was not subject to industrial action during the recent platinum sector strike, despite having operations in the heart of the platinum belt. However, a three-week work stoppage took place over August and September 2013 at most of the division's South African sites, except Tharisa chrome in Marikana in the North West province and Mogalakwena in the Limpopo province. Settlement was reached and a further two-year agreement was concluded with organised labour. The profit impact of the strike amounted to some R135 million.

Engagement continues to secure the goodwill of the labour force and, over the longer-term, we will continue to invest in training and skills development initiatives which can support real improvements in the income-earning potential of our workforce.

OCCUPATIONAL HEALTH AND SAFETY

Health and safety remain key for the division. Once again, we improved our safety performance during the financial year under review, reducing our lost-time injury frequency rate to 0.21. No fatalities were recorded and the division has now operated for 1 751 days (equivalent to 6.8 million shifts) without any fatal incidents.

TRAINING SPEND

Contract Mining and Plant Rental	2014	2013
Training spend (R000)	**33 631**	34 401
Training spend per employee (R)	**8 427**	6 499

CONTRACT MINING AND PLANT RENTAL REVIEW CONTINUED

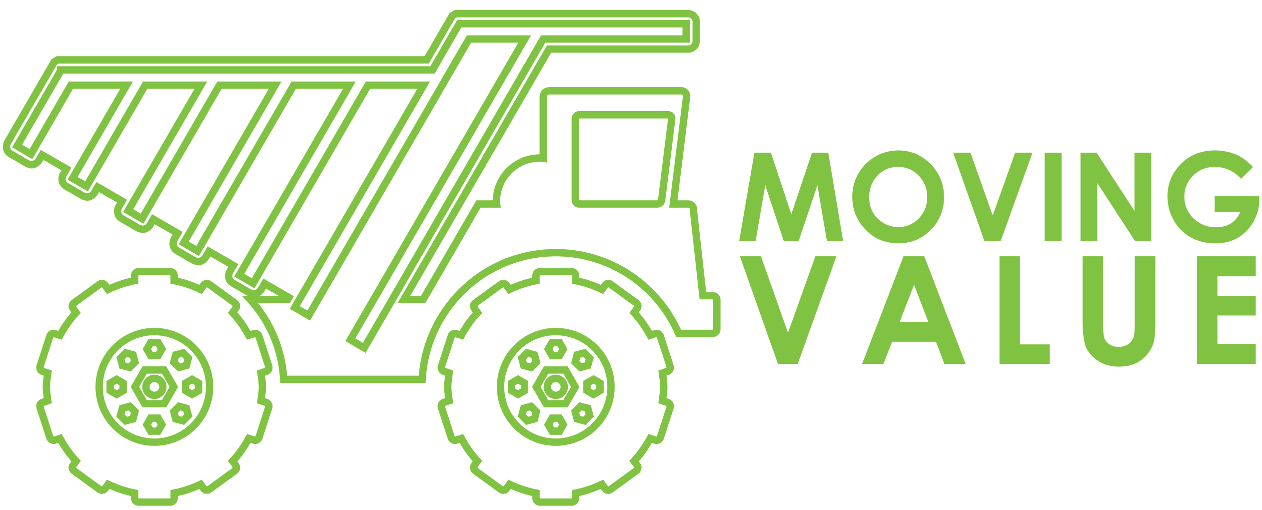
COMMUNITY RELATIONS AND SOCIO-ECONOMIC DEVELOPMENT SPEND

During the year, two community incidents were recorded, which involved service delivery issues. One of these took place at Tharisa chrome and one at the Dorstfontein coal project in Mpumalanga. Both were swiftly diffused. There was no community incidents recorded at our platinum projects. We continue to work closely with local communities, in cooperation with our clients.

Below is a summary of these events and actions undertaken to resolve the incidents of community unrest.

OPERATION/COMMUNITY	ISSUES RAISED	RESOLUTION
Dorstfontein		
Protests by the youth of Kriel, Thubelihle and surrounding farms	Job opportunities	A constructive meeting was held by the division's human resources manager, the client's socio-economic development manager and the community manager to address the issues raised
Tharisa Minerals	Blasting issues	Engagement with community leaders by the client

We have continued our efforts to source local labour from surrounding communities by training previously unskilled community members in skills relevant to the division. Approximately 138 community members were trained and about half of these subsequently found work with the division.



GOVERNANCE REVIEW BY THE BOARD

The Eqstra group is committed to embracing good corporate governance practices. The group is guided by the King Report on Corporate Governance in South Africa (King III), as well as additional requirements of the JSE Limited.

The group conducted a detailed analysis of the extent to which the company's governance practices met the recommendations of King III during the year. Where compliance with the recommendations is not being met, the directors adhere to the "comply or explain" principle, see details of non-compliance or partial implementation below. Where required, remedial action for non-adherence has been put in place.

GOVERNANCE PRINCIPLE(S)			DETAILS
1.	**ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP**		
1.1	The board should provide effective leadership based on an ethical foundation	A	This is detailed in the integrated report, with specific reference to our strategy, the value add statement and elements of the corporate governance report, as included in the supplementary information.
1.2	The board should ensure that the company is and is seen to be a responsible corporate citizen	A	The stakeholder engagement report, as included in the supplementary information, contains details of the inclusive stakeholder approach. These are addressed in the sustainability report and corporate governance report in the supplementary information, as well as in the value add statement in the integrated report. Also refer to the stakeholder engagement portion of the supplementary information.
1.3	The board should ensure that the company's ethics are managed effectively	A	Refer to our strategy as part of the integrated report. Refer to corporate governance report and the sustainability report in the supplementary information. Also refer to the risk management system in the supplementary information.
2.	**BOARD OF DIRECTORS**		
2.1.	The board should act as the focal point for and custodian of corporate governance	A	Refer to the board composition and responsibilities as part of the corporate governance report in the supplementary information.
2.2.	The board should appreciate that strategy, risk, performance and sustainability are inseparable	A	Refer to board responsibilities as part of the corporate governance report, as well as our strategy in the integrated report. Further details can be found in the risk management section in the supplementary information.
2.3.	The board should provide effective leadership based on an ethical foundation	A	Refer to the corporate governance report in the supplementary information.
2.4.	The board should ensure that the company is and is seen to be a responsible corporate citizen	A	Awareness is being created throughout the group. Refer to the stakeholder engagement section of the supplementary information.
2.5.	The board should ensure that the company's ethics are managed effectively	A	Refer to our strategy in the integrated report and corporate governance in the supplementary information.
2.6	The board should ensure that the company has an effective and independent audit committee	A	Refer to the audit committee report in the annual financial statements section of the integrated report, as well as the audit committee section of the corporate governance report in the supplementary information
2.7.	The board should be responsible for the governance of risk	A	Refer to the risk management report in the supplementary information.
2.8.	The board should be responsible for information technology governance	A	Refer to the information technology section of the corporate governance report in the supplementary information
2.9.	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	P	Refer to the legal and compliance section of the corporate governance report in the supplementary information. More attention required.
2.10.	The board should ensure that there is an effective risk-based internal audit	A	Refer to the risk management report in the supplementary information.

GOVERNANCE REVIEW BY THE BOARD CONTINUED

GOVERNANCE PRINCIPLE(S)			DETAILS
2.	BOARD OF DIRECTORS CONTINUED		
2.11.	The board should appreciate that stakeholders' perception affect the company's reputation	P	Refer to the stakeholder engagement report in the supplementary information. As a non-retail industry Eqstra conducts customer satisfaction surveys, not formulised at board level.
2.12.	The board should ensure the integrity of the company's integrated report	A	Refer to the audit committee report and the introduction to the group in the integrated report.
2.13.	The board should report on the effectiveness of the company's system of internal controls	A	Refer to the risk management report in the supplementary information, as well as the corporate governance report in the supplementary information.
2.14.	The board and its directors should act in the best interests of the company	A	Refer to the directors' responsibilities in the corporate governance report in the supplementary information.
2.15.	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	This is considered as part of the legal and compliance function, outlined in the corporate governance report in the supplementary information. No business rescue required at present.
2.16.	The board should elect a chairperson of the board who is an independent non-executive director. The CEO of the company should not also fulfil the role of chairperson of the board	A	Refer to the chairperson and lead independent director section in the corporate governance report in the supplementary information.
2.17.	The board should appoint the chief executive officer and establish a framework for the delegation of authority	A	Refer to the chief executive officer section in the corporate governance report in the supplementary information.
2.18.	**Composition of the board** The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent	A	Refer to the board composition section of the corporate governance report in the supplementary information
2.19	**Board appointment process** Directors should be appointed through a formal process	A	Refer to the board composition and appointment section of the corporate governance report in the supplementary information.
2.20.	**Director development** The induction of and ongoing training and development of directors should be conducted through formal processes	A	Refer to the corporate governance report in the supplementary information.
2.21.	**Company secretary** The board should be assisted by a competent, suitably qualified and experienced company secretary	A	Refer to the company secretary section in the corporate governance report in the supplementary information.
2.22.	**Performance assessment** The evaluation of the board, its committees and the individual directors should be performed every year	A	Refer to the corporate governance report in the supplementary information.
2.23.	**Board committees** The board should delegate certain functions to well structured committees, but without abdicating its own responsibilities	A	Refer to the governance structure section in the corporate governance report in the supplementary information.
2.24.	**Group boards** A governance framework should be agreed between the group and its subsidiary boards	A	Refer to the governance structure section in the corporate governance report in the supplementary information.

GOVERNANCE PRINCIPLE(S)		DETAILS
2. BOARD OF DIRECTORS CONTINUED		
2.25. **Remuneration of directors and senior executives** Companies should remunerate directors and executives fairly and responsibly	A	Refer to the remuneration report in the integrated report.
2.26. Companies should disclose the remuneration of each individual director and certain senior executives	A	Refer to the remuneration report in the integrated report.
2.27. Shareholders should approve the company's remuneration policy	A	Refer to the remuneration report in the integrated report.
3. AUDIT COMMITTEES		
3.1. The board should ensure that the company has an effective and independent audit committee	A	Refer to the audit committee report in the annual financial statements section of the integrated report and the audit committee section in the corporate governance section in the supplementary information.
3.2 **Membership and resources of the audit committee** Audit committee members should be suitably skilled and experienced in depended non-executive directors	A	Refer to the audit committee report in the annual financial statements section of the integrated report and the audit committee section in the corporate governance section in the supplementary information.
3.3 The audit committee should be chaired by an independent non-executive director	A	Refer to the audit committee report in the annual financial statements section of the integrated report and the audit committee section in the corporate governance section in the supplementary information.
3.4 **Responsibilities of the audit committee** The audit committee should oversee integrated reporting	A	Refer to the audit committee report in the annual financial statements section of the integrated report and the audit committee section in the corporate governance section in the supplementary information.
3.5 The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities	A	Refer to the audit committee report in the annual financial statements section of the integrated report and the risk management section in the corporate governance section
3.6 **Internal assurance providers** The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function	A	Refer to the audit committee report in the annual financial statements section of the integrated report and the audit committee section in the corporate governance section in the supplementary information.
3.7 The audit committee should be responsible for overseeing of internal audit	A	Refer to the audit committee report in the annual financial statements section of the integrated report and the audit committee section in the corporate governance section in the supplementary information.
3.8 The audit committee should be an integral component of the risk management process	A	Refer to the risk management section in the supplementary information and the risk committee report section in the corporate governance section in the supplementary information.
3.9 **External assurance providers** The committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	A	Refer to the audit committee report in the annual financial statements in the integrated report.
Reporting 3.10 The audit committee should report to the board and shareholders on how it has discharged its duties	A	Refer to the audit committee report in the annual financial statements section of the integrated report and the audit committee section included in the corporate governance section in the supplementary information.

GOVERNANCE REVIEW BY THE BOARD CONTINUED

GOVERNANCE PRINCIPLE(S)			DETAILS
4.	**THE GOVERNANCE OF RISK**		
	The board's responsibility for risk governance		
4.1	The board should be responsible for the governance of risk	A	Refer to risk management and the corporate governance reports in the supplementary information.
4.2	The board should determine the levels of risk tolerance	A	Refer to the risk management report, as well as the board responsibility section of the corporate governance report in the supplementary information.
4.3	The risk committee or audit committee should assist the board in carrying out its risk responsibilities	A	Refer to the risk management and corporate governance reports in the supplementary information.
4.4	Management's responsibility for risk management. The board should delegate to management the responsibility to design implement and monitor the risk management plan	A	Refer to the risk management and corporate governance reports in the supplementary information.
4.5	**Risk assessment** The board should ensure that risk assessment is performed on a continual basis	A	Refer to the risk management and corporate governance reports in the supplementary information.
	The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	A	Refer to the risk management and corporate governance reports in the supplementary information.
4.6	**Risk response** The board should ensure that management considers and implements appropriate risk responses	A	Refer to the risk management report in the supplementary information.
4.7	**Risk monitoring** The board should ensure continual risk monitoring by management	A	Refer to the risk management report in the supplementary information.
4.8	**Risk assurance** The board should receive assurance regarding the effectiveness of the risk management process	A	Refer to the risk management report in the supplementary information.
4.9	**Risk disclosure** The board should ensure that there are processes in place to enable complete, timely, relevant, accurate and accessible risk disclosure to stakeholders	P	Refer to the risk management report in the supplementary information.
5.	**THE GOVERNANCE OF INFORMATION TECHNOLOGY**		
5.1.	The board should be responsible for information technology (IT) governance	A	Refer to the information technology section of the corporate governance report in the supplementary information.
5.2	IT should be aligned with the performance and sustainability objectives of the company	P	Refer to the information technology section of the corporate governance report in the supplementary information.
5.3	The board should delegate to management the responsibility for the implementation of an IT governance framework	A	Refer to the information technology section of the corporate governance report in the supplementary information.
5.4	The board monitors and evaluates significant IT investments and expenditure	A	Refer to divisional reports as well as the information technology section of the corporate governance report in the supplementary information.
5.5	IT should form an integral part of the company's risk management.	P	Refer to the information technology section of the corporate governance report and the risk management report in the supplementary information.

	GOVERNANCE PRINCIPLE(S)		DETAILS
5.5	IT should form an integral part of the company's risk management.	P	Refer to the information technology section of the corporate governance report and the risk management report in the supplementary information.
5.6	The board should ensure that information assets are managed effectively	P	Refer to the information technology section of the corporate governance report in the supplementary information.
5.7	A risk committee and audit committee should assist the board in carrying out its IT responsibilities	A	Refer to the committee report in the annual financial statements section of the integrated report
6.	**COMPLIANCE WITH LAWS, RULES, CODES AND STANDARDS.**		
6.1.	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	P	Refer to the legal and compliance section of the corporate governance report in the supplementary information. More attention required.
6.2	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	P	Refer to the legal and compliance section of the corporate governance report in the supplementary information. More attention required.
6.3	Compliance risk should form an integral part of the company's risk management process	A	Refer to the legal and compliance section of the corporate governance report in the supplementary information.
6.4	The board should delegate to management the implementation of an effective compliance framework and processes	P	Refer to the legal and compliance section of the corporate governance report in the supplementary information.
7.	**INTERNAL AUDIT**		
7.1	**The need for and role of internal audit** The board should ensure that there is an effective risk based internal audit	A	Refer to the audit committee report and risk management report in the supplementary information.
7.2	**Internal audit's approach and plan** Internal audit should follow a risk based approach to its plan	A	Refer to the risk management report in the supplementary information.
7.3	Internal audit should provide a written assessment of the effectiveness of the company's system of internal controls and risk management	A	Refer to the audit committee report and the risk management and corporate governance reports in the supplementary information.
7.4	The audit committee should be responsible for overseeing internal audit	A	Refer to the audit committee report
	Internal audit's status in the company	A	Refer to the audit committee report and corporate governance report in the supplementary information.
7.5	Internal audit should be strategically positioned to achieve its objective	A	The Head of internal audit attends strategic sessions
8.	**GOVERNING STAKEHOLDER RELATIONSHIPS**		
8.1	The board should appreciate that stakeholders' perceptions affect a company's reputation	A	Refer to the stakeholder engagement report in the supplementary information.
8.2	The board should delegate to management to proactively deal with stakeholder relationships	A	Refer to the stakeholder engagement report in the supplementary information.
8.3	The board should strive to achieve the appropriate balance between its various stakeholder groupings in the best interest of the company	A	Refer to the stakeholder engagement report in the supplementary information.
8.4	Companies should ensure the equitable treatment of shareholders	A	Refer to the stakeholder engagement and the corporate governance reports in the supplementary information.

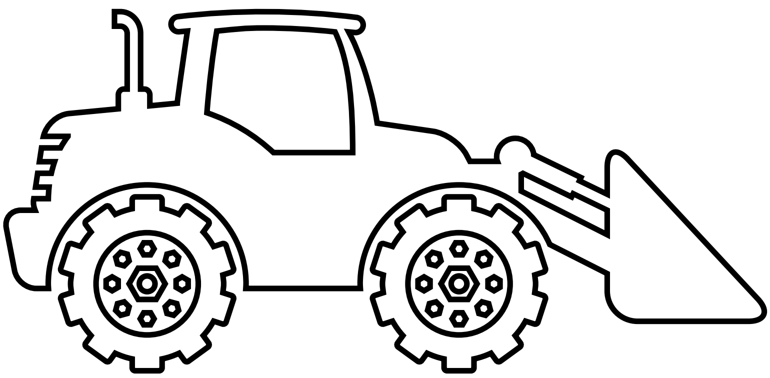
GOVERNANCE REVIEW BY THE BOARD **CONTINUED**

GOVERNANCE PRINCIPLE(S)			DETAILS
8.	**GOVERNING STAKEHOLDER RELATIONSHIPS CONTINUED**		
8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	A	Refer to the stakeholder engagement and the corporate governance reports in the supplementary information.
	Dispute resolution		
8.6	The board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible	N	This is not formally addressed in the report, but forms part of the overall compliance function within the group.
9.	**INTEGRATED REPORTING AND DISCLOSURE**		
	Transparency and accountability		
9.1	The board should ensure the integrity of the company's integrated report	A	Refer to the introduction of the group in the integrated report.
9.2	Sustainability reporting and disclosure should be integrated with the company's financial reporting	A	Refer to the sustainability report in the supplementary information and the divisional reports in the integrated report.
9.3	Sustainability reporting and disclosure should be independently assured	P	The internal auditors reviewed data collated for accuracy and completeness. More focus required.

P – Partially applied

A – Applied

N – Not applied



MOVING VALUE