



SUSTAINABILITY REPORT

2014

COROBRIK (PTY) LTD





Contents

| | |
|------------------------------------|----|
| About this Report | 5 |
| About Corobrik | 7 |
| Message from the Managing Director | 16 |
| Governance Structure | 18 |
| Economic Sustainability | 21 |
| Social Sustainability | 23 |
| Environmental Sustainability | 27 |
| GRI Index | 34 |
| Contact Details | 38 |

Corobrik has grown to be the leading brick manufacturer, distributor and marketer of clay bricks, clay pavers and associated allied building products in South Africa.



4 million

product making capacity per day



15

Corobrik factories



6

factories using natural gas

About this report

For Corobrik, the 2014 financial year marks the first time that the company will prepare a report on its various sustainability-related activities.

The report aims to provide readers with all relevant information regarding Corobrik and its activities, and the means by which the company engages with, and creates value for, its identified stakeholder groups. Furthermore, the report is intended to provide an indication of the company's ability to continue to create such value for these stakeholders in the future.

The report has been compiled with the assistance and guidance of GSA Campbell Consulting, aligned with the principles of the G3.1 Reporting Standard of the Global Reporting Initiative (GRI). Information regarding the specific indicators covered in the Report can be found in the GRI Table on page 34. The report, along with associated relevant information (to which reference is made at various points in the report) is also available on the Corobrik website at www.corobrik.co.za.

In preparing this report, Corobrik has made every effort to identify and report on significant sustainability-related considerations and impacts arising from the core activities of the company, as well as all significant internal and external

stakeholder groups with which the company engages around these issues. For additional information regarding the report and its contents, readers are invited to contact Dirk Meyer, Managing Director, on (031) 560-3111 or fax (031) 565-1532 or email intmktg@corobrik.co.za.

THE SCOPE AND BOUNDARY OF THE REPORT

This report covers the operations of Corobrik (Pty) Ltd.

The report is prepared for the period 1 July 2013 to 30 June 2014, which corresponds with the company's financial year. It is intended to provide key stakeholders with relevant sustainability performance

the context of the various export markets in which the company operates, as well as of the prevailing macroeconomic climate.

Data for the report was gathered directly from the company's head office and various operating divisions, and is to the greatest extent possible integrated across these divisions, so as to provide comparable performance data.

This report is a new and important component in the Corobrik sustainability journey, and it is the intention of the company to significantly improve its sustainability data collection and reporting capabilities in the future. Attention has been given to reporting best practices, however the company acknowledges that this is an

This report covers the operations of Corobrik (Pty) Ltd.

information relating to the company's activities, in particular the economic, social and environmental impacts arising from these activities. Wherever relevant, operational activities are analysed within

area in which we will need to improve. Our intentions are to understand and apply the principles of the GRI G4 guidelines in our next sustainability reporting period.

MATERIALITY

This report is intended to provide insight into those issues identified as the most relevant or material to Corobrik and its stakeholder groups.

These material issues are defined on an ongoing basis by the Company's Board of Directors, based on inputs received from various operational structures. Wherever possible, they are aligned to the company's strategic objectives, as well as to identified risks and opportunities. In this regard, Corobrik also seeks inputs from key stakeholders regarding the issues that they consider as most material to their engagement with the company.



Demand for Corobrik's products is increasing in Eastern, Central and Western Africa, spurred by infrastructural developments in these regions.

About Corobrik

Established in Durban in 1902, Corobrik (Pty) Ltd holds a century's worth of experience in the brick and paving business.

From this base we have grown to be the leading manufacturer of masonry and landscaping clay bricks and paving, concrete bricks, blocks and building materials in South Africa.

Today we are well represented in all major economic centres of South Africa, with our head office in Durban, three regional offices (Durban, Johannesburg and Stellenbosch) and 28 Corobrik Centres located countrywide. We also have 15 Corobrik factories, all of which are geared to produce 4 million plus products per working day.

MARKETS

For more than 100 years, Corobrik has been manufacturing, distributing

and marketing bricks for the local and international market. Our range of high quality brick and building products have helped bring governmental, residential and commercial design ideas to life.

With property prices recovering, the residential market has been on a slight upward trend. And demand for Corobrik's products is increasing in Eastern, Central and Western Africa, spurred by infrastructural development in these regions.

Corobrik face bricks and pavers have been specified for impressive buildings and hard landscaping projects around the world, including the USA,

Singapore, Taiwan, South Korea, Japan, Arabian Gulf countries, the Indian Ocean Islands and other African states.

OWNERSHIP

Corobrik is owned by Mainstreet 57. Previously disadvantaged South Africans hold 43.59% of Corobrik share Equity as follows:

AKA Capital 18.51%

Corobrik staff trust 15.08% (The Corobrik staff trust holds 26% of the issued ordinary share capital. 58% of this is the HDSA component)

Investec 10%

(27.9% of Investec is owned by previously disadvantaged South Africans)



Corobrik offers a wide range of products under its three distinct lines, as follows:



Face Bricks - rock face, rustic, satin, travertine

The strength and durability of Corobrik clay face brick is equally matched by its intrinsic aesthetic qualities which are as rich as nature itself. The Corobrik Clay Face Brick is testimony to this colourful, earthy palette of nature, offering the widest variety of colours, shades and textures which enhance and harmonise with any environment.



Pavers - bevelled and sharp arised

For both beauty and durability underfoot, Corobrik hard burnt clay brick pavers offer aesthetic appeal as well as great practicality. Every paver is originated with clay drawn from age old deposits, exuding its own earthy personality. Corobrik's distinctive range spans an extensive palette of colours and textures that compliment other finishes and the natural environment.



Non-Face Brick - plaster, common or stock bricks

NFP - Non Facing Plastered

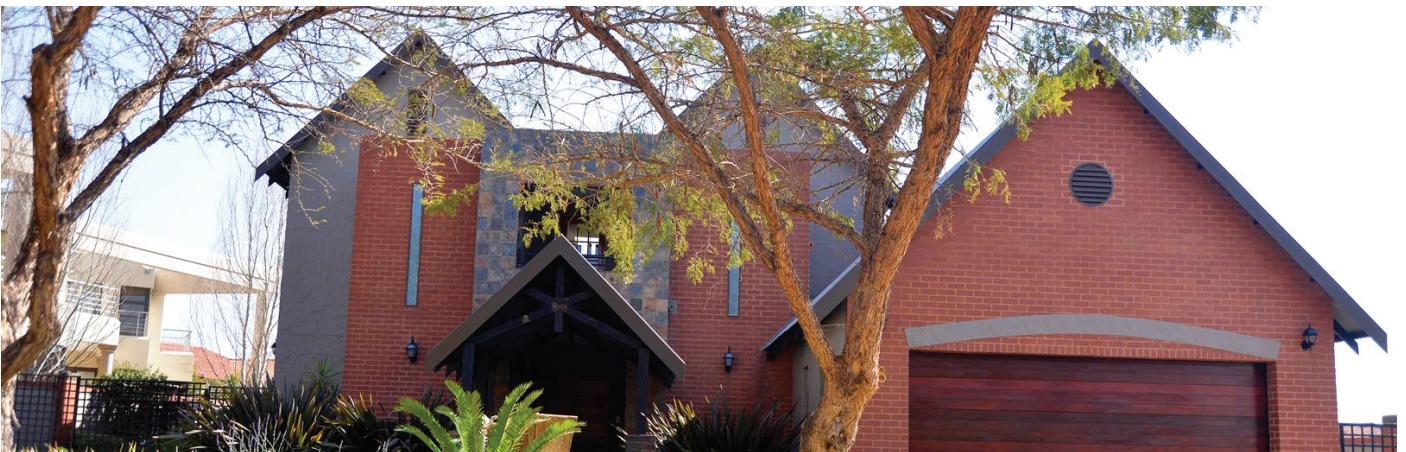
Clay bricks that are suitable for general building work which must be plastered or rendered.

NFX - Non Facing Extra

Bricks suitable for use, plastered or unplastered for general building work below damp proof course or under damp conditions or below ground level where durability rather than aesthetics is the criteria for selection.

Fired clay brick is one of only a few man-made walling materials that is proven reusable and / or recyclable. Robustness and extreme durability mitigates future carbon debt associated with refurbishment and replacement of less durable building materials while longevity provides the time

opportunity for embodied energy to dissipate. The mineral properties and inert non-toxic qualities of fired clay brick well recognised for meeting all necessary requirements for healthy living, further defines clay brick as a sustainable building material.





What you need to know about clay plaster brick walling

CLAY BRICK CUTS DOWN ON NOISE

Heavy weight clay brick walling is an ideal means of insulating buildings against noise. Even a single wall of clay brick is able to reduce noise dramatically. A double wall is capable of reducing noise by half as much again to produce a relaxed and peaceful environment, relatively free from outside distractions.

CLAY BRICK KEEPS INTERIORS COMFORTABLE

Heavyweight clay brick walls have an inbuilt propensity to keep buildings cool in summer and warm in winter. During the day, clay brick functions to reduce the quantum of heat going through the wall and reaching the inside to around 5 to 6 W/m². On top of that they are effective in slowing the transfer of heat through the wall by 6 to 8 hours such that external heat only begins to impact on the inside after the hottest part of the day has passed. On the inside, clay brick walls function to slowly absorb and store heat from the atmosphere, thereby moderating internal temperatures to help keep buildings cool in summer.

In winter, radiant heat stored in the internal brick walls is released to the cooler evening air entering the inside spaces assisting to keep temperatures within the thermal comfort range for longer. The net benefit of this is to minimise the need for heating energy in winter.

CLAY BRICK IS FIRE RESISTANT

Clay brick is fired at high temperatures during manufacture and therefore, is incombustible - it cannot burn anymore. So a brick wall does not help to spread the flames and it is proven highly resistant to collapse in the event of fire.

STRENGTH AND STABILITY

Walls built with quality clay face bricks which are properly constructed will produce strong, stable and durable buildings.

THERMAL INSULATION

Clay bricks built in the form of solid or cavity walls offer excellent protection against heat and cold.

CLAY BRICKS ARE IMPERVIOUS

Clay brickwork correctly laid is devoid of cavities and crevices and therefore impervious to vermin infestation.

STAKEHOLDER ENGAGEMENT

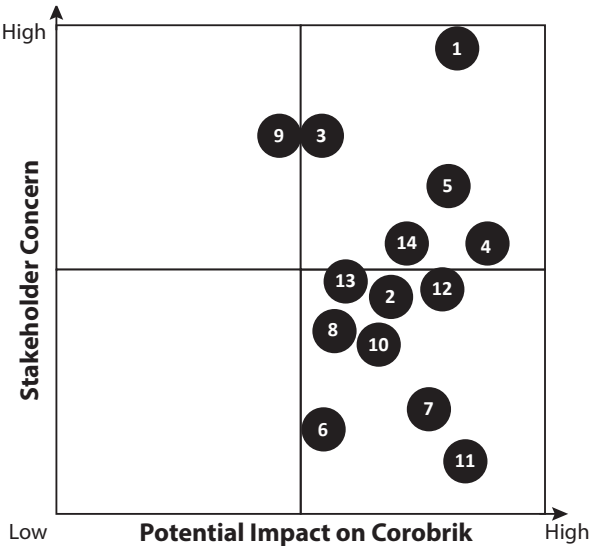
Corobrik's managing director personally leads our stakeholder engagement program. Key stakeholders include customers, customer channels, distributors, primary suppliers, the communities within which we operate, the SA government, shareholders, employees and a number of union groups. Government engagement is particularly relevant to us as a business because of the sound economic, sustainability and social reasons for building with brick.

Two representatives of the Corobrik Staff Trust, in which 26% of the share capital resides for the benefit of employees, serve on the Corobrik Board as non-executives with full voting rights.

Our CSI policy focus is towards the provision of building materials and expertise to sustainable projects in disadvantaged communities.

Based on the outcomes of this engagement process, key areas in the business are monitored on an ongoing basis.

| STAKEHOLDER GROUPING | ENGAGEMENT METHODS | ENGAGEMENT FREQUENCY | KEY ISSUES EMERGING FROM ENGAGEMENT AND RESPONSES |
|--|---|--|---|
| Employees | Email to those with computer access Otherwise notices or meetings with representatives or factory employees. | Varies from daily to quarterly as and when required. | Most of the communication with the factory employees is about company finances, safety and environmental issues. Continuous feedback about the company's ESOP scheme is done and the employees often want to know when dividends, if any, will be paid. |
| Suppliers of critical goods to factory | Email or meetings | Frequently | Pricing and logistics of delivery discussed. Note that the Head office's purchasing department does most of the negotiations since this is a centralised function. |
| Customers | Conferences, Exhibitions, Email or meetings | Formalised calling cycles, and as and when required | Product specification development, selling and site servicing. |
| Media | Media releases Public events | Formalised media program, and as and when required | Mostly attending to requirements of media for publishing purposes. |
| Government and Industry Organisations | Email or meetings | Regularly and when required | Mostly around matters of compliance and auditing of implementation plans. |
| Unions | Email or meetings | Regularly and when required | Mostly for consultation purposes. |
| Local Communities | Notices or meetings with representatives. | As and when required | Mostly attending to developmental requirements and issues raised by the community. |



- 1. Health and Safety
- 2. Customer Relations
- 3. Waste and Emissions
- 4. Employee Relations
- 5. Energy Use
- 6. Maintenance
- 7. R&D and Innovation
- 8. Raw Materials
- 9. Quarry Rehab and Biodiversity
- 10. Risk Management
- 11. Product Safety and Quality
- 12. Water
- 13. Supply Chain
- 14. Sustainable Construction

MATERIALITY

Corobrik faces an array of issues related to the operation of our business and how it impacts society. To ensure that we are focused on the most important issues, we conducted a materiality analysis. This analysis examined the potential impact of specific sustainability issues from both a stakeholder and a company perspective.

A materiality workshop process was used to identify issues that were then ranked in terms of importance. Each issue was then plotted on a matrix that contained “level of concern” and “affect” as the respective axis. The outcome of this materiality process was used to ensure that the most relevant material indicators were included in this sustainability report.

SUPPLY CHAIN

Corobrik has sound supplier policies in place as informed by SA’s Black Economic Empowerment requirements and buying codes. Equity, empowerment and sustainability are core to supplier selection. All our security requirements are outsourced to former employees whom we continue to support, guide and empower. It is part of our policy to transfer skills to, and invest in, supplier training and our chief buyer is responsible for the relevant planning and implementation.



20%

reductions in drying and firing energy usage



8%

reduced mortar usage reduces carbon footprint

Corobrik's Environmental Impact

Corobrik focuses a lot of attention on developing our products and pursuing ways to improve our overall environmental impact.

Progress made in this area has elevated the environmental integrity of Corobrik's products beyond the sustainable qualities generic in fired clay.

Dematerialisation has been particularly valuable and through investment in advanced extrusion technologies, dematerialization with enhanced product quality and performance attributes has been achieved. Resultant energy usage reductions through dematerialization include:

Reductions in drying and firing energy usage in the order of 20% when compared to a 'standard' 3 core-hole brick with 20% perforations.

Reduced diesel usage per thousand bricks delivered.

An 8% reduced mortar usage on site reducing the carbon footprint associated with the cement component of mortar.

Additionally, Corobrik has researched the performance of our products in the different exposure zones of South

Africa. This is important because not all fired clay types have equal durability attributes in the various exposure conditions. As a result, we are in a position to correctly categorise our different bricks per climatic zone. The website and catalogue set out to inform on this matter and our waybills are clearly stamped with requisite information to guide users in the correct application of our different products.

14001 Environmental Management systems in our factories. Furthermore, we manufacture clay bricks with embodied energy values that are in line with international best practice. Our bricks have thermal performance attributes for supporting thermal comfort and lowering operational energy usage in South Africa's climate.

Dematerialisation has been particularly valuable in reducing energy usage.

SUSTAINABILITY

With sustainability established as a global imperative, Corobrik continues to take active steps toward enhancing the sustainability of our business. All Corobrik activities are based on sustainable environmental practices and adhere to the Minerals, Mine Health and Safety Acts. Our environmental, social and governance targets are largely informed by our deployment of ISO 9001 Quality Management and

100% recyclable product

All 15 Corobrik factories are geared to produce 4 million products per working day

250 t CO₂ per ton of bricks

international average = 300 t CO₂ per ton of bricks

COR
SUSTAINABI

Corobrik was the **first** company in South Africa to be issued **Certificates of Emissions Reductions** by the United Nations Clean Development Mechanism for its fuel switch programme – Lawley Factory



Redirected heat from kilns is used in the product drying process

At Avoca concrete operations, **50%** of aggregates used for masonry and earth retaining products comprises burnt waste from clay brick operations. Such concrete product manufacture will be extended to other facilities when appropriate.

All Corobrik's worked-out mines are **rehabilitated** and affected areas left ready for re-use.

One of our old Kliprug quarries now forms part of the prestigious Val de Vie Estate in the Western Cape

A **full life cycle assessment** of clay brick in South Africa is currently being done for the Clay Brick Association at the University of Pretoria.

We are working closely with Sasol to achieve our objectives in the use of

natural gas

6 Factories using natural gas



OBRIK[®]
LITY STORY

Message from the Managing Director

Every year at Corobrik, we build on over 110 years of expertise in order to maintain our place as the leading brick manufacturer, distributor and marketer of clay bricks, clay pavers and associated allied building products in South Africa. We focus a lot of attention on developing our products and pursuing ways to improve our overall environmental impact because at Corobrik we believe that responsibility creates value for our company, our stockholders and our society. Progress made in this area has elevated the environmental integrity of Corobrik's products beyond the sustainable qualities generic in fired clay.

Our mission is embodied in our current marketing statement as expressed in our promotional material. It reads: "Building Sustainability in Everything We Do". While accepting that the pursuit of environmental sustainability is the key issue of the day, good business practice in a sustainable context requires we balance our approach giving due consideration and importance to the financial and social aspects of sustainability as well.

Towards trading more softly on our environment Corobrik has made excellent progress in meeting its targets towards ISO 9001 Quality Management and ISO 14001 Environmental Management certification at all of our operations. Corobrik is on track to have all factories certified before the close of our 2015/2016 financial year.

***"Our Strategy is built around Corobrik
applying best international practice in
everything we do."***



Yes, we are making progress on the clean energy front; however the lack of available gas is challenging further progress. Corobrik is eager to continue converting more factories from coal-fired to gas-fired operations, in addition to its more recent Lawley and Driefontein factory conversions. We have engaged Sasol to request additional gas supplies, but it appears they have constraints in that regard. This is a setback, but has not slowed our determination to reduce the carbon footprint of our products delivered to site. Our focus next year will continue to be towards furthering processes efficiencies and dematerialisation of our products while achieving the same high quality products with improved functionality and ever decreasing carbon loads.

After three years of intensive product development and some impressive market share gains realised, our focus will be on acquisition and organic growth through reinvestment in the business. Capital has been committed to a number of planned projects to upgrade facilities, drive efficiencies and enhanced mechanisation of factory processes.

Reflecting on our performance over the last couple of years and on what we have achieved this year in challenging trading conditions, our overall performance has been encouraging. Market opportunities in the different market segments that we

operate have fluctuated as has the pace of new projects to tender – this no more than so than in the non-residential sector. The competitive business environment has put pressure on margins and the responsiveness of our factories to managing cost pressures and reduce the impact of lower selling prices has been credible. Business strategies are well entrenched to drive the continued sustainability of the business and we remain well positioned with well-maintained factories to take due advantage of market improvements as and when they occur.

Looking at our competitiveness ranking within the brick industry we again measured up well in 2014/15. The PMR Diamond Arrow Award, presented to Corobrik on the 13 April 2015 for being rated the best brick supplier in SA for the fifth consecutive year, is evidence of that. Corobrik's scores achieved in the eleven categories surveyed and overall ranking is a manifestation of the importance we place on meeting our customers' expectations and needs in a continually changing business environment and the value of doing that consistently well in advancing the growth prospects of the business.

2015/16 looks to be challenging and further pressure will be brought to bear on competitiveness within the masonry sector as Government moves to reduce the market opportunity for masonry construction in favour of questionable alternate technologies for Government infrastructure buildings. Mooted market growth will not go unaffected by Eskom's inability to generate adequate power necessary to expedite new building developments on the drawing boards.

Undoubtedly cost pressures consequent to our weakened exchange rate will impact on fuel prices and cost of imports. This will be exacerbated by Eskom's proposed tariff escalations and their effect on consumer confidence and financial resources, making for a tighter business environment through our 2015/16 financial year.

In the coming years we will continue building our relationships with key decision influencers and makers and communities within the different market segments that we operate. At the same time to further enhance relationships with the architectural profession so as to build the base for specification growth and the potential that offers the business. At operational level the goal will be to further exploit and enhance the solid fundamentals of the business, to grow and extend competencies within the business. The ultimate goal of this is to successfully entrench our competitive market position and capitalise on growth opportunities as and when they present themselves.

At Corobrik, we are committed to acting responsibly in every aspect of our business. This report provides a summary of our sustainability efforts over the past year and we welcome any feedback on our performance.

Dirk Meyer
Managing Director



Musa Shangase, Corobrik Commercial Director, with the 2014 Diamond Arrow Award.



Governance Structure

Corobrik's Board is fully apprised of their fiduciary and legal duties and a qualified member of the board oversees compliance.

Corobrik's Board is fully apprised of their fiduciary and legal duties and a qualified member of the board oversees compliance. Our Board is supported by an executive committee which includes directors, functional directors and a management structure. Two representatives of the Corobrik Staff Trust, in which 26% of the share capital resides for the benefit of employees, serve on the Corobrik Board as non-executives with full voting rights.

The Board is responsible for the strategic management and oversight of the company, and for setting the strategic direction of the organisation as a whole. It is also responsible for monitoring performance against plans and budgets, assessing the levels of compliance with relevant legislation and reviewing competitor activity and best practice, both locally and internationally.

The board is also responsible for the monitoring and management of risks for the company as a whole. This risk management process includes all significant business risks to Corobrik, including strategic, financial, operational, technology and compliance risks.

Stakeholder communication is highly regarded within the organisation and open communication channels exist internally. Regular employee meetings are held regarding safety and other relevant issues. Employees attend monthly union meetings, and opportunities exist for engagement between union representatives and the company's management as and when any issues arise.

Externally, liaison and communication with suppliers occurs on an ongoing basis. A monthly newsletter is distributed to all sales consultants and retailers.

As a rule, engagement between various stakeholder groups and the Board occurs through the offices of the CEO or COO. With regard to environmental issues, an Environmental Team exists and meets quarterly. The COO is part of this team and therefore any issues arising can be taken, by him, directly from these meeting to discussion with the Board.

Stakeholder communication is highly regarded within the organisation.



Corobrik remains committed to driving further efficiencies in the use of energy and the wider use of clean burning fuels.

VALUES, PRINCIPLES AND CODES

We are King III compliant and our internal statements (i.e. mission, vision, respective charters and codes of conduct) have been developed in pursuit of global best practice.

Code of practices for the following are available: Trackless mobile machines, Slope stability, noise, Dust, Thermal stress, Fitness to perform work, Conveyor belt, Lockout procedure, emergency preparedness and flammable gas.

MEMBERSHIPS AND ASSOCIATIONS

Corobrik is a member of the Chamber of Commerce, the Master Builders' Association, the Clay Brick Association and the Paving Industry Association. We are also members of the World Wide Fund for Nature and the Green Building Council of South Africa.

- The Clay Brick Association (CBA)
- Master Builders of South Africa (MBSA)
- The Brick Paving Institute, (KwaZulu Natal, Western Cape)
- The SA Chamber of Business (SACOB)
- The Black Management Forum
- The SA Society of Labour Lawyers
- World Wide Fund for Nature (WWF)
- Green Building Council
- Brick Institute of America (BIA)



Economic Sustainability

Sound and prudent financial management lies at the heart of all decision-making on the part of the Corobrik Board.

Along with the members of senior management, the Board members remain acutely aware of their responsibilities to all stakeholder groups, to manage the company in a manner that ensures its financial viability and sustainability in both the short and long term.

Through its activities and operations, Corobrik seeks to add value for each of these stakeholder groups on a consistent and sustained basis.

RISKS FROM CLIMATE CHANGE

The issue of climate change is becoming increasingly relevant for Corobrik and its operations.

To mitigate the risks associated with the growing threat posed by climate change, Corobrik is committed to constant innovation within its product lines and manufacturing processes.

One of the major issues facing Corobrik is that of energy consumption. The

location of the company's manufacturing facilities in South Africa means that the overwhelming majority of the electricity

consumed in its manufacturing processes is derived from coal, and therefore results in significant levels of greenhouse gas emissions.

In order to reduce these emissions, the company has begun a process of changing factories to run on natural gas instead of coal. This is discussed in detail in the section of the report dealing with environmental sustainability.

A further area of potential concern in the future, is the issue of carbon tax. The

South African government has announced plans to implement such a carbon tax in the company's 2015 financial year, a fact

which naturally increases the imperative to reduce the company's electricity usage and implement various energy efficiency and renewable energy interventions.

SPENDING ON LOCALLY BASED SUPPLIERS

As a responsible corporate citizen, Corobrik is committed to maximising its levels of local procurement and exploring all opportunities that exist for diversifying its supplier base.

Corobrik is committed to constant innovation within its product lines and manufacturing processes.



Social Sustainability

Corobrik's Corporate Social Investment (CSI) programme reflects our belief that business has a crucial role to play in the upliftment and empowerment of previously disadvantaged communities and individuals.

LABOUR PRACTICES AND HUMAN RIGHTS

Corobrik is committed to the recruitment and development of employees drawn from the communities surrounding its production facility.

We recognise the contribution our employees make to the success of the company and are committed to being a responsible and engaging employer. Labour practices incorporate the principles and requirements of the Basic Conditions of Employment Act.

ECONOMIC EMPOWERMENT

We are proudly South African in everything we do and take as much pride in empowering our staff as we do in uplifting communities. As of June 2008, total share equity in Corobrik under the control of Historically Disadvantaged South Africans (HDSA) is 43.59%. 26% of the share equity is in employee hands through the Corobrik Staff Trust, this at no cost to Corobrik employees. The Staff Trust is a HDSA entity where each employee beneficiary has one vote. Two trustees serve on the Corobrik Board.

Broad Based Black Economic Empowerment is the cornerstone of our country's future. Corobrik is deeply committed to this process and our shareholders include AKA Capital (Pty) Ltd, a leading black empowerment private equity investment company. Encouraging the development of emerging companies plays a key role in our BEE programme. We outsource supplies and services from black-owned businesses whenever possible and encourage relationships with companies that have active BEE and Affirmative Action programmes.

Corobrik is a Level 3 B-BBEE contributor. Verified by Empowerdex.

DIVERSITY AND EQUAL OPPORTUNITY

Our commitment to redressing the imbalances of the past extends to our staff and management structures. In tune with the Employment Equity Act, we have instigated a multi-faceted education and development programme, which expedites the advancement and promotion of previously disadvantaged employees and includes:

An Employment Equity Committee which represents all groups and levels

The appointment of a Skills Development Facilitator

A Leadership Development Programme

A Production Management Training Programme

Weekly technical training lectures

Company sponsored employee study and development schemes

A substantial education and training budget

Annual tertiary study bursaries for employees' children

WORKFORCE BREAKDOWN

| EMPLOYEE WORKFORCE SUMMARY COROBRIK (PTY) LTD. | | EMPLOYEE TOTAL |
|--|-------------------|----------------|
| Workforce | Top Management | 5 |
| | Senior Management | 22 |
| | Mid Management | 80 |
| | Junior Management | 237 |
| | Semi Skilled | 706 |
| | General | 1472 |
| Gender | Female | 588 |
| | Male | 1934 |
| Region | South Africa | Total: 2522 |

HEALTH AND SAFETY

Corobrik firmly believes that sustainability in its industry is founded on responsibility, beginning with responsible operations that provide for the safety of employees and the integrity of the plant. The company refuses to compromise health and safety principles for profit or production.

To this end, the company complies fully with the Minerals and Mine Health and Safety Acts. A safe working environment is of crucial importance. Our S.H.E. (Safety, Health and Environment Programme) is defined to exceed the standards set by the Mine, Health and Safety Act and includes:

- Regular factory safety audits
- Monthly S.H.E meetings

Training and staff induction programmes:

- Safety and housekeeping in the workplace
- Hazards in the workplace
- Fire fighting
- Accident / incident investigations
- Machinery lockout procedures
- Personal protective equipment
- HIV / AIDS and other diseases
- First Aid
- Family Planning
- Drug and alcohol abuse

TRAINING AND EDUCATION

Training and development are instrumental to all Corobrik's strategic objectives and carefully considered training programmes are deployed at business and factory-levels. This includes 'sustainable development' training.

Corobrik's Building Training Centres serve to equip unskilled people with building, bricklaying and paving skills. The first Corobrik Building Training Centre was established in 1994. Today we have three such schools, (one in Durban, one in Cape Town and a third at Lawley in Gauteng) accredited by our industry CETA. In 2008 the CETA also declared our Durban-based Centre a "Construction Centre of Excellence".

COMMUNITY DEVELOPMENT

While we make financial donations from time to time, our policy focuses on the provision of building materials and expertise to sustainable projects in disadvantaged communities. Over the years, we have made meaningful contributions to schools, crèches, facilities for the aged, places of safety, education development facilities for the mentally and physically disabled and sanctuaries for orphaned children.

We actively support SAWIC (SA Women in Construction) and have donated bricks for the construction of a Building Training Centre for women and have sponsored the attendance of SAWIC members at our 45-day, CETA-accredited bricklaying course.

Architectural Student of the Year Program

The sponsorship of the Regional and National Architectural Student of the Year Award Programme, now in its 28th year, involves eight major universities throughout South Africa. The programme recognises the best emerging architectural talent, challenging them to make a meaningful contribution to the future sustainability of South Africa's built and natural environments.

Bursaries

Corobrik has a long-running bursary scheme for the children of Corobrik employees to study at tertiary institutions. Currently 30 students are studying with these bursaries. The company also awards eleven bursaries each year, to Grade 12 students from communities close to Corobrik operations, to pursue university degrees.



Corobrik is committed to promoting the economic upliftment of its employees and empowerment of disadvantaged communities and individuals.



Environmental Sustainability

Our world is precious and we are committed to ensuring that our activities are based on sound sustainable environmental practices which adhere to the Minerals and Mine, Health and Safety Acts.

Nine operational strategies are in place to guide business decisions and behaviour. Our sustainability strategy in the three dimensions - economic, social and environmental - is integral to all our operational strategies and we maintain a particularly strong focus on environmental responsibility in all areas of our company.

Over the past years Corobrik has invested in research which explores new ways in which brick may be better used to lower environmental impacts and to help develop specifications to facilitate optimal thermal performance outcomes, greatest energy efficiency and payback of the built cost. This research process is currently being advanced through our membership of the Clay Brick Association of South Africa, where Corobrik is involved in the commissioning of the ground-breaking 'Full Life Cycle Assessment' of clay brick in South Africa. This research is being undertaken at the University of Pretoria.

In addition, sustainability at Corobrik

is set to take a step further in 2014 with the use of the "Good Business Framework"; a programme designed to broaden the depth of understanding, knowledge and commitment to sustainability in key functional centres of the business.

Key activities of the business conducted within a sustainable development framework include:

Quarrying and manufacturing operations are located in rural and semi rural areas thus providing long term employment opportunities to neighbouring communities. Social and labour plans exist for all quarrying and manufacturing operations within the framework of the New Order Mining Rights.

Quarrying and manufacturing operations are undertaken within the parameters and requirements of an approved Environmental Management Plan for each quarry and process.

Our sustainability strategy is in the three dimensions of economic, social and environmental.



Environmental Sustainability: Products and Services

On-going product development offers customers enhanced product quality and products in line with changing design trends and new innovative applications.

ENVIRONMENTAL PERFORMANCE

A range of generic factors underpin our clay bricks' environmental integrity, including durability, longevity, reusability, recyclability, inertness that ensures no release of VOC's or toxic fumes, incombustibility, natural sound insulation qualities and the maintenance free qualities of face brick that mitigate future carbon debt associated with painting and refurbishment.

Our factories have ISO 9001:2008 Quality Management Certification. Corobrik has 10 factories with ISO 9001 Certification and others busy with the accreditation process.

The ISO 14001 system is also particularly important to us as an organisation because environmental management has always been a main focus within our company. In addition to the responsibility we feel toward the environmental, we have found that driving the ISO 14001 system also has additional benefits, including the enhancement our brand image and a competitive advantage in the market place. It is the two processes of achieving Quality and Environmental

certification, coupled with Corobrik's commitment to employing international best practices at its operations that has helped drive down Corobrik's carbon footprint and enhance eco-systems around operations.

Environmental management has always been a main focus within our company.

Corobrik currently has 5 factories with ISO 14001 Certification and others busy with the accreditation process.

PRODUCT LIFECYCLE

We combine our 113 years of experience with superior technology, best manufacturing practices, first-class logistic capabilities and a well-developed distribution network. This enables us to manufacture, market and distribute an exceptional and extensive range of clay bricks and pavers for building and landscaping purposes. In addition, our manufacturing processes are based on sound environmental practices to ensure that we contribute to SA's sustainable development while helping to lessen the burden on the environment.

Fired clay brick is one of only a few man-made walling materials that is proven to be completely reusable and/or recyclable. Robustness and extreme durability mitigates future carbon debt associated with refurbishment and longevity provides the time opportunity for embodied energy to dissipate. The mineral properties and inert non-toxic qualities of fired clay brick are well recognised for meeting all necessary requirements for healthy living and the thermal performance properties of clay brick further define it as a sustainable building material.

PRODUCT PERFORMANCE INDICATORS

Product development, coordinated through Corobrik's ISO-IEC 17025 accredited Central Laboratory, is systematically pursued to afford customers enhanced product quality and products with performance attributes in line with changing design trends and new innovative applications. Consistent product quality is at the heart of Corobrik's product strategy.

All production facilities are operated in accordance with international best practice with quality assurance programmes formalised at each factory to ensure that all products comply with industry standards and the classification against which each product is manufactured and sold.



Fired clay brick is 100% reusable or recyclable.

MATERIALS

Corobrik ensures that all our supply materials are sourced in an environmentally responsible manner. We do this by focusing on three main objectives; quarrying clay materials within a sustainable development framework, achieving greater resource efficiencies and lowering the consumption of non-renewable resources.

Most 'green' brick waste is recycled back into the clay production processes.

Burnt brick waste is either crushed as aggregate for use in road building applications, or the manufacture of concrete products. Surplus aggregate is returned to the quarry from where it came. In addition suitable waste materials from other waste streams are regularly evaluated for their suitability as a recycled component in

our the brick manufacturing processes.

On average, 2% of our primary materials are made up of recycled material. At this stage we have not been able to source suitable waste materials that meet the environmental requirements of a ISO 14001 certified factory.

ENERGY EFFICIENCY

We have energy use targets in place at our operations and dedicated teams work continuously to identify ways in which to further drive down our energy usage. At present, we measure direct and indirect energy consumption, make use of energy sub-metering, track energy productivity and are converting to individually switched lighting zones in our buildings. We also work closely with Sasol to achieve our objectives in the use of natural gas. Heat (redirected from kilns) is used in the product drying process.

Teams are in place at all operations with a mandate to reduce electrical energy usage through power correction interventions and modifying shift activities thereby circumventing high electrical energy usage at peak periods, electrical energy usage has dropped significantly throughout.

Further energy saving opportunities are currently being explored.

WATER

Water is integral to brick making. Mined clay has initial moisture content important for supporting the extrusion process. This is supplemented where necessary to enhance output, overall quality and yields. Water metres are used to manage water usage and we will soon be defining our company-wide water policies that will include the use of water recycled from our quarries within our operations.

MATERIAL CONSUMPTION AT COROBRICK FACTORIES 2013 - 2014

| FACTORY | WATER USAGE KILOLITRES | ELECTRICITY USAGE kwh | DIESEL LITRES | COAL TONNES | HFO LITRES | G.T GAS |
|------------------|---------------------------|--------------------------|------------------|----------------|---------------|---------|
| Avoca - Clay | 15669 | 8 244 735 | 423 929 | 4 532 | | 344 890 |
| Avoca - Concrete | 12 721 | 126 350 | 61 661 | | | |
| Driefontein | 24 967 | 9 552 778 | 174 249 | | | 416 889 |
| Eastbrick | 13 400 | 2 864 287 | 69 968 | 7 526 | | |
| Emalahleni | 46 000 | 4 265 595 | 159 134 | 26 440 | | |
| Glencoe | 12 373 | 3 668 020 | 165 685 | 13 617 | | |
| Lawley | 84 700 | 8 472 050 | 409 743 | 12 468 | | 421 794 |
| Midrand | 18 653 | 6 981 353 | 136 713 | | | 240 866 |
| Middelwit | 16 530 | 3 296 086 | 79 623 | 9 843 | | |
| Odendaarus | 30 727 | 7 313 839 | 179 395 | 23 324 | | |
| Phesantekraal | 22 506 | 9 172 954 | 172 281 | 4 103 | 5 423 404 | |
| Polokwane | 15 155 | 3 800 491 | 118 508 | 16 195 | | |
| Rietvlei | 41 370 | 11 038 834 | 227 592 | | | 216 633 |
| Springs | 19 955 | 4 881 299 | 84 478 | | | 301 777 |



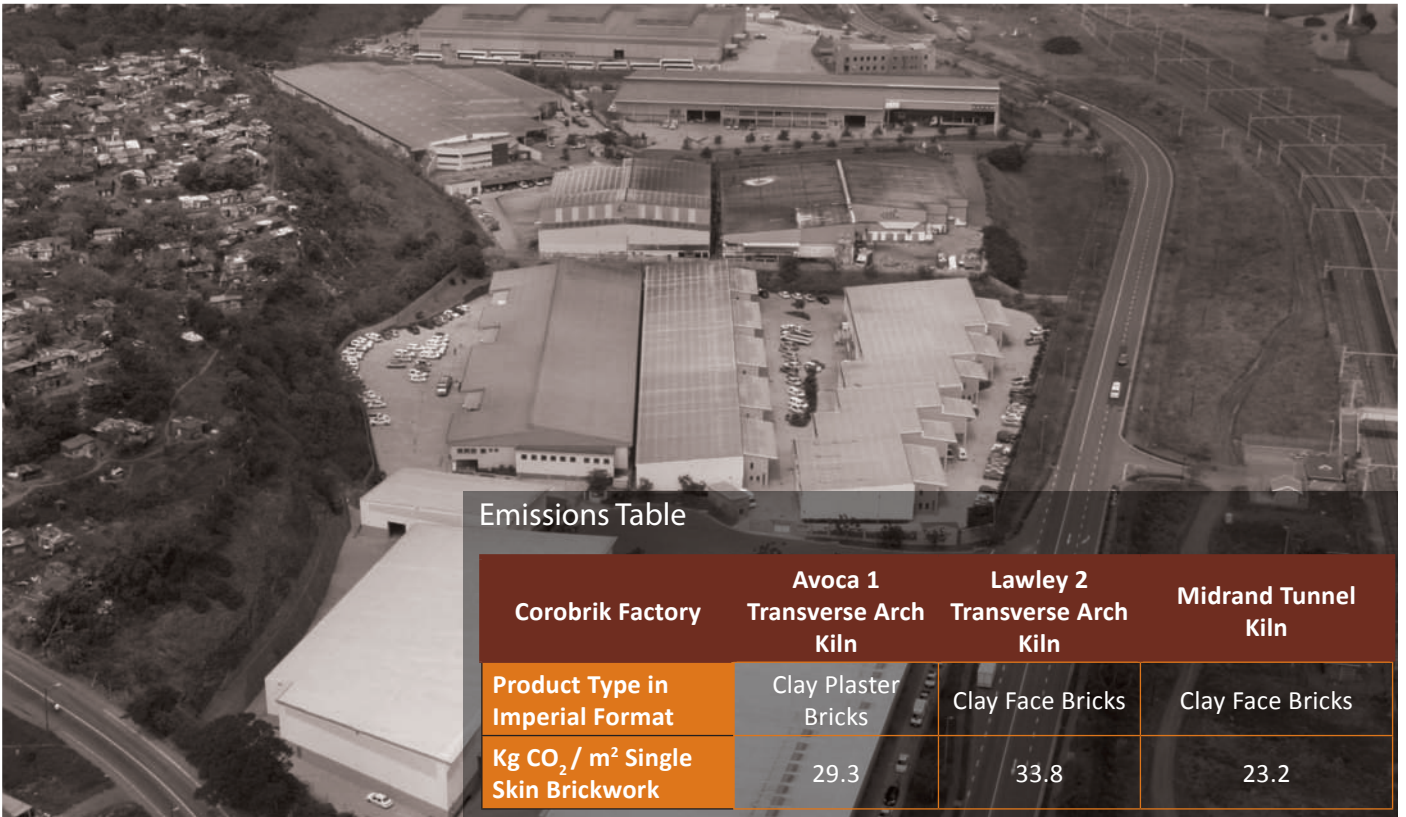
WASTE

At factory level, waste is measured and reported on in the production process, which is a factory management criteria tied to a rewards system. Most 'green' brick waste is recycled back into the clay production processes. Burnt brick waste is either crushed as aggregate for use in road building applications, or the manufacture of concrete products. Surplus aggregate is returned to the quarry from where it came. At our concrete manufacturing factories we aim for over 50% of the aggregates that are used to be made up of burnt waste from clay brick operations.

Furthermore, suitable waste materials from other waste streams are regularly evaluated for their suitability as a recycled component in our brick manufacturing processes. At this stage we have not been able to source suitable waste materials that meet the environmental requirements of a ISO 14001 certified factory.

Potassium carbonate bags and Manganese bags (all empty), rubber conveyor and tyres, PET strapping, domestic waste and old oil all collectively amounts to 107t of waste going to landfill for the year.

*2% of our primary materials
are currently made up of
recycled material.*



Emissions Table

| Corobrik Factory | Avoca 1 Transverse Arch Kiln | Lawley 2 Transverse Arch Kiln | Midrand Tunnel Kiln |
|--|------------------------------------|-------------------------------------|------------------------|
| Product Type in Imperial Format | Clay Plaster Bricks | Clay Face Bricks | Clay Face Bricks |
| Kg CO ₂ / m ² Single Skin Brickwork | 29.3 | 33.8 | 23.2 |

EMISSIONS

In 1996 Corobrik committed to a process of converting to natural gas for the firing of its kilns. This is significant because, for each gigajoule of energy, natural gas releases just 48kgs of CO₂ compared to 97kgs of CO₂ emitted from coal. Today, Corobrik has six major factories using natural gas as a primary fuel for the firing of its kilns, thereby bringing to the South African market clay bricks with embodied energy values in line with best international practice. Further conversions are being pursued, but remain dependent on the availability of natural gas at the factory gate.

Looking to the future, Corobrik plans to introduce a yearly emissions assessment programme that will test our overall atmospheric impact. Plans to conduct such a test, with the help of a municipal air quality officer, are being discussed.

Corobrik has the distinction of being the first company in Sub-Saharan Africa

to be issued Certificates of Emissions Reductions by the United Nations Clean Development Mechanism for its fuel switch programme – Lawley Factory conversion. Corobrik presently has two CDM projects registered with UNFCCC.

reductions in emissions are continually being assessed and implemented where appropriate. While this is encouraging, we want to improve on this and have acknowledged that although reducing embodied energy is important, the biggest opportunity for greenhouse gas emission reductions

Corobrik plans to introduce a yearly emissions assessment programme to test overall atmospheric impact.

As calculated by CSIR Built Environment, the embodied energy of clay bricks from three typical technologies Corobrik employs, ranges between 23.2 and 33.8 Kg CO₂/m² single skin of brickwork. This equates to between 215 and 250 tCO₂ per ton of bricks against the international average of approximately 300 tCO₂ per ton of bricks. Ideas and interventions with the potential to effect incremental

exists in the operation of a house where the thermal properties of clay brick in the building envelope have an important role to play.

We will continue our research in this regard and are optimistic about the potential for improvement.



BIODIVERSITY AND REUSE OF LAND

Quarrying and manufacturing operations are strictly managed within a sustainable development framework which includes social, labour and approved environmental management plans. At the end of the life time of each quarry, the Environmental Management Plan provides for its rehabilitation and reuse as a nature reserve around a pollution free dam, recreational area, landfill use or land for commercial/residential development. To this end, all Corobrik's worked-out mines are rehabilitated and affected areas left ready for re-use.

In more rural areas, old quarries are typically developed as farmland.

Over the years it has happened that urbanisation has impinged on quarrying at some of our older operations. Those operations were then moved and the former factory, quarry or mining sites transformed into industrial areas, residential housing sites, etc. Where this has happened in more rural areas the sites have typically been developed as farmland.

In the Cape, one of our old Kliprug quarries now forms part of the prestigious Val de Vie Estate.



GRI INDEX

● Compliant ● Partially Compliant

| INDICATOR | RESPONSE | COMPLIANT |
|-----------|---|-----------|
| 1.1 | Page 16, 17 | ● |
| 2.1 | Page 5 | ● |
| 2.2 | Page 7, 8 | ● |
| 2.3 | Page 7 | ● |
| 2.4 | Page 7, 38 | ● |
| 2.5 | Page 7 | ● |
| 2.6 | Page 7 | ● |
| 2.7 | Page 7, 8, 10 | ● |
| 2.8 | Page 7, 24 | ● |
| 2.9 | There have been no significant changes during the reporting period regarding size, structure, or ownership including: - The location of, or changes in operations, including facility openings, closings, and expansions; - Changes in the share capital structure and other capital information, maintenance, and alteration operations. | ● |
| 2.10 | Page 16, 17 | ● |
| 3.1 | Page 5 | ● |
| 3.2 | This is the company's first Sustainability Report | ● |
| 3.3 | Page 5 | ● |
| 3.4 | Page 5, 38 | ● |
| 3.5 | Page 5, 6, 10 | ● |
| 3.6 | Page 5 | ● |
| 3.7 | Page 5 | ● |
| 3.8 | No reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations has been required in the current boundary and scope of this report. | ● |
| 3.10 | There have been no restatements of information in this report. | ● |
| 3.11 | There have been no significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in this report. | ● |
| 3.12 | Page 34 - 37 | ● |
| 3.13 | Outside Back Cover | ● |
| 4.1 | Page 18 | ● |
| 4.4 | Page 10, 18 | ● |
| 4.8 | Page 16, 21 | ● |

GRI INDEX

| INDICATOR | RESPONSE | COMPLIANT |
|-----------|---|-----------|
| 4.12 | Page 19, 23, 28, 29 | ● |
| 4.13 | Page 19 | ● |
| 4.14 | Page 10 | ● |
| 4.15 | Page 10 | ● |
| 4.16 | Page 10 | ● |
| 4.17 | Page 10 | ● |
| EN1 | Page 30 | ● |
| EN2 | Page 30 | ● |
| EN3 | Page 30 | ● |
| EN4 | Page 30 | ● |
| EN5 | Page 13 | ● |
| EN6 | Page 13, 28, 29 | ● |
| EN8 | Page 30 | ● |
| EN9 | No water sources are significantly affected by withdrawal of water. | ● |
| EN10 | Page 30 | ● |
| EN11 | No land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas. | ● |
| EN12 | There have been no significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas. | ● |
| EN13 | Page 33 | ● |
| EN14 | Page 33 | ● |
| EN15 | No IUCN Red List species and national conservation list species with habitats in areas affected by the company's operations. | ● |
| EN18 | Page 32 | ● |
| EN19 | Page 32 | ● |
| EN20 | Page 32 | ● |
| EN22 | Page 31 | ● |
| EN23 | There have been no significant spills during the reporting period. | ● |
| EN24 | No treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III and VIII has been transported, imported, exported and no transported waste has been shipped internationally. | ● |
| EN25 | No water bodies and related habitats have been significantly affected by discharges of water and runoff. | ● |
| EN26 | Page 13, 28, 29, 32 | ● |
| EN28 | No fines and/or non-monetary sanctions for non-compliance with environmental laws and regulations have been incurred in the reporting period. | ● |

GRI INDEX

● Compliant ● Partially Compliant

| INDICATOR | RESPONSE | COMPLIANT |
|-----------|---|-----------|
| EN29 | No significant environmental impacts of transporting products and other goods and materials used for the organisation's operations have occurred in the reporting period. | ● |
| HR1 | There are no significant investment agreements that include human rights clauses or that have undergone human rights screening. | ● |
| HR2 | There are no significant suppliers and contractors that have undergone screening on human rights and actions taken. | ● |
| HR3 | No specific training relating to human rights policies and procedures in operations takes place at this time. Employees do, however, undergo an induction training process that is informed by the policies and principles of the Labour Relations Act and the Basic Conditions of Employment Act, both of which refer to human rights issues that are relevant for the company. | ● |
| HR4 | No incidents of discrimination have been recorded. | ● |
| HR5 | No operations have been identified in which that right to exercise freedom of association and collective bargaining may be at significant risk. | ● |
| HR6 | No operations have been identified as having significant risk of incidents of child labour. Internal (and external BCEA) policy is strictly applied in terms of legal employment age requirements. | ● |
| HR7 | No operations have been identified as having significant risk for incidents of forced or compulsory labour. | ● |
| HR8 | All security personnel (100%) receive training that includes policies and procedures that relate to human rights. | ● |
| HR9 | There have been no incidents of violations involving rights of indigenous people. | ● |
| HR10 | No places of operation have been subject to human rights reviews and/or impact assessments. | ● |
| HR11 | No grievances related to human rights have been filed. | ● |
| LA1 | Page 24 | ● |
| LA5 | <p>Minimum notice periods for employees regarding operational changes are governed by the Basic Conditions of Employment Act of 1996 (the Act). In respect of termination these are:</p> <ul style="list-style-type: none"> - During the first 6 months of employment, workers will be entitled to at least 1 weeks' notice of termination of their services. - Between the first 6 months and 12 months, workers will be entitled to 2 weeks' notice. - If they have worked for more than a year, workers are entitled to 4 weeks' notice. <p>This applies to collective agreements for workers whose contracts are deemed to be governed by the Act.</p> | ● |

GRI INDEX

| INDICATOR | RESPONSE | COMPLIANT |
|-----------|---|-----------|
| LA8 | Page 24 | ● |
| LA11 | Page 24 | ● |
| LA13 | Page 24 | ● |
| SO2 | All business units and departments are regularly analysed for risks related to corruption. | ● |
| SO3 | The company has not yet introduced any clear-cut anti-corruption policies and procedures. | ● |
| SO4 | There have been no incidents of corruption. | ● |
| SO6 | No financial and/or in-kind contributions to political parties, politicians, and related institutions were recorded in the reporting period. | ● |
| SO7 | No legal actions for anti-competitive behaviour, anti-trust, and monopoly practices have been recorded in the reporting period. | ● |
| SO8 | There have been no fines or sanctions for non-compliance with laws and regulations. | ● |
| SO9 | No operations have significant potential or actual negative impacts on local communities. | ● |
| PR2 | There have been no incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle. | ● |
| PR4 | There have been no incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling. | ● |
| PR6 | The company's marketing and advertising communications are governed by the South African Advertising Standards Authority as well as certain terms contained in the Consumer Protection Act. The company ensures that these terms and conditions are upheld by retaining expert external marketing and advertising consultants who are professionally familiar with all legal requirements in this regard. | ● |
| PR7 | There have been no incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotions and sponsorship. | ● |
| PR8 | There have been no complaints regarding breaches of customer privacy and losses of customer data. | ● |
| PR9 | There have been no fines for non-compliance with laws and regulations concerning the provisions and use of products and services. | ● |
| EC2 | Page 21 | ● |
| EC4 | The company has not received any financial assistance from Government. | ● |
| EC6 | Page 21 | ● |
| EC7 | Page 23 | ● |

Corobrik

Contact Details

DURBAN - HEAD OFFICE

Corobrik (Pty) Ltd
20 Toncoro Road
Avoca
Durban
4016

Tel: (031) 560-3111
Fax: (031) 565-1532
Email: info@corobrik.co.za

STELLENBOSCH

7 Electron Road, Octo Place, Block D1
Techno Park
Stellenbosch.
PO Box 38, Stellenbosch, 7599

Tel: (021) 888 2300
Fax: (021) 880 1912

JOHANNESBURG

Dick Kemp Road
Meadowdale
Edenvale
PO Box 49, Germiston, 1400

Tel: (011) 871 8600
Fax: (011) 871 8610/11
Customer Care Help Line: 011 871 8815





This report is available on our website at www.corobrik.co.za and any questions or comments can be addressed to: intmktg@corobrik.co.za