

Corporate Governance

Trencor endorses the principles underlying the Code of Corporate Practices and Conduct in the King Reports on Corporate Governance. Ongoing enhancement of corporate governance principles is a global movement, fully supported by the board which, together with senior management, will continue to adopt, as appropriate, existing and new principles which advance good practical corporate governance and add value to the group's business activities.

The board is of the opinion that the group has, in all material respects and where appropriate, complied with the Code during the year under review.

The salient features of the group's corporate governance are set out below. The King III Report will apply in respect of the group's annual report from our next annual report.

Board of directors

Composition

The names and brief résumés of the directors appear on page 72.

The board currently comprises nine directors, four of whom are executive and five non-executive of which four qualify as independent non-executive directors in terms of the King III Report. The directors have considerable experience and an excellent understanding of the group's business.

Board effectiveness reviews were conducted in 2002, 2005, 2008 and early in 2011. The board is satisfied with the outcome of the process.

There is a procedure for appointments to the board. Nominations for appointment to the board are formal and transparent and submitted by the nomination committee of the board to the full board for consideration.

Chairman/CEO

The roles of chairman and chief executive officer are separate. The CEO of the group's operating entity reports to the chairman of that board, who in turn reports to the Trencor board.

The board is satisfied that no one individual director or block of directors has undue power on decision-making.

Professional advice

All directors have access to the company secretary and management and are entitled to obtain independent professional advice at the company's expense if required.

Meetings

The board meets regularly on a scheduled quarterly basis and at such other times as circumstances may require. During the year ended 31 December 2010, six meetings were held and these were attended by all members in person or by telephone/video link, save for Messrs J E Hoelter, D M Nurek and R J A Sparks each of whom attended five meetings.

Board papers are timeously issued to all directors prior to each meeting and contain relevant detail to inform members

of the financial and trading position of the company and each of its operating subsidiaries. When appropriate, strategic matters and developments are addressed as well.

The chairman also meets with non-executive directors, either individually or collectively, on an ad-hoc basis to apprise them of any significant matters that may require their input and guidance. In addition, the independent non-executive directors hold separate meetings as and when they deem it appropriate.

Directors' service contracts

None of the directors are bound by any service contracts. All executive directors have an engagement letter which provides for a notice period of between one and three months to be given by either party.

In terms of the articles of association, not less than one-third of the directors are required to retire by rotation at each annual general meeting of the company and may offer themselves for re-election. The appointment of new directors during the year is required to be confirmed at the next annual general meeting and such new directors are required to retire at such annual general meeting, but may offer themselves for re-election.

Directors over age 75

The nomination committee is required, in terms of its terms of reference, to evaluate the performance of each director who has reached the age of 75 years. Messrs C Jowell and N I Jowell have reached that age and the committee has undertaken a review of their performance and has recommended to the board, which has agreed, that they remain as directors.

Directors' independence

The governance committee has assessed the independence of the company's independent directors and evaluated the independence of those who have been in office for more than nine years.

It is satisfied regarding the independence of each of the independent non-executive directors of the company.

Directors' remuneration

The remuneration paid to the directors during the years ended 31 December 2010 and 2009 was as follows:

	Guaranteed remuneration incl. allowances R'000	Contributions to		Incentive bonuses R'000	Equity compensation benefits R'000	Other R'000	Total remuneration R'000
		Medical aid R'000	Retirement funds R'000				
2010							
Non-executive directors							
J E Hoelter	733	-	-	-	-	-	733
D M Nurek	712	-	-	-	-	-	712
E Oblowitz	250	-	-	-	-	-	250
R J A Sparks	250	-	-	-	-	-	250
	1 945	-	-	-	-	-	1 945
Executive directors							
C Jowell	1 086	14	-	639	-	-	1 739
N I Jowell	2 190	27	-	1 672	-	-	3 889
J E McQueen	2 056	28	143	405	30	-	2 662
H R van der Merwe	2 176	30	198	522	30	-	2 956
	7 508	99	341	3 238	60	-	11 246
Aggregate remuneration 2010	9 453	99	341	3 238	60	-	13 191
2009							
Non-executive directors							
H A Gorvy ¹	43	-	-	-	-	-	43
J E Hoelter	776	-	-	-	-	-	776
C Jowell	728	13	-	423	-	-	1 164
D M Nurek	688	-	-	-	-	-	688
E Oblowitz	214	-	-	-	-	-	214
R J A Sparks ²	100	-	-	-	-	-	100
	2 549	13	-	423	-	-	2 985
Executive directors							
N I Jowell	1 275	25	-	1 057	-	-	2 357
J E McQueen	1 605	25	133	240	103	-	2 106
H R van der Merwe	1 793	28	188	309	103	358	2 779
	4 673	78	321	1 606	206	358	7 242
Aggregate remuneration 2009	7 222	91	321	2 029	206	358	10 227

¹ Resigned 31 March 2009

² Appointed 27 July 2009

No fees are paid to executive directors for services as director.

Share options

The following share options in terms of The Tencor Share Option Plan have been granted to and accepted by executive directors and/or their family trusts:

	Date granted	Number of options at 31/12/2010	Offer price per share (R)	Exercisable	
				between	and
J E McQueen	11/06/04	50 000	12,10	11/06/07	11/06/12
	11/06/04	50 000	12,10	11/06/08	11/06/12
	11/06/04	50 000	12,10	11/06/09	11/06/12
	11/06/04	50 000	12,10	11/06/10	11/06/12
		200 000			
H R van der Merwe*	11/06/04	50 000	12,10	11/06/07	11/06/12
	11/06/04	50 000	12,10	11/06/08	11/06/12
	11/06/04	50 000	12,10	11/06/09	11/06/12
	11/06/04	50 000	12,10	11/06/10	11/06/12
		200 000			

* The right to exercise the options is subject to certain performance criteria being met.

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Directors' interests

The number of shares held by the directors in the issued share capital of the company, other than indirect interests through Mobile Industries Limited, at 31 December 2010 and 2009 were as follows:

	Beneficial		Total
	Direct	Indirect	
2010			
J E Hoelter	–	–	–
C Jowell	41 210	20 904	62 114
N I Jowell	41 808	20 904	62 712
J E McQueen	49 649	102 133	151 782
D M Nurek	–	10 000	10 000
E Oblowitz	10 000	–	10 000
R J A Sparks	–	–	–
H R van der Merwe	–	–	–
	142 667	153 941	296 608
2009			
J E Hoelter	–	–	–
C Jowell	41 210	20 904	62 114
N I Jowell	41 808	20 904	62 712
J E McQueen	49 649	102 133	151 782
D M Nurek	–	10 000	10 000
E Oblowitz	10 000	–	10 000
R J A Sparks	–	–	–
H R van der Merwe	–	–	–
	142 667	153 941	296 608

Subsequent to the financial year-end, after the unbundling by Mobile of its entire interest in Trenchor to Mobile shareholders and the subsequent specific repurchase of 50% of the unbundled Trenchor shares held by Messrs C Jowell and N I Jowell and trusts of which they are among the beneficiaries, the resultant number of shares held by them in the issued share capital of the company is as follows:

	Beneficial		Total
	Direct	Indirect	
C Jowell	159 831	5 262 929	5 422 760
N I Jowell	47 832	5 579 018	5 626 850

Mr J E Hoelter has an indirect beneficial interest in 1 115 146 shares (2009: 1 885 146 shares) representing 2,3% (2009: 4,0%) in the issued common stock of Textainer Group Holdings Limited, in which Trenchor has a 61,9% interest (2009: 62,3%). Mr N I Jowell has an indirect beneficial interest in 62 981 shares (2009: 62 981 shares) in Textainer Group Holdings Limited.

Board and board committee terms of reference

The board is ultimately accountable and responsible for the performance and affairs of the group. In essence, it provides strategic direction to the group, monitors and evaluates operational performance and executive management of the company and its subsidiary and associate companies, determines policies and processes to ensure effective risk management and internal controls, determines policies

regarding communication and is responsible for ensuring an effective composition of the board.

Committees of the board

Several committees of the board exist, each with specific terms of reference, to assist the board in discharging its responsibilities. The composition of these committees is reviewed on an ongoing basis. The names of the members of the committees appear on page 2.

Nomination committee

The nomination committee currently comprises two independent non-executive and two executive directors and identifies and recommends to the board, suitable competent candidates for appointment as independent non-executive directors.

The committee meets on an ad-hoc basis. During the year, the committee held two meetings which were attended by all members.

Executive committee

The executive committee, comprising the four executive directors, meets formally on a regular basis throughout the year and informally on a weekly basis. During the year, twelve formal monthly meetings were held which were attended by all members, save for Messrs C Jowell and H R van der Merwe each of whom attended eleven meetings. The minutes of these meetings are distributed to non-executive directors after each meeting.

This committee has the authority of the board, which is subject to annual review, to take decisions on matters involving financial risk management and matters requiring immediate action (subject to the approval of the committee chairman or his nominee) and passing of enabling resolutions, which:

- do not have major policy implications for the group, or
- have been discussed with and the support obtained from a majority of board members, save that any dissenting director has the right to call a board meeting, or
- if requiring significant capital expenditure, are in the normal course of business of the existing divisions and operations of the group.

Audit committee

The audit committee currently consists of three independent non-executive directors and one non-executive director. The committee and the board are satisfied with the continued membership of Mr J E Hoelter who, by definition, is not classified as an independent director in view of his shareholding in Textainer Group Holdings Limited. Mr Hoelter provides report-backs to the committee on Textainer audit committee matters. The committee normally meets at least twice a year, prior to the finalisation of the group's interim and annual results, and at such other times as may be required. The committee is primarily responsible for assisting the board in carrying out its duties in regard to accounting policies, internal controls and audit, financial reporting, identification

and monitoring of risk, and the relationship with the external auditors.

In addition to the committee members, the chairman of the board, the financial director and certain other group executives are normally invited to attend meetings of the committee. The external auditors attend all meetings and have direct and unrestricted access to the audit committee at all times.

During the year, the committee met on two occasions. The meetings were attended by all members. In addition, the committee chairman meets separately with the external auditors on an ad-hoc basis.

The audit committee is satisfied as to the expertise and experience of the financial director and that the external auditors are independent in the discharge of their duties. The use of the services of the external auditors for non-audit services requires prior approval by the committee.

The main group operating entity, Textainer, has its own audit committee comprising Textainer board members who are not executives of that entity. This committee submits copies of its minutes and reports to the Tencor audit committee after each meeting. The external auditors of Textainer have direct and unrestricted access to its audit committee.

Where appropriate, the internal audit functions are primarily outsourced to suitably qualified independent external parties which are contracted on an ad-hoc basis to perform certain internal audit functions in terms of specified terms of reference and to report thereon to the executive committee and, if required, the audit committee of the entity concerned. The internal audit function has direct and unrestricted access to the respective audit committees.

The Tencor audit committee has reviewed the group annual financial statements and annual financial statements for the year ended 31 December 2010 and recommended to the board that the said financial statements be approved.

Remuneration committee

The remuneration committee reports directly to the board and comprises two independent non-executive directors. The committee's task is to review the compensation of executive and non-executive directors and senior management and to grant options in terms of The Tencor Share Option Plan. The chairman of the board is usually invited to attend meetings of the committee. Members of the remuneration committee are not eligible for participation under The Tencor Share Option Plan.

During the year, two committee meetings were held, which were attended by both members.

The committee may, if required, seek the advice of external independent consultants.

Governance committee

During the year under review, the board established a governance committee comprising two independent non-

executive directors. The committee is responsible for making recommendations to the board in all matters relating to the development, evaluation and monitoring of the company's corporate governance processes, policies and principles; the development and implementation of and monitoring compliance with the company's Code of Conduct (the 'Code') and making recommendations to the board on revisions to the Code from time to time as appropriate; and to assess on an annual basis the independence of the company's independent directors. In the latter regard the committee has conducted the necessary assessment and is satisfied regarding the independence of each of the independent non-executive directors of the company and of those independent directors who have been in office for more than nine years, having regard to the requirements of King II and the provisions of the Corporate Laws Amendment Act (2006).

During the year, two committee meetings were held, which were attended by both members.

Risk committee

During the year the board established a risk committee comprising the members of the audit committee. Subsequent to the year-end, the committee held its first meeting which was attended by all members as well as members of senior management.

Succession planning

The nomination committee of the board is satisfied that suitable succession plans are in place.

Risk management

Responsibility for managing the group's risks lies ultimately with the board of directors. The executive committee and management at operating levels assist the board in discharging its responsibilities in this regard by identifying, monitoring and managing risk on an ongoing basis and within the authority conferred upon them by the board. The identification and mitigation of risk is a key responsibility of management throughout the group and of the executive committee.

The following significant risk exposures within our businesses and the possible impacts and the measures taken to mitigate such risks have been identified:

- **Exchange rate fluctuations**

Most of our businesses are US dollar-based and, accordingly, changes in the R/US\$ exchange rate can and do significantly affect the translation of assets, liabilities, profits and losses into South African currency. The long-term export receivables are all denominated in US dollars. The board has decided that these receivables should remain in dollars and should not be hedged into any other currency, save that the executive committee is authorised to sell limited amounts due to be collected forward, into rand, if it believes that it would enhance the rand receipts to do so. Unrealised gains and losses arising on translation

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at reporting dates of the unhedged portion of the long-term receivables and related valuation adjustments are included in profit and loss and changes in the R/US\$ exchange rate may result in volatility in earnings when expressed in rand.

For the years ended 31 December 2010 and 2009, 34% and 38% respectively of Textainer's direct container expenses were paid in foreign currencies other than the US dollar. A decrease in the value of the US dollar against non-US currencies in which these expenses are incurred would translate into an increase in those expenses in US dollar terms, which would decrease net income of Textainer and the group.

- **Decrease in activity – effect on long-term receivable collections**

Declines in lease rates, utilisation and residual values of equipment in the container industry can adversely affect the cash flows of container owners and could impair the ability of these companies to meet their obligations to the group and its export partners under the long-term export contracts. Conversely, improved market conditions may enhance their ability to meet these obligations. Trenchor's in-depth understanding of the industry and many of the main participants enable the company to closely monitor the activities of these entities and, where necessary, take whatever action may be required to protect the group's and its export partners' interests. Changes in market conditions in the industry require the company to make appropriate fair value adjustments from time to time to recognise the changes in the timing and possible non-receipt of instalments due under these long-term export contracts.

- **Access to credit**

The past several years have been characterised by weak domestic and global economic conditions, inefficiencies and uncertainty in the credit markets, a low level of liquidity in many financial markets and extreme volatility in many equity markets. Although these conditions appear to be abating and domestic and global recoveries seem to be under way, it is not yet clear whether a sustainable recovery is currently taking place domestically or internationally. Any deceleration or reversal of the relatively slow and modest domestic and global economic recoveries could heighten a number of material risks to Textainer's business, results of operations, cash flows and financial condition, as well as its future prospects, including the following:

- Containerised cargo volume growth: A contraction or slowdown in containerised cargo volume growth or negative containerised cargo volume growth would likely create a surplus of containers, lower utilisation, higher direct costs, weaker shipping lines going out of business, pressure for Textainer to offer lease concessions and lead to a reduction in the size of its customers' container fleets.

- Credit availability and access to equity markets: Continued issues involving liquidity and capital adequacy affecting lenders could affect Textainer's ability to fully access its credit facilities or obtain additional debt and could affect the ability of its lenders to meet their funding requirements when the company needs to borrow. Further, the high level of volatility in the equity markets may make it difficult for Textainer to access the equity markets for additional capital at attractive prices, if at all. If the company is unable to obtain credit or access the capital markets, its business could be negatively impacted.
- Credit availability to customers: We believe that many of our customers are reliant on liquidity from global credit markets and, in some cases, require external financing to fund their operations. As a consequence, if these customers lack liquidity, it would likely negatively impact their ability to pay amounts due to Textainer.

Many of these and other factors affecting the container industry are inherently unpredictable and beyond our control.

- **Interest rates**

Textainer has outstanding borrowings under a revolving credit facility, a secured debt facility and outstanding bonds payable. All of these outstanding amounts are denominated in US dollars and are subject to variable interest rates. Textainer has a firm policy that long-term lease business should be financed with fixed rate debt and master lease (short-term) business should be financed with variable rate debt. Interest on loans raised to purchase containers leased out under long-term leases (usually of five years' duration at fixed rates) is swapped into fixed interest rate contracts of a similar term, while loans raised to purchase containers for master lease are at variable rates. Textainer has entered into various interest rate swap and cap agreements to mitigate the exposure associated with variable rate debt. The swap agreements involve payments to counterparties at fixed rates in return for receipts based upon variable rates indexed to the London Inter Bank Offered Rate. There can be no assurance that these interest rate caps and swaps will be available in the future, or if available, will be on satisfactory terms. If Textainer is unable to obtain such interest rate caps and swaps or if a counterparty under the interest rate swap and cap agreements defaults, the exposure associated with the variable rate debt could increase. Textainer does not apply hedge accounting to the interest rate swaps, notwithstanding that such swaps may be economically effective; it accounts on the basis that the net result of the marked-to-market valuation of these instruments is flowed through profit or loss. This may result in volatility of earnings.

- **Credit risk concentration**

Textainer's customers are mainly international shipping lines which transport goods on international trade routes. Once containers are on-hire to a lessee, Textainer does not track

their location. The domicile of the lessee is not indicative of where the lessee is transporting containers. The business risk for Textainer in its international operations lies with the creditworthiness of the lessees rather than the geographic location of the containers or the domicile of the lessees.

Textainer's five largest customers accounted for approximately 32,3% of its total owned and managed fleet's 2010 lease billings (2009: 34,8%). Lease billings from Textainer's 25 largest container lessees by lease billings represented 76,7% and 74,8% of total owned and managed fleet's container leasing billings in 2010 and 2009 respectively.

A single lessee accounted for 11,1% of Textainer's lease rental income for 2010 (2009: 12,1%). One single lessee (customer A) accounted for 13,5% of Textainer's accounts receivable, net, as at 31 December 2010 and two single lessees (customer B and customer A) accounted for 19,4% and 16,1%, respectively, of Textainer's accounts receivable, net, as at 31 December 2009.

A default by any of these major customers could have a material adverse impact on our business, results from operations and financial condition.

- **Decrease in container fleet utilisation**

A decline in utilisation, for example due to a reduction in world trade or in container traffic on particular routes or an oversupply of competitors' containers, could result in reduced revenue, increased storage expenses and thus lower profit. In order to reduce volatility in revenue and earnings of the containers in the on-hire fleet that are owned by Textainer, 78,5% (2009: 74,4%) are on long-term lease. Textainer has also developed a very active used-container trading operation and thus has an effective infrastructure to dispose of containers that have reached the end of their economic lives, on the best available terms. Textainer monitors containers due to come off lease and manages their disposal or re-lease.

- **Container off-hires in low demand locations**

A build-up of off-hire containers in low demand locations where they cannot easily be on-hired again, could lead to decreased utilisation, reduced revenue, higher storage costs and the possibility of having to ship the equipment, at considerable cost, to positions where it can be leased out. To reduce this exposure, Textainer is increasingly placing containers into long-term leases and also negotiating more favourable lease terms that limit the number of containers that lessees may off-hire in low demand areas. It also regularly repositions containers from low to high demand locations.

- **New container prices**

Changes in the prices of new container equipment have an impact on lease rates. In general, declining new container prices lead to softening in rates, while increasing prices may result in upward pressure on lease rates.

- **Declining residual values of containers**

The ultimate return from the ownership of a container will depend, in part, upon the residual value at the end of its economic life. The market value of a used container depends upon, among other things, its physical condition, supply and demand for containers of its type and remaining useful life in relation to the cost of a new container at the time of disposal and the location where it will be sold. A decline in residual values of containers can adversely affect returns from container ownership and cash flows.

- **Financial instruments and risk management – refer note 30 on page 57.**

Information resources management

Trencor, like other organisations, is reliant on information technology to effectively and efficiently conduct its business. The group's IT systems, policies and procedures are reviewed on an ongoing basis to ensure that effective internal controls are in place to manage risk and promote efficiencies, and as far as possible to comply with universally accepted standards and methods. Attention is continuously focused on maximising the benefits whilst minimising the risks associated with all aspects of the IT portfolio as they apply to business operations.

Security policies and procedures for employees and the use of technologies such as enterprise and personal firewalls, antivirus systems, intrusion monitoring and detection are applied, as well as frequent application of software security 'patches' issued by vendors as and when vulnerabilities are discovered.

Trencor head office has established procedures that when invoked enable a complete recovery of the IT network and business systems within specified time limits. Textainer has its own business continuity plans.

Group strategy statement

The group strategy statement is as follows:

Trencor's strategy is to invest in operations that have as their business:

The enablement of the controlled movement of goods by providing, managing and integrating the use of equipment, services, knowledge and information.

We aim to do this by:

- providing a global and integrated set of offerings through owning, managing and/or leasing of assets used by customers in the controlled movement of goods; and
- pursuing investment in related information and communication technologies and appropriate forms of information management.

This strategy is intended to contribute to the growth and improvement of those existing businesses already involved in the movement of goods, and to include in their activities

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similar businesses that have the potential to render acceptable returns.

Code of ethics

The board, management and staff agreed a formal code of ethical conduct in 1998 which seeks to ensure high ethical standards. All directors, managers and employees are expected to strive at all times to adhere to this code, and to enhance the reputation of the group. The code is signed by all directors, managers and senior employees at least every three years.

Any transgression of the code is required to be brought to the attention of the governance committee. There was no transgression during the year under review.

Restriction on trading in shares

A formal policy prohibits directors, officers and employees from dealing in the company's shares and those of Mobile, from the date of the end of an interim reporting period until after the interim results have been published and similarly from the end of the financial year until after the reviewed annual results have been published. Directors and employees are reminded of this policy prior to the commencement of any restricted period.

In addition, no dealing in the company's shares is permitted by any director, officer or employee whilst in possession of information which could affect the price of the company's shares and which is not in the public domain.

Directors of the company and of its major subsidiaries are required to obtain clearance from Trencor's chairman (and in the case of the chairman, or in the absence of the chairman, from the chairman of the audit or remuneration committee) prior to dealing in the company's shares, and to timeously disclose to the company full details of any transaction for notification to and publication by the JSE.

Stakeholder communication

Members of the executive committee of the board meet on an ad-hoc basis with institutional investors, investment analysts, individuals and members of the financial media. Discussions at such meetings are restricted to matters that are in the public domain.

Shareholders are informed, by means of press announcements and releases in South Africa and/or printed matter sent to such shareholders, of all relevant corporate matters and financial reporting as required in terms of prevailing legislation. Trencor also publishes a trading update in respect of the quarters ending March and September each year, in addition to the interim results and reviewed results announcements for the periods ending June and December respectively. In addition, such announcements are communicated via a broad range of channels in both the electronic and print media. The company maintains a corporate website (<http://www.trencor.net>) containing financial and other information, including interim, reviewed and annual results.

Sustainability report

Sustainability strategy

Trencor recognises the interest of both internal and external stakeholders in its organisational performance. As a socially responsible group of companies it subscribes to the goal of sustainable development.

The group believes that the non-financial aspects of sustainability may ultimately have a financial impact on its business and should not be ignored. Sustainability is therefore important in enhancing shareholder value, in addition to fulfilling the group's social responsibility.

The group's sustainability strategy focuses on high level target areas, specific objectives and key performance indicators for each functional area within the group.

Managing sustainability

A sustainability committee is in the process of being established with its own terms of reference as a committee of the board and will seek to ensure that the group operates its business activities in a socially responsible manner.

Sustainability risk focus areas

The following have been identified as the main risk focus areas which the group believes are critical to its long-term success and sustainability: shareholders, employees, customers, suppliers, regulatory issues, environment and community.

Measuring performance

Sustainability is measured by the 'value add' and wealth created for the benefit of its stakeholders over the long term, through the group's operations.

The statement below shows the wealth created during the year ended 31 December 2010 and how it was distributed:

	Rm
Wealth created:	
Total revenue	2 353
Less: costs of goods and services	(606)
	1 747
Wealth distributed:	
Employees' compensation	190
Government normal tax: South African	40
Foreign (reduction in provision)	(56)
Deferred tax	25
Shareholders (dividends)	370
Depreciation and amortisation	466
Net earnings retained	712
	1 747
	Cents per share
Shareholders	
Growth of shareholder wealth and returns	
Earnings	333
Dividends	140
Trencor share price at year-end	3 200

Employees

Trencor and Textainer both have in place succession plans approved by their respective corporate governance and nomination committees.

The group promotes an environment where employees have continuing opportunities for improving their professional skills and enhancing their personal growth through various training, education and development programmes. The group also offers its employees assistance in continuing their education.

Details of the share incentive schemes provided by Trencor and Textainer are detailed in the notes to the financial statements.

The group aims to maintain an open and productive work environment that is responsive to the needs and concerns of the employees. The group believes that communication is the key to building successful relationships. The aim is to foster an environment of mutual respect and confidence in which employees can develop their skills and talents.

The group is committed to a policy of non-discrimination against employees. Employees with a disability or life-threatening illness will be allowed to continue working as long as they are able to meet the company's performance standards, and their work does not present a direct threat to their own health or safety or the safety of others.

Customers

Through ongoing interaction with its customers the group believes it is able to provide an excellent product and service to its customers.

Suppliers

The group acknowledges that to remain competitive and offer a comprehensive product range, goods also need to be sourced internationally. This involves establishing business relations with suppliers and manufacturers in developing countries where production cannot always be monitored. The group will not tolerate any violation of human rights and basic social standards which it may become aware of. At the same time the group respects local laws, norms and culture provided they are not in conflict with fundamental ethical and human rights. Workplace standards of suppliers are monitored, to the extent possible, and corrective action proposed when deemed appropriate, although the ability to influence change is often limited.

Regulatory issues

Both Trencor and Textainer, as publicly listed companies, are subject to rules and regulations established and enforced by the regulatory bodies in the jurisdictions in which they operate. Both companies are in full compliance with these rules and regulations.

Employment equity

The group's South African workforce at 31 December 2010 comprised the employees of Trencor Services (Pty) Limited at the group's corporate head office consisting of 20 persons:

four executive white male directors, four white males in senior management, one coloured male in mid-management, one white disabled and one coloured male and two white females in junior management, two coloured and three white semi-skilled females and one unskilled coloured male and one African woman.

Environment

Textainer is currently involved in a project co-ordinated with the Institute of International Container Lessors to find a more environmentally friendly flooring material for containers.

Community investments

During the year under review, monetary assistance was granted to the Community Chest Western Cape, an organisation which provides assistance to various community and welfare organisations, which the group has supported since 1974. Financial support was also provided to The Red Cross War Memorial Children's Hospital, a highly specialised children's health care facility in the Cape well known for its excellence in child care and treatment on the African continent. Other organisations supported were St Luke's Hospice, Accelerate Cape Town, National Sea Rescue Institute, MaAfrika Tikkun, Foodbank and ACVV Peninsula. In addition, donations were made to the University of the Western Cape, University of Stellenbosch and the Cape Peninsula University of Technology.

External assurance

As this is the group's first sustainability report and as integrated reporting is viewed as a process which is dynamic and evolutionary it would be premature to seek external verification of any elements of the report at this stage. The board confirms the accuracy and integrity of the data provided in this report. The group anticipates providing independent assurance of the material aspects of this report in the future.