



**Murray
& Roberts**

ENGINEERED EXCELLENCE

BOARD
COMMITTEE
REPORTS 2016

THE HEALTH, SAFETY & ENVIRONMENT ("HSE") COMMITTEE ASSISTS THE BOARD TO FULFIL ITS SUPERVISORY ROLE RELATING TO THE INTEGRATION OF SOUND HSE MANAGEMENT INTO ALL ASPECTS OF THE GROUP'S BUSINESS ACTIVITIES.

The HSE committee encourages and supports the Group to strive for a healthier and safer environment for all of its employees, subcontractors and the communities in which it conducts its business.

It ensures that the Group commits to best practice in health, safety and protection of the environment and public against hazards and aspects associated with its activities; and to meet relevant regulatory requirements with an aim to operate at even higher standards than those imposed by the relevant safety, health and environmental laws.

The committee operates under terms of reference which was reviewed and approved by the Board during the year.

MEMBERSHIP

Ralph Havenstein chairs the committee, with Xolani Mkhwanazi, Henry Laas, Mahlape Sello and Keith Spence serving as members. Business platform chief executives, Group HSE and legal executives attend meetings by invitation.

TERMS OF REFERENCE

The committee's responsibilities include:

- Approving the framework, policies, standards and guidelines for HSE management;
- Satisfying itself that management has developed and implemented a Group-based HSE management system consistent with best practices and that effective programmes have been put in place to monitor the implementation of policies and standards across the Group;
- Encouraging the development of policies, guidelines and practices congruent with the Company's HSE policies;
- Monitoring key trailing and leading indicators of safety performance;
- Taking into consideration substantive national and international regulatory and technical developments and respond appropriately; and
- Reviewing compliance by the Company and its subsidiaries, contractors and associates with Group policy, standards and guidelines and appropriate local and international standards and relevant local laws in health and safety matters.

ASSESSMENT

The committee evaluated its performance and effectiveness by way of self-assessment questionnaires. Based on the results, the committee believes that it functions effectively and has complied with its terms of reference in all material respects.

ACTIVITIES DURING THE YEAR

During the year, the Committee continued to assist the Board in fulfilling its oversight responsibility on HSE matters. This includes in depth review of the company's HSE plans and performance and providing advice to executive management on actions necessary to further improve performance.

The Committee deeply regrets the death of two members of the public following the collapse of the pedestrian bridge temporary support structure over a busy highway in South Africa. Equally regrettable was the passing of an employee and subcontractor from two unrelated incidents. Members of the Committee and management recognise the loss felt by the families and friends of those who passed on and the pain suffered by the injured and once again express our heartfelt condolences.

The Committee spent considerable amount of time reviewing the company's response to these incidents, especially actions taken to prevent re-occurrence. The occurrence of such tragic events despite improvements in the company's lost time injury frequency rate underscores the importance of fast tracking programmes aimed at preventing major accidents. The Committee therefore welcomes and supports the extension of the Major Accident Prevention (MAP) programme to all company's operations, following impressive results achieved through this programme at Oil & Gas operations.

In addition to health, safety and wellbeing of employees, the Committee considered and reviewed management's plan to improve environmental awareness and minimise the company's impact on the environment.

During FY16, the Committee benefited from the appointment of two additional members with extensive operational experience in the Oil & Gas and Mining Industries. This has strengthened the Committee's ability to fulfil its task of safeguarding the health and safety of employees and affected stakeholders as well as the protection of the environment.

NOMINATION COMMITTEE

THE NOMINATION COMMITTEE ENSURES THAT THE STRUCTURE, SIZE, COMPOSITION AND EFFECTIVENESS OF THE BOARD AND ITS COMMITTEES ARE MAINTAINED AT LEVELS THAT ARE APPROPRIATE TO THE GROUP'S COMPLEXITY AND STRATEGY.

It does so by regularly evaluating the Board's performance, undertaking performance appraisals of the directors, evaluating the effectiveness of committees and making related recommendations to the Board. The Board is responsible for evaluating the performance of the Group chairman. The committee operates under a terms of reference which was reviewed and approved by the Board during the year.

MEMBERSHIP

Mahlape Sello chairs the committee. Michael McMahon and Royden Vice served as members of the committee. Following their retirements, Suresh Kana and Ralph Havenstein will join as members. The Group chief executive attends by invitation.

BOARD & COMMITTEE APPRAISAL

Self-assessment questionnaires were completed by the Board and each committee during the year under review. An appraisal of the chairman was led by the chairman of the remuneration & human resources committee and discussed by the Board. All appraisal were positive.

ASSESSMENT

The committee evaluated its performance and effectiveness by way of self-assessment questionnaires. Based on the results, the committee believes that it functions effectively and has complied with its terms of reference in all material respects.

SUCCESSION

Succession planning, taking into account the strategy of the Group and future retirements from the Board, has been ongoing. The committee takes cognisance of the importance of institutional knowledge to the Board and the need to balance this with introducing new ideas and experience.

Suresh Kana, Xolani Mkhwanazi and Keith Spence were appointed as non-executive directors during the year. Michael McMahon retired from the Board end September 2016 and Royden vice will retire at the end of November 2016, both having reached the mandatory retirement age as per the Company's Memorandum of Incorporation.

PERFORMANCE AND RE-ELECTION

Ralph Havenstein, Ntombi Langa-Royds, Mahlape Sello, Keith Spence and Henry Laas retire by rotation at the 2016 annual general meeting. The committee reviewed the performance of the retiring directors and recommends their re-election to the Board.

INDEPENDENCE OF NON-EXECUTIVE DIRECTORS

An evaluation of the independence of the non-executive directors was conducted. The Board was satisfied that they are independent in character and judgement.

AUDIT & SUSTAINABILITY COMMITTEE

The committee considered whether the current members (individually/collectively) of the audit & sustainability committee satisfy the requirements of the Companies Act and King III. Following this, it is recommended that the election of the current members of the audit & sustainability committee be approved by the shareholders at the annual general meeting. The members of the audit & sustainability committee will serve for a one-year term, concluding at the FY2017 annual general meeting.

RISK MANAGEMENT COMMITTEE

THE RISK MANAGEMENT COMMITTEE ASSISTS THE BOARD TO FULFIL ITS GOVERNANCE RESPONSIBILITIES IN TERMS OF THE GROUP INTEGRATED ASSURANCE FRAMEWORK.

The committee operates under a terms of reference approved by the Board, which is reviewed annually and amended as necessary to ensure the mandate of the committee remains appropriate and relevant. The Committee met four times during the year.

MEMBERSHIP

Michael McMahon chaired the committee throughout the year. Following his retirement in September 2016 Keith Spence will be appointed as chairman. Dave Barber, Suresh Kana, Xolani Mkhwanazi and Royden Vice serve as members of the committee. The Group chief executive, Group financial director, Group commercial executive and Chief information officer attend meetings by invitation. With Dave Barber, chairman of the audit & sustainability committee, serving on this committee overlapping responsibilities are appropriately managed.

ASSESSMENT

The committee evaluated its performance and effectiveness by way of self-assessment questionnaires. Based on the results, the committee believes that it functions effectively and has complied with its terms of reference in all respects.

RISK MANAGEMENT

The role of the committee is to assist the Board to ensure that:

- The Group has designed, implemented and monitors an effective policy and plan for risk management, with appropriate organisational structures, processes and systems in place, that together enhance the Group's ability to achieve its strategic objectives;
- All significant risk exposures are timeously identified and clearly understood by management, and that mitigation responses are effectively and efficiently implemented to preserve and promote stakeholder interests; and
- The Group's risk management and control systems are adequate and effective, and disclosure regarding risk is comprehensive, timely and relevant.

Further details are disclosed in the risk management report on page ••.

SOCIAL AND ETHICS COMMITTEE

THE SOCIAL & ETHICS COMMITTEE ASSISTS THE BOARD TO FULFIL ITS GOVERNANCE RESPONSIBILITIES IN RELATION TO THE GROUP'S COMMITMENT TO ZERO HARM FROM ITS BUSINESS ACTIVITIES, TO COMPLY WITH LAWS, RULES, CODES AND STANDARDS AS A GOOD CORPORATE CITIZEN WHEREVER IT OPERATES, AND TO ITS EMPLOYEES, SHAREHOLDERS, CUSTOMERS, BUSINESS PARTNERS AND SOCIETY AT LARGE AS A RESPONSIBLE CORPORATE CITIZEN.

It also monitors the Group's ethical practices. The committee operates under terms of reference, approved by the Board, which are reviewed annually and amended as considered necessary to ensure the focus of the committee remains appropriate and relevant.

MEMBERSHIP

Ntombi Langa-Royds chairs the committee. Ralph Havenstein and Mahlape Sello serve as members of the committee. The Group chief executive, Group financial director, and Group commercial, sustainability and health, safety & environment executives attend meetings by invitation.

TERMS OF REFERENCE

The committee's responsibilities include:

- Overseeing the Group's implementation of and compliance with sound principles of governance, including the principles set out in King III (and King IV when that report is adopted);
- Overseeing the Group's social and ethics strategy and structures;
- Ensuring that social and ethics standards and procedures are in place and are effective;
- Assessing and measuring social and ethics performance with reference to the United Nations Global Compact Principles, the OECD Guidelines for Multinational Enterprises, the JSE Socially Responsible Investment Index, the Construction Sector BBBEE scorecard, and International Labour Organisation protocols;
- Overseeing Group-wide compliance with laws, rules, codes and standards;
- Understanding all significant regulatory developments and changes in social and ethics management, and ensuring Group responses are appropriate and timely;
- Consulting and communicating on social and ethics issues with internal and external stakeholders; and
- Reporting annually on social and ethics issues at the annual general meeting.

ASSESSMENT

The committee evaluated its performance and effectiveness by way of a self-assessment questionnaire. Based on the results, the committee believes that it functions effectively and has complied with its terms of reference in all material respects.

SOCIAL & ETHICS MATTERS

Worldwide: The Group maintains and enforces a culture of ethical values, standards and practices in all areas and aspects of its business operations. The Group's published values and the Code of Conduct effectively establish the Group's ethics framework. The code is the standard bearer of the moral and ethical culture of the Group, and is actively promoted across the Group, including amongst its supplier and subcontractor groupings.

In South Africa: The Committee exercised oversight of the Group's Community Development programmes. The Group is cognisant of the symbiotic relationship between business and society in South Africa. The Group also includes the communities in which it operates, and the reciprocal impacts of these relationships in its understanding and therefore continues to deliver infrastructure in a sustainable way that enables socio-economic growth. Recognising that education and skills development are key drivers in addressing poverty, unemployment and economic growth, Murray & Roberts has embedded Community Development as a strategic business imperative in South Africa geared towards redressing some of the educational inequalities of the past, addressing a number of critical skills shortages in the engineering, construction and mining environment, and thereby making its contribution to building the social capital required to sustain economic growth both currently and in the future.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT

The Group is committed to promoting sustainable social and economic development in the countries in which it operates. The Group continued to support broad-based black economic empowerment (B-BBEE) in South Africa, which is a programme aimed at economic advancement of historically disadvantaged South Africans. The Group maintained its consolidated B-BBEE rating as a Level 2 supplier in terms of the South African Construction Sector Charter. Furthermore, the Group made good progress towards meeting the more stringent requirements of the 2015 South African B-BBEE Generic Codes of Good Practice. Employment equity, skills development and enterprise and supplier development remain key focus areas for the Group in terms of this Code.

