



**Murray  
& Roberts**

GROUP SUSTAINABILITY REPORT

# 2019

## GATHERING MOMENTUM

UNDERGROUND MINING + OIL & GAS + POWER & WATER



# CONTENTS

## 01

### MURRAY & ROBERTS AT A GLANCE

## 03

### ABOUT THIS REPORT

- 4 Responding to our stakeholders
- 6 Our material issues

## 07

### OUR SUSTAINABILITY MANAGEMENT FRAMEWORK

## 08

### HEALTH AND SAFETY PERFORMANCE

- 9 Approach to health and safety management
- 12 Safety performance
- 14 Drive a consistent HSE approach and standards across the Group
- 16 Manage occupational health risks
- 18 Manage communicable and non-communicable diseases and wellness

## 19

### EMPLOYER OF CHOICE

- 20 Approach to human resources management
- 22 Engaged employees
- 23 Develop leadership and technical capability
- 25 Drive diversity and inclusion

## 27

### CORPORATE REPUTATION

- 28 Ensure ethical business conduct
- 30 Approach to maintaining our social legitimacy
- 31 Respond effectively to local requirements
- 33 Meaningful community support

## 36

### ENVIRONMENTAL MANAGEMENT

- 37 Approach to environmental management
- 39 Minimise our carbon footprint
- 41 Reduce water consumption
- 42 Responsible waste management
- 43 Support environmental conservation

## 44

### KEY DATA

## 47

### INDEPENDENT LIMITED ASSURANCE REPORT

to the directors of Murray & Roberts Limited

### Leadership, citizenship and stewardship

The Group's philosophy of *Engineered Excellence* underpins its growth, competitiveness, resilience and reputation as a well-governed, values-driven and ethical multinational organisation. Ethical leadership, corporate citizenship and sustainability stewardship are consolidated in this philosophy. It informs all activities at all levels – including how the board and its committees discharge their fiduciary responsibilities – and is achieved through continual improvement of the standards, systems, practices and reporting that bring it to life within the Group.

The social & ethics committee's broad statutory mandate is encapsulated by its primary responsibility to guide, oversee and monitor the Group's commitment to Zero Harm from our business activities, by formulating collaborative and effective responses to sustainability challenges. The committee comprises four independent non-executive board directors and four executive directors. This ensures that the considerations attendant to ethical leadership, corporate citizenship and sustainability stewardship inform board and management thinking and decision-making. It also ensures that these considerations are intrinsic to the daily business conduct of all the Group's operations.

The committee assesses and monitors social and ethics performance through well-established reporting lines and against relevant frameworks and indicators. It also references the United Nations Global Compact Principles, the OECD Guidelines for Multinational Enterprises, and the International Labour Organisation protocols to ensure effective implementation of policy at group and platform levels. As part of this responsibility, the committee ensures the integrity of the Group's sustainability report which met the core level requirements of the Global Reporting Initiative ("GRI"), and which the board approved on the 26 August 2019.

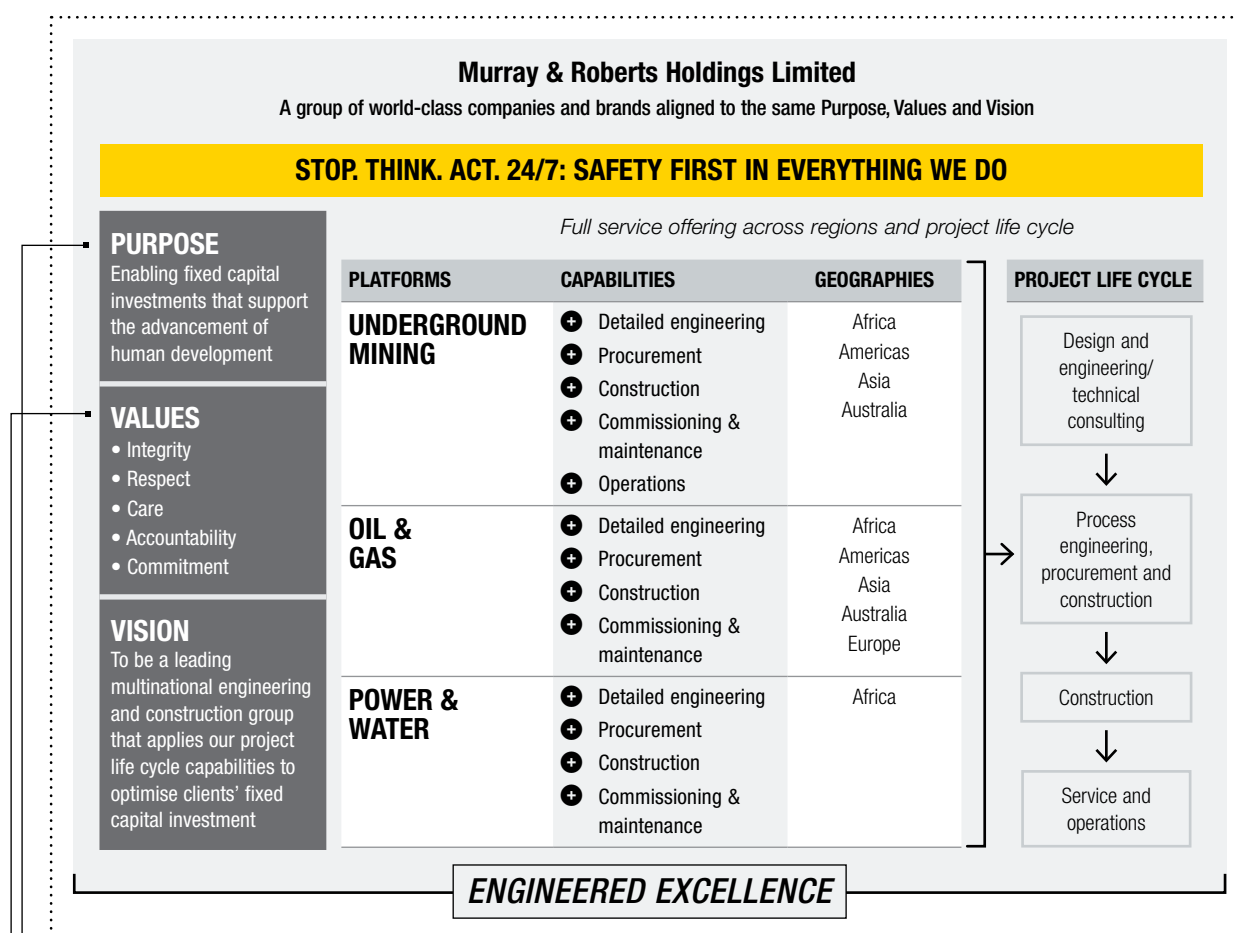
#### Ntombi Langa-Royds

Social & ethics committee chairman

# MURRAY & ROBERTS AT A GLANCE

**MURRAY & ROBERTS IS A MULTINATIONAL PROVIDER OF SPECIALISED ENGINEERING AND CONSTRUCTION SERVICES PRIMARILY IN THE METALS & MINERALS, OIL & GAS AND POWER & WATER SECTORS, WITH A SECONDARY FOCUS ON SELECTED HIGH-GROWTH COMPLEMENTARY MARKETS.**

The Group's core strategic focus on selected global natural resources market sectors is informed by positive long-term demand drivers including global population growth, rapid urbanisation and economic growth.



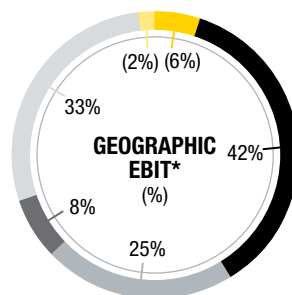
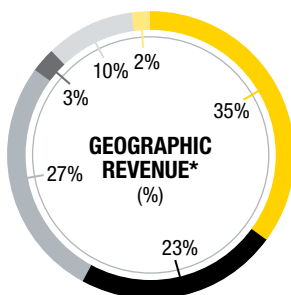
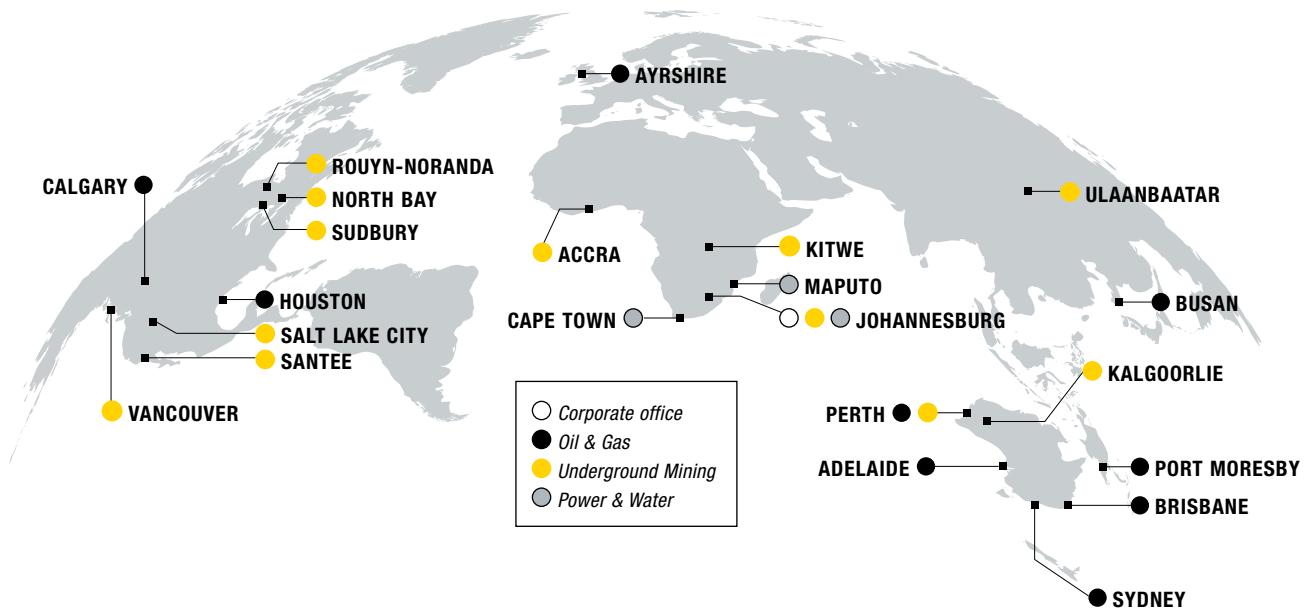
The Group's **Purpose** connects our capabilities to the investment our clients make in project infrastructure that supports the long-term development of countries, industries and communities, which is the shared outcome of our business model.

Our **Values** guide us individually and collectively in everything we do, in every country we work, and our philosophy of *Engineered Excellence* informs our management approach at every level of the organisation. This underpins the Group's competitiveness and reputation as a well-governed, values-driven and ethical multinational organisation, which is how we define the leadership aspiration in our Vision.



## Global positioning

The Group's geographic footprint is focused on establishing a permanent presence in high-growth regions for our clients. We also support clients on an ad hoc basis in other geographies where we do not have a permanent presence.



■ Oceania    ■ South Africa    ■ Americas  
■ Rest of Africa    ■ Asia    ■ Europe

\* Excluding Corporate, Middle East and BCJV.



# ABOUT THIS REPORT

**OUR SUSTAINABILITY REPORT FOR THE YEAR ENDED 30 JUNE 2019 PROVIDES AN OVERVIEW OF OUR APPROACH TO MANAGING OUR MATERIAL SUSTAINABILITY ISSUES, INCLUDING THE ISSUES THAT MATTER MOST TO OUR STAKEHOLDERS, AS WELL AS OUR PERFORMANCE FOR THE YEAR.**

The report is aimed at stakeholders, and supports the integrated report, providing supplementary information on safety, human capital, social and environmental matters.

All businesses, subsidiaries and joint ventures ("JVs") under our control are included in the scope of this report. Businesses and investments that are independently managed are excluded.

## Reporting framework

The sustainability report has been prepared in accordance with the Global Reporting Initiative's ("GRI") Sustainability Reporting Standards at a core application level.



The Group's current market capitalisation disqualifies it from a rating in the FTSE/JSE Responsible Investment Index Series.

## Assurance

Our independent sustainability auditors, IBIS ESG Assurance (Proprietary) Limited, have provided limited assurance over selected non-financial performance indicators. Accredited rating agency, EmpowerLogic, has verified our broad-based black economic empowerment ("BBBEE") rating and scorecard.



**PG 47**  
independent limited assurance report

## Approval

The board with the assistance of the social & ethics committee is responsible for overseeing the preparation and presentation of the sustainability report and ensuring its integrity. The committee approved the report on 26 August 2019.

## FEEDBACK

The sustainability report is intended to provide the basis for meaningful engagement with our stakeholders. We welcome your feedback which can be provided to Ed Jardim, Group investor and media relations executive at [ed.jardim@murrob.com](mailto:ed.jardim@murrob.com).



**ADDITIONAL  
INFORMATION ONLINE**  
[www.murrob.com/  
inv-annual-reports.asp](http://www.murrob.com/inv-annual-reports.asp)

### ► 2019 Annual Integrated Report

Our annual integrated report for the year ended 30 June 2019, presents the strategy, governance, performance and prospects of the Group, including our wholly-owned business platforms and the investments in which we have significant influence.

### ► Supplementary governance information and King IV™ application register

### ► Full annual financial statements

### ► A glossary of terms and acronyms used in this report

## RESPONDING TO OUR STAKEHOLDERS

As a multinational Group our Purpose connects us to a variety of clients, organisations, individuals and communities around the world. Our credibility and success depend on reliable and transparent communication with these stakeholders.

Our Values guide our stakeholder engagement framework, which management proactively implements and follows to support strong relationships with our clients, employees and other stakeholders. Stakeholder engagement is ongoing and takes place at corporate office and business operational levels.

During the year, a number of surveys were held across the Group, including a safety culture survey at a sample of projects, an employee engagement survey in all businesses and a diversity survey in Cementation Americas. The results of these surveys are discussed throughout the report.



PG 22  
Survey results

### Our stakeholders include groups or individuals who:

- Are in contact with or impacted by our operations.
- Have an interest in what we do or the ability to influence our activities.
- Are dependent on the Murray & Roberts Group.

### Group stakeholder engagement policy

Our Group stakeholder engagement policy requires that we:

- Comply with King IV™'s recommended practices pertaining to stakeholder relationships.
- Integrate stakeholder engagement into the Group's ongoing management and business activities.
- Measure and manage the gap between stakeholder perceptions and Group performance.
- Ensure the fair and equitable treatment of stakeholders in line with the Group's Values.
- Create a transparent and honest environment in which stakeholders can interact with the Group.
- Provide complete, timely, relevant, accurate, honest and accessible information while at the same time being cognisant of legal and strategic considerations.
- Proactively communicate with stakeholders and seek their views and feedback using appropriate communication channels.
- Promote internal awareness on the importance and value of stakeholder consultation and relationship management, as well as the methodologies in place to facilitate this.
- Find ways to improve stakeholder engagement procedures and performance.

## MURRAY & ROBERTS INVESTS IN SOUTH AFRICA RUNNING

Our ownership, management and funding of the Murray & Roberts Running Club – announced in 2018 – enables us to support the continued excellence achieved by the club's athletes and contribute to the development of running in South Africa, aligning to our philosophy of *Engineered Excellence*.

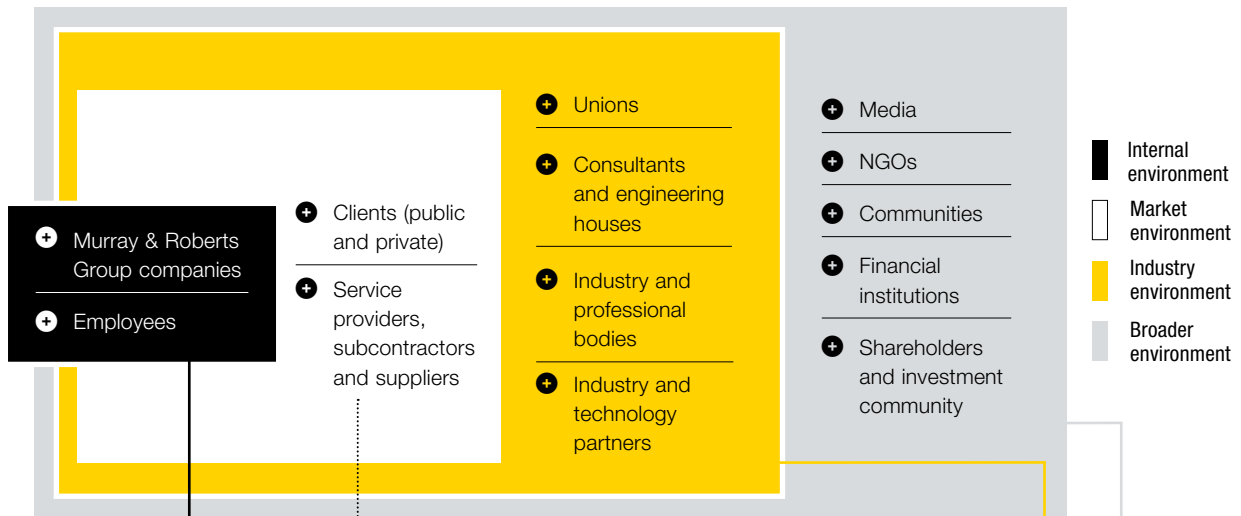
The club is home to about 130 athletes and members with more than 40 elite athletes including 2016 Comrades champion, Charne Bosman, Olympians, Rene and Christine Kalmer, 2018 Cape Town Marathon champion, Nolene Conrad, and three-time Comrades gold medallist, Rufus Photo.

The Vorentoe Athletics Development Team forms part of the running club's development squad, and has produced multiple champions over the last few years. Our ownership of the school team enables us to give effect to our corporate citizenship ambitions, not just at the school but also for South Africa and eventually on the roads and athletic tracks across the world.

In January 2019, the athletes from the Murray & Roberts Running Club achieved more than a dozen top three spots, making it the best ever club debut in South African road and track running.



## Our key stakeholder groups



As a multinational organisation our stakeholders include employees, clients, organisations, individuals and communities around the world. We value open, transparent and engaged communication with our stakeholders to deeper understand their concerns and expectations. In considering the identified concerns of our broad stakeholder group, only the primary concerns are listed in the table below.

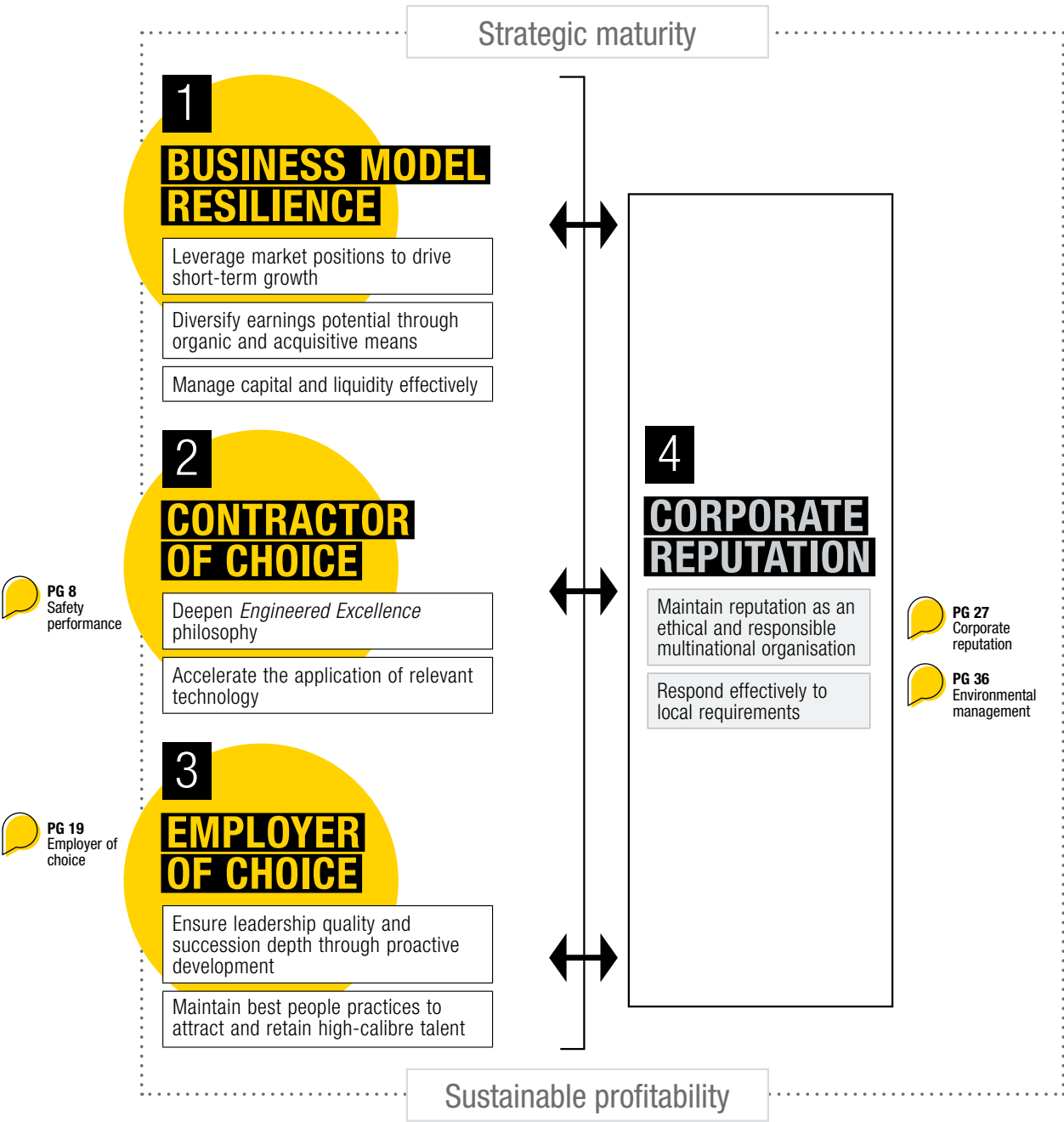
|   | Internal environment | Market environment | Industry environment | Broader environment |
|---|----------------------|--------------------|----------------------|---------------------|
| Cost of services and products supplied by Murray & Roberts or our suppliers.  | ✓                    | ✓                  | ✓                    |                     |
| Quality of work and products delivered to clients within agreed timeframes.   | ✓                    | ✓                  | ✓                    | ✓                   |
| Health and safety of all individuals impacted by Murray & Roberts projects.   | ✓                    | ✓                  | ✓                    | ✓                   |
| Transformation and BBBEE in South Africa.   | ✓                    | ✓                  | ✓                    | ✓                   |
| Murray & Roberts' capacity and capability to deliver work.  | ✓                    | ✓                  | ✓                    | ✓                   |
| Financial performance (cash flow, balance sheet strength, income statement and dividends).  | ✓                    |                    |                      | ✓                   |
| Pipeline of work opportunities (order book).  | ✓                    | ✓                  |                      | ✓                   |
| Quality of Group leadership and organisational and operational strategy.  | ✓                    |                    |                      | ✓                   |
| Proactive identification and management of risk.  | ✓                    |                    |                      | ✓                   |
| Corporate governance and ethical business conduct to maximise shareholder value on a sustainable basis while ensuring fairness to all stakeholders. |                      |                    |                      | ✓                   |
| Salaries, benefits and other payments to employees.   | ✓                    |                    |                      |                     |
| Enhancing and maintaining the Murray & Roberts brand and reputation.  | ✓                    | ✓                  | ✓                    |                     |
| Training and development and career advancement.  | ✓                    |                    |                      | ✓                   |
| Compliance with laws, regulations and industry standards.   | ✓                    | ✓                  | ✓                    | ✓                   |
| Investing in socioeconomic development in areas where Murray & Roberts operates.  | ✓                    | ✓                  |                      | ✓                   |
| Human and labour rights matters.  | ✓                    |                    |                      | ✓                   |

# OUR MATERIAL ISSUES

We define material issues as those issues that substantively affect our ability to sustain our strategic, operational and financial performance, and those that are most likely to affect our stakeholders’ assessments of the Group’s ability to create value over time. The materiality determination process considered the top issues that the Board and management dealt with during the year, the strategic plans of the Group and business platforms, the Group’s register of strategic risks, and issues raised through engagement with analysts and

investors, business associations, non-governmental organisations (“NGOs”) and other civil society structures, as well as those reported on in the media. These issues were workshopped into four themes and related material issues for the Group and each business platform, and were reviewed and approved by Group executive leadership. The material issues provided the basis for preparing the Group’s reports to support focused and connected reporting.

The diagram below sets out the areas where the sustainability report provides a more in-depth review on the material issues.



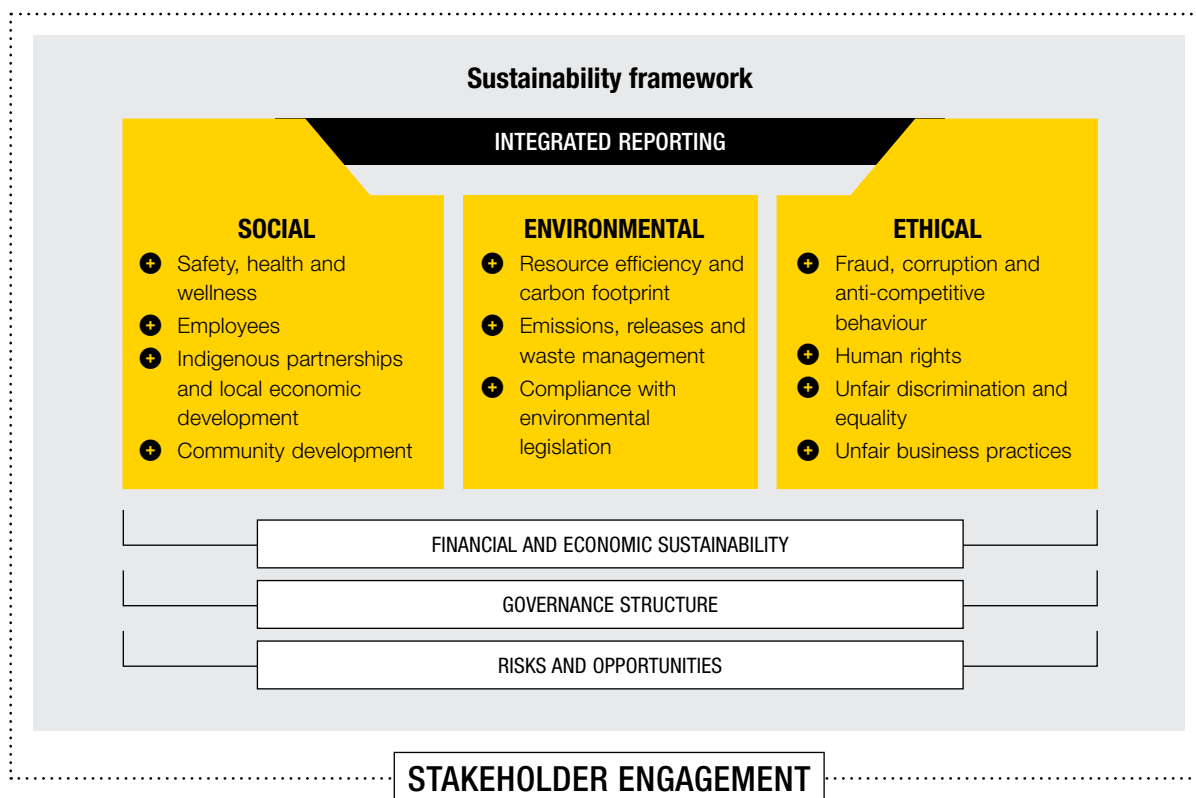
The boundary for each issue discussed in the sustainability report applies to all of the Group’s operations with the exception of BBBEE which applies to our South African businesses only.



# OUR SUSTAINABILITY MANAGEMENT FRAMEWORK

**UNDERPINNED BY CONTINUOUS IMPROVEMENT AND INNOVATION, *ENGINEERED EXCELLENCE* DRIVES THE GROUP'S GROWTH, COMPETITIVENESS, RESILIENCE AND REPUTATION – THE CORNERSTONES OF SUSTAINABLE VALUE CREATION. OUR APPROACH TO ETHICAL LEADERSHIP, CORPORATE CITIZENSHIP AND SUSTAINABILITY ARE CONSOLIDATED IN THIS PHILOSOPHY.**

We define sustainability as the management and delivery of projects in a responsible manner, while at the same time respecting the needs and expectations of our stakeholders and achieving industry-leading health, safety and environmental performance. The social & ethics committee ensures that the Group formulates collaborative responses to sustainability challenges.



Our sustainability management framework provides an overarching approach towards managing sustainability issues across the Group, while allowing for flexibility and local adaptation. It sets out our commitment to operate in an ethical and sustainable way by:

- Operating world-class businesses able to create and sustain value for shareholders, clients, employees, partners and suppliers, as well as the communities in which we operate.

- Understanding and mitigating our risks in relation to our operations and taking advantage of opportunities.
- Considering the views and concerns of our stakeholders in our strategic and operational decision-making.
- Managing all our impacts according to the principle of Zero Harm.
- Applying best practice corporate governance.
- Communicating with our stakeholders on issues of significant interest or impact to them on a regular basis.



# HEALTH AND SAFETY PERFORMANCE

## FATALITIES

**0**

FY2018: 1

## LOST TIME INJURY FREQUENCY RATE

**0.71**

FY2018: 0.86

## TOTAL RECORDABLE CASE RATE

**4.02**

FY2018: 3.93

## OCCUPATIONAL DISEASE FREQUENCY RATE

**0.17**

FY2018: 0.24



# APPROACH TO HEALTH AND SAFETY MANAGEMENT

**OUR APPROACH TO HEALTH AND SAFETY MANAGEMENT CENTRES ON CONTINUAL IMPROVEMENT WITH EFFECTIVE LEADERSHIP, ACCOUNTABILITY AND OUR EXTENSIVE OPERATIONAL EXPERIENCE AT THE FOUNDATION – COUPLED WITH CLEAR POLICIES, OPERATING STANDARDS AND COMPETENT AND MOTIVATED EMPLOYEES.**

## 2019 HSE framework review

During FY2019, we undertook an independent review to assess the level of implementation and effectiveness of the Group HSE framework, which included a culture survey on a sample of projects across all three business platforms. We are encouraged by the outcome of this review which indicates that the Group's safety culture continues to mature. Our strength is strong leadership commitment to safety with employees feeling there is genuine care for their safety and that they are empowered to stop work in unsafe circumstances. Opportunities to improve include further streamlining of the operating standards, change management, training, contractor safety performance and recognising safety achievements.

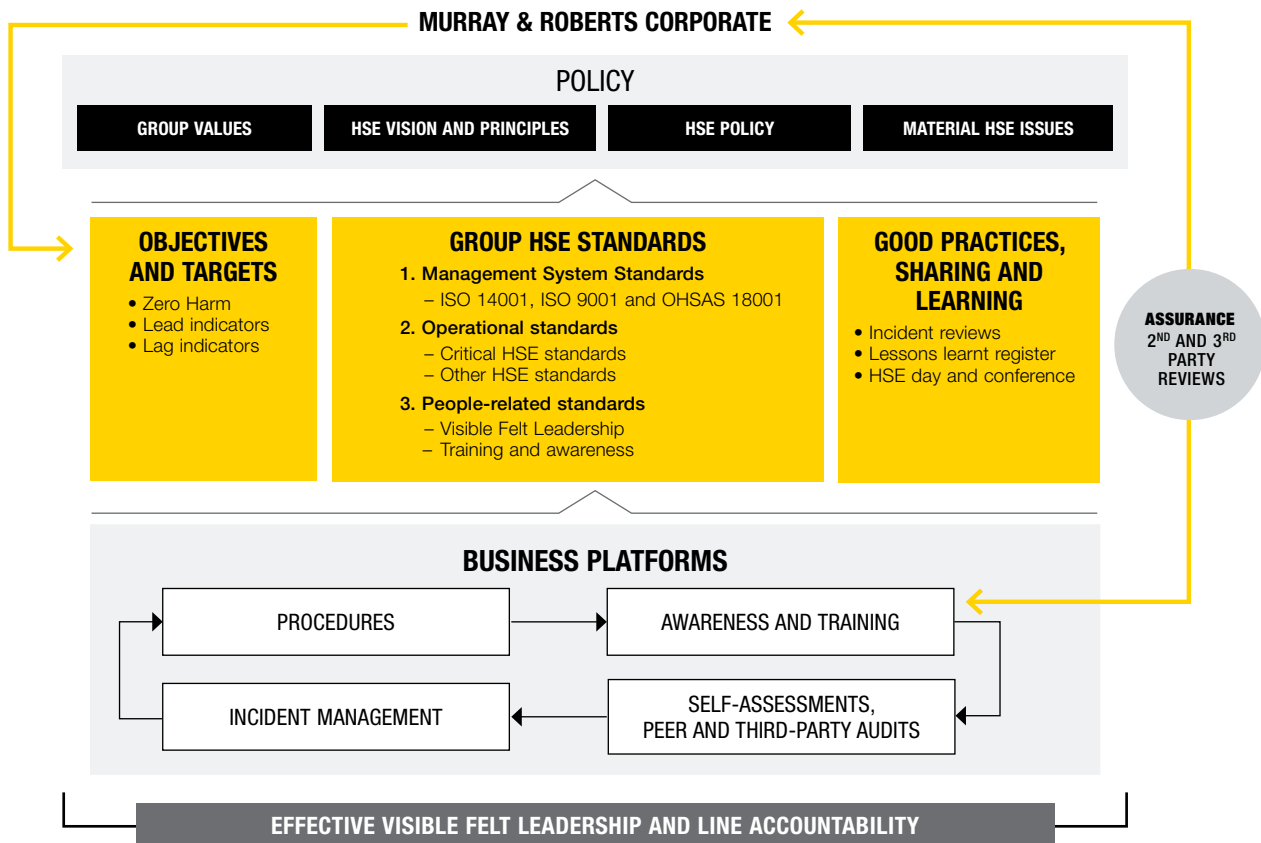
To continually improve how we manage health and safety, we seek advice from and implement the recommendations of independent experts, use risk assessments to better understand our exposure risk, implement lessons learnt from incidents and audits, share experiences and benchmark our performance against that of our clients and industry peers.

The Group health, safety & environment ("HSE") framework outlines the role, responsibilities and accountabilities of the corporate office and business platforms, and defines policies, minimum standards, reporting and assurance processes as well as knowledge sharing practices. All businesses are required to implement health and safety plans that prioritise the framework's requirements and report their progress to the executive and the HSE Board committees. As part of our combined assurance programme, self-assessments and independent assessments by internal and external experts ensure that line management exercises its oversight responsibility.



APPROACH TO HEALTH AND SAFETY MANAGEMENT *continued*

## MURRAY &amp; ROBERTS HEALTH, SAFETY AND ENVIRONMENT FRAMEWORK



10

MURRAY & ROBERTS | GROUP SUSTAINABILITY REPORT '19

ASSURANCE  
2<sup>ND</sup> AND 3<sup>RD</sup>  
PARTY  
REVIEWS



APPROACH TO HEALTH AND SAFETY MANAGEMENT *continued*

## OUR PRIORITIES

|   |   |
|---|---|
| <b>VISIBLE FELT LEADERSHIP AND ACCOUNTABILITY</b> | Our leaders are expected to demonstrate consistent commitment and vigilance to safety that is visible and felt. Every leader commits to live and abide by our <b>Safety Leadership Pledge</b> and is assessed on safety in their performance management reviews. They are required to set high safety standards, lead by example, empower employees to perform their work safely, recognise good performance and hold direct reports accountable for safety performance.  |
| <b>GROUP HSE STANDARDS</b>                        | The Group HSE standards set high-level requirements to manage common material health and safety risks. All businesses are required to implement the standards to achieve a consistent and sustainable approach to safety management across the Group.   |
| <b>SAFETY INDICATORS</b>                          | Our safety performance is measured using the following indicators: <ul style="list-style-type: none"> <li>➤ <b>Lag indicators:</b> including Lost Time Injury Frequency Rate ("LTIFR"), Total Recordable Case Rate ("TRCR") and Total Injuries Frequency Rate ("TIFR").</li> <li>➤ <b>Lead indicators:</b> including Visible Felt Leadership ("VFL") engagements, high potential incidents and hazards, compliance with critical safety standards, near misses, work stoppages and audit findings, among others. Lead indicators identify emerging trends that require management attention before they lead to serious incidents or injuries.</li> </ul>   |
| <b>CRITICAL RISKS CONTROL MANAGEMENT</b>          | Each business has a major incident prevention programme to identify the critical controls needed to prevent major incidents. Operational line managers are responsible for ensuring that the critical controls mandated by the programme are implemented and verified onsite prior to high-risk activities being undertaken.  |
| <b>CONTINUAL IMPROVEMENT</b>                      | Initiatives to continually enhance our safety approach include: <ul style="list-style-type: none"> <li>➤ <b>Learning and sharing:</b> we leverage our diverse operations and experience with clients to share knowledge, learnings and initiatives found to be effective. Sharing takes place using numerous mechanisms such as forums to tackle common health and safety challenges, the annual safety conference and cross-site audits.</li> <li>➤ <b>Technology:</b> to reduce workforce exposure to safety risks.</li> <li>➤ <b>Incident investigations:</b> all incidents are thoroughly investigated to determine root causes and where corrective measures can be implemented. The executive and HSE committees review major incidents and lessons learnt are shared across the organisation.</li> </ul>   |
| <b>INTEGRATED HEALTH AND WELLNESS PROGRAMME</b>   | Our integrated health and wellness programme aims to prevent illnesses and proactively manage identified health conditions using the following mechanisms: <ul style="list-style-type: none"> <li>➤ <b>Periodic qualitative and quantitative risk assessments and monitoring:</b> to identify and understand health risks in our workplaces.</li> <li>➤ <b>Pre-employment, periodic and exit medical surveillance examinations:</b> to detect workplace-related diseases early and provide the necessary treatment to prevent further deterioration.</li> <li>➤ <b>Screening and testing:</b> to manage communicable and non-communicable diseases.</li> <li>➤ <b>Healthcare education and awareness initiatives:</b> to encourage healthy lifestyle choices. Initiatives include Wellness Days at project sites.</li> <li>➤ <b>Employee Assistance programme:</b> to provide counselling support and advice to employees and their immediate families when they experience health, personal or work-related difficulties.</li> </ul> |

# SAFETY PERFORMANCE

## OUR SAFETY PERFORMANCE FOR FY2019 IS ENCOURAGING AND CONFIRMS THE ROBUSTNESS OF OUR HSE FRAMEWORK.

Most pleasingly, the Group recorded zero fatalities and maintained a world-class safety performance. An increasing number of our projects and businesses are performing at a world-class level. That this was achieved with a project portfolio of more than 100 projects around the world is a remarkable outcome.

Our LTIFR improved 17% to 0.71 however the TRCR deteriorated 2% to 4.02.

During the year, we continued to record positive trends in most lead indicators, including fewer high potential incidents and violations of our critical safety standards.

In Australia, we took a 30% stake in Insig Technology, a specialist in the application of automation technology. This partnership is expected to provide significant competitive advantage in our contract mining operations, including in reducing safety risk.

### GRAYSTON TEMPORARY WORKS COLLAPSE

In our previous reports to stakeholders we reported on circumstances around the tragic incident that occurred in October 2015 at our Grayston temporary works project in Sandton, Johannesburg.

The formal and public inquiry, established by the Department of Labour to investigate the incident, concluded its work in September 2018 and we are awaiting its report.

## Platform safety performance

We continuously benchmark our safety performance against that of clients and industry peers. Oil & Gas outperformed its peers and clients in its sector and Underground Mining and Power & Water were among the top performers in their respective markets.

### Underground Mining

- ⊕ Recorded a 43% improvement in LTIFR.
- ⊕ Achieved sustained improvement in TRCR.
- ⊕ Cementation USA achieved thirty-nine months without a lost time injury.

### Oil & Gas

- ⊕ Recorded a LTIFR of 0.17 (FY2018: 0.14).
- ⊕ Total Recordable Incident Rate deteriorated to 1.53 (FY2018: 1.47).
- ⊕ Achieved 11 consecutive months without a lost time injury and delivered seven engineering, procurement and construction ("EPC") projects with Zero Harm.
- ⊕ Focused on lead indicators, real-time reporting and maintaining high engagement among employees.
- ⊕ Received the 2019 Group CE Recognition Award for the best safety performance in the Group.

### Power & Water

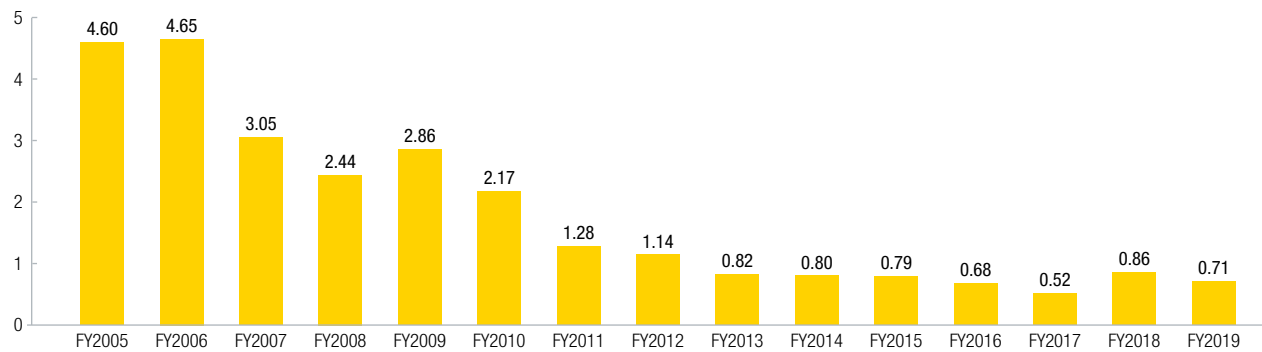
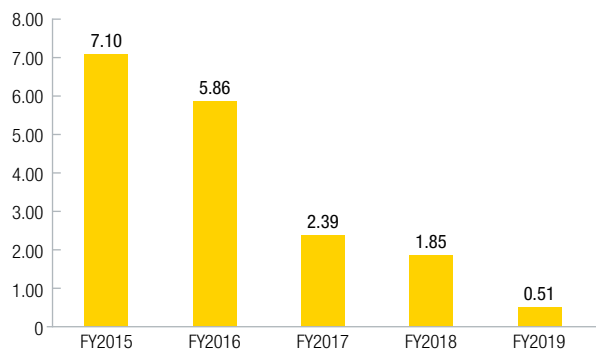
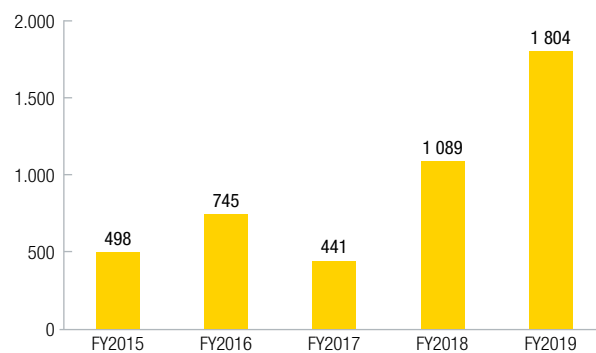
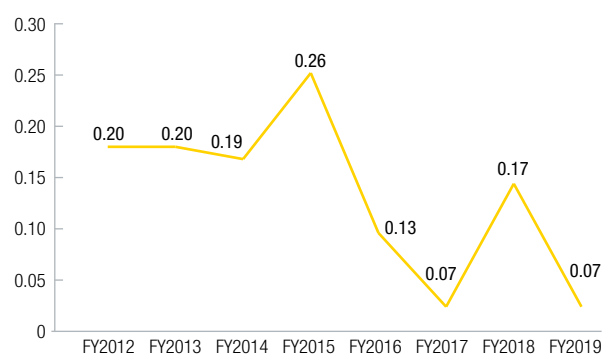
- ⊕ LTIFR increased to 0.40 (FY2018: 0.12), mostly due to a significant reduction in hours worked as the Medupi and Kusile projects come to an end.
- ⊕ Achieved a TRCR of 1.19 (FY2018: 0.98).
- ⊕ Delivered an excellent safety performance, despite the potential instability of project demobilisation.





**SAFETY PERFORMANCE** *continued*

**PG 44**  
Safety indicators in  
the key data table

**ANNUAL LTIFR** (per million hours)**GROUP CRITICAL SAFETY STANDARDS VIOLATION FREQUENCY RATE** (per million hours)**VISIBLE FELT LEADERSHIP ENGAGEMENTS FREQUENCY RATE** (per million hours)**HIGH POTENTIAL INCIDENTS FREQUENCY RATE** (per million hours)

# DRIVE A CONSISTENT HSE APPROACH AND STANDARDS ACROSS THE GROUP

## OUR INITIATIVES

### Effective safety leadership

Our leaders are accountable for providing a safe and healthy working environment. Our Leadership Development programme helps them drive a consistent level of HSE maturity across the Group and cultivate a culture that supports a Zero Harm mindset. The programme also provides leaders with the skills to integrate health and safety considerations at an operational level.

Sustaining a high level of employee engagement and involvement is critical to delivering consistent safety standards and performance. An innovative approach adopted to drive continual improvement and an improved safety culture, is our Neuroleadership programme, which applies cognitive neuroscience to safety leadership. The programme aims to improve the engagement skills of leaders and the involvement of employees in health and safety practices. The programme equips our leaders to build morale and understand why and how people make decisions and adopt certain behaviours.

Once the pilot programmes in Underground Mining and Power & Water are complete, we will use the learnings to establish guidelines to support the broader roll out of the Neuroleadership programme across the Group.



### HIGHLIGHTS

All operations maintained **OHSAS 18001** certification, an international standard for occupational health and safety management systems.

Leaders continued to spend a considerable amount of time visiting project sites to support, and positively influence work practices.

Oil & Gas made good progress in implementing the **Neuroleadership programme** and pilot programmes were initiated in Underground Mining and Power & Water platforms.

Compliance with the MAP/CRM Programme:

|                          |                                   |                              |
|--------------------------|-----------------------------------|------------------------------|
| Oil & Gas:<br><b>97%</b> | Underground Mining:<br><b>86%</b> | Power & Water:<br><b>87%</b> |
|--------------------------|-----------------------------------|------------------------------|

Employees and teams who have achieved good results and made a meaningful impact towards the achievement of our safety goals are recognised at the annual safety conference.



**DRIVE A CONSISTENT HSE APPROACH AND STANDARDS ACROSS THE GROUP** *continued*

## Critical risk management

The MAP/CRM programme has been embedded in all platforms and our focus has shifted to understanding its effectiveness. Our critical risks include working at height, mobile equipment, marine operations, temporary works, lifting operations, fall of ground, hazardous materials, working in confined spaces, fire and explosion and excavations and penetration, among others. Our assurance processes, including self, peer and independent assessments, scrutinise the effectiveness of the MAP/CRM programme.

## Good practice learning and sharing

Internal initiatives that support the sharing of safety experiences and ideas on improvement include:

- A Group health and safety forum attended by participants from various operations. The forum also monitors progress on key Group health and safety initiatives.
- The annual safety conference hosted by the Group chief executive and attended by leaders from all business platforms. At the conference our leaders review the safety performance, successes and challenges of the past year, and agree on the focus areas for the year ahead.
- Stand Together for Safety events held at the start of each financial year in all operations and attended by managers, employees and subcontractors. At these events leaders communicate and share the key messages and focus areas agreed on at the annual safety conference. Platform and project specific safety plans are also communicated.

Employees and teams who have achieved good results and made a meaningful impact towards the achievement of our safety goals are recognised at the annual safety conference.



## LOOKING FORWARD TO FY2020

Our leaders agreed to the following key safety focus areas at the fifth annual safety conference:

- Communicate the findings of the culture survey to employees and addressing the areas highlighted for improvement, particularly change management and streamlining our operating standards.
- Review the effectiveness of our critical controls.
- Implement the Neuroleadership programme to drive effective two way communication between our leaders and employees.

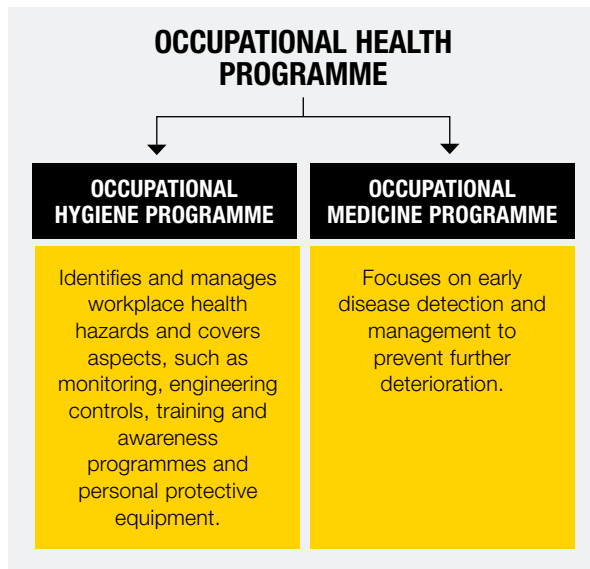
In the year ahead, attention will be given to managing the higher safety risk associated with significant growth in our order book, and specifically the higher proportion of new projects in complementary markets. In addition, a key focus in integrating the businesses acquired during the year will be to implement the initiatives and practices that have proven most effective in the level of maturity achieved in the Group's safety culture.

# MANAGE OCCUPATIONAL HEALTH RISKS

## OUR OCCUPATIONAL HEALTH PROGRAMME AIMS TO PREVENT ILLNESSES AND PROACTIVELY MANAGE IDENTIFIED HEALTH CONDITIONS.

Qualitative and quantitative health risk assessments and monitoring have improved our understanding of the prevalent health risks in our workplaces and enabled us to identify the leading health indicators to proactively manage these risks.

### Occupational health programme



### Noise-induced hearing loss

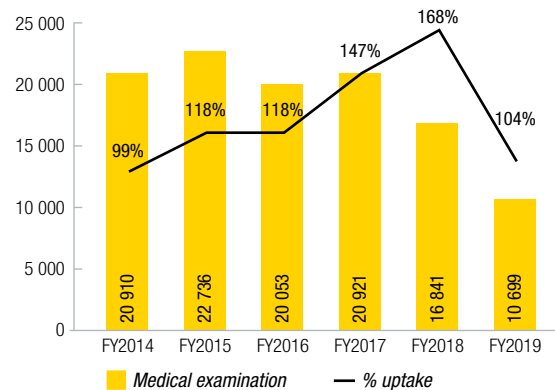
Two employees working in the South African mining operations were diagnosed and compensated for noise-induced hearing loss (FY2018: 12). Both cases were submitted in 2017 but only received compensation by the commissioner in this reporting period.

Medical surveillance examinations enabled us to proactively identify 58 employees at an early stage of noise-induced hearing loss in South Africa. These cases are being closely managed.

## PREVALENT OCCUPATIONAL HEALTH RISKS

- + Noise-induced hearing loss (a risk for rock drill operators, team leaders, master sinkers, locomotive drivers and general workers).
- + Exposure to vibrations and airborne pollutants such as silica dust, diesel particulates etc.
- + Ergonomics.
- + Fatigue.
- + Thermal stress.

### MEDICAL SURVEILLANCE EXAMINATIONS AS A PERCENTAGE OF NUMBER OF EMPLOYEES (pre-employment, periodic and exit medicals)



# 10 699

**MEDICAL SURVEILLANCE EXAMINATIONS PERFORMED, ENABLING US TO MATCH EMPLOYEE FITNESS TO JOB REQUIREMENTS, DETECT OCCUPATIONAL DISEASE AND IMPLEMENT EARLY PREVENTION MEASURES**

**FY2018: 16 841**

### Silicosis

For the first time in our history, three silicosis cases were identified, with all three occurring in the mining business in South Africa. Our investigations indicate that these cases are most likely due to employees' historical exposure to silica borne ore at various operations during their careers. The cases have been reported and the affected employees given access to health care and applicable benefits.



**MANAGE OCCUPATIONAL HEALTH RISKS** *continued*

## Exposure to airborne pollutants and vibrations

Airborne pollutants prevalent at our operations include dust, welding fumes and diesel particulate matter. Risk assessments and monitoring indicate a low to medium level of risk. Exposure is closely monitored through the Occupational Hygiene programme and concentration levels have remained within legally allowable limits.

## Ergonomics

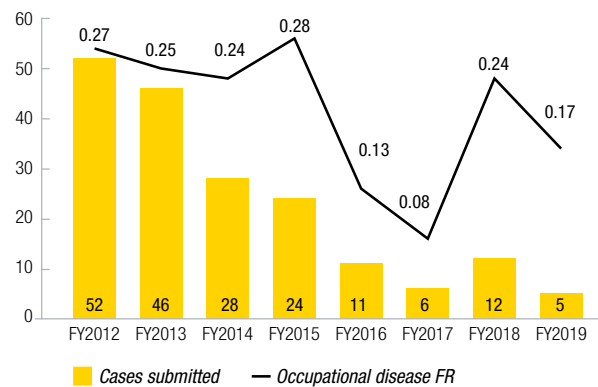
Workplace medical examinations screen for musculoskeletal symptoms and issues. Employees receive training on ergonomic hazards, which are prevalent at all our operations.

## Fatigue management

A total of 134 employees in South Africa were identified as being at high risk of fatigue. They were provided with personal counselling and assistance through the Employee Assistance programme. Shift work, working in extreme temperatures, medical conditions and travelling long distances are some of the factors that give rise to fatigue-related risks. Fatigue assessments are also included in the incident investigation procedure.

## Thermal stress

Our geographic footprint and the nature of some of our businesses expose certain employees to thermal stress, particularly in areas of extreme temperatures. Our control measures include awareness initiatives, training, the correct personal protective clothing, acclimatisation procedures and access to drinking water. No thermal stress-related occupational illnesses were recorded for FY2019.

**TOTAL CASES OF OCCUPATIONAL DISEASES AND OCCUPATIONAL DISEASE FREQUENCY RATE** (per million hours worked)

# MANAGE COMMUNICABLE AND NON-COMMUNICABLE DISEASES AND WELLNESS

## MAIN LIFESTYLE-RELATED AND CHRONIC DISEASE RISKS

- ⊕ HIV and tuberculosis ("TB").
- ⊕ Malaria.
- ⊕ Diabetes.
- ⊕ Hypertension, obesity and high cholesterol.

## OUR INITIATIVES

We encourage employees to adopt a healthy lifestyle and provide them with access to voluntary screening to detect lifestyle-related diseases. During the year, we provided health education and awareness on HIV and general wellbeing using wellness campaigns and one-on-one counselling as part of the medical surveillance examinations. Onsite primary healthcare clinics at some sites enable employees to easily monitor their blood pressure and cholesterol.

### HIV

Our HIV interventions target employees working in the SADC region where HIV and TB are prevalent. Our employees are able to access voluntary counselling and testing, treatment support at our onsite and government clinics and funded support from government-sponsored programmes and medical aid schemes.

Our onsite primary healthcare clinic at the Medupi power project in Lephalale collaborates with the Limpopo Provincial Health Department on HIV, sexually transmitted infections and the management of TB.

During the year, 336 employees in the area participated in voluntary HIV testing (FY2018: 558), with the demobilisation of the power project accounting for the decrease. A total of 31 employees were enrolled on the HIV Support programme (FY2018: 30).

### Tuberculosis

A rigorous screening programme is in place to detect the early signs of TB, enabling the timeous treatment of employees testing positive. The TB Incidence Rate of five cases per 10 000 employees is significantly below the South African national prevalence rate.

### Malaria

The Malaria Prophylaxis programme for employees working in or visiting sub-Saharan Africa has proven effective as no employee required Malaria treatment during FY2019.

### HIV

# 1 748

**VOLUNTARY HIV TESTS, EQUATING TO 29% OF THE WORKFORCE IN THE SADC REGION.**

FY2018: 2 554 TESTS AND 23% OF THE WORKFORCE IN THE SADC REGION)

# 4.0%

**OF EMPLOYEES TESTED ARE HIV POSITIVE.**

FY2018: 1.6%

### TB

# 5 729

**PULMONARY TB SCREENS WITH FIVE EMPLOYEES CONFIRMED POSITIVE.**

FY2018: 9 561 screens and nine employees confirmed positive

### MALARIA

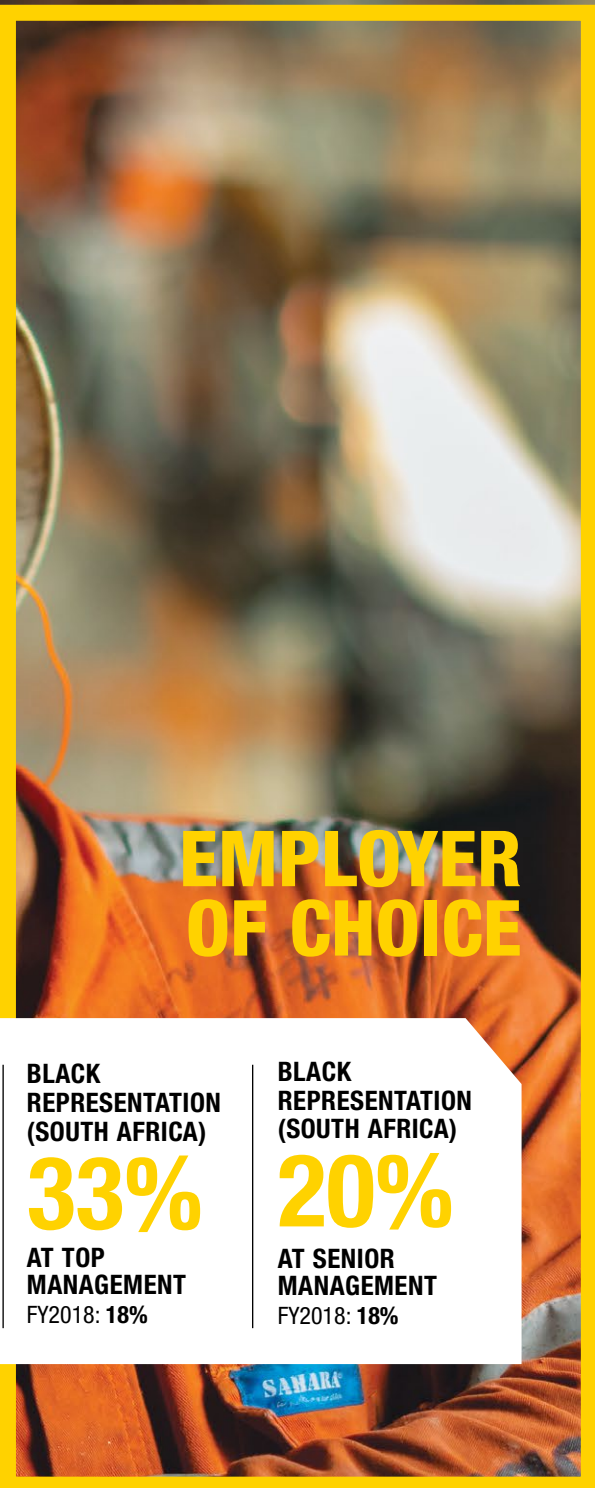
# 0

**MALARIA CASES ACROSS ALL OPERATIONS.**

FY2018: 1







# EMPLOYER OF CHOICE

PERMANENT  
HEADCOUNT  
**9 650**

FY2018: 10 649

TRAINING AND  
DEVELOPMENT SPEND  
**R105  
MILLION**

FY2018: R130 million

BLACK  
REPRESENTATION  
(SOUTH AFRICA)  
**33%**

AT TOP  
MANAGEMENT  
FY2018: 18%

BLACK  
REPRESENTATION  
(SOUTH AFRICA)  
**20%**

AT SENIOR  
MANAGEMENT  
FY2018: 18%

# APPROACH TO HUMAN RESOURCES MANAGEMENT

**WE PROVIDE OUR EMPLOYEES WITH CAREER ADVANCEMENT OPPORTUNITIES THROUGH JOB EXPERIENCE ON HIGH-PROFILE PROJECTS AND TRAINING AND MENTORSHIP TO MEET *ENGINEERED EXCELLENCE*, WHICH IS EXPECTED AT EVERY LEVEL AND IN EVERY ROLE. THIS, TOGETHER WITH OUR VALUES, BEST PEOPLE PRACTICES AND DIVERSITY POLICY ARE IMPORTANT ASPECTS OF OUR VALUE PROPOSITION TO EMPLOYEES, SUPPORTING OUR ABILITY TO ATTRACT AND RETAIN HIGH-CALIBRE AND HIGH-PERFORMING EMPLOYEES WHO SUPPORT OUR CULTURE OF TEAMWORK AND SAFETY.**

Each business independently manages its human resource requirements to effectively deliver on its projects while ensuring compliance to local labour legislation. The corporate office oversees certain key human resources priorities, particularly those that impact our sustainability, growth and reputation. These priorities are measured and reported to the remuneration & human resources committee and the Board.

## Leadership succession

### SUCCESSION PLANNING

The remuneration & human resources committee performs an annual assessment of leadership succession across the Group. Each platform CEO presents their top talent and successors for their platform's executive team to the committee and the Board for consideration. Successors are categorised in terms of their readiness (ready now, within one year, three years or more than five years). In South Africa, succession plans are aligned to employment equity objectives.

Emergency successors are identified to act in a role in the absence of identified successors for a period of approximately four months while a suitable successor is recruited. At present, all executive management roles have emergency successors as a minimum. We ensure that successors are appropriately developed and we regularly engage with them to ensure they are retained within the Group.

## Best people practices

### PEOPLE FRAMEWORKS, POLICIES AND SYSTEMS

We embrace international standards of social justice and decent work, and all three business platforms are ISO 9001 accredited. The accreditation requires that our policies, standards and procedures are continuously updated to ensure they are relevant and support a fair working environment. Our Group human resources policy governs our obligations and standards of behaviour, and promotes the equitable treatment of all employees. Our human capital policies and procedures protect against any discrimination, intimidation and human rights abuse.

Where possible, human resources management systems are implemented to support efficiency, data management and an improved employee and recruitment experience.

### DIVERSITY AND INCLUSION

Our diversity policy introduced last year, codifies our belief that a diverse workforce improves business performance and supports our social licence to operate as a multinational, multicultural organisation. It guides businesses in their responses to the specific diversity priorities of the many different countries in which we operate. Various initiatives sensitise employees to the importance of diversity and inclusion and address imbalances where they occur.



APPROACH TO HUMAN RESOURCES MANAGEMENT *continued*

## Best people practices continued

**PERFORMANCE MANAGEMENT**

Performance contracts with clear performance targets are agreed annually and cascaded from the Group chief executive to middle managers in all business platforms. Performance is measured against five dimensions – financial, leadership, relationship, operational and risk performance. This provides direction and clarity on expectations and ensures that there is alignment with the Group's strategic objectives. Formal performance management is compulsory for these levels of management and includes a mid-year review and final evaluation at year-end. However, our line managers are expected to provide continuous informal performance feedback and coaching throughout the year so that the formal process acts as a summary of regular performance conversations.

Where formal performance contracts are not in place, team-based targets clarify performance requirements.

**TRAINING AND DEVELOPMENT**

Individual development plans are formulated as part of the performance management process. Our employees are encouraged to take accountability for their career advancement by identifying where they may have skills gaps or where they may need to develop new skills or build on their strengths to maximise performance. Line managers provide guidance and ensure there is a budget to meet agreed development plans.

Our training programmes cover professional, leadership, managerial and technical development at all levels of the Group.

New employees receive induction training to ensure that they understand the Group's Values, culture, history and expectations. New employees also undergo "code of conduct" training confirming that they will act in both an ethical and lawful manner in every aspect of carrying out the Group's business activities.

**TALENT MANAGEMENT**

We identify high-potential individuals within the Group and ensure that they are engaged and developed. We also support undergraduate and post graduate bursaries and offer scholarships and internships across all our operations, providing participants with work experience and on-the-job training. Apprenticeships and learnerships offer young unemployed individuals in South Africa the opportunity to learn a technical trade, supporting their long-term employability.

**EMPLOYEE RELATIONS**

An engaged workforce and the entrenchment of *Engineered Excellence* as the philosophy that guides all our decisions and actions depends largely on the calibre and commitment of our leadership. Our leaders are expected to build a culture that encourages high performance and transparent communication.

Our annual employee engagement survey helps us understand employee sentiment and identifies opportunities to improve the employee experience.

We uphold the right to freedom of association and the right to collective bargaining across the Group. The South African workforce is 68% unionised. Beyond South Africa, privacy laws prevent access to information relating to labour union membership.

We expect all businesses to review local industrial frameworks and develop and implement an industrial relations strategy prior to starting any project in the Group.

# ENGAGED EMPLOYEES

## EMPLOYEE ENGAGEMENT SURVEYS

During FY2019, employee engagement surveys were conducted in all businesses to better understand employee perception and inform improvements. Overall the insights gained from the surveys were positive and indicate the following:

- ⊕ Our employees feel that they have access to the training and development they need to succeed, and that they get positive feedback and recognition from Murray & Roberts.
- ⊕ Our Vision is clearly communicated and understood.
- ⊕ Internal brand affiliation is very strong.
- ⊕ Our people are excited about working for Murray & Roberts.
- ⊕ Our employees treat each other with respect.

The low resignation rates experienced across the Group during the year support the survey results – Clough at 2.0%, Cementation Americas at 7.9%, RUC Cementation at 7.2% and 3.1% across the South African operations where 51% of the workforce is based.

Going forward, various initiatives will be implemented to address the areas we have identified as opportunities to improve, including:

- ⊕ Enhancing communication between departments to increase collaboration and remove siloed thinking.
- ⊕ Encouraging better and more regular performance feedback between line managers and team members.
- ⊕ Making use of technology to drive efficiencies and competitiveness.
- ⊕ Encouraging a mindset that constantly challenges the status quo for continuous improvement.
- ⊕ Fast tracking young talent.

## Underground Mining

The strong recovery in mining activity in Australia and North America over the past few years has led to increased competition for skills in these regions. In Southern Africa, shaft sinking and mechanised mining skills are scarce. These factors, together with the demand for mine owners and contractors to employ from communities in close proximity to mines, make effective training and development essential.

Employee relations are sound within all three of the platform's business units. In South Africa, management has professional and constructive relationships with union representatives and officials. Wage negotiations were concluded during the second quarter of the financial year, notwithstanding a protracted strike by the National Union of Mineworkers at the Venetia project. An agreement was reached for the next three years.

## Oil & Gas

Oil & Gas actioned several new processes and programmes to address areas raised for improvement in the employee engagement survey. New IT and management systems have been implemented to improve processes and workflow. A reward and recognition programme was introduced in FY2019 to identify and reward high-performing employees on a more frequent and less formal basis.

## Power & Water

The hard reality for Power & Water is that as the Medupi and Kusile projects come to an end, there is currently insufficient investment in its core markets in South Africa to maintain its earnings potential. As such, it completed another carefully considered restructure to right-size the business for lower revenue potential in FY2019. The unavoidable retrenchments have been dealt with in a fair and responsible manner. Going forward, the platform intends to develop a core group of permanent artisans and supervisors supplemented by employees with limited duration contracts to meet project requirements.





# DEVELOP LEADERSHIP AND TECHNICAL CAPABILITY

Our training spend of R105 million developed 4 765 employees, meaning that nearly half of our employees attended a training intervention in FY2019, despite continued economic pressures. In South Africa 91% of the training spend was on black individuals and 27% on women. As a project delivery organisation a careful balance must be maintained between investing in developing our technical expertise to deliver on projects and leadership capability to keep the Group dynamic and profitable and our employees engaged. Our clients recognise our extensive skills development and coaching interventions as setting the benchmark in technical training and development.

## LEADERSHIP DEVELOPMENT

At the annual Group leadership and succession review in November 2018, each business presented their top 10 high-potential individuals under the age of 45. These employees are undergoing psychometric assessments, following which they will meet a review panel which includes the Group chief executive and platform CEOs. Appropriate development plans will be developed for each employee and they will gain broader business exposure to fast-track their careers.

In South Africa, the corporate office provided two leadership programmes targeting middle and senior managers in Murray & Roberts Cementation and Power & Water. The programmes enabled participants to review their leadership style and its impact on the Group's climate and culture. Members of the executive committee also participated and interacted with the participants.



*Employees in Indonesia, participating in RUC Cementation's Leadership Development Programme.*

## PLATFORM INITIATIVES

### Underground Mining

- + Cementation Americas implemented a new management training programme, which provides learning and networking opportunities for high-potential employees or successors in supervisory, management and executive positions. This will support the business' aim to shift towards a learning culture that drives continuous improvement. Going forward, interventions will be provided to help employees acquire and transfer knowledge and develop the skills to positively impact productivity and safety performance.
- + RUC Cementation's Leadership Development programme covers organisational change, performance management, coaching and communication.
- + The Murray & Roberts Training Academy offers 'Licence to Supervise' programmes for first-time supervisors, equipping them with the fundamental skills to lead teams. The programmes also help build good employee relations in the mining industry.

### Oil & Gas

- + Clough's Construction Management Academy and Project Management Academy develop the skills of employees with leadership potential. The academies apply transparent selection criteria and prepare employees for new roles.
- + Established this year, the Young Professionals Group supports the career development of talented employees with less than 10 years' work experience.
- + Mental health training assists leaders manage stress and Lunch & Learn sessions deal with a variety of management topics.

### Power & Water

- + Implemented a mentorship programme for talented black employees, with specific plans to develop them for leadership positions.

**DEVELOP LEADERSHIP AND TECHNICAL CAPABILITY** *continued*

## TECHNICAL TRAINING

Technical training remains the backbone of the Group and where most of our training spend takes place.

In South Africa, we provide learnerships and apprenticeships in various trades, providing entry-level technical skills training. Specialist technical training at undergraduate and post graduate levels is offered as well as short courses to keep skills up to date. Project management training is encouraged and in some roles is compulsory.



### The Murray & Roberts Training Academy

The Murray & Roberts Training Academy at Bentley Park launched a six-month learnership certificate programme in occupational HSE, accredited by the Mining Qualifications Authority. A total of 85 unemployed youth from local communities successfully completed the programme at a cost of R50 000 per individual. Of the participants, nearly 50% are women and just over 50% were absorbed into the business post completion. A further 176 are registered for FY2020.

The academy also started its first mechanised apprenticeship programme, which will run over three years at a cost of R170 000 per individual.

## PLATFORM INITIATIVES

### Underground Mining

- + Operates two world-class training facilities, one in South Africa and a recent addition in Mongolia. Both facilities are recognised for their significant contribution to skills development in their respective regions. The platform also uses technology in the form of virtual reality to deliver effective training.
- + RUC Cementation provided training on working at heights, rigging and operating a forklift. A first aid programme was also rolled out as part of a safety initiative.
- + Cementation Americas delivers a range of technical training, including Solidworks Essentials – an internal engineering and design programme – and Bluebeam software training for engineers, designers and document administration employees, as well as project planning sessions.

### Oil & Gas

- + Clough partners with the Australian Institute of Management to provide employees with access to over 150 online learning programmes. It also provides various skills development courses.
- + The structured three-year Graduate Programme provides a challenging, interesting and rewarding career start, developing core competencies through workplace experience and training.
- + The Internship Programme offers students in their penultimate year of study an opportunity to gain practical experience in their field and prepare them for employment.

### Power & Water

- + Invested R22,4 million in training, of which 96% was allocated to technical training. A total of 2 534 and 1 795 employees respectively received training on working at heights and in a confined space. A further 1 176 employees attended training on basic rigging, welding, boiler making and operating equipment.
- + The platform continued to invest in upskilling the communities situated near its power projects, with 65 apprentices trained at Kusile and 113 apprentices and 101 trainees trained at Medupi.



# DRIVE DIVERSITY AND INCLUSION

**THE IMPLEMENTATION OF THE GROUP DIVERSITY POLICY HAS DRIVEN GOOD IMPROVEMENT IN ADDRESSING DIVERSITY AND INCLUSION ACROSS THE GROUP. THE GROUP HOLDINGS BOARD TARGETS FOR GENDER AND RACE DIVERSITY WERE MET WITH BOARD COMPOSITION AT 50% BLACK AND 30% FEMALE.**

We are recognised for our ability to recruit employees from local communities in line with localisation requirements, in many countries with different cultures, and to train them to meet our high expectations for safety and productivity.



## EMPLOYMENT EQUITY IN SOUTH AFRICA

While the representation of black people in the overall South African workforce remained at 79%, progress was made at every management level with a 15% increase in black representation at top management. These improvements are the result of our leadership's commitment to proactive employment equity planning in every business.

The Group chief executive chairs the transformation steering committee, which comprises of the platform CEOs and their respective human resources heads as well as the director responsible for BBBEE. During FY2019, we reviewed management roles where employees are expected to retire in the short to medium term and aligned these opportunities to our transformation objectives. Progress against targets is reviewed and projections are made for the next quarter.

As part of the annual Group leadership and succession review, Murray & Roberts Cementation and Power & Water identified their top young black talent, who have met with the Board during a breakfast session to engage on company priorities. These employees will be developed and their progress monitored.

Our employment equity committees in all South African businesses ensure that fair recruitment processes are followed and that any barriers to transformation are identified and removed.

### BLACK REPRESENTATION

# 79%

**AT SUPERVISORY AND MANAGEMENT LEVEL.**

FY2018: 69%

# 33%

**AT TOP MANAGEMENT LEVEL.**

FY2018: 18%

# 20%

**AT SENIOR MANAGEMENT LEVEL.**

FY2018: 18%

# 48%

AND

# 76%

**AT MIDDLE AND JUNIOR MANAGEMENT LEVELS RESPECTIVELY, WHICH IS EFFECTIVELY OUR TALENT PIPELINE.**

FY2018: 43% and 75% respectively

### FEMALE REPRESENTATION

# 15%

**OF THE TOTAL WORKFORCE.**

FY2018: 12%



**DRIVE DIVERSITY AND INCLUSION** *continued*

## DIVERSITY AND INCLUSION PROGRAMMES IN OTHER JURISDICTIONS

### Underground Mining

In North America, Cementation has a JV with indigenous groups in Canada and prioritises their recruitment and development. The ratio of indigenous employees is regularly assessed at projects such as Diavik and Hope Bay.

The expansion of Cementation USA to Mexico and Chile has brought ethnic diversity to the business and continues to mould its culture.

Cementation Americas has established a diversity working group, to manage diversity and inclusion across stakeholder groups, including employees, clients, suppliers and advisors. The working group has conducted workshops to identify barriers that inhibit the promotion of diversity.

In Australia, RUC Cementation's workforce is diverse and where it operates outside of Australia, for example in Indonesia and Mongolia, a high percentage of the workforce is made up of local residents.

### Oil & Gas

Clough is focused on improving the representation of women. Our efforts include flexible work practices for all employees to help them balance careers and family responsibilities, reviews to identify top female talent, a mentorship programme for women and targeting women for the Graduate Programme. Working alongside the Workplace Gender Equality Agency, Clough has conducted research to measure equality in the workplace and to inform initiatives for improvement.

The platform is also committed to increasing the participation of indigenous communities. The recruitment process has been revised to support this objective, mentorship programmes introduced to advance these employees beyond low-skilled roles and indigenous job boards are used to advertise vacancies.

In Australia, Clough has worked for several years to create opportunities for Aboriginal and Torres Strait Islander People. Its recently developed Reconciliation Action Plan outlines how it intends to build stronger relationships with these communities.

#### CEMENTATION AMERICAS

Conducted a diversity survey to gain insight on the organisational climate and understand the issues most important to our employees. The diversity working group is identifying short- and long-term goals and action plans to address concerns.

The New Miner programme trained indigenous employees at several projects in the Northwest Territories, British Columbia, Resolute Bay in Nunavut and Mexico.

#### OIL & GAS

The workforce at the BHP South Flank Iron Ore project comprises 23.2% women (against a target of 22%) and 7% indigenous employees (against a target of 8.9%).

Sponsored the participation of a talented employee in the Deloitte Women in Leadership Programme.

Member of the Diversity Council of Australia and the CEO for Gender Equity Group.



*Celebrating NAIDOC (National Aboriginal and Islanders Day Observance Committee) Week and raising cultural awareness.*





# CORPORATE REPUTATION

BBBEE STATUS IN  
SOUTH AFRICA

**Level 2**

FY2018: Level 3

GROUP CORPORATE SOCIAL  
RESPONSIBILITY SPEND

**R18,9  
MILLION**

FY2018: R19,1 million



# ENSURE ETHICAL BUSINESS CONDUCT

## THE TRUST AND SUPPORT OF OUR STAKEHOLDERS IS CRITICAL TO OUR SUSTAINABLE SUCCESS. OUR BOARD AND EXECUTIVE LEADERSHIP SET THE TONE FOR AN ETHICAL CULTURE, ENSURING GOOD GOVERNANCE AND APPROPRIATE BUSINESS PRACTICES.

We expect everyone who works for or acts on our behalf to adhere to the highest ethical standards. Our Code of Conduct, incorporating the Values and Statement of Business Principles supports ethically robust and defensible decision-making.

Despite the reality of different local operating environments, our businesses are expected to align to the Group's Values, frameworks and standards as minimum best practice. Governance frameworks and reporting structures ensure visibility of, and compliance across, all platforms.

The social & ethics committee is responsible for overseeing the entrenchment of the Group's Code of Conduct and ethical behaviours, as well as the controls needed to prevent and combat bribery and corruption.

The following forums and initiatives ensure ethical business conduct are maintained across the Group.

### ► BUSINESS PRACTICES

Mechanisms to ensure adherence to the code include a declaration that all executives involved in preparing and authorising project tenders are required to sign, to declare that they have not committed and are unaware of anyone else affiliated with the tender having directly or indirectly committed any unethical, unlawful or uncompetitive practice in the preparation and submission of the tender. The declaration is binding throughout the project life cycle. Similarly, all Group executives make written declarations twice a year, specifically in relation to competition law compliance.

### ► CODE OF CONDUCT

Our Code of Conduct clearly defines the behaviours expected of our employees and other stakeholders associated with the Group, including suppliers and subcontractors. Behaviours that depart from these principles are not tolerated. The code and any supporting policies are revised and updated, when required.

The induction programme for new employees and graduates emphasises the importance of the Code of Conduct.



### ETHICS

The Code of Conduct was updated during the year. Employees complete online assessments of their understanding of the code every two years. New employees complete Code of Conduct training as part of their induction.



### REGULATORY COMPLIANCE

Internal audit found no major issues of non-compliance in its compliance reviews, including for Australia, Canada and the USA. One legal action is pending regarding anti-competitive behaviour, and there were no confirmed incidents of corruption.



### WHISTLE-BLOWING HOTLINES

#### Five cases reported

and investigated, with four still under investigation. Appropriate action has been taken in each instance where unethical behaviour was confirmed (FY2018: 14).



### HUMAN RIGHTS AND EQUALITY

We have not identified any operations within the Group where human rights violations have been identified as a risk. There were no incidents of violations involving the rights of indigenous peoples.

**ENSURE ETHICAL BUSINESS CONDUCT** *continued***► STANDARDS OF GOOD PRACTICE**

We subscribe to and comply with the 10 business principles set out in the United Nations Global Compact and with the principles and standards of good practice set out in the Organisation for Economic Co-operation and Development Guidelines for Multinational Enterprises. As a member of Business Leadership South Africa, we support its Code of Good Corporate Citizenship.

**► REGULATORY COMPLIANCE**

We adhere to the regulatory requirements applicable to the sectors and jurisdictions in which we operate. The Group regulatory compliance executive is mandated to investigate and report on:

- The multiple regulatory environments applicable to our businesses.
- The organisational controls in the jurisdictions in which we operate that ensure compliance with all applicable laws, rules, codes and standards.
- The levels of compliance across the Group based on a comprehensive monitoring and review plan.
- The corrective actions and improvements required, including education and training, to address any identified control weaknesses or compliance failures.

**► TRANSPARENCY AND WHISTLE-BLOWING**

We encourage our employees, suppliers, subcontractors and concerned stakeholders to report any unethical behaviour within our operations. We support anonymous reporting of workplace dishonesty and unethical behaviour, including discrimination, theft, fraud and corruption. Deloitte (Tip-Offs Anonymous) and KPMG (Fair Call) administer our two whistle-blowing hotlines. Fair Call serves Oil & Gas and Tip-Offs Anonymous covers the corporate office, Underground Mining and Power & Water.

**► HUMAN RIGHTS**

We endorse the rights enshrined in the Constitution of the Republic of South Africa, 1996, and all equivalent and prevailing rights in all other jurisdictions, including the right to collective bargaining, the right to peaceful industrial action and all other labour rights. We acknowledge the right of individuals to freedom of association, reject child and forced labour and respect the rights of indigenous people.

**► UNFAIR DISCRIMINATION AND EQUALITY**

Discrimination in any form is viewed in a very serious light and appropriate disciplinary action is taken against offenders. We expect all our employees and service providers to treat those with whom they come into contact with dignity and respect. As a South African domiciled Group, we believe that it is not unfair discrimination to promote affirmative action in line with the national Employment Equity Act or to prefer any person on the basis of an inherent job requirement.

# APPROACH TO MAINTAINING OUR SOCIAL LEGITIMACY

Legitimacy at national and community levels is critical, not only in managing the impact of local dynamics on project delivery but also on the Group's credibility as an ethical and responsible multinational organisation.

In addition to driving diversity and inclusion in our workforce and at Board level, the Group diversity policy commits each business in the Group to supporting programmes that address socioeconomic challenges in their host countries and communities.

## Responding to local requirements

Our local partnerships contribute to the socioeconomic development of our host communities. Continual engagement with members of these communities is critical – enabling us to understand local norms and practices and ensure that our initiatives respond appropriately to a community's needs and expectations.

In South Africa, the social & ethics committee is responsible for overseeing our BBBEE progress against the amended Construction Sector Code.



**PG 31**  
respond effectively to local requirement

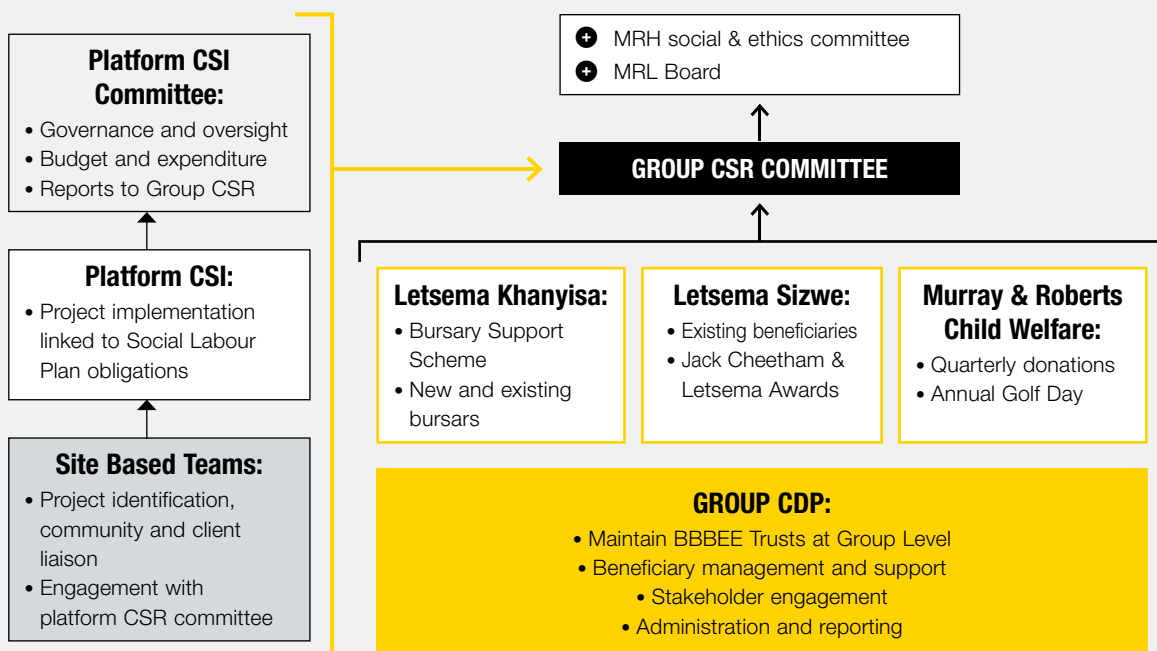
## Corporate social responsibility

Stringent governance measures are in place to ensure that our investments and donations align to our Values, brand and community development strategies and genuinely benefit disadvantaged communities. At Group level, the corporate social responsibility committee ensures that community initiatives are appropriate and well governed. The committee also oversees the corporate social investment ("CSI") initiatives undertaken at project level throughout the Group.

In Australia, a semi-independent board oversees the Clough Foundation.

30

### GROUP CORPORATE SOCIAL RESPONSIBILITY GOVERNANCE STRUCTURE



**PG 33**  
Meaningful community support



# RESPOND EFFECTIVELY TO LOCAL REQUIREMENTS

We create value for societies through our business activities, which provide employment and develop infrastructure which has a considerable positive impact on socioeconomic development. In addition, our commercial partnerships with and procurement from local businesses support enterprise development and the upliftment of communities located near our projects.

## LOCAL PARTNERSHIPS

### Cementation Canada

Cementation Canada has long-standing partnerships with indigenous communities, the longest being with the Kitikmoet Corporation – an indigenous company based in the Nunavut and Northwest Territories.

The partnership is based on the following principles:

- Improving skills development and maximising employment opportunities in host communities.
- Procuring goods and services from indigenous companies in the Kitikmoet region.
- Expanding the understanding and awareness of mining in the community and encouraging young people to consider mining as a career.



The Kitikmoet Cementation Mining Development JV is active on three of the Group's projects.

### Underground Mining

- In rolling out its Africa strategy, Murray & Roberts Cementation has established partnerships with local companies for mining projects in Central Africa, South Africa and Zambia.
- Cementation Canada has several partnerships and JVs with indigenous groups in Canada, and with local companies in South America and Mexico.

### JV in Mongolia

- Clough and RUC Cementation Mining have a JV agreement with local Mongolian company, Gobi Infrastructure Partners LLC, at Rio Tinto's Oyu Tolgoi mine project.

### Oil & Gas

- Developing indigenous subcontracting and supply chain opportunities, with AU\$142 250 spent in FY2019 with over 12 indigenous-owned businesses.
- Clough's projects in PNG benefit local communities through the local procurement of goods and services, business development and improved local infrastructure, utilities and services.

### Power & Water

- Established JVs with black-owned companies in South Africa.
- Developing local partnerships in East and West Africa.



**PG 25**  
Diversity and inclusion for information on local skills development

RESPOND EFFECTIVELY TO LOCAL REQUIREMENTS *continued*

## BBBEE IN SOUTH AFRICA

We achieved a Level 2 BBBEE rating in FY2019. The economic interests held by black shareholders in our South African operations was 89% with black women holding 33%.

Targeted interventions identify and assist small, medium and micro enterprises ("SMMEs") which are central to job creation and economic growth in South Africa. Other initiatives include early payment for SMME suppliers, preferential credit terms for buyers and administration support for certain service providers, suppliers and clients. More broadly, preference is given to BBBEE-compliant vendors.

### TRANSFORMATION PROGRESS AT PLATFORM LEVEL

Murray & Roberts Cementation achieved a Level 2 BBBEE rating and has developed seven black suppliers across various projects.

The Department of Minerals and Energy recently published the Mining Charter III, the legal framework for BBBEE in the sector. The most material impact on Murray & Roberts Cementation is that it will be contractually obliged to meet the local employment and procurement targets required of its clients. For single-asset junior companies, Murray & Roberts Cementation provides the only means for them to meet their charter obligations.

Power & Water has established BBBEE partnerships in power maintenance, transmission and distribution services and water solutions.

Murray & Roberts Power & Energy ("MRPE") achieved a Level 3 BBBEE rating and is targeting a Level 2 rating for FY2020, with improvements to be achieved in its preferential procurement, skills development and socioeconomic development pillars.

The Murray & Roberts Khula Nathi Enterprise and Supplier Development Experience, in partnership with Raizcorp, invests in developing talented entrepreneurs. The programme assists them to grow successful businesses, create employment and develop their capacity to participate in MRPE's supply chain.

### BBBEE SCORE

# 97.72%

FY2018: 91%

# 26.07%

OF TOTAL PROCUREMENT SPEND WITH SMMEs.

FY2018: 30.2%

### TOTAL VALUE OF ENTERPRISE AND SUPPLIER DEVELOPMENT INITIATIVES

# R3,9 MILLION

FY2018: R5 million

# BBBEE scorecard

ACHIEVED FULL POINTS ON THE BBBEE SCORECARD FOR THE SOCIOECONOMIC DEVELOPMENT PILLAR.



PG 44  
BBBEE scorecard and preferential procurement in the key data table



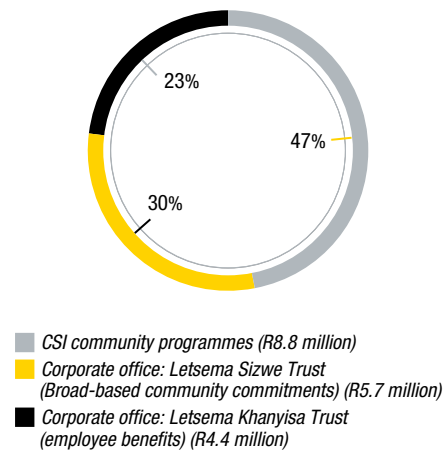
# MEANINGFUL COMMUNITY SUPPORT

**AS A COMMITTED AND RESPONSIVE CORPORATE CITIZEN, WE INVESTED R18,9 MILLION IN FY2019 IN COMMUNITY DEVELOPMENT INITIATIVES GLOBALLY, WITH R14 MILLION INVESTED IN DISADVANTAGED SOUTH AFRICAN COMMUNITIES.**

The Letsema Khanyisa and Letsema Sizwe trusts prioritise education and skills development, with the Letsema Sizwe Trust funding three flagship community initiatives – Tomorrow Trust, Technology Research Activity Centre ("TRAC") and the Jack Cheetham and Letsema Awards. The Murray & Roberts Child Welfare Fund is used to encourage employee volunteering.

Board members are actively involved in CSR activities by sitting on panels where required and visiting some of the initiatives.

**BREAKDOWN OF CORPORATE SOCIAL RESPONSIBILITY SPEND (%)**



Some of the projects supported during FY2019 are highlighted below.

## MURRAY & ROBERTS CHILD WELFARE FUND

(corporate office programme)

**DONATED  
R268 408**

supporting 15 projects

The Murray & Roberts Child Welfare Fund raises donations using the employee payroll. The Group matches raised funds and donates them to early childhood development interventions.



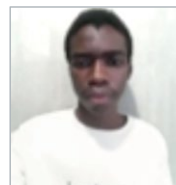
## LETSEMA KHANYISA TRUST

(corporate office programme)

**INVESTED  
R4,4 MILLION**

supporting 36  
secondary and 18  
tertiary learners

The Letsema Khanyisa Trust provides the children of qualifying employees with scholarships at secondary and tertiary academic institutions.



The trust paid for Rifumu Mhangwani's secondary education. Rifumu completed Grade 12 with 77% and is now studying industrial engineering at the University of Pretoria.



The trust paid for Palesa Mochana's tertiary education. Palesa completed her Bachelor of Arts degree in education with seven distinctions.



**MEANINGFUL COMMUNITY SUPPORT** *continued***TECHNOLOGY  
RESEARCH  
ACTIVITY CENTRE**

(corporate office programme)

**R4,1 MILLION  
INVESTED**  
for three years

The University of Stellenbosch's TRAC programme provides mobile science laboratories for schools. Over the next three years, we will sponsor the laboratories in Musina and Kuruman, near two Murray & Roberts Cementation projects.

**JACK CHEETHAM  
AND LETSEMA  
SPORTS**

(corporate office programme)

**WINNERS  
RECEIVED  
R500 000  
EACH**  
payable over three years

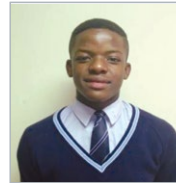
The annual awards support sports development among disadvantaged youth and people with disabilities. The 2018 Jack Cheetham Award winner was INK Hockey Club, which promotes hockey development and has resulted in learners obtaining bursaries at top academic institutions. Made for More, an organisation that empowers and equips the differently able to pursue sporting careers won the Letsame Award.

**THE TOMORROW  
TRUST**

(corporate office programme)

**DONATED  
R636 000**

The Tomorrow Trust provides Saturday and holiday supplementary school programmes for vulnerable children. In many instances, the programmes provide the only effective lessons for learners.



Tomorrow Trust has sponsored Tumelo Tlhabanyane since primary school. Tumelo is now studying radiography at the University of the Witwatersrand.

**VORENTOE  
ATHLETICS  
DEVELOPMENT TEAM**

(corporate office programme)

**R1 MILLION  
INVESTED**  
to develop 50 athletes

We are sponsoring the academic and athletic development of 50 young disadvantaged scholars at Vorentoe secondary school. Our investment covers accommodation, food, schooling and training. Former learner, Tshwanelo Maruping, recently received an athletic scholarship to study at the Central Arizona College, USA.



**MEANINGFUL COMMUNITY SUPPORT** *continued***RUC CEMENTATION**

RUC Cementation is sponsoring Fire Tech Australia, a leading STEM education provider. STEM United, is a school programme aimed at promoting careers in STEM. It introduces Year 9 students in Western Australia to the world of robotics and drones. By the end of 2019, the programme will have reached over 6 000 students. RUC Cementation's R367 348 investment will enable Fire Tech to offer free STEM sessions to less privileged schools.

**MURRAY & ROBERTS CEMENTATION**

Murray & Roberts Cementation donated R500 000 to the Stanley & Daphne Nkosi Foundation. The foundation in partnership with Chris Hani Baragwanath Academic Hospital and the Gauteng Department of Health have built a Haematology and Oncology facility to care for patients with related diseases.

**MURRAY & ROBERTS POWER & ENERGY**

MRPE invested R1,1 million in the construction of Setungwane Crèche in Lephalale in the Limpopo province. Around 100 children attend the crèche.

**CLOUGH**

The Clough Foundation supports organisations, communities and causes that provide sustainable benefits to society and represent the company's diverse operations. During the year, Clough continued to support Role Models & Leaders Australia's Girls Academy. Girls academy is an in-school program that runs from grade 7 to grade 12 and increases the skills, employability, mental health and well-being of Aboriginal and Torres Strait Islander girls throughout Australia – providing them with better opportunities to contribute to the social and economic outcomes of the community.

**CEMENTATION AMERICAS**

CSI initiatives at Cementation Americas comprise only employee community involvement to raise funds for a variety of charities supporting youth, sports, community and indigenous development.







# ENVIRONMENTAL MANAGEMENT

## ENERGY USAGE

**103 803**  
gigajoules

FY2018: 161 674 gigajoules

## CARBON FOOTPRINT

**12 797**

TONNES OF CO<sub>2</sub>  
EQUIVALENT

FY2018: 19 117 tonnes  
of CO<sub>2</sub> equivalent

## WATER USAGE

**23 331**  
kilolitres

FY2018: 30 021 kilolitres



# APPROACH TO ENVIRONMENTAL MANAGEMENT

**WE ARE A CONTRACTOR AND PROVIDER OF SERVICES IN CARBON INTENSIVE INDUSTRIES. OUR ENVIRONMENTAL FOOTPRINT HAS SIGNIFICANTLY DECREASED OVER THE PAST FEW YEARS DUE TO DIVESTMENTS MADE IN OUR PORTFOLIO, MANY OF WHICH WERE MAJOR CONTRIBUTORS TO OUR WATER AND CARBON FOOTPRINT.**

We contribute to the environmental programmes of our clients, through responsible and efficient use of their project input materials and the implementation of environmental improvement initiatives, where possible. We are increasing our effort to further understand the sustainability needs of our clients to help them in their response to climate change challenges.

**Our key environmental risks include:**

- 1** Increasing regulatory requirements related to energy and climate change, which could lead to increased costs as well as opportunities in a low-carbon economy.
- 2** Project disruptions due to extreme and unpredictable weather conditions, including floods and storm surges.
- 3** Undertaking listed activities without the correct environmental authorisation or failure to abide by conditions set out in operating licences, such as water use licences, on a project.

37

## OUR PRIORITIES

|   |   |
|---|---|
| <b>MURRAY &amp; ROBERTS ENVIRONMENTAL PROGRAMME</b> | <p>Our Group HSE policy holds all our businesses to identifying, assessing and responding to all environment risks, promoting efficient use of resources and preventing pollution.</p> <p>Our businesses are required to comply with ISO 14001, an international standard for environmental management systems. Our critical environmental standards apply across the Group and aim to create a common purpose and approach. They guide operations on how to manage environmental issues, including carbon emissions, energy and water consumption, waste management, regulatory compliance and environmental data. All our operations are ISO 14001 certified.</p> <p>In FY2019, we updated our environmental incidents reporting standard to align to changes in reporting frameworks such as the revised CDP reporting requirements.</p>   |
| <b>CLIENT FOCUS</b>                                 | <p>Our mining and oil &amp; gas clients are particularly vulnerable to physical climate impacts and are subject to external scrutiny and pressure from activists and investors given the carbon intensive nature of their businesses. However, the transition to a low carbon economy also provides opportunities, with some commodities projected to see demand growth.</p> <p>During the year we initiated a pilot study to understand the medium-term climate change risks and opportunities facing our mining clients. Indications are that climate smart solutions are being adopted, including the use of lower carbon energy sources and designing operations to be energy and water efficient as well as resilient to the physical impacts of climate change. Service providers to the industry will need to adapt to these changes to ensure their relevance. Once completed, the study will inform our actions to further assist clients in minimising their environmental footprint.</p> |



APPROACH TO ENVIRONMENTAL MANAGEMENT *continued*

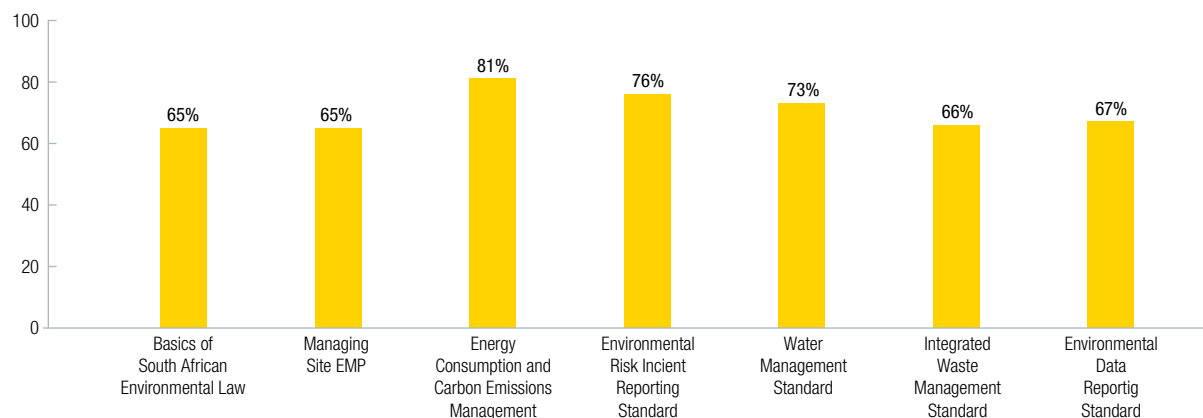
## 2019 PERFORMANCE

Our environmental footprint is now limited to assets we own such as workshops, offices and vehicles, as well as Scope 3 emissions. During the year, we conducted energy and water efficiency assessments at Murray & Roberts Cementation's Bentley Park facility in Carletonville, South Africa, and identified a combination of behavioural and technological energy and water-related savings opportunities. We used the assessment results to set an 8% and 20% reduction target for energy and water respectively, to be achieved by 2022 against a 2018 baseline.

### Environmental training

We provide employees with environmental training to improve their practical understanding and drive compliance at project level.

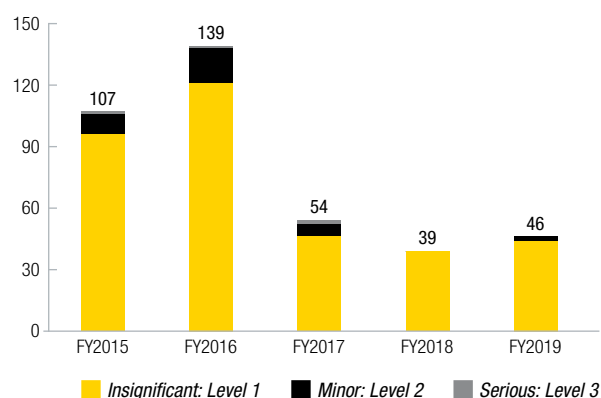
#### COMPLETION OF ENVIRONMENTAL TRAINING (%)



### Environmental incidents, fines and litigations

In FY2019, there were no material environmental incidents. There were 44 Level 1 incidents and two Level 2 incidents, a 18% increase compared to FY2018. The incidents are mostly minor oil spillages.

#### ENVIRONMENTAL INCIDENTS



**Level 1:** negligible reversible environmental impact, requiring very minor or no remediation and is contained within site limits.

**Level 2:** negligible reversible environmental impact, requiring minor remediation and is contained within site limits.

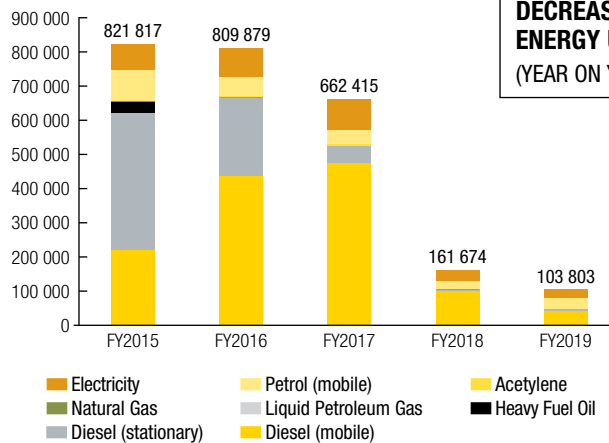
**Level 3:** moderate reversible environmental impact which is short term, requiring moderate remediation and is contained within site limits.

# MINIMISE OUR CARBON FOOTPRINT

THE REDUCTION IN OUR ENERGY CONSUMPTION AND CARBON FOOTPRINT FOR FY2019 IS MAINLY DUE TO THE COMPLETION OF A MINING PROJECT WHERE WE WERE DIRECTLY PROCURING AND USING DIESEL AS AN ENERGY SOURCE.

## Energy

### ENERGY MANAGEMENT (Gigajoules)



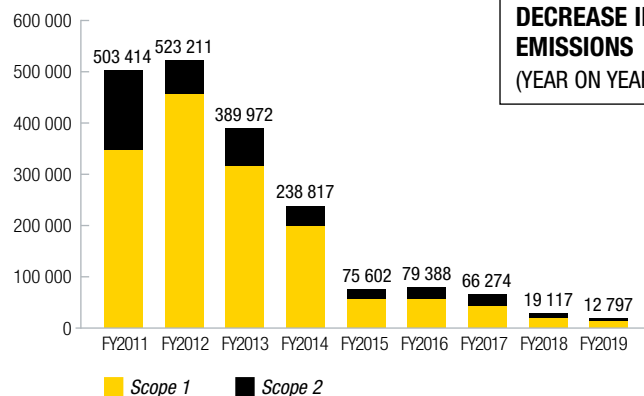
# 36%

DECREASE IN  
ENERGY USE  
(YEAR ON YEAR)

Note: total energy consumed includes all direct (all fuel types) and indirect (electricity) energy sources, with the majority of sources used in FY2019 being diesel, petrol and electricity. Reported figures include energy paid for by Murray & Roberts and excludes client purchases.

## Carbon footprint

### TOTAL GREENHOUSE GAS EMISSIONS (tCO<sub>2</sub>e)



# 33%

DECREASE IN CARBON  
EMISSIONS  
(YEAR ON YEAR)





**MINIMISE OUR CARBON FOOTPRINT** *continued***2018 CDP ASSESSMENT**

ACHIEVED AN AWARENESS LEVEL WITH A

**C rating**2017: **B rating**

This level is based on the CDP's more stringent methodology. The old methodology was revised given increased investor pressure and to align it to the Task Force on Climate-related Financial Disclosures. As a result ratings for both the CDP and Water Disclosure Project have declined in general globally. While our score is lower than the General Level average and the Africa regional average (both being B-), benchmarking indicates that relative to our peers this is still a good result within the construction and engineering sector.



Our annual reports to the CDP are available at <https://www.cdp.net/en>.

40

**Carbon regulations affecting our operations**

Regulatory requirements will increase the cost of fossil fuel-based inputs and the resultant carbon pricing mechanisms such as carbon tax will have the biggest impact on carbon intensive industries.

**South Africa**

South Africa's Carbon Tax Act was signed into law in May 2019 and will be implemented in two phases. In the first phase (June 2019 to December 2022), the carbon tax will impact industries using fossil fuels in stationary equipment (boilers and generators) with a thermal capacity of 10 megawatts and above. Our combined thermal capacity does not trigger this threshold and we will therefore not be directly impacted by the carbon tax in this phase.

Carbon tax on liquid fuels (petrol and diesel) will be imposed at source as an addition to fuel taxes, which may result in pass-through costs from increased fuel prices. The National Treasury will review the interaction between the carbon tax and the electricity generation levy at the beginning of the second phase starting in 2023, which may result in increased electricity prices.

**Canada**

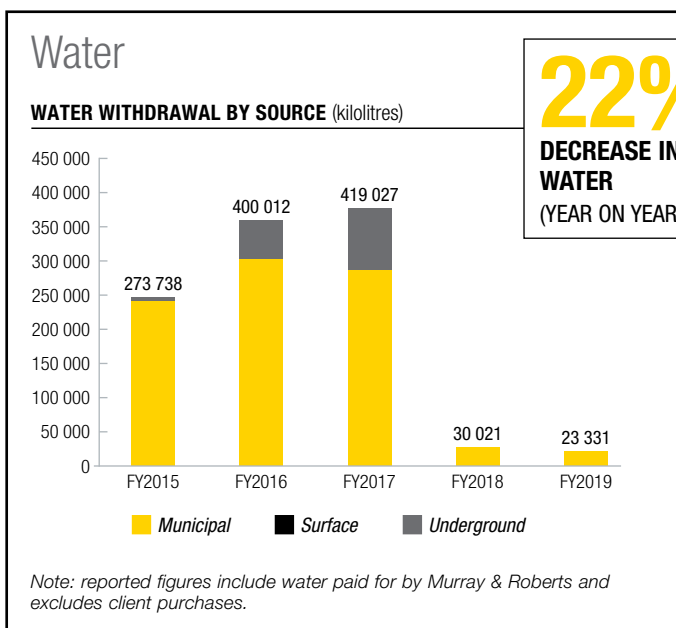
Canada's National Greenhouse Gas ("GHG") Pollution Pricing Act regulates the national carbon pricing system. Regulatory charges are incurred on fuel applicable to households, residential and industrial facilities as well as a regulatory trading system for large industry – the federal output-based pricing system ("OBPS"). The federal OBPS is designed to ensure there is a price incentive for large industrial emitters to reduce their GHG emissions and spur innovation.

Ontario, where we have a significant presence, did not implement a carbon pricing instrument and therefore did not satisfy the federal government's conditions. As a result, a federal backstop was imposed on the province in the form of a fuel levy effective from January 2019 along with the federal OBPS from April 2019. The proposed system could impact Cementation Canada's North Bay and Sudbury businesses however it should be noted that several provinces, including Ontario, are contesting the federal backstop. We will continue to monitor these developments and respond accordingly.

# REDUCE WATER CONSUMPTION

## A LARGE PART OF OUR OPERATIONS ARE CONDUCTED IN WATER-CONSTRAINED REGIONS, INCLUDING THE SADC REGION AND WESTERN AUSTRALIA.

Our businesses are encouraged to use water sparingly and implement water recycling measures and are guided by our water management standard. As a result, our water data has improved both in accuracy and completeness, and water consumed has reduced.



## 2018 WATER DISCLOSURE PROJECT

ACHIEVED A MANAGEMENT LEVEL WITH A

# B rating

2018: A rating

Our score was higher than the General Level average (C rating) and the Africa regional average (B- rating). A B rating is awarded where an organisation is seen to be taking steps to effectively reduce its water usage and advance water stewardship.



Our annual reports to the Water Disclosure Project for the past two years are available at <https://www.cdp.net/en>.



# RESPONSIBLE WASTE MANAGEMENT

**WE INVESTIGATE NEW ENGINEERING DESIGNS OR FIND ALTERNATIVE USES FOR WASTE MATERIAL TO AVOID THE GENERATION OF WASTE AND REDUCE OR ELIMINATE WASTE SENT TO LANDFILL SITES.**

Our waste streams include non-hazardous and general hazardous wastes.

## 35%

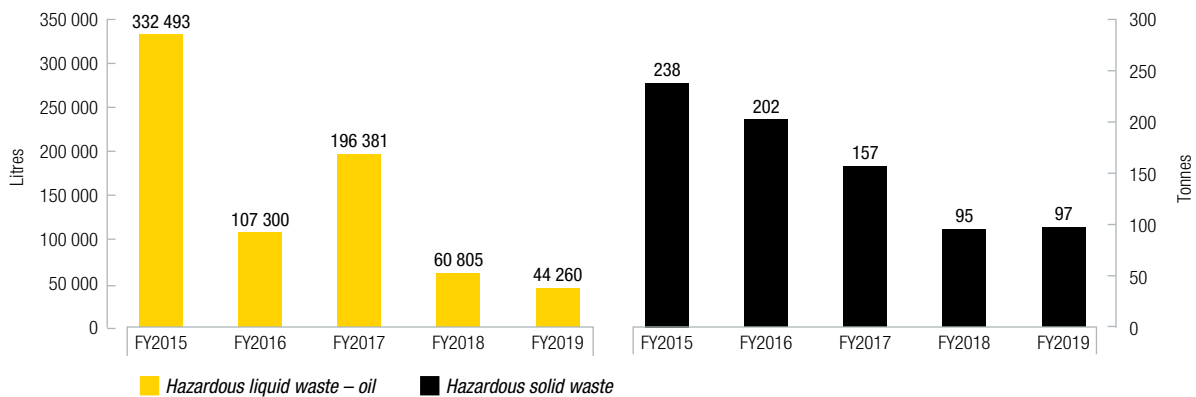
**DECREASE IN  
RECYCLED  
SOLID WASTE  
(YEAR ON YEAR)**

## 102%

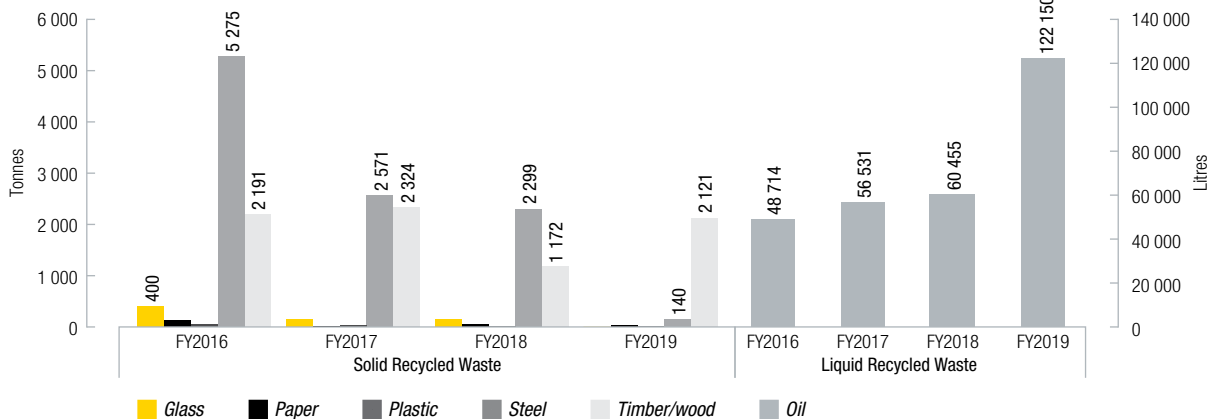
**INCREASE IN  
LIQUID WASTE  
RECYCLED  
(YEAR ON YEAR)**

## Waste

### WASTE MANAGEMENT (Solid and Liquid Hazardous waste)



### WASTE MANAGEMENT (Recycled waste)





# SUPPORT ENVIRONMENTAL CONSERVATION

**GIVEN THE WATER CONSTRAINTS EXPERIENCED IN SOUTH AFRICA AND OTHER PARTS OF AFRICA, AND CONSIDERING SOUTH AFRICA'S AGING MUNICIPAL WATER INFRASTRUCTURE, POWER & WATER IS WELL POSITIONED TO TAKE ADVANTAGE OF OPPORTUNITIES TO MITIGATE THESE RISKS.**

The platform has expanded its business portfolio to include more wastewater treatment and seawater desalination capabilities. Another area of opportunity for the platform is the renewable energy sector, including solar and gas-to-power.

**Outlined below are two of our projects to address water scarcity.**

## Demonstration Water Resource Recover Facility

During FY2019, our Demonstration Water Resource Recover Facility in Verulam, eThekweni, successfully demonstrated the Organica Water technology, which uses active biofilms on natural plants and engineered root structures to treat wastewater. Murray & Roberts Water ("MRW") operates the facility, which hosted visits from various municipalities, water boards, consultants, developers, funding institutions and prospective public and private sector clients. As a result a number of proposals have been developed for similar plants in the Eastern Cape, Gauteng, KwaZulu-Natal and Western Cape, which we hope to convert into uptake.

The facility is based at the Verulam wastewater treatment plant, which uses conventional activated sludge to treat water. In its one-year test cycle, the Organica plant demonstrated that its food chain reactor technology produces 50% less sludge than the conventional plant and uses 45% less energy than originally expected. The removal of pollutants in the Organica process are comparable to the conventional system, with substrate loading and removal rate per unit of reactor volume higher in the demonstration plant. Organica's research shows that as the ecology in the system develops in complexity, the quality of water is enhanced and a larger range of pollutants are more efficiently and effectively broken down. The technology produces a water quality that aligns to international specifications.

The facility has a 50% to 75% smaller physical footprint compared to conventional wastewater treatment solutions, saves around 30% in operational costs and provides a pleasant odourless botanical environment, meaning that the facilities can be built virtually anywhere. This reduces infrastructure costs to connect to customers and enhances land value around the facility.

Digital services, connecting the plant to the internet, have also been implemented. This enhances the remote monitoring and intervention capabilities to optimise the operation and maintenance of the plant. As part of the digital services, ammonia cascade control was implemented in FY2019 allowing the plant to increase the operational throughput from 120 kilolitres a day to between 160 and 180 kilolitres.

## Sustainable water supply for healthcare facilities

MRW operated and maintained small water treatment plants to treat borehole water to potable standard (SANS 241) at two Life Healthcare hospitals. The Life Health Vincent Pallotti Hospital is the first private hospital in the Western Cape province to operate completely off the grid due to its water filtration plant. Five additional borehole treatment plants for hospitals in the eMalahleni, eThekweni, Nelson Mandela Bay, Tshwane Metropolitan and uMngeni municipalities are expected to commence in FY2020.

# KEY DATA

## MOVEMENT KEY

|   |           |
|---|-----------|
| ✓ | Improved  |
| ↓ | Worsened  |
| → | No change |

|  | 2019               | 2018              | 2017    |   | Assurance |
|--|--------------------|-------------------|---------|---|-----------|
| <b>SAFETY</b>  |                    |                   |         |   |           |
| Fatalities   | 0                  | 1                 | 1       | ✓ | Limited   |
| Lost Time Injury Frequency Rate<br>(measured over a million hours)                 | 0.71               | 0.86              | 0.52    | ✓ | Limited   |
| Total Recordable Case Rate<br>(measured over a million hours)                      | 4.02               | 3.93              | 3.1     | ↓ |           |
| % of operations that maintained<br>OHSAS 18001 certification                       | 100                | 100               | 100     | → |           |
| <b>HEALTH AND WELLNESS</b>   |                    |                   |         |   |           |
| Occupational Disease Frequency Rate  | 0.17               | 0.24 <sup>1</sup> | 0.08    | ✓ |           |
| Number of voluntary HIV tests  | 1 748              | 2 554             | 3 513   | ↓ |           |
| HIV prevalence (% among employees tested)  | 4.0                | 1.6               | 3.0     | ↓ |           |
| New cases of tuberculosis  | 5                  | 9                 | 17      | ✓ |           |
| Number of random alcohol tests   | 1 346 961          | 1 169 997         | 932 753 | ✓ |           |
| % of alcohol tests that were positive  | 0.01               | 0.01              | 0.01    | → |           |
| Number of random drug tests  | 7 330              | 9 571             | 12 778  | ↓ |           |
| % of drug tests that were positive   | 0.5                | 1.3               | 1.1     | ✓ |           |
| <b>HUMAN CAPITAL</b>   |                    |                   |         |   |           |
| Number of permanent employees  | 9 634 <sup>2</sup> | 10 649            | 14 239  | ↓ |           |
| Workforce based in South Africa (permanent)  | 4 878              | 6 502             | 10 694  | ↓ |           |
| Number of individuals employed through contracting<br>and joint venture agreements | 1 692              | 1 857             | 6 384   | ↓ |           |
| Training and development spend (Rm)  | 105                | 130               | 144     | ↓ |           |
| <b>BBBEE SCORECARD</b>   |                    |                   |         |   |           |
| BBBEE status <sup>3</sup>  | Level 2            | Level 3           | Level 4 | ✓ | Verified  |
| BBBEE score (%)  | 97.72              | 91                | 89      | ✓ | Verified  |
| Equity ownership (%)   | 111.1              | 103.7             | 100     | ✓ | Verified  |
| Management control (%)   | 58.8               | 49.7              | 28.3    | ✓ | Verified  |
| Skills development (%)   | 97.7               | 73.6              | 59.8    | ✓ | Verified  |
| Enterprise and supplier development (%)  | 96.5               | 97.5              | 103.3   | ↓ | Verified  |
| Socioeconomic development (%)  | 100.8              | 110.9             | 100     | ↓ | Verified  |

## MOVEMENT KEY

|   |           |
|---|-----------|
| ✓ | Improved  |
| ↓ | Worsened  |
| → | No change |

|  | 2019                 | 2018                 | 2017                 |   | Assurance |
|--|----------------------|----------------------|----------------------|---|-----------|
| <b>PREFERENTIAL PROCUREMENT AS A % OF TOTAL PROCUREMENT</b>                    |                      |                      |                      |   |           |
| Qualifying small enterprises and exempted micro enterprises (%)                | 26.1                 | 30.2                 | 26.1                 | ↓ | Verified  |
| Suppliers that are >50% black owned (%)  | 38.9                 | 41.2                 | 43.9                 | ↓ | Verified  |
| <b>COMMUNITY DEVELOPMENT SPEND</b>   |                      |                      |                      |   |           |
| CSI in community programmes (Rm)   | 8,8                  | 8,0                  | 5,7                  | ✓ |           |
| Corporate office: Letsema Sizwe Trust (broad-based community commitments) (Rm) | 5,7                  | 5,9                  | 9,7                  | ↓ |           |
| Corporate office: Letsema Khanyisa Trust (employee benefits) (Rm)              | 4,4                  | 5,2                  | 4,8                  | ↓ |           |
| Total corporate social responsibility spend (Rm)                               | 18,9                 | 19,1 <sup>4</sup>    | 20,2 <sup>4</sup>    | ↓ |           |
| <b>ENVIRONMENTAL MANAGEMENT</b>  |                      |                      |                      |   |           |
| Energy usage (Gigajoules)  | 103 803 <sup>5</sup> | 161 674 <sup>5</sup> | 662 415 <sup>5</sup> | ✓ | Limited   |
| Carbon footprint (tonnes of CO <sub>2</sub> e)                                 | 12 797               | 19 117               | 66 274               | ✓ | Limited   |
| Water usage (kilolitres)   | 23 331               | 30 021               | 419 027              | ✓ | Limited   |
| ISO 14001 management system implementation (% coverage)                        | 100                  | 100                  | 100                  | → |           |

<sup>1</sup> Restated following rejection/repudiation of claims relating to eight noise induced hearing loss cases by the Compensation Commissioner.

<sup>2</sup> Reduced headcount is due to some large projects coming to an end and a restructure to address overhead costs.

<sup>3</sup> FY2019 and FY2018: Measured against the amended Construction Sector Code.

<sup>4</sup> Restated to exclude employee donations through the Murray & Roberts Child Welfare Fund. Murray & Roberts' matched amount is included in the Letsema Sizwe Trust amount.

<sup>5</sup> We have begun reporting energy in gigajoules rather than megawatt hours as this aligns to the GRI Reporting Standard. Prior year metrics have been converted accordingly.



**EMPLOYMENT EQUITY PROFILE FOR THE SOUTH AFRICAN WORKFORCE AT 30 JUNE 2019**  
 (NUMBER OF PEOPLE)

| LEVEL       | Men   |     |    |     | Women |    |    |     | Foreigners |       | Total | Black representation (%) |      |
|-------------|-------|-----|----|-----|-------|----|----|-----|------------|-------|-------|--------------------------|------|
|             | A     | C   | I  | W   | A     | C  | I  | W   | Men        | Women |       | 2019                     | 2018 |
| Top         | 2     | 0   | 1  | 7   | 1     | 0  | 0  | 0   | 1          | 0     | 12    | 33                       | 18   |
| Senior      | 6     | 3   | 2  | 45  | 1     | 0  | 1  | 5   | 3          | 0     | 68    | 20                       | 18   |
| Middle      | 116   | 31  | 26 | 182 | 21    | 5  | 11 | 33  | 13         | 1     | 439   | 48                       | 43   |
| Junior      | 1 158 | 67  | 20 | 374 | 135   | 13 | 12 | 56  | 22         | 2     | 1 859 | 76                       | 75   |
| Sem-skilled | 1 562 | 17  | 2  | 36  | 292   | 11 | 2  | 18  | 168        | 0     | 2 108 | 89                       | 93   |
| Unskilled   | 260   | 0   | 0  | 3   | 84    | 1  | 0  | 0   | 45         | 1     | 394   | 88                       | 95   |
| Total       | 3 104 | 118 | 51 | 647 | 534   | 30 | 26 | 112 | 252        | 4     | 4 878 | 79                       | 79   |

A = African, C = Coloured, I = Indian and W = White.

1 Management level.

## Value added statement

|   | 2019      | % change | 2018      |   |
|---|-----------|----------|-----------|---|
| <b>FINANCIAL PERFORMANCE</b>                                  |           |          |           |   |
| Revenue (Rm)  | 20 167    | (8)      | 21 847    | ↓ |
| Operating costs (Rm)  | 19 376    | (8)      | 20 983    | ↓ |
| Cash and cash equivalents (Rm)                                | 3 455     | 40       | 2 464     | ✓ |
| Operating cash inflow (before dividends) (Rm)                 | 1 311     | 84       | 713       | ✓ |
| Order book relative to revenues (Rm)                          | 2.3 times | 64       | 1.4 times | ✓ |
| <b>ECONOMIC CONTRIBUTION AND DISTRIBUTION TO STAKEHOLDERS</b> |           |          |           |   |
| Value added to employees (Rm)                                 | 10 576    | (23)     | 13 811    | ↓ |
| Value added to providers of finance (net) (Rm)                | 53        | 29       | 41        | ✓ |
| Value added to Government (Rm)                                | 344       | 136      | 146       | ✓ |
| Value added to maintain and expand the Group (Rm)             | 814       | 11       | 734       | ✓ |
| Total value added (Rm)  | 11 787    | (20)     | 14 732    | ↓ |

Note: the Group did not receive any significant financial assistance from the South African Government during the reporting year.

# INDEPENDENT LIMITED ASSURANCE REPORT

## TO THE DIRECTORS OF MURRAY & ROBERTS LIMITED

### Introduction

IBIS ESG Assurance (Pty) Limited (IBIS) has been engaged by the Directors of Murray & Roberts Limited (Murray & Roberts) to perform an independent assurance engagement in respect of selected sustainability information included in its Sustainability Report (the report) for the year ended 30 June 2019 (1 July 2018 – 30 June 2019). This assurance report is produced in accordance with the terms of our engagement letter signed 19 June 2019.

IBIS is an independent and licensed provider of sustainability assurance services. This engagement was conducted by a multidisciplinary team of assurance specialists with extensive experience in sustainability reporting. The assurance team was led by Petrus Gildenhuys who has more than 20 years' experience in sustainability performance measurement involving both advisory and assurance work.

### Scope and subject matter

The scope of the subject matter for limited assurance in accordance with the ISAE3000 (Revised) assurance standard, as captured in the agreement with Murray & Roberts covering the Group with no exclusions, included:

#### Environment

- Scope 1 and Scope 2 (location-based) Greenhouse Gas (GHG) emissions as defined by The GHG Protocol: A Corporate and Accounting Standard – Revised Edition (WRI & WBCSD, 2004) ("GHG Protocol") from:
  - Diesel used (mobile)
  - Diesel used (stationary)
  - Petrol used
  - Electricity purchased
- Total amount of energy used
- Total water withdrawal

#### Safety

- Number of fatalities
  - Lost Time Injury Frequency Rate (LTIFR)
- IBIS' responsibilities do not extend to any other disclosures or assertions.

### Respective responsibilities

#### Directors of Murray & Roberts

The Directors of Murray & Roberts are responsible for the generation, collection and presentation of the selected sustainability information within the Report.

Murray & Roberts is also responsible for maintaining adequate records and internal controls that support the reporting process during the reporting period.

#### Independent Assurance Provider

IBIS' responsibilities were to conduct an assurance engagement and to report its conclusions to the Directors in accordance with the assurance procedures followed.

IBIS conducted the engagement in alignment with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance engagements other than audits or reviews of historical financial information issued by the International Auditing and Assurance Standards Board, which Standard inter alia requires that the assurance practitioner follows due process and comply with ethical requirements.

## Summary of work performed

Murray & Roberts provided IBIS with the relevant supporting information and documentation related to the selected sustainability information reported.

IBIS applied the Murray & Roberts' corporate Data Reporting Standards, the Global Reporting Initiative (GRI) Standards, as well as the GHG Protocol (for environmental indicators) as audit criteria in respect of the underlying data in the scope of the assurance engagement.

IBIS' limited assurance procedures consisted of:

|                   |  |
|-------------------|--|
| <b>TESTING</b>    | Testing, on a sample basis, the measurement, collection, aggregation and reporting processes in place  |
| <b>INTERVIEWS</b> | Interviews with relevant functional managers at Murray & Roberts to understand and test the processes in place for maintaining information in relation with the subject matters in the assurance scope |
| <b>INSPECTION</b> | Inspection and corroboration of supporting evidence to evaluate the data generation and reporting processes against the assurance criteria   |
| <b>ASSESSING</b>  | Assessing the presentation of information in the Sustainability Report relevant to the scope of work for consistency with the assurance observations   |
| <b>REPORTING</b>  | Reporting the assurance observations to management as they arose to provide an opportunity for corrective action prior to completion of the assurance process  |

## Inherent limitations

The reliability of the reported sustainability data is subject to inherent uncertainty, given the available methods for determining, calculating or estimating the underlying information. It is important to understand our assurance conclusions in this context.

In addition, the evidence gathering procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

## Other matters

The maintenance and integrity of the Murray & Roberts website is the responsibility of Murray & Roberts' management. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to either the information in the report or our independent assurance report that may have occurred since the initial date of presentation on the Murray & Roberts website.

## Restriction of liability

Our work has been undertaken to enable us to express the opinion and conclusions on the selected sustainability information to the Directors of Murray & Roberts in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume responsibility to any third parties i.e. other than the Directors and the company, for our work or for this report to the fullest extent permitted by law, save where such third parties have obtained our prior written consent.

## Assurance conclusion

We believe that the information provided by Murray & Roberts and the work performed by IBIS are sufficient and appropriate to form a basis for our limited assurance conclusion.

In our opinion, and based on our limited assurance procedures, nothing has come to our attention that causes us to believe that the selected sustainability information set out in the assurance scope above and prepared for the year ended 30 June 2019, is not fairly represented in all material respects.



**Petrus Gildenhuys**

Director  
IBIS ESG Assurance (Pty) Ltd  
Johannesburg, 12 September 2019

*IBIS ESG Assurance is an independent provider of environmental, social and corporate responsibility consulting and assurance services. More information about IBIS is available at <http://www.ibisconsulting.com>.*



The principle of ***Engineered Excellence*** informs all our decision-making. It means we **engineer** or plan everything we do, in such a way that we achieve an outcome of **excellence**.

## ENGINEERED EXCELLENCE

