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GLOSSARY

Acronyms and terms used in this report **PG 148**

01 Group overview

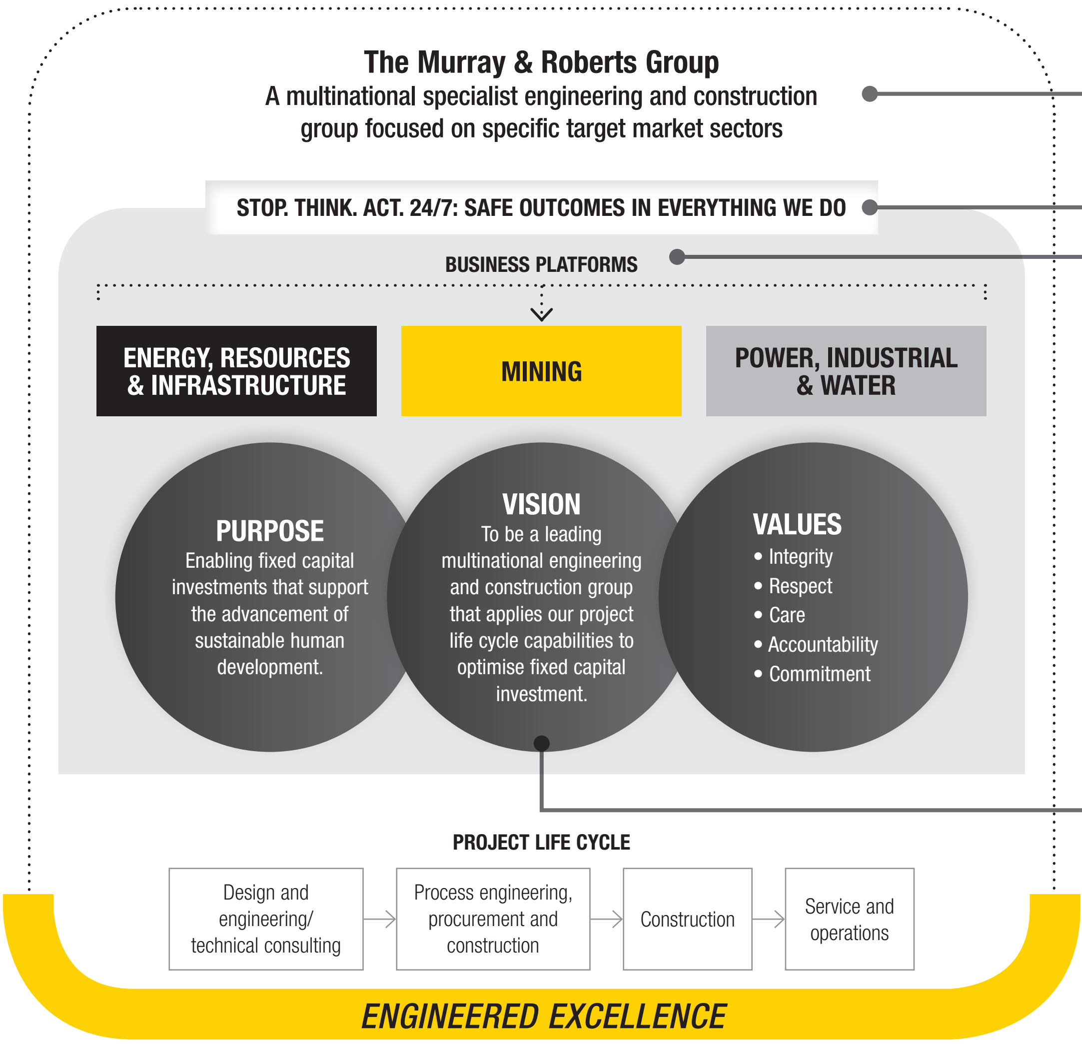

CLOUGH
RIGGERS

Purpose-led value creation

Murray & Roberts enables and optimises fixed capital formation that corporations, governments and institutions commit to the advancement of sustainable human development.

The Group's purpose-led business model connects our capabilities to the investment our clients make in infrastructure that advances sustainable human development. Through the critical infrastructure we design, construct, maintain and operate, we empower global communities.

The Group's Purpose makes sustainable human development central to our governance approach, our competitiveness as a contractor and employer of choice, and our commitments as an ethical corporate citizen. As the Group moves to realise greater opportunities for growth, profitability and value creation, our strategic choices will continue to be framed by our Purpose, inspired by our Vision and guided by our Values.



Chairman's statement PG 46

Our **market focus includes sectors that conscious capital investment will favour** as the world seeks to sustainably meet the needs of a growing and urbanising global population, and address severe socioeconomic and ecological imbalances.

Our commitment to **safe outcomes in everything we do**, grounds our aspiration to make Zero Harm a reality. Our safety record, our standing as a desirable employer and our care for community wellbeing, are hallmarks of the Group.

Our **business platforms are expected to align with Group culture**, which is guided by our Values and operationalised by our philosophy of *Engineered Excellence*. This alignment underpins our expectations for sustainable earnings growth, and industry-leading ESG performance in the years ahead.

We **design and deliver projects across the engineering and construction value chain** that are financially viable, with better outcomes for clients and lasting socioeconomic and environmental value for local communities and host countries; in return for maximum value recognition for the Group.

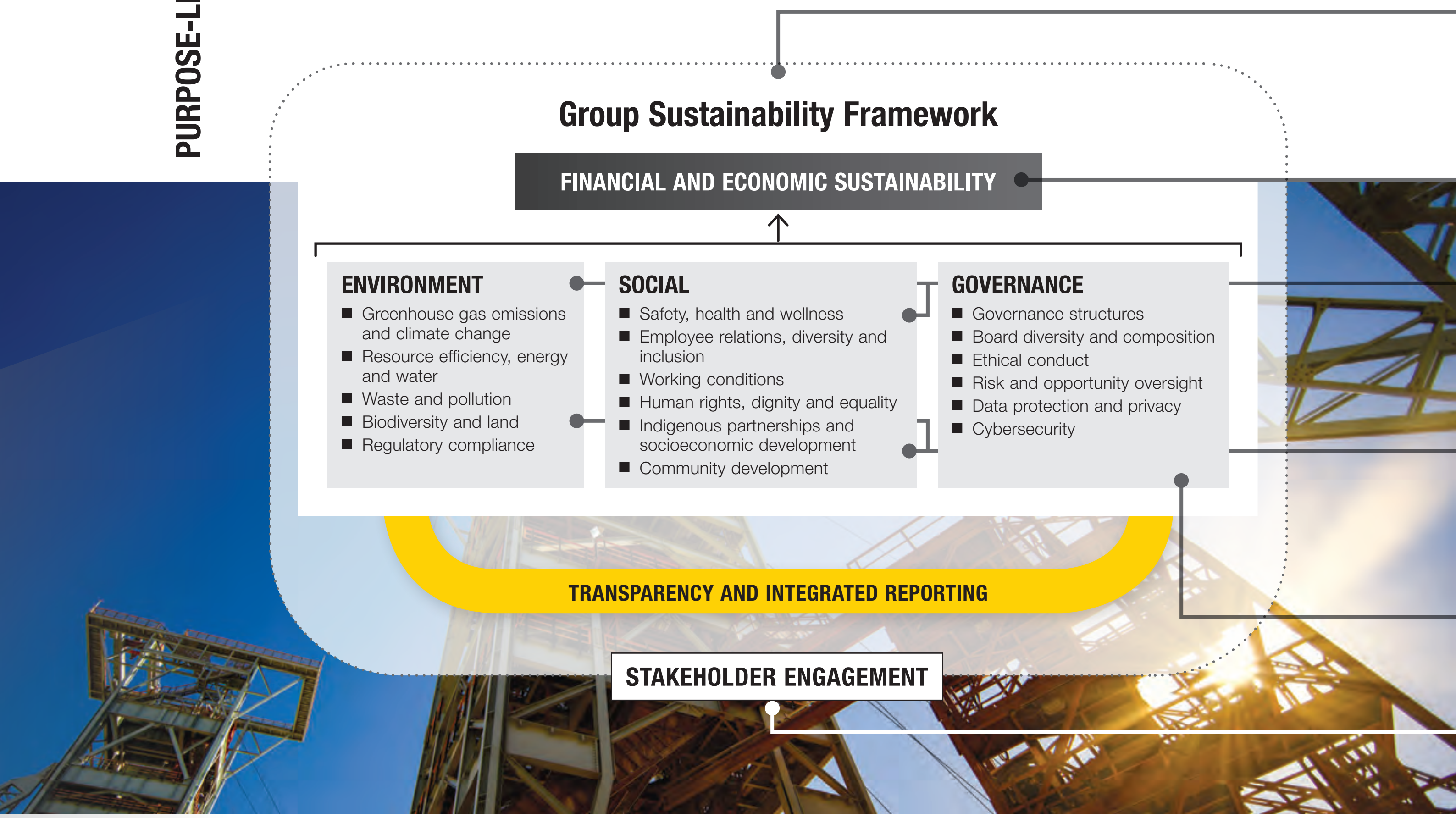
The Group overview in its entirety provides further insight on the Group's business model, the inputs we require to create value for our stakeholders and the outcomes we expect **PG 06**.

INTEGRATED THINKING

Sustainability thinking is integrated in the way we deliver our projects and conduct our business, and we operate under high expectations and stringent ESG guidelines.

Sustainability is central to our commitment to protect and deepen our reputation as a profitable, well-governed, ethical and responsible multinational organisation. Harmonising ESG imperatives with commercial opportunities is seen by the Board as an ethical obligation for the Group. It is also a requirement on which clients and funders insist and an important source of competitive differentiation for our business platforms.

ESG is integrated into our decision-making processes as we strive to understand, measure and manage the full impact of each decision we make. The Group's sustainability framework (depicted below) governs and focuses our approach to managing the pertinent risks and opportunities, impacts and outcomes related to ESG imperatives. Continual improvement of the Group's standards, systems, practices and reporting in response to shifts in our operating context and the needs and expectations of our stakeholders embeds sustainable practices across our business platforms. Shared learning within and across our businesses supports consistency.



The commercial and ESG outcomes we expect are built into our performance management and development processes, which are linked to our remuneration and incentive schemes. Performance contracts align individual and team performance targets to the Group's strategic objectives, across five performance dimensions (see below). These are cascaded from the performance criteria set by the Board for the Group chief executive officer to platform leadership, middle and line management levels at the beginning of each financial year.

01 FINANCIAL

- Satisfied shareholders through value creation.
- Achievement of business objectives.

02 LEADERSHIP

- Murray & Roberts brand respected internationally.
- Recognised as a diverse, high-performing organisation.
- Renowned for leadership development and capacity.

03 RELATIONSHIPS

- Stakeholder partnerships leveraged for growth.
- Internal and external trusting and open relationships.
- Recognised as an employer of choice.

04 OPERATIONAL

- Global capabilities harnessed to deliver successful project outcomes.
- Effective systems and controls to ensure successful project delivery.
- Sustainability and governance emulated by industry.

05 RISK

- Recognised for outstanding HSE results.
- Effective risk management.

Aligning with escalating stakeholder expectations on ESG, **we revised our Group Sustainability Framework.** The Framework provides the overarching approach to managing ESG across jurisdictions in which we operate, and commits us to:

Creating sustainable value for shareholders, clients, employees, partners and suppliers, and the communities in which we operate.

Understanding and mitigating our operational risks and taking advantage of opportunities for differentiation.

Maintaining a Zero Harm mindset to managing our impacts on the environment, our workforce, communities and other stakeholders.

Continuing to apply global best practice in corporate governance.

Engaging with our stakeholders and taking their views and concerns into consideration when making strategic and operational decisions.

GROUP ESG RATING

CEN-ESG, based in the United Kingdom, assessed the Group's ESG performance and disclosure, providing a baseline for further improvement. The Group achieved an ESG disclosure score of 31.5, comparing favourably with the average of 30.2 for the industrials sector. For context, best-in-class FTSE100 companies scored an average of 57.4 points during the same period. Selected peers and clients achieved an average score of 38.7 points. From this baseline, the Group will continue to align our practices, performance measures and reporting to relevant international accountability frameworks, to benefit both our commercial and ESG aspirations.

STAKEHOLDER ENGAGEMENT POLICY

Trust is created by organisational behaviours valued by stakeholders and is based on confidence in both character and competence. Our reputation as a credible global operator and respected multinational rests on the value we create for our employees, clients and owners, and for local companies, host communities and countries in which we work.

Our Group stakeholder engagement policy ensures that the legitimate expectations and concerns of our stakeholders are placed at the centre of our strategy formulation and execution. It outlines our engagement responsibilities and applies to all our businesses and employees.

The policy requires that we:

- Comply with King IV recommended practices pertaining to stakeholder relationships.
- Integrate stakeholder engagement into the Group's ongoing management and business activities.
- 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.

The Group sustainability report provides detailed disclosure on the Group's governance structures and performance, related to our material socioeconomic and environmental impacts; and how we are responding to the needs and expectations of our stakeholders **ONLINE**.

Delivering our *New Strategic Future*

Steadfast, disciplined and agile implementation of our strategy has consolidated our long-term potential and our ability to realise it. From this vantage point, we are confident our stakeholders can look forward to a multi-year period of strong earnings growth and meaningful value creation.

Our *New Strategic Future* plan was designed to deepen our resilience to market cycles by achieving diversification across geographies and capabilities. We also sought to ensure our relevance by carefully choosing our target market sectors, which required broadening our market scope in recent years. While cyclicality is a typical feature of natural resources markets, specialised infrastructure and lower-carbon energy sources provide a long-term structural underpin to our growth potential.

Our business platforms have built credible positions in market sectors and regions likely to attract elevated capital investment, and their differentiation as specialist contractors, active across the entire project life cycle, will support sustainable earnings growth in the years ahead. The substantial stimulus earmarked for infrastructure-led socioeconomic recovery and redevelopment as the world emerges from the COVID-19 pandemic are important drivers of our investment case.

A SPECIALIST MULTINATIONAL ENGINEERING AND CONSTRUCTION GROUP…

Our strategically mature business platforms are focused on market sectors and regions with the best opportunities for growth, diversification and differentiation.

…ABLE TO OPTIMISE VALUE ACROSS THE PROJECT LIFE CYCLE…

As specialist contractors in their regions, end-to-end insight and control across the project life cycle optimises client, local community and host country value.

…DIFFERENTIATED BY A VALUES-LED CULTURE OF *ENGINEERED EXCELLENCE*…

Mature policies, management systems, business principles and practices, and shared learning enable differentiated services beyond competitive pricing.

…WITH CREDIBLE POSITIONS IN MARKET SECTORS WITH LONG-TERM POTENTIAL…

Structural demand for certain commodities, infrastructure-led socioeconomic recovery and global decarbonisation indicate robust capital investment in our market sectors.

…TO STRENGTHEN SUSTAINABLE EARNINGS AND SHAREHOLDER VALUE GROWTH.

Diversification across market sectors, regions and service offerings optimises earnings and risk, reflected in a record-high quality order book and strong project pipeline.

CONSISTENT STRATEGIC DELIVERY

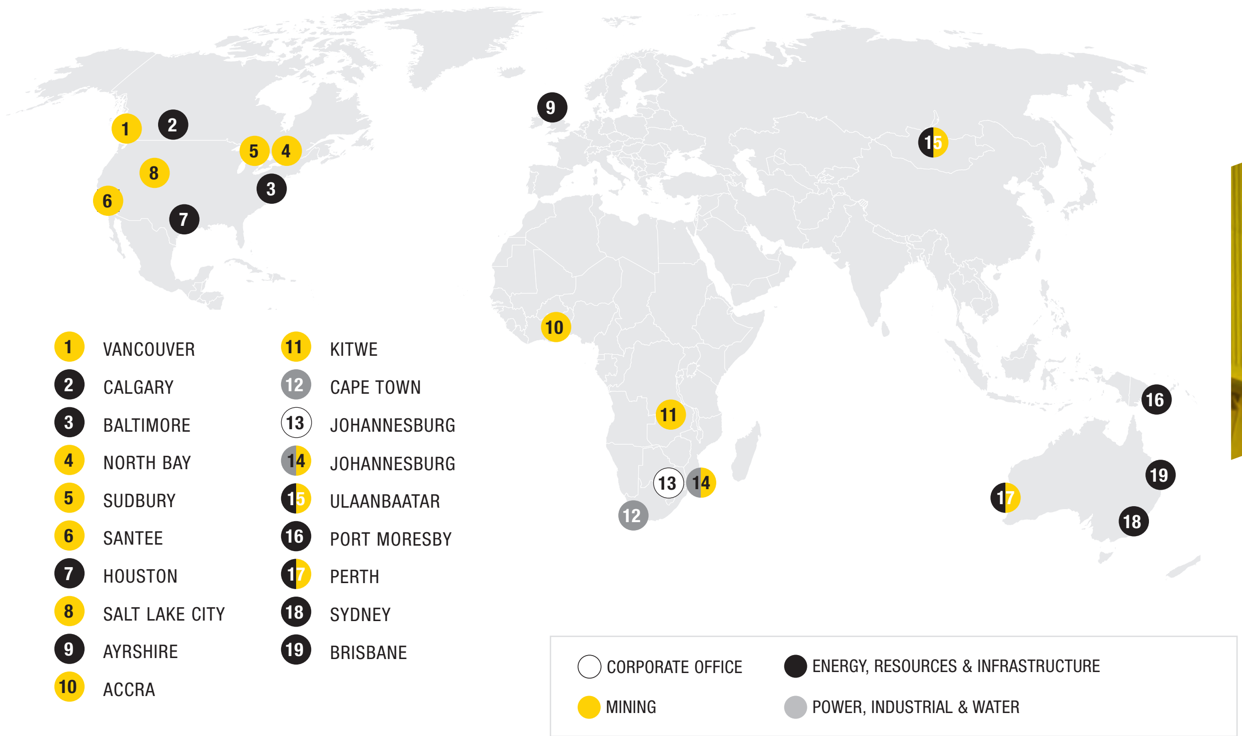
Over the last decade, the Group has dealt with threats to our financial stability and reputation, and navigated a long period of unpredictable conditions and unforeseen global events that severely disrupted global capital investment in our markets. Despite severe challenges, leadership has held true to our long-term strategic direction and course corrected where needed, to position our business platforms in market sectors with long-term growth potential. We have also sought to ensure we have the capabilities, capacity and credibility to deliver on the Group's high-value, quality order book.

Phase	Event	Date	Event
RECOVERY (FY2012)		JULY 2011	New **Group CEO and CFO** appointed
	Negotiated debt package **R4,0bn**	NOVEMBER 2011	
		MARCH 2012	Rights Issue **R2,0bn**
GROWTH YEARS (FY2013 & FY2014)		MARCH 2013	Disposal of Clough's 36% investment in Forge **R1,8bn**
	Competition Commission **Settlement**	JUNE 2013	
		DECEMBER 2013	Clough becomes a wholly-owned subsidiary **R4,4bn**
	Proceeds from disposal of companies **R3,2bn**	UP TO MARCH 2014	
		JUNE 2014	Settled GPMOF claim realising **R300m profit**
NEW STRATEGIC FUTURE (FY2015+)		AUGUST 2014	Resumes **dividend payments**
	Acquisitions: ■ CH-IV (US) ■ Booth Welsh (EU) ■ Aquamarine (SA) ■ Enercore (Canada) ■ Merit (Canada)	SEPTEMBER 2014 TO JANUARY 2016	
		OCTOBER 2015	Grayston Bridge **temporary works structure collapse**
	Settled **Gautrain claims** and **VRP Agreement**	DECEMBER 2016	
		MARCH 2017	JSE Sub-sector change and new financial director appointed
	Sale of **Infrastructure & Building** closed-out **R314 million**	APRIL 2017	
		DECEMBER 2017	Conclusion of **additional investment in Bombela (50%)**
	ATON mandatory offer	APRIL 2018	
		MAY 2018	Conclusion of **sale of Genrec**
	Acquisitions: ■ Oil & Gas EPC (US) ■ TNT (US) ■ Boipelo Mining Contractors	APRIL & MAY 2019	
		SEPTEMBER 2019	■ ATON **mandatory** offer withdrawn ■ Acquired OptiPower Projects (SA)
	Murray & Roberts posts a **record order book of R60,7bn**	JUNE 2021	

GLOBAL SCOPE AND REGIONAL STRENGTH

The Group's geographic footprint reflects a permanent presence in high-growth regions for our clients. We also support clients in other geographies, occasionally in joint venture with local partners. The Group favours lower-risk developed markets and higher-margin market segments in which the regional capabilities and competitive advantages of our platforms can be fully leveraged to achieve growth. We continue to seek opportunities for growth, either organically or through acquisition, to further diversify our earnings potential and risk exposure.

Our business platforms are well-led, -diversified, -positioned and -governed. They have the management structures and systems, and the capabilities needed to thrive in their regional markets. Active across the project life cycle, they provide specialised and competitive end-to-end service offerings to clients in our market sectors, while diversifying their revenue and margin mix. Their regional strength also provides some protection from disruptions to global project supply chains and international skills deployment.



ENERGY, RESOURCES & INFRASTRUCTURE

Market focus
Americas, Asia, Australia, EMEA

Global capabilities: energy

Australasian capabilities: energy, resources (metals and minerals) and infrastructure markets.

- Detailed engineering
- Procurement
- Construction
- Commissioning & maintenance

MINING

Market focus
Africa, Americas, Asia, Australia

Global capabilities: underground and open pit mining services and material logistics, in global metals and minerals markets.

- Detailed engineering
- Procurement
- Construction
- Commissioning & maintenance
- Operations

POWER, INDUSTRIAL & WATER

Market focus
Sub-Saharan Africa

Regional capabilities: power, industrial and water markets.

- Detailed engineering
- Procurement
- Construction
- Commissioning & maintenance

Business platform reviews PG 58


Murray & Roberts

A strategy for shareholder value creation

Strategic themes	Corporate actions	Key objectives
STRATEGY EXECUTION AND DELIVERY	Strategic focus	■ Ensure delivery of clear medium-term business plans across our platforms. ■ Support platforms in resolving potential project resourcing constraints to growth. ■ Expand existing operations into high-growth regions. ■ Close-out Middle East claims.
	Mergers and acquisitions	■ Identify acquisitions to sustain and diversify earnings growth, deepen capacity and specialism, and support expansion in developed markets and higher-margin segments.
OPERATIONAL PERFORMANCE	Performance management	■ Ensure accountability for the standards, systems, practices and reporting of *Engineered Excellence.* ■ Maintain excellence in project planning, contracting and delivery to manage heightened commercial and execution risk and optimise earnings potential. ■ Accelerate platform digital strategies to improve project design, safety, accuracy of execution and reporting, to improve margins and drive market share. ■ Achieve ROICE targets and earnings guidance. ■ Achieve target overhead costs through the cycle.
OPTIMAL CAPITAL STRUCTURE	Balance sheet management	■ Manage short-term liquidity constraints as project activity ramps up. ■ Target appropriate gearing level to support sustainable growth.
CASH RETURNS TO SHAREHOLDERS	Dividend policy	■ Resume annual dividend and supplement from time to time with a special dividend.
SHAREHOLDERS	Shareholder engagement	■ Secure support from shareholders on strategy and value proposition. ■ Continuously improve ESG performance and reporting to meet and exceed industry benchmarks.

Group chief executive's and financial director's report **PG 50**

The degree to which our business platforms align with the Group's Purpose, strategy and culture, will strengthen the stability and sustainability of our earnings growth as our target markets turn positive.

Our strategic progress has brought our business platforms closer to the aspirations of our *New Strategic Future* plan. Beyond market and regional diversification, and offering services across the project value chain, strategic maturity is a measure of their ability to consistently deliver safe, well executed and profitable projects. The Group's governance and management systems, and disciplined approach to managing complex risks, especially those associated with large lump sum projects, support our ability to create shareholder value over the longer term.

FY22	FY23	FY24	Risk drivers	Link to material issues
✓ ✓ ✓ ✓ ✓	✓ ✓ ✓ ○ ✓	✓ ✓ ✓ ○ ✓	**STRATEGIC RISKS** ■ Vulnerability to macroeconomic factors. ■ Group liquidity. ■ Capitalising on the recovery of energy markets. **PROJECT RISK** ■ Uncertified revenues.	Strategic maturity Contractor of choice Employer of choice
✓ ✓ ✓ ✓ ○	✓ ✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	**STRATEGIC RISKS** ■ Vulnerability to macroeconomic factors. ■ Group liquidity. ■ Capitalising on the recovery of energy markets. **OPERATIONAL RISKS** ■ Health, safety and environmental exposures. ■ Community and industrial unrest. ■ Project delivery. **PROJECT RISKS** ■ Project losses. ■ Uncertified revenues.	Contractor of choice Employer of choice Corporate culture
✓ ✓	✓ ✓	○ ✓	**STRATEGIC RISK** ■ Group liquidity. **PROJECT RISK** ■ Uncertified revenues.	Strategic maturity
✓	✓	✓	**STRATEGIC RISK** ■ Group liquidity.	Strategic maturity
✓ ✓	✓ ✓	✓ ✓	**STRATEGIC RISKS** ■ Vulnerability to macroeconomic factors. ■ Group liquidity.	Strategic maturity

✓ Applicable
○ Not applicable

Risk management report **PG 94**

Managing our material issues **PG 30**

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LEADERSHIP REVIEW
BUSINESS PLATFORM REVIEWS
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SUMMARISED FINANCIAL RESULTS
SHAREHOLDERS' INFORMATION

Engineered Excellence for strategic advantage

> *Our competitiveness as a contractor and an employer, and our ability to secure optimal value from our projects within manageable risk, rely on the consistent application of Engineered Excellence.*

This operating philosophy, which together with our Values define the Group's culture, brings discipline and rigour to every decision and action. It is embedded within our businesses through various policies and management systems, including the Group Sustainability Framework, our HSE framework, the Group Statement of Business Principles and the Group ethics framework. These frameworks set clear expectations for our employees, platforms and business partners, and their application is tightly governed throughout the Group.

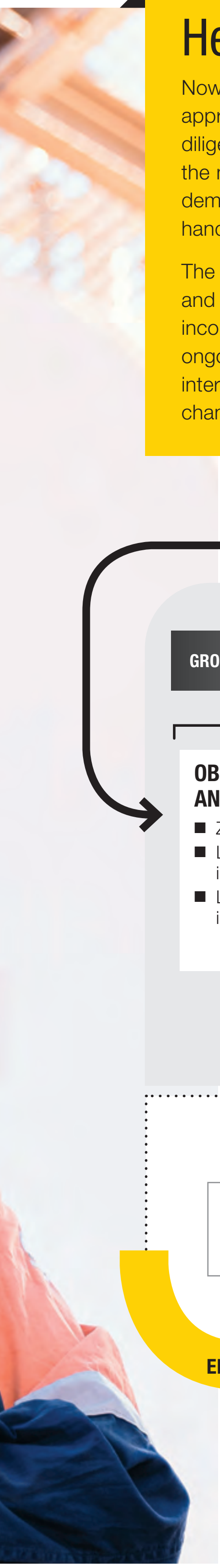
Engineered Excellence defines our management approach at every level of the organisation. Vested in careful and conscious planning, its application demands leadership commitment, shared learning and continuous improvement. In our responses to challenging operating contexts, in making unavoidable trade-offs and sequencing our priorities, it aims to remove chance from our pursuit of the outcomes our stakeholders expect; it therefore fortifies our aspiration to be a contractor and an employer of choice.

CONTRACTOR OF CHOICE

Project excellence is an important differentiator in competitive markets. Recognition as a contractor of choice supports our ability to secure work, negotiate fair commercial terms, mitigate HSE and other risks and enhance project delivery. For the Group, disciplined management of commercial and execution risk in tendering and executing projects, serves to minimise losses and protect margins.

Ensuring our competitiveness extends to swiftly and comprehensively implementing Group frameworks in acquired businesses, and ensuring that our joint-venture partners align to the Group's project delivery standards, including HSE, compliance, conduct and reputational risk management. To support our specialism and productivity, the Group is centrally coordinating the accelerated digitalisation of our businesses and project management systems for better safety, efficiency and productivity of project teams and equipment.

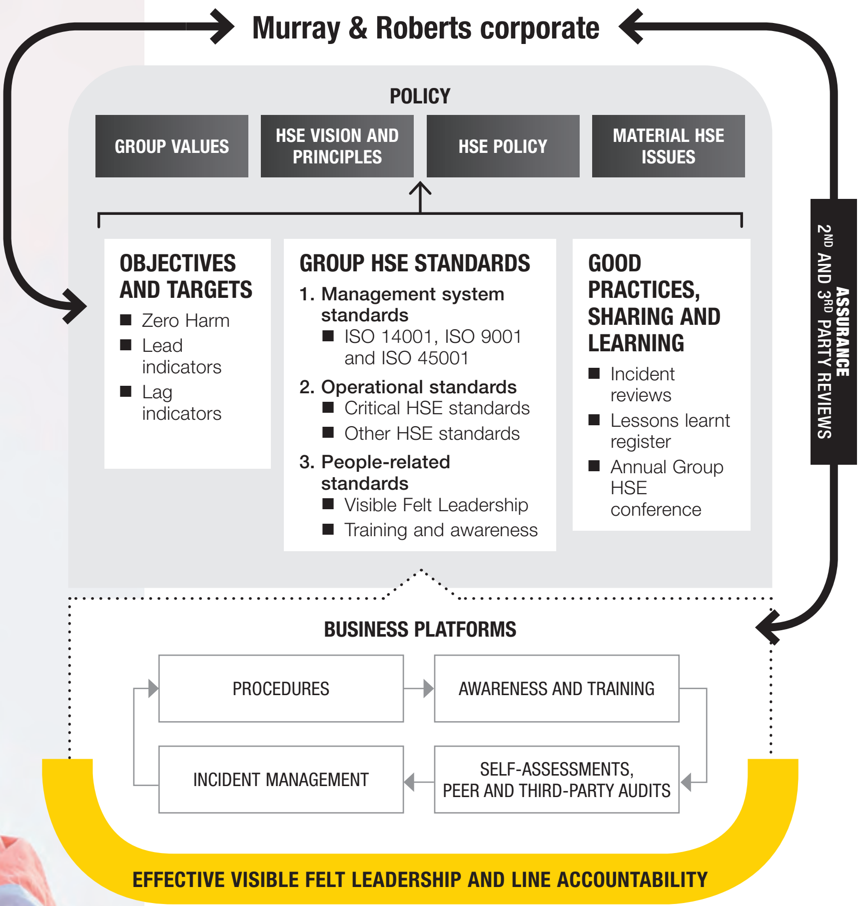
Business platform reviews **PG 58**



Health, safety and environment

Nowhere is our focus on *Engineered Excellence* clearer than in our approach to safety. The continuous improvement in the evolution and diligent application of our HSE framework has measurably enhanced the maturity of the Group's safety culture. Many of our projects are demonstrating that production, quality and safety performance go hand in hand.

The Group's HSE framework (see below) outlines the role, responsibility and accountability of the corporate office and business platforms, and incorporates recommendations from independent experts and from ongoing risk assessments and audits. It is focused on high-impact interventions, such as managing critical safety risks and the risk of change (including demobilisation).



Health and safety performance **ONLINE**

Key safety measures

After achieving a two-year fatal incident free record, the Group regrettably suffered a fatal incident early in the financial year. Wilfred Moleofi (33), who worked for OptiPower Projects, sustained fatal injuries at one of our projects in South Africa.

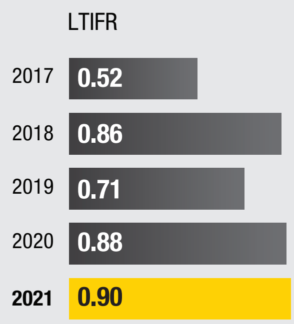
Following a comprehensive investigation, we implemented the required corrective measures to prevent reoccurrence of similar incidents.

To break through the plateau in improvement, typical of safety performance at the levels the Group has achieved, we are giving increasing emphasis to lead indicators to help prevent safety incidents.

Projects delivered with Zero Harm

80%

improvement



LEAD SAFETY INDICATORS

- HAZARDS OBSERVATIONS
- LEADERSHIP ENGAGEMENTS
- COMPLIANCE WITH MAP PROGRAMME

The Group continues to pursue opportunities to minimise the impact of its business activities on the environment and to assist clients in meeting their environmental objectives. All companies in the Group are required to adopt high environmental management standards, including implementing and maintaining internationally recognised environmental management systems, using project input materials responsibly and efficiently, and complying with legislative requirements.

Our Climate Change Position Statement commits the Group to:

- Continuing to monitor and reduce our carbon footprint.
- Evaluating our participation in new projects against the environmental imperative to mitigate climate change impacts.
- Collaborating with clients and stakeholders in the supply chain to find innovative solutions to reduce carbon emissions in their market sectors.
- Growing our service offering in the renewable energy sector.

OUR KEY ENVIRONMENTAL RISKS INCLUDE:

1 Increasing regulatory requirements related to energy and climate change, which could lead to increased costs.

2 Project disruptions due to extreme and unpredictable weather conditions, including floods, fires and storm surges.

3 Undertaking 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.

Guided by the ultimate objective of sustainable value creation, we are striving to become a part of the solution to pressing environmental challenges. We will do this by continuing to develop and implement new service offerings and reducing environmental impact in areas where we have influence. This extends to reducing our own environmental footprint. We will also continue to identify innovative ways to manage the physical risks of climate change on project delivery, improving our business resilience and assisting our clients. We participate in the Climate Change and Water CDP disclosures and have achieved Management Level Status on both.

During the year, we initiated a process of climate change scenario analysis focused on the mining sector in line with the TCFD framework. During this process, we identified key climate change drivers, risks and opportunities that are anticipated to impact our mining business. Based on these key drivers and uncertainties, we have developed three scenarios that will be further evaluated in the coming year. We also anticipate expanding the scenario analysis to other parts of our business.

Task Force on Climate-related Financial Disclosures Index **ONLINE**

Key environmental measures

Improving emissions reporting

Murray & Roberts has a well-established carbon footprint baseline for Scope 1 and 2 emissions extending back to FY2015. This year, we extended our emissions reporting by undertaking a Scope 3 carbon assessment and developing a system for annual Scope 3 emissions reporting.

Energy usage[1]

(gigajoules)

83 270

(FY2020: 87 701)

Scope 1 and Scope 2 emissions

(tonnes of CO_2e)

10 938

(FY2020: 11 039)

Scope 3 emissions

(tonnes of CO_2e)

45 300

REPORTED FOR THE FIRST TIME

Water usage

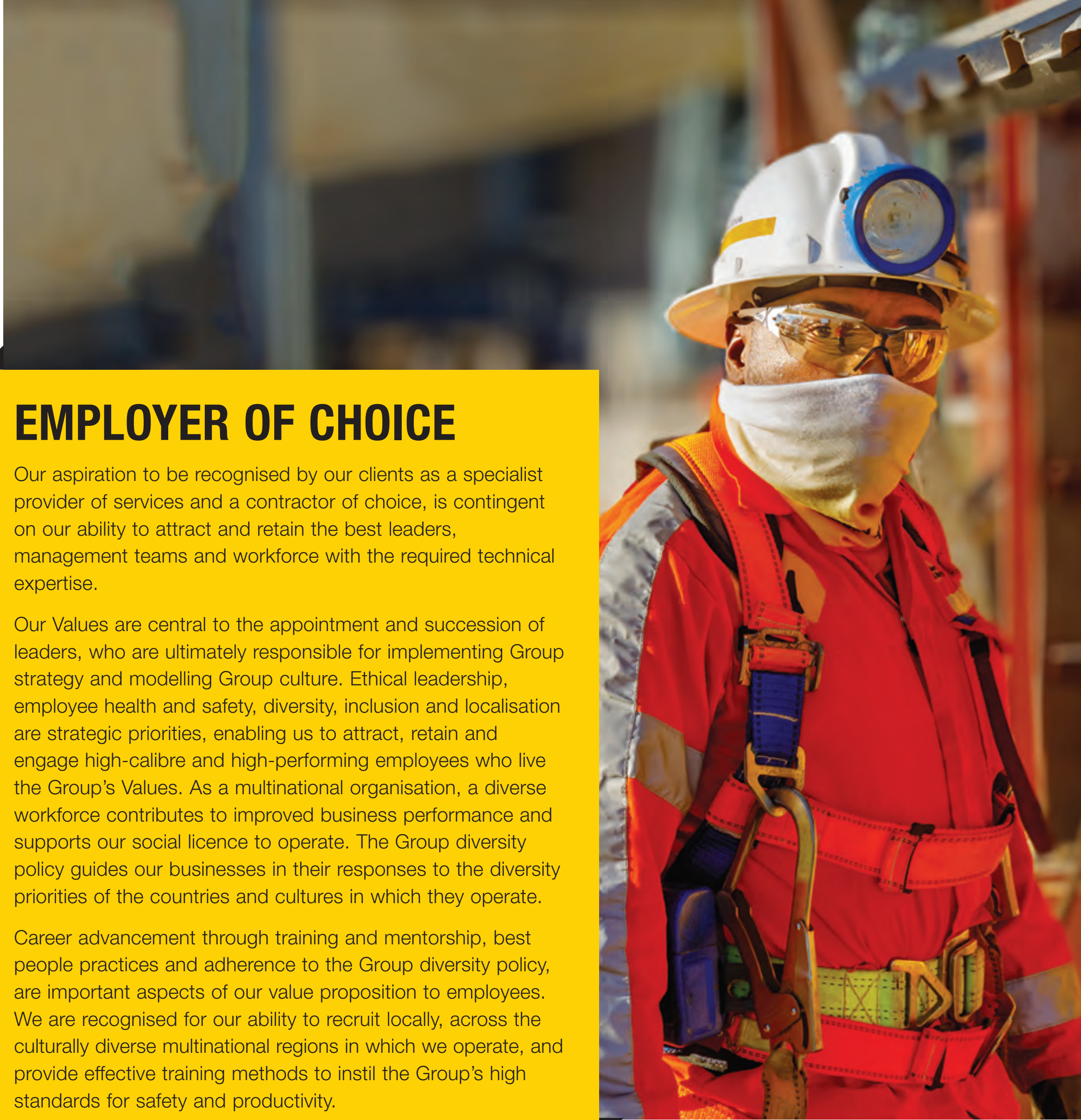
Megalitres

24.91

(FY2020: 25.17)

Environmental report **ONLINE**

1. Total energy consumed includes all direct (all fuel types) and indirect (electricity) energy sources, with the majority of sources used in FY2021 being diesel, petrol and electricity. Reported figures include energy paid for by Murray & Roberts and excludes client purchases.



EMPLOYER OF CHOICE

Our aspiration to be recognised by our clients as a specialist provider of services and a contractor of choice, is contingent on our ability to attract and retain the best leaders, management teams and workforce with the required technical expertise.

Our Values are central to the appointment and succession of leaders, who are ultimately responsible for implementing Group strategy and modelling Group culture. Ethical leadership, employee health and safety, diversity, inclusion and localisation are strategic priorities, enabling us to attract, retain and engage high-calibre and high-performing employees who live the Group's Values. As a multinational organisation, a diverse workforce contributes to improved business performance and supports our social licence to operate. The Group diversity policy guides our businesses in their responses to the diversity priorities of the countries and cultures in which they operate.

Career advancement through training and mentorship, best people practices and adherence to the Group diversity policy, are important aspects of our value proposition to employees. We are recognised for our ability to recruit locally, across the culturally diverse multinational regions in which we operate, and provide effective training methods to instil the Group's high standards for safety and productivity.

Key people measures

COVID-19 health risk

COVID-19 has increased health risk among our workforce. To date, the Group has reported approximately 1 200 employees who were infected with COVID-19, where 99% have recovered. Regrettably, 12 employees lost their lives due to COVID-19 related complications. COVID-19 risk mitigation measures are embedded in our Health and Safety Management programme. Besides non-pharmaceutical protocols, we continue to implement other measures, such as shift rotation, to minimise congregate settings and assist employees to access vaccines. We also plan to expand mental health support over the next year including collaborating with our clients and industry associations.

Murray & Roberts strongly supports the global vaccination campaign. The Group, together with our clients, provide access to the vaccine and will continue to encourage our employees to be fully vaccinated.

Social report **ONLINE**

Training spend

R99 million

(FY2020: R104 million)

Bursaries awarded

R3,4 million

(FY2020: R3,1 million)

The base for strong medium-term growth

Our record-high quality order book reflects both the Group's strategic progress over many years, and the pressing global development needs driving major opportunities to deliver robust earnings growth in our international markets.

Murray & Roberts has demonstrated an ability to manage short-term constraints, while maintaining a long-term approach to the allocation of our capital. This is reflected in a robust balance sheet and cash position at the end of another very challenging year. In a tightening liquidity environment and with escalating project funding requirements, this position will hold us in good stead in delivering on our order book and in returning value to our shareholders.

Ongoing attention on effective liquidity and cost management and measured capital allocation, will enable us to withstand the short-term liquidity pressures and the lingering impact of COVID-19 in some of our markets, while advancing the Group along its long-term strategic trajectory. The proven resilience of our business model and the credible competitive positions of our platforms in thriving market sectors, underpinned by greater certainty in global economic recovery, are reflected in a multi-year quality order book and an exceptionally strong project pipeline.

We expect strong profit growth in FY2022 and meaningful earnings growth in the medium term, albeit off the low base set in FY2021 as we began to emerge from the worst effects of the COVID-19 crisis.

Revenue (continuing)
R21,9 billion
(FY2020: R20,8 billion)

Attributable loss
R180 million
(FY2020: R352 million loss)

Order book
R60,7 billion
(FY2020: R54,2 billion)

Cash, net of debt
R0,7 billion
(FY2020: R0,1 billion debt)

EBIT (continuing)
R540 million
(FY2020: R17 million loss)

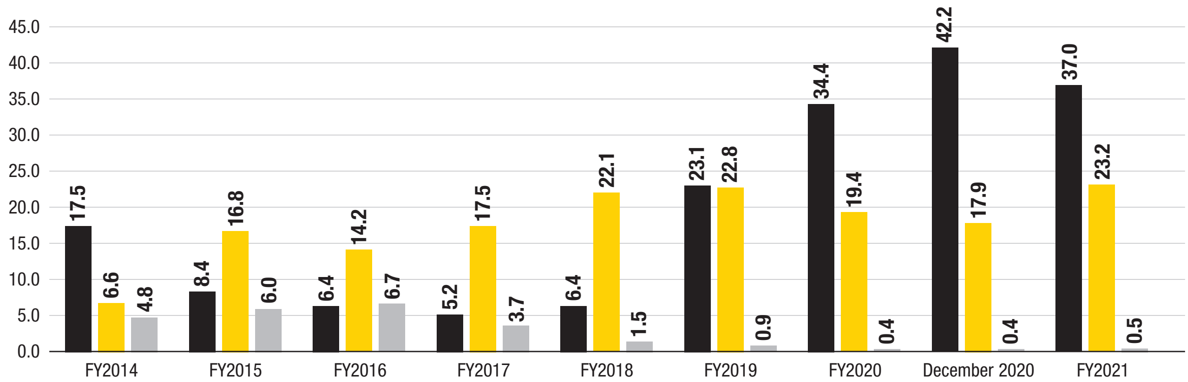
Headline earnings per share
(diluted continuing)
16 cents
(FY2020: 88 cents loss)

Summarised financial results PG 124

ORDER BOOK ANALYSIS

Our order book is well diversified over time, region, sector, margin and contractual risk, and shows an increasing proportion of orders extending beyond two years, offering stability to our medium-term earnings expectations. Our ability to maintain or grow the order book from current levels is, however, subject to downside risks – although these have abated significantly since the end of last year. A potentially weaker global economic recovery, largely due to a resurgence of COVID-19 variants and imbalances in vaccine penetration, could lead to further disruption. This could dampen investor confidence and impede the flow of new capital projects, or final investment decisions and commencement on projects.

Platform order book (R billion)



Energy, Resources & Infrastructure: strategic market shift (2016) to broaden market focus rewarded with strong order book growth.

Mining: substantial and sustainable multinational business.

Power, Industrial & Water: current order book not able to support a sustainable business.

Order book (R billion)

RECORD, QUALITY ORDER BOOK OF R60,7 BILLION

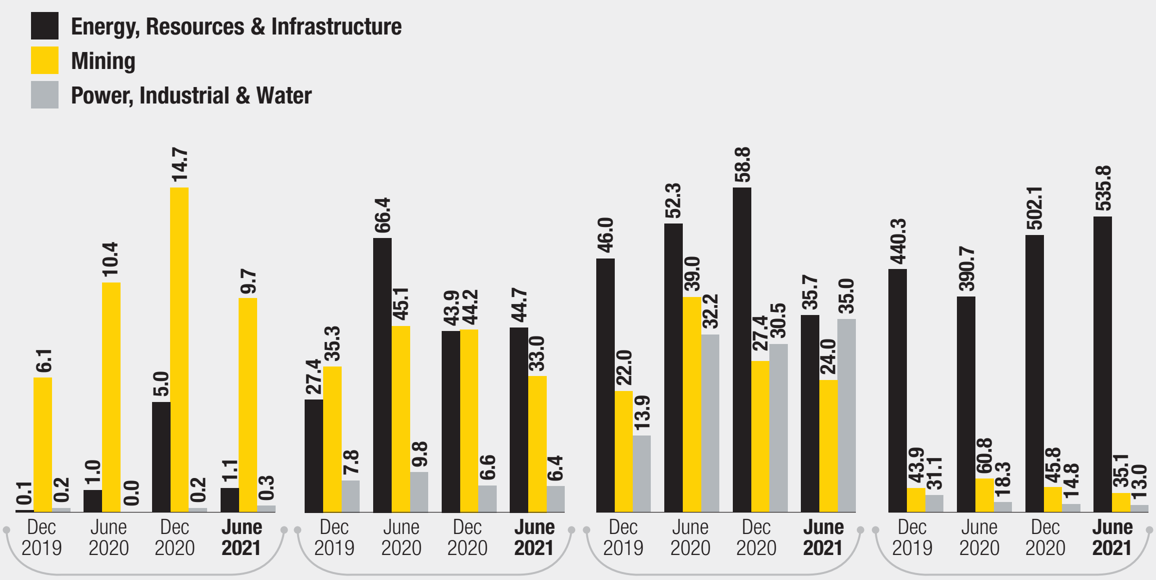
	Energy, Resources & Infrastructure	Mining	Power, Industrial & Water
Dec 2019	30.6	19.6	0.6
Jun 2020	34.4	19.4	0.4
Dec 2020	42.2	17.9	0.4
Jun 2021	**37.0**	**23.2**	**0.5**

	TOTAL
Dec 2019	50.8
Jun 2020	54.2
Dec 2020	60.5
Jun 2021	**60.7**

Order book time distribution

Platform	Order book % split		Order book Rbn		Order book Rbn		
	SADC	Int.	June 2021	June 2020	FY time distribution		
Energy, Resources & Infrastructure		100%	37,0	34,4	2022 **16,8**	2023 **11,3**	>2023 **8,9**
Mining	51%	49%	23,2	19,4	2022 **9,7**	2023 **6,0**	>2023 **7,5**
Power, Industrial & Water	100%		0,5	0,4	2022 **0,3**	2023 **0,2**	>2023 **–**
	20%	80%	60,7	54,2	26,8 FY2022	17,5 FY2023	16,4 >FY2023

Near orders and pipeline (R billion)



Near orders

Preferred bidder status and final award is subject to financial/commercial close with more than a 95% chance that these orders will be secured.

Category 1

Tenders submitted or under preparation (excluding near orders) on projects developed by clients to the stage where firm bids are being invited with a reasonable chance to secure, function of (1) final client approval and (2) bid win probability.

Category 2

Budgets, feasibility studies and prequalifications – project planning underway, not at a stage yet where projects are ready for tender.

Category 3

Leads and opportunities which are being tracked and are expected to come to market in the next 36 months, identified opportunities that are likely to be implemented, but still in prefeasibility stage.

PLATFORM PROSPECTS

Energy, Resources & Infrastructure

Revenue earned from current contracts should grow significantly in FY2022, as the platform enters the major construction phase in large projects. A robust pipeline of project opportunities supports the expectation of strong earnings growth from this platform over at least the next three years. In FY2022, existing contracts, new contracts and near orders are set to double revenue on the FY2021 base.

Mining

FY2022 will be a year of consolidation and rebuilding of the platform's order book after the COVID-19 induced erosion of the past two years. The forecast for increased capital investment in the mining industry is encouraging, providing support for the expected accelerated earnings growth for the platform, especially from FY2023.

Power, Industrial & Water

The platform's sustainability relies largely on market conditions in South Africa and, in particular, on public sector spending. More favourable prospects are cause for cautious optimism of a return to profitability in the medium term. The platform is focused on achieving stability in the next three years.

Group leadership

The Board leads a high-calibre and experienced leadership team in aspiring to the highest standards of integrity as a purpose-led, values-driven and ethical multinational organisation.

A high standard of corporate governance has been instilled within the Group. An effective governance structure, aligned to King IV, is in place and a clear organisational framework defines the relationships and decision-making rights between governing bodies in the Group and across business platforms. Our governance frameworks and reporting structures ensure visibility and compliance across all our business platforms.

The Group has an engaged and accomplished Board, with competencies aligned to our business model and strategy, deep collective experience and a good balance of tenure. The Board's effectiveness is supported by the way it functions, which ensures that diverse and independent perspectives inform all deliberations. The Board enjoys a collegial and sincere relationship with executive teams. The depth, calibre and commitment of Group and platform leadership teams is supported by an emphasis on leadership development and succession planning.

Independent assessments continue to confirm the Board's effectiveness and focus areas for improvement.

ASSESSING GROUP GOVERNANCE

In the CEN-ESG assessment of the Group's ESG performance and disclosure, governance was the strongest of the three categories. The Group scored well for remuneration disclosure, including our detailed compensation policy and linking ESG objectives to executive pay. Improvements have been identified including ESG training for directors and enhancements to the Group diversity policy. Also, deeper disclosure on director skills, risk governance and shareholder voting have been provided in this year's reporting.

ASSESSING BOARD EFFECTIVENESS

The Board regularly assesses its roles and responsibilities and performance against these, to identify any improvement areas and to drive greater clarity and accountability, as well as better decision-making and disclosure. During the year, an external review of the effectiveness of the Board and individual directors was conducted. The independent feedback was positive on the work of the Board, considering it to be well-functioning and professional.

Matters raised for consideration by the Board, which will be actioned in the coming year, included:

- Strategy execution and managing associated risks.
- Group chief executive succession.
- Purpose and sustainability.
- The world of work post COVID-19.

An internal appraisal of the chairman was also performed, with Board discussions led by the lead independent director in this regard.

After each Board and committee meeting, the non-executive directors meet without management present. This provides an opportunity for the non-executive directors to share thoughts and insights with their peers. The chairman provides feedback from the closed sessions to the Group chief executive to action.

The Board and executive leadership set the tone for an ethical culture, ensuring good governance and sound business practices. Everyone who works for or acts on the Group's behalf must adhere to our high ethical standards. This extends to all our businesses and partners, which are expected to align with the Group's frameworks, standards and Values as minimum best practice, in tandem with all local laws, regulations and contracting norms. The social & ethics committee oversees the application of the Group's Code of Conduct and ethics across the Group.

Governance overview **PG 86**

Full governance report **ONLINE**

GROUP BOARD

INDEPENDENT NON-EXECUTIVE DIRECTORS

					
	SURESH KANA Chairman	**RALPH HAVENSTEIN** Lead Independent Director	**JESMANE BOGGENPOEL**	**NTOMBI LANGA-ROYDS**	**ALEX MADITSI**
APPOINTED	01 July 2015	01 August 2014	01 April 2020	01 June 2013	23 August 2017
TENURE (YEARS)	6.3	7.2	1.5	8.3	4.1
RESPONSIBILITIES	Oversees Board governance and performance, and stakeholder engagement.	Addresses shareholders' concerns where regular channels fail to resolve concerns, or where the chairman may be conflicted.	Provide independent and objective judgement as well as to counsel, challenge and monitor the executive directors' delivery of strategy within the approval framework and risk appetite agreed by the Board.		
SKILLS AND EXPERTISE	Accounting, Finance, Strategic Leadership, Governance and Ethics.	Petrochemical and Mining, Chemical Engineering, Strategic Leadership.	Finance, Strategic Leadership, Governance, Investments.	Human Capital, Law, Leadership, Governance, Strategy, Remuneration.	Law, Commercial, Remuneration.
COMMITTEES	RHR NG	RM HSE RHR NG	AS RM	SE RM RHR NG	RHR HSE SE
QUALIFICATIONS	CA(SA), MCom	MSc (Chemical Engineering), BCom	CA(SA), MPA (Harvard)	BA Law (Lesotho), LLB (Lesotho)	BProc, LLB, LLM
EXPERIENCE	Former territory senior partner for Pricewaterhouse Coopers Africa.	Former chief executive officer of Anglo American Platinum, former chief executive officer of Norilsk Nickel International.	Former deal executive for Brait Private equity, former Head of Business Engagement Africa, World Economic Forum, Founder and Principal AIH Capital.	Former chief executive HR at Independent Newspapers, SABC, Nampak, Human Resources Executive.	Managing director of Copper Moon Trading, former operations, planning and legal director for Coca-Cola Southern and East Africa.
OTHER DIRECTORSHIPS	JSE Limited, Transaction Capital.	Reatile Group, Omnia Holdings, Hernic Ferrochrome.	EOH Holdings, ETG Input Holdings, Sybrin, SPUR.	Mpact, Redefine Properties, Europe Assistance Worldwide Services (South Africa), Kumba Iron Ore.	Bidvest Group, African Rainbow Minerals, Famous Brands.
LAST AGM RE-ELECTED	2020	2019	2020	2019	2020

COMMITTEES

AS	RM	HSE	SE	RHR	NG	
Audit & sustainability	Risk management	Health, safety & environment	Social & ethics	Remuneration & human resources	Nomination & governance	Committee chair

			EXECUTIVE DIRECTORS		GROUP SECRETARY
					
BILLY MAWASHA	**DIANE RADLEY**	**CLIFFORD RAPHIRI**	**HENRY LAAS** Group chief executive	**DANIËL GROBLER** Group financial director	**BERT KOK** Group secretary
05 March 2020	23 August 2017	05 March 2020	Joined the Group in 2001. Appointed to the Board and as Group chief executive in 2011.	Joined the Group in 2010. Appointed to the Board and as Group financial director in 2017.	Joined the Group in 2011. Appointed Group secretary in 2014.
1.6	4.1	1.6	10.3	4.7	7.6
			Leads the design and delivery of Group strategy and performance, and reporting.	Leads the oversight of Group financial performance against aspirations, and reporting.	Ensures sound corporate governance and Board administration, including director induction and training.
Mining, Automotive, Strategic Leadership, Investments, Project Delivery.	Accounting, Corporate Finance, Investment, Strategic Leadership.	Operations and Human Capital, Engineering, Risk Management, Strategic Leadership.	Mining and Engineering, Commercial Negotiations, Strategic Leadership.	Accounting, Commercial Negotiations, Strategic Leadership, Corporate Finance.	Corporate Governance, Company Secretarial, Administration.
HSE SE	AS RM	AS RM	HSE		
BSc Eng (Electrical), AMP	CA(SA), MBA, AMP (Harvard)	BSc Eng (Mechanical), MBA	BEng (Mining), MBA	CA(SA)	FCG (CS), FCIBM
Chief executive officer of Kolobe Nala Investment Company, former Rio Tinto Country Head South Africa and managing director of Richards Bay Minerals.	Former chief executive officer of Old Mutual Investment Group, former chief financial officer of Old Mutual SA.	Former executive director of SAB (Pty) Ltd, former Chairman of Adcock Ingram Holdings Ltd.	Former chairman of Murray & Roberts Engineering SADC, former managing director of Murray & Roberts Cementation, various senior management and executive positions within the Group since 2001.	Former managing director of Murray & Roberts Cementation, various leadership functions within the Group since 2010.	More than 10 years as Listed Company Secretary, former (2010) President of Chartered Secretaries of Southern Africa.
Metair Investments.	Base Resources (ASX), Network International (LSE), Transaction Capital, DG Murray Trust, Redefine Properties.	Nampak, Energy Partners Holdings, Thesele Holdings, Talbot & Talbot Holdings.			
2020	2020	2020	2019	2020	N/A

GROUP EXECUTIVE

Peter joined the Group and was appointed to the executive committee in 2016. He is responsible for the Energy, Resources & Infrastructure business platform.

- Booth Welsh
- CH•IV
- Clough Asia-Pacific
- Clough North America
- e_2o

COMMITTEE PARTICIPATION

HSE

Mike joined the Group and was appointed to the executive committee in 2018. He is responsible for the Mining business platform.

- Cementation Canada & USA
- GCR Mongolia
- Merit Consultants International
- Murray & Roberts Cementation
- RUC Cementation Mining
- Terra Nova Technologies

COMMITTEE PARTICIPATION

HSE

Daniël joined the Group in 2010 and was appointed to the executive committee and as Group financial director in 2017. Daniël is a director of Bombela Concession Company and Clough.

- Finance and payroll
- Financial control and reporting
- Information management and technology
- Murray & Roberts Properties
- Secretarial
- Taxation
- Treasury

COMMITTEE PARTICIPATION

AS RHR RM SE

Steve joined the Group in 2011 and was appointed to the executive committee in 2015. He is responsible for the Power, Industrial & Water business platform.

- Murray & Roberts Power & Energy
- Murray & Roberts Water
- OptiPower Projects
- Wade Walker
- Wade Walker Solar

COMMITTEE PARTICIPATION

HSE

IAN HENSTOCK
Commercial executive

Ian joined the Group and was appointed to the executive committee in 2008. He is responsible for the assurance, commercial and legal portfolios. Ian is a director of Bombela Concession Company and Clough.

- Commercial
- Forensics
- Internal audit
- Legal, compliance and ethics
- Insurance

COMMITTEE PARTICIPATION

AS RM SE

THOKOZANI MDLULI
Risk and health, safety & environment executive

Thokozani joined the Group in 2010 and was appointed to the executive committee in 2013. He is responsible for risk, health, safety and environment.

- Risk
- Heath, safety and environment
- Diversity and inclusion

COMMITTEE PARTICIPATION

HSE RM SE

HENRY LAAS
Group chief executive

Henry joined the Group in 2001 and was appointed to the executive committee and as Group chief executive in July 2011. Henry is a director of Bombela Concession Company and Clough.

- Sustainable delivery of Group strategy and performance

COMMITTEE PARTICIPATION

AS HSE RHR RM SE

COMMITTEES

- **AS** Audit & sustainability
- **RM** Risk management
- **HSE** Health, safety & environment
- **SE** Social & ethics
- **RHR** Remuneration & human resources

Managing our material issues

Murray & Roberts defines material issues as factors that substantively affect our ability to sustain strategic, operational and financial performance. These factors and the way we respond to them are likely to influence a stakeholder's assessment of the Group's ability to enhance enterprise value over time.

Our Purpose and Vision frame the Group's definition of value. Our Purpose centres on Murray & Roberts' role in enabling the advancement of sustainable human development, which defines both the scope of the Group's market opportunities and our approach to governing and managing the business. Our Vision commits us to optimising fixed capital investment in human progress to generate positive value outcomes for our clients, employees, shareholders and partners, and the host countries and local communities from whom – alongside our clients – we collectively derive our licence to operate and whose benefit we ultimately serve.

Within this framework, our *New Strategic Future* plan defines the primary drivers of stakeholder value creation for the Group:

Building and acquiring leading positions in regions and market sectors with robust, long-term demand fundamentals, with sufficient diversification of earnings potential and risk exposure to secure **sustainable growth**, underpinned by the quality and depth of Group and platform leadership;

Continuing to deepen our differentiation as a contractor, employer and partner as stakeholder expectations change, with increasing emphasis on digital solutions to ensure **sustainable competitiveness**; and

Enhancing our relevance to our stakeholders, both as a trusted commercial and social partner at local level, and as a purpose-led, profitable, ethical and responsible multinational organisation aligned to the global advance of **sustainable human development.**

These aspirations depend on the inculcation of the Group's culture (guided by our Values and operationalised by our philosophy of *Engineered Excellence*).

The Group's material themes, and associated material issues, have remained broadly stable, reflecting the consistency of our strategy over the last decade, with some necessary adjustments. The shifts in nuance show greater emphasis on the Group's Purpose and Values-led culture, and the progress made in implementing our strategy as we see meaningfully better prospects for the Group. The material themes are contextualised by an overview of the material shifts in our operating environment and the expectations of our stakeholders. This includes an indication of the associated risks, constraints and opportunities that affect our ability to create and protect value, and which may erode value, if not mitigated and managed effectively. The related management priorities at Group and platform level show how we intend to deal with these factors.

Insights drawn from the Group's annual strategic planning cycle, for FY2022 to FY2024, correlate to the pertinent value drivers and strategic responses of the Group and those of our platforms. These insights were the primary input in determining our material issues and were subject to independent analysis. The outputs of this analysis were workshopped by a forum that included the Group chief executive officer, Group financial director, and the Group executives in charge of risk, sustainability, and investor relations and communication. The material issues were also tested against interviews with Group leadership, including the chairman for Board insight, and the platform chief executive officers' reports for platform insight.

The material themes and associated issues (set out alongside) were used to prepare the Group's integrated report and sustainability report, which provide thorough discussion of and pertinent performance data for the issues.

VALUE DRIVERS

STRATEGIC MATURITY 01

- Sustain growth and quality of order book.
- Diversify earnings potential and risk exposure through organic and acquisitive means.
- Manage liquidity and allocate capital facilities effectively to support higher growth.

Key indicator:
SIZE AND QUALITY OF ORDER BOOK

CONTRACTOR OF CHOICE 02

- Deepen *Engineered Excellence* to drive differentiation, mitigate project risk and maximise value recognition.
- Accelerate digital strategy to drive enterprise and project value.

Key indicator:
VALUE RECOGNITION VERSUS TENDER

EMPLOYER OF CHOICE 03

- Intensify leadership development to ensure succession depth and continuity.
- Maintain competitive employee value proposition to retain and attract critical skills and ensure flexible project capacity.

Key indicator:
EMPLOYEE SATISFACTION SURVEY

GROUP CULTURE 04

- Consistent application of the Group Sustainability Framework and associated reporting standards.
- Remain responsive to local circumstances and socioeconomic needs.

Key indicator:
INDEPENDENT ESG BENCHMARKING

VALUE OUTCOMES

SUSTAINABLE GROWTH

SUSTAINABLE COMPETITIVENESS

SUSTAINABLE HUMAN DEVELOPMENT

STRATEGIC MATURITY 01

CONTEXT

Short- to medium-term trends

- Global economic recovery gaining pace in step with vaccine penetration, particularly in developed markets, although COVID-19 variants pose ongoing risk.
- Significant stimulus and capital commitments for infrastructure-led socioeconomic recovery and decarbonisation of the global economy provide immediate opportunities for the Group.
- Economic recovery in Australia and North America relies heavily on investment in public and private infrastructure with massive programmes earmarked for road, rail, terminals and near shore marine.
- Australia's resource exports forecast to hit record levels in 2021 with sustained growth in volumes.
- Strong medium-term pipeline of opportunities in multinational energy, resources, infrastructure and mining sectors, although global gas opportunities are expected to remain limited due to oil price weakness in the near term.
- Energy, mining and industrial majors seeking more environmentally benign options to fuel their operations and reduce their emissions footprint.
- Capital investment in the mining sector remains tentative, but confidence is growing in commodity demand and pricing upturn, albeit favouring 'future-facing' commodity types and disfavouring 'dirty' commodities, especially coal.
- Underinvestment over the past five years has eroded ore reserve positions of many mining companies; higher commodity prices should drive substantial growth in capital investment over the next few years.
- Commodities upcycle is expected to support the appetite of majors for expansion projects and emerging mining companies for smaller greenfield developments.
- Uncertainty remains on timing and accuracy of capital investment forecasts given the competing priorities of mining companies including increased dividend payments and ESG commitments.
- Weak macroeconomic conditions in South Africa related to socio-political factors, corruption and COVID-19, but gathering vaccination rollout and structural reform provides potential for recovery.
- Should economic growth gain pace in South Africa, the concomitant increase in revenue collection will ease public sector funding constraints, supporting infrastructure-led fixed capital formation and energy demand.
- Major investment in the power sector expected in the short to medium term in South Africa; alongside mounting necessity and public pressure to invest in ageing and dysfunctional water infrastructure.
- High growth potential in transmission and distribution in sub-Saharan Africa (including South Africa) in the short to medium term.
- National power utility, Eskom's restructure and unbundling is progressing, and significant investment is earmarked for repair and maintenance of national grid and power stations, and for transmission and distribution, and renewable energy.
- Reduction in financing for thermal energy, but baseload energy in South Africa will still be drawn from available resources (gas and coal).
- Commercial PV solar roof installations gaining momentum in South Africa driven by ongoing power outages and rising electricity tariffs, with legislation relaxed to allow self-generation up to 100MW.
- Refining production in South Africa being reconsidered in favour of import storage terminals – with projects expected in the short to medium term.
- Evidence of increasing PPP activity in the water sector in South Africa, with implementation of municipal drought resilience and wastewater treatment strategies commencing in major metropoles.
- Hardening stance and tight criteria of debt providers and insurers in providing finance facilities, project bonding and underwriting of project risk is a potential growth constraint.
- Security situation in northern Mozambique precludes any current opportunities in the country's massive gas developments.

Longer-term trends

- Long-term demand fundamentals remain strong, as the global population increases and urbanises.
- Accelerated energy transition from fossil fuels to renewable sources of energy due to COVID-19 and its resultant impact on oil prices, supported by a strong societal push towards a sustainable future.
- Commodity prices are forecast to steadily increase over the next decade; global uptake of new and its low emissions technologies to accelerate, with exports of commodities central to these technologies to surge.
- Renewables currently inadequate on their own, requiring a combination of renewables, storage and traditional generation; longer-term transition will be enabled by advances in technology (such as green hydrogen) and transmission.
- Low electrification rates of less than 25% in sub-Saharan Africa provide significant transmission and distribution opportunities; but typical model requires EPC contractors to partner with funders.
- Significant drive and investment for carbon reduction and diversified energy mix (including renewables) in Africa through to 2040.
- Protection of domestic economies likely to drive government policies, investment decisions and shorter supply chains – regional strength adds resilience.
- COVID-19 has raised the importance of holistic risk assessment and disaster management for future systemic risk events.

MATERIAL ISSUE

SUSTAIN GROWTH AND QUALITY OF ORDER BOOK

GROUP

- Leverage market positions of multinational platforms in high-growth regions and market sectors to maximise earnings potential and return value to shareholders.
- Continue to align platforms with the Group's Purpose, strategy and culture, to underpin significant and sustainable earnings growth in the years ahead.
  - Leverage the Group's reputation and ability to optimise capital investment for clients, countries and communities by delivering fixed assets with improved ESG outcomes.
  - Leverage service offering across the engineering and construction value chain to optimise capital investment in both the design and execution of projects.
  - Balance Group oversight and control with regional accountability and autonomy, according to the Group's business model, to ensure disciplined and profitable growth.
- Support our platforms in securing the capacity (project finance, specialist and technical skills, and strategic partnerships) to drive order book growth and deliver project excellence.
- Ensure rigorous oversight of commercial and project management systems, to mitigate compounding risk of mega projects and higher proportion of lump sum contracts in order book (specifically in the Energy, Resources & Industrial platform).
- Support the Power, Industrial & Water platform in implementing its focused turnaround strategy to achieve sustainability and annually reassess risk/return of capital committed.
- Develop service offerings by leveraging Group relationships and geographic footprint.
- Continue to anticipate and respond to longer-term market shifts to position platforms for resilient and sustainable growth.

ENERGY, RESOURCES & INFRASTRUCTURE

- Leverage established governance and leadership structures to manage execution risk inherent in a record order book.
- Leverage credible positions in Australian power, infrastructure and resources sectors to secure further orders from a significant pipeline of opportunities.
- Harness EPC capabilities in the USA to secure work and longer-term opportunities including specialised infrastructure.
- Develop workforce, brownfield EPC and operations & maintenance services in APAC and North America.
- Ensure the ability to attract the necessary specialised and technical skills to resolve this potential constraint to growth.

MINING

- Leverage leading positions in major regional underground mining markets to consolidate and rebuild the order book.
- Secure orders from strong near-term project pipeline.
- Grow proportion of 'future-facing' commodities in the order book.
- Optimise and innovate to grow market share and margins.

POWER, INDUSTRIAL & WATER

- Leverage competitive position to respond to urgent need for industrial and water infrastructure and for participation in South Africa's renewable energy drive.
- Optimise OptiPower Projects' track record to win work in transmission, distribution and substation sectors.
- Secure further opportunities in power plant repair and maintenance.
- Secure further opportunities in renewable energy, considering the increase in the self-generation cap from 1MW to 100MW. Explore small-scale solar PV installations.
- Develop market share in resources and industrial market sectors.
- Establish scale in water business by securing wastewater and industrial water treatment opportunities.

STRATEGIC MATURITY 01 *continued*

MATERIAL ISSUE

DIVERSIFY EARNINGS POTENTIAL AND RISK EXPOSURE THROUGH ORGANIC AND ACQUISITIVE MEANS

GROUP

- Ensure a well-diversified order book over time, region, sector, margin and contract type from a significant pipeline of opportunities.
- Pursue targeted geographic and service offering diversification, where opportunities are presented.
- Optimise value potential from exposure to all phases of project life cycle phases, in particular operations and maintenance.
- Leverage strategic partnerships, based on best capacity, specialism, local understanding, as well as value system, safety and commercial alignment, according to specific project scope and requirements.
- Identify acquisitions in multinational platforms to sustain and diversify earnings growth, deepen capacity and specialism, and expand regionally.

ENERGY, RESOURCES & INFRASTRUCTURE

- Target acquisition in North America to expand capabilities and capacity and to diversify service offering to include specialised infrastructure.
- Expand service offering and market presence by leveraging synergies across the platform's geographic footprint.
- Target opportunities in the international LNG market with global clients.

MINING

- Pursue regional expansion, specifically into South American and West African mining markets with trusted clients and partners.
- Secure a greater proportion of total income from contract mining to counter market cyclicality.
- Pursue acquisitions to add new service offerings and sustain earnings growth.

POWER, INDUSTRIAL & WATER

- Grow operations and maintenance service offering.
- Focus on renewable energy project development and take minor equity stake in a portfolio of solar projects under development.
- Secure annuity-type income through operation and maintenance of wastewater treatment plants.
- Build funder relationships as a preferred contractor to unlock EPC project opportunities in sub-Saharan Africa.

MATERIAL ISSUE

MANAGE LIQUIDITY AND ALLOCATE CAPITAL FACILITIES EFFECTIVELY TO SUPPORT HIGHER GROWTH

GROUP

- Manage the short-term impact on capital availability and project risk cover of tighter debt capital and insurance markets.
  - Carefully allocate short-term liquidity facilities to manage escalating project funding requirements linked to growth in order book.
  - Secure client funding through upfront and milestone payments, different asset ownership models and centralised procurement to manage cashflow constraints in project finance.
- Settle longstanding claims and unwind uncertified revenue to improve liquidity.
- Conclude closure of business in the Middle East to reduce capital risk and ongoing costs.
- Preserve liquidity by closely managing impact on working capital at platform level due to:
  - Project underperformance.
  - Project delays and deferrals due to regional market conditions.
  - Upswings in activity as markets recover.
- Retain the discipline in managing capital and costs, and preserving financial stability, demonstrated in managing the COVID-19 crisis.
- Continue efforts to achieve targeted overhead costs through the cycle.
- Manage short-term capital constraints, while continuing to invest in long-term strategic direction, particularly through carefully selected, value-accretive acquisitions.

ENERGY, RESOURCES & INFRASTRUCTURE

- Recover uncertified revenues through settlement of claims.
- Manage overhead costs to achieve a sustainable cost base.

MINING

- Improve asset utilisation through real-time tracking of equipment and operating data.
- Implement platform-wide procurement initiatives to achieve savings through economies of scale.
- Minimise the risk of idle assets by alternative ownership models.

POWER, INDUSTRIAL & WATER

- Recover uncertified revenues through settlement of claims.
- Manage overhead costs.

CONTRACTOR OF CHOICE 02

CONTEXT

Short- to medium-term trends

- Increasing risk aversion and greater risk allocation to contractors from clients, elevating risk to value recognition of large projects.
- Supply chain and resourcing constraints due to COVID-19 restrictions, supply/demand imbalances and bottlenecks, geopolitical tensions or extreme weather events may continue to impact project delivery schedules and drive up costs.
- Intensifying scrutiny and obligations related to HSE from funders, clients and regulators; and escalating socioeconomic development expectations from local communities.
- Cost competitiveness, in tandem with increased ESG commitments, require the application of innovative digital solutions for productivity, control and oversight.

Longer-term trends

- Sustained excellence in all areas of project delivery, especially HSE, supports our competitiveness beyond pricing and builds strong client partnerships.
- Delivering world-class projects safely and efficiently, is contingent on our ability to attract and retain the best management and technical expertise in highly contested markets.
- Strategic joint-venture partners are essential to secure large and complex projects and to meet local contracting requirements, making it critical to align values, principles and standards.
- Digital acceleration (digitisation, automation, analytics and other innovative technologies) to improve value creation is critical to long-term differentiation.

MATERIAL ISSUE

DEEPEN *ENGINEERED EXCELLENCE* TO DRIVE DIFFERENTIATION, MITIGATE PROJECT RISK AND MAXIMISE VALUE RECOGNITION

GROUP

- Ensure consistently high standard of *Engineered Excellence* through leadership commitment, strong oversight and continuous improvement.
- Ensure stable and sustainable earnings growth and mitigate escalated project risk with the potential to undermine value recognition, by ensuring our platforms consistently deliver safe, well executed and profitable projects.
- Ensure strict adherence to systems, principles and practices of *Engineered Excellence* in commercial, project and ethics management, and hold management accountable for any deviations.
  - Mature project governance and management systems in place to manage the risks of commercial and operational challenges on large and complex projects.
  - Minimise integration risk associated with acquisitions by ensuring swift alignment with Group policies and standards.
  - Manage complexity of systems and culture among large joint-venture consortia and local contractors to ensure alignment in culture, values and management systems to manage execution risk.
- Strive for Zero Harm.
  - Increase projects across our portfolio delivered with Zero Harm.
  - Continue to focus on lead indicators to prevent safety incidents and break through plateau in safety improvement gains.
  - Continue to focus on high-impact interventions and programmes relevant for regional application, to manage critical and change risks (including those associated with demobilisation) and cultural factors affecting safety performance.
  - Continue to develop, enhance and share interventions to maintain world-class safety performance.
- Minimise project losses through adherence to the Group's project management systems and standards and respond swiftly to lessons learnt.
- Ensure discipline in:
  - Competitive and accurate pricing of projects, considering project specific risks and applying lessons learnt.
  - Concluding contracts on reasonable commercial terms, considering Group contracting principles.
  - Effective resourcing of projects.
  - Effective project and risk management to achieve outcomes in line with tender expectations.
- Leverage local capabilities and supply chain resilience of strong regional operations and ensure thorough contingency planning to manage constraints to project resourcing and skills mobility.
- Ensure responsiveness to client demands to differentiate service offerings, through measurable ESG credentials at project and corporate level, and the ability to manage local conditions, constraints and expectations.
  - Ensure the Group's projects meet and exceed expectations for safety and health; local contracting partnerships, employment and procurement; training and skills development; socioeconomic development of local communities; environmental mitigation of project delivery and long-term impact of plant through design engineering.
- Revise management KPIs to ensure adherence to Group commercial and ESG principles and standards.

ENERGY, RESOURCES & INFRASTRUCTURE

- Maintain world-class safety performance through effective safety leadership, personal accountability and developing employees.
- Continue to drive real-time reporting and innovative approaches to HSE leadership training.
- Maintain safety management system accreditation to retain access to federal government funded work in Australia.
- Continue to apply the MAP programme to drive improvements in safety.
- Deepen management teams and focus on project execution to ensure consistent project performances.
- Improve project delivery by aligning commercial and project management with project-specific tender plans.
- Ensure application of HSE standards and adoption of management systems in newly acquired businesses and joint ventures.

MINING

- Implement focused strategy to deepen *Engineered Excellence* in safety and risk management, productivity levels of the workforce and assets, and strategic procurement that leverages global purchasing power.
- Drive safety improvement through increased management involvement in safety and risk management on project sites.
- Embed the CRM and MAP programmes to improve critical risk management and proactive responses to safety challenges.
- Further reduce workface risk exposure to employees through mechanisation, automation and remote control.
- Leverage proven resilience of regional operating model to shield against the vulnerability of project team mobility and supply chain constraints.

POWER, INDUSTRIAL & WATER

- Improve safety performance and deepen safety culture maturity.
- Embed lead indicators such as near-miss reporting and hazard observations, with requirements incorporated into employee performance contracts.
- Ensure compliance with all Group contracting standards.
- Maintain operational and commercial discipline throughout tendering process and project delivery.
- Ensure effective resourcing of projects.

CONTRACTOR OF CHOICE 02 *continued*

MATERIAL ISSUE

ACCELERATE DIGITAL STRATEGY TO DRIVE ENTERPRISE AND PROJECT VALUE

GROUP

- Stay ahead of the technology curve to remain a contractor and employer of choice, and drive digital adoption among leaders, managers and employees.
- Allocate resources to accelerate implementation of digital strategies at platform level to enable better project design, safety, execution and reporting, to improve margins and market share.
- Accelerate Group-led digital strategy, including data protection and privacy controls and assurance processes; and maintain strong oversight of IT investment and cyber risk management.
  - Focus on efficient and integrated systems, digital matching, risk management and other administrative processes.
  - Collaborate with credible technology owners to provide innovative solutions for clients.
  - Implement mechanisms to keep abreast of technological developments within the industry.
- Accelerate technologically enabled operations by investing in and commercialising innovative and relevant technology.
  - Develop and implement specific digital applications for visibility and control, enterprise data, productivity of workforce and assets, and HSE management in project delivery.
  - Establish appropriate technology partnerships.

ENERGY, RESOURCES & INFRASTRUCTURE

- Accelerate digital strategy to ensure profitable project delivery outcomes.
- Adopt global technology standards, scalable applications and a management framework to meet the demands of a global EPC business.
- Continue to implement the digital strategy, including an integrated global technology and data platform, employing predictive analytics and robotic process automation.

MINING

- Accelerate digital strategy with focus on asset maintenance, operational effectiveness, and autonomous and remote operations.
- Support majority owned InSig Technologies in developing a digital platform for mining to improve efficiencies and margins and create competitive advantage.
- Progress applications for improved project control, and more accurate and efficient tendering (the mining equivalent of Building Information Modelling).
- Expand the use of virtual and augmented reality in training, constructability reviews and onsite troubleshooting.

POWER, INDUSTRIAL & WATER

- Implement digital applications to improve quality of safety reporting, and real-time recording of data to support a more proactive approach to safety management.
- Leverage breakthrough in commercialising Organica Water wastewater treatment technology to secure further PPP greenfield wastewater treatment plant opportunities.
- Accelerate digitalisation in core and project support systems.

EMPLOYER OF CHOICE 03

CONTEXT

Short- to medium-term trends

- COVID-19 has increased workforce health risk, with global indications of exacerbated mental health deterioration across various industries.
- Higher expectation from employees on health, safety and wellness (including mental health) support, long-term career paths and progression, and flexible workplace models.
- Critical supervisory and specialised skills in growth markets for our multinational platforms are a constraint to growth and excellent project delivery.
- Leadership team quality and depth is critical for strategic continuity and resilience requiring intense focus on leadership development and succession planning.
- Changing workplace models forcing companies to rethink ways of working and the role of the office, and to resolve work-from-home challenges to cybersecurity, engagement, learning and morale.

Longer-term trends

- Escalating expectations from a younger generation of leaders and skilled professionals of purposeful and sustainability-minded organisations.
- Digital enablement is fundamental to remaining an employer of choice as an expectation of a younger generation of leaders and professionals.
- Step-change in skills requirements – companies need to assess how to upskill and reskill and explore alternative talent sourcing options to meet the needs of the future organisation.

MATERIAL ISSUE

INTENSIFY LEADERSHIP DEVELOPMENT TO ENSURE SUCCESSION DEPTH AND CONTINUITY

GROUP

- Continue to realise our aspiration to be an employer of choice in all our markets to retain and attract key skills.
  - The Group's value proposition to employees centres on our Values of Integrity, Respect, Care, Accountability and Commitment.
- Place strong focus on leadership development and succession planning, diversity and inclusion to support the depth, calibre and commitment of Group and platform leadership teams.
  - Continue to align leadership succession to diversity objectives in all platforms and accelerate and support career progression of high-performing talent identified for future leadership roles.
  - Accelerate leadership development programmes, equipping potential successors with the competencies needed.
  - Align performance contracts with Group strategic objectives across platforms for middle management and above.
- Continue to deepen our value proposition and employee practices to attract, develop, support and reward competent and high-performing individuals from diverse backgrounds and to fully engage their innovation and creativity.
- Position the Group for a new generation of culturally diverse leaders and professionals who prioritise sustainability commitment, digital enablement, meaningful career opportunities and flexible workplace models, and where everyone feels valued and included.

ENERGY, RESOURCES & INFRASTRUCTURE

- Leverage EXECONNECT leadership programme for improved talent and career development of future leaders, and enhanced communication between executives and employees.
- Coach and mentor high-potential employees for future leadership roles.

MINING

- Deliver training and coaching programmes for individuals in leadership positions.
- Develop and mentor high-performing employees identified for succession through the performance management process and Talent Management programme.

POWER, INDUSTRIAL & WATER

- Align business processes to revised management structure, to better suit a smaller and more streamlined organisation.
- Embed performance management system, with KPIs aligned to the platform's business objectives and personal development plans, to support the new business model.
- Implement findings of talent review across senior and middle management which confirmed high-potential employees for participation in mentorship, leadership and management development programmes.

EMPLOYER OF CHOICE 03 *continued*

MATERIAL ISSUE

MAINTAIN COMPETITIVE EMPLOYEE VALUE PROPOSITION TO RETAIN AND ATTRACT CRITICAL SKILLS AND ENSURE FLEXIBLE PROJECT CAPACITY

GROUP

- Continue to prioritise the health and safety of our employees and their families and minimise the impact of COVID-19 on their livelihoods.
  - Assist employees to access vaccines.
  - Expand existing employee mental health and wellness support.
- Continue to implement best people practices across the Group.
  - Embrace international standards of social justice, decent work and human rights, while also aligning policies and procedures to the legislation and basic conditions of employment of the counties we operate in.
  - Provide career advancement through work experience, skills development and training, and coaching opportunities.
  - Offer structured performance management and development linked to market-related remuneration and incentive schemes.
  - Ensure good labour relations and constructive relationships with employee representatives to support fair wage agreements and minimise disruption to work schedules.
- Ensure responsible resourcing despite market and project cycles.
  - Retain core skills through continuous engagement.
  - Attract required skills timeously through effective people planning to mobilise projects on time and within budget.
  - Maintain a responsible approach to retrenchments when rightsizing operations during cyclical downturns and demobilising.
- Implement appropriate workplace models to support learning, motivation and culture in relation to operational structure and business needs.
- Manage the impact of digital change on productivity and skills redundancy.
  - Cybersecurity framework improved by strengthening security governance processes and technical defences.
  - Reskilling and upskilling initiatives forming part of the digitalisation strategy.

ENERGY, RESOURCES & INFRASTRUCTURE

- Continue to monitor feedback from wellbeing surveys to address physical and mental health concerns linked to COVID-19.
- Provide training and education to project supervisors and workforce on mental health education and suicide prevention.
- Embed global solution for workforce planning, recruitment and onboarding, performance management, learning and development, and career progression.
- Embed remote working and flexible working arrangements.
- Adopt a new approach in our graduate programme, offering local and international development opportunities, and covering disciplines key to successful project execution.

MINING

- Improve performance management through consultative performance contracting and development plans.
- Facilitate skills development and training at the platform's industry-leading training facilities.
- Minimise the risk of strikes and work stoppages by maintaining effective relationships with employees and union representatives.

POWER, INDUSTRIAL & WATER

- Continue to adjust shift systems and workforce arrangements as necessary on project operations to support COVID-19 social distancing and health protocols.
- Roll out peer educator training to wellness champions to equip them to engage effectively with project staff on wellness.
- Provide training and development interventions to maintain a high-performing core group of artisans.

CORPORATE CULTURE 04

CONTEXT

Short- to medium-term trends

- Relevance of ESG starkly illuminated as COVID-19 magnifies the fragility of socioeconomic and natural ecosystems, cementing the understanding that ESG has business value.
- Escalation in expectations from all stakeholders, particularly funders and clients, across all dimensions of ESG including safety, local socioeconomic development, ethical business, project and corporate governance, and climate change.
- ESG performance and reporting is expected to be transparent, measurable, standardised and aligned to international frameworks and associated commitments.
- Funding of fossil fuels projects increasingly a challenge, and exposure to reputational risks of 'dirty' commodities, especially coal, affecting ability to access equity and debt capital and insurance as finance flows are redirected to 'greener' commodities; although the Australian and South African economies still depend on coal, pressure will escalate to limit exposure.
- Emphasis on purpose-led organisations and escalating social expectations of the role of business in society not only in terms of ESG but also filling in where government is failing in dealing with systemic risk and solutions.
- Community expectations of companies leading to unrest in certain regions, exacerbated by impact of climate change on vulnerable communities.
- Intense competition for shareholder attention and funds requires competitive returns and ESG profile among a strong peer group of potential investments.

Longer-term trends

- Maintaining stakeholder trust given intensifying activism, public scrutiny and expectations of greater transparency and reporting is critical to the Group's long-term relevance.
- Values-driven culture, operationalised by *Engineered Excellence*, underpins our aspiration to maintain quality relationships with and relevance to all our stakeholders.
- All businesses and partners are expected to align to the Group's frameworks, standards and Values as minimum best practice, in tandem with local laws, regulations and contracting norms.
- Managing the impact of local dynamics on project delivery is imperative for the Group's reputation as a credible local operator and respected multinational.
- Being a responsible corporate citizen that responds to social needs is critical to the Group's social licence to operate in host countries and local communities.
- The Group Sustainability Framework sets clear expectations for our employees, business platforms and partners, and its application is well governed throughout the Group.

CORPORATE CULTURE 04 *continued*

MATERIAL ISSUE

CONSISTENT APPLICATION OF THE GROUP SUSTAINABILITY FRAMEWORK AND ASSOCIATED REPORTING STANDARDS

GROUP

- Independent assessments confirm the effectiveness of the Board as strong, independent, diverse and well-functioning, with a balance of tenure for stability and continuity.
  - Ensure that strategic decision-making is bound by clear, transparent and publicly available policy positions related to ESG.
  - Focus areas for improvement include ESG training.
  - Continued application of the Group's diversity policy in leadership appointments at Board and corporate office level.
- Continue to harmonise ESG imperatives with commercial opportunities through the systems, standards and practices defined in the Group Sustainability Framework.
  - Continue to align to the relevant international accountability frameworks and drive ESG performance to meet and exceed global peers and major multinational clients.
  - Continue to deliver improvements in ESG reporting in targeted areas, including supply chain, environmental and climate change, diversity and inclusion, communities and labour.
  - Ensure that our ESG performance is transparent, detailed, measurable and standardised; and improve measurement and disclosure of specific ESG imperatives in line with stakeholder expectations and global accountability frameworks, including enterprise value reporting, and TCFD, as well as alignment to the SDGs.
- Understand the impact of higher stakeholder requirements for ESG in terms of the Group's funding and insurance requirements.
- Uphold reputation for responsible and ethical conduct and ensure that platforms subscribe to ethical business principles, supported by policies, standards and procedures.
  - Ensure leadership and management lead by example, maintaining an ethical culture through open and ethical decision-making.
  - Comply with laws, standards and codes in all operations.
  - Senior management declaration on ethical behaviour every six months.
  - Conduct ongoing compliance and ethics training.
  - Maintain toll-free call line for the anonymous reporting of fraud, corruption or unethical behaviour.
- Instil Group culture frameworks, including Values, Code of Conduct and Group Sustainability Framework in acquired businesses.

ENERGY, RESOURCES & INFRASTRUCTURE

- Continue to develop senior management and key employees on ethical business practices.
- Explore more collaborative forms of contracting and alliances through industry forums, to meet public infrastructure delivery agency requirements.
- Gain differentiation through sustainability in design as a standard offering for significantly better asset, project and stakeholder outcomes.
- Leverage capabilities to play a meaningful role in emerging technologies such as waste-to-energy and green and blue hydrogen in APAC and the UK.

MINING

- Support clients in reducing their carbon footprints through digital technology that improves energy efficiency of fixed and mobile plant in underground use.
- Offer the use of battery powered equipment to clients.
- Actively engage suppliers to identify opportunities to reduce the carbon footprint of our supply chain.

POWER, INDUSTRIAL & WATER

- The market scope of the platform aligns with the global imperative to transition to a more sustainable environment.
- Assist clients in implementing their climate change response plans including solutions in renewable energy and water.

MATERIAL ISSUE

REMAIN RESPONSIVE TO LOCAL CIRCUMSTANCES AND SOCIOECONOMIC NEEDS

GROUP

- Accelerate diversity and localisation to remain competitive and relevant.
- Establish local partnerships that contribute to the socioeconomic development of host communities.
- Respond to local requirements and norms within the context of Group ambitions and ensure that initiatives are supportive of the needs and expectations of host communities.
- Effectively manage local factors pertinent to safety, work culture, labour and community relations, local procurement and community development.
- Invest in local communities through corporate social responsibility programmes.

ENERGY, RESOURCES & INFRASTRUCTURE

- Continue to implement the Gender Equality Plan with measurable targets.
- Further embed the Innovate Reconciliation Action Plan to create meaningful opportunities for Aboriginal and Torres Strait Islander peoples.
- Continue to review procurement and supply chain practices to ensure diversity and local participation.
- Develop community engagement plans for new projects to support project delivery and benefit local communities.
- Support organisations, communities and causes that improve the lives of host communities through the Clough Foundation.

MINING

- Continue to implement diversity policies appropriate to regions of operation.
- Maintain Level 1 BBBEE score, including local employment and supplier development targets required by clients in South Africa.
- Develop further opportunities for the Boipelo joint venture with Amandla, a 51% black-owned mining contracting company in South Africa.
- Progress joint ventures with First Nations groupings in Canada, and other local partners in Australia, Indonesia, Mongolia, Peru and Chile in executing projects in those countries.
- Promote inclusivity through the diversity work group in the North American and Australian operations.

POWER, INDUSTRIAL & WATER

- Rebuild BBBEE credentials and meet diversity aspirations in line with the restructuring of the platform, to access opportunities in South Africa.
- Establish BBBEE partnerships in power maintenance, transmission and distribution and water in South Africa.
- Continue to work closely with clients, local community forums and leaders to manage economic and employment expectations.
- Develop local partnerships in East and West Africa to access new markets and sectors.

02 Leadership review

CHAIRMAN'S STATEMENT

Suresh Kana
Chairman

The Group's economic future is global and diverse, with strong prospects for meaningful growth. Murray & Roberts is well positioned to enable and optimise the capital investments that corporations, governments and institutions will need to undertake in order to support sustainable human development, as the world emerges from the COVID-19 crisis. Our strategic choices will be framed by our Purpose as we continue to pursue opportunities for growth and shareholder value creation.

OVERVIEW

Murray & Roberts is emerging from a decade that saw it navigating challenging economic conditions, ranging from the impact of the 2014 oil price crash to the current COVID-19 pandemic, as well as several complex legacy issues such as its exit from the Middle East. The growing prospects in the Group's international markets will largely determine the Group's future value for all stakeholders. However, these prospects contrast with dark times for our home country, where images of destruction, anger and desperation filled our streets just two months ago. It was a sombre moment for South Africa and sober reflection is needed on how we got to this point and how we move forward to create a vibrant, growing and inclusive economy.

As a multinational organisation, our exposure to the threat of local social instability is contained. This does not change the fact that our home is in South Africa, as is our allegiance to its fragile but remarkably resilient democratic project. Although our domestic operations are expected to contribute only a minority share of Group revenue in the medium term, mainly attributable to our South African mining business, better earnings from our domestic Power, Industrial & Water business platform remain a feature of our risk/return decisions.

At this worrying time, we take heart from communities of people, young and old, reporting out of their sense of duty to clean up the damage to public facilities and retail infrastructure on which many rely for prosperity. They remind us that South Africans are a resilient and peace-loving nation, and most are committed to restoration and redevelopment. A long period of discontent, due to weak governance and blatant misconduct have challenged our constitutional order, with its dual emphasis on human rights and the rule of law. We are relieved that it is holding firm.

However, restoring the legitimacy of our system of governance and the state that capacitates it, is now critical. As a country, we must accelerate the restructuring of the economy for equity and productivity and include many more people, especially the youth, into gainful economic participation; to address marginalisation and its risk to stability. This must start with far bolder and more enabling structural reform and far swifter and more capable implementation.

Now is the time to leverage the improved cooperation between business, government, labour, and civil society that we have seen during the COVID-19 crisis; to get our economy moving, strengthen our institutions of democratic governance and to harness the country's diverse strength. To position South Africa for viability and recovery, as a capable state and for competitive investment, will require decisive leadership to make the tough decisions and difficult trade-offs that can no longer be avoided.

PURPOSE-LED OPPORTUNITY

As our material issues show, strategic maturity is a primary value driver for the Group.

Our material issues can be found on **PG 30**.

In effect, strategic maturity is a measure of coherence – the degree to which our three business platforms align with the Group's Purpose, strategy and culture. As discussed in their report, our Group chief executive and financial director assert that the strategic maturity of our business platforms underpins credible expectations for more significant and sustainable earnings growth in the years ahead.

Group chief executive and financial director's report can be found on **PG 50**.

The Board shares our executive team's confidence. The size and quality of the Group's order book reflects positive prospects for our Energy, Resources & Infrastructure and Mining platforms. Although fixed capital investment cycles in their market sectors have been disrupted by COVID-19, the upswing in many commodity prices, which looks to be enduring, the emphasis on infrastructure-led economic recovery and the decarbonisation of the global economy, provide significant opportunities for the Group.

The need for significantly improved socioeconomic, environmental and governance outcomes are being factored into the capital allocation decisions of the world's institutions, governments, lenders and investors. It is gratifying to reflect on how well positioned the Group is to optimise such capital commitments. Our market focus includes sectors that more conscious capital investment will favour in advancing sustainable human development, as the world seeks to address severe socioeconomic and ecological imbalances.

Our Power, Industrial & Water platform, however, has suffered the consequence of years of under-investment in fixed capital formation in South Africa. Its viability remains largely in the hands of the public sector, if South Africa's economic recovery stimulus is to be channelled through state-owned enterprises and investment in public infrastructure projects. However, public private partnerships have been slow to launch and poor procurement practices continue to hamper progress. This is despite the well-documented weakness of the state power utility, Eskom, and its risk to economic development, as well as public sector sluggishness in embracing innovative private sector solutions to fix our failing water infrastructure.

After mandating executive management to assess the earnings potential of this platform according to various scenarios, the Board resolved to retain this business and endorsed the platform's medium-term business plan. This decision was based on indications of improving prospects in the South African power, water and energy sectors. The water sector continues to present limited opportunity, but the ever-increasing threat of water shortages should galvanise a more decisive and imminent response. We will review the platform's viability on an annual basis, cognisant of our duty to protect and grow shareholder value in return for the capital they entrust to us.

Our majority shareholder, ATON still owns approximately 44% of the issued ordinary shares in Murray & Roberts, which we believe limits trading liquidity of our shares. The Competition Commission recommended in July 2019 that the 2018/19 proposed acquisition be prohibited.

OUR MARKET FOCUS INCLUDES SECTORS THAT MORE CONSCIOUS CAPITAL INVESTMENT WILL FAVOUR IN ADVANCING SUSTAINABLE HUMAN DEVELOPMENT, AS THE WORLD SEEKS TO ADDRESS SEVERE SOCIOECONOMIC AND ECOLOGICAL IMBALANCES.

PURPOSE-LED VALUE CREATION

The Group's commitment to supporting the advancement of sustainable human development speaks to the relevance of our market scope and what we do. It also speaks to how we do it, which determines our relevance to our stakeholders.

Sustainable human development is at the centre of the Group's governance approach; our competitive differentiation in the execution of projects that are safe, efficient, and environmentally benign; our approach as an employer in all our markets; and how we behave as a corporate citizen with international and local responsibilities. As a multinational organisation we work in environments with diverse cultures, needs and expectations. Effectively managing local dynamics and partnering with local service providers improves project delivery and secures the Group's reputation as a credible global operator and respected multinational. The Group creates value not only for our employees, clients and owners, but also the local companies with whom we work and the communities in which we work.

Any assessment of value creation potential must also include an assessment of corporate culture, which ultimately determines strategic choices and outcomes. The Murray & Roberts culture is tangible; it is rooted in our Values and binds our operations to the philosophy of *Engineered Excellence*. The Group's Values, Statement of Business Principles and Code of Conduct guide employees when acting for and on behalf of the Group in the pursuit of our strategic and business objectives. We expect every one of our employees to act within this framework. These pillars are the reference point for our decisions on policy positions, capital allocation, business practices and contracting principles, as well as how we manage performance and set our priorities.

Accessing business opportunities, securing funding and attracting the best people, increasingly demand that our strategic choices serve ESG imperatives. The Group Sustainability Framework conceived and refined over many years, sets clear expectations and its application is tightly governed and mature in most parts of the Group.

We manage ESG with the same ambition as we do everything else: *Engineered Excellence*, with harm and risk reduction as a priority, and our Values at the centre of our decisions. Our safety record, our standing as a desirable employer, and our care for community wellbeing, are hallmarks of this Group that we are proud of. It is heartening that the next generation of professionals prioritise ESG when they select their employers.

A recent independent benchmark of the Group's ESG practices showed that we meet, and with some improvements to the measurement and disclosure of our practices, will exceed the global average in ESG performance for our sector. We also compare well to major multinationals within our client base. As international accountability frameworks for reporting are aligned and coalesce around a body of international standards for enterprise value sustainability reporting, we will continue to demonstrate that embracing ESG is very much a feature of who we are as a Group.

PURPOSE-LED RISK-TAKING

Decision-making on ESG matters is not always simple, but we take a considered and pragmatic view to weighing conflicting priorities. In the past year, we formally clarified our position on coal to the market. We will continue to participate in coal mining projects, but only in South Africa, with full cognisance of the increased institutional funding and reputational risk of doing so. Eskom's dependence on coal-fired power stations, and the South African and regional economies' reliance on Eskom, make it near impossible to completely withdraw from the local coal mining sector, without creating the potential for unacceptable socioeconomic harm.

Our decision about potential project opportunities in Mozambique illustrates another difficult trade-off. Violent insurgencies forced multinational energy companies to put vast investments on hold in that country's rich natural gas fields. Those companies were not blind to the risks when they elected to invest in Mozambique and they relied on the promise of good returns on long-term investments to offset the cost of managing those risks. The fact that they, even with all their resources, had to withdraw is chilling. We have chosen not to pursue the opportunities open to us in Mozambique, despite the region's desperate need for socioeconomic development. We simply cannot subject our employees to the risk of harm that cannot be effectively mitigated or managed.

The Board is cognisant that the unbridled pursuit of opportunities without due consideration of capacity constraints creates risks to project delivery that can be hard to manage. We are aware of the inherent risks of a significant order book, and the compounding risks of large, lump sum projects. To deliver to the standard of *Engineered Excellence* we set for ourselves, will demand leadership commitment, vigilance, and continuous improvement.

Murray & Roberts recognises that safety is a managed outcome and we will need to be more vigilant than ever to ensure the safety of our employees. As we reported in our previous integrated report, the single fatality which occurred this past year, on the first day of the financial year, was one too many. The Board is confident that the contributing factors have been thoroughly investigated and that appropriate measures have been taken. Even though the Group's lost time injury frequency rate remains industry leading, fatalities and injuries at work are avoidable and therefore unacceptable. We are comfortable that leadership will continue to invest their best efforts to ensure that Zero Harm to our employees, service providers and communities, even within often challenging project environments, becomes a reality.

We are pleased to report that the Group's exit from the Middle East is progressing with the sale of the Abu Dhabi and Dubai companies to a UAE-based investment company. Regulatory approval is a pre-requisite for the shares to be transferred to the purchaser. Considering the remaining project disputes in each of the two companies, the parties agreed that the consideration for sale would be a nominal amount.

Although the Group will retain certain potential contingent liabilities post the sale of these two companies – which will be appropriately managed – the proposed transaction will significantly reduce the capital required to maintain an office in the UAE.

PURPOSE-LED LEADERSHIP

Quality of leadership is the flywheel of strategic maturity, value creation and corporate culture. The Group has navigated tough times and managed to make significant strategic progress, testament to the depth, calibre and commitment of our Group and platform leadership teams. It is of critical importance to retain and attract high-calibre leaders and managers, to combine their skills into well-rounded management teams and to ensure succession depth. I am particularly pleased that our Group chief executive officer's term has been extended to August 2024 and that he will lead the Group as it capitalises on new and exciting business opportunities.

I would like to recognise the efforts of our management teams and employees in coping with the impact of the COVID-19 pandemic on our business – it is a business continuity test which I believe we have passed. But the worst impact of the pandemic – the loss of life – could not be entirely prevented. The Board extends our deepest condolences to the teams, families and friends of our 12 Murray & Roberts colleagues who lost their lives to the virus.

The global vaccination campaign has marked a significant turning point in the battle against COVID-19. It is our collective leadership responsibility to encourage all our employees to be vaccinated. Murray & Roberts and our clients facilitate access to the vaccine and we continue to encourage and educate employees on the benefits of being fully vaccinated.

Digital adoption has made a major and 'forced' leap forward across the world, however, the nature of our business does not allow the same level of workplace flexibility many other industries could employ. Many among our office-based employees recognised that those colleagues responsible for delivering projects did not have the option to work remotely and it was heartening to see how many of them, in solidarity with their colleagues, chose to return to their offices while observing all required protocols. We mitigated health risks in shared space with adherence to rigorous health protocols and regular communication to maintain operations. In the process, we learned to appreciate the irreplaceable value of interpersonal contact, which will inform our deliberations on the most appropriate workplace model for the future.

An independent assessment during the financial year has again confirmed the Board's effectiveness.

More detail on the Board assessment can be found on **PG 86**.

Noteworthy are that the Board is well constituted, with a suitable balance of relevant skillsets and diverse perspectives. The engagement required to overcome the past years' challenges strengthened the already strong relationship between the Board and our executive teams. This will serve Murray & Roberts well as we gear up for significantly stronger growth and value creation in the years ahead, which will be contingent on the management of our inherent project risks.

CONCLUSION

Murray & Roberts exists to engineer and construct infrastructure that improves the lives of people, beyond the duration of the project. Rarely before has the world been in greater need of infrastructure-led growth and sustainable human development than now. COVID-19 has devastated lives and economies around the world. Investment in infrastructure is a proven way to stimulate economic development that can multiply socioeconomic and environmental value throughout economies and across communities.

Our *New Strategic Future* plan defines the primary drivers of stakeholder value creation for the Group. We need to grow, remain competitive as a contractor and an employer and be known as trustworthy as we align to the global push towards sustainable human development. I am confident that the Group is in a strong position to achieve these aspirations, in answer to our Purpose and as a matter of relevance in the global context in which we are set to thrive.

On behalf of the Board, I convey our thanks to all our stakeholders, specifically our shareholders for their support, and to the Group's executive teams and employees for their extraordinary commitment to delivering excellence.

I AM CONFIDENT THAT THE GROUP IS IN A STRONG POSITION TO ACHIEVE ITS ASPIRATIONS, IN ANSWER TO OUR PURPOSE AND AS A MATTER OF RELEVANCE IN THE GLOBAL CONTEXT IN WHICH WE ARE SET TO THRIVE.

GROUP CHIEF EXECUTIVE'S AND FINANCIAL DIRECTOR'S REPORT

Henry Laas
Group chief executive

Daniël Grobler
Group financial director

Over the past decade, the Murray & Roberts leadership teams have shown their strength in navigating challenging economic conditions, while holding true to our long-term strategic direction. We have substantive reason, supported by our already strong order book, to believe that we are on the cusp of a multi-year period of strong earnings growth. This will give us the opportunity to make good on our promise to enhance value for shareholders who have stood by Murray & Roberts.

OVERVIEW

In the last decade, the resilience of engineering and construction firms the world over has been severely tested. For Murray & Roberts, in particular, two unforeseen global events have been pivotal in our strategic development. The oil price collapse in 2014 and the COVID-19 pandemic have had severe implications for capital allocation in our markets, and hence project opportunities for our three business platforms. While these events restricted the Group's earnings potential in different ways, they challenged us to stay agile and responsive.

Over this time, we have worked to reshape the Group into a multinational engineering and construction group, with a substantial global footprint. Limited investment in the South African economy over many years have spurred this shift. The threat of local social instability and its damaging effect on the economy and livelihoods, as witnessed a few months ago, has not been encouraging either. Over the next three years, we expect the majority of the Group's revenue to be derived from our two international business platforms, which have established credible positions in regions and sectors with sustainable growth prospects. Broadening the Group's market focus over the last few years has served us well in this regard.

The Group's international scope now includes market sectors with robust fixed capital investment fundamentals. These market sectors will benefit from substantial stimulus earmarked for infrastructure-led economic recovery, which also seeks to sustainably meet the needs of a growing and urbanising global population. The resources, industrial, energy, water and specialised infrastructure sectors present the best opportunities for growth, diversification and differentiation for our business platforms, as specialist contractors in their regions.

While the competitive differentiation of our business platforms is rooted in *Engineered Excellence*, so too does this philosophy define our approach at Group level. We have applied the same purpose-driven thinking to choose our target markets, design the appropriate organisational structure and define the specialist capabilities our platforms need to thrive when prospects improve. This is not to say this work is complete. We continue to seek opportunities for growth, either organically or through value accretive acquisitions, that will also diversify our earnings potential as well as our risk exposure.

The consistent implementation of our strategy over the past few years culminated in significant order book growth in the year under review. With a record order book of R60,7 billion and near orders of R11,1 billion, the Group is well positioned for strong growth in profitability in FY2022 and meaningful earnings growth in the medium term. These positive expectations reflect greater certainty in global economic recovery as vaccination in developed markets gains more ground, and the world seeks to decisively address the socioeconomic and environmental vulnerabilities highlighted by the COVID-19 pandemic.

The outcome of six years of focused strategic effort has brought the Group's business platforms closer to strategic maturity, as envisioned in our *New Strategic Future* plan. Murray & Roberts is today a purpose-built Group, ready to capitalise on improved prospects in our two international platforms: Energy, Resources & Infrastructure and Mining. Together, their potential and growth opportunities far outweigh the slower anticipated turnaround in the Power, Industrial & Water platform's market sectors in sub-Saharan Africa, even though the platform is well positioned competitively.

STRATEGIC PERFORMANCE

The cusp of opportunity

Our primary strength lies in the counterbalancing effect of our portfolio of strategically mature platforms that are individually robust – well-led, -diversified, -positioned and -governed. The Group thrives when our two international platforms perform well. Our Mining platform has been a consistently strong performer for several years, while previously, adverse market conditions and inconsistent project performances held the Energy, Resources & Infrastructure and Power, Industrial & Water platforms back.

Systemic risks are hard to foresee and complex to manage. The collapse of the oil price in November 2014 had a devastating effect on our previous Oil & Gas (now Energy, Resources & Infrastructure) platform. By the end of that year, the oil and gas market slumped into hibernation, which to a degree, persists to this day. The impact on this business as our most significant earnings contributor at that time was severe. The market collapse saw this platform's contribution significantly decreasing year after year and losses were recorded during the previous two financial years.

After five years of strategic repositioning to diversify away from its dependence on a single cyclical market (Australian LNG), the Energy, Resources & Infrastructure platform returned to profitability in the year. Its order book has reached a historic high, with significant levels of revenue already secured for FY2022 and FY2023, and an impressive pipeline of project opportunities. This supports our expectation of strong earnings growth over the next three years.

Energy, Resources & Infrastructure's order book reflects its thriving target markets, with Australia leading in infrastructure investment to accelerate the domestic economy. While the North American market is somewhat tentative, we are evaluating a potential acquisition that will further grow our earnings and expand the platform's capabilities and add relevant capacity. This acquisition will diversify our service offering in North America in a similar way to the Australian operations. We are optimistic that both the APAC region and the Americas will perform well over the next few years. Specific focus will be on ensuring the platform's ability to attract the necessary specialised and technical skills, which could be a potential constraint to growth.

To have our two international platforms contributing in a material way to Group earnings may well become a reality in the coming year. Energy, Resources & Infrastructure's favourable prospects will benefit the Group for the foreseeable future, adding to our Mining platform's consistent contribution to earnings. In the case of the latter, there are encouraging signs of near-term earnings growth potential as the commodity upturn gains momentum.

Analysts are forecasting that the recent recovery in commodity prices has longer-term structural support, raising hopes for a commodity super-cycle. Our view is that the super-cycle may be restricted to those commodities required to convert global energy to lower-emission energy sources. Copper, platinum and other platinum group metals, for example, are likely to see significant upside. Our Mining platform holds leading positions in most major regional underground mining markets in the western world. With these commodities well represented in its portfolio, it is strongly positioned to grow and benefit from escalating demand.

THE GROUP'S INTERNATIONAL SCOPE NOW INCLUDES MARKET SECTORS WITH ROBUST FIXED CAPITAL INVESTMENT FUNDAMENTALS. THESE MARKET SECTORS WILL BENEFIT FROM SUBSTANTIAL STIMULUS EARMARKED FOR INFRASTRUCTURE-LED ECONOMIC RECOVERY, WHICH ALSO SEEKS TO SUSTAINABLY MEET THE NEEDS OF A GROWING AND URBANISING GLOBAL POPULATION.

The Mining platform has done well to protect its order book from deterioration due to the impact of COVID-19 on capital investment decisions and the timing thereof, as well as the impact on project schedules and resourcing. This impact was most pronounced in North America and Mongolia, and the platform's regional business structure has provided some shield against the vulnerability of team mobility, supply chains and travel restrictions.

The encouraging outlook for global mining markets will support the platform's focus on growing its order book in the coming year, especially in the Americas. The current order book is reasonably solid and the near-term project pipeline is robust and growing. We see opportunity for accelerated organic earnings growth in the medium term and, given its high regional market shares, the platform will continue to pursue value accretive acquisitions to sustain and diversify its earnings growth. It is also considering regional expansion opportunities, specifically into South American mining markets.

The sub-Saharan Africa focused Power, Industrial & Water platform continues to face significant challenges to its viability and sustainability. Investment in relevant infrastructure in this region is limited and no projects of meaningful value were secured. Ongoing restructuring, in line with the expectation of lower revenue potential, has reduced the platform's resources to the minimum required to win work and steer the platform to its targeted earnings potential. Power, Industrial & Water's scope for growth and diversification, as a regional business, is more limited than the two international platforms.

Material prospects for Power, Industrial & Water remain thin, besides for its OptiPower Projects business, even though the platform is well-placed to respond to the urgent need for industrial and water infrastructure and for participation in South Africa's renewable energy drive. Wade Walker Solar was established during the year to pursue industrial PV opportunities up to 10MW in scale. This business provides project development, EPC as well as equipment supply services and secured its first projects, albeit at a small scale. We continue to believe this business is well positioned competitively in markets with long-term promise. We recognise this is an ambition we reiterate annually, and the platform's sustainability will be re-evaluated towards the end of the next financial year, considering its current loss-making position. Power, Industrial & Water will continue to focus on achieving stability and sustainability in the next three years, in line with its business plan.

Value recognition braced by *Engineered Excellence*

Evidence for strategic maturity must ultimately be found in the stability and sustainability of earnings growth from each of our platforms. Besides market activity, this is contingent on their ability to consistently deliver safe, well-executed and profitable projects.

Our business platforms are well equipped to provide services across the engineering and construction value chain in their regional markets. The insight this provides enables them to optimise capital investment in both the design and execution of projects. This equates to better project outcomes whose value extends long into the operating life of the client's asset and the lives of local communities and host countries.

Our culture, guided by our Values and operationalised by our philosophy of *Engineered Excellence*, reinforces these outcomes. We expect our platforms to apply well-developed policies, management systems, business principles and practices that enable them to differentiate their services beyond competitive pricing. This serves to protect project margins and value recognition from complex risks. The concentration of EPC lump-sum contracts in the Group's order book, and specifically in Energy, Resources & Infrastructure, reflects a shift in proportional risk sharing from clients to contractors. This makes it critical to ensure near-flawless project planning, contracting and delivery to optimise earnings potential from the Group's order book.

Project delivery carries inherent risk that increases as project size grows and as contracting models shift from cost-reimbursable arrangements to lump-sum. On large projects, multiple project events can have a compounding impact on progress and commercial positions, which are difficult to quantify and thus hard to agree with clients. Our project governance and management systems are built to manage such risks, and their rigour also extends to the selection of experienced and tested joint-venture partners for large projects. However, as we have seen in the past on large projects such as those we are undertaking in Energy, Resources & Infrastructure, commercial and operational challenges have the potential to collide to undermine value recognition.

WE EXPECT OUR PLATFORMS TO APPLY WELL-DEVELOPED POLICIES, MANAGEMENT SYSTEMS, BUSINESS PRINCIPLES AND PRACTICES THAT ENABLE THEM TO DIFFERENTIATE THEIR SERVICES BEYOND COMPETITIVE PRICING.

OUR APPROACH TO ETHICAL LEADERSHIP, CORPORATE CITIZENSHIP AND SUSTAINABILITY IS EMBEDDED IN OUR CULTURE OF *ENGINEERED EXCELLENCE*.

Given the execution risk associated with its substantial order book, the leadership team at Energy, Resources & Infrastructure is focused on disciplined tendering and project execution. The recently established regional platform structure creates more management capacity and a degree of autonomy, although this is balanced with a strict requirement to comply with platform management systems and protocols, which includes rigorous Group-aligned commercial and risk governance put in place over the last few years. These factors provide ample comfort that the platform can derive strong profit growth from its impressive order book.

In support of its commitment to drive growth and deepen *Engineered Excellence*, the Mining platform has clear objectives to optimise a range of business areas. These include improving risk assessment processes and higher-level controls in safety management; improving productivity through better and more accurate planning and execution; improving asset management, tracking and performance; and leveraging its global spending power through strategic centralised procurement. All of these will be served by improving management information, for more accurate performance management and reporting. The acceleration of its digital strategy will enable improved safety, accuracy of execution and potentially improved margins and greater market share.

Digital systems and solutions are inevitable business enablers. Murray & Roberts faces the uncertainty of rapid technological advancement to no lesser extent than any other business. We choose to embrace this as a manageable opportunity to remain a contractor and an employer of choice. Critically, our ability to compete depends on staying ahead of the technology curve, both in delivering our projects and attracting the brightest talent, especially among a younger generation of leaders and employees.

Digital opportunities to improve productivity, safety and efficiency at project level have been understood for some time. Our international platforms have several exciting initiatives underway to achieve these outcomes. However, unlocking technology's potential to contribute to sustained success is now of heightened priority, and is being overseen and coordinated out of the office of the Group financial director.

It is appropriate to assess the Group's capital position in the context of the material growth opportunities and the risks we have outlined. Murray & Roberts has demonstrated over many years an ability to manage short-term constraints while maintaining long-term focus in how we allocate capital. However, we will face a tightening liquidity environment in the next year, to deliver the projects in our record order book.

Globally, financial service institutions have intensified their lending and underwriting criteria, especially for the engineering and construction sector. Liquidity is, as a result, more restricted. It is becoming common for financial institutions to grant loans with the condition that subsidiaries are not allowed to pay dividends to foreign holding companies. Lenders' hardening stance at a platform level then inevitably spills over into cash constraints for the Group. However, this is a temporary challenge. The Energy, Resources & Infrastructure platform, as well as the mining business in Australia have delivered a much improved set of financial results that will allow them to renegotiate their facilities and to free up cash flow to the Group.

Ridership on the Gautrain is significantly down compared to pre-pandemic levels. The Gautrain system is operating with capacity restrictions and demand is expected to remain subdued until all COVID-19 lockdown restrictions have been lifted. These circumstances could limit the potential of dividend income from our investment in the Bombela Concession Company, although valuations are not currently impacted.

The Group's exit of the Middle East remains a priority, and a complex legal process to manage our potential contingent liabilities is still continuing.

The Group is in the process of disposing of the Abu Dhabi and Dubai companies. We expect this to be concluded by the end of September 2021. The proposed transaction will significantly reduce the legal fees and costs of maintaining an office in the UAE.

Sustainable advancement of human development

Integrating sustainability thinking in the way we conduct our business is not new to Murray & Roberts – it flows naturally from our Purpose and our culture. However, higher expectations and greater scrutiny from stakeholders demands that we operate within tighter ESG guidelines.

Our approach to ethical leadership, corporate citizenship and sustainability is embedded in our culture of *Engineered Excellence*. We define sustainability as the purposeful delivery of projects in a responsible manner, while at the same time respecting the needs and expectations of our stakeholders. These are critical success factors for our business to remain resilient and competitive throughout economic and social cycles.

Our Sustainability Management Framework provides an overarching approach to 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:

- Creating sustainable value for shareholders, clients, employees, partners and suppliers, as well as the communities in which we operate.
- Engaging with our stakeholders and taking their views and concerns into consideration when making strategic and operational decisions.
- Managing all our impacts (e.g. on people and environment) according to the principle of Zero Harm.
- Understanding and mitigating our operational risks and taking advantage of opportunities.
- Applying best practice corporate governance.

Harmonising ESG imperatives with commercial opportunities is not only an ethical obligation for the Group, but also a requirement on which clients and funders insist. It is becoming an important source of competitive differentiation.

The Group's safety performance compares to the best in the world in our different market sectors, but we have reached a stubborn plateau in improvement on our path to Zero Harm. This aspiration, however, is becoming more of an expectation and the possibility of Zero Harm is growing among our leaders, managers and people. In the past year, we saw an 80% improvement in the number of projects that were delivered with Zero Harm.

However, as we reported last year, we were deeply saddened by the death of our colleague, Wilfred Moleofi from OptiPower Projects, on the first day of the financial year. Whereas Zero Harm is a challenging aspiration considering project environments, fatalities are entirely unacceptable and preventable. Of particular risk to the Group in improving our safety record, is the integration of newly acquired businesses and joint-venture partners in ensuring swift alignment to the Group's health, safety and environmental standards and systems. Customary for the Group, a deep assessment of the contributing factors to the safety performance at OptiPower Projects, acquired during the previous financial year, was completed and management oversight and safety systems have been aligned to the Group's expectations.

We achieved much of our progress by focusing on high-impact interventions, such as managing critical risks, as well as risks associated with changes, and containing the risks associated with demobilisation. To reach our goal of Zero Harm, the Group will continue to ensure more comprehensive and consistent application of systems, such as the MAP programme, which have served us well in driving the maturity of our safety culture.

To date, the Group has reported approximately 1 200 employees who were infected with COVID-19, where 99% have recovered. Regrettably, 12 employees lost their lives due to COVID-19 related complications. Managing the impact on our people of COVID-19 has seen unprecedented collaboration across the Group in knowledge sharing, adapting to new ways of working and applying the Group's Value of Care. COVID-19 risk mitigation measures are now fully embedded in our health and safety management programme.

High-performing and engaged employees are the foundation of the Group. All our human resources processes are underpinned by our *Engineered Excellence* philosophy and align to best practice principles. When integrating new businesses into the Group, we ensure that our culture and people practices are uniformly applied. Ethical leadership, employee health and safety, and diversity, inclusion and localisation are strategic priorities that enable us to attract, retain and engage high-calibre and high-performing employees who live the Group's Values. Career advancement through experience on high-profile projects, skills development and training, and mentorship opportunities along with fostering a working environment that fosters open communication and collaboration, are also important aspects of our value proposition to employees, which support them in engaging their innovation and creativity.

Given the criticality of retaining and attracting high-calibre leaders and managers, we place intense focus on leadership development and succession. Every year, we conduct an annual leadership and succession review for top and senior management level (this also extends to the Board). Individuals are categorised according to their performance and potential, and successors are categorised based on their readiness (immediate, within a year, three years or more than five years). Emergency successors are identified to act in certain positions, while successors are being sourced or appointed. Succession plans are developed in line with our diversity and inclusion priorities.

A diverse workforce contributes to improved business performance and supports our social licence to operate. We want to provide workplaces where everyone feels valued and included, where strengths and differences are embraced and respected, and opportunities exist for all to collaborate, contribute and achieve their full potential. Guided by our Group diversity policy, all our businesses have diversity policies appropriate to their regions. Although we acknowledge much work is still to be done, the policy commits us to being aware and responsive to the specific diversity priorities of the many different countries and cultures in which we operate. Our diversity and inclusion interventions create awareness of unconscious biases as a fundamental means of changing behaviour. We actively monitor diversity and inclusion across the Group to ensure we operate as a relevant multicultural organisation. Business platform chief executives are responsible for setting and delivering against the diversity targets applicable to their operations.

FINANCIAL PERFORMANCE

The Group is recovering from the initial impact we experienced in FY2020 from the pandemic and related deferrals, closures, and restrictions, with continuing operations returning to profitability in the year under review. The Group's exposure to the natural resources, industrial, energy, water and infrastructure markets, and its strong order book from those markets, holds the potential for meaningful earnings growth in FY2022 and in the medium term.

Revenue from continuing operations increased to R21,9 billion (FY2020: R20,8 billion), of which 81% was generated from outside of South Africa. The Group reported strong growth in earnings before interest and tax from continuing operations to R540 million (FY2020: R17 million loss). Operating earnings were partly offset by an increased loss for discontinued operations, resulting predominantly from non-recurring extraordinary and non-cash losses, while the attributable loss reduced to R180 million (FY2020: R352 million loss).

The effective tax rate remains high at 73%, mainly due to withholding tax in foreign jurisdictions, as well as losses incurred in entities where future taxable earnings are uncertain. Consequently, no deferred tax assets could be recognised on these losses. It is expected that the tax rate will normalise at more acceptable levels in the near term.

The Group is pleased report a strong order book of R60,7 billion (FY2020: R54,2 billion), which includes several multi-year contracts. The project pipeline includes near orders of R11,1 billion (FY2020: R11,4 billion).

The Energy, Resources & Infrastructure platform strongly returned to profitability in the year. Revenue and operating profit within this platform increased to R11,4 billion (FY2020: R6,9 billion) and R227 million (FY2020: R454 million operating loss), respectively. The previous year's operating loss was due to pandemic-related impacts and two loss-making projects that are now completed. The platform was successful in securing a large and quality order book of R37,0 billion (FY2020: R34,4 billion), reflecting its thriving target markets, with Australia continuing to invest in resources and infrastructure development. Near orders were increased marginally to R1,1 billion (FY2020: R1,0 billion).

The Mining platform's order book is strong, and its near-term project pipeline is robust and growing. Revenue and operating profit decreased to R9,5 billion (FY2020: R12,0 billion) and R473 million (FY2020: R630 million), respectively. The decrease was due to the Americas having experienced a prolonged period of disruption due to the pandemic, which led to deferred investment decisions by mining companies. The order book increased to R23,2 billion (FY2020: R19,4 billion) and near orders were marginally lower at R9,7 billion (FY2020: R10,4 billion). The platform is very well positioned in the global underground mining market and is anticipating further order book growth, especially in the Americas.

Power, Industrial & Water is focused on creating a sustainable base over the next three years, delivering an acceptable return on investment for the Group. Revenue decreased to R1,0 billion (FY2020: R2,0 billion) and the platform recorded an operating loss of R175 million (FY2020: R44 million operating loss). The order book increased marginally to R0,5 billion (FY2020: R0,4 billion) and near orders are at R0,3 billion (FY2020: Nil). The increased loss was due to the platform's low revenue base relative to its overhead costs, exacerbated by the completion of several loss-making projects, largely due to pandemic impacts. No projects of any significant value were secured during the period.

The initial estimated impact of the pandemic on the Group's 50% investment in Bombela Concession Company was accounted for in FY2020. The business was successful with its business interruption insurance claim, capped at R285 million and the funds, on receipt, were used to reduce it's debt. The potential prolonged impact of the pandemic on this investment is assessed on an ongoing basis. A fair value adjustment profit of R209 million was reported for the period (FY2020: R119 million).

The Group recorded an operating loss from discontinued operations of R256 million (FY2020: R19 million profit), of which circa R120 million comprised a cash loss. The prior year included substantial exchange rate gains, while the current year losses were due to:

- Final impairment costs relating to the retained assets and liabilities of the South African Infrastructure & Building business that was sold in March 2017, comprising a R39 million write down in fair value, due to the pending sale of the Mooikloof residential development asset, as well as the settlement of all outstanding disputes against the Group at R107 million below the accounting value; and
- Middle East related costs comprising R17 million in fair value adjustments on the sale of the companies in Dubai and Abu Dhabi, and R93 million for legal and office costs and foreign exchange movements.

CONCLUSION

After a long period of adversity and market instability, it is deeply gratifying to look forward with confidence to a brighter future for the Murray & Roberts Group. Our strategic efforts, especially over the past five years, are starting to bear fruit and we have substantive cause for confidence in a multi-year period of strong earnings growth.

Our order book reflects pressing global development needs, as well as significant opportunities for the Group in international markets. Our challenge now is to deliver on both these imperatives. Even though the planets are aligning for Murray & Roberts, we know there is no room for complacency in delivering on our commitments to our people, clients, communities and shareholders.

OUR ORDER BOOK REFLECTS PRESSING GLOBAL DEVELOPMENT NEEDS AS WELL AS SIGNIFICANT OPPORTUNITIES FOR THE GROUP IN INTERNATIONAL MARKETS. OUR CHALLENGE NOW IS TO DELIVER ON BOTH THESE IMPERATIVES.