

# 01

## GROUP OVERVIEW

*OptiPower Projects, Zeerust Solar, North West Province, South Africa*





# Purpose-led value creation

**Murray & Roberts enables and optimises fixed capital formation that advances sustainable human development, on behalf of corporations, governments and institutions.**

The Group's Purpose makes sustainable human development the circumference of our market focus. The projects we design, build, maintain and operate empower global communities by delivering the real economy fundamentals – metals and minerals, reliable electricity, transport infrastructure and potable water – on which the modern world depends.

Similarly defined by our Purpose, sustainable human development is central to our governance approach, our competitiveness as a contractor and employer of choice, and our reputation as an ethical corporate citizen with international and local responsibilities.

As the Group moves to realise compelling opportunities for growth, profitability and value creation, our strategic choices will continue to be motivated by our Vision, guided by our Values and led by our Purpose.

**The Murray & Roberts Group**  
A multinational specialist engineering and contracting group focused on specific target market sectors

**STOP. THINK. ACT. 24/7: SAFE OUTCOMES IN EVERYTHING WE DO**

**BUSINESS PLATFORMS**

**ENERGY, RESOURCES & INFRASTRUCTURE**

**MINING**

**POWER, INDUSTRIAL & WATER**

## PURPOSE

Enabling fixed capital investments that support the advancement of sustainable human development.

## VISION

To be a leading multinational engineering and contracting group that applies our project life cycle capabilities to optimise fixed capital investment.

## VALUES

- Integrity
- Respect
- Care
- Accountability
- Commitment

**PROJECT LIFE CYCLE**

Design and engineering/  
technical consulting

Process engineering,  
procurement and  
construction

Construction

Service and  
operation

**ENGINEERED EXCELLENCE**



**PG 48**

Chairman's statement



Our **market focus spans sectors attracting accelerated capital investment**

in sustainably meeting the needs of a growing and urbanising global population and addressing socioeconomic and environmental challenges.

Our commitment to **safe outcomes in everything we do**, grounds our aspiration to make Zero Harm a reality.

Our safety, health and environmental 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 aspiration to be a contractor and employer of choice and to enhance stakeholder trust in the Group.

We **design and deliver projects across the engineering and construction value chain** that are financially viable,

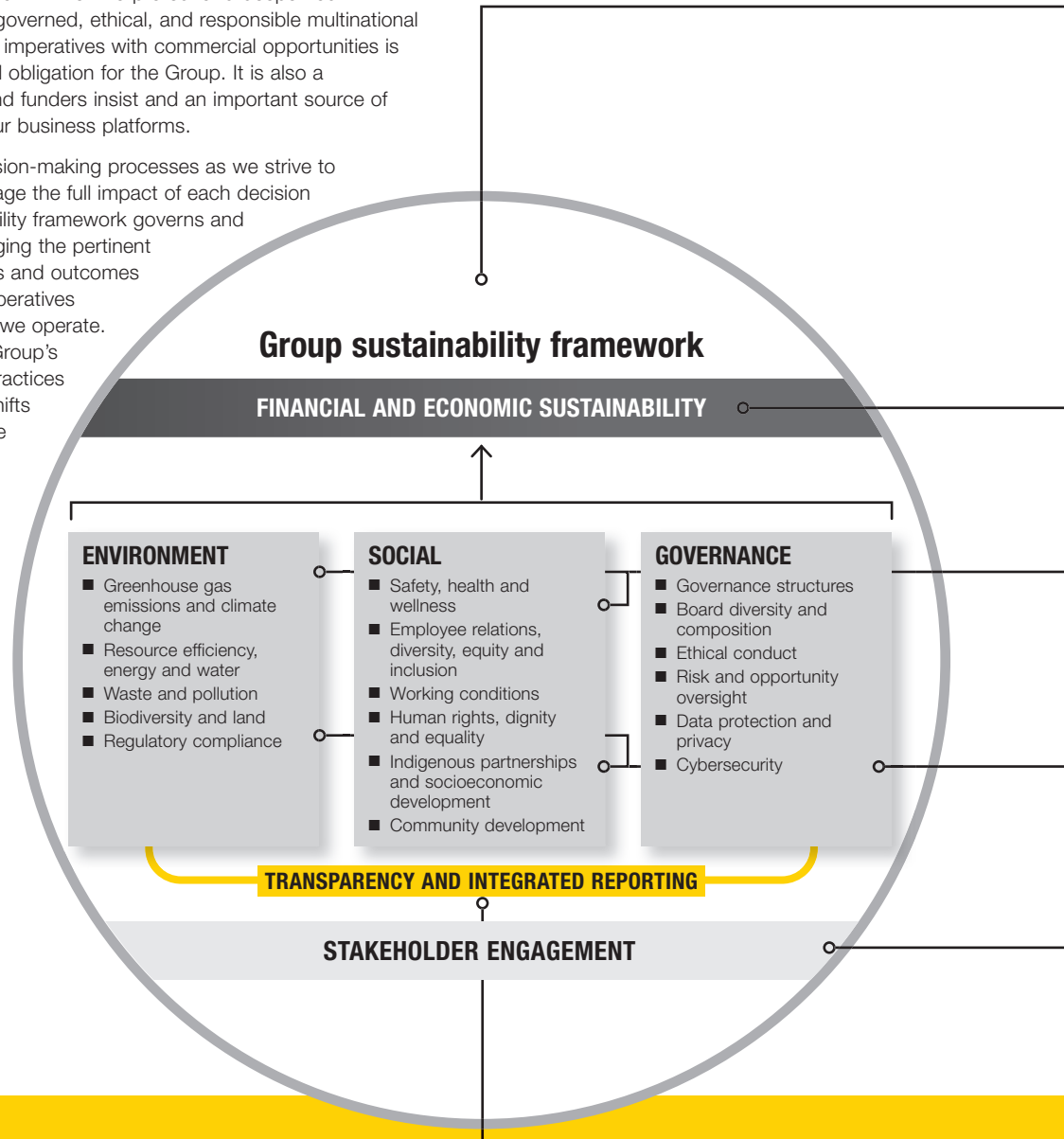
that deliver better outcomes for our clients, and that create lasting socioeconomic and environmental benefits for local communities and host countries.



## Integrated thinking

Sustainability thinking is integrated in the way we execute our projects and conduct our business, and we operate under high expectations and stringent ESG guidelines. It informs 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 sustainability framework governs and focuses our approach to managing the pertinent risks and opportunities, impacts and outcomes related to financial and ESG imperatives across all jurisdictions in which we operate. Continual improvement of the Group's policies, 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 underpins consistency.



The commercial and ESG outcomes we expect are specific targets 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 the five performance dimensions below. These are cascaded from the performance criteria set by the Board for the Group chief executive to platform leadership, middle and line management levels at the beginning of each financial year.

01

### Financial

- Satisfied shareholders through value creation.
- Achievement of strategic objectives (per rolling three-year business planning cycle).

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.

**The Group sustainability framework** sets out our commitment to achieve sustainable outcomes across our value chain by:

Designing and delivering projects that are financially viable, with better outcomes for clients and lasting economic and environmental value for society, in return for maximum value recognition for the Group.

Investing in our employees and maintaining a competitive value proposition to retain and attract critical skills, enabling us to embed sustainability into project delivery and operation.

Applying high ethical standards and global best practice in corporate governance.

Valuing the contribution of our stakeholders which we believe is fundamental to the long-term success of our business.

Maintaining transparent reporting to ensure that our stakeholders are kept informed of our performance as well as the progress we have made on our commitments.

## Group ESG rating

Following the FY2021 assessment by CEN-ESG, a United Kingdom-based ESG and disclosure specialist, the Group achieved an ESG disclosure score of 31.5 out of 100, comparing favourably with the average of 30.2 for the industrials sector. Selected peers and clients achieved an average of 38.7 points, providing a baseline for improvement. The Group conducted a review of its disclosure in FY2022 and achieved a significant upgrade in its rating to 39.4, a strong score in line with other companies who have a firm grip on a broad range of ESG issues, as assessed by CEN-ESG. The Group has made good progress in delivering on our annual ESG priorities, which include:

- Formulating and communicating our Sustainability Position Statement.
- Reviewing our Climate Change Position Statement to clarify our position on participating in fossil fuel projects.
- Enhancing our diversity, equity and inclusion, and corporate social responsibility policies and programmes.
- Publishing a Group supply chain standard incorporating ESG requirements.
- Improving the coverage of our Scope 3 emissions reporting.
- Enhancing the integration of ESG considerations in opportunity assessment and project execution.
- Closing gaps in our ESG disclosure.

As global expectations cohere into standardised international accountability frameworks, we will continue to strive for industry-leading ESG performance that demonstrates sustainability thinking as a feature of who we are as a Group.

## Stakeholder engagement policy

Our reputation as a credible global operator and respected multinational rests on the value we create for our employees, clients and for local companies, host communities and countries in which we work. We value the insight of our stakeholders as fundamental to the long-term success of our business. We understand that their trust is earned through consistent decisions and actions that engender confidence in the Group's character and competence, and our reliability in meeting our commitments and obligations.

The COVID-19 pandemic accelerated several drivers of global change and highlighted weaknesses in society's response to sustainability challenges. As such, it has demanded introspection across all levels of society. For Murray & Roberts, this has meant conscientiously applying what we have learned from managing the impacts of the pandemic to improve our sustainability practices and to align them with our stakeholders' expectations.

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.



# Delivering our New Strategic Future

**Disciplined and agile implementation of our strategy over the last eight years has consolidated our long-term potential and ability to realise it.**

Our *New Strategic Future* plan was designed to deepen our resilience to market cycles, by achieving diversification across geographies and capabilities; and to secure our long-term relevance by positioning our business platforms in market sectors and regions likely to attract elevated capital investment. We have achieved these aspirations while managing the risks and constraints of turbulent markets and a challenging global contracting environment.

While cyclicity is a typical feature of natural resources markets, the transition to a lower-carbon energy future and the substantial investment in infrastructure-led socioeconomic recovery and redevelopment, provide a long-term support to our growth potential. These structural trends are important drivers of our investment case.

## NORTH AMERICA

Vancouver ● Calgary ● North bay  
Salt Lake City ● Baltimore ● Philadelphia  
Santee ● Houston

### → *A multinational engineering and contracting group...*

Our platforms, with their respected contracting brands, are well positioned in market sectors and regions with the best opportunities for profitable growth and competitive differentiation.

### → *...able to optimise value across the project life cycle...*

As specialist contractors, our platforms are best placed to manage risk and maximise value recognition, while optimising client, local community and host country value.

### → *...through our philosophy of Engineered Excellence...*

Mature policies, management systems, business principles and practices, and shared learning enable our platforms to deliver safe, efficient and profitable projects, responsibly.

### → *...in market sectors with robust long-term demand drivers...*

Demand for future-facing commodities, infrastructure-led socioeconomic redevelopment and the global energy transition are accelerating capital investment in our market sectors.

### → *...to sustain earnings growth and shareholder value.*

The Group's strategic position and strong prospects, diversified across sectors, markets and capabilities will deliver sustainable earnings growth in the years ahead.



## EUROPE, MIDDLE EAST AND AFRICA

Ayrshire

Accra

Kitwe

Johannesburg

Cape Town

## ASIA – PACIFIC

Ulaanbaatar

Port Moresby

Kalgoorlie

Brisbane

Perth

Sydney

## 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 sustainable, profitable 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, 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**
 **MINING**
 **POWER, INDUSTRIAL  
& WATER**
 **CORPORATE OFFICE**



# Our value creation process

Our Purpose and Vision place sustainability firmly at the centre of our value-creation strategy. The Group's business activities create economic value for shareholders, employees and wider society through the development of infrastructure that supports socioeconomic and human development. These investments contribute to wealth creation and better living standards, and support the social fabric and vitality of communities in which the Group operates.

## Our inputs

### RESOURCES AND RELATIONSHIPS ON WHICH WE DEPEND TO CREATE VALUE



#### FINANCIAL CAPITAL

- Quality order book.
- An intensified focus on cash management to preserve liquidity, fund working capital and invest in growth.
- Disciplined management of project execution to minimise losses and protect margins.
- Self-funding platforms and projects.



#### MANUFACTURED CAPITAL

- Focus on project excellence to maximise asset outcomes for clients, local communities and host countries.
- Proactively reduce 'idle' equipment between projects.



#### INTELLECTUAL CAPITAL

- Adoption, adherence, adaption and management of commercial and operational systems, procedures and culture pertaining to *Engineered Excellence*.
- Disciplined management of risk to achieve Zero Harm and provide safe and fair working conditions.
- Embedded sustainability framework focused on managing ESG and integrating considerations into decision-making.
- Integration and alignment of acquired businesses.
- Digital innovation for improved safety, efficiency, visibility and measurement across projects.
- Policies, procedures and systems for data protection and privacy.



#### HUMAN CAPITAL

- Effective, experienced leadership.
- Skilled and diverse workforce.
- Competitive employee value proposition to retain and attract scarce skills.
- Focused succession planning to ensure sufficient talent depth.
- Fit-for-purpose training and development programmes.
- Structured and mature performance management process.



#### SOCIAL AND RELATIONSHIP CAPITAL

- High ethical standards and global best practice in corporate governance.
- Sound relationships with stakeholders.
- Strong, recognised brands and reputation.
- Supply chain management that supports local communities.
- Ongoing investment in community development.
- Transparent reporting against global reporting frameworks.



#### NATURAL CAPITAL

- Growing service offering in renewable energy sector.
- New projects evaluated against climate change impacts.
- Collaboration with clients and suppliers to reduce carbon emissions.
- Focus on resource efficiency and sustainable procurement to minimise environmental impacts.
- Commitment to reduce carbon footprint.



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Group chief executive's and  
financial director's review

## OUR BUSINESS ACTIVITIES

## CONSTRAINTS

- Constraints to pricing and cost recovery in global contracting market.
- Project deferrals and delays affect planning and funding.
- Global supply chain disruptions impacting cash flows and margins.
- Legacy issues and protracted project commercial close-outs that are complex and expensive to resolve.
- Competitive differentiation through safety and productivity benefit requires greater investment in digital initiatives.

- Global supply chain disruptions impacting availability of equipment.
- Managing equipment productivity in weak markets.
- Concentration risk on large projects.

- Inconsistent project performance.
- Mobilising cross-border project resources.

- Global skills shortages.
- Attracting the specialised and technical skills needed to grow and deliver project excellence.
- Competing for digital skills.
- Skills shortage requires higher investment in people.

- Managing local workplace cultures for safety and productivity.
- Community unrest putting project execution and employees at risk.
- Permitting delays hindering project start up.
- Slow pace of socioeconomic development in some countries.

- Specialised engineering and construction services to sectors that are carbon and water intensive and vulnerable to climate change impact.
- Climate change and energy related requirements increase costs.
- Increased climate-related risk, such as unpredictable weather conditions including floods and storms, causing project disruptions.
- Onerous operating licence conditions and environmental authorisations.

## OPPORTUNITIES

- Expedite claims resolution and further entrench cost discipline.
- Consistent commercial and operational excellence.
- Access to funders focused on ESG credentials.

- Establish the mining platform as a single global organisation to transform and grow the businesses.
- Innovations in equipment that enable safer and more efficient operations.

- Competitive differentiation as contractor and employer.
- Embedding ESG principles into project delivery and operation.
- Window of opportunity for digital differentiation.
- Digital management systems at project and enterprise levels.
- Group-led, consistent approach to strategic priorities including risk, safety, human capital and digital development.

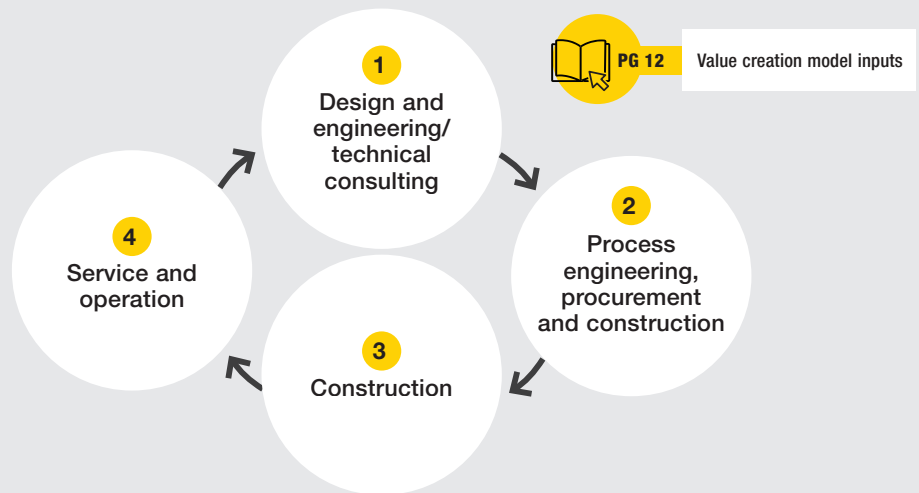
- Giving employees access to world-class and complex project experience.
- Digitising human capital data for better resource management.
- Leverage training academies as differentiator.

- Strong relationships with stakeholders support better quality local contracting partners, procurement and employment.
- Strategic benefits of strong relationships with quality clients and partners.
- Helping clients to achieve their ESG objectives.

- ESG credentials as a differentiator.
- Positioned to support the transition needed to meet global carbon reduction targets.
- Climate and energy requirements could provide opportunities in low-carbon economy for ESG focused contractor.

## Our business activities

WE OPERATE ACROSS THE PROJECT LIFE CYCLE



### 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 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



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Business platform reviews



## Our outcomes

THE DIMENSIONS OF SUSTAINABLE STAKEHOLDER VALUE CREATION THAT  
GUARD OUR RESILIENCE AND RELEVANCE OVER THE LONG TERM

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**.

Revenue (continuing)

**R29,9 billion**

2021: R21,9 billion

2020: R20,8 billion

Significant order book

**R59,5 billion**

2021: R60,7 billion

2020: R54,2 billion

EBIT (continuing)

**R705 million**

2021: R540 million

2020: (R17 million loss)

Deepening resilience and differentiation as a contractor, employer and partner as market dynamics and stakeholder expectations change, with increasing emphasis on ESG credentials and digital solutions to ensure **sustainable competitiveness**.

**0**

Fatalities

**21**

projects achieved zero recordable safety cases, in a portfolio of more than 100 projects

BBBEE

**Level 1**  
in South Africa

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

GROUP ESG PERFORMANCE

Score of

**39.4** out of **100**

Average industrials score of

**38.2** out of **100**



PG 09

Group ESG rating

The quality and depth of Group and platform leadership, the inculcation of the Group's culture (guided by our Values and operationalised by our philosophy of *Engineered Excellence*), and our well-developed governance system and reporting processes, enable us to maintain and enhance stakeholder trust both in the Group and in our industry.



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Our material issues



# A strategy for shareholder value creation

## STRATEGIC THEMES

	Corporate actions	Key objectives	FY23	FY24	FY25
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 <i>Engineered Excellence</i> .	✓	✓	✓
		■ 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.	✓	✓	✓



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Group chief executive's and financial director's report

✓ Applicable

○ Not applicable

**The alignment of our business platforms to the Group's Purpose, strategy and culture, underpins the stability and sustainability of the earnings growth we expect as we maintain, grow and execute our order book in vibrant market sectors.**

Beyond market and regional diversification, and offering services across the project value chain, strategic maturity is a measure of our platforms' ability to consistently deliver safe, well executed and profitable projects. The Group's governance and management systems, and disciplined approach to managing complex risks and burgeoning opportunity, support our ability to recover and grow shareholder value in the coming years.

Risk drivers	ESG risks	Response	Link to material issues
<b>STRATEGIC RISKS</b> <ul style="list-style-type: none"> <li>Vulnerability to macroeconomic factors.</li> <li>Group liquidity.</li> <li>Capitalising on the recovery of energy markets.</li> </ul> <b>PROJECT RISKS</b> <ul style="list-style-type: none"> <li>Uncertified revenues.</li> </ul>	<ol style="list-style-type: none"> <li>COVID-19 impacts, including economic disruption, operational and financial performance, and employee health and mental health challenges.</li> <li>Our specialised sectors are carbon and water intensive, vulnerable to climate change impacts.</li> </ol>	<ol style="list-style-type: none"> <li>COVID-19 responses and protocols fully integrated including non-pharmaceutical measures, and promotion of vaccination and mental health.</li> <li>Improving capability to deliver positive environmental impact projects; reducing our own impacts; managing physical risks of climate change in project delivery.</li> </ol>	<b>01 Strategic maturity</b> <b>02 Contractor of choice</b> <b>03 Employer of choice</b>
<b>STRATEGIC RISKS</b> <ul style="list-style-type: none"> <li>Vulnerability to macroeconomic factors.</li> <li>Group liquidity.</li> <li>Capitalising on the recovery of energy markets.</li> </ul> <b>OPERATIONAL RISKS</b> <ul style="list-style-type: none"> <li>Health, safety and environmental exposures.</li> <li>Community and industrial unrest.</li> <li>Project delivery.</li> </ul> <b>PROJECT RISKS</b> <ul style="list-style-type: none"> <li>Project losses.</li> <li>Uncertified revenues.</li> </ul>	<ol style="list-style-type: none"> <li>Attracting and retaining specialised skills critical to platform growth and delivery of sustainable outcomes.</li> <li>Reputation, employee retention and eligibility to bid on particular contracts at risk if health, safety and environmental stewardship not managed effectively.</li> <li>Possible unrest and project disruption resulting from slow socioeconomic development; additionally, expectation for local stakeholder involvement in projects.</li> <li>Cybersecurity breaches and attacks and resulting disruption and damage.</li> <li>Unethical and/or unlawful conduct by employees or partners, or non-compliance with laws and regulations could result in fines, reducing revenues and profits, and negatively affect our reputation, impacting our ability to win contracts.</li> </ol>	<ol style="list-style-type: none"> <li>Safe, diverse, equitable, inclusive work environment; local recruitment; opportunity for advancement through experience, training and mentorship in line with Group sustainability practices.</li> <li>Continuous improvement of Group HSE framework, and alignment of acquired businesses and joint-venture partners to these standards.</li> <li>Creating value for employees, clients, owners and communities by partnering with local service providers, securing our reputational respect as a credible global operator.</li> <li>IT security framework in place and Group-wide cybersecurity training; continual monitoring of controls by vulnerability management programme; backup solutions for system failures or breaches.</li> <li>Consistent application of Code of Conduct; training for all new employees and regular refresher training; bi-annual unethical/unlawful practices declarations; anonymous, independent whistle-blowing hotline.</li> </ol>	<b>02 Contractor of choice</b> <b>03 Employer of choice</b> <b>04 Stakeholder trust</b>
<b>STRATEGIC RISKS</b> <ul style="list-style-type: none"> <li>Group liquidity.</li> </ul> <b>PROJECT RISKS</b> <ul style="list-style-type: none"> <li>Uncertified revenues.</li> </ul>			<b>01 Strategic maturity</b>
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# Engineered Excellence for strategic advantage

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

This leadership philosophy, together with our Values, defines our management approach at every level of the organisation. 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, contracting principles and lessons learned, and the Group ethics framework. These frameworks set clear expectations for our employees, platforms and business partners. Their application is tightly governed throughout the Group and regularly updated to respond to shifting realities in the global contracting environment.

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 and 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 risks and enhance project delivery. For the Group, disciplined management of commercial and execution risk in tendering and delivering projects, serves to protect margins and minimise losses.

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.



PG 60

Business platform reviews



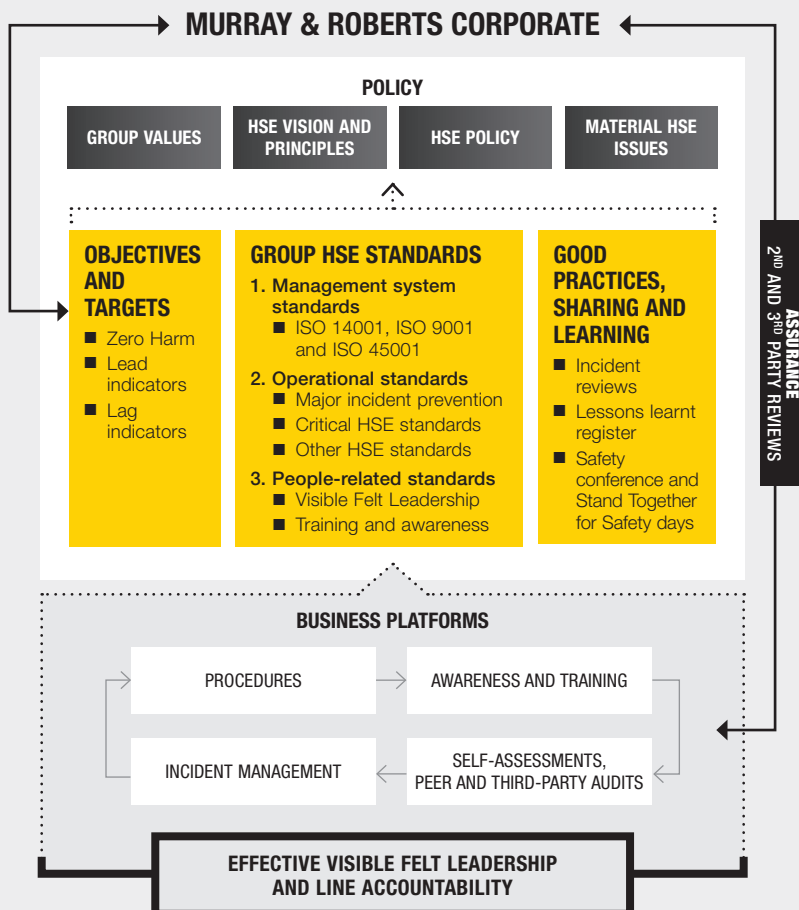
## Health, safety and environment

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 conducts its environmental management in accordance with our standards and a specific focus on achieving zero material environmental incidents.

The Group's HSE framework 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).

### Group HSE framework



## Safety performance highlights

The Group recorded zero fatalities and achieved a lost time injury frequency rate of 0.58, slightly above our record performance of 0.52 achieved in FY2017, with our total recordable case rate improving from 5.14 in FY2021 to 3.86 in FY2022.

Our focus on proactive safety interventions over responsive actions in FY2022 resulted in positive trends across all lead indicators, including hazards observations, leadership engagements and compliance with the major incidents prevention programmes. With 21 projects achieving zero recordable cases, this result confirms the robustness of our HSE framework, which ensures consistent standards across the Group.

The assurance audits conducted on Group HSE standards revealed a good overall compliance with the HSE framework and continue to raise awareness and alignments on Group expectations.



**ONLINE** Sustainability report

**PROJECTS DELIVERED  
WITH ZERO  
RECORDABLE CASES**

**21**

**OUT OF A PORTFOLIO  
OF MORE THAN 100  
PROJECTS**

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:

1

Continuing to monitor and reduce our carbon footprint.

2

Evaluating projects in terms of climate change impacts.

3

Ensuring that our projects comply with relevant environmental specifications, governmental authorisations, and local and international environmental and social standards.

4

Collaborating with clients and stakeholders in the supply chain to find innovative low-carbon solutions.

5

Growing our service offering in the renewable energy sector to mitigate climate change risks.

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 and Leadership Level status respectively.

During the year, we continued the climate change scenario analysis in line with the TCFD framework, which we started last year, focused on the mining sector. The analysis identifies key climate change drivers, risks and opportunities that are anticipated to impact the mining sector and in turn our businesses. We also undertook a high-level assessment of biodiversity standards and reporting, and took initial steps to develop an emissions and water reduction pathway for the Group.



**ONLINE** Sustainability report

## Environmental performance highlight

### Improving emissions reporting

Murray & Roberts has a well-established carbon footprint baseline for Scope 1 and 2 emissions extending back to FY2015. Last year, we reported our Scope 3 emissions for the first time and this year we extended our Scope 3 emissions coverage to include upstream transportation and purchased capital goods.



**ONLINE** Sustainability report



## 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 employees 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. We prioritise employee health and safety; ethical leadership; effective communication and collaboration; learning, development and mentorship; diversity, equity and inclusion; and sustainable localisation as important aspects of our value proposition to employees. Excelling in all of these areas will enable us to attract, retain and engage high-calibre and high-performing employees who think innovatively and creatively, and 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, equity and inclusion policy guides our businesses in their responses to the diversity priorities of the countries and cultures in which they operate.

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.

## Health performance highlight

### COVID-19 health risk

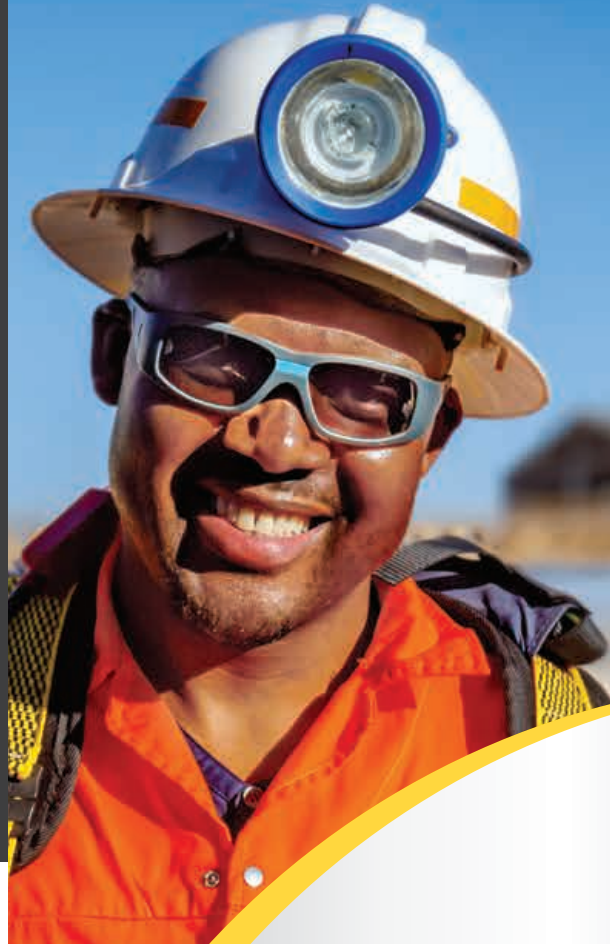
Although the pandemic is abating, it continues to be a health risk among our employees. To date, the Group has reported approximately 1 200 employees infected with COVID-19, with 99% recovery. Regrettably, five of our employees succumbed to virus-related complications early in the financial year, bringing our cumulative number to 12 COVID-19 fatalities since the start of the pandemic.

Pandemic risk mitigation measures are embedded in our risk management programme. Our COVID-19 management includes non-pharmaceutical measures, and interventions to support vaccination and mental health. Our employee assistance programme showed an increase in COVID-19 related mental health support.

Murray & Roberts supports vaccination, and in collaboration with our clients and other stakeholders, we have achieved a vaccination rate of 95% across the Group.



**ONLINE** Sustainability report



### EMPLOYEE ENGAGEMENT SCORE:

# 3.4 out of 5

(FY2020: 3.7)

### GROUP TRAINING SPEND:

# R130 million

(FY2021: R99 million)

### AVOIDABLE TURNOVER:

# 11%

(FY2021: 11%)

# The base for strong medium-term growth

**Our significant, quality order book reflects the Group's strategic progress over the past eight years and the pressing global development needs driving considerable opportunities for sustainable earnings growth.**

Murray & Roberts has demonstrated an ability to manage short-term constraints, while focusing on a long-term approach to the allocation of capital. The resilience of our business model and the competitive positions of our platforms in thriving and recovering market sectors, are reflected in a multi-year quality order book and a strong project pipeline.

In a tightening liquidity environment and with escalating project funding requirements, we are focused on effective liquidity and cost management and measured capital allocation, to enable us to withstand the short-term liquidity constraints to project execution and order book growth. Albeit off the low base set in FY2022, as the indirect effects of the COVID-19 crisis contained our earnings potential and cost inflation curbed our margins, we expect profit growth in FY2023 and meaningful earnings growth thereafter. This will enable us to restore shareholder value eroded over the last few years due to weak markets and the repercussions of the pandemic.

REVENUE (continuing)

**R29,9 billion**

(FY2021: R21,9 billion)

NET DEBT

**R1,1 billion**

(FY2021: R0,7 billion cash, net of debt)

ATTRIBUTABLE PROFIT/LOSS

**R135 million**

(FY2021: R180 million loss)

EBIT (continuing)

**R705 million**

(FY2021: R540 million)

ORDER BOOK

**R59,5 billion**

(FY2021: R60,7 billion)

DILUTED CONTINUING HEADLINE EARNINGS PER SHARE

**58 cents**

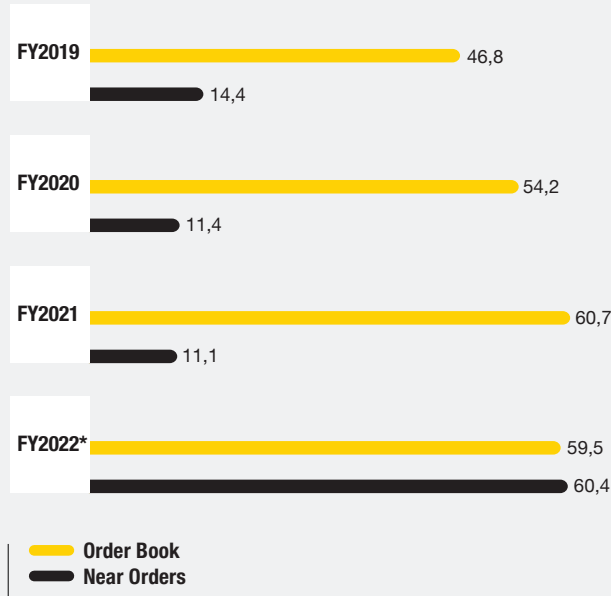
(FY2021: 16 cents loss)



## Order book analysis

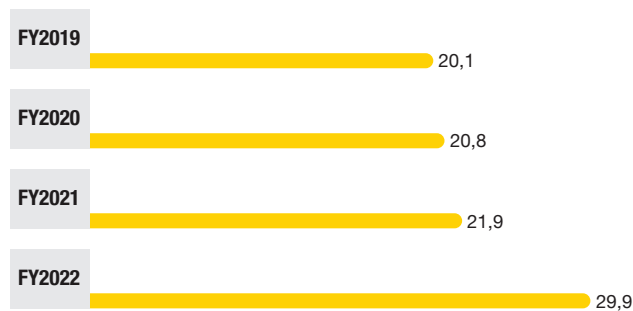
Our high-value quality order book is well diversified over time, region and contractual risk and shows an increasing proportion of orders extending beyond two years, offering stability to our earnings expectations. Our ability to maintain or grow the order book from current levels is, however, subject to downside. A weaker global economic recovery, due to geopolitical factors or a resurgence of COVID-19 variants, could lead to disruption, which could dampen investor confidence and impede the flow of large capital projects coming to market.

### Order Book and Near Orders (R billion)

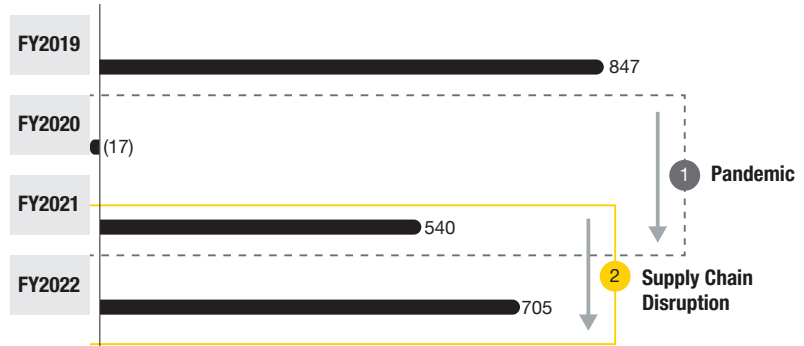


\* FY2022 near orders attributable to the Perdaman and Inland Rail Projects to the value of circa R40 billion.

### Revenue

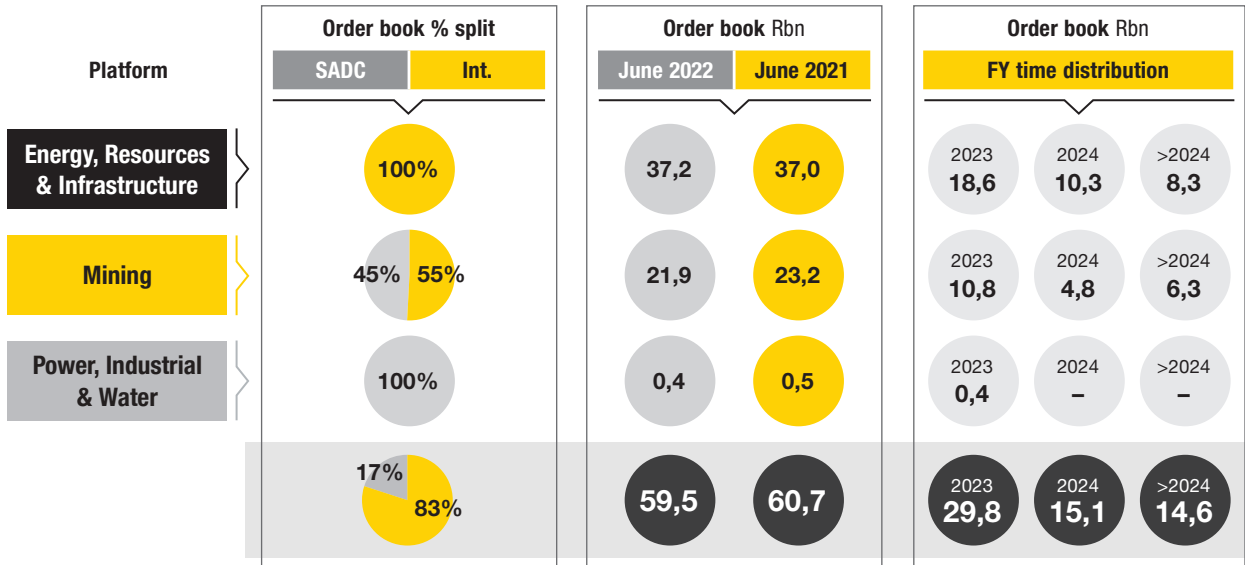


### EBIT





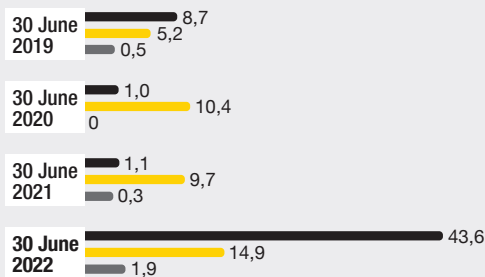
## Order book time distribution



## Near orders and pipeline (R billion)

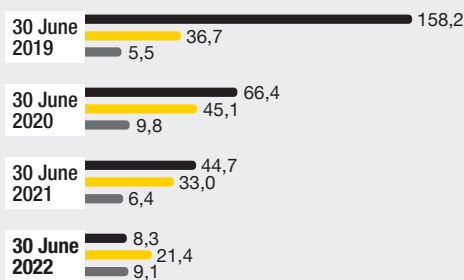
## Near orders

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



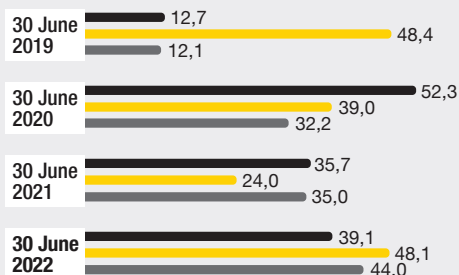
## Category 1

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.



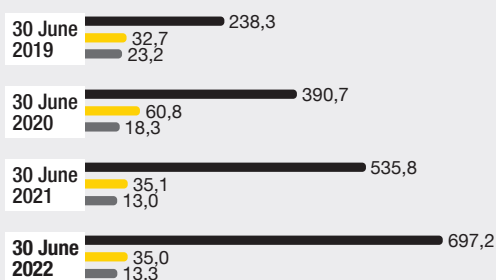
## Category 2

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.



ENERGY, RESOURCES &amp; INFRASTRUCTURE

MINING

POWER, INDUSTRIAL &amp; WATER

# PLATFORM PROSPECTS

## Energy, Resources & Infrastructure

The platform's high-quality order book and project pipeline, and thriving market sectors, support our expectation of robust earnings growth over the next three years. Leadership is aware of the working capital requirements associated with rapid growth and will remain focused on commercial astuteness and cash management.

## Mining

Resilient commodity prices, particularly those required for the global energy transition, and the dire need for new production capacity, indicate growth in mining investment over the medium term. We expect growth in revenue and earnings for the platform in the medium term.

## Power, Industrial & Water

As the platform consolidates its market position, we are confident that its near-term opportunities, specifically in the renewable energy and transmission & distribution sectors, will enable the platform to return to profitability in FY2023 and to deliver sustainable revenue and earnings growth beyond that.



# Group leadership

## Group board

### Independent non-executive directors



**Suresh Kana**  
CHAIRMAN



**Ralph Havenstein**  
LEAD INDEPENDENT



**Jesmane Boggendoel**



**Ntombi Langa-Royds**



**Alex Maditsi**



**Billy Mawasha**

Appointed	01 July 2015	01 August 2014	01 April 2020	01 June 2013	23 August 2017	05 March 2020
Tenure (Years)*	7.2	8.1	2.4	9.3	5.0	2.5
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 & 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.	Mining, Automotive, Strategic Leadership, Investments, Project Delivery.
Committees	RHR NG	RM HSE RHR NG	A RM	SE RM RHR NG	RHR HSE SE	HSE SE
Qualifications	CA(SA), MCom	MSc (Chemical Engineering), BCom	CA(SA), MPA (Harvard)	BA Law (Lesotho), LLB (Lesotho)	BProc, LLB, LLM	BSc Eng (Electrical), AMP
Experience	Former territory senior partner for Pricewaterhouse Coopers Africa.	Former chief executive officer of Anglo American Platinum, former Sasol executive director.	Former deal executive for Brait Private equity, former Head of Business Engagement Africa, World Economic Forum, Managing Partner of private equity firm 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.	Chief executive officer of Kolobe Nala Investment Company, former Rio Tinto Country Head South Africa and managing director of Richards Bay Minerals.
Other Directorships	JSE Limited, Transaction Capital.	Reatile Group, Omnia Holdings, Implats.	EOH Holdings, ETG Input Holdings, SPUR.	Redefine Properties, Europe Assistance Worldwide Services (South Africa), Kumba Iron Ore.	Bidvest Group, African Rainbow Minerals, Famous Brands.	Metair Investments.
Last AGM Re-elected	2020	2021	2020	2021	2020	2020

\* As at 31 August 2022.

## COMMITTEES

**A**  
Audit

**RM**  
Risk  
management

**HSE**  
Health, safety  
& environment

**SE**  
Social &  
ethics

**RHR**  
Remuneration &  
human resources

**NG**  
Nomination &  
governance

**Committee chair**



**Diane  
Radley**



**Clifford  
Raphiri**



**Alexandra  
Muller**

23 August 2017  
Retiring at  
2022 AGM

5.0

Accounting,  
Corporate Finance,  
Investment,  
Strategic  
Leadership.

**A** **RM**

CA(SA), MBA,  
AMP (Harvard)

Former chief  
executive officer  
of Old Mutual  
Investment Group,  
former chief financial  
officer of  
Old Mutual SA.

Base Resources  
(ASX), Network  
International (LSE),  
Transaction Capital,  
DG Murray Trust,  
Redefine Properties.

2020

05 March 2020

2.5

Operations and  
Human Capital,  
Engineering, Risk  
Management,  
Strategic  
Leadership.

**A** **RM**

BSc Eng  
(Mechanical), MBA.

Former executive  
director of SAB  
(Pty) Ltd, former  
Chairman of  
Adcock Ingram  
Holdings Ltd.

Nampak, Energy  
Partners Holdings,  
Thesele Holdings,  
Talbot & Talbot  
Holdings.

2021

01 July 2022

0.2

Accounting,  
Governance.

**A** **SE** **HSE**

CA(SA)

Former partner  
and head  
Governance, Risk,  
and Internal Audit  
practice at PwC  
for Financial  
Services clients.

AVI Limited, Infiniti  
Insurance Limited.

N/A

## Executive directors



**Henry  
Laas**  
GROUP CHIEF  
EXECUTIVE

Joined the Group  
in 2001.  
Appointed to the  
Board and as  
Group chief  
executive in 2011.

11.4

Leads the design  
and delivery of  
Group strategy and  
performance, and  
reporting.

Mining and  
Engineering,  
Commercial  
Negotiations,  
Strategic  
Leadership.

**HSE**

BEng (Mining), MBA

Former chairman of  
Murray & Roberts  
Engineering SADC,  
former managing  
director of  
Murray & Roberts  
Cementation,  
various senior  
management and  
executive positions  
within the Group.

Group related

2021



**Daniël  
Grobler**  
GROUP FINANCIAL  
DIRECTOR

Joined the Group  
in 2010.  
Appointed to the  
Board and as  
Group financial  
director in 2017.

5.4

Leads the oversight  
of Group financial  
performance  
against aspirations,  
and reporting.

Accounting,  
Commercial  
Negotiations,  
Strategic  
Leadership,  
Corporate Finance.

n/a

CA(SA)

Former managing  
director of  
Murray & Roberts  
Cementation,  
various leadership  
functions within  
the Group.

Group related

2020

## Group secretary



**Bert  
Kok**  
GROUP SECRETARY

Joined the  
Group in 2011.  
Appointed Group  
secretary in 2014.

8.7

Ensures sound  
corporate  
governance and  
Board  
administration,  
including director  
induction and  
training.

Corporate  
Governance,  
Company  
Secretarial,  
Administration.

n/a

FCG (CS), FCIBM

More than 10 years  
as listed company  
secretary, former  
(2010) president of  
Chartered  
Secretaries of  
Southern Africa.

Group related

N/A



## Group Executive



### COMMITTEE PARTICIPATION

HSE

**Tenure:**  
6.8 years

### Peter Bennett PLATFORM CHIEF 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
- e2o



### COMMITTEE PARTICIPATION

HSE

**Tenure:**  
4.2 years

### Mike da Costa PLATFORM CHIEF EXECUTIVE

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
- Murray & Roberts United Kingdom
- RUC Cementation Mining
- Terra Nova Technologies



### COMMITTEE PARTICIPATION

HSE

**Tenure:**  
6 years

### Steve Harrison PLATFORM CHIEF EXECUTIVE

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



### COMMITTEE PARTICIPATION

A

RHR

RM

SE

**Tenure:**  
5.7 years

### Daniël Grobler GROUP FINANCIAL DIRECTOR

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

A

RM

SE

\* Until 31 August 2022

**Tenure:**  
14.2 years**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

COMMITTEE  
PARTICIPATION

HSE

RM

SE

**Tenure:**  
9.2 years**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
- Health, safety and environment
- Diversity, equity and inclusion

COMMITTEE  
PARTICIPATION

RHR

A

RM

HSE

SE

NG

**Tenure:**  
15 years**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

## COMMITTEES

A

Audit

RM

Risk management

HSE

Health, safety &amp; environment

SE

Social &amp; ethics

RHR

Remuneration &amp; human resources

NG

Nomination &amp; governance

# Our material issues

**Our Purpose and Vision frame the Group's definition of value.**

**OUR PURPOSE** speaks to Murray & Roberts' role in sustainable human development, which defines our market scope and our approach to managing the business.

**OUR VISION** commits us to applying our capabilities to help our clients optimise their fixed capital spending and long-term asset outcomes in the service of human advancement.

Flowing from this positioning, our **New Strategic Future** plan aims to generate positive value for our clients, employees, shareholders and partners, and lasting socioeconomic benefit for our host countries and local communities, by achieving the following value outcomes:



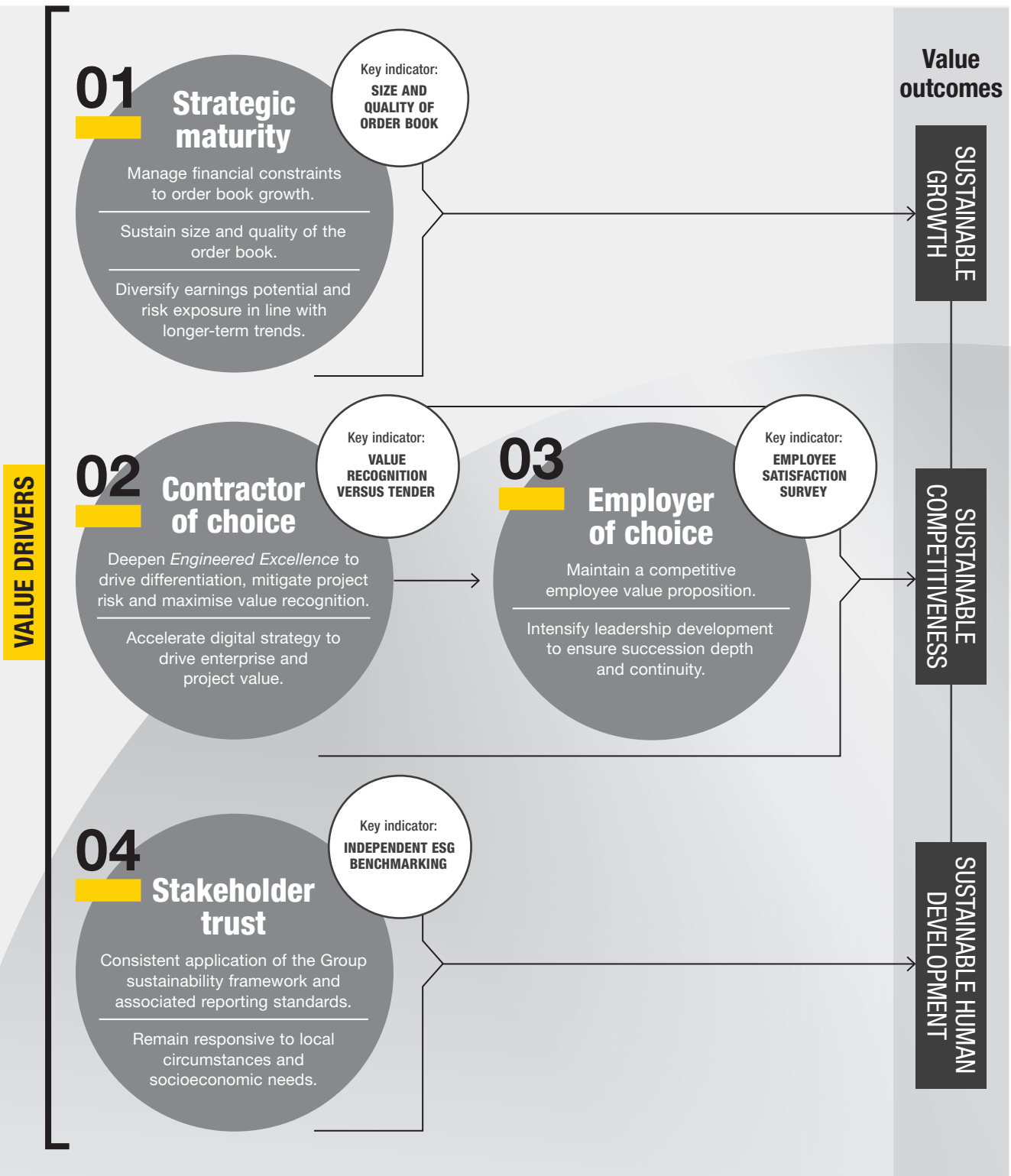
## Determining materiality

Murray & Roberts defines material issues as factors that substantively affect our ability to sustain our 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.

The stability in the Group's material themes, and associated issues, reflect the consistency of our strategy over the last decade, even in the face of dramatic change in our operating context during the past two years. Nuanced changes from last year's material issues include an emphasis on resilience, given elevated business and contracting risk; on agility, to position our platforms for the best opportunities for differentiation and growth; and on stakeholder trust, as the currency that underpins all efforts to create sustainable value.

Insights drawn from the Group's annual strategic planning cycle for FY2023 to FY2025, were the primary input in determining our material issues and were workshopped by a forum that included the Group chief executive, financial director, commercial director and the investor relations executive. The material issues were tested against interviews with the executives in charge of risk and HSE, and leadership and succession, as well as with the chairman to incorporate Board insight.

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





# 01 Strategic maturity

## Context

### Short- to medium-term trends

- Despite continued impact on the economy, companies and societies, the Group reported a strong order book and is well positioned to achieve sustainable earnings growth.
- Heightened geopolitical tensions have negatively impacted global trade and investments.
- Loadshedding, inflation and rising fuel prices due to the Russia-Ukraine conflict impacting supply chains and project costs.
- Global economic recovery gaining pace in parallel with the alleviation of COVID-19 severity, although COVID-19 variants could pose ongoing risk.
- Decline in PIW revenue and EBIT due to decline in revenue from existing operations, COVID-19 impacts and poor performance on some projects.
- 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.
- Strong medium-term pipeline of opportunities in multinational energy, resources, infrastructure and mining sectors.
- 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 disfavoured 'dirty' commodities, especially coal.
- Underinvestment over the past five years has eroded ore reserve positions of many mining companies; higher commodity prices should drive 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 structural reform provides potential for recovery.
- Hardening stance and tight criteria of debt providers and short term insurers in providing finance facilities, project bonding and underwriting of project risk is a potential growth constraint.
- 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 due to the removal of all power licensing caps; alongside mounting necessity and public pressure to invest in ageing and dysfunctional water infrastructure.
- PIW continue to support maintenance work on Eskom's ageing coal fleet as these power stations remain critical to South Africa's socioeconomic development.
- High growth potential in transmission and distribution in Sub-Saharan Africa (including South Africa) in the short to medium term.
- Eskom's restructuring and unbundling is progressing, and significant investment is earmarked for repair and maintenance of national grid and power stations, and for transmission & 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 solar PV roof installations gaining momentum in South Africa, driven by ongoing power outages and rising electricity tariffs.
- 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 metropolises.
- Strong commodity prices and good margins are expected to drive growth in the industry, placing pressure on availability of skilled and experienced people.
- Pressure on mining operators to invest in environmental and social priorities, eroding proportion of capital available for re-investment into production infrastructure.
- Acceleration of underground data connectivity is enabling rapid adoption of digital technologies in the underground mining environment.
- PIW safety performance improved after successful integration of the OptiPower Projects business.

### Longer-term trends

- Long-term demand fundamentals remain strong, as the global population increases and urbanises.
- Accelerated energy transition to 'greener' fuels, including natural gas and nuclear.
- Certain minerals and commodities are set to benefit from the transition to a low-carbon economy, including natural gas and 'green metals'.
- Energy pressures in Europe, particularly Germany, suggest renewables alone cannot meet world's energy demands, notwithstanding advances in battery storage and new technologies (such as green hydrogen).
- 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 to mitigate against future events.

## MATERIAL ISSUE

## Manage financial constraints associated with order book growth

## GROUP

- Constrained bond market necessitates that we manage the short-term impact on capital availability:
  - » Manage short-term liquidity facilities to support escalating project funding requirements.
  - » Secure client funding through a combination of upfront and timeous milestone payments.
  - » Centralise procurement to manage cash flow constraints in project finance.
  - » Explore embedding preferential financing mechanisms and alternative ownership models into contracts.
  - » Explore alternatives to cash retention with clients, for example offer cash bonds to clients, to avoid circumstances of undue retention.
- Settle longstanding claims and resolve uncertified revenue.
- Improve the management and collection of outstanding payments.
- Conclude closure of business in the Middle East.
- 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.
  - » Not meeting tender productivities.
  - » Proactively managing on-the-ground conditions of projects to mitigate the potential impact of community unrest, unplanned stoppages and/or pandemics.
- Retain the discipline demonstrated during COVID-19 in managing capital and costs.
- Adjust performance contracts to include specific targets relating to management of liquidity and cash preservation.
- Continue efforts to achieve targeted overhead costs through the cycle.
- Consider disposal of Group's 50% share in the Bombela Concession Company.

## ENERGY, RESOURCES &amp; INFRASTRUCTURE

- Recover uncertified revenues through settlement of claims.
- Careful management of cash requirements.
- Vigilance to ensure timeous submission of claims.
- Manage overhead costs to achieve a sustainable cost base.
- In USA, restructure overheads to match reduced revenue from smaller projects.
- Target growth markets: energy transition, asset services and complex transport infrastructure.

## 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 (e.g. alternative ownership models).

## POWER, INDUSTRIAL &amp; WATER

- Recover uncertified revenues through settlement of claims.
- Continue to appropriately gear organisation to manage overhead costs.
- Ensure projects deliver projected gross profit and maximise cash collection.
- Manage working capital supporting a growing order book, commercial challenges, and settlement/resolution of claims through:
  - » Ensuring adequate upfront payments; back-to-back supplier payment terms.
  - » Ensuring commercial issues are dealt with at inception rather than at close out.
- Manage the increasing supply chain and interest rate/pricing challenges related to project delivery:
  - » Emphasise neutral cash position expectation during tender negotiations.
  - » Risk sharing approach regarding price fluctuation with transparency on a back-to-back basis with suppliers/subcontractors.

# 01 Strategic maturity *continued*

## MATERIAL ISSUE

### Sustain size and quality of order book

#### GROUP

- Leverage market positions of multinational platforms in high-growth market sectors to maximise earnings potential and return value to shareholders.
- Focus on selecting projects that align with the Group's Purpose, and with our ESG commitments.
- Continue to align platforms with the Group's Purpose, strategy and culture, to underpin 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 maintain a quality order book 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 & Infrastructure platform).
- Support the Power, Industrial & Water platform in implementing its focused turnaround strategy to achieve sustainability and annually reassess risk/return of capital committed.
  - » Expected to turn a profit within the 2023 financial year.
- Develop additional service offerings by leveraging Group geographic footprint and associated relationships.
- Continue to respond to longer-term market shifts to position platforms for resilient and sustainable growth.
- Consolidate procurement, funding and asset management to improve profitability, strengthen balance sheet and position the platforms for 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.
- Grow delivery of our capabilities in power, power storage and transmission, complex critical infrastructure, and new/renewable energies for growth in APAC and North America, with a longer-term expansion into infrastructure for the latter.
- Maintain customer focus in the UK by delivering engineering, automation and project services.
- Ensure the ability to attract the necessary specialised and technical skills to resolve the potential constraint to growth.
- Utilise acquisition of JJ White Inc as a differentiator, providing opportunity for access to unionised projects in North America.
- Maintain excellence in project delivery to deliver safe, sustainable, and profitable projects.
- Accelerate innovation to improve service and decision-making.
- Develop leadership in ESG for our employees, community and environment.
- Manage platform's ability to provide required project bonding.

#### MINING

- Drive growth in mining activity with emphasis on brownfields expansion, product optimisation and restarts.
- Continue to grow proportion of 'future-facing' decarbonisation commodities in the order book.
- Continue active engagement with our suppliers to identify collaborative opportunities to reduce carbon footprint of our supply chain.
- Leverage leading positions in major regional underground mining markets to build the order book to more acceptable levels.
- Secure orders from strong near-term project pipeline.
- Optimise and innovate to grow market share and margins.
- Unite the regional entities under a common global brand, establishing a global funding structure to support the regional businesses, provide strategic global procurement services, and establish a common asset management philosophy.
- Establish centres of excellence that will drive global best practice across the regional entities.
- Lead the digital transformation strategy for the global business.
- Institute processes for acquiring and developing talent.
- Grow customer relationships.

## POWER, INDUSTRIAL & WATER

- As appropriate, win contracts by intensifying client engagement and negotiation, and leveraging Murray & Roberts senior level facilitation.
- Intensify business development and proposals targets by:
  - » Focusing on target pipeline opportunities.
  - » Developing strategic local and international JV relationships as differentiator.
  - » Using OptiPower Projects' transmission and distribution to enter new markets.
- Strategise early entry on projects:
  - » Transition from SMPEI contractor to expanded role that includes EPC and project development.
  - » Early entry strategies to secure 'preferred local EPC partner' status.
- Leverage competitive position to meet South Africa's urgent need for industrial and water infrastructure, and renewable energy.
- Optimise OptiPower Projects' track record to win work in transmission, distribution and substation sectors.
- Explore further opportunities in power plant repair and maintenance.
- Secure further opportunities in renewable energy, considering the removal of the self-generation cap.
- Explore small-scale solar PV installations and opportunities in booming solar market.
- Learn from challenges posed by acquisition of OptiPower Projects.
- Grow market share in resources and industrial sectors.
- Establish scale in water business by securing wastewater and industrial water treatment opportunities.

## MATERIAL ISSUE

### Diversify earnings potential and risk exposure in line with longer-term trends

#### GROUP

- Ensure a well-diversified order book (diversified in timeframe, region, sector and contract type).
- Optimise value potential from all phases of project life cycle, in particular operations and maintenance.
- Leverage strategic partnerships, according to specific project scope and requirements.
- Leverage competitive differentiation as a contractor and employer.

#### ENERGY, RESOURCES & INFRASTRUCTURE

- Expand service offering and market presence by leveraging synergies across the platform's geographic footprint.
- Target opportunities in the international LNG market.
- Integrate JJ White Inc into the platform and leverage new opportunities from their existing relationships.
- Diversify revenue streams to reduce the impact of the cyclical nature of markets.
- Target more projects offering cost-plus and alliance type contractual models.

#### MINING

- Pursue regional expansion with trusted clients and partners, specifically into South American and West African mining markets.
- Secure a greater proportion of total income from contract mining to counter market cyclicality.
- Consider 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 grow transmission service offering.
- 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.



## 02 Contractor of choice

### Context

#### Short- to medium-term trends

- Increased focus on adopting a common global brand, enhancing client engagement and recognition, leveraging current brand strengths.
- Establish relationships with key internal/external global stakeholders.
- Increasing risk aversion, with clients shifting more risk to contractors.
- Ability to secure new project bonding.
- Continued supply chain and resourcing constraints due to COVID-19 restrictions, supply/demand imbalances and bottlenecks. Resilience requires resolving these supply chain pressures.
- 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.
- Defining, developing and implementing HSE coaching for frontline leaders.
- Cost competitiveness, in tandem with increased ESG commitments, require the application of innovative digital solutions for productivity, control and oversight.

### MATERIAL ISSUE

#### Deepen *Engineered Excellence* to drive differentiation, mitigate project risk and maximise value recognition

##### GROUP

- Firmly entrench the culture of *Engineered Excellence* by maintaining a consistently high-performing global organisation with a proven track record of delivering and adding value.
- Ensure consistently high standards of *Engineered Excellence* through leadership commitment, strong oversight and continuous improvement. Ensure stable and sustainable earnings growth and mitigate project risk by ensuring platforms consistently deliver safe, well executed and profitable projects.
- Embed ourselves as a differentiated, integrated services solutions provider with full service cycle offering:
  - » Reorganise and restructure to drive greater collaboration with common systems, global metrics, shared resources and centres of excellence.
  - » Target Master Services Agreements, preferred commercial agreements and exclusivity; develop a New Alliance model with customers to deliver shared value.
- Increase range and value of offerings and expand geographic reach via M&A and partnerships; continuously monitor and transact on new market opportunities. Ensure strict adherence to systems, principles and practices of *Engineered Excellence* in commercial, project and ethics management, and hold management accountable for deviations.
  - » Mature project governance and management systems in place to manage the risks of commercial and operational challenges on large complex projects.
  - » Minimise integration risk associated with acquisitions by ensuring swift alignment with Group culture, values, 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 Zero Harm projects across our portfolio.
  - » 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 improve management of risks, including those associated with demobilisation, and management of 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 projects.
- Integrate cascading responsibilities, with conduct and practices of management level employees being adopted by client-facing employees.
- Revise management KPIs to ensure adherence to Group commercial and ESG principles and standards.

## 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.
- Ongoing focus on sustainable development, helping leave the world a better place while providing resources for the future.

## ENERGY, RESOURCES & INFRASTRUCTURE

- Maintain safety performance through effective safety leadership, personal accountability and employee development.
- Mobilising new products, programmes and training that support safety.
- Continue to drive real-time reporting and innovative approaches to HSE leadership training.
- Implement HSE due diligence programme reinforcing the value of the HSE tools to manage associated risks.
- Maintain safety management system accreditation to retain access to federal government funded work in Australia.
- Continue to apply the major incident programme to drive improvements in safety.
- Deepen management teams and focus on project execution to ensure consistent project performance.
- 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.
- Leverage project HSE systems for tunnelling, rail and high voltage transmission projects.
- Continue to drive *Engineered Excellence* through a sustainability and safety design mindset.

## MINING

- Implement focused strategy to deepen *Engineered Excellence* in safety and risk management.
- Continue to drive safety improvement through increased management involvement.
- Further develop leadership visibility in the field.
- Continue to encourage increased reporting, recording, corrective actions and close-out for hazards and incidents.
- Embed the major incident prevention programmes to improve critical risk management and proactive responses to safety challenges.
- Entrench the major incident prevention programmes at management and supervisor level and roll out to operator level.
- Use lead indicator reporting to inform and further develop measures to prevent reoccurrences of high potential incidents.
- 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.
- Carefully manage the resurgence of shaft-sinking in Australia, especially in terms of available skills.
- Assess the opportunity to provide more service due to the capacity erosion (especially technical) within miners. Challenging given scarce skills and resources.
- Track critical control verification compliance at project sites and respond where compliance does not meet required standard.
- Continue deployment of advanced and differentiated end-to-end solutions with penetration into owners' market as core competencies shift away from production mining.

## POWER, INDUSTRIAL & WATER

- Improve safety performance and deepen safety culture maturity.
- Utilise platform capacity to execute projects in a challenging market.
- Focus on renewable energy projects.
- 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.
- Change platform HSE leadership with revised strategic and integrated approach to HSE management.
- Develop HSE resources matrix (job descriptions, skills required and register of deployment).
- Enhance auditing of HSE framework and standards implementation.
- Improve project site discipline in submitting complete, validated HSE data on time, and compiling relevant data analysis.
- Refresh and entrench major incident prevention programme, neuroleadership, hazard observations, critical controls and visible felt leadership reporting.
- Remain flexible and able to engage with prospective clients to explore alternative contracting and alliance models.
- Maintain our proven models of delivery.
- Expand our service offering in a market transitioning to renewable energy, allowing the platform to implement projects spanning from generation (wind and solar) to distribution and transmission, as well as our traditional mechanically led offering.

## 02 Contractor of choice *continued*

### MATERIAL ISSUE

#### Accelerate digital strategy to drive enterprise and project value

##### GROUP

- Highlight the safety benefits of our innovations and technology that forecasts and proactively prevents incidents.
- Continue to invest in disruptive technological solutions as we expand into new markets.
- Stay ahead of the technology curve, supporting our reputation as contractor and employer of choice.
- Drive digital adoption among leaders, managers and employees.
- Develop a workplace culture that embraces the capabilities of new technology.
- Allocate resources to digital strategies at platform level to enable better project design, safety, execution and reporting.
- Accelerate Group-led digital strategy, including data protection, privacy controls, assurance processes, 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.
- Investigate the case for change: using digital as a competitive advantage.
  - » Market share growth opportunity at risk due to insufficient leverage of global footprint/capabilities.
  - » Need for a single global brand and operating model to compete effectively, as current platform structure makes for fragmentation that undermines consolidated access to capital/purchasing power.
- Replace manual process of tracking KPI performance with digital reporting, enabling better understanding of project challenges, areas of exposure, and ways to remedy them.
- Emphasise the use of real-time data as a differentiator for a collective approach to safety.

##### ENERGY, RESOURCES & INFRASTRUCTURE

- Accelerate digital strategy to assist in securing profitable project delivery outcomes.
- Further accelerate digitisation of the HSE system and leadership training.
- 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.
- Utilise employees' innovation to create an adaptive company that provides engineering and construction solutions for the benefit of our clients, our business and the community.
- Transform as a technology powered business, with a focus on:
  - » Change management.
  - » Business transformation frameworks.
  - » Data management.
  - » Digital-first approach.
  - » Integrated systems of tools and processes.

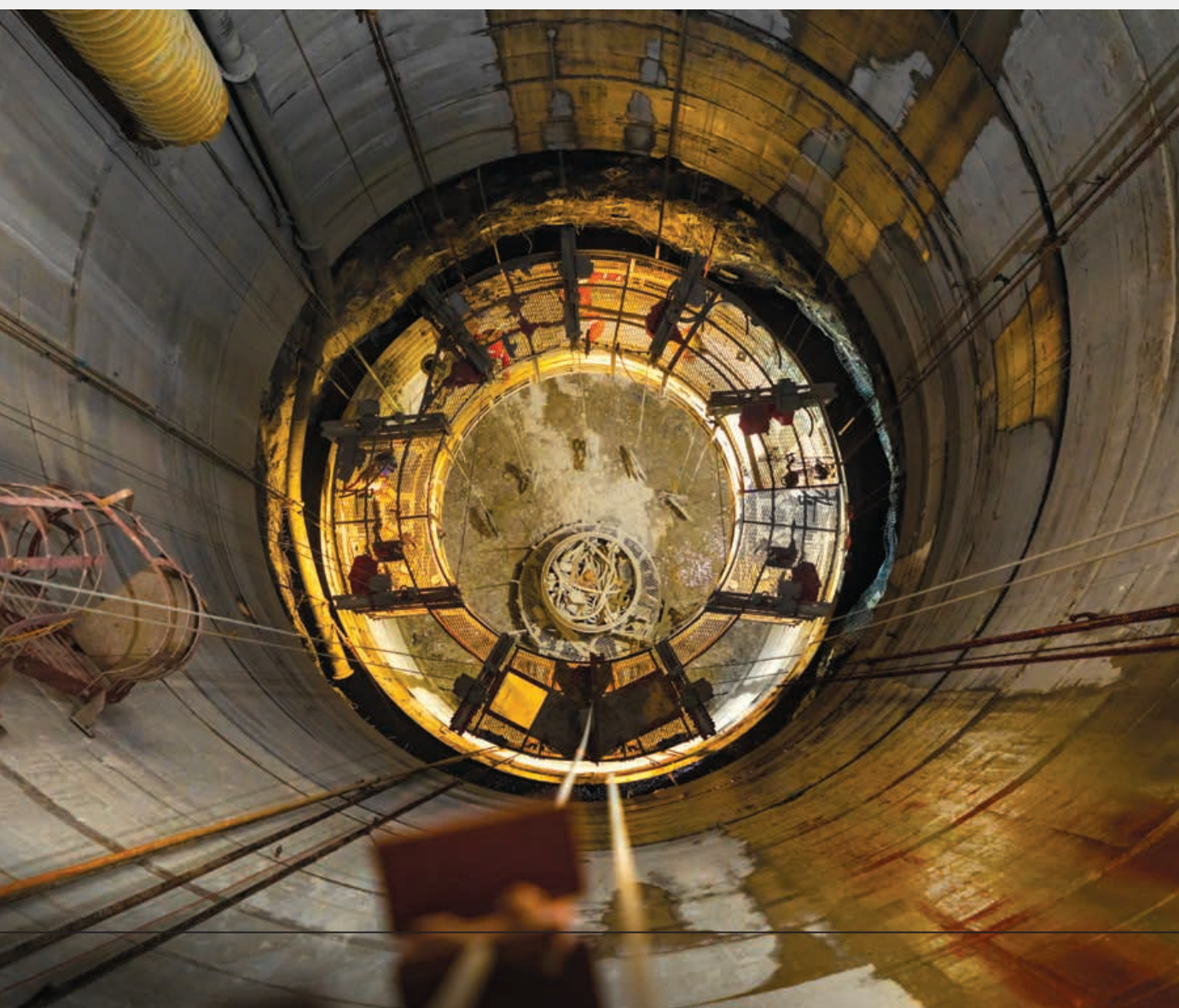
##### MINING

- Support majority owned InSig Technologies in developing a digital platform for mining.
- Establish technology priorities and fast track development and implementation of the Mining Information Model.
- Integrate digital strategy and disruptive technological solutions with focus on asset maintenance, operational effectiveness and autonomous and remote operations.
- Enter into cooperation agreements with select OEMs.
- 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.
- Move forward with installation of fibre networks underground at major projects, establishing a real-time communication network.
- Configure an asset management and maintenance system that:
  - » Ensures regular, comprehensive maintenance.
  - » Ensures the scheduling, process and recording of statutory inspections.
- Implement real-time gas monitoring underground.
- Develop a control application that improves accuracy of execution, enabling supervisors to focus on safety and quality.
- Use operational awareness to show locations and track people, equipment and infrastructure, providing essential location information for operational and emergency purposes.



## POWER, INDUSTRIAL & WATER

- Leverage breakthrough in commercialising Organica Water wastewater treatment technology to secure further PPP greenfield opportunities.
- Improve business systems and implement operational information management and software tools that reduce administrative burdens.
- Utilise opportunity to accelerate digitisation in project reporting systems with up-to-date, accurate data.
- Implement digital applications to improve safety reporting; real-time recording of data to support a more proactive approach to safety management.
- Continue using fundamental tracking of material and assets from fabrication to installation.
- Accelerate digitalisation in core and project support systems.
- Improve management of HSE data for trend analysis and awareness campaigns.





# 03 Employer of choice

## Context

### Short- to medium-term trends

- COVID fatigue 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.
- Lack of critical supervisory and specialised skills in growth markets is a constraint.
- Leadership team quality and depth are critical for strategic continuity and require focus on leadership development and succession planning.
- Turnover of workforce is adversely affecting skills retention and succession planning. Emphasis on instilling Group purpose for retention of staff.
- 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 for younger generation.
- 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

### Maintain a competitive employee value proposition

#### GROUP

- Continue to prioritise the health and wellness of our employees and their families and minimise the impact of COVID-19 on their livelihoods.
  - » Assist employees to access vaccines. Voluntary reporting of vaccinations indicates that 95% of the Group's employees have been vaccinated.
  - » 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 countries 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.
- Drive a Group culture of purpose.
  - » Meaningful work with meaningful results, aligned with long-term sustainability.
- 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.
  - » Make smart diversity and inclusion hires and use onboarding to strengthen Group culture.
- Implement appropriate workplace models to support learning, motivation and culture in relation to operational structure and business needs.
  - » Group training academies are a differentiator.
  - » Digitise employee data for better resource management.
- Manage the impact of digital change on productivity and skills redundancy.
  - » Reskilling and upskilling initiatives forming part of the digitalisation strategy.
  - » Cybersecurity framework improved by strengthening security governance processes and technical defences.

## ENERGY, RESOURCES & INFRASTRUCTURE

- Set an industry example through improvements we have made in our gender-neutral parental leave entitlements, including:
  - » Increasing the amount of secondary caregiver leave.
  - » Extending parental leave entitlements to all employee categories.
  - » Extending leave to include surrogacy and stillbirth.
- Continue to monitor feedback from wellbeing surveys to address 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.
- Continue focus on gender and cultural inclusiveness in employee value propositions.

## 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.
- Continue to transform the composition of the supervisory and management layers of project teams by prioritising the development and recruitment of Black people.
- Continue recruitment and training of people from local communities.

## POWER, INDUSTRIAL & WATER

- 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.
- Ensure our culture and expectations are understood by new hires.
- Use onboarding of new talent as an opportunity to address commitment to ensure a diverse workforce at all levels.
- Roll out three-year employment equity plan by function and project (in alignment with the three-year business plan).
- Focus on appreciation of diversity, equity and inclusion across the platform through leadership programmes.

## 03 Employer of choice *continued*

### 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.
  - » The Group's value proposition to employees centres on our Values of Integrity, Respect, Care, Accountability and Commitment.
- Improve leadership development and succession planning, diversity and inclusion to support the depth, calibre and commitment of Group and platform leadership teams. Currently succession planning processes are taking too long and are an unnecessary drain on financial resources.
  - » 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 employee value proposition and practices with a focus on talent recognition, acquisition and retention, supporting and rewarding competent and high-performing individuals from diverse backgrounds.
- Build the organisation for the future through training and capability development.
- Position the Group for a new generation of culturally diverse leaders and professionals who prioritise sustainability, digital enablement, meaningful career opportunities and flexible workplace models, and where everyone feels valued and included.
  - » Commitment to selecting greener projects will aid in attracting employees with skills and motivation to enable positive environmental impact.

##### ENERGY, RESOURCES & INFRASTRUCTURE

- Leverage EXECconnect 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.
- Utilise the structured succession plan for key leadership roles, supported by external coaching and mentoring sessions, and continue running mentoring programmes to support professional growth and succession.

##### MINING

- Continue to deliver training and coaching programmes for individuals in leadership positions.
- Cater for platform and client's needs through training.
- Leverage the platform's strong training and development ethos, such as its world-class training facility in South Africa which has been recognised for its significant contribution to skills development in the region.
  - » Drive this ethos in the new training facility now established in Kalgoorlie, focused on shaft sinking skills to meet demand in the Australian market.
- Continue to leverage good success rate in the training academy, introducing new people into the industry and refreshing skills base.
- Develop and mentor high-performing employees identified for succession through the performance management process and Talent Management programme.

##### POWER, INDUSTRIAL & WATER

- Build workforce with a focus on attracting people with the right skills that meet technical requirements, support a high-performance culture, and who exhibit behaviours that align with our Values.
- Further enable leaders to coach their teams on what and how targets are delivered.
- Renew effort in translating and cascading the platform strategy into meaningful performance targets.
- 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.
- Implement findings of talent review across senior and middle management, which confirms high-potential employees for participation in mentorship, leadership and management development programmes.



# 04 Stakeholder trust

## Context

### Short- to medium-term trends

- Improving ESG performance reporting to meet expectations of transparency, measurability, standardisation and alignment to international frameworks and associated commitments.
- Relevance of ESG starkly illuminated by the pandemic, magnifying 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.
- Funding of fossil fuel projects increasingly a challenge, and exposure to reputational risks of 'dirty' commodities, especially coal, affecting ability to access equity; with finance flows redirected to 'greener' commodities; although the Australian and South African economies still depend on coal, pressure will escalate to limit exposure.
  - » Labour Party election win in Australia has resulted in a new commitment to reducing coal usage and investing in greener energy infrastructure.
- 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 the 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.
- Responsible production (resource efficiency, and responsible waste and pollution management).

### 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 to stakeholders.
- Values-driven culture, operationalised by *Engineered Excellence*, underpins our aspiration to maintain quality relationships with, and relevance to, 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 who 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.
- Driving the Group's purpose of enabling clients' fixed capital investments that support the advancement of sustainable human development.
- Further developing local workplace culture.
- Driving greater diversification in workforce.





## 04 Stakeholder trust *continued*

### MATERIAL ISSUE

#### Consistent application of the Group sustainability framework and associated reporting standards

##### GROUP

- Continue to harmonise ESG imperatives with commercial opportunities, as defined in the Group sustainability framework.
  - » Continue to align to the relevant international accountability frameworks and drive ESG performance to best global peers and meet the expectations of major multinational clients.
  - » Continue to deliver improvements in ESG reporting in targeted areas, including supply chain, environmental and climate change, diversity, equity and inclusion, communities and labour.
  - » Ensure that 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 Task Force on Climate-Related Financial Disclosures, as well as alignment to the Sustainable Development Goals.
- 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.
- 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 whistle-blower line for the anonymous reporting of fraud, corruption or unethical behaviour, as well as educate employees to report any unethical behaviour.
- Support our relationships with our clients, employees and other stakeholders through the Group's embedded engagement model.
- Drive our commitment to values-led and ethical conduct as the foundation of our intention to be recognised as a trusted partner to our stakeholders, wherever we work in the world.
- 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.
- Continue support of the infrastructure industry transition in APAC.
- 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.
- Support our clients with their energy transition and net-zero expectations.
- Drive opportunities that stem from our specialist expertise in complex energy, resources and critical infrastructure.
- Develop a strategy to integrate ESG commitments into the bottom line.

##### MINING

- Support clients in reducing their carbon footprint 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 promote opportunities that reduce the carbon footprint of our supply chain.
- Keep pace with the shifts in the operating landscape brought about through the prioritisation of ESG.

##### POWER, INDUSTRIAL & WATER

- Ensure the platform's market scope 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.
- Continue to hold the platform accountable for using the stakeholder engagement framework to respond to sustainability issues.

## 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.
- Use onboarding and recruiting as an opportunity for diversity and inclusion in top-tier positions for visible transformation.

## ENERGY, RESOURCES &amp; INFRASTRUCTURE

- Continue to implement the Gender Equity 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.
- Drive diversification to broaden the thinking and capabilities of the Group.
- Set industry standards through our:
  - » Scholarships, internship and graduate programmes.
  - » Diversity and Inclusion policy.
  - » Gender neutral parental leave entitlements.
  - » Revamped Rewards and Recognition Programme.
  - » Participation with the CEO for Gender Equity and Champions for Change coalition.
  - » Promote workplace inclusivity.

## 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.
- Further develop opportunities for the Boipelo joint venture with Amandla TM, 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, Kazakhstan and Peru.
- Promote inclusivity through the diversity work group in the North American and Australian operations.
- Ensure local suppliers are selected to participate in supplier development programmes and procurement contracts.
- Continue to localise supply chains and identify local businesses able to supply goods and services to our projects.
- Continue to build the capacity of local suppliers.

## POWER, INDUSTRIAL &amp; WATER

- Rebuild BBBEE credentials and meet diversity aspirations in line with the restructuring of the platform.
- Establish BBBEE partnerships in power (maintenance, transmission, and distribution) and water in South Africa.
- Continue to work closely with clients, local community forums to manage economic and employment expectations, and support social investment for host communities.
- Develop local partnerships in East and West Africa to access new markets and sectors.
- Remain aligned with and cognisant of the need to engage and empower local communities with respect to employment, training and local spend, both at tender and implementation stages.



02

LEADERSHIP  
REVIEW

*Clough APAC, Snowy Hydro, Snowy 2.0, New South Wales, Australia*







# Chairman's statement

## Overview

In the last year, the Group proved its resilience, navigating tough conditions in a challenging global contracting environment. These conditions, most of which can still be attributed to pandemic-related disruption and uncertainty, were such that we were unable to reap the financial rewards of the Group's strong strategic position and prospects across our global footprint.

**SURESH KANA**  
Chairman

However, the strategic maturity of our business platforms and the work that has been done to enhance their competitiveness give us confidence that we can still expect sustainable earnings growth in the years ahead.

It is worth restating what we mean by strategic maturity: diversification of opportunity and risk across market sectors and geographic regions; exposure to a blend of margins across all segments of the engineering and contracting value chain; and business platform brands recognised as specialist contractors in the natural resource and infrastructure market sectors. This has never been more urgent as the challenges around climate change mount, and systemic ailments such as unequal distribution of wealth and resources, income loss, poverty and hunger escalate.

Within this context, the competitive differentiation of our business platforms is grounded in the Group's leadership philosophy of *Engineered Excellence*. This philosophy commits us to continual improvement in our ability to deliver safe, efficient and environmentally benign project outcomes. Further, we ensure that our projects create lasting socioeconomic value for host communities, in line with the Group's Purpose and Vision to enable fixed capital investments that support the advancement of sustainable human development.



**“The Group continues to deepen its resilience and differentiation as a contractor, employer and partner as market dynamics and stakeholder expectations change, with increasing emphasis on ESG credentials and digital solutions to ensure sustainable competitiveness.”**

## Purpose-led opportunity

We affirm our statement from last year's report: that the size and quality of the Group's order book reflects positive prospects for the Energy, Resources & Infrastructure platform; that over the next ten years, increasing demand for 'green metals' will reflect in order book growth for the Mining platform; and that an infrastructure-led economic recovery and the decarbonisation of the global economy will offer significant opportunities for the Group. Given geopolitical ructions in Europe and high energy prices, large investment in natural gas should also benefit the Group. The Power, Industrial & Water platform continues to face challenging market conditions; however, confidence is starting to build that the renewable energy sector in South Africa will provide opportunity for this business to return to profitability.

Our strong order book indicates the potential in our markets, as does the scale of the appetite for global infrastructure investment. According to the Global Infrastructure Hub 2022 (a G20 initiative): “The United States is the highest ranked country for the financial markets. It has transparent procurement processes, supported by highly liquid financial markets that encourages investment in infrastructure.” Further, “Australia's strong credit rating and transparent public procurement processes provide favourable conditions for investment in infrastructure projects.” It also notes that, excluding mining, current infrastructure investment in the United States stands at \$8,5 trillion, at \$1,5 trillion in Australia and \$1,2 trillion in Canada.

These are attractive markets for our multinational platforms, not only because they offer a reduced risk profile in terms of governance and access to financing, but also for the extent of public-private investment expected over the next decade.

Current investment trends suggest South Africa should spend \$289 billion on socioeconomic infrastructure (excluding mining) over the medium term, which is still \$152 billion short of the investment required. This still bodes well for the Power, Industrial & Water platform, currently operating in a tough and constrained South African market.

South Africa's intention to invest in large infrastructure projects has become stymied by a complex sociopolitical environment, resulting in a worrying shortfall and policy inertia. The Power, Industrial & Water platform has suffered from underinvestment in capital formation over many years and its viability is heavily dependent on the public sector. Two years ago, the Board endorsed the executive team's medium-term plan for the platform. The Board is satisfied that this plan is being

implemented with required urgency, and that the platform's reduced losses in FY2022 suggests a return to profitability in the near term. This will be underpinned by investment in South Africa's renewable energy programme. We will continue taking a pragmatic view of our risk profile in Sub-Saharan Africa, and domestic projects will be justified on the same risk considerations we apply to our international projects.

The key to unlocking infrastructure growth in South Africa is more effective public-private partnerships. We are committed to partnering with government in bringing efficiencies, new sources of funding, innovation, and engineering excellence to infrastructure development. We understand that trust is the lifeblood of successful PPPs and will continue to demonstrate that we are a trusted infrastructure development partner with the requisite sustainability credentials.

In terms of environmental, social and governance expectations, the Group is well positioned: we are a low carbon emitter with a small environmental footprint, and many of our projects are dedicated to the transition away from fossil fuels, toward renewable energy. We comply with local procurement legislation within our jurisdictions, and support local contracting partners. Our safety record puts us well ahead of our peers and many of our clients, and our governance structures and processes are well established and of a very high standard.

Given the growth in socially responsible investing, it is worth presenting a clearer picture of the value we add across non-financial capitals: social and relationship capital, natural capital, human capital, and intellectual capital. While the Board is comfortable with the detail presented in our integrated and sustainability reports, there is an opportunity to develop and extend the measures that demonstrate how we fulfil our purpose-led commitment to sustainable human development.

The arena of global accountability standards is complicated and in flux, as the guiding frameworks are consolidated. The Group is committed to fulfilling the letter of, and the spirit behind, important accountability frameworks. These include the IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and the Exposure Draft IFRS S2 Climate-related Disclosures (Climate Exposure Draft), which builds upon the recommendations of the Task Force on Climate-Related Financial Disclosures and incorporates industry-based disclosure requirements derived from SASB Standards. Both of these are under the auspices of the International Sustainability Standards Board.

## Purpose-led leadership

Our ability to create value for stakeholders pivots on industry professionals who develop our infrastructure projects – these projects are monuments that will serve society for decades to come. These monumental, and in some cases iconic projects, deliver potable water, reliable electricity, commodities, transport infrastructure and other 'real economy' utilities that enable the modern world.

We place a strong emphasis on leadership development and continue to create a merit-based professional environment. Our value proposition to employees is underpinned by offering talented professionals the opportunity to be part of a leading multinational engineering and contracting group, delivering some of the world's largest and most exciting infrastructure projects.

Individual excellence and self-improvement is the main currency of our human capital policies, by which we encourage and promote those, who aspire and align to our philosophy of *Engineered Excellence*. We are in a battle for scarce talent; it is incumbent on us to attract, manage and reward our employees in a way that makes the Group an aspirational destination for talent.

Given the nature of our projects and where we operate, in particular, the Asia-Pacific region, North America, and in Africa, we honour the traditional custodians of the land on which we work. Through our commitment to diversity, equity and inclusion we train and, where possible, employ people from our host communities. We also uplift these communities through our supply chain, procurement and localisation policies.

We have the necessary frameworks and governance processes to ensure Board oversight of ESG and sustainability risk. The Group sustainability framework aligns the business to the ESG expectations of our stakeholders. We are also served by a

well-formulated Group health, safety & environment framework, environmental management framework and Climate Change Position Statement. These frameworks, and other key commitment collateral, provide context and guidance for our engagements with executive teams. We are satisfied that our governance oversight processes and protocols continue to function well, ensuring risk remains within an acceptable band of tolerance.

Protecting financial liquidity and managing global skills shortages are our main risk concerns. The impact of COVID-19 related disruption on project progress and liquidity has necessitated an even greater emphasis on cash management, which is reflected in our performance management expectations for the coming year.

Our exit from the Middle East is progressing and our potential risks there have been contained, to the extent possible. In last year's report, we mentioned ATON, and our concern that their 44% ownership of issued ordinary shares is limiting share trading liquidity. The Board recognises that although we have not yet achieved any strategic benefit from their significant shareholding, our interests are ultimately aligned in terms of protecting shareholder value and pursuing growth opportunities.



**ONLINE** Governance report

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## Purpose-led value creation

Through the implementation of our *New Strategic Future* plan, the Group has made progress in each of the dimensions of stakeholder value creation that guard both our resilience and our relevance in a dynamic, complex global context:

- Our platforms are building and acquiring leading positions in geographic 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;
- The Group continues to deepen its differentiation as a contractor, employer and partner as market dynamics and stakeholder expectations change, with increasing emphasis on ESG credentials and digital solutions to ensure sustainable competitiveness; and
- Our relevance to our stakeholders, both as a trusted commercial and social partner, and as a purpose-led, profitable, ethical, and responsible multinational organisation, is aligned to global goals and commitments in the advancement of sustainable human development.

The inculcation of the Group's culture (guided by our Values and operationalised by our philosophy of *Engineered Excellence*), and our well-developed governance system and processes, support our achievement of these strategic priorities, to maintain and enhance stakeholder trust both in the Group and in our industry.

## Closing and appreciation

The Board is pleased with what the Group has achieved, despite the consequences of the devastating COVID-19 pandemic. The Group's significant order book and pipeline of opportunities are cause for a positive albeit guarded outlook, and reasonable confidence that the Group will create value for our shareholders in the coming years.

We commend and thank the executive team for their diligence in aligning day-to-day decisions to the objectives of our long-term strategic direction. We value them for their sound management, as they continue to advance the Group's credibility and capacity for excellence. My thanks are due also to my fellow Board members for their considered oversight in ensuring that the Group remains resilient to prevailing challenges, and relevant to the advancement of sustainable human development.

I would also like to extend my thanks and appreciation to outgoing Board members Ntombi Langa-Royds, Diane Radley and Billy Mawasha.





# Group chief executive's and financial director's report

Over several years of market instability, Murray & Roberts has demonstrated an ability to deliver on its long-term strategy. Our leadership philosophy of *Engineered Excellence* – keeping a firm hand on what we can control – has characterised our response to market volatility and built resilience to withstand challenging global market conditions, and secured the relevance of our business platforms in markets with long-term promise.

## HENRY LAAS

Group chief executive

## DANIËL GROBLER

Group financial director

Our multi-year, strong order book and project pipeline speak to the extensive transformation that Murray & Roberts has undergone to become a multinational engineering and contracting group, with business platforms that are well positioned as specialist contractors in developed markets, offering services across the full project life cycle.

As the world emerges from the effects of the COVID-19 pandemic, the emphasis on infrastructure-led economic growth and the decarbonisation of the global economy hold significant long-term opportunity for the Group. The commodity super cycle, concentrated on 'future-facing' metals, is gaining momentum and, albeit varying by region, our markets are showing signs of uplift; even as geopolitical tensions add to the lingering effects of the pandemic to disrupt project delivery and inhibit capital investment certainty.



**“Our multi-year, strong order book and project pipeline speaks to the extensive transformation that Murray & Roberts has undergone to become a multinational engineering and contracting group.”**

We recognise that our shareholders are anxious to see a stronger recovery of the value lost to COVID-19, which continue to hamstring the translation of our good prospects into commensurate earnings growth. Whereas our expectation last year that the Group was on the cusp of strong and sustainable earnings growth over the medium term remains valid and achievable, our timing expectation proved too ambitious due to the impacts of the pandemic on project delivery and hence our financial position.

## Financial performance

The Group is pleased to report strong growth in revenue and in earnings in the period under review, notwithstanding the continued impact on the business from the pandemic and the conflict in Ukraine. Specific areas of impact include disruption in supply chains, changes to project schedules, associated deferral of milestone payments and escalating inflation, resulting in difficult commercial environments. The Group is proactively managing these challenges.

Revenue from continuing operations increased to R29,9 billion (FY2021: R21,9 billion). The Group reported strong growth in earnings before interest and tax from continuing operations of R705 million (FY2021: R540 million). Market conditions impacted the Group's profitability, resulting in a 2,4% operating margin, below the targeted range of between 3% to 5%.

The Group is pleased with the continued strength of its order book at R59,5 billion (FY2021: R60,7 billion), and with near orders increasing significantly to R60,4 billion (FY2021: R11,1 billion), mainly attributable to the Inland Rail and Perdaman projects in the Energy, Resources & Infrastructure platform, with a combined value of circa R40 billion.

Delivery of the Group's order book and the associated business growth increased the levels of working capital required. In addition, certain project milestone payments were delayed as the projects progressed slower than planned, due to the continuing disruption caused by the pandemic on supply chains. This, together with escalating inflation, negatively impacted cash generation during the year and the Group reported a net debt position of R1,1 billion (FY2021: R0,7 billion cash net of debt).

The Group is well progressed in addressing the increasing working capital levels to support its growth trajectory. Options include establishing longer term debt facilities and the potential disposal of its 50% shareholding in the Bombela Concession Company.

The effective tax rate reduced to 51% (FY2021: 73%). The high tax rate is mainly due to withholding taxes in foreign jurisdictions, as well as losses incurred in entities where future taxable earnings are uncertain, and no deferred tax assets could thus be recognised on these losses. The Group expects that the tax rate will continue to revert to more acceptable levels in the medium term.

The Energy, Resources & Infrastructure platform delivered a strong operating profit and order book for the current year and is expected to contribute significantly over the next three years. Revenue and operating profit respectively increased significantly to R17,3 billion (FY2021: R11,4 billion) and R406 million (FY2021: R227 million). The substantial order book was maintained at R37,2 billion (FY2021: R37,0 billion). Near orders increased significantly to R43,6 billion (FY2021: R1,1 billion), attributable to the inclusion of the Inland Rail and Perdaman projects. Securing these two large projects remain subject to financial close and the platform's ability to provide the required bonding.

The Mining platform had strong revenue growth, but marginal decrease in earnings. Revenue increased to R11,8 billion (FY2021: R9,5 billion) and operating profit reduced marginally to R449 million (FY2021: R473 million), as the prior year included upside from the close-out of certain commercial matters. The order book reduced to R21,9 billion (FY2021: R23,2 billion), although near orders increased significantly to R14,9 billion (FY2021: R9,7 billion). The platform is established in most of the world's key growth areas for metals and minerals extraction and production. In the short term, it will benefit from investment driven by robust commodity prices and in the longer-term, by increasing demand for “future-facing” metals and minerals.

Power, Industrial & Water continued to face challenging market conditions due to a lack of investment in the region and the delay of project awards in South Africa's renewable energy and transmission & distribution sectors. Increasing investment in utility-scale renewable energy projects is expected to enable the platform to return to profitability in the near term. Revenue was lower at R0,8 billion (FY2021: R1,0 billion) and the platform recorded a reduced operating loss of R155 million (FY2021: R175 million operating loss). The order book decreased to R0,4 billion (FY2021: R0,5 billion) and near orders increased significantly to R1,9 billion (FY2021: R0,3 billion).

The Group recorded a fair value profit adjustment of R193 million (FY2021: R209 million) on its 50% shareholding in the Bombela Concession Company, that holds the concession for Gautrain. In August 2022, Gautrain ridership was circa 26 000 passengers per day, compared to circa 20 000 passengers per day as reported in March 2022. The work-from-home model adopted during the pandemic still retained by various employers and a constrained international travel sector, continue to impact ridership numbers.

The Group recorded a reduced operating loss from discontinued operations of R113 million (FY2021: R256 million loss).

## Strategic performance

Since the inception of our *New Strategic Future* plan, the Group has shifted investor exposure away from a declining South African construction sector to a global engineering and contracting environment, in which we operate with trusted brands in developed markets focused on natural resources and specialised infrastructure.

In this operating environment, liquidity has tightened since the start of COVID-19, and in the last year has been more pronounced than we anticipated. With their own cash resources constricted, it is proving difficult to negotiate with clients for reasonable compensation of unforeseen project delays and cost inflation related to COVID-19, or other factors such as the conflict in Ukraine. This difficulty extends to securing our entitlements where factors outside our control delayed project milestones and consequently the receipt of milestone payments. Mobilising project resources has also been a challenge, either due to supply chain disruption and bottlenecks or travel restrictions, affecting progress on projects, the basis on which we earn revenue.

As the impacts of the pandemic fade, we expect ongoing geopolitical tensions, inflation, and uncertainty about global growth to influence our business. Delivery of our order book in the current environment, and the associated business growth, will require increased levels of working capital. Liquidity is thus our most serious focus area, with skills shortages and price inflation close seconds. We have adapted our contracting principles and cash flow reporting to ensure that liquidity is more closely managed, especially at project level, and that we close out commercial issues on our large and complex projects more efficiently to bank our entitlements.

In addition, the transfer of project risks from clients to contractors – risks that are difficult to mitigate and even more difficult to price – and the increasing resistance to compensate for unforeseen events, such as escalating cost inflation, continue to be a feature of the global contracting environment. The pressure points brought about by the COVID-19 pandemic exposed weaknesses in the commercial arrangements between clients and contractors which govern highly complex infrastructure projects. In many respects, these contracting models or commercial arrangements are no longer fit-for-purpose in the prevailing business environment.

Furthermore, the value of 'real economy' project delivery companies is being underestimated by financiers averse to emerging risks and contracting realities and their importance in providing and servicing the critical infrastructure that drives sustainable human development, at a time when it is most needed. There is a trend with financial institutions, globally, to significantly reduce the bonding facilities they extend to engineering and contracting companies. Without sufficient bonding capacity, we are unable to provide the required bonding for major infrastructure projects, exacerbating the financial constraint to growing our order book.

We do, however, expect these pressures to ease, as demand for the services of engineering and contracting companies starts to exceed available capacity. There are early signs of an emergence of contracting models that allocate risk and cost more equitably and that motivate for early contractor involvement, which helps ensure that project design mitigates risk and optimises asset outcomes. However, such constructive terms are confined to instances where we have strong, longstanding client relationships or our capabilities as a specialist contractor are unmatched.

Ultimately, it is trust between parties and counterparties that underpins even-handed and effective contracting – for our part, we will continue to build trust the best way we know how: through *Engineered Excellence* in its application to contracting and commercial risk management, and in the delivery of safe, well-executed projects.

In a contracting environment, managing risk is critical to securing tendered margin. We must ensure we are bidding on the right projects, with the right partners and for the right clients. The principles and processes that govern how we manage bid opportunities, through to project delivery and close-out, should provide us and our shareholders assurance that undue risk is avoided, and acceptable risk is properly mitigated without unduly restricting growth potential.

We capture all opportunities to tender for projects in a central Opportunity Management System, from which we apply our tried and tested process for assessing tender opportunities. The system ensures, considering the Group's risk tolerance framework, that the appropriate Group authority (be it the managing director of the operating company, the relevant platform CEO, Group executive committee, or Board) ultimately approves the tender mandate. With year-on-year project losses

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down 75%, the system is working well to support the continual improvement of project risk management across the Group. Our executive committee intervenes in projects showing early signs of distress.

We have established formal structures to ensure consistency across the Group around important functions such as health, safety and environment, human resources and risk management. Our HSE forum is an opportunity for executives to discuss key initiatives and to ensure executive oversight on important HSE metrics. Similarly, the risk forum aligns our approach to risk and ensures focus on potential risk areas that threaten the Group. Our HR forum provides oversight and guidance on human resources challenges and is also focused on the key issues of remuneration and succession.

The Group continues to find clear differentiation in our safety record, which reflects our aspiration to deliver projects with Zero Harm. The Group reported zero fatalities during the year. The Group's HSE framework and related safety standards along with independent expert advice, provide the framework for a consistent approach to the management of safety risk across the Group. Our aspiration for Zero Harm and focus on proactive interventions continues to deliver improvements in our safety performance with 21 projects, in a portfolio of more than 100 projects across the Group, achieving zero recordable cases. High potential incidents, most of which were injury free, increased to 13 from seven in FY2021, coinciding with increased activities in the ERI and Mining platforms. All incidents were reviewed by the executive committee and targeted improvement interventions were implemented by both platforms.

## Opportunities for growth

Notwithstanding challenges in the industry, our strong order book of some R60 billion and near orders of the same value, includes high-profile multinational projects, key to meeting the delivery of countries' energy and infrastructure needs. Our two multinational platforms, ERI and Mining account for more than 85% of the order book and are poised to benefit from an upcycle in infrastructure spend, with investments pledged during the pandemic, and in support of a green economy, entering the pipeline. This is particularly exciting for ERI, with Mining set to benefit from growing demand for 'green metals', such as copper, nickel, and zinc.

With natural gas considered a low-carbon transition fuel, we expect new investment in both natural gas and LNG projects. The conflict in Ukraine (regions to which our projects are not exposed) will inevitably shift interest to more stable regions for energy supply, reinforcing our presence in North America and Australia, which have significant gas reserves. We expect that the pipeline of opportunities in the Gulf Coast will return to previous high levels in the medium term.

ERI has strong growth potential for the Group in the short term, with Mining well-positioned for steady growth over the medium to long term. PIW currently faces challenging market conditions; however, our confidence is building that the renewable energy sector in South Africa will provide sufficient opportunity to support the platform's return to profitability.

## ERI delivers on strategy

In 2019, ERI started to reap the benefits of its strategic reorientation and in 2022 it culminated in a record order book. Given that ERI operates mainly in mature markets, it has also been necessary to position the business to support its clients in their transition to net zero.

Although the core capability of this platform remains unchanged, focus has intensified on ESG and on harnessing digital and analytics capabilities to improve its competitiveness. This fits well with ERI's specialist offering of delivering complex energy, resources, and infrastructure projects.

As ERI is key to our strategy in terms of securing multi-year, high-value projects, it must be equipped with the appropriate digital capabilities. Focus areas in its digital transformation journey include people and culture, change management, business transformation frameworks, data management, and integrated systems.

In Australia, ERI was awarded 'preferred contractor' status for the Gowrie to Kagaru section of the Inland Rail project and for the Perdaman urea project, both long-term projects with a combined value of some R40 billion, that could benefit the Group for several years. These near orders remain subject to financial close and the platform's ability to provide the required bonding.

In the United States, the acquisition of JJ White Inc extends our market penetration in the world's most important developed market and helps us diversify our project capabilities into the industrial maintenance and construction services sectors. JJ White's strong order book will help ease the strain of a delayed recovery in the Gulf Coast market. In the United Kingdom, Booth Welsh has secured a strong order book and, given our ESG commitments, we are pleased that they are seeing success in the waste-to-energy space.

## Mining repositions for growth

The Mining platform, with an order book in excess of R20 billion, and a presence in most of the world's key growth areas for metals and minerals production, represents short-term opportunity driven by commodity prices; and medium-to long-term opportunity driven by increasing demand for 'future-facing' metals and minerals, and its ability to compete globally with major mining service providers.

Platform leadership has identified the need to better position the platform for growth by becoming a more integrated business. The integrated Mining platform will be headquartered in Perth, Australia, and from there will unite the three regional entities (Cementation Americas, Murray & Roberts Cementation and Cementation Asia-Pacific) under a common brand to fully leverage its scale, global presence, and reputation as a contractor of choice.

The platforms digital strategy is well underway with applications for asset maintenance, and autonomous and remote applications under development.



In the year, the Mining platform's order book was held back by slower investment from major clients in North America, mainly due to the after-effects of the pandemic, and the consensual early termination of the Kalagadi contract in South Africa. During the second half of the year, the platform secured a slew of contracts, putting it on the front foot once again. The bounce-back came too late to reflect in FY2022's revenue and earnings, but this will flow through in the new financial year.

Furthermore, decarbonisation is creating unprecedented opportunity for the business. Within this frame, as the global environmentalist movement becomes increasingly active in slowing coal mining investment, Murray & Roberts decided to limit its involvement in the thermal coal industry to South Africa, which needs its coal-fired power stations to sustain socioeconomic development in the region.

## PIW positioned for renewable energy opportunities

PIW continued to face challenging market conditions due to lack of investment in its regions and the delay of project awards in South Africa's renewable energy and transmission & distribution sectors. Although its financial standing has improved, the platform is still loss-making; however, increasing investment in utility-scale renewable energy projects is expected to enable the platform to return to profitability in the near term. Late awards during the financial year include overhead transmission lines in South Africa and Sub-Saharan Africa and various works as part of South Africa's Renewable Energy Independent Power Producer Purchase Programme.

Murray & Roberts Power & Energy has been renamed Murray & Roberts Projects and is the platform's integrator of EPC projects across market sectors. This business has several short- to medium-term projects in its pipeline.

Notwithstanding South Africa's public investment challenges, we are confident the water market will gain momentum. During the year, Murray & Roberts Water transferred its Organica wastewater treatment demonstration plant from eThekweni Municipality to the V&A Waterfront in Cape Town, to deliver water under a 10-year supply contract. This is significant as it will be the first commercialised application of the environmentally friendly Organica technology in South Africa. The eThekweni Municipality has embarked on a PPP programme for two wastewater treatment plants and the platform's water business will respond to the Request for Proposal, which is expected towards the end of 2022.

South Africa's constrained transmission and distribution infrastructure requires urgent investment to support additional capacity and we are optimistic that Eskom's R130 billion project pipeline for its transmission division will come to fruition. This presents significant longer-term potential for OptiPower Projects, given its specialised capability in high and medium voltage transmission and distribution lines, as well as substation infrastructure. Tendering activity for projects in this sector is increasing and new project awards are expected in the near term.

Wade Walker Solar, which services the commercial and industrial photovoltaic solar sector, has successfully completed several small projects during the year and is positioned to grow its current portfolio of projects in FY2023.

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## Conclusion

Over the next three years, we expect most of the Group's revenue and earnings to continue to be generated by the two international business platforms, ERI and Mining. Both platforms are well established in geographic regions and market sectors with sustainable growth prospects. South Africa's renewable energy sector is expected to provide opportunity for the PIW platform to return to profitability in the near term.

Our strategic efforts, especially over the past five years, have culminated in a quality order book and strong project pipeline and the Group is well positioned to enable the capital investments needed to undertake to support sustainable human development, especially in the wake of the global COVID-19 pandemic.

We are confident that strong and sustainable earnings growth for the Group over the medium term is achievable.

