



**Murray
& Roberts**

ENGINEERED EXCELLENCE

GROUP
SUSTAINABILITY
REPORT 2017

GROUP SUSTAINABILITY REPORT

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PURPOSE AND SCOPE

The Murray & Roberts' annual integrated report presents the strategy, governance, performance and prospects of the Group, and together with our sustainability report, addresses the key issues that matter most to our stakeholders and our businesses. Our sustainability information presented for the year ended 30 June 2017, is based on the Global Reporting Initiative's ("GRI") G4 guidelines and meets the GRI G4 core level. It covers our material sustainability issues and our economic, social and environmental frameworks, initiatives and performance.




MATERIALITY

Murray & Roberts defines material issues as those issues that substantively affect its ability to sustain its strategic, operational and financial performance, and those that are most likely to affect our stakeholders' assessment of the Group's ability to create value over time. The materiality determination process considered the top issues that the Board and management dealt with during the year, the Group's register of strategic risks, and issues raised through engagement with analysts and investors, business associations, non-governmental organisations ("NGOs") or other civil society structures, as well as those reported on in the media. These issues were workshopped into four broad material issues and related sub-issues for the Group, as well as issues specific to each business platform. The final step was to confirm these issues and discuss their inter-relationships with the Group executive. The sustainability report provides a more in-depth review on the material sub-issues highlighted in the diagram on page 3.

The scope of our sustainability information includes all Murray & Roberts' businesses, as well as subsidiaries and joint ventures under Murray & Roberts' control and excludes businesses that are independently managed. In April 2017, the Group sold the Infrastructure & Building business platform, in line with our strategic focus on global natural resources markets. The sale included all of the Group's South African civils, roads and buildings business activities.

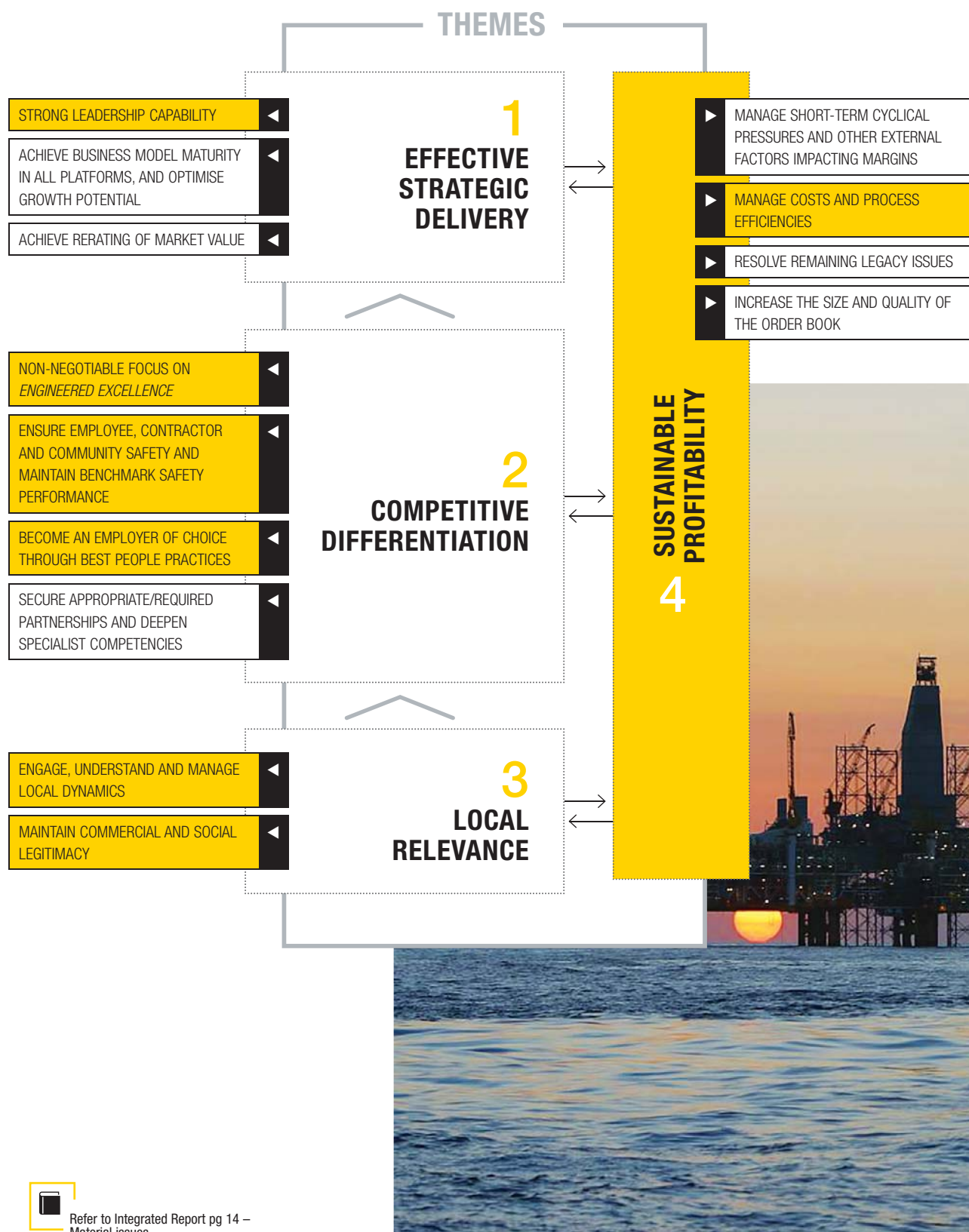
In 2015, the JSE Limited partnered with FTSE Russell to promote corporate sustainability practices, and the JSE SRI Index, on which the Group was listed, was replaced by the FTSE/JSE Responsible Investment Index Series. The Group's current market capitalisation disqualifies it from a rating on the new index.



**MURRAY & ROBERTS
DEFINES MATERIAL ISSUES
AS THOSE ISSUES THAT
SUBSTANTIVELY AFFECT ITS
ABILITY TO SUSTAIN ITS
STRATEGIC, OPERATIONAL
AND FINANCIAL
PERFORMANCE, AND THOSE
THAT ARE MOST LIKELY
TO AFFECT OUR
STAKEHOLDERS'
ASSESSMENT OF THE
GROUP'S ABILITY TO
CREATE VALUE OVER TIME.**

PURPOSE AND SCOPE – CONTINUED

MATERIAL ISSUES



PURPOSE AND SCOPE – CONTINUED

OUR PURPOSE, VISION AND VALUES

Our Purpose, Vision and Values, as well as the principle of *Engineered Excellence*, provide the primary point of reference for what we aspire to. These cornerstones of the Group's culture guide the service we provide to our clients and the way we conduct ourselves. Ultimately, they determine the Group's reputation and the quality of our relationships with stakeholders, and therefore our success in advancing our strategy.

MURRAY & ROBERTS HOLDINGS LIMITED

A GROUP OF WORLD-CLASS COMPANIES AND BRANDS ALIGNED
TO THE SAME PURPOSE, VALUES AND VISION

STOP.THINK.ACT.24/7: SAFETY FIRST IN EVERYTHING WE DO

BUSINESS PLATFORMS

OIL & GAS

UNDERGROUND MINING

POWER & WATER

PURPOSE

ENABLING FIXED CAPITAL
INVESTMENTS THAT SUPPORT
THE ADVANCEMENT OF HUMAN
DEVELOPMENT

VISION

BY 2025, WE STRIVE TO
BE A LEADING MULTINATIONAL
ENGINEERING AND
CONSTRUCTION GROUP THAT
APPLIES OUR PROJECT
LIFE CYCLE CAPABILITIES TO
OPTIMISE FIXED CAPITAL
INVESTMENT

VALUES

- INTEGRITY
- RESPECT
- CARE
- ACCOUNTABILITY
- COMMITMENT

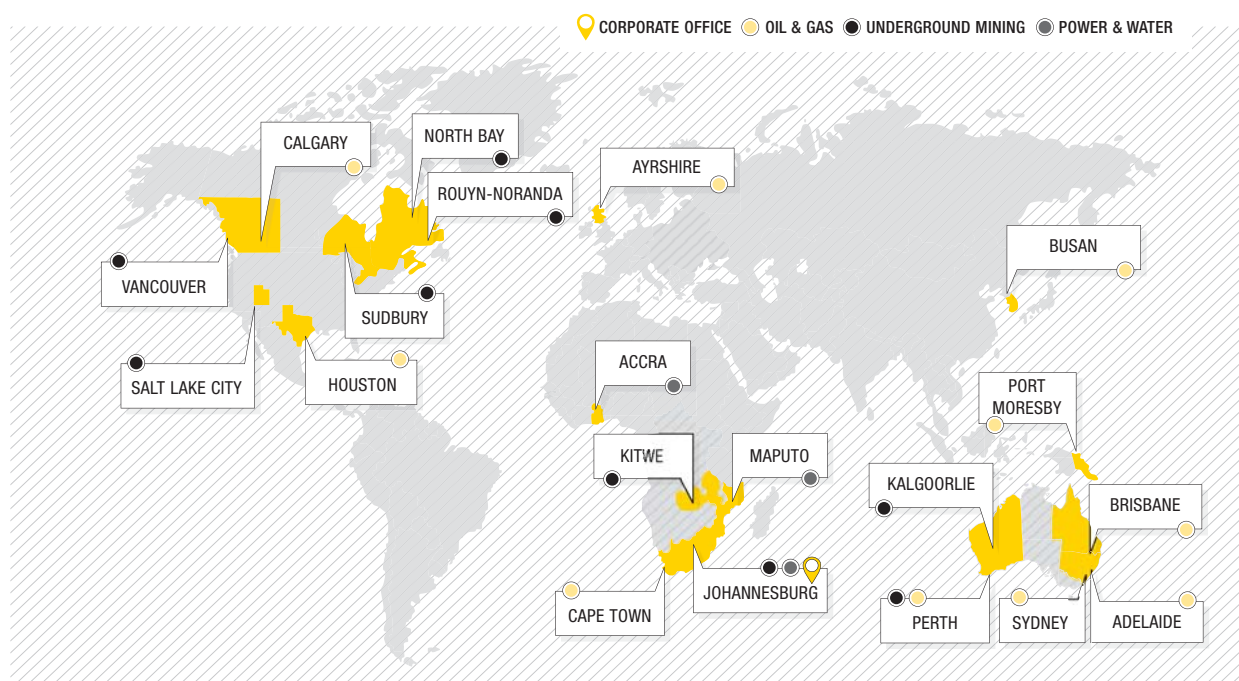


OUR BUSINESS AT GLANCE

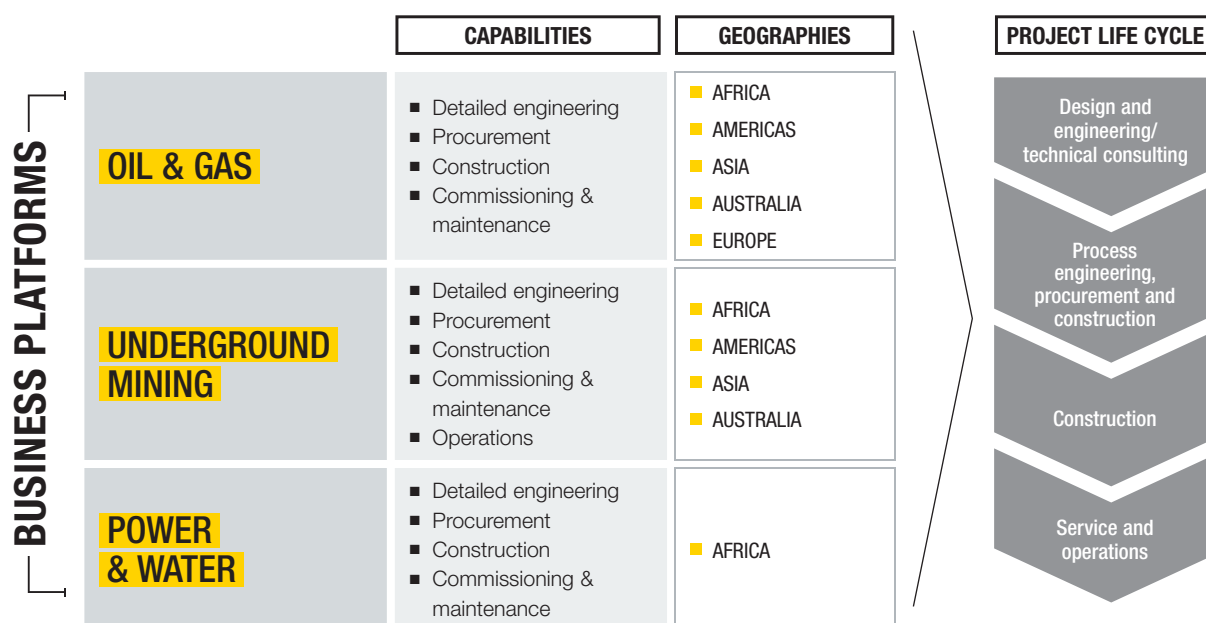
The Group's strategic focus is on the global natural resources market sectors of metal & minerals, oil & gas, and power & water. Although it exposes the Group to cyclical dynamics, it was informed by positive long-term demand drivers for natural resources including global population growth, urbanisation and wealth creation.

The geographic and project life cycle diversification of our business platforms mitigates the impact of economic cycles and provides a blend of volumes and margins. Our approach to international diversification focuses on establishing a permanent presence in growth regions for our clients. We also follow clients on an ad hoc basis into other geographies where we do not have a permanent presence.

GLOBAL REACH

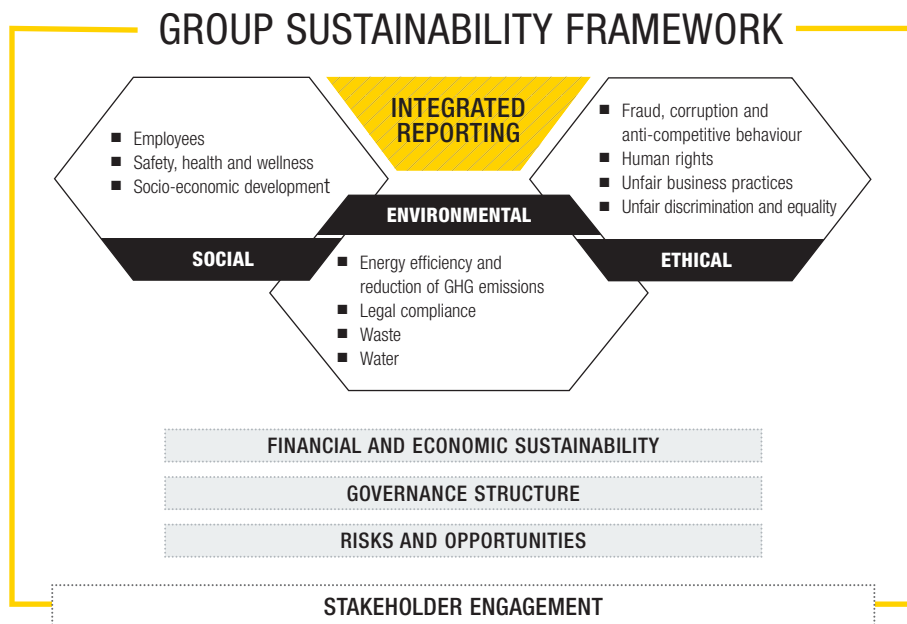


PROJECT LIFE CYCLE CAPABILITIES



Platforms are named after primary market segments, but also undertake work in selected complementary markets.

OUR BUSINESS AT GLANCE – CONTINUED



Our Group Sustainability Framework sets out our aspiration to operate in an ethical and sustainable way by:

- ▶ Considering the views and concerns of our stakeholders in our strategic and operational decision-making;
- ▶ Understanding and mitigating our risks in relation to our opportunities;
- ▶ Applying best practice corporate governance beyond minimum requirements;
- ▶ Operating world-class businesses able to create and sustain value for shareholders, clients, employees, partners and suppliers, as well as the countries and communities in which we operate; and
- ▶ Managing all our impacts according to the principle of Zero Harm.



STAKEHOLDER ENGAGEMENT

We define our key stakeholders as groups or individuals who are in contact with or impacted by our operations, have an interest in what we do or the ability to influence our activities, or who are dependent on the Murray & Roberts Group.

Our stakeholders are diverse and include, among others, shareholders, financial institutions, public and private clients, governments and regulators, communities and NGOs, industry and professional bodies, employees and employee organisations, joint venture partners, service providers and suppliers.

Our relationships with each stakeholder or stakeholder group directly impacts our sustainability, therefore our engagement is ongoing and takes place at both the corporate office and business operation levels across the Group.

The Group's chief executive is responsible for the implementation and maintenance of the Group stakeholder engagement policy and framework, and he is supported by the relevant corporate executives and business platform CEO's.

Our stakeholder engagement policy requires that we:

- ▶ Comply with the principles of the fourth King Report on Corporate Governance for South Africa ("King IV") and its recommended practices pertaining to stakeholder relationships;
- ▶ Consider the views and concerns of stakeholders in our strategic and operational decision-making;
- ▶ Integrate stakeholder engagement into the Group's ongoing management activities, including those of its businesses;
- ▶ Strive to measure and manage the gap between stakeholder perceptions and the performance of the Group;
- ▶ Ensure that stakeholders are treated fairly and equitably 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 to stakeholders, while having regard to legal and strategic considerations;
- ▶ Proactively communicate with stakeholders and seek their views and feedback using various, appropriate communication channels;
- ▶ Promote awareness in our businesses around the importance and value of and methodologies for stakeholder consultation and relationship management; and
- ▶ Seek ways to better manage and improve stakeholder engagement procedures and performance.

METHODS USED TO ENGAGE WITH STAKEHOLDERS

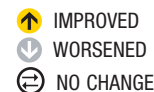
FACE-TO-FACE ENGAGEMENT	TECHNOLOGICAL ENGAGEMENT	PRINTED ENGAGEMENT
<ul style="list-style-type: none"> ■ One-on-one meetings ■ Citizen panels/public meetings ■ "Town hall" meetings ■ Group events and conferences 	<ul style="list-style-type: none"> ■ Webcast ■ Conference calls ■ Website ■ Intranet ■ LinkedIn ■ Email ■ SMS 	<ul style="list-style-type: none"> ■ Media releases ■ Newsletters ■ Internal magazines and branded mailers ■ Integrated and sustainability reports



SOCIAL PERFORMANCE

SOCIAL PERFORMANCE – CONTINUED

GROUP PERFORMANCE REVIEW

MOVEMENT:

PERFORMANCE DIMENSION	2017	2016	2015	Movement
Safety				
Fatalities	1	2	4	↑
Fatal incidents frequency rate ("FIFR")*	0.01	0.02	0.05	↑
Lost time injury frequency rate ("LTIFR")*	0.52	0.68	0.79	↑
Total recordable case rate ("TRCR")*	3.1	4.1	4.18	↑
OHSAS 18001 Management System	100%	98%	85%	↑
Health				
Voluntary HIV/Aids tests	3 513	2 024	4 762	↑
HIV/Aids prevalence of employees tested	3.0%	5.4%	5.5%	↑
New cases of tuberculosis ("TB")	17	17	7	⇌
Noise induced hearing loss ("NIHL")	6	11	25	↑
Number of random alcohol tests	932 753	733 109	838 812	↑
% of random alcohol tests that were positive	0.01%	0.02%	0.03%	↑
Number of random drug tests	12 778	14 629	14 553	↓
% of random drug tests that were positive	1.1%	1.0%	1.7%	↓
Employees				
Formal employee training and development spend (Rm)	144.2	120.5	87.0	↑
% of the skills development spend in South Africa spent on developing black (African, Coloured and Indian) employees	93%	79%	71%	↑
Total number of bursars	57	56	57	↑
% of bursars who are black	88%	88%	72%	⇌
% of bursars who are women	28%	38%	33%	↓
Graduates attending the development programme	10	19	27	↓
% of graduates who are black	80%	47%	74%	↑
% of graduates who are women	40%	16%	22%	↑
% of participants who are black	59%	46%	60%	↑
% of participants who are women	41%	30%	31%	↑
Transformation and local economic development				
Broad-based black economic empowerment ("BBBEE") rating based on the amended BBBEE Codes	Level 3	Level 2	Level 2	°
Wealth created through the Letsema BBBEE share ownership transaction (Rm)	412.1	413.9	440.6	↓
% of South African-based employees who are black	70%	79%	74%	↓
% of South African-based employees who are women	10%	13%	11%	↓
% of South African-based managers and supervisors who are black	55%	66%	54%	↓
% of South African-based managers and supervisors who are women	8%	12%	10%	↓
Capital expenditure (three-year cumulative amount; Rm)	1 027	1.817	2.475	↓
% preferential procurement spend in South Africa	99%	98%	85%	↓
Enterprise development contribution in South Africa (Rm)	7.7	44.0	78.9	↓
Community development				
Corporate social investment ("CSI") in community programmes (Rm)	5.7	9.0	9.6	↓
Letsema broad-based community commitments (Rm)	9.7	6.3	3.5	↑
Bursaries awarded by the Letsema Employee Benefits Trust (Rm)	4.8	7.4	8.5	↓
Murray & Roberts Child Welfare Fund (Rm)	0.3	0.4	0.4	↓

* Measured over one million hours.

° In FY2017, a Level 3 rating was achieved against the Department of Trade and Industry's amended Codes of Good Practice for Broad-Based Black Economic Empowerment ("dti Codes") and in FY2016 the Level 2 rating was achieved against the Construction Sector Charter.

SOCIAL PERFORMANCE – CONTINUED

SAFETY

Our main safety goal is to achieve Zero Harm to our employees, service providers and the communities in which we operate.

Advancing our safety programme is an ongoing imperative, and during FY2017 we achieved record performance with the following highlights:

**A RECORD-LOW
LTIFR OF 0.52.**

**SIGNIFICANT REDUCTION IN SERIOUS
INJURIES.**

**OHSAS 18001 CERTIFICATION ACROSS
ALL OPERATIONS.**

**EXTENDED THE MAJOR ACCIDENT
PREVENTION (“MAP”) PROGRAMME TO
THE MAJORITY OF OPERATIONS.**


**OIL & GAS ACHIEVED AN INDUSTRY
LEADING PERFORMANCE OF 1,5 YEARS
WITHOUT A LOST TIME INJURY (“LTI”).**

We are pleased with these developments as they confirm the effectiveness of our Health, Safety and Environment (“HSE”) Framework and systems, and strengthen our belief that Zero Harm is possible across all our operations. In terms of safety performance, all three business platforms are among the top performing operations in their respective markets.

Unfortunately, we did not meet our key objective of zero fatal incidents. Early in the year, Mr Ditebogo Phuduhudu, who worked in the Infrastructure & Building business platform sustained fatal injuries in a work-related incident. We are deeply distressed by the occurrence of this incident and extend our heartfelt condolences to Mr Phuduhudu’s family, friends and colleagues. We remain steadfast in our commitment to eliminate fatal incidents at our operations and are, more than ever before, convinced that this goal is achievable.

GRAYSTON TEMPORARY WORKS COLLAPSE

In our 2016 annual and sustainability reports, we reported the tragic incident that occurred in October 2015 at our Grayston pedestrian bridge project in Sandton, Johannesburg. The Department of Labour’s formal and public inquiry to investigate the incident is still in progress and we have provided our full cooperation and support. We have presented our internal investigation reports and look forward to the inquiry’s findings and recommendations.



**OUR MAIN SAFETY GOAL
IS TO ACHIEVE ZERO HARM
TO OUR EMPLOYEES,
SERVICE PROVIDERS AND
THE COMMUNITIES IN
WHICH WE OPERATE.**

SOCIAL PERFORMANCE | SAFETY – CONTINUED

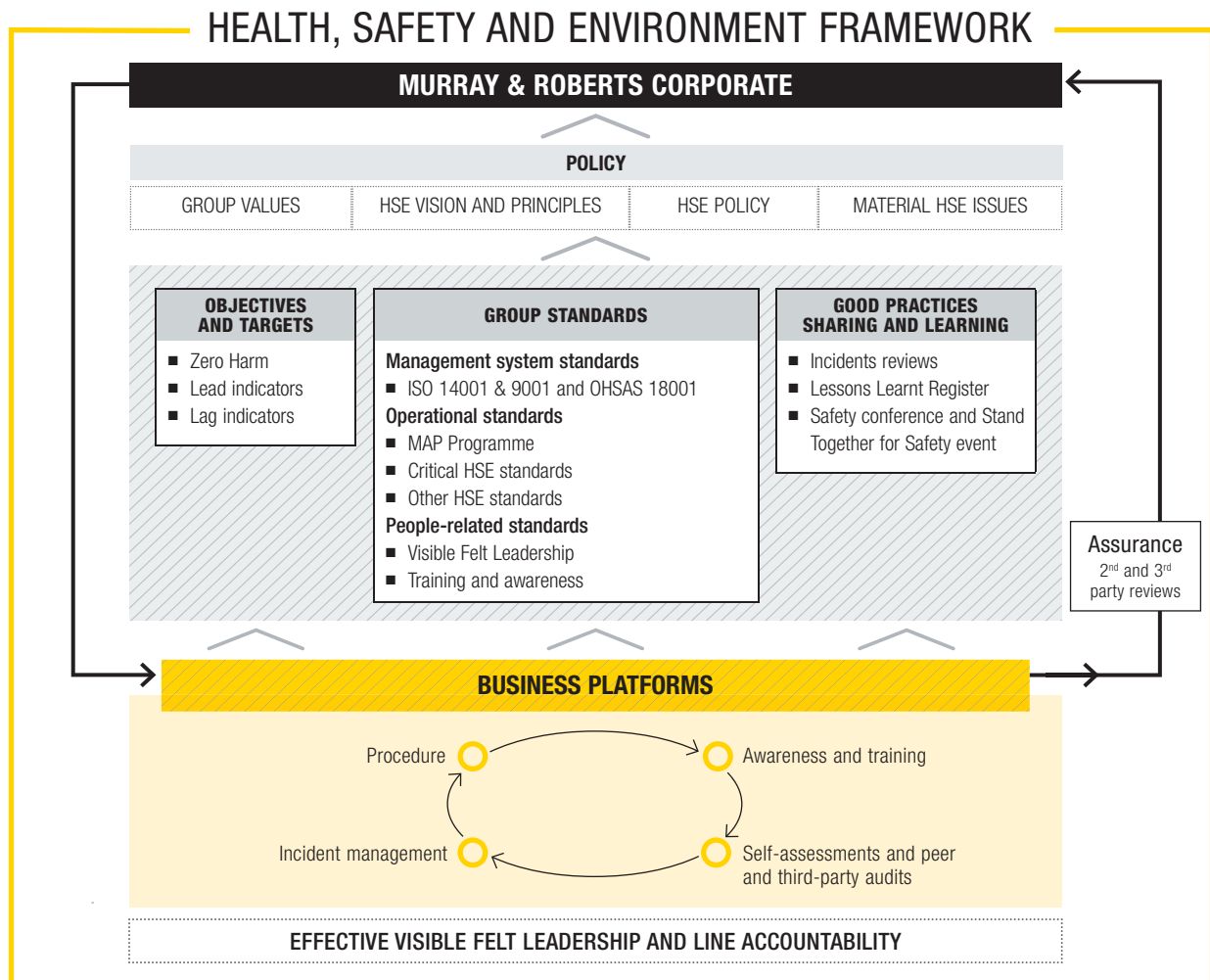
OUR APPROACH TO HEALTH AND SAFETY

Our approach to health and safety management is informed by our extensive experience in the engineering and construction industry. It encompasses learning from independent experts and implementing their recommendations, undertaking risk assessments and audits, investigating incidents and benchmarking against our industry peers and clients. Our HSE Framework outlines the role, responsibility and accountability of the corporate office and platforms operations.

The framework focuses on:

- ▶ Mandated Group policies, standards and performance expectations;
- ▶ Visible felt leadership (“VFL”), line accountability and operational discipline;
- ▶ Learning and sharing; and
- ▶ Assurance through internal and independent assessments.

All three business platforms have health and safety improvement plans that prioritise the above requirements and progress against these plans is reported regularly.

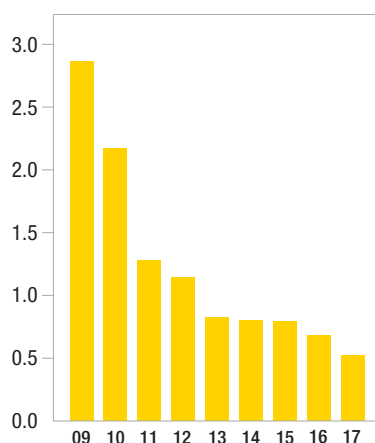


SOCIAL PERFORMANCE | SAFETY – CONTINUED

SAFETY PERFORMANCE

Our LTIFR, measured over one million hours, improved to a record-low of 0.52 (FY2016: 0.68), an 82% improvement over the past nine years. The TRCR, a broader indicator of safety performance, improved to 3.1 from 4.1 in FY2016.

ANNUAL LOST TIME INJURY FREQUENCY RATE
(PER MILLION HOURS WORKED)



We identify and use lead indicators to embed a proactive safety management approach, which in FY2017 led to the implementation of robust interventions that help to prevent injuries and greatly contributed to our good safety progress for the year. Our widely used lead indicators include VFL engagements, high potential incidents and hazards, compliance with critical safety standards, near misses, work stoppages and audit findings.

Critical controls management is a key focus area as it mitigates against the risk of serious incidents. The declining trends in high potential incidents and the violation of critical safety standards continued in FY2017 and are attributed to a concerted effort by management to ensure the implementation and maintenance of our critical controls.

Effective VFL and accountability

Effective leadership is central to the successful implementation of our health and safety programme.

Every leader is expected to live and operationalise the **Murray & Roberts Safety Pledge** which emphasises personal leadership commitment, accountability and operational discipline. Our leaders annually recommit to living the pledge and ensuring that it is cascaded down into their areas of responsibility.

We expect leaders to demonstrate personal and visible commitment to safety by setting high standards, leading by example and empowering employees with the knowledge, skills and resources necessary to perform their work safely. This level of commitment is essential in establishing a culture of accountability and operational discipline.

VFL engagements are used to engage employees on health and safety, and an important focus for the leadership teams during the year was to positively influence, support and correct work practices.



Senior management conducting VFL engagements.

Our health and safety standards

We aim to establish a consistent approach to health and safety management that brings sustainable improvement across the Group.

We require that all our operations implement internationally recognised health and safety management systems and embed Group standards that address safety risks. We achieved our goal to have all operations certified under the OHSAS 18001 health and safety management system during FY2017. We also worked to further embed Group Critical Safety standards, including those that relate to working at height, mobile equipment, marine operations, temporary works, aviation, lifting operations, stored energy, hazardous materials, working in confined spaces, fire and explosion, and excavations and penetration.

The MAP Programme, first implemented in Oil & Gas, was extended to the majority of our operations during the year and ensures the onsite implementation and verification of critical controls for high risk activities. The programme focuses management and employee attention on hazards and activities that give rise to major incidents, and provides

SOCIAL PERFORMANCE | SAFETY – CONTINUED

real-time verification that the critical controls to directly prevent a major accident event (“MAE”) are implemented every time employees are exposed to MAE hazards.

A number of businesses are already showing improvements in eliminating high potential incidents and hazards following the implementation of the MAP Programme. Notable achievements include 1.5 LTI-free years for Oil & Gas, the delivery of the Karatha Life Extension project without an injury, one LTI-free year at Mufulira mine in Zambia and record performance on the Medupi Power Station project.

Learning and sharing

Identifying good practices employed by our clients, peers and within the Murray & Roberts Group is fundamental to our safety improvement drive. We encourage our operations to actively share good practices and lessons learnt and to implement good practices identified at Group level.

Learning and sharing is facilitated through:

An annual safety conference hosted by the Group chief executive and attended by more than 50 leaders from across the Group. The 2017 conference identified the following focus areas to be adopted by all operations:

- Entrenching the **Murray & Roberts Safety Pledge**;
- Improving accountability and operational discipline;
- Implementing the MAP Programme in all projects; and
- Engaging leadership.

Task teams that work on specific health and safety ideas and challenges.

Cross site audits.

Health and safety forums.

Stand Together for Safety events held by each operation at the beginning of every financial year, enabling management and employees to reflect on the prior year's safety performance, share ideas on how to make improvements and motivate support and commitment to the focus areas for the year ahead.

The investigation of all safety incidents to establish root causes and implement corrective actions. The Group executive committee reviews all investigation reports relating to serious incidents, and lessons learned are communicated across the Group to raise awareness and prevent re-occurrence.

Our Stop.Think.Act.24/7 programme encompasses safety-share moments, posters, videos and newsletters to convey key safety messages.



The chief executive of Oil & Gas receiving an award at the Group Safety Conference.



Employees participating in a Stand Together for Safety event at the Murray & Roberts Training Academy, Bently Park.

FOCUS GOING FORWARD

- To successfully entrench the MAP Programme and other critical safety standards, and continue to focus on managing lead indicators and high levels of accountability and engaging leadership.

SOCIAL PERFORMANCE – CONTINUED

EMPLOYEE HEALTH AND WELLNESS

Our integrated health and wellness programme seeks to prevent illnesses and proactively manage identified health conditions.

We have made good progress in better understanding and managing the occupational health and wellness risks that pertain to our various operations, and our Group-wide standards set the minimum requirements to identify and manage these risks.

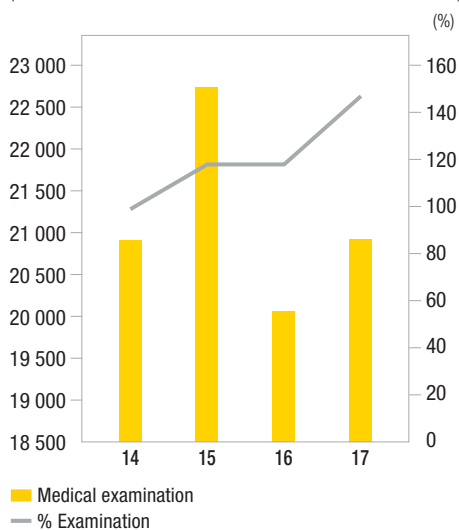
OCCUPATIONAL HEALTH

We aim to ensure the wellbeing of our employees by understanding workplace risks and personal risks through qualitative and quantitative risk assessments, periodic medical surveillance, access to our free Employee Assistance Programme (“EAP”) and the primary healthcare programme which includes medical aids and primary healthcare clinics at selected sites.

Health and hygiene assessments over the last three years point to noise, ergonomics, vibration, thermal stress, airborne pollutants and fatigue as our material occupational health hazards; and TB, HIV and non-communicable diseases as material lifestyle risks. Various measures, including engineering controls to eliminate hazards, awareness and training and personal protective equipment are in place to manage these risks. The impact of our control measures is evaluated through follow-up hygiene measurements and assessments, medical surveillance and biological monitoring of exposed employees. A total of 20 921 medical examinations were conducted in FY2017 (FY2016: 20 053).

MEDICAL SURVEILLANCE

(EXAMINATIONS CONDUCTED AS A % OF NUMBER OF EMPLOYEES)

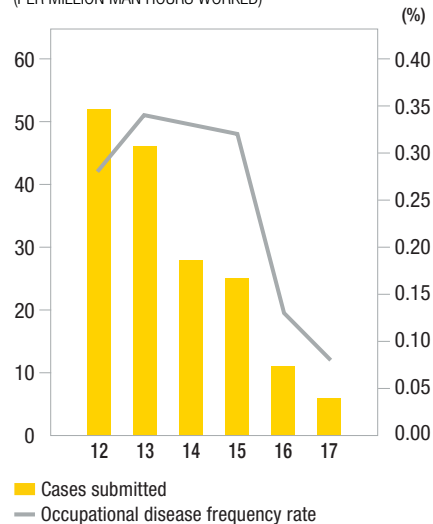


NOISE INDUCED HEARING LOSS

Six NIHL cases were identified during the year, a 45% improvement on FY2016. Occupations associated with identified NIHL cases include artisans, machine and underground mining operators. To ensure optimal noise risk control we limit noise exposure to below 85 decibels, regularly maintain equipment, implement early intervention and close monitoring of employees with early hearing deterioration and undertake continuous risk reviews.

Our occupational disease frequency rate for the year, measured over one million man hours, improved to 0.08 from 0.13 in FY2016.

TOTAL CASES OF OCCUPATIONAL DISEASES AND OCCUPATIONAL DISEASE FREQUENCY RATE (PER MILLION MAN HOURS WORKED)



EXPOSURE TO AIRBORNE POLLUTANTS, VIBRATIONS AND ERGONOMICS

Airborne pollutants prevalent at some of our operations include dust, welding fumes and diesel particulate matter. Risk assessments and measurements indicate a low to medium level of risk and a hygiene monitoring programme has been implemented. To mitigate ergonomic risks, we have placed more focus on training and screening for musculoskeletal symptoms during medical and workplace assessments.

SOCIAL PERFORMANCE | EMPLOYEE HEALTH AND WELLNESS – CONTINUED

FATIGUE AND THERMAL STRESS

Our fatigue management programme includes qualitative assessments at the time of medical surveillance, and we encourage our employees to report fatigue and access the free helpline to get advice on preventing and managing fatigue. Employees are also referred for personal counselling and assistance, where this is relevant. Training programmes for management and first-line supervisors empower these leaders with the skills to identify and deal with fatigue risk in the workplace.

Given the nature of our businesses, thermal stress is a health risk particularly in areas of extreme temperatures. Measures are in place to prevent any adverse impact on employees and no thermal stress-related occupational diseases have been identified in either the current or prior reporting periods.

MANAGING HIV

Following a holistic review of our HIV programme, we have placed more emphasis on HIV testing, enrolment on HIV treatment and the monitoring of compliance with HIV treatment. HIV testing increased 74% with 3 513 voluntary tests undertaken in FY2017, of which 3.0% of employees tested HIV positive. A total of 312 HIV positive employees, who were tested as part of our HIV programme, are receiving treatment through either their medical aid schemes or government clinics.

Our flagship onsite primary healthcare clinic at Medupi, a collaboration with the Limpopo Provincial Health Department, provides easy access to healthcare including HIV, sexually transmitted infections and TB. Through the clinic, 1 026 employees participated in HIV testing and 32 were enrolled on the HIV treatment programme.

TUBERCULOSIS

A total of 9 240 (FY2016: 10 135) TB screenings were conducted with 17 cases confirmed as being TB positive. This equates to a TB incidence rate of 184 cases per 100 000 employees for FY2017 (FY2016: 170), which is at least four times below the national prevalence rate for South Africa. Our rigorous screening programme aims to quickly identify TB infection and refer employees for treatment. We also educate employees on TB.



**OUR FLAGSHIP ONSITE
PRIMARY HEALTHCARE
CLINIC AT MEDUPI, A
COLLABORATION WITH THE
LIMPOPO PROVINCIAL
HEALTH DEPARTMENT,
PROVIDES EASY ACCESS
TO HEALTHCARE.**

SOCIAL PERFORMANCE | EMPLOYEE HEALTH AND WELLNESS – CONTINUED

MALARIA

Four (FY2016: 4) employees from Murray & Roberts Cementation were diagnosed with malaria, and all four have received treatment and recovered fully. Our approach to combating malaria risk includes health education and awareness, prevention and the use of prophylactic treatment for employees visiting malaria regions.

WELLNESS

Hypertension, obesity and high cholesterol are the top non-communicable conditions identified in our South African operations. We provide health education and awareness on how to combat these conditions and we have implemented a monitoring system, which tracks compliance with treatment and regularly examines affected employees.

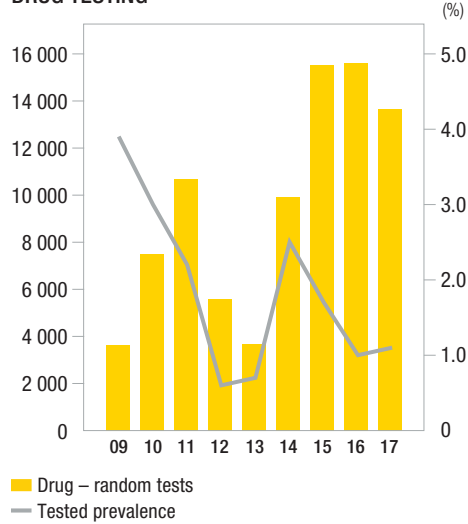


Murray & Roberts Corporate Office employees participating in the annual Wellness Day.

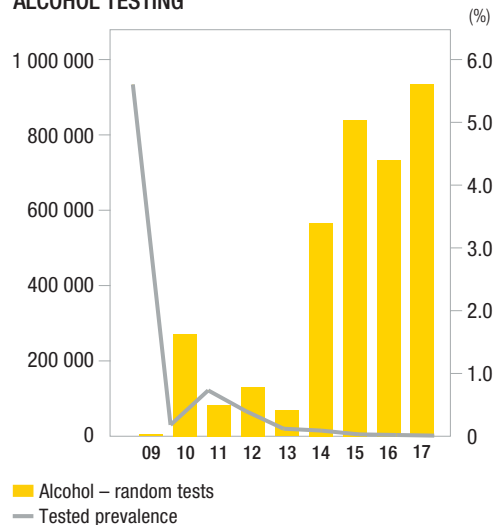
The EAP strives to ensure the safety of our employees and the wellbeing of their families. Outside of work, psychosocial stresses including relationship problems, stress and trauma are major concerns. Pleasingly, risks relating to substance abuse showed an overall decreasing trend for FY2017.

RANDOM TESTING

DRUG TESTING



ALCOHOL TESTING



FOCUS GOING FORWARD

- Enhance the NIHL programme to further reduce the number of hearing loss cases.
- Improve the occupational hygiene programme and place more emphasis on ergonomics, including quantifying the risk related to vibration.
- Enhance the management of risks pertaining to diesel particulate matter.

SOCIAL PERFORMANCE – CONTINUED

OUR EMPLOYEES

OUR EMPLOYEE PROFILE

Our aim is to employ, develop and retain high performing, engaged employees who are technically competent and who support our culture of teamwork and safety.

We uphold and live by our values of care, respect, integrity, accountability and commitment and a recent survey indicates that our employees resonate with these values.

At the end of FY2017, the Group had 14 239 permanent employees (FY2016: 17 047), of whom 75% are based in South Africa. The decrease in employee-count is due to the sale of the Infrastructure & Building business platform. In addition to our permanent employees, we employ 6 384 people who provide services through contracting and joint venture agreements.

GOVERNANCE

We develop comprehensive people-based policies and procedures which are geographically appropriate and accessible to employees through various business management systems. In addition, we regularly update guidelines and practices, which include a Code of Conduct and Statement of Business Principles. We take into consideration international standards relating to social justice and human and labour rights, and we do not tolerate unfair discrimination, inhumane treatment, forced labour, child labour or intimidation in the workplace.

PERFORMANCE MANAGEMENT AND SUCCESSION

Performance management is based on the Leadership Pipeline Framework which seeks to align individual performance to strategic organisational targets through a cascading process from the Group chief executive downwards. Our online system tracks the performance management process and ensures that individuals capture appropriate targets for each of the five performance dimensions (financial, leadership, relationship, operational and risk) in which they are individually and collectively required to perform.

Employees are also required to prepare development plans which address any shortcomings in their personal profile and build on identified strengths. Special attention is given to individuals identified as having the potential to progress upwards in the organisation, by ensuring that in addition to

their development plan, they are allocated a mentor to guide them through their development stages. Over and above our training interventions, financial assistance is made available to employees who want to further their education through undergraduate or advanced studies.

At the end of each financial year, a final performance evaluation is undertaken and employees are incentivised according to their performance outcomes. The final evaluation scores are also used to identify high potential employees and successors in the annual talent reviews which are held throughout the Group. Our talent reviews are designed to ensure a structured and disciplined approach to the determination and management of the Group's human capital resource.

RECRUITMENT

Our ability to design and construct world-class projects requires the right mix of experience and skills, and our successes depend on the strengths of our employees.

We use clear guidelines in our recruitment processes, which require that we identify the vacancy, prepare the job advertisement, assess legal and privacy considerations, and conduct effective interviews, reference checks and psychometric assessments.

Recruitment is facilitated through an online system which reduces costs and tracks the time taken to hire. The tool enables us to identify qualified candidates through its search capability, and assists us to provide candidates with regular feedback. New hires participate in a site-specific induction to provide them with context and to ensure that they understand our culture and expectations.

DEVELOPING OUR PEOPLE

Training and development

We offer programmes that support business needs and cover professional, managerial, leadership and technical development at all levels of the Group. During FY2017, R144,2 million was spent on training and development. Of this amount, 12 215 employees in South Africa received training at a cost of R115,4 million, equating to 2,3% of the payroll. Of the training spend in South Africa, 93% was spent on black employees and 29% on women. Most training occurred at our unskilled and semi-skilled levels.

SOCIAL PERFORMANCE | OUR EMPLOYEES – CONTINUED

Leadership development

We recognise that strong leadership is the most important factor in shaping our culture and implementing our strategy. Good leadership is key to developing high performing teams that pave the way to *Engineered Excellence*. During the year, leadership development was provided to 29 employees, 59% of whom are black and 41% are women.

Leadership development initiatives are in place across all the business platforms and are designed to the specific needs of each platform, and range from first-line supervisor to executive development. While programmes include local content, they also support the Murray & Roberts leadership brand which emphasises:

LEADERSHIP THAT LIVES THE VALUES, IS VISIBLE AND ENGAGED

Leadership that is characterised by values-driven behaviour, personal mastery and enhancing the personal growth of people.

LEADERSHIP THAT IS COMMITTED AND PERFORMANCE DRIVEN

Leadership that is held accountable for performance and behaviour in delivering our services safely, on time and within budget, while also meeting quality standards through collaboration, team work, discipline and professionalism.

LEADERSHIP CHARACTERISED BY SOUND STAKEHOLDER RELATIONSHIPS

Leadership that is built on partnerships and trust and ethical conduct, and adds value to clients and is win-win orientated.

Mentorship and coaching

Formal and structured mentorship programmes support leadership development and provide the following benefits:

- ▶ Growth in knowledge, networks and careers, and allows more experienced employees to support and develop those who are less experienced.
- ▶ Improved cross-functional knowledge sharing and the flow of information and ideas throughout the Group.
- ▶ Enhanced organisational culture by helping employees to better understand the Group's operations, policies and culture.

PROJECT MANAGEMENT

Project management is a core competency in our business, and skilled project managers produce predictable safety, time, quality and financial results.

In South Africa, project managers are encouraged to achieve certification as project management professionals through the Project Management Institute, which enables them to speak and understand the global language of project management and connects them to a community of professionals, organisations and experts worldwide. We are piloting an online programme to make it easier for individuals to study in their own time and remove the need to have site-based individuals attend formal classes.

The initial group of participants in Clough's Project Management Academy are near to completing the level 2 curriculum. The intake to the programme has been extended to all senior project engineers and above, resulting in a larger group of individuals commencing and recently completing the level 1 curriculum. A third intake is planned for FY2018. In addition, planning is underway for the level 3 curriculum which will progress experienced project managers through to mastery.

TECHNICAL TRAINING

We take pride in our technical expertise and therefore most of our skills development budget is spent on technical training.

Various apprenticeship and artisan programmes are offered in South Africa to address poverty and unemployment. This includes Power & Water's accelerated artisan training programme which is endorsed by the manufacturing, engineering and related services sector education and training authority ("SETA"). A total of 1 515 artisans from the Medupi and Kusile projects in the Limpopo and Mpumalanga provinces have qualified through the programme, and a further 118 artisans are currently being trained in various critical trades and occupations required by the power sector such as pipe fitting, welding and boiler making. Most learners are from disadvantaged communities.

The Murray & Roberts Cementation Training Academy is a leader in mine training and is accredited with the Mining Qualifications Authority to deliver a national certificate in occupational health, safety and environment, as well as a number of other safety related courses. A total of 357 of our own employees, employees of clients and community members participated in the occupational health, safety and environment programme in FY2017, with 55% being women.

SOCIAL PERFORMANCE | OUR EMPLOYEES – CONTINUED

The academy's courses are popular within the industry, as they successfully leverage the Group's vast experience in a number of mining applications. The ability to extrapolate this knowledge and expertise into a shared learning environment, and to provide learners with access to Murray & Roberts Cementation's extensive infrastructure, are significant differentiators in the market. Courses offered include safety and environment, SHE risk management levels 2 and 3, level 1 first aid training, basic firefighting, incident investigation, working at heights and the British Safety Council's international certificate in occupational health and safety.

As a basic requirement, Cementation Canada's underground employees in Ontario must complete the common core programme, which provides foundational training and miner accreditation. Training is customised for each employee and the weekly modules, averaging around 40 to 60, are signed off by their authorised line managers. The common core modules are completed through mentorship training, formal classroom training, job observation and certification. Upon completion of the common core courses, employees can register for the train-the-trainer course. Cementation Canada has 131 registered common core trainers, some of whom are dedicated to larger projects while others rotate among smaller project sites.

Cementation USA has a dedicated training programme for newly appointed frontline supervisors which covers topics including first-time manager, employment law and progressive discipline, and equipping new supervisors with the skills to efficiently and effectively manage people.

Clough is developing a Construction Management Academy, which will focus on developing the skills necessary to become leaders in a construction environment, with blended learning that covers both technical and leadership skills to bolster business acumen. With key involvement from operations managers, curriculum development is well underway and the initial intake is expected to commence in FY2018.

YOUNG TALENT

Bursaries and scholarships

In our ongoing search for top talent, we offer bursaries and scholarships to support deserving young people who want to make a career in the industries in which we operate.

In South Africa, we offer bursaries to students studying towards qualifications in the fields of engineering, and we currently sponsor 57 bursars studying at various tertiary institutions, of whom 88% are black and 28% are women.

The Clough Scholar's Programme awards scholarships of AU\$15 000 each to top engineering students undertaking their masters of engineering degree at the University of Western Australia. Established by Harold Clough 48 years ago, the programme has to date awarded over 200 scholarships to top engineering minds, with past recipients including government, business and engineering industry leaders.

Initiated in 2015, Clough's five-year agreement with the University of Western Australia's Business School awards an AU\$20 000 sponsorship to assist with course fees to one student annually. The initiative awards a scholarship to a fulltime student of the masters of business administration programme, and also provides students with the opportunity to gain valuable insight into the wider engineering and construction industry.

Graduate development

We hire and support graduate engineers, preparing them for the transition to the working environment while bringing fresh ideas to our business.

In South Africa, the graduate development programme is run over six months and consists of 15 days of training over three stages. The training focuses on non-technical business skills which are often not taught at university. Topics such as problem solving, time management, interpersonal and communication skills, ethics management and personal financial management prepare the graduate for the complexities of the working environment. For FY2017, 10 graduates participated in the programme, of whom 80% are black and 40% are women.

The Clough graduate programme is designed to provide a challenging, interesting and rewarding career start for engineering graduates in Australia. The three-year structured programme supports the development of core competencies and capabilities through relevant on-the-job experience complemented with professional and technical training. This assists Clough's graduates to achieve personal and professional success.

Cementation Canada's structured engineer-in-training programme provides training, experience and development opportunities to participants working towards qualification as professional engineers. The programme aligns to the qualification requirements set by the Association of Professional Engineers of Ontario and includes a multi-phased development plan that is based on a participant's prior experience, interests and development. It familiarises participants with the organisation, exposing them to the technical, operational and analytical aspects of Cementation Canada's engineering, operations, business development and project sites. Participants are partnered with an experienced professional engineer throughout the programme to help them build a solid support network. Upon completion of the programme, participants are expected to achieve their professional accreditation from the association in the appropriate jurisdiction.

EMPLOYEE RELATIONS

We uphold the right to freedom of association and the right to collective bargaining. Our South African operations continue to embed our Employee Relations Framework in an effort to minimise the risk of industrial action. The framework stipulates goals and principles to empower operations to build meaningful relationships with their employees and stakeholders, reduce the risk of labour disputes and ensure optimum organisational performance in the interest of all stakeholders.

SOCIAL PERFORMANCE | OUR EMPLOYEES – CONTINUED

TRANSFORMATION AND DIVERSITY

Workplace transformation and diversity is key in all our operations as we recognise that diverse teams increase our ability to innovate and solve complex challenges. Our businesses are required to implement localised and measurable initiatives to build and promote a more inclusive culture.

In South Africa, we are committed to tackling transformation and employment equity challenges. During FY2017, a transformation and employment equity assessment was undertaken across our South African projects by an external black-owned consulting firm. The aim of the study was to understand management and employee perceptions in terms of transformation, as well as to identify the barriers and supporting factors to transformation, and to compare findings against a transformation framework.

The assessment provided valuable insight and identified opportunities for improvement. Recommendations will inform a Group-wide action plan which will include the formation of a representative steering committee, and the development of a Group transformation and diversity policy and country-specific charters and plans.

We employ 10 694 people in South Africa, of whom 70% are black (FY2016: 79%) and 10% are women (FY2016: 13%). A total of 5 622 (or 53%) employees are at supervisory and management level, of which 55% are black and 8% are women. Approximately 19% of the employee-count are foreign nationals, primarily employed in our power projects with some employed in our underground mining operations. In the next six to 12 months, the power projects will begin demobilising foreign skills, which will result in the normalisation of these numbers.

EMPLOYMENT EQUITY PERFORMANCE IN SOUTH AFRICA (%)

OCCUPATIONAL LEVEL	Male				Female				Sub-total	Foreign nationals		Sub-total	Total
	A	C	I	W	A	C	I	W		Male	Female		
Top management	2	0	0	8	0	0	0	0	10	3	0	3	13
Senior management	5	3	4	67	0	0	1	4	84	5	0	5	89
Middle management	137	77	33	331	15	4	7	47	651	29	3	32	683
Junior Management	2 404	122	27	542	234	17	16	100	3 462	1 370	5	1 375	4 837
Semiskilled	3 385	24	5	48	441	22	5	30	3 960	620	1	621	4 581
Unskilled	334	0	0	1	77	0	0	0	412	40	1	41	453
Other	17	4	1	1	10	1	0	3	37	1	0	1	38
Total	6 284	230	70	998	777	44	29	184	8 616	2 068	10	2 078	10 694

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



TRANSFORMATION AND LOCAL ECONOMIC DEVELOPMENT

As a multinational organisation, we are sensitive to and strive to effectively respond to the needs and expectations of our stakeholders in all our geographic regions. Our socio-economic contributions support the development of economies and the communities located near our projects, and in South Africa this includes preferential and targeted procurement, and enterprise and community skills development.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT

We support South Africa's BBBEE programme which promotes the social and economic development of previously disadvantaged communities and individuals. Our South African operation, achieved a Level 3 BBBEE contributor status in FY2017, independently verified by Empowerlogic Pty Ltd and measured for the first time against the amended dti Codes gazetted on 11 October 2013.

BBBEE SCORES			
	2017	2016	Movement
BBBEE status	Level 3	Level 2	*
BBBEE score	90%	85%	↑
Equity ownership	100%	96%	↑
Management control	28.82%	29.29%	↓
Employment equity	21.82%	29.56%	↓
Skills development	68.70%	87.54%	↓
Preferential procurement	99.0%	98%	↑
Enterprise development	100%	89.02%	↑
Socio-economic development	100%	100%	↔

MOVEMENT:
 ↑ IMPROVED
 ↓ WORSENERD
 ↔ NO CHANGE

* In FY2017, a Level 3 rating was achieved against the dti Codes and in FY2016 the Level 2 rating was achieved against the Construction Sector Charter.

OWNERSHIP

Murray & Roberts has a diverse shareholding base of 6 919 South African and international shareholders. The economic interests of black shareholders in the Group is 59.53% with black women having a 17.13% shareholding.

MANAGEMENT CONTROL AND EMPLOYMENT EQUITY

In addition to social and economic advancement, we understand that a transformed workforce enhances our competitiveness and we promote the principles of inclusiveness which value the contribution of each and every employee irrespective of race, gender or creed.

To give effect to our transformation and employment equity commitment, our policies and programmes in South Africa seek to achieve a staff profile that broadly reflects the local population demographics. Our immediate aim is to develop a critical mass of equitable representation from designated groups at all levels within the South African operation. Our employment equity progress can be found on page 20 of this report.

Our BBBEE scores for management control and employment equity decreased to 28.82% (FY2016: 29.29%) and 21.82% (FY2016: 29.56%) respectively. This is mostly due to the stricter targets set by the amended dti Codes, coupled with the reducing employee-count driven by the declining economy in South Africa. Various action plans to improve the representation of black people in our South African operation are an ongoing focus.

ENTERPRISE AND SUPPLIER DEVELOPMENT

We support the belief that small, medium and micro enterprises ("SMME") are central to job creation and economic growth. Our targeted interventions identify and assist new vendors and give preference to BBBEE-compliant vendors. The South African operation's procurement expenditure for FY2017 amounted to around R6,2 billion (FY2016: R6,8 billion) and the preferential procurement as a percentage of this spend was 99.0% (FY2016: 97.7%).

PREFERENTIAL PROCUREMENT AS A % OF TOTAL PROCUREMENT

	2017	2016	2015
Qualifying small enterprises & exempted micro enterprises	30.0%	31.0%	28.3%
Suppliers that are >50% black owned	33.7%	27.6%	21.5%
Suppliers that are >30% black women owned	15.3%	8.3%	10.9%

Our enterprise development initiatives include procurement from SMME's, early payment terms for SMME suppliers, preferential credit terms for buyers and administration support for certain contractors, suppliers and clients. The total value of enterprise development initiatives decreased to R7,7 million (FY2016: R44 million) as a result of the declining business activity in South Africa.

COMMUNITY DEVELOPMENT

Our CSI projects align to the Group's strategy and support the social imperatives in our host communities, contributing to our corporate citizenship and ensuring our social licence to operate in the territories in which we have a presence.

PARTNERING FOR GOOD

Our Community Development Programme ("CDP") in South Africa prioritises education and skills development, with a particular focus on supporting the socio-economic development of our host communities. Effective partnerships and continued engagement with members of these communities and our employees have ensured that the CDP responds directly to the needs and expectations of beneficiaries.

CDP EXPENDITURE FOR FY2017 (RM)

DEVELOPMENT CATEGORIES	Murray & Roberts Child Welfare Fund	Letsema Sizwe	Letsema Khanyisa	CSI	Total
Early childhood development ("ECD")	0,3	0,7	0	0	1,0
Primary and secondary school education	0	3,2	1,9	1,1	6,2
Tertiary education and training	0	0,1	2,8	3,1	6,0
Community skills development	0	5,1	0	0,4	5,5
General donations	0	0	0	0,2	0,2
Overhead or professional costs associated with programme implementation	0	0,6	0,1	0,9	1,6
Total	0,3	9,7	4,8	5,7	20,5

Early childhood development

For a number of years we have supported ECD, with a particular focus on numeracy and literacy development, as we believe that this provides a strong foundation for children to prosper in their later years. For over 60 years, the Murray & Roberts Child Welfare Fund has supported orphaned and vulnerable children from disadvantaged communities in South Africa. We provide funding for therapy, nutrition, shelter, education and equipment that improves learning or the living conditions of the children.

Primary and secondary school support

During the year, we partnered with seven organisations in South Africa to support the basic education of learners from disadvantaged communities. Our investment of R6,2 million supported the primary and secondary education of 4 203 beneficiaries in six provinces, with a core focus on mathematics, science and technology education.



Grade 11 and 12 learners attending Saturday school classes delivered by Tomorrow Trust.



Grade 12 learners performing experiments at a TRAC SA laboratory sponsored by the Letsema Trust. TRAC SA is a non-profit programme which supports science and technology education.

SOCIAL PERFORMANCE | COMMUNITY DEVELOPMENT – CONTINUED
Tertiary education and training support

Our Letsema Khanyisa Bursary Support Scheme, started 10 years ago, supports the dependents of qualifying Murray & Roberts employees to access tertiary education. The bursary covers registration and tuition fees, textbooks, a student allowance and transport, as well as accommodation on campus in certain instances. The scheme also provides vocational and career guidance, telephonic and face-to-face engagements, and study skills and life skills workshops. During FY2017, we invested R2,8 million, supporting 38 students studying business management, chemical and civil engineering, metallurgy, marketing management, analytical chemistry, law, economics and econometrics management.

A further R3,2 million was invested in academic programmes and industry research at the universities of the Witwatersrand and Stellenbosch. This funding helps to ensure that academic and industry research, bursar mentorship programmes, masters research and teaching talent is retained and maintained. Our funding enables the engineering faculties to attract and retain top teaching and research talent, a critical concern given the current climate of social protest related to tertiary education in South Africa. Our investments have also contributed to the transformation of the engineering faculties and has assisted to increase the number of qualified black graduate engineers. In turn, both universities have assisted Murray & Roberts with research and project work, resulting in leaner and more efficient business operations, and increased opportunities for innovation.

Community skills development

Targeting the advancement of our host communities, we spent R5,7 million in a variety of broad-based interventions related to life skills, sports development, leadership development, technical skills, and environmental and community skills training.

Medupi Leadership Initiative

The Medupi Leadership Initiative (“MLI”) provides a bridge to future employment opportunities for former employees of the Medupi Power Station project and selected community members. It also facilitates long-term positive impacts on job opportunities, infrastructure and the environment. Over the past three years, we have invested R8 million in the initiative, with an additional R3,4 million disbursed in FY2017.

To date, the project has had significant impact with over 16 000 community members receiving financial literacy training and 2 000 attending the ‘drive your life’ training, 29 SMMEs participating in the Lephalale Enterprise Development Centre’s incubation process and 185 school gardens providing over 37 000 meals to children. The initiative has also trained 40 anti-rhino poaching officers, of whom 12 have found permanent employment, and it has trained and deployed 100 firefighters.



SOCIAL PERFORMANCE | COMMUNITY DEVELOPMENT – CONTINUED

2016 Jack Cheetham and Letsema awards

The Jack Cheetham and Letsema awards are presented annually to projects that demonstrate leadership, excellence and commitment while benefitting previously disadvantaged people and those with disabilities.

The Jack Cheetham Memorial Award was instituted 37 years ago in recognition of Jack Cheetham, a former Murray & Roberts director and an inspirational captain of the South African cricket team in the 1950s. Sail Africa Youth Development Foundation ("Sail Africa") was awarded first prize in FY2017 – the foundation exposes youth to the sport of sailing as well as to careers in nautical sciences and the maritime industry. Second and third places were awarded to the National Archery in Schools Programme and the CODAH Cycling Club.

Launched in 2009, the Letsema Award recognises sports development projects for people with disabilities. In FY2017, first place was awarded to Rowing South Africa ("Row-SA") and the Northern Cape Sports Association for the Physically Disabled and the Francis Voorweg School of Archery were awarded second and third place respectively.

Through these awards, R1,5 million is disbursed annually and to date we have supported 22 Jack Cheetham and Letsema beneficiaries.



Jack Cheetham category winner: Sail Africa Youth Development Foundation



Letsema Award category winner: Rowing South Africa

INSPIRING HOPE BEYOND SOUTH AFRICA

Zambia

For the third consecutive year, Murray & Roberts Cementation Zambia has supported a centre for the hearing impaired, which is gaining increased interest from prospective students. Our R950 000 contribution was used to renovate the school and purchase teaching aids, classroom furniture, school uniforms and computers, as well as to pay salaries. The centre is now more secure, user friendly and appealing. The school has built a good legacy and together with our support has enabled deaf students to have a better future as informed and educated participants in society.

SOCIAL PERFORMANCE | COMMUNITY DEVELOPMENT – CONTINUED

Australia and Papua New Guinea

Clough's CSI programme comprises the following two funding pillars:

- ▶ Education and sporting partnerships: with local universities and a focus on MBA scholarships, research and collaborations.
- ▶ Philanthropic giving: governed by charitable trusts managed by a semi-independent board and which focus on children and youth development, women empowerment, community health initiatives, education, arts and the development of indigenous communities.

Clough supports Ngala's inaugural 'Give Anything for a Good Night's Sleep' campaign which provides essential parenting and early childhood services to support and guide Australian parents. Clough also provides funding to the Youth Focus Year 9 School Mental Health Awareness Programme at three Western Australian high schools. The programme raises awareness on psychosocial issues and educates participants on the life skills to detect and combat them. Funding also supports core counselling services provided by Youth Focus.

Canada and USA

In our North Americas operation, we encourage employees to support and get involved in charitable and community organisations. Funds raised by employees are matched by Murray & Roberts, resulting in a wide-reaching charity and support programme which touches on the diverse interests of our employees. In FY2017, employee donations, volunteering and fundraising events supported child welfare, environmental awareness and conservation, and health, science and technology and sports programmes.



Employees from Cementation Canada and USA participating in community support programmes.

ENVIRONMENTAL PERFORMANCE



ENVIRONMENTAL PERFORMANCE – CONTINUED

Our critical environmental standards address carbon dioxide (“CO₂”) emissions; energy, water and waste management; compliance with environmental laws and the quality of our environmental data. We entrench these standards in the workplace through training and awareness programmes, and the identification and implementation of environmental improvement initiatives.



PROGRESS AGAINST OUR ENVIRONMENTAL OBJECTIVES AND TARGETS

ENVIRONMENTAL OBJECTIVE	TARGET	PROGRESS AGAINST TARGET
Improve energy and carbon management practices across the Group.	Ensure compliance to the Group energy and carbon management standard by FY2016.	<ul style="list-style-type: none"> Continued to provide training on our Group standards relating to energy and carbon, standards. Implemented energy and carbon emissions reduction projects. Reviewed environmental compliance using first and second party audits. Submitted the tenth Carbon Disclosure Project (“CDP”) report.
Improve water management practices across the Group.	Ensure compliance to the Group water management standard by FY2018.	<ul style="list-style-type: none"> Continued to provide training on water standards Implemented water saving initiatives Reviewed compliance using first and second party audits Submitted the second Water Disclosure Project report.
Improve waste management practices across the Group	Ensure compliance to the Group integrated waste management standard by FY2018.	<ul style="list-style-type: none"> Continued to provide training on waste management standards Implemented waste reduction initiatives Reviewed compliance using first and second party audits.
Improve the quality of environmental reporting across the Group.	Assure all material environmental indicators by FY2016.	<ul style="list-style-type: none"> Continue to refine environmental data and independent assurance.
Improve understanding and reporting of significant supply chain greenhouse gas (“GHG”) emissions.	Identify, quantify, report and influence suppliers and partners to reduce the carbon intensity of significant upstream materials.	<ul style="list-style-type: none"> Reported a portion of supply chain GHG emissions in the CDP report.





FY2017 PERFORMANCE

We require our operations to implement and comply with ISO 14001, an international environmental management systems standard and we are proud to report that 100% of our operations are ISO 14001 certified compared to 90% in FY2015.

MOVEMENT:

-  IMPROVED
-  WORSENE
-  NO CHANGE

ENVIRONMENTAL PERFORMANCE

PERFORMANCE DIMENSION	2017	2016*	2015	Movement
Energy usage (MWh)	157 939	225 029	229 987	
Carbon footprint (tCO ₂ e)	66 274	79 388	75 602	
Water usage (kl)	419 027	398 960	273 739	
ISO 14001 management system implementation (% coverage)	100	94	90	

* 2016 numbers have been restated following recommendations from the independent assurance audit.

ENVIRONMENTAL PERFORMANCE – CONTINUED

The decreases achieved in energy consumed and CO₂ emissions for FY2017 are attributed to reduced economic activity, energy efficiency and carbon reduction projects, the winding down of certain energy and carbon intensive projects, particularly in the Middle East, and the disposal of the Infrastructure & Building business platform. The significant changes in our portfolio of businesses over the past few years, includes the disposal of businesses with a higher environmental footprint, positively impacting our environmental performance. This has necessitated a review of our environmental objectives, targets and improvement plans which is currently underway and will be reported on going forward.

Assurance audits were undertaken at various operations during the year to review how our critical environmental standards are being implemented. Pleasingly, the results indicate an improving level of awareness among our employees.

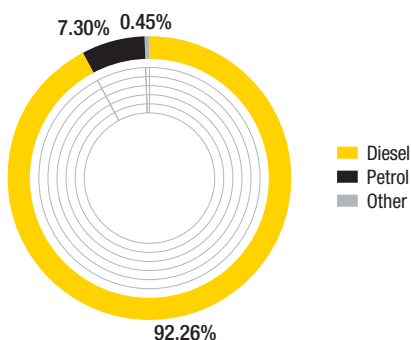
ENERGY USAGE

During the year, our energy consumption amounted to around 157 939 megawatt hours ("MWh"), a 30% decrease year on year, and diesel accounted for 92% of our energy usage.

In FY2017, we focused on energy efficient heating, ventilation and air-conditioning systems and lighting at project sites and in our fixed facilities such as workshops and buildings.

Compared to the FY2015 baseline, our overall energy consumption has decreased by 51%.

BREAKDOWN OF ENERGY SOURCES USAGE



CARBON FOOTPRINT

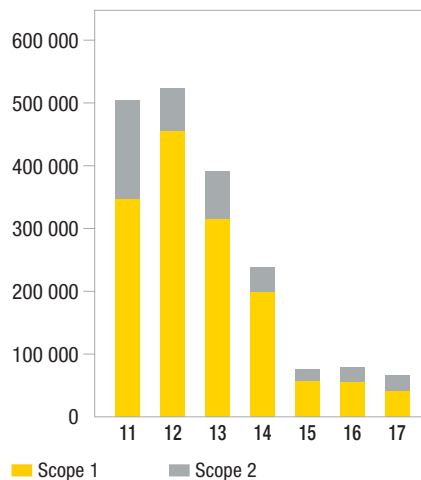
Total GHG emissions

We have participated in the CDP since 2008 and our FY2017 performance can be accessed at www.cdp.net. Data has been fully assured as per the International Standard on Assurance Engagements ("ISAE") 3000.

In the 2016 CDP, we achieved a B rating which places us among the top 53% of participating companies and within the top 50% of companies in the engineering and construction sector worldwide. A B rating is awarded to companies that have taken steps to effectively reduce their carbon emissions and are regarded as more advanced in terms of environmental stewardship.

For the reporting year, our carbon footprint decreased by 16.5% year on year. Over the past seven years, the biggest contributor to our improved carbon footprint is the disposal of energy intensive businesses.

CARBON FOOTPRINT (tCO₂e)



We support our clients' carbon footprint initiatives through low carbon input materials and innovative designs. Our range of low-carbon concrete products, geo-polymer and high volume fly-ash concrete continue to show excellent results. These products have been successfully tested and applied at various projects without a loss in durability or quality, increasing client confidence in viable low carbon alternatives. Our products range from options that contain low amounts of cement to those which are cement free.

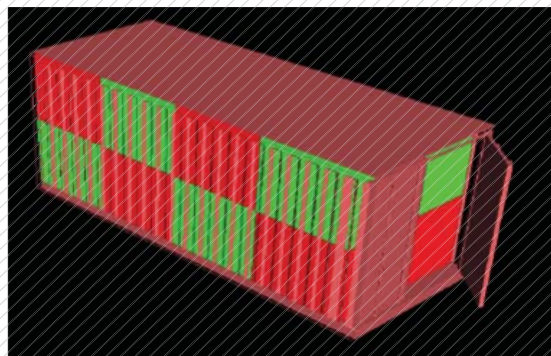
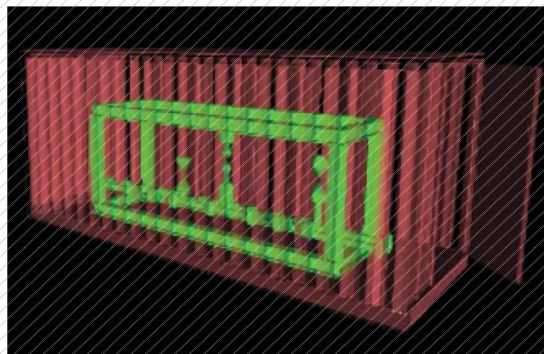
ENVIRONMENTAL PERFORMANCE – CONTINUED

CLOUGH'S SKID DESIGN**CASE STUDY**

Clough's innovative engineering designs promote carbon emissions reduction and improved energy conservation. The redesign of the gas production skid for Arrow Energy in Queensland's Surat and Bowen basin developments is a recent example.

In coal seam gas field developments, production skids are traditionally mounted at each wellhead to collect the fluids, separate the gas from water and discharge water before pumping the gas to the plant for processing. Working with the client, Clough re-engineered the skid to introduce an 'in-line' separation of the production fluids, eliminating surface discharge, reducing the skid size and minimising fugitive carbon emissions. The new design has also improved the integrity of the emergency shut down, with the use of two pressure shut down valves, eliminating the need for 'bursting discs' which are designed to release the process fluids to the environment.

Another benefit of the redesign, is that the smaller skids enable the transportation of eight skids per container as opposed to the traditional design where only one skid can be shipped in one container. This reduces energy consumption and costs, and drives significant savings in Scope 3 emissions. Our projections estimate that between 1 200 and 1 500 redesigned skids will be deployed over the next five years.



Comparative shipping arrangements.

ENVIRONMENTAL PERFORMANCE – CONTINUED

Carbon regulations

195 countries became signatories to the Paris Agreement at the 21st Conference of the Parties (“COP21”) held in December 2015. The Agreement aims to contain global average temperatures to below 2°C above pre-industrial levels and is applicable to both developing and developed countries. In response, many countries have started implementing mechanisms, such as carbon pricing, in their journey towards a low carbon economy.

In South Africa, National Treasury has indicated that a carbon tax may be introduced in 2018, which will initially be levied at R120 per tonne of CO₂ equivalent and will be limited to Scope 1 emissions. The tax is expected to be rolled out in a phased approach, with the first five-year phase focusing on operations with a thermal capacity of around 10 megawatts. Our exposure is indirect, as we are not considered a big emitter, but we will be impacted by increased costs for affected commodities such as fuel and electricity as suppliers pass on the cost of their carbon tax commitments to consumers. Transportation fuel however will be exempt from the carbon tax as it is already taxed under the current fuel levy.

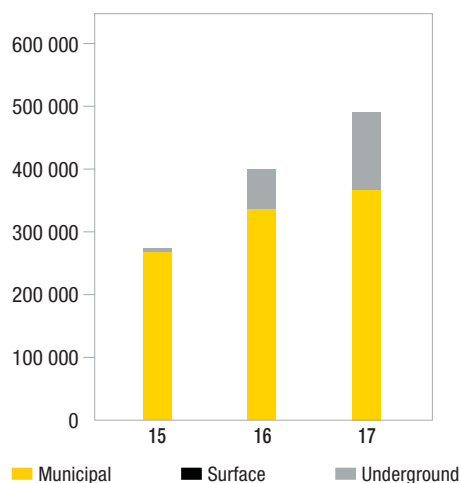
There is currently no carbon tax in Australia or the North Americas (Canada and USA) however in our other operations we expect changes in legislation as countries give effect to their commitments under the Paris Agreement. We closely monitor developments in carbon-related regulations Group-wide, including the unfolding of climate policies under the new administration in the USA.

WATER USAGE

We operate in several water constrained environments, including South Africa, Western Australia and the United Arab Emirates. Our water management standard guides our operations and has resulted in improved accuracy and completeness of our water data, and the identification and implementation of water saving initiatives. Our disclosure under the CDP's Water Disclosure Project can be accessed at www.cdproject.net.

During FY2017, we consumed 419 megalitres of water, a 5% increase compared to FY2016. This increase is mostly attributed to improved data reporting, particularly in the Middle East, and certain projects moving into water intensive phases. The bulk of our water is withdrawn from municipal sources.

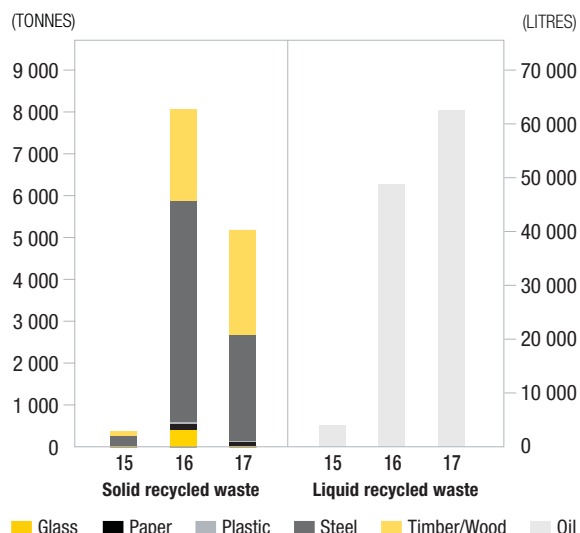
We support the global initiative to provide water security and to treat, recycle and reuse waste water and have recently added, in our business portfolio, waste water treatment and sea water desalination capability through partnerships and license agreements with global specialists in these sectors. In 2014 the Group acquired Aquamarine, a company that offers complete and customised water treatment solutions including design, manufacture, installation, operation and maintenance of containerised and skid mounted water treatment plants. Furthermore, the Group has secured access to unique waste water treatment technology through an exclusive license agreement.

WATER FOOTPRINT (historical performance)
(KILOLITRES (kl))

WASTE MANAGEMENT

Waste generated by our operations includes paper, plastic, steel, concrete and hydrocarbons (oil and fuel). Waste is measured and monitored at an operational level and reported on a monthly basis. Non-hazardous waste is recycled or reused, where possible, including onsite reuse and off-site secondary use. The types of materials available for recycling are project dependent and vary from year to year. For example, in FY2016 Power & Water had a large amount of steel available to scrap, but less in FY2017 as steel work on the project reduced, and the year-on-year reduction in recycled glass is due to glass intensive projects coming to a close at the end of FY2016. More oil was recycled in FY2017 within Power & Water due to additional servicing of equipment.

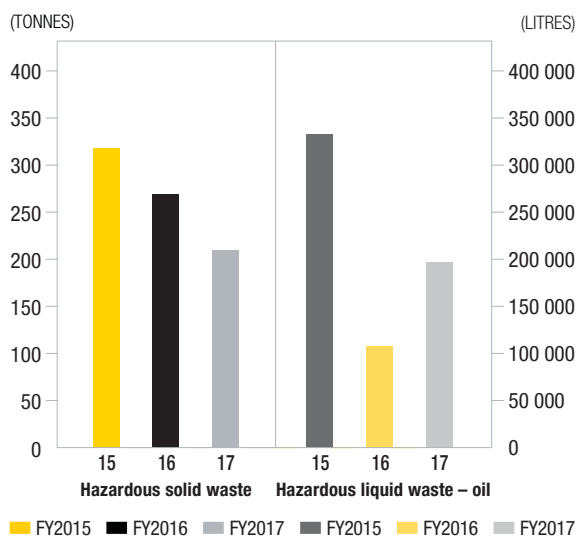
RECYCLED MATERIALS



ENVIRONMENTAL PERFORMANCE – CONTINUED

Liquid and solid hazardous waste have decreased substantially when compared to our FY2015 baseline. For FY2017, solid hazardous waste decreased 22% year on year and oil contaminated liquid hazardous waste increased 83%. Going forward, we expect to see a reduction in oil contaminated liquid hazardous waste due to the disposal of the Infrastructure & Building business platform together with various reduction initiatives.

LIQUID AND SOLID HAZARDOUS WASTE



We continuously look for opportunities to reduce the waste associated with our projects. For example, at the Kusile Power Station an oil separator is being fitted with new Hydraspin technology designed to eliminate wastewater and extract dirty oil from the oil separator in such a way that it can be sold on to oil recycling companies.

ENVIRONMENTAL RISKS AND COMPLIANCE

Our main environmental risks include:

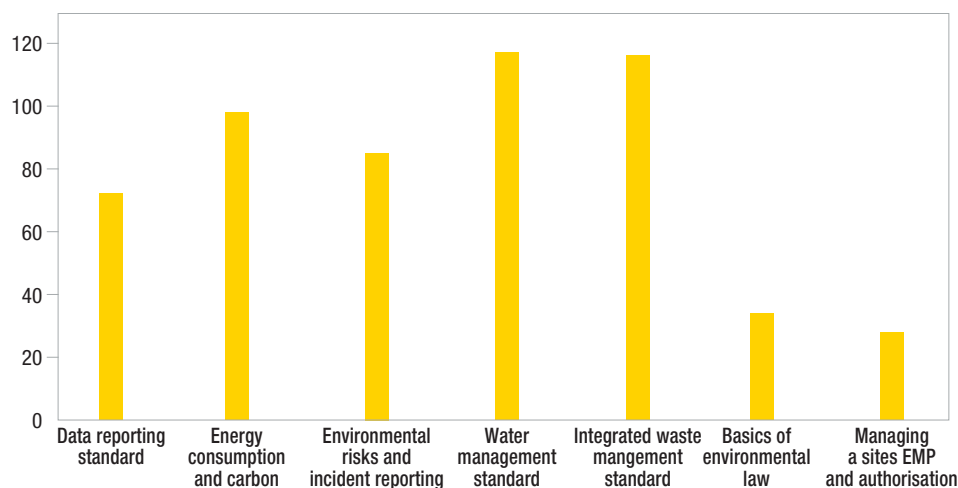
- ▶ Undertaking listed activities without the necessary authorisation, including environmental impact assessments, waste management licences, atmospheric emissions licences and water use licences;
- ▶ Hydrocarbon spills and groundwater and soil contamination;
- ▶ Dust and other emissions;
- ▶ Water management near sensitive environments;
- ▶ Sustainable water supply in water-stressed areas; and
- ▶ Risks related to ineffective waste management.

We provide training on key environmental issues to improve practical understanding and compliance at project level. In the graph below, the last two training modules were introduced towards the end of the financial year, resulting in their lower completion status.

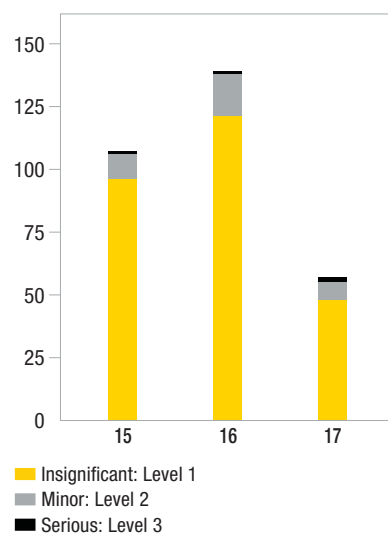
ENVIRONMENTAL INCIDENTS, FINES AND LITIGATIONS

No material environmental incidents were reported during FY2017 and no fines or environmental litigations were instigated against any of our operations. There were 55 level 1, 2 and 3 environmental incidents during the year, a 62% decrease compared to the prior year.

PERCENTAGE OF RELEVANT EMPLOYEES WHO COMPLETED ENVIRONMENTAL TRAINING



ENVIRONMENTAL INCIDENTS





ETHICAL PERFORMANCE

ETHICAL PERFORMANCE

We seek to build a culture of compliance where awareness of the right ethical behaviours is shared and maintained across all our operations as we pursue our strategic and business objectives.

Our Group code of conduct is applicable across all our operations, and together with our values and statement of business principles, clearly and comprehensively defines the behaviours that we expect of our employees in every anticipated and likely situation, from a legal and ethical perspective.

The Murray & Roberts board of directors requires that the Group and its members adhere to all applicable laws, rules, codes and standards and to conform to the highest standards of business integrity, ethics and corporate governance.

Behaviours that contradict these principles are not tolerated.

New employees and graduates are provided with appropriate training as part of our induction programme, which emphasises the importance of understanding and practising the principles set out in our code of conduct.

REGULATORY COMPLIANCE

We conduct our business within the regulatory requirements applicable to the sectors, jurisdictions and territories in which we operate. The Group regulatory compliance executive oversees this function with a specific mandate to investigate and report on:

- ▶ Regulatory environments within the jurisdictions and territories in which the Group operates;
- ▶ Organisational controls across the Group that ensure operational compliance with all applicable laws, rules, codes and standards;
- ▶ Levels of compliance across the Group based on a comprehensive monitoring and review plan; and
- ▶ Corrective actions and improvements required, including education and training, to respond to any identified control weaknesses or compliance failures.

During FY2017, audit reviews were undertaken across the Group, including Australia, Canada and the USA and no major findings of non-compliance were reported.

FRAUD, CORRUPTION, COMPETITIVE BEHAVIOUR AND UNFAIR BUSINESS PRACTICES

We subscribe to and comply with the 10 business principles set out in the United Nations Global Compact and with the principles and standards of good practice set out in the Organization for Economic Cooperation and Development ("OECD") Guidelines for Multinational Enterprises. We are also a member of Business Leadership South Africa and support its code of good corporate citizenship.

All executives involved in preparing and authorising project bids across the Group are required to sign a tender declaration in which they declare that they have not committed any unethical, unlawful or uncompetitive practice in the preparation and submission of the tender, nor are they aware of anyone affiliated with the bid that either directly or indirectly has committed an unethical, unlawful or uncompetitive practice. The declaration is binding on the executive throughout the lifecycle of the project.

As part of our compliance to competition law, written declarations are made biannually by all executives. Compulsory online code of conduct and competition law training is completed annually by all employees in relevant high-risk areas.

TRANSPARENCY

We encourage our employees, suppliers, subcontractors and concerned persons to report observed unethical behaviour within any of our operations. The 'Tip-Offs Anonymous' and 'Fair Call' hotline services, administered independently enable anonymous reporting of dishonest and unethical behaviour in the workplace, including discrimination, theft, fraud and corruption. The hotlines operate across all operating regions and cover all our businesses, with Fair Call specifically serving Oil & Gas.

During FY2017, 14 cases (FY2016: 47) were reported and investigated through the hotlines, with a small number still under investigation. In all instances where unethical behaviour was confirmed, appropriate action has been taken.

HUMAN RIGHTS

Murray & Roberts endorses the rights enshrined in the Constitution of the Republic of South Africa, 1996, and all equivalent rights in all other jurisdictions and territories, including the right to collective bargaining, the right to peaceful industrial action and all other labour rights. We acknowledge the right of individuals to freedom of association; we reject child and forced labour; and we respect the rights of indigenous people and, where appropriate, we partner with indigenous and local communities.

UNFAIR DISCRIMINATION AND EQUALITY

We view discrimination in any form in a very serious light and take appropriate disciplinary action against offenders. We do not condone unfair discrimination and expect all our employees or anyone who acts on our behalf to adhere to the highest ethical standards. We require that all our employees and service providers treat those with whom they come into contact with dignity and respect. As a South African domiciled company, we believe that in our domestic market it is not unfair discrimination to promote affirmative action consistent with the Employment Equity Act, or to prefer any person on the basis of an inherent job requirement.



ECONOMIC PERFORMANCE



ECONOMIC PERFORMANCE – CONTINUED

MOVEMENT:

↑ IMPROVED ↓ WORSENER

FINANCIAL PERFORMANCE (RM)

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS		Performance	
PERFORMANCE DIMENSION	2017	2016 ¹	Movement
Financial performance			
Revenue	21 397	26 148	↓
Operating costs	20 910	24 873	↓
Cash and cash equivalents	2 371	2 813	↓
Operating cash inflow (before dividends)	798	762	↑
Order book relative to revenues	1.3 times	1,1 times	↓

TOTAL VALUE CREATED AND DISTRIBUTION TO STAKEHOLDERS

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS		Performance	
PERFORMANCE DIMENSION	2017	2016 ¹	Movement
Economic contribution			
Value added to employees	13 206	13 355	↓
Value added to providers of finance (net)	42	71	↓
Value added to government	196	201	↓
Value added to maintain and expand the Group	524	1 251	↓
Total value added	13 968	14 878	↓

¹ Restated for discontinued operations

Value added to employees through payroll payments decreased by 1%, while net interest expense to providers of finance decreased by 41%. Company tax to governments decreased by 2.5% due to a lower profit before tax recorded in the current financial year. As a consequence of the decrease in Group profits, value added to maintain and expand the Group decreased due to a reduction in profit attributable to owners of Murray & Roberts Holdings Limited.

No significant financial assistance was received from the South African Government during FY2017.

Among the greatest challenges faced by humankind is the need to satisfy the growing global demand for infrastructure such as transport and logistics, power and energy, water and sanitation, telecommunications, health and education, accommodation and facilities, and mineral extraction and beneficiation. Our economic contribution centres on the delivery of this infrastructure without which economic and social development is not possible.

Owners of infrastructure rely on various stakeholders to develop, finance, design, engineer, construct, operate and supply inputs to their infrastructure assets. We facilitate this infrastructure delivery through our core competency of engineering and construction.

The quantifiable benefits of our contribution to society are not easily identified. Considering the positive impact of infrastructure on socio-economic development and the scale required to make the difference measurable, the significance Murray & Roberts has attained in its markets over more than 110 years, offers some testimony in this respect.



More information on our strategy and financial performance can be found in the Group's annual integrated report.

FINANCIAL SUSTAINABILITY

The financial sustainability of engineering and construction businesses depends on the following value drivers:

- ▶ The strengthen of their financial position which impacts credit ratings for performance bonds and working capital;
- ▶ Sound cash flows that supports investment and growth;
- ▶ A formalised project procurement system which defines risk appetite; and
- ▶ The project order book relative to order book revenues.

The Group's year-end cash and cash equivalents position was R2,7 billion (FY2016: R2,8 billion) after an operating cash inflow of R797 million (FY2016: R762 million).

Procurement of projects is our primary source of risk and our risk appetite sets our operational parameters. Prospects are filtered against criteria such as value, country, legal system and scope, and the level of authorisation required is specified. The opportunity management system ("OMS") supports the evaluation and approval of project opportunities within our risk appetite. At 30 June 2017, opportunities in the active pipeline amounted to R45 billion (FY2016: R51 billion).

The Group's order book decreased by 18% to R27 billion in FY2017, however projects are located in markets that have been determined to be sustainable going forward.

FINANCIAL YEAR	Order book	Relative to revenues
30 June 2015	R38 billion	1,4 times 2015 revenues
30 June 2016	R33 billion	1,1 times 2016 revenues
30 June 2017	R27 billion	1.3 times 2017 revenues

INDEPENDENT LIMITED ASSURANCE REPORT TO THE DIRECTORS OF MURRAY & ROBERTS LIMITED

We have performed our limited assurance engagement in respect of the selected sustainability key performance indicators, as disclosed by Murray & Roberts Holdings Limited (Murray & Roberts) in the Integrated and Sustainability Report for the year ended 30 June 2017.

SUBJECT MATTER

The subject matter comprises of the sustainability key performance indicators disclosed in accordance with management's basis of preparation, supported by the Global Reporting Initiative (GRI) G4 Sustainability Framework (the criteria) as prepared by the responsible party during the year ended 30 June 2017. The subject matter comprises of the following:

1. Number of fatalities
2. Lost-time injury frequency rate (LTIFR)
3. Fatal-injury frequency rate (FIFR)

DIRECTORS' RESPONSIBILITY

The directors being the responsible party, are responsible for the subject matter information, in accordance with the GRI and Murray & Roberts' own internal basis of preparation.

The responsible party is responsible for:

- ensuring that the subject matter information is properly prepared and presented in accordance with the criteria against which the underlying subject matter will be assessed;
- confirming the measurement or evaluation of the underlying subject matter against the applicable criteria, including that all relevant matters are reflected in the subject matter information; and
- designing, establishing and maintaining internal controls to ensure that the subject matter information is properly prepared and presented in accordance with the criteria against which the underlying subject matter will be assessed.

ASSURANCE PRACTITIONER'S RESPONSIBILITY

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information.

This standard requires us to comply with ethical requirements and to plan and perform our limited assurance engagement with the aim of obtaining limited assurance regarding the subject matter of the engagement.

We shall not be responsible for reporting on any non-financial performance indicator transactions beyond the period covered by our limited assurance engagement.

QUALITY CONTROL

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

INDEPENDENCE AND OTHER ETHICAL REQUIREMENTS

We have complied with the independence and other ethical requirements of Parts A and B of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

SUMMARY OF WORK PERFORMED

We have performed our procedures on the subject matter, the sustainability key performance indicators of Murray & Roberts, as prepared by management in accordance with the GRI G4 Sustainability Framework as supported by management's basis of preparation for the year ended 30 June 2017.

Our evaluation included performing such procedures as we considered necessary which included:

- Interviewing management and senior executives to obtain an understanding of the internal control environment, risk assessment process and information systems relevant to the sustainability reporting process for the selected subject matter;
- Testing the systems and processes to generate, collate, aggregate, validate and monitor the source data used to prepare the selected subject matter for disclosure in the Integrated and Sustainability Report;
- Inspected supporting documentation and performed analytical review procedures, and
- Evaluated whether the selected sustainability performance indicator disclosures are consistent with our overall knowledge and experience of sustainability processes at Murray & Roberts.

Our assurance engagement does not constitute an audit or review of any of the underlying information in accordance with International Standards on Auditing or International Standards on Review Engagements and accordingly, we do not express an audit opinion or review conclusion.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

In a limited assurance engagement, the procedures performed vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the non-financial performance indicators has been presented, in all material respects, in accordance with GRI G4 Sustainability Framework Guidelines, supported by managements internal basis of preparation.

CONCLUSION

Based on our work described in this report, nothing has come to our attention that causes us to believe that the selected sustainability key performance indicators as set out in the subject matter paragraph (of our report) for the year ended 30 June 2017, is not prepared, in all material respects, in accordance with the GRI G4 Sustainability Framework supported by managements internally developed basis of preparation.

RESTRICTION ON USE AND DISTRIBUTION

Our report is made solely to the Directors of Murray & Roberts in accordance with our engagement letter dated 5 April 2017, for the purpose of providing limited assurance over the key sustainability performance indicators disclosed in the Murray & Roberts Integrated Report for the year ended 30 June 2017.



Claire Hoy

Director
Deloitte & Touche
9 September 2017



THE WHEATSTONE PROJECT, WESTERN AUSTRALIA

The Chevron-operated Wheatstone Project is one of Australia's largest resource developments and is located west of Onslow on the Pilbara coast of Western Australia. The Wheatstone platform is one of the biggest offshore gas-processing platforms ever installed in Australia, with a topside weight of approximately 37,000 metric tonnes. Clough, part of the Murray & Roberts Oil & Gas business platform, provided its client, Chevron Australia with an independent team to assist with pre-commissioning, commissioning of integrated float over deck systems, offshore hook-up, and start-up assistance on the project.

**Murray
& Roberts**