Murray & Roberts

'20 ANNUAL INTEGRATED REPORT

ABOUT THIS REPORT

Our integrated report for the year ended 30 June 2020, presents the strategy, governance, performance and prospects of the Group, including our wholly-owned business platforms, investments and the joint ventures in which we have significant influence.

The report is aimed primarily at providers of financial capital, our employees, clients and business partners. It is also likely to be of interest to a broader readership, as it covers our relationships with stakeholders deemed to be material to our ability to deliver on our strategy in the near-term (the coming reporting period), the medium term (the next three years, which equates to our rolling business planning cycle) and the longer term (beyond this planning horizon). Central to our value creation story, and covered in our report, is our commitment and initiatives to deepen and protect our reputation as a well-governed, ethical and responsible multinational organisation.
The report follows the same structure as last year, with the content index alongside setting out what is available in print and in the supplementary information provided online.

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 stakeholders' assessments of the Group's ability to create value over time. The materiality determination process considered the top issues that the Board and management dealt with during the year, the strategic plans of the Group and business platforms, the Group's register of strategic risks, and issues raised through engagement with analysts and investors, business associations, non-governmental organisations and other civil society structures, as well as those reported on in the media. These issues were workshopped into four themes and related material issues for the Group and each business platform, and were reviewed and approved by the Group executive leadership. The material issues provided the basis for preparing the report, and the supplementary Group sustainability report for 2020, to support focused and connected reporting.

PG 22 Managing our material issues

ASSURANCE

Our independent sustainability auditors, IBIS ESG Consulting Africa (Pty) Ltd, provided limited assurance over selected non-financial performance indicators. Accredited rating agency, EmpowerLogic, verified the Group's BBBEE rating and scorecard.

ONLINE Assurance statement

INTEGRATED THINKING

The Board committee structure, which has significant overlap in membership, and the Group's organisational, integrated assurance and sustainability frameworks promote operational visibility and integrated decision-making through defined policy, approval and assurance processes. The Group's governance frameworks align to King IV™ requirements and oversight processes are reviewed and adapted in line with changes in the Group's risk profile. The Group's approach to ethical leadership, corporate citizenship and sustainability, both in managing the pertinent risks and impacts, and in seeking competitive advantage as a contractor of choice and an employer of choice in its markets, are consolidated in its philosophy of *Engineered Excellence*, which has been embedded in the Group's culture. Continual improvement in the Group's standards, systems, best practices and reporting, in response to the operating environment and the needs of stakeholders, as well as performance outcomes, embed this philosophy at every level of the Group.

PG 68 Governance overview | **PG 10** *Engineered Excellence* for strategic advantage

REPORTING FRAMEWORKS

The information included in this integrated report is provided in accordance with IFRS, the South African Companies Act, 71 of 2008 (as amended), the JSE Listings Requirements and King IV™. The Board has considered the requirements of King IV™ and adheres to its principles. We have taken cognisance of the International Integrated Reporting Council's International <IR> Framework, published in December 2013, and the consultation draft, issued in May 2020. We believe we have applied all the principles and content elements of the <IR> Framework; however they are presented in a way that is meaningful to the Group, and consistent with how we communicate with, and account to, our stakeholders. Our sustainability report has been prepared in accordance with the GRI Sustainability Reporting Standards at a core application level.

ONLINE King IV™ application register | **ONLINE** GRI G4 content index | **ONLINE** Auditors' report

APPROVAL

The audit & sustainability committee is responsible for overseeing the preparation and presentation of the integrated report and supplementary information, and ensuring its integrity. The committee believes that the integrated report addresses all the material issues that have a bearing on the Group's ability to create value over the short, medium and long term. The committee recommended it for Board approval, which was obtained on 26 August 2020.

PG 132 Important information on forward looking statements

CONTENTS

AVAILABLE ONLINE

- Notice of annual general meeting
- Form of proxy

GLOSSARY

PG 130

Acronyms and terms used in this report

SUPPLEMENTARY INFORMATION ONLINE

ONLINE

www.murrob.com/inv-annual-reports.asp

Group sustainability report 2020

- About this report
- Group overview
- World-class health and safety performance
- Employer of choice
- Trusted partner
- Environmental management
- Key data
- Independent Limited Assurance Report to the directors of Murray & Roberts Limited
- GRI G4 content index

Corporate governance information

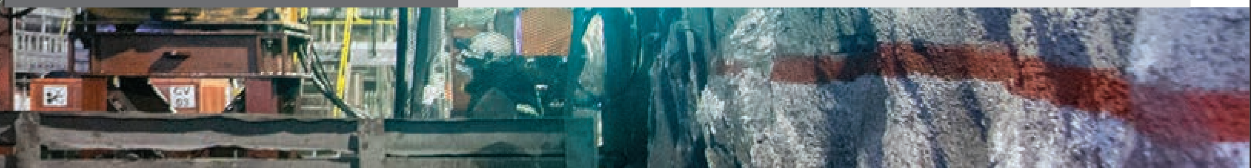
- Full governance report, including Board committee reports and record of attendance
- King IV™ application register

Full annual financial statements

- Accounting policies
- Notes to the annual financial statements
- Murray & Roberts Holdings Limited annual financial statements
- Notes to the Murray & Roberts Holdings Limited annual financial statements
- Annexure 1: Major operating subsidiaries and associate companies
- Annexure 2: Interest bearing borrowings
- Annexure 3: Group segmental report

FEEDBACK

This integrated report is intended to provide the basis for meaningful engagement with our stakeholders. We welcome your feedback, which can be provided to Ed Jardim, Group investor and media executive, at *ed.jardim@murrob.com.*



01

GROUP OVERVIEW

OUR NEW STRATEGIC FUTURE

Implementation of the Group's strategy has consolidated our longer-term growth potential, strengthening the Group's investment case.

A MULTINATIONAL SPECIALISED ENGINEERING AND CONSTRUCTION GROUP…	…FOCUSED ON THE NATURAL RESOURCES SECTOR…	…DIVERSIFIED TO COUNTER MARKET CYCLICALITY…	…DIFFERENTIATED BY *ENGINEERED EXCELLENCE*…	…SET FOR GROWTH IN HIGH-POTENTIAL MARKET SECTORS.
Our broadened strategic scope includes the market sectors and regions with the best opportunities for growth, diversification and differentiation for each of our platforms, as specialist, rather than generalist contractors.	High uncertainty in the near-term outlook for global economic growth and commodity price recovery, but medium-term structural shifts and long-term demand fundamentals in our market sectors remain favourable.	Diversification across market sectors, regions and service offerings that encompass the full engineering and construction project life cycle, allows us to optimise our earnings potential and spread our risk through the cycle.	The Group's culture of *Engineered Excellence*, which embeds shared learning and continual improvement in every aspect of our business, supports the competitiveness of our business platforms in highly contested markets.	With the capacity to fund growth and navigate business cycles, and a significant, high-quality order book and project pipeline, we are confident in our expectation of long-term profitable growth.

CONSOLIDATING OUR STRATEGIC GAINS

In the last five years, despite the pressures of a trying external environment and the work needed to resolve a long tail of complex legacy issues, we achieved significant milestones. The Group entered this year, with a more diversified international presence and stronger positions in our chosen market sectors. We were also able to establish, by acquisition, strategic positions in new high-growth areas. Despite the set-back to our operations caused by the COVID-19 pandemic, our growth ambitions remain compelling.

SETTING THE FOUNDATION

NEW STRATEGIC FUTURE **(FY2015+)**

AUGUST 2014

Resumed **dividend payments**

SEPTEMBER 2014 TO JANUARY 2016

Acquisitions:
- Aquamarine
- Booth Welsh
- CH-IV
- Enercore
- Merit

MARCH 2017

JSE **subsector change** and **new financial director** appointed

APRIL 2017

Sale of **Infrastructure & Building** platform R314 million

GATHERING MOMENTUM

DECEMBER 2017

Increased investment in Bombela (50%)

APRIL 2018

ATON offer to shareholders

FEBRUARY TO MAY 2019

Acquisitions:
- Clough USA
- Terra Nova Technologies
- Boipelo Mining Contractors

SEPTEMBER 2019

ATON offer fails

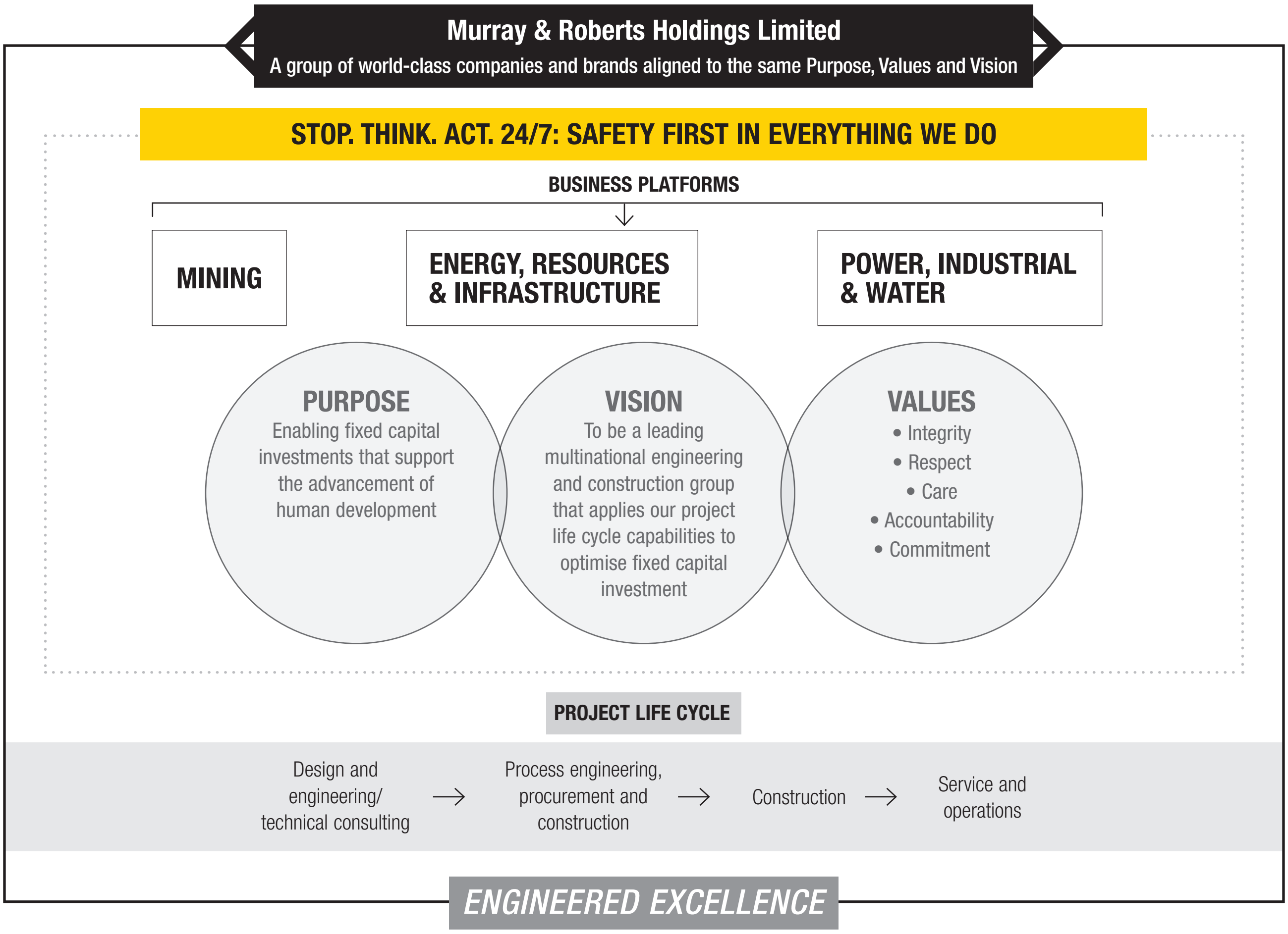
Acquisitions:
- OptiPower Projects

SET FOR SUSTAINABLE GROWTH

We enable fixed capital investment that allows people to live better lives. We are both a service provider to society and an integral part of the socioeconomic ecosystem.

Our Purpose connects our capabilities to the investment our clients make in the infrastructure required for long-term economic and social development of industries, countries and communities. We design, construct and maintain the mining operations that provide the resources on which all real economic activity is based; the plant that turns gas, water and sun into electricity, and takes it to industries and individuals; and the complex transport infrastructure like roads, tunnels and water works that serve growing urban populations.

Our Values guide us individually and collectively in everything we do, in every country we work, and our culture of *Engineered Excellence* defines, governs and informs our management approaches throughout the organisation. This reinforces the competitiveness of our operations, and our reputation as a well-governed, values-driven and ethical multinational organisation, which is how we define the leadership aspiration in our Vision.



The Group's ability to create and sustain value, rests on achieving sustainable growth. This requires that we differentiate our services through a high degree of specialism and excellence in project delivery.

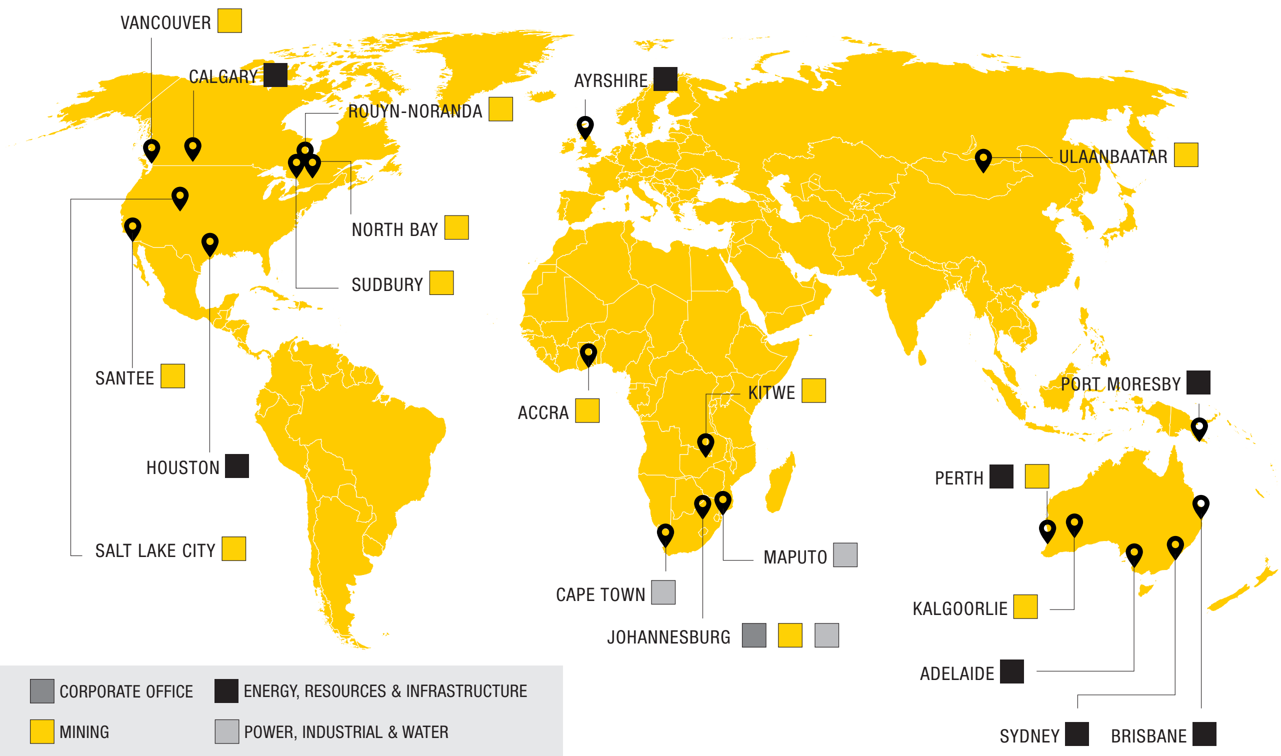
PG 34 Chairman's statement

BUSINESS MODEL RESILIENCE

Long-term demand drivers of global population growth, rapid urbanisation and economic growth, inform the Group's focus on selected global natural resources market sectors. The relevance of natural resources – of commodities, utilities, energy and infrastructure – to a post-COVID-19 world is clear. The Group's diversified exposure to these activities positions it to benefit from economic stimulus centred on infrastructure development and opportunities emerging from the shift to lower-carbon and renewable energy sources.

Because the Group is exposed to the cyclicality of commodity demand, its business model is designed to diversify its earnings potential through the cycle. The combination of portfolio, geographic and capability diversification across our business platforms, provides a blend of revenue and earnings potential across our market sectors. This buffers the Group against over-exposure to the risk dynamics in any one market sector, each of which respond differently to commodity demand and supply cycles.

The Group's **geographic footprint** is focused on establishing a permanent presence in high-growth regions for our clients. We also support clients in other geographies where we do not have a permanent presence, occasionally in joint venture with local partners.



The Group's **capabilities across the project life cycle** enable us to provide specialised and competitive end-to-end service offerings to clients in our market sectors, while diversifying our revenue and margin mix.

MINING

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

Market focus

Global: Underground and open pit mining services and material logistics, in global metals and minerals markets

ENERGY, RESOURCES & INFRASTRUCTURE

- Detailed engineering
- Procurement
- Construction
- Commissioning and maintenance

Market focus

Global: Energy

Australasia: Energy, resources (metals and minerals) and infrastructure markets

POWER, INDUSTRIAL & WATER

- Detailed engineering
- Procurement
- Construction
- Commissioning and maintenance

Market focus

Sub-Saharan Africa: Power, industrial and water markets

The Group favours **lower-risk, developed markets and higher-margin market segments,** in which the regional capabilities and competitive advantages of our platforms can be fully leveraged to achieve growth.

PG 45
Business platform review

A STRATEGY FOR VALUE CREATION

VALUE DRIVERS	CORPORATE ACTIONS	KEY CONSIDERATIONS	FY21	FY22	FY23
STRATEGY EXECUTION AND DELIVERY	Strategic focus	Deliver clear medium-term business plans across our platforms.	✓	✓	✓
		Continue to expand internationally.	✓	✓	✓
		Close-out Middle East projects and office.	✓		
	Mergers and acquisitions	Position platforms in developed markets and higher-margin segments of the project life cycle.	✓	✓	✓
		Identify and conclude selected acquisitions in high-potential markets across platforms to support growth.	✓	✓	✓
OPERATIONAL PERFORMANCE	Performance management	Improve business platform accountability for the standards, systems, practices and reporting of *Engineered Excellence.*	✓	✓	✓
		Deliver/exceed ROICE targets and earnings guidance.		✓	✓
		Achieve target overhead costs through the cycle.	✓	✓	✓
OPTIMAL CAPITAL STRUCTURE	Balance sheet management	Target appropriate gearing level to support sustainable growth through commodity cycles and market volatility.	✓	✓	✓
CASH RETURNS TO SHAREHOLDERS	Dividend policy	Stable annual dividend, supplemented from time to time with a special dividend.	✓	✓	✓
SHAREHOLDER REGISTER	Shareholder engagement	Secure support from shareholders on strategy and value proposition.	✓	✓	✓

PG 38
Group chief executive's and financial director's report

Our strategic focus will secure a path to earnings growth from FY2021. This expectation depends primarily on market opportunity. However, we will continue to develop the strategic maturity of each business platform through organic growth, supplemented by carefully selected acquisitions, braced by our culture of *Engineered Excellence.*

The Group's disciplined approach to managing the complex risks across our multinational operations, through robust and well-defined risk management processes and practices, supports our ability to deliver on our strategy and create value in the longer term. The table below connects our strategic objectives and related top risks, the mitigation of which is detailed in the risk management report, and incorporated in the priorities associated with our material issues.

RISK DRIVERS	LINK TO MATERIAL ISSUES
STRATEGIC RISKS ■ Vulnerability to macroeconomic factors. ■ Group liquidity. ■ Capitalising on the recovery of energy markets. **PROJECT RISK** ■ Uncertified revenues.	**Business model resilience** ■ Leverage market positions to drive order book growth. ■ Further diversify earnings potential through organic and acquisitive means. ■ Manage liquidity and allocate capital effectively. **Employer of choice** ■ Ensure leadership quality and depth through constant and proactive development. ■ Maintain competitive employee value proposition to retain and attract critical skills and to ensure flexible capacity. **Trusted partner** ■ Be respected as a values-led, ethical and responsible multinational.
STRATEGIC RISKS ■ Vulnerability to macroeconomic factors. ■ Group liquidity. ■ Capitalising on the recovery of energy markets. **OPERATIONAL RISKS** ■ Health, safety and environmental exposures. ■ Community and industrial unrest. ■ Project delivery **PROJECT RISKS** ■ Project losses. ■ Uncertified revenues.	**Contractor of choice** ■ Deepen Group culture of *Engineered Excellence* through continuous learning. ■ Invest in digital solutions to improve safety, productivity and cost-efficiency in project delivery. **Employer of choice** ■ Maintain competitive employee value proposition to retain and attract critical skills and to ensure flexible capacity. **Trusted partner** ■ Be respected as a values-led, ethical and responsible multinational. ■ Remain responsive to local circumstances and social needs.
STRATEGIC RISK ■ Group liquidity. **PROJECT RISK** ■ Uncertified revenues.	**Business model resilience** ■ Manage liquidity and allocate capital effectively.
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STRATEGIC RISKS ■ Vulnerability to macroeconomic factors. ■ Group liquidity.	**Business model resilience** ■ Leverage market positions to drive order book growth. ■ Further diversify earnings potential through organic and acquisitive means. ■ Manage liquidity and allocate capital effectively.

PG 76 Risk management report

PG 22 Managing our material issues

ENGINEERED EXCELLENCE FOR STRATEGIC ADVANTAGE

Engineered Excellence, interwoven into the Group's culture, brings rigour and discipline to everything we do and aims to remove chance from the outcomes we seek. It reinforces our pursuit of resilience, competitiveness and the trust of our clients, employees, and commercial and social partners.

Engineered Excellence defines our management approach at every level of the organisation. It supports our ability to offer specialist services, clearly differentiated by excellence, to clients in our market sectors.

It drives continuous improvement through shared learning in project risk management and delivery, and in achieving industry-leading health, safety and environmental performance, which is as important to our clients as it is to our employees. It underlines the Group's reputation as a well governed, values-driven and ethical organisation.

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 and engage with clients earlier in the design phase of projects. Early engagement enables us to propose solutions that mitigate risk and enhance project delivery. Disciplined management of commercial and execution risk in tendering for and delivering projects, aims to minimise losses and protect margins. This extends to ensuring that contracting partners align to the Group's project delivery standards, including health and safety risk management, and compliance, conduct and reputational risk management. To support our specialism, productivity and cost-effective project delivery, the Group is accelerating the digitalisation of its businesses and project management systems.

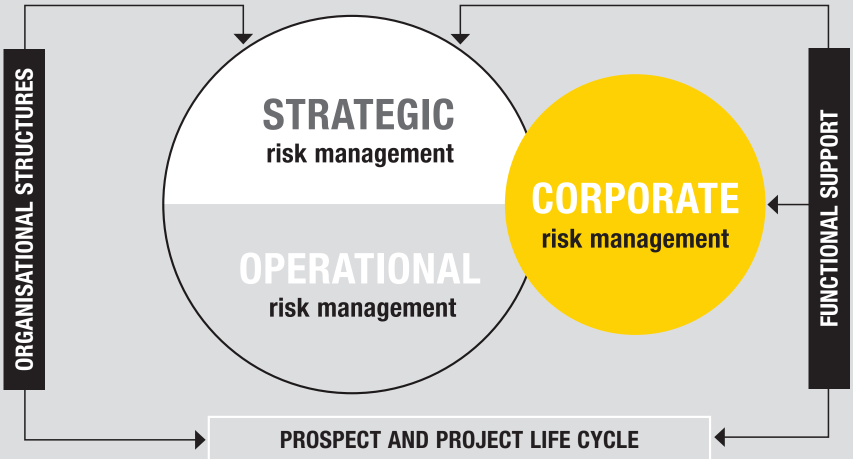
PG 45
Business platform review

GROUP RISK MANAGEMENT FRAMEWORK

Our integrated governance, risk and sustainability management frameworks support our competitiveness.

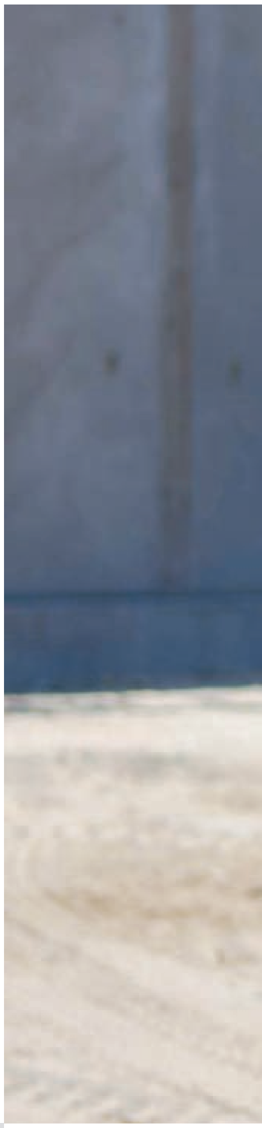
The business platforms are held accountable for implementing the non-negotiable standards, systems, practices and reporting that bring *Engineered Excellence* to life. Risk is managed by the platforms within the Group's defined risk tolerance framework and aligned to specific contracting principles. Our lessons learnt and contracting principles schedules are regularly updated in response to operational challenges. As we anticipate shifts in the Group's opportunity and risk profile, we amend these frameworks accordingly.

A well-constituted governance structure ensures effective strategic direction and oversight of the business platforms from the corporate office and the Board.



PG 76
Risk management report

ENGINEERED EXCELLENCE **for strategic advantage** *continued*



EMPLOYER OF CHOICE

Ethical leadership, employee health and safety, and diversity, inclusion and localisation are strategic priorities, enabling us to attract, retain and engage high-calibre and high-performing employees who live the Group's Values.

Our Values are central to the appointment and succession of quality leaders, who are ultimately responsible for implementing Group strategy. Career advancement through training and mentorship, best people practices and adherence to the Group's diversity policy, are important aspects of our value proposition to employees. The Group is recognised for its ability to recruit locally, across the culturally diverse regions in which we operate, and provide effective training methodologies to meet the Group's high standards for safety and productivity.

During the year, we conducted a Groupwide employee experience survey to measure how our employees perceive Murray & Roberts. We are pleased with our overall score of 3.7 out of 5.

ONLINE Employer of choice

TRAINING SPEND

R104
million

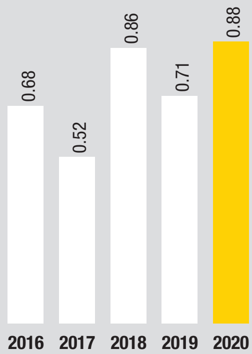
FY2019: **R105 million**

BURSARIES AWARDED

R3,1
million

FY2019: **R4,4 million**

LTIFR



TOWARDS ZERO HARM

The Group's safety culture has matured over the last few years, supporting our belief that Zero Harm is achievable.

We continue to make health and safety improvements by better understanding our exposure risk, benchmarking ourselves against clients and peers and implementing lessons learnt from incidents and audits. We are deploying technology that lowers the baseline risk at project level and applying innovative approaches to avoid plateaus in improvement.

After two successive years of zero fatalities, it is with deep regret that we record the death of a colleague, Wilfred Moleofi, an employee of OptiPower Projects, on the first day of the new financial year. Fatalities and injuries at work are unacceptable and avoidable, and the Group continues to focus on understanding and managing the complex interplay of factors required to ensure Zero Harm to our employees, service providers and communities.

HEALTH, SAFETY AND ENVIRONMENT FRAMEWORK

The Group 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.

MURRAY & ROBERTS CORPORATE

POLICY

- GROUP VALUES
- HSE VISION AND PRINCIPLES
- HSE POLICY
- MATERIAL HSE ISSUES

OBJECTIVES AND TARGETS

- Zero Harm
- Lead indicators
- Lag indicators

GROUP HSE STANDARDS

1. Management System Standards
   - ISO 14001, ISO 9001 and OHSAS 18001
2. Operational standards
   - Critical HSE standards
   - Other HSE standards
3. People-related standards
   - Visible Felt Leadership
   - Training and awareness

GOOD PRACTICES, SHARING AND LEARNING

- Incident reviews
- Lessons learnt register
- HSE day and conference

ASSURANCE
2ND AND 3RD PARTY REVIEWS

BUSINESS PLATFORMS

PROCEDURES → AWARENESS AND TRAINING → SELF-ASSESSMENTS, PEER AND THIRD-PARTY AUDITS → INCIDENT MANAGEMENT → PROCEDURES

EFFECTIVE VISIBLE FELT LEADERSHIP AND LINE ACCOUNTABILITY

ONLINE
Health and safety performance

FINANCIAL CAPACITY FOR RESILIENCE

The Group's financial position provides adequate capacity to fund our organic and acquisitive growth plans. Ongoing attention on effective liquidity management and measured capital allocation will enable us to withstand short-term pressures, while advancing the Group along its long-term strategic trajectory.

With the caveat of an ongoing global pandemic, on balance, we remain confident that the COVID-19 global markets shock will not erode our financial stability, nor delay our growth ambitions to an unmanageable extent.

The Group's cash position is solid and debt is within our target range. Cost management, targeting optimal overhead costs through the cycle, and measures to improve working capital management, are top priorities. The resilience of our business model, and the strategic positions achieved by our business platforms in high-potential market sectors, are reflected in a quality multi-year order book, providing a solid platform for future performance.

REVENUE
(CONTINUING)

R20,8
billion

FY2019: **R20,1 billion#**

ATTRIBUTABLE LOSS

R352
million

FY2019: **R337 million profit**

ORDER BOOK

R54,2
billion

30 June 2019: **R46,8 billion**

NET CASH
(EXCL. IFRS 16)

R0,7
billion

30 June 2019: **R1,8 billion**

NET ASSET VALUE PER SHARE

R13

FY2019: **R13**

HEADLINE LOSS PER SHARE
(DILUTED CONTINUING)

88
cents

FY2019: **114 cents profit#**

Restated for discontinued operations.

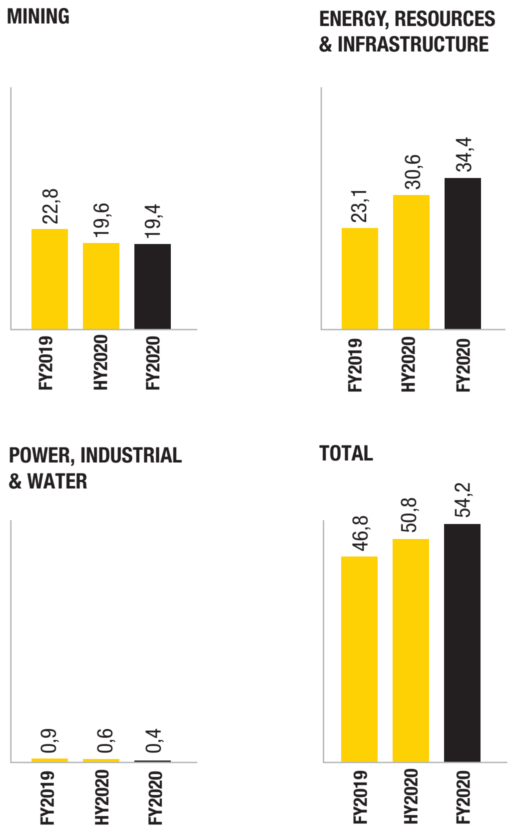

Air Liquide
Liquide

STRONG MEDIUM-TERM GROWTH PROFILE

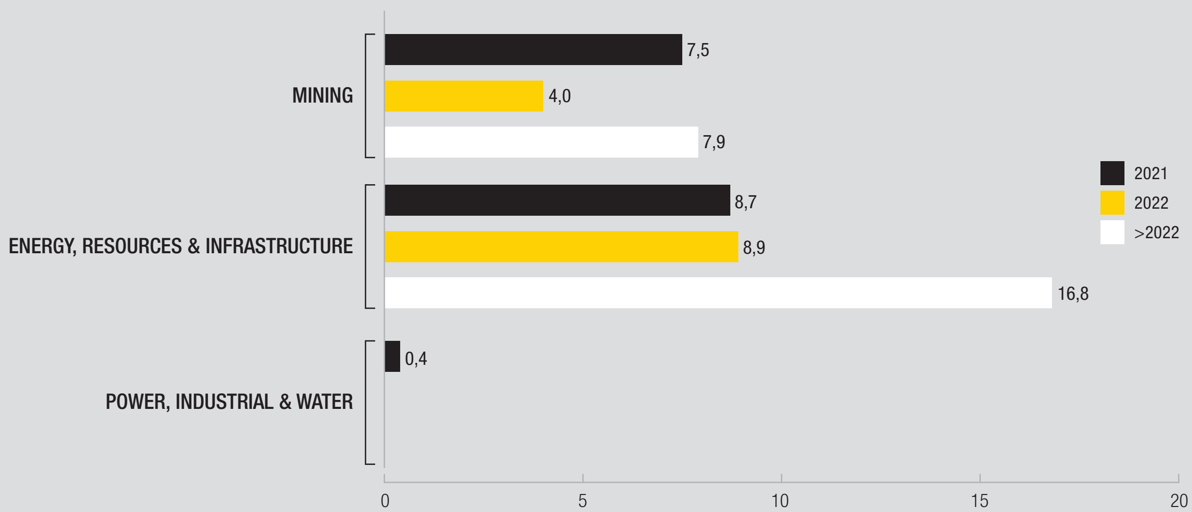
The value of our order book is a lead indicator of future earnings potential, and our multi-year project pipeline categorises the opportunities expected to grow that value.

Our significant, quality order book, which is well diversified over time, region, margin and contractual risk, provides a solid foundation in an uncertain time. The order book also 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 risks. A weak global economic recovery, exacerbated by a possible resurgence of COVID-19 and associated disruption, could dampen investor confidence and impede the flow of large capital projects coming to market.

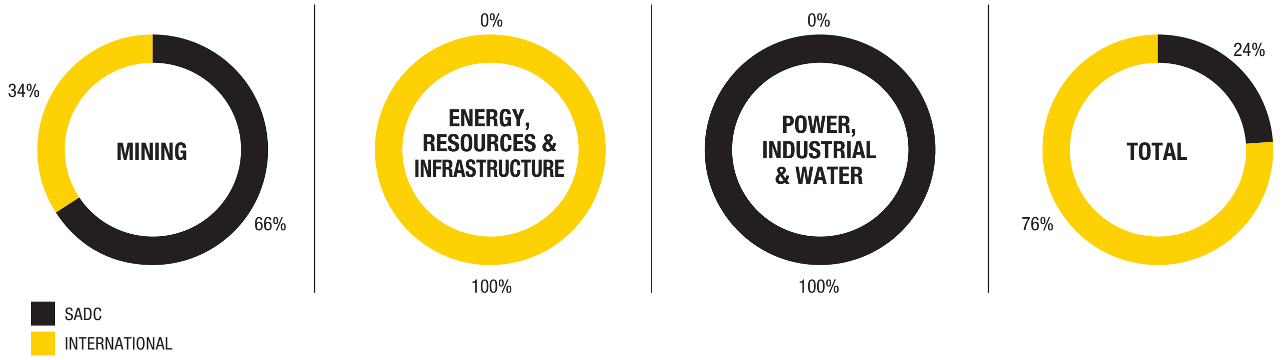
ORDER BOOK HISTORY (R BILLION)



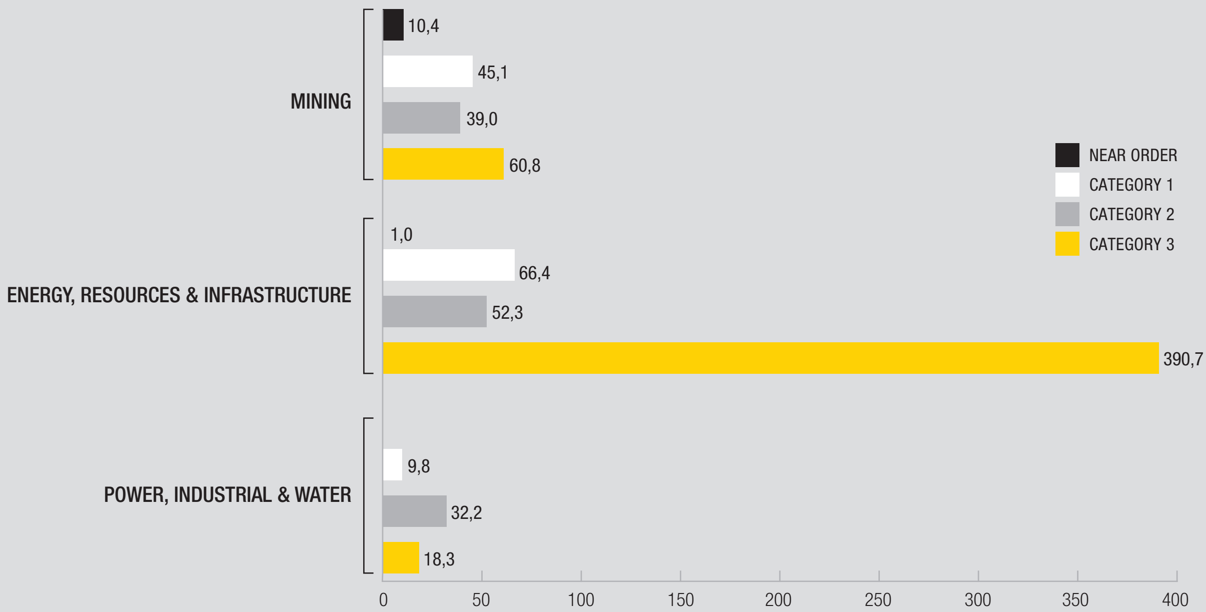
ORDER BOOK TIME DISTRIBUTION (R BILLION)



ORDER BOOK GEOGRAPHIC SPLIT



NEAR ORDERS AND PIPELINE (R BILLION)



Near orders

Tenders where the Group is the preferred bidder and final award is subject to financial/commercial close – there is more than a 95% chance that these orders will be secured.

Category 1

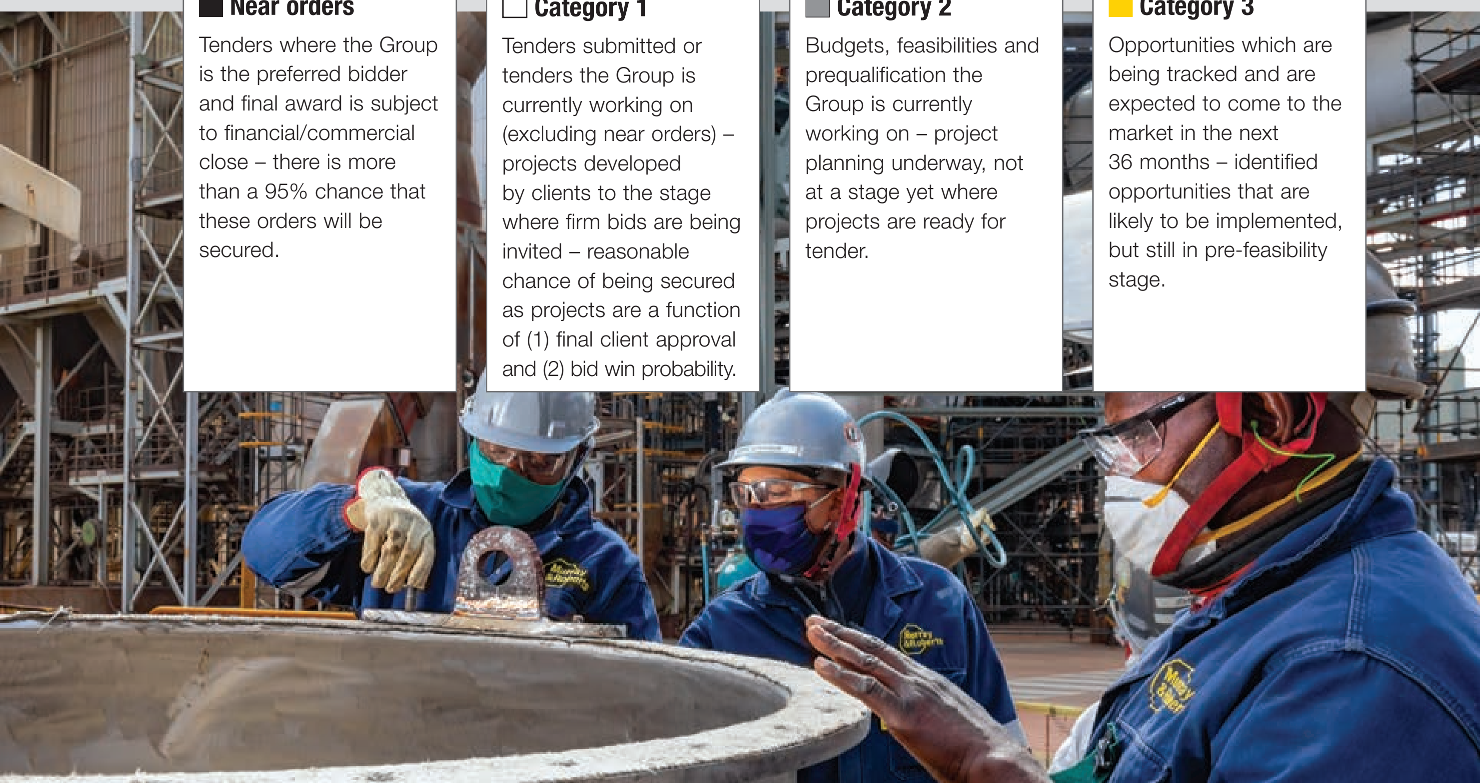
Tenders submitted or tenders the Group is currently working on (excluding near orders) – projects developed by clients to the stage where firm bids are being invited – reasonable chance of being secured as projects are a function of (1) final client approval and (2) bid win probability.

Category 2

Budgets, feasibilities and prequalification the Group is currently working on – project planning underway, not at a stage yet where projects are ready for tender.

Category 3

Opportunities which are being tracked and are expected to come to the market in the next 36 months – identified opportunities that are likely to be implemented, but still in pre-feasibility stage.



GROUP LEADERSHIP

The Board leads an experienced management team in aspiring to the highest standards of integrity as a well-governed, values-driven and ethical multinational organisation.

The Group has an accomplished Board, with competencies aligned to its strategy, and deep collective experience, relevant to the macroeconomic and socioeconomic realities of our markets. The Board's effectiveness is supported by the way it functions, which ensures that diverse and independent perspectives inform all deliberations.

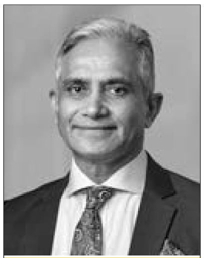
Three new non-executive directors, Clifford Raphiri, Billy Mawasha and Jesmane Boggenpoel, were appointed to the Board.

An effective governance structure aligned to King IV™ is in place and a clear organisational framework defines the relationships and decision-making rights between governing bodies and business platforms.

PG 68 Governance overview

ONLINE Full governance report

INDEPENDENT NON-EXECUTIVE DIRECTORS



	SURESH KANA Chairman	**RALPH HAVENSTEIN** Lead independent director
APPOINTED	01 July 2015	01 August 2014
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.
SKILLS AND EXPERTISE	Accounting, Finance, Strategic Leadership, Governance, Ethics	Petrochemical and Mining, Chemical Engineering, Strategic Leadership
COMMITTEES	RHR, NC (C)	RC, HSE (C), RHR (C), NC
QUALIFICATIONS	CA(SA), MCom	MSc (Chemical Engineering), BCom
EXPERIENCE	Former territory senior partner for PwC Africa	Former chief executive officer of Anglo American Platinum, former chief executive officer of Norilsk Nickel International
OTHER DIRECTORSHIPS	JSE Limited, King Committee on Corporate Governance	Northern Platinum, Reatile Group, Omnia Holdings, Hernic Ferrochrome

EXECUTIVE DIRECTORS

HENRY LAAS
Group chief executive

APPOINTED
Joined the Group in 2001.

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

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

SKILLS AND EXPERTISE
Mining and Engineering, Commercial Negotiations, Strategic Leadership

QUALIFICATIONS
BEng (Mining), MBA

EXPERIENCE
Former chairman of Murray & Roberts Engineering SADC, former managing director of Murray & Roberts Cementation, various senior management and executive positions within the Group since 2001

DANIËL GROBLER
Group financial director

APPOINTED
Joined the Group in 2010.

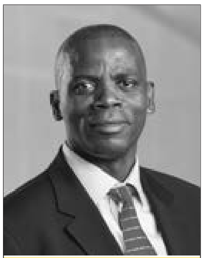
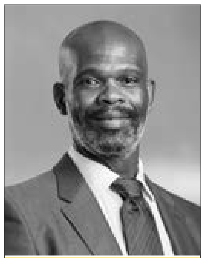
Appointed to the Board and as Group financial director in 2017.

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

SKILLS AND EXPERTISE
Accounting, Commercial Negotiations, Strategic Leadership, Corporate Finance

QUALIFICATIONS
CA(SA)

EXPERIENCE
Former managing director of Murray & Roberts Cementation, various leadership functions within the Group since 2010

JESMANE BOGGENPOEL	NTOMBI LANGA-ROYDS	ALEX MADITSI	BILLY MAWASHA	DIANE RADLEY	CLIFFORD RAPHIRI
					
1 April 2020	01 June 2013	23 August 2017	5 March 2020	23 August 2017	5 March 2020
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.					
Finance, Strategic Leadership, Governance, Investments	Human Capital, Law, Leadership, Governance, Strategy, Remuneration	Law, Commercial, Remuneration	Mining, Automotive, Strategic Leadership, Investments, Project Delivery	Accounting, Corporate Finance, Investment, Strategic Leadership	Operations and Human Capital, Engineering, Risk Management, Strategic Leadership
AS, RC	SE (C), RHR, RC, NC	RHR, HSE, SE	HSE, SE	AS (C), RC	AS, RC (C)
CA(SA), MPA	BA Law (Lesotho), LLB (Lesotho)	BProc, LLB, LLM	BSc. Eng (Electrical), AMP	CA(SA), MBA, AMP (Harvard)	BSc Eng (Mechanical), MBA
Former deal executive for Brait Private equity, former Head of Business Engagement Africa, World Economic Forum	Director of Companies, 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	CEO Kolobe Nala Investment Company, former Rio Tinto Country Head South Africa and MD of Richards Bay Minerals	Former chief executive officer of Old Mutual Investment Group, Former chief financial officer of Old Mutual SA	Former executive director of SAB (Pty) Ltd, former Chairman of Adcock Ingram Holdings Ltd
EOH Holdings, ETG Input Holdings, BMF Investments, Independent Regulatory Board for Auditors, Sybrin, AWCA Investment Holdings	Mpact, Redefine Properties, Europe Assistance Worldwide Services (South Africa), Kumba Iron Ore	Bidvest Group, African Rainbow Minerals, Famous Brands	Metair Investments	Base Resources, Transaction Capital, DG Murray Trust, Redefine Properties	Nampak, Energy Partners Holdings, Thesele Holdings, Talbot & Talbot Holdings

GROUP SECRETARY

BERT KOK
Group secretary

APPOINTED
Joined the Group in 2011.

Appointed Group secretary in 2014.

RESPONSIBILITIES
Ensures sound corporate governance and Board administration including director induction and training

SKILLS AND EXPERTISE
Corporate Governance, Company Secretarial, Administration

QUALIFICATIONS
FCG (CS), FCIBM

EXPERIENCE
More than 10 years as Listed Company Secretary, former (2010) President of Chartered Secretaries of Southern Africa.

COMMITTEES

AS	Audit & sustainability
RC	Risk management
HSE	Health, safety & environment
SE	Social & ethics
RHR	Remuneration & human resources
NC	Nomination
C	Indicates committee chair

GROUP EXECUTIVE

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
- e_2o

COMMITTEE PARTICIPATION
- Health, safety & environment

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

COMMITTEE PARTICIPATION
- Health, safety & environment

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 & reporting
- Information management and technology
- Murray & Roberts Properties
- Secretarial
- Taxation
- Treasury

COMMITTEE PARTICIPATION
- Audit & sustainability
- Remuneration & human resources
- Risk management
- Social & ethics

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.

- Aquamarine Water Treatment
- Murray & Roberts Power & Energy
- Murray & Roberts Water
- Murray & Roberts Mozambique Limitada
- OptiPower Projects
- Wade Walker

COMMITTEE PARTICIPATION
- Health, safety & environment

IAN HENSTOCK
Commercial executive

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

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

COMMITTEE PARTICIPATION
- Audit & sustainability
- Risk management
- Social & ethics

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. Thokozani oversees the Group's BBBEE and transformation plans.

- Risk
- Health, safety & environment
- Transformation

COMMITTEE PARTICIPATION
- Health, safety & environment
- Risk management
- Social & ethics

HENRY LAAS
Group chief executive

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

- Sustainable delivery of Group strategy and performance.

COMMITTEE PARTICIPATION
- Audit & sustainability
- Health, safety & environment
- Remuneration & human resources
- Risk management
- Social & ethics

MANAGING OUR MATERIAL ISSUES

In view of our external environment, the expectations of our stakeholders and the intent of our strategy, the Group's ability to create and sustain value rests on achieving sustainable growth.

This requires that we differentiate our services through a high degree of specialism and excellence in project delivery. Our material issues and associated priorities, which focus on the factors within our control, show how we intend to achieve these dimensions of sustainable value creation.

SUSTAINABLE GROWTH

01 BUSINESS MODEL RESILIENCE

- Leverage market positions to drive order book growth
- Further diversify earnings potential through organic and acquisitive means
- Manage liquidity and allocate capital effectively

02 CONTRACTOR OF CHOICE

- Deepen Group culture of *Engineered Excellence* through continuous learning
- Invest in digital solutions to improve safety, productivity and cost-efficiency in project delivery

03 EMPLOYER OF CHOICE

- Ensure leadership quality and depth through constant and proactive development
- Maintain competitive employee value proposition to retain and attract critical skills and to ensure flexible capacity

04 TRUSTED PARTNER

- Be respected as a values-led, ethical and responsible multinational
- Remain responsive to local circumstances and social needs

SUSTAINABLE BUSINESS

SUSTAINABLE COMPETITIVENESS

01 BUSINESS MODEL RESILIENCE

CONTEXT

The shape and rate of global economic recovery is uncertain in the near term.

The collapse in the oil price continues to weigh on commodity prices, but pending recovery expected.

Consensus forecasts see global economic recovery from late 2020 and into 2021, with a corresponding lift in commodity prices.

Variable dynamics across our target market sectors, with some proving highly resilient.

Solid medium-term pipeline of opportunities.

Long-term demand fundamentals for natural resources remain sound.

Prospects for mining investment in the near-term uncertain due to COVID-19 disruptions.

Mining majors have strong capital positions and are expected to continue with their investment plans.

Consensus forecasts assume commodity price recovery to pre-COVID-19 levels by 2021.

High growth potential in Australian infrastructure and resources markets.

COVID-19 impact in USA curtailed investment in upstream gas projects, but better prospects for downstream petrochemicals.

Addressable global gas opportunities expected to remain limited due to oil price weakness in the near term.

Natural gas, renewable energy and hydro power expected to increase as a percentage of the primary energy market in line with the move to a lower-carbon economy.

High-growth potential in transmission and distribution in sub-Saharan Africa in the short to medium term.

Increasing activity in renewable energy in South Africa.

Some evidence of increasing PPP activity in the water sector in South Africa.

Mozambique LNG opportunities expected to come to market in the short to medium term.

MATERIAL ISSUE

Leverage market positions to drive order book growth

GROUP

- Maximise growth potential in mining markets.
- Accelerate revenue replacement in resilient infrastructure, energy and resources market sectors in Australia.
- Secure projects in water and industrial market sectors in South Africa.
- Develop recently added service offerings by leveraging Group relationships and geographic footprint.
- Anticipate and respond to longer-term market shifts to position businesses for sustainable growth.

MINING

- Leverage proven resilience of regional operating model to drive order book replenishment.
- Expand existing businesses into new regions.
- Secure higher proportion of contract mining projects in the project portfolio.
- Optimise and innovate to grow market share and margins.

ENERGY, RESOURCES & INFRASTRUCTURE

- Leverage position in resilient Australian 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 in this important market.
- Grow the order book with a focus on long-term projects.

POWER, INDUSTRIAL & WATER

- Optimise OptiPower Projects' track record to win work in transmission, distribution and substation sectors.
- Secure further opportunities in power plant repair and maintenance.
- Secure opportunities in renewable energy, including solar and gas-to-power.
- Develop market share in resources and industrial market sectors.
- Establish scale in water business by securing wastewater and industrial water treatment opportunities.
- Grow Aquamarine market share in chemicals and components market.

MANAGING OUR MATERIAL ISSUES *continued*

01 BUSINESS MODEL RESILIENCE *continued*

MATERIAL ISSUE

Further diversify earnings potential through organic and acquisitive means

GROUP

- Pursue targeted geographic and service offering diversification.
- Optimise business potential from exposure to all phases of project life cycle phases, in particular operations and maintenance.
- Leverage strategic partnerships, based on best capacity, specialism, local understanding, as well as value system, safety and commercial alignment, according to specific project scope and requirements.
- Access new sources of annuity-type income through investment as project developer and operator.

MINING

- Increase commodities footprint where market outlook is positive.
- Acquire new service offering in open pit mining.
- Secure a greater proportion of total income from contract mining type projects, to counter market cyclicality.

ENERGY, RESOURCES & INFRASTRUCTURE

- Leverage position in resilient Australian infrastructure and resources sectors to secure further orders from a significant pipeline of opportunities.
- Expand service offering and market presence by leveraging synergies across the platform's geographic footprint.
- Target opportunities in the international LNG market with global clients.

POWER, INDUSTRIAL & WATER

- Expand project development and operations and maintenance service offering.
- Secure annuity-type income through operation and maintenance of wastewater treatment plants.
- Develop relationships with project equity and funding partners.

MATERIAL ISSUE

Manage liquidity and allocate capital effectively

GROUP

- Preserve liquidity by managing cyclical impacts on working capital due to:
  - Project performance.
  - Project delays and deferrals due to COVID-19 impacts and market conditions.
  - Upswings in activity as markets recover.
- Manage free cashflow in operations.
- Manage short-term liquidity facilities per platform.
- Cost management to achieve targeted overhead costs through the cycle.
- Manage financial impact of business closures and claims on projects:
  - Recover uncertified revenue on projects.
  - Manage costs associated with the closure of the business in the Middle East.

MINING

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

ENERGY, RESOURCES & INFRASTRUCTURE

- Reduce overhead costs to achieve a sustainable cost base.
- Manage costs incurred for business development and tenders to secure new work.
- Reduce working capital by recovering uncertified revenues through settlement of claims.
- Leverage a more cost-effective regional operating model, appropriate for an increasingly competitive marketplace.

POWER, INDUSTRIAL & WATER

- Reduce working capital by recovering uncertified revenues through settlement of claims.
- Expedite claims resolution.
- Develop external funding solutions to unlock project development opportunities.
- Reduce overhead costs in line with lower anticipated revenue.

MANAGING OUR MATERIAL ISSUES *continued*

02 CONTRACTOR OF CHOICE

CONTEXT

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 through different market cycles.

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.

MATERIAL ISSUE

Deepen culture of *Engineered Excellence* through continous learning

GROUP

- Strive for Zero Harm:
  - All injuries at work are preventable.
  - Focus on lead indicators to break through plateau in safety improvement.
  - Continue to develop, enhance and share interventions to maintain world-class safety performance.
  - Improve effectiveness in managing critical controls below supervisory level by evolving the MAP/CRM programmes.
- Minimise project losses through adherence to the Group's project management systems and standards, and respond swiftly and widely 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.
  - Aligning contracting standards with changes in commercial risk profile.
- Revise management KPAs to ensure adherence to Group commercial principles and standards.

MINING

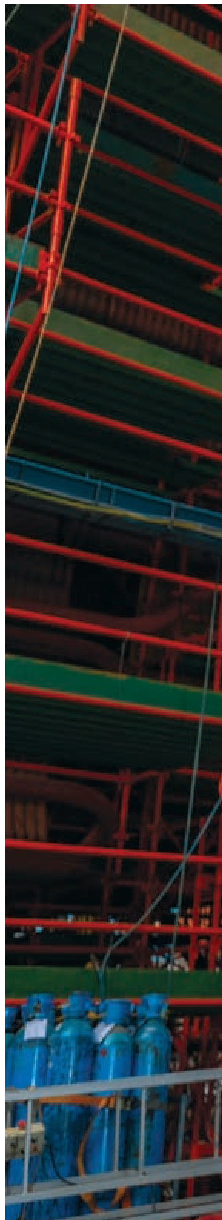
- Drive safety improvement through the management-led response plan, focused on increased management involvement in safety and risk management on project sites.
- Continue to reduce safety risk by assessing work practices and implementing risk mitigating controls, and expanding the role of technology in safety improvement.
- Introduce the CRM programme across the platform to improve critical risk management and proactive responses to safety challenges.
- Reduce people interaction through mechanisation, automation and remote control.
- Build a consolidated database of management information for the platform, which supports internal and external benchmarking.

ENERGY, RESOURCES & INFRASTRUCTURE

- Maintain world-class safety performance through real-time reporting and innovative approaches to HSE leadership training.
- Maintain safety management system accreditation to retain access to federal government funded work in Australia.
- Continue to apply MAP programme to drive improvements in safety.
- Consistently apply all lessons learnt from tender stage to project completion.
- Improve project delivery by ensuring alignment between 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.

POWER, INDUSTRIAL & WATER

- Maintain world-class safety performance and accelerate Neuroleadership programme to deepen safety culture maturity.
- Ensure compliance with all contracting standards.
- Maintain operational and commercial discipline throughout tendering process and project delivery.
- Effective resourcing of projects.



MATERIAL ISSUE

Invest in digital solutions to enhance safety, productivity and cost-efficiency in project delivery

GROUP

- Allocate resources to accelerate implementation of digital strategies at platform level.
- Accelerate technologically-enabled operations, by investing in and commercialising innovative and relevant technology.
- Establish appropriate technology partnerships.
- Build on the results of the Group digital readiness review.

MINING

- Refine platform digital strategy and three-year road map and adopt key digital initiatives.
- Support InSig Technologies in developing a digital platform for mining to improve efficiencies and margins, and create competitive advantage.
- Progress applications (the mining equivalent of a Building Information Modelling) for improved project control, and more accurate and efficient tendering.
- Expand the use of virtual and augmented reality in training, constructability reviews and on-site troubleshooting.

ENERGY, RESOURCES & INFRASTRUCTURE

- Implement three-year digital strategy to enhance efficiencies, safety outcomes and competitiveness.
- Adopt global technology standards, scalable applications and a data management framework to meet the demands of a global EPC business.

POWER, INDUSTRIAL & WATER

- Commercialise Organica Water wastewater treatment technology.
- Enable digitalisation in core and project support systems.

GROUP OVERVIEW
LEADERSHIP REVIEW
BUSINESS PLATFORM REVIEW
GOVERNANCE, RISK AND REMUNERATION REPORTS
SUMMARISED FINANCIAL RESULTS
SHAREHOLDERS' INFORMATION

MANAGING OUR MATERIAL ISSUES *continued*

03 EMPLOYER OF CHOICE

CONTEXT

The Group's value proposition to employees centres on our Values of Integrity, Respect, Care, Accountability and Commitment.

Our aspiration to be an employer of choice in all our markets enables us to retain and attract key skills.

Our value proposition and employee practices are designed to attract, develop, support and reward competent and high-performing individuals from diverse backgrounds, and to fully engage their innovation and creativity.

MATERIAL ISSUE

Ensure leadership quality and depth through proactive development

GROUP

- Continue to align leadership succession to diversity objectives in all platforms.
- Accelerate and support career progression of high-performing talent identified for future leadership roles.
- Align performance contracts with Group strategic objectives across platforms for middle management and above.
- Continue to deliver leadership development programmes, equipping potential successors with the competencies needed to lead in the future.

MINING

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

ENERGY, RESOURCES & INFRASTRUCTURE

- Enable more agile, efficient and cost-effective regional management structures.
- Embed EXECONNECT 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.

POWER, INDUSTRIAL & WATER

- Develop and mentor a high-performing core group of leaders and supervisors.

MATERIAL ISSUE

Maintain competitive employee value proposition to retain critical skills and to ensure flexible capacity

GROUP

- Continue to prioritise the safety of our employees and their families and minimise the impact of the COVID-19 pandemic on their livelihoods.
- Embrace international standards of social justice, decent work and human rights, while also aligning policies and procedures to the legislation and basic conditions of employment of the counties we operate in.
- Maintain the relevant accreditation of management systems in all platforms.
- Maintain effective employee wellness and 24-hour assistance programmes.
- 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.
- Host induction sessions for new employees to communicate Group Values, culture and performance expectations.
- 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 right-sizing operations during downturns and demobilising.

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.

ENERGY, RESOURCES & INFRASTRUCTURE

- Expand on the positive outcomes of the 2020 Employee Experience Survey, including formalising flexible working arrangements successfully tested during COVID-19 lockdowns.
- Continue to monitor feedback from well-being surveys to address physical and mental health concerns linked to COVID-19.
- Provide depth and variety of work experiences to attract and retain talent.

POWER, INDUSTRIAL & WATER

- Provide training and development interventions to develop a high-performing core group of artisans.

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MANAGING OUR MATERIAL ISSUES *continued*

04 TRUSTED PARTNER

CONTEXT

Maintaining stakeholder trust given intensifying activism, public scrutiny and expectations of greater transparency and reporting, is critical to the Group's resilience and sustainability.

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 global operator and respected multinational.

Being a responsible local corporate citizen that responds to social needs is critical to the Group's social licence to operate in countries and communities.

MATERIAL ISSUE

Be respected as a values-led, ethical and responsible multinational

GROUP

- Incorporate the Group's position on climate change and ensure consistency in its application.
- Instill Group frameworks, standards and Values in acquired businesses.
- Continued application of the Group's diversity policy.
- Maintain toll-free call line for the anonymous reporting of fraud, corruption or unethical behaviour.
- Uphold reputation for responsible and ethical conduct:
  - Comply with laws, standards and codes in all operations.
  - Senior management declaration on ethical behaviour every six months.
  - Conduct ongoing compliance and ethics training.
- 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.

MATERIAL ISSUE

Remain responsive to local circumstances and social 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 aligned with 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.

MINING

- Continue to implement diversity policies appropriate to regions of operation.
- Align to the Department of Minerals and Energy's recently published Mining Charter III, including local employment and procurement targets required of its clients, in South Africa.
- Develop the Boipelo joint venture with Amandla, a black-owned mining contracting company in South Africa.
- Progress joint ventures with First Nations groupings in Canada, and other local partners in Australia, Indonesia, Mongolia, Peru and Chile in executing projects in those countries.
- Promote inclusivity through the diversity work group in the North American operations.

ENERGY, RESOURCES & INFRASTRUCTURE

- Continue to implement the Gender Equality Plan with measurable targets for improving gender equality.
- Further embed the Reconciliation Action Plan to accelerate engagement among Aboriginal and Torres Strait Islander peoples.
- 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.

POWER, INDUSTRIAL & WATER

- Maintain BBBEE credentials to access opportunities in South Africa.
- Establish BBBEE partnerships in power maintenance, transmission and distribution, and water.
- Continue to work closely with clients, local community forums and leaders to manage economic and employment expectations.
- Develop local partnerships in East and West Africa to access new markets and sectors.


PIPE FITTER
Murray
&Roberts

02

LEADERSHIP REVIEW

CHAIRMAN'S STATEMENT

The Group's resilience relies on achieving strategic maturity in its business platforms – sufficient diversification across market sectors, regions and service offerings that encompass the full engineering and construction project life cycle. In 2020, the Group proved that this approach holds true, even in the face of great uncertainty.

With the caveat of an ongoing global pandemic, the Board remains confident that this market shock and the unprecedented global response, will not erode the Group's financial stability, nor delay its growth ambitions to an unmanageable extent. The Group is well positioned to benefit from new project developments as economic recovery unfolds in its market sectors, as well as from the opportunities emerging from the shift to lower-carbon and renewable energy sources.

Murray & Roberts is a multinational, specialist engineering and construction group, with a resilient business model and strategy. The Group has a significant order book and project pipeline to navigate market cyclicality, supporting the Board's positive long-term growth expectation.

It strikes me on re-assessing this proposition, that less than 10 years before this statement could be made, the Group had to approach shareholders for support. What followed was a period of recovery, in which the Group was stabilised and its credibility restored. This involved addressing a number of legacy matters, including complex claims, an unacceptable safety record, challenges to the Group's integrity, and significant corporate action needed to put the Group back on a sustainable path to growth.

Murray & Roberts' turnaround bears testimony to the foresight and determination of its Board and management. They appreciated, as recent corporate failures of companies with long histories and iconic brand names confirm, that longevity is no guarantee of sustainability in a fast-changing world. Only companies and their leaders, who are prepared to adapt to a changing business environment and to make improvements in how they operate, can credibly give some comfort of sustainability.

The Group's track record of dealing with challenges to its sustainability, shows that despite the pressures of a generally difficult external environment, and high stakeholder expectations, no undue trade-offs for short term gain were made at the expense of the Group's long-term strategic trajectory.

Going into this year, the Group had done well to diversify its international presence and enhance its market sector positioning, while also establishing itself in new, high-growth areas. The Group's target markets now include the resources, industrial, energy, water and specialised infrastructure sectors.

Although we are disappointed in the Group's financial performance – particularly the project failures that were inconsistent with our commitment to *Engineered Excellence* – the Group's safety performance is a source of pride.

To record no fatal incidents across a portfolio of more than 100 projects, for a second and consecutive financial year, and despite the risks added by the disruption and distraction caused by the COVID-19 pandemic, is a remarkable outcome.

It is distressing, however, that we lost a colleague on the first day of the new financial year. Wilfred Moleofi (33), who worked for OptiPower Projects, sustained fatal injuries while he and his colleagues were performing their duties at one of our projects in the North West province of South Africa. The Board deeply regrets Wilfred's death and offers its deepest sympathies to his family and friends. Fatalities and injuries at work are unacceptable and avoidable. We continue to focus on understanding and managing the complex interplay of factors required to ensure Zero Harm to our employees, and those exposed to our business activities.

Engineered Excellence is more than a philosophy, it is a commitment to consistently deliver excellence, supported by our Values, comprehensive policies, business systems and a well-established governance framework. It is an approach that brings rigour and discipline to everything we do and is meant to remove chance from the outcomes we seek. I believe that the Group's resilient response to COVID-19 is a demonstration of *Engineered Excellence* – a strength bound into the Group's culture.

> **GOING INTO THIS YEAR, THE GROUP HAD DONE WELL TO DIVERSIFY ITS INTERNATIONAL PRESENCE AND ENHANCE ITS MARKET SECTOR POSITIONING, WHILE ALSO ESTABLISHING ITSELF IN NEW, HIGH-GROWTH AREAS.**

COVID-19 AND THE 'NEW NORMAL'

We do not know how long the pandemic will last, but it will certainly take years to count its cost – and those costs in human, social and economic terms show no signs of retreat.

Although scientists have been warning for years that it was only a matter of time for a highly contagious and lethal virus to make the zoonotic jump from infected animals to humans – SARS, MERS and Ebola clearly showed the risk – our disaster preparedness plans could not have anticipated the impact of an unprecedented shutdown of global economic activity.

We also do not know what the post-pandemic world will look like and it might be the most challenging of times this generation has experienced. However, the green shoots of economic recovery are showing as investors around the world look optimistically at the extraordinary effort of the scientific community to develop a vaccine, and governments plan large-scale infrastructure investments to kickstart their economies.

Other uncertainties, some influenced by COVID-19 and others in play before, add to the downside risks to growth expectations for the world economy.

However, we enter this uncertain future with a significant, quality order book and confidence that our engineering and contracting services will be in demand, whatever the new normal might look like. But one cannot underestimate the extent to which a stuttering global economic recovery could slow down the flow of large capital projects.

It is our view that any effort at economic and social recovery will fail, if not built on the development of infrastructure that serves sustainable human development. Fixed capital formation, through long-term infrastructure investment, has shown repeatedly to be a reliable instrument for economic recovery.

CHAIRMAN'S STATEMENT *continued*

RESPONSIBILITY AND ETHICS

Agility must never be confused with cutting corners, especially in hard times. Our reputation, or the value of our integrity in the eyes of our stakeholders, has never been more important. Reputation capital, more than any other form of capital, determines long-term resilience. Crises illuminates true character, and stakeholders will remember our conduct during this pandemic long after the other impacts have faded into memory. With so many businesses under pressure to survive, we need to be vigilant to maintain the Values on which our reputation as a well-governed and ethical multinational rests.

Business partnerships are critical to our growth ambitions – it is through partnerships that we access the capacity and technology required to win and effectively deliver large, complex multi-disciplinary projects. It would not be possible or economical for us to develop or acquire such capacity in-house, where it falls outside of our scope of specialism. Without the right business partners who share our Values, and complement our expertise, many projects simply cannot get off the ground.

Our reputation, and the trust it instils, is built on our Values. As a strategic rather than a philosophical imperative, being purpose-led and values-driven is more important than ever. The Group's Purpose is to support sustainable human development, both through the services we provide and in the way that we advance the interests of our stakeholders – we seek to enable fixed capital investment that will allow people to live better lives. Thus, in our view, Murray & Roberts is not only a service provider to society, but an integral part of the social ecosystem.

Our commitments in this regard begin close to home as a South African group, albeit with an international footprint and presence. We remain committed to investing in the development of our employees, but economic circumstances will make it difficult to maintain the budgets previously devoted to this purpose. The pandemic has highlighted the dangers of socioeconomic inequality and the need for meaningful social and economic transformation, to limit the disproportionate impact that future systemic shocks may have on the most vulnerable and marginalised in our society.

Last year, I noted the Board's concern about the deterioration of national infrastructure in South Africa. That concern has grown, particularly as we witnessed the correlation between poor infrastructure and the spread of the pandemic. For example, it is an indictment against South African society that emergency measures had to be put in place so children in our schools had clean water to wash their hands.

This pandemic is proving that our national infrastructure is failing, largely due to a lack of ability at national and provincial level to fairly procure large capital projects. The impact of that incapacity is debilitating our industrial and social development. In this instance, notwithstanding that South Africa is a water-poor country, our water reticulation network continues to deteriorate and if it continues unchecked, it will not only impact our economic capacity, but also the health and productivity of the country's citizens.

Murray & Roberts would be highly supportive of a South African post-pandemic economic restoration programme that emphasises improvement and expansion of infrastructure. This would emulate what we are seeing in many of our other markets around the world, particularly in energy, water and industrial development. We are heartened that the cabinet recognises this potential and we are looking forward to seeing concrete measures in this regard.

More broadly, in view of global trends and increasing public and regulatory scrutiny on corporate responsibility for climate change, we published a Group position on the issue. We are exposed to coal mining, particularly in South Africa. In line with our position on climate change, coal-related projects can only be undertaken outside of South Africa with Murray & Roberts Limited Board approval. While we are committed to growing our service offerings in the cleaner energy sector, it is inescapable that South Africans still rely mainly on coal-fired power for their electricity supply, as cleaner forms of energy remain insufficient to meet base-load demand. Within this reality, we will continue to be selective in the coal projects we undertake.

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OUR REPUTATION, AND THE TRUST IT INSTILS, IS BUILT ON OUR VALUES. AS A STRATEGIC RATHER THAN A PHILOSOPHICAL IMPERATIVE, BEING PURPOSE-LED AND VALUES-DRIVEN IS MORE IMPORTANT THAN EVER.

We recognise that climate change poses significant risks to the global natural ecosystem. The world's growing demand for energy is likely to continue to increase greenhouse gas emissions and exacerbate climate change, unless environmentally-benign energy alternatives are adopted on a large scale. Apart from the business opportunity that we cannot afford to forego, a just transition away from fossil fuel dependence simply cannot happen overnight. Our response to this challenge is guided by our ultimate objective of sustainable value creation. Although our operations have an inherently low carbon footprint and demand for water, opportunities lie in our ability to assist our clients in transitioning their operations to a low-carbon and water-scarce future. Our aim is to be part of the solution, which we believe can only be delivered through a collective effort.

GOVERNANCE AND SHAREHOLDER MATTERS

The Board's strength does not lie in the individual skills and competencies of its members but in the way it functions, which ensures that diverse and independent perspectives are brought to bear on all deliberations. This diversity of perspectives allows us to approach matters with insight based on experience and professional scrutiny.

Shareholders will be aware that ATON abandoned their approach by not extending the Long Stop Date on the mandatory offer, ahead of the ruling of the Competition Tribunal. ATON's large shareholding has limited the trading liquidity of our shares and as our major shareholder, it has not yet publicly communicated its intention for its investment in Murray & Roberts. This has likely depressed the price of our shares.

After the restrictions to director changes imposed during the period of ATON's mandatory offer were lifted, we appointed three additional non-executive directors to the Board: Clifford Raphiri, Billy Mawasha and Jesmane Boggenpoel. Clifford was appointed as member of the audit & sustainability committee and as chairman of the risk management committee. Billy was appointed to the health, safety & environment and social & ethics committees. Jesmane was appointed as a member of the risk management and audit & sustainability committees. The new directors have completed a robust induction programme and I am confident they will make a meaningful contribution to the Board.

Keith Spence and Emma Mashilwane have stepped down as directors. The Board is indebted to them for their contribution and we wish them well with their future endeavours. Our sincere condolences go the Mkhwanazi family on Xolani Mkhwanazi's passing. His contribution and presence will be missed.

OUTLOOK AND APPRECIATION

As from March 2021, the Group's strategic evolution into a specialised engineering and contracting group will be more accurately reflected in a change to our classification on the JSE, from diversified industrials to the new engineering and contracting services subsector.

As we move forward there is no room for complacency. We have learned during this pandemic that predictive models and budgets are only as good as the information put into them. With many variables still unknown, we cannot claim certainty about the Group's prospects, and we have to be clear about the assumptions on which we are basing our expectations and plans for the future.

The Board is reassured by the significant, quality order book and its longevity, with an increasing proportion of orders now extending beyond two years. At the same time, we recognise that the risk of a second wave of the pandemic and the associated disruption and impact on investor confidence poses a threat to our ability to maintain or grow the order book from current levels.

Assuming that COVID-19 is brought under control, we have reason to be optimistic. Our secured base of longer-term projects and our positioning in markets that stand to benefit from short-term economic stimulus and longer-term structural shifts in the world economy, should translate into a strong recovery in earnings growth from the next financial year, with a sustainable growth trajectory thereafter.

Although guarded in our optimism, the demand fundamentals of the natural resources markets where we undertake most of our work, remain sound. A growing global population that is increasingly urbanised, the need for climate change amelioration and consensus that infrastructure development must be a cornerstone of economic recovery, combine to support confidence that we are in the right markets at the right time, and with the right value propositions.

The COVID-19 pandemic has brought a renewed appreciation of our interdependence. We have been reminded that it is the calibre of our management teams, the dedication of our employees, the support of our shareholders and the trust of our stakeholders, that equip us to navigate the headwinds and position ourselves for the tailwinds more effectively than ever before.

SURESH KANA
Group chairman

GROUP CHIEF EXECUTIVE'S AND FINANCIAL DIRECTOR'S REPORT

HENRY LAAS
GROUP CHIEF EXECUTIVE

DANIËL GROBLER
GROUP FINANCIAL DIRECTOR

Murray & Roberts is a multinational, specialist engineering and construction group, currently delivering some 100 projects across six continents.

Implementation of our strategy over the last five years, has developed and diversified our business platforms and established their competitive differentiation of *Engineered Excellence*. During this period, despite adverse conditions in our markets, steady strategic gains have positioned the Group well for the future.

Geographic and project life cycle diversification is at the core of our strategy, designed to achieve a more sustainable earnings profile, through often volatile market cycles. Our business platforms are well equipped to provide services across the engineering and construction value chain in their regional markets. This diversification creates a more balanced risk profile, exposing us to a wide range of contracting models, which in turn provide further opportunity to optimise earnings potential.

In the past three years, we have broadened our market focus to bolster the Group's response to market cyclicality, typical of the natural resources markets. This focus includes sectors presenting the best opportunities for growth, diversification and differentiation for each of the business platforms. The resources, industrial, energy, water and specialised infrastructure sectors are now included as target markets. Accordingly, the business platforms have been renamed to better reflect the markets in which they compete as specialist contractors.

The Oil & Gas platform has been renamed the Energy, Resources & Infrastructure ("ERI") platform and the Power & Water platform has been renamed the Power, Industrial & Water ("PIW") platform, to more accurately represent their target market sectors. The Underground Mining platform has been renamed the Mining platform, to reflect the Group's consideration of an open pit mining service offering.

Acquisitions remain important to the Group's long-term growth aspirations, especially where organic growth potential is limited, either as a result of market conditions or concentrated market shares. We have a bias for acquisitions in developed markets and in higher-margin market segments. The recent acquisitions across the platforms have provided entry into specific higher-growth regional markets.

In FY2020, the platforms focused on consolidating their market positions, integrating new acquisitions and growing their order books, which included intensifying their business development efforts in markets showing signs of recovery.

The Mining platform continued to perform well in the global metals and minerals market and maintained a good order book. Capital investment in the mining sector, mainly in brownfield expansions, held up even as concerns of a plateau in investment were escalated by the disruption and uncertainty accompanying COVID-19. The integration of the California-based business acquired last year, Terra Nova Technologies, was well executed and its earnings contribution was in line with expectation. The performance of the Boipelo joint venture, established last year, also met expectation. This joint venture works exclusively in the South African coal mining sector.

Earnings from both the ERI and PIW platforms were disappointing. Their frail markets, exacerbated by the impact of COVID-19, remained challenging. The lack of new investment in the Australasian oil and gas market and the delayed commencement of targeted large projects in this region, combined with project specific challenges, culminated in a difficult year for the ERI platform. The PIW platform was again held back by a lack of new project investments in South Africa. The platform had to embark on extensive restructuring to right-size the business, which compounded the challenge of working in a depressed market.

Nonetheless, ERI did well to broaden its market focus and establish itself in the specialist infrastructure and resources growth sectors in Australia, as well as the gas and petrochemicals sectors in the United States. During the year, the platform grew its order book by 71% to a historic high of R39,4 billion. This order book includes a healthy proportion of long-term orders, supporting prospects for a return to profitability in the new financial year.

The PIW platform secured no projects of any material value during the year. Considering the platform's relatively low revenue base, the effect of the COVID-19 lockdown restrictions on project delivery translated into an earnings loss for the year. The platform is, however, well positioned to participate in the LNG project developments in Mozambique. The commencement of the Mozambique Rovuma Area 1 LNG project, provides potential for larger-scale projects, with expected awards in the next 12 months. The integration of OptiPower Projects, acquired in the previous year, has been effective.

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OUR BROADER MARKET FOCUS INCLUDES SECTORS PRESENTING THE BEST OPPORTUNITIES FOR GROWTH, DIVERSIFICATION AND DIFFERENTIATION FOR EACH OF OUR BUSINESS PLATFORMS.

FINANCIAL PERFORMANCE

In terms of overall financial performance and prior to the impact of COVID-19, the Group was tracking well to meet its guidance of an improved performance in FY2020, relative to the previous reporting period. The direct profit impact of this pandemic on projects during the year is estimated at R622 million. This impact, combined with the impairment of an R80 million vendor loan relating to the sale of Genrec, now in business rescue, the impairment of R63 million relating to goodwill on two Group companies due to market uncertainty, and the impairment of R46 million of uncertified revenue on a claim, created a perfect storm for the Group. Execution challenges on a few projects, also disappointed.

Revenue from continuing operations marginally increased to R20,8 billion (FY2019: R20,1 billion). The Group reported a loss before interest and tax of R17 million (FY2019: R847 million profit) and an attributable loss of R352 million (FY2019: R337 million profit). A diluted continuing headline loss per share of 88 cents was recorded (FY2019: 114 cents profit). Cash, net of debt, before IFRS 16 adjustment, decreased to R0,7 billion (FY2019: R1,8 billion), and after IFRS 16 adjustment, to net debt of R0,1 billion.

Considering current market conditions, the Group is pleased to report a significant, quality order book of R54,2 billion (FY2019: R46,8 billion), providing a solid basis for improved future performance.

The Mining platform delivered a commendable result considering the R206 million COVID-19 profit impact. Revenue increased to R12,0 billion (FY2019: R10,9 billion) and operating profit decreased to R630 million (FY2019: R814 million). The order book decreased to R19,4 billion (FY2019: R22,8 billion), but is supported by a strong project pipeline.

In the ERI platform, revenue increased marginally to R6,9 billion (FY2019: R6,7 billion) and the platform recorded a disappointing operating loss of R454 million (FY2019: R98 million loss). This loss is reflective of the estimated COVID-19 profit impact of R179 million, a goodwill impairment of R33 million, challenging market conditions which caused a delay in project awards, and losses on two projects. One of the lossmaking projects formed part of the business acquired in the USA in 2019, where project losses far exceeded the warranties provided by the seller. The platform was however successful in securing an increased and strong order book of R34,4 billion (FY2019: R23,1 billion), supporting prospects for a return to profitability in the new financial year.

The PIW platform revenue and order book decreased to R2,0 billion (FY2019: R2,5 billion) and R0,4 billion (FY2019: R0,9 billion) respectively. Given the platform's relatively low revenue base, goodwill impairment of R29 million, uncertified revenue impairment of R46 million and the COVID-19 profit impact of R43 million, the platform recorded an operating loss of R44 million (FY2019: R32 million loss).

The Group's 50% investment in the Bombela Concession Company was severely impacted by COVID-19 and the restrictions and measures government enacted to limit the spread of the pandemic. The Gautrain was shut down for a period of 38 days in accordance with the South African lockdown regulations and has since commenced operations, although with capacity restrictions. Ridership remains very low and the duration of the impact is uncertain. Following a COVID-19 related R194 million impact of Murray & Roberts' investment in the concession, a profit of R119 million was reported for the year (FY2019: R306 million).

In FY2016 the Board decided to close the business in the Middle East. The final four projects have been completed during the year. In the current financial year, the Middle East operation was classified as a disposal group that was abandoned and as such has been classified as a discontinued operation.

The operating profit from discontinued operations was R19 million (FY2019: R146 million operating loss). This included an impairment of a vendor loan extended to the purchasers of Genrec, now in business rescue. This impairment and operating costs incurred in the Middle East, was offset by an exchange rate gain on intercompany loans to the business in the Middle East.

The arbitration outcome of the Dubai Airport claim was inconclusive and the claims and counter claims will have to be finally settled by the agreement between the parties.

> **"OUR ABILITY TO DELIVER ON EXPECTATIONS RELIES ON MARKET OPPORTUNITY AND ACHIEVING STRATEGIC MATURITY IN EACH BUSINESS PLATFORM. THIS WILL BE ACHIEVED THROUGH ORGANIC GROWTH, SUPPLEMENTED BY CAREFULLY SELECTED ACQUISITIONS AND BRACED BY OUR COMMITMENT TO *ENGINEERED EXCELLENCE.***

Net interest expense increased to R221 million (FY2019: R56 million) largely due to the implementation of IFRS 16 (Leases) and working capital management.

The effective rate of tax remains high, mainly due to withholding tax in foreign jurisdictions, as well as losses incurred in entities where future taxable earnings are uncertain. Consequently, no tax assets could be recognised on these losses.

STRATEGIC PERFORMANCE

Despite the uncertainty in the global economic outlook, we believe the *New Strategic Future* plan and the assumptions on which it is based, remain sound. In the year ahead, to support earnings growth in FY2021 and beyond, our focus will be on growing the order book, improving project execution, improving liquidity, progressing the digitalisation of our business and exiting the Middle East.

Our ability to deliver on expectations relies on market opportunity and achieving strategic maturity in each business platform. This will be achieved through organic growth, supplemented by carefully selected acquisitions and braced by our commitment to *Engineered Excellence*.

Realising earnings growth potential in uncertain markets

As the most strategically mature, the Mining platform has established a leading position in all major regional mining markets in the western world. The exception is in Australia, where we are progressing well to become a tier one contractor. The platform remains focused on expanding into new territories and improving operating margins.

Uncertainty about capital investment in the global mining sector has increased significantly due to COVID-19 disruptions and fears of retreating commodity demand. If investment levels do not show too much of a retreat, they should be sufficient to maintain the platform's order book at current levels in the medium term.

Given its high market shares in global underground mining markets, the Group's considering expanding the platform's offering to include open pit mining services to provide a step-change required to grow this business. To establish a meaningful position in this market segment will require an acquisition, which will diversify the platform's income streams beyond commodity exposure, geography and life cycle segment, to mining type. Expanding into open pit mining will also enable the platform to secure a greater proportion of its total income from contract mining projects, in line with its strategic objective to derive at least half of total earnings from this annuity-type income.

The shift to different segments of the mining sector was put in progress last year with the acquisition of TNT, which supplies material handling services to mining operations. TNT is well established in the Americas and expanding its services into Africa and Australasia, by capitalising on the platform's regional relationships, presents a strong opportunity.

For the ERI platform, the infrastructure and resources market sectors in Australia, is expected to remain buoyant over the next decade. The country's economic recovery will rely heavily on state-funded investment in public infrastructure, with annual transport infrastructure expenditure over the next five years, expected to peak at AU$22 billion in 2023. Mining majors in Australia are forecasting a collective capital project spend of over AU$3,5 billion per year for the next decade. In the United States, the energy market presents opportunity and Clough USA is considering several partnerships that will make it a strong contender for EPC contracts. We expect the United States to become the platform's largest market by revenue in the medium term.

The signs seen last year of new capital investment in the global oil and gas market have translated into a number of projects in the planning stages, but further delays in final investment decisions are likely in the short to medium term. No new LNG projects are expected to reach final investment decision in the 2020 calendar year. However, as a cleaner feedstock for power generation, LNG demand is expected to recover as the global transition to a low-carbon economy gathers momentum. Renewable energy project opportunities are also expected to accelerate as global activism on climate change intensifies.

Opportunities in the specialist infrastructure and resources sectors in Australia and the United State's gas and petrochemicals sectors, will in the short to medium term enable ERI to achieve its expected earnings contribution. We believe our expectation of a return to profitability from FY2021 is realistic, even as the global energy market takes time to recover. Obvious downside risks to this expectation include further delays in the award of new projects, specifically in a COVID-19 constrained environment.

The platform's businesses in the United States have been consolidated as Clough USA under an experienced management team. The focus is on growing the order book in this region, after being awarded the multi-billion rand Next Wave petrochemical project and its successful delivery. Executive management structures across the APAC, Americas and EMEA are now firmly established.

The PIW platform's scope for growth and diversification, as a regional business focused on sub-Saharan Africa, is more limited than the two international platforms. It is dependent on the level of fixed capital formation in its markets and the effectiveness of the policymaking and procurement processes that support it. Apart from the LNG investments in Mozambique, which will present opportunity from FY2022, capital investment in the platform's target market sectors across sub-Saharan Africa is expected to remain limited. The exception is overland power transmission and distribution in the short to medium term, and OptiPower Projects is well placed to secure a sizable share of this opportunity. Several projects in sub-Saharan countries are at advanced stages of development and implementation, and South African state-owned utility Eskom has transmission tenders under adjudication to an estimated value of R2,5 billion.

With South Africa's economic recovery stimulus to be channelled through state-owned enterprises and significant investment in public infrastructure projects, opportunities should accelerate. The necessary structural reforms and policies, including the formal approval for private sector power generation to supply the national grid, have been initiated for the implementation of the country's Integrated Resource Plan 2050. Indications are that the next tranche of projects under REIPPP is imminent, although stated timelines have proven unreliable in the past.

Investment in the South African water sector continues to be limited and fragmented. The PIW platform was awarded the Athlone wastewater project in Cape Town and aims to secure additional work from the City of Cape Town's pipeline of water resilience projects. The successful performance of the Organica Water resource recovery demonstration facility at Verulam, has positioned this technology favourably in the local market, with an in-principle agreement to relocate the facility to the V&A Waterfront.

It has been an ardous journey to extract ourselves from the Middle East. The business in the Middle East was classified as a discontinued operation during the year under review. Considering the progress made in the complex legal processes required to close out our remaining projects and to secure our entitlements in the Middle East, we are reasonably confident that our exit plan will be achieved within the next calendar year.

FOCUS ON *ENGINEERED EXCELLENCE*

Realising the growth potential of our platforms relies on consistently delivering safe, well executed and profitable projects. This outcome is reinforced by our Values and realised through our culture of *Engineered Excellence*. It is supported by the application of the related policies, systems, principles and practices, which enable our platforms to differentiate their services beyond competitive pricing.

Zero Harm

Nowhere is this focus on excellence clearer than in our approach to safety. The continuous improvement in the evolution and diligent application of our Groupwide HSE system has measurably enhanced the maturity of the Group's safety culture.

The Group recorded a second consecutive year without any fatalities. This is a major achievement, albeit tempered by a deterioration in the mining platform's injury rates. The Group's safety performance compares to the best in the world in our market sectors and we continue to work towards achieving Zero Harm. However, we are deeply saddened by the death of our colleague, Wilfred Moleofi, on the first day of the new financial year. We extend our sympathy to his family and friends.

Many of our projects are demonstrating that production, quality and safety performance go hand in hand. Notwithstanding the perennial challenge of resourcing projects with suitably qualified skills, newly acquired businesses, joint venture partners and subcontractors are expected to align with our safety systems. As a multinational business, we are alert to the fact that we deal with an array of local factors, such as cultural and social differences, that often influence safety performance.

Strategic partnership is a necessity given the scale and complexity of projects undertaken by the Group. Identifying and managing these partnerships effectively is an important driver of value, and cultural and operational alignment is critical in this regard. Our participation in joint ventures is subject to the adoption of our safety systems and adequate representation in HSE, commercial and project leadership roles.

To help our employees deal with the personal impacts of COVID-19, we have provided additional services to support their physical and mental well-being. The focus has been on COVID-19 self-assessments and testing (where eligible) at project sites and those working under isolation from home. We continue to manage the realities of varying COVID-19 impacts across the business and maintain appropriate health risk controls based on health advice and local government directives.

Commercial and project management

Costly failures on certain projects deflated our profit expectations for the year. These failures were further impacted by the unexpected and uncontrollable disruption caused by COVID-19 to our projects and markets during the second half of the year. Poor project delivery also compromises the quality of the Group's order book and to protect our margin expectations, it is essential that all the dimensions of *Engineered Excellence* are applied across the Group.

Lessons were learnt and corrective actions taken in instances where procedures were flouted. In the cases where losses were due to factors beyond our control, negotiations are underway to seek commercial settlement. In the year ahead, focus will be on ensuring that our project and commercial management systems are applied without exception.

Contractor and 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 management and technical expertise. This turns on us being recognised as an employer of choice in our industry and countries of operation. As the skillsets required by organisations in the digital era are changing, so our attractiveness to a new generation of employees has to keep up the pace.

Our value proposition to employees includes career advancement opportunities through experience on high-profile projects, as well as training, education and mentorship, together with a values-driven ethos. As a multinational organisation, a diverse workforce contributes to an improved business performance and supports our social licence to operate. The Group diversity policy guides our businesses in their responses to the diversity priorities of the countries and cultures in which they operate.

Digitalisation

In our previous report, we outlined the increasing role that digital systems and solutions will play in the way we do business.

During the year we commenced a Group digital readiness review, which showed that our platforms are at different stages of readiness. Digitalisation presents a range of opportunities and relevant digital strategies are being developed by each platform. The opportunities being considered are those that will improve productivity, safety and efficiency. Investment in the implementation of key initiatives will be required to create a competitive edge as a specialist contractor, as productivity optimisation and solutions innovation become a standard expectation among clients.

CREATING SHAREHOLDER VALUE

The expectations for economic recovery after the pandemic and its potential impact on our business are uncertain and revised frequently. However, the relevance of natural resources – of commodities, utilities, energy and infrastructure – to a post-COVID-19 world and the Group's diversified exposure to these market sectors, support our view of earnings growth, especially from FY2022/3.

The International Monetary Fund estimates that the global economy will contract by some 3% in 2020 due to the disruption caused by COVID-19. While most analysts are forecasting a recovery in commodity prices during the second half of 2020 and into 2021, these forecasts remain highly uncertain.

The Group has several tenders under adjudication and we believe clients will proceed with most of these projects, although some awards may be delayed, as clients consider the effects of COVID-19 on their investment decisions. The Group's significant order book, however, is expected to provide a solid platform for improved future performance.

During the past decade, the Group has faced challenges to its stability, sustainability and reputation. Having successfully dealt with and recovered from these experiences, we have not only improved our competitiveness, but also our relationships with our stakeholders. This should give all stakeholders confidence in the Group's resilience in these unpredictable times.

HENRY LAAS
Group chief executive

DANIËL GROBLER
Group financial director

"THE RELEVANCE OF NATURAL RESOURCES – OF COMMODITIES, UTILITIES, ENERGY AND INFRASTRUCTURE – TO A POST-COVID-19 WORLD AND THE GROUP'S DIVERSIFIED EXPOSURE TO THESE MARKET SECTORS, SUPPORT OUR VIEW OF EARNINGS GROWTH, ESPECIALLY FROM FY2022/3.

03

BUSINESS PLATFORM REVIEW

MINING

MIKE DA COSTA
Platform CEO

The platform was renamed to reflect the Group's consideration of its service offering extension into the open pit mining sector. The platform operates globally and its services span the project life cycle, including feasibility studies, specialist engineering, vertical and decline shaft construction, mine development, specialist mining services such as raise boring and grouting, underground construction, contract mining and material handling solutions.

THE PLATFORM'S BUSINESSES:

CEMENTATION AMERICAS

Cementation AG
Salt Lake City, USA

Cementation Canada
North Bay, Canada

Cementation USA
Salt Lake City, USA

Merit Consultants International
Vancouver, Canada

Terra Nova Technologies
Santee, USA

MURRAY & ROBERTS CEMENTATION

Murray & Roberts Cementation
Johannesburg, South Africa

Murray & Roberts Cementation Zambia
Kitwe, Zambia

Murray & Roberts Cementation Ghana
Accra, Ghana

RUC CEMENTATION MINING

Perth, Australia

AS ONE OF THE LARGEST UNDERGROUND MINING CONTRACTORS IN THE WORLD, THE PLATFORM HAS SIGNIFICANT MARKET SHARES IN THE JURISDICTIONS IN WHICH IT OPERATES.

OVERVIEW

The platform is currently engaged on projects in Australia, Indonesia, Mongolia, Kazakhstan, South Africa, sub-Saharan Africa, Canada, USA, Mexico and Chile. These include 15 shaft sinking, equipping and shaft rehabilitation projects, 10 decline shaft and mine development projects, 10 production mining projects, 24 support and construction projects, and nine major ore handling infrastructure construction projects. From a total fleet of 52 raise drilling machines, 33 are currently deployed globally on projects.

The severe disruption to the world economy caused by COVID-19, and the measures taken in response to the pandemic, hit the global mining industry hard. In most jurisdictions, mining operations were forced to shut down to meet regulations aimed at curbing the spread of the virus.

The pandemic-related interruption to some of our projects affected the platform's FY2020 performance. Despite this setback, the platform achieved an acceptable financial result for the year. Consensus among most market analysts is that the world economy will begin to recover in late 2020 and into 2021, with a corresponding recovery in commodity prices. Most mining companies have robust balance sheets, and should continue with their planned capital investment programmes. The platform has had few COVID-19 related project cancellations and its order book is robust, with a strong pipeline of near orders. Tender departments in all businesses remained busy throughout the year.

PERFORMANCE

The platform delivered a commendable result considering the R206 million COVID-19 profit impact. Revenue increased to R12,0 billion (FY2019: R10,9 billion) and operating profit decreased to R630 million (FY2019: R814 million). The order book decreased to R19,4 billion (FY2019: R22,8 billion), but is supported by a significant project pipeline.

As a leader in the international underground mining contracting market the platform has been able to navigate this challenging environment better than many of our competitors, allowing us to grow our market share. The platform's operating model, of three fairly autonomous regional businesses, has been an advantage as the limitations to the movement of people and interruptions to international supply chains have had less of an impact.

At the FY2020 half year, the platform's revenue and earnings were in line with the comparative period last year. In early January 2020, COVID-19 related disruptions impacted the platform's performance in the second half of the year. The value of the order book was also reduced compared to the end of the prior financial year, mainly due to a decline in orders in Cementation Americas. Given our confidence that significant near orders will be secured, we expect the value of the order book to increase during the first quarter of FY2021.

The platform's businesses experienced varying impacts of COVID-19 largely due to the containment measures imposed by clients and the countries in which they operate.

CEMENTATION AMERICAS

The business delivered an outstanding performance for the year, notwithstanding the impact of COVID-19 and the unexpected loss of two major contracts. Thirteen projects were either curtailed or suspended for up to three months, as clients acted to limit the spread of the virus among employees and neighbouring communities. The business responded with various initiatives to minimise costs and manage cash.

Losing the Kirkland Lake Gold, Macassa #4 Shaft sinking project early in the financial year, after the client decided to self-perform the work, and the loss of Nevada Copper's Pumpkin Hollow project, midway through the financial year, constrained revenue and earnings as well as order book growth. The replenishment of the order book remains a high priority for this management team.

MURRAY & ROBERTS CEMENTATION

The business performed exceptionally well, considering the difficult operating environment in Southern Africa, which was compounded by the impact of COVID-19. The strict lockdown in South Africa from the end of March closed the mining industry for four weeks, after which restrictions were eased to allow mines to operate at half capacity. Further easing at the beginning of June saw mines resume full operations. Many clients invoked Force Majeure in their contractual obligations and did not compensate contractors for any costs incurred during the period that work was suspended. The Group's decision to support employees by paying them in full during the lockdown also affected revenue and earnings.

Adding to the COVID-19 impact, a major contract for Glencore's Mopani Copper Mining Company in Zambia was cancelled during March, with the client placing the operation in care and maintenance.

Order book value was in line with the end of FY2019 and is expected to strengthen with significant near orders that should convert to orders in the near term.

RUC CEMENTATION MINING

The business had a difficult year. The shaft sinking project at Oyu Tolgoi in Mongolia suffered a number of delays, with commencement of shaft sinking work impacted by pre-sinking construction work falling behind schedule in the first half of the year. Further delays came as Mongolian borders closed in early January 2020. The shutdown significantly disrupted the movement of people and supply chains, with most equipment and fabricated infrastructure supplied from China. This forced the client to place the project in care and maintenance. With restrictions still in place, it is uncertain when the project will restart.

Underperformance on a contract in Australia also weighed on performance. All projects in Australia were able to operate with limited COVID-19 related disruptions. The Freeport project in Indonesia remained open and has continued to deliver good results, despite travel restrictions.

The order book value was maintained at a similar level to the end of the previous financial year.

BUSINESS MODEL RESILIENCE

The platform's operating model empowers the respective management teams to execute their mandates, based on a deep understanding of their regional markets, mining cultures, and local networks.

To build on the successes already achieved, the platform will focus on two primary objectives: driving growth, and deepening *Engineered Excellence*.

DRIVING GROWTH

Organic and acquisitive means will be required to sustainably grow platform earnings.

Plans for organic growth include:

- Increasing market share in regions where the platform currently operates;
- Expanding existing businesses into new regions, specifically Mexico, Chile, Peru, Africa (outside of South Africa and Zambia), and Kazakhstan;
- Achieving a higher proportion of contract mining in the project portfolio; and
- Improving project delivery and margins.

Acquisitive growth will need to satisfy the following measures:

- Diversify the platform's services into open pit mining;
- Significantly increase the proportion of contract mining in the project portfolio;
- Potential to expand into new regions; and
- Significantly increase the platform's earnings profile.

CONTRACTOR OF CHOICE

ENGINEERED EXCELLENCE

Engineered Excellence demands that we strive for excellence in everything that we do. Deliberate planning, measurement and control is required to be widely recognised as a contractor of choice in our market sector.

Over the next year, the platform will focus on improving excellence in:

Safety and risk management

- Improving risk assessment processes and higher-level controls;
- Strengthening the CRM programme to improve critical risk management and reporting, and more proactive responses to safety challenges; and
- Reducing people/process interaction through mechanisation, remote control and automation.

Productivity levels

- Sharpening accuracy of execution;
- Improving daily, short-term and medium-term planning;
- Applying short interval control systems for more effective and timely responses to process interruptions;
- Maximising the 24-hour day through remote control and automation; and
- Improving equipment availability and utilisation.

Asset performance

- Tracking equipment movements underground in real time;
- Monitoring fixed and mobile equipment operating data to improve performance and eliminate wastage;
- Condition monitoring of major components on mobile and fixed equipment to support a predictive maintenance philosophy; and
- Improving maintenance practices.

Strategic procurement

- Building a consolidated global procurement database;
- Identifying opportunities for global supply contracts with better terms than those secured on a regional basis; and
- Exploring alternative asset ownership models that allow better leverage of global spending power and reduce the drag on working capital of idle equipment.

Management information

- Consolidating a database of management information for the platform;
- Benchmarking performance internally and externally; and
- KPI reporting on all major projects, to provide more granular and accurate visibility of project performance at platform level.

PROJECT DELIVERY

Murray & Roberts Cementation has a formal Project Management Assurance Framework that ensures management and control of each project phase. It formalises a gated process that does not allow project progression, unless all requirements of the preceding phase are met and permission has been obtained to proceed to the next phase. The framework specifies five phases: tendering; start-up; planning; execution; and close-out of projects. The introduction of a similar framework to Cementation Americas and RUC Cementation Mining will be explored during FY2021.

CEMENTATION AMERICAS

GLENCORE: ONAPING DEPTH SHAFT

The project scope involves the detailed design and construction of headworks, sinking plant, permanent hoisting plant, shaft, furnishings and conveyances. A sub-vertical shaft, with collar elevation at 1 150m below surface, will be sunk to a depth of 1 480m below collar. The project is on schedule, with the pre-sink completed. Assembly of the hoists is nearing completion, with the construction and commissioning of the stage almost complete. The headgear and sheave deck are under construction.

ALAMOS GOLD: YOUNG DAVIDSON

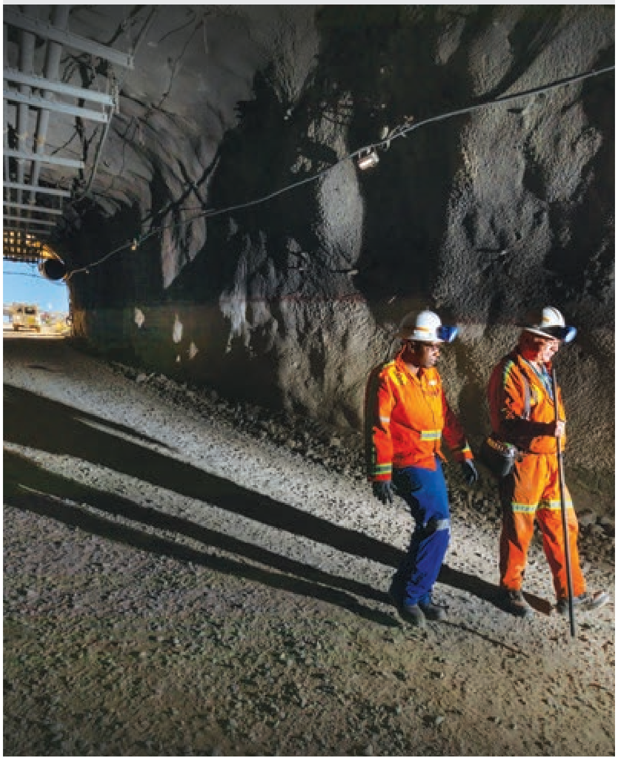
The Lower Mine Expansion at the Young Davidson mine was completed in July 2020. Total hoisting capacity will increase to a nominal 8 000 tonnes a day from the 1 500m level, increasing throughput by about 14%. The excavation and construction scope included a shaft loading pocket, including conveyor and ore/waste bins, a loadout system, crushers, rockbreaker station, shaft pentice removal and commissioning of new ropes and skips. This work completed the third leg of the mine hoisting system and culminated in almost 10 consecutive years on site.

RIO TINTO: RESOLUTION COPPER #9 SHAFT

The project scope involves the detailed design of the sinking plant, surface infrastructure, shaft, furnishings and conveyances, as well as the reconditioning and deepening of the shaft to a depth of 2 150m below surface. The project is in the main sinking and construction phase and is on schedule.

LUNDIN: EAGLE MINE

The project scope involves a full-service contract for the life of the mine. The development of a decline ramp to reach a satellite orebody to extend life of mine, has been completed and mining of the new orebody has commenced. This project has been LTI free from inception and consistently delivers around 60 000 tonnes of ore per month, regularly meeting and exceeding the client's expectations.



MINING *continued*

MURRAY & ROBERTS CEMENTATION

DE BEERS: VENETIA MINE

The project scope is to construct the required infrastructure to transition the mine from an open pit to an underground mine. The sinking of two 1 080m deep shafts has been completed. The equipping of the production shaft and shaft infrastructure development is underway. The decline ramp access system has reached the first production level, which is under development.

KALAGADI: MANGANESE MINE

The project scope is to complete ore development, production ramp-up and contract mining for the first five years of operation. Initial challenges required the completion and de-bottlenecking of the existing underground and surface ore handling infrastructure, which delayed the ramp-up of production. However, good progress with the de-bottlenecking will enable project teams to accelerate production.

PALABORA MINING COMPANY: PALABORA MINE

The project scope is to sink a 1 000m deep ventilation shaft. Other than delays due to COVID-19 progress is on schedule. The pre-sink was completed and construction work, ahead of the main shaft sink, is progressing well.

RUC CEMENTATION MINING

RAMELIUS: EDNA MAY GOLD MINE

The project scope includes developing a decline shaft, ore development and production mining, as well as mining support services. Work is progressing well with the project team delivering around 50 000 tonnes of ore a month and meeting most monthly KPI targets on a consistent basis.

FREEPORT: OPERATIONS

The project scope entails shaft construction, installation, operation, maintenance and support of rail chutes at Grasberg Block Cave, as well as shaft operation, maintenance and production mining at Big Gossan. Performance on this project site continues to be outstanding with the team consistently exceeding monthly KPI targets.

RIO TINTO: OYU TOLGOI MINE

The scope of work, part of the GCR joint venture contract, is to construct the surface infrastructure, sinking and associated infrastructure for two large-diameter shafts, and an underground crusher and ore flow infrastructure. This project has been severely impacted by the COVID-19 related shutdown, resulting in the client placing the shaft sinking projects on care and maintenance. Shaft 4 sinking infrastructure is complete and commissioned and sinking can begin as soon as work is allowed to resume. Shaft 3 sinking infrastructure construction will resume when the project restarts.

TOWARDS ZERO HARM

Murray & Roberts Cementation has operated for four years and nine months without a fatality, Cementation Americas for five years and six months and RUC Cementation Mining for two years and eight months.

Unfortunately, the LTIFR increased 27% to 1.37 (FY2019: 1.08) and the TRCR deteriorated by 3% to 6.60 (FY2019: 6.41). The biggest contributor to the deterioration in LTIFR was seen in Cementation Americas. A management-led response plan, which focused on increased leadership involvement in safety and risk management on site, resulted in a significant improvement with no LTIs being recorded since February to the end of FY2020.

The platform's safety focus in the year ahead will also include:

- Continuous work to reduce safety risk through comprehensive risk mitigating controls.
- Embedding neuroleadership principles in our leadership training programmes.

COVID-19 remains a significant health risk. Procedures, risk assessments, audits, screening and testing protocols have been developed and implemented.

DIGITALISATION

Progress has been made in developing remote control and automation applications through a collaborative effort between RUC Cementation Mining and InSig Technologies. In the next year, the platform will refine its digital strategy and finalise the roadmap for the next two to three years.

Main focus areas over the next 18 months will be:

- Support InSig Technologies in developing a digital mining platform. The platform will have exclusive access to and use of the related applications, supporting its efforts to improve efficiency and margins. Successful commercialisation of this digital platform is expected to create significant competitive advantage.
- Evolve the Operational Mine Management application into the mining equivalent of a Building Information Modelling application that can be used to significantly improve project control, and more accurate and efficient tendering.
- Create a platform database for management reporting and KPI management.
- Expand the use of virtual and augmented reality in training, constructability reviews and onsite troubleshooting.

The platform is also the sponsor of the Murray & Roberts Research Chair in Industry Leadership 4.0 at the University of Pretoria in South Africa. The objective is to conduct research into the leadership changes needed to accelerate the adoption of new technology in mining practices. The first post graduate students have been enrolled.

EMPLOYER OF CHOICE

LEADERSHIP AND SUCCESSION

We are pleased to welcome back Trevor Naidoo as platform chief financial officer.

Good leadership is critical to *Engineered Excellence*. To this end, each of our businesses have leadership development programmes designed to provide training and coaching. High-performing individuals are identified through a structured performance management process. Those earmarked for succession join the Talent Management Programme, which includes a personal development plan and mentoring relationship with a senior colleague. Their progress is reviewed periodically by a panel of senior executives.

BEST PEOPLE PRACTICES

A Groupwide performance management system is in place. Employees and their managers or supervisors agree on performance contracts and development plans, which are evaluated twice a year and linked to appropriate performance-based rewards.

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

The platform has a strong training and development ethos and its two world-class training facilities, one in South Africa and a recent addition in Mongolia, have been recognised for their significant contribution to skills development in their respective regions. These training centres not only cater for the platform's training needs, but also supply a training service to many of our clients. In South Africa, the training centre also delivers training for learnerships sponsored by the Mining Qualifications Authority.

Employee relations are sound across all businesses. In South Africa, where the workforce is unionised, management have professional and constructive relationships with union representatives and officials. No significant strikes or work stoppages occurred at any of our projects during the year.

MINING *continued*

TRUSTED PARTNER

ETHICS MANAGEMENT

Values-led and ethical conduct is the foundation of our intention to be recognised as a trusted partner wherever we work. Senior management are required to complete a declaration twice a year to confirm that they are aware of the Group's anti-corruption and bribery policies and are not aware of any instances where these policies have been breached. For every tender that is submitted, those involved in compiling the tender, together with the managing director of the company, formally declare that there was no unethical behaviour involved in the compilation of the tender.

All businesses have an anonymous call line that can be used to report incidents of fraud, corruption or other unethical behaviour. The administrators of the call line refer complaints to management, which are thoroughly investigated and appropriate action taken.

DIVERSITY AND LOCALISATION

The businesses employ diversity policies appropriate to their regions of operation.

In South Africa, Murray & Roberts Cementation met its transformation targets for FY2020, achieving a Level 2 BBBEE score.

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

Murray & Roberts Cementation established the Boipelo joint venture with Amandla, a black-owned mining contracting company, during FY2019. Boipelo is 51% owned by Amandla and provides contract mining services to the coal mining industry in South Africa. The joint venture performed well during FY2020 and is poised to win more work and grow into a successful mining business. Murray & Roberts Cementation also has local partners in other countries in Africa and local opportunities are pursued in joint venture with them. A recent example is the contract awarded in Namibia by B2 Gold to Murray & Roberts Cementation in joint venture with Lewcor, a local Namibian company.

Cementation Canada has joint ventures with First Nations groupings, which tender for work in the territories where they are resident. The company also works with local partners in Peru and Chile in the execution of projects in those countries. The business has a diversity policy and has established a work group to identify barriers that inhibit diversity in the organisation. The work group made good progress in the year, identifying actions to promote inclusivity and increased diversity.

RUC Cementation Mining also has a diversity policy and employs a highly diverse workforce. A large percentage of local people are hired to resource the business's international projects, currently in Indonesia and Mongolia.

PROSPECTS

COVID-19 has significantly disrupted the world economy and the shape and rate of recovery remains uncertain. However, commentary from mining clients suggest that most will return to their investment plans from 2021 onward. Against this backdrop, the platform expects to deliver earnings for FY2021 in line with last year.

Senior management's attention on tangible measures to improve safety performance should support a better LTIFR in the coming year.

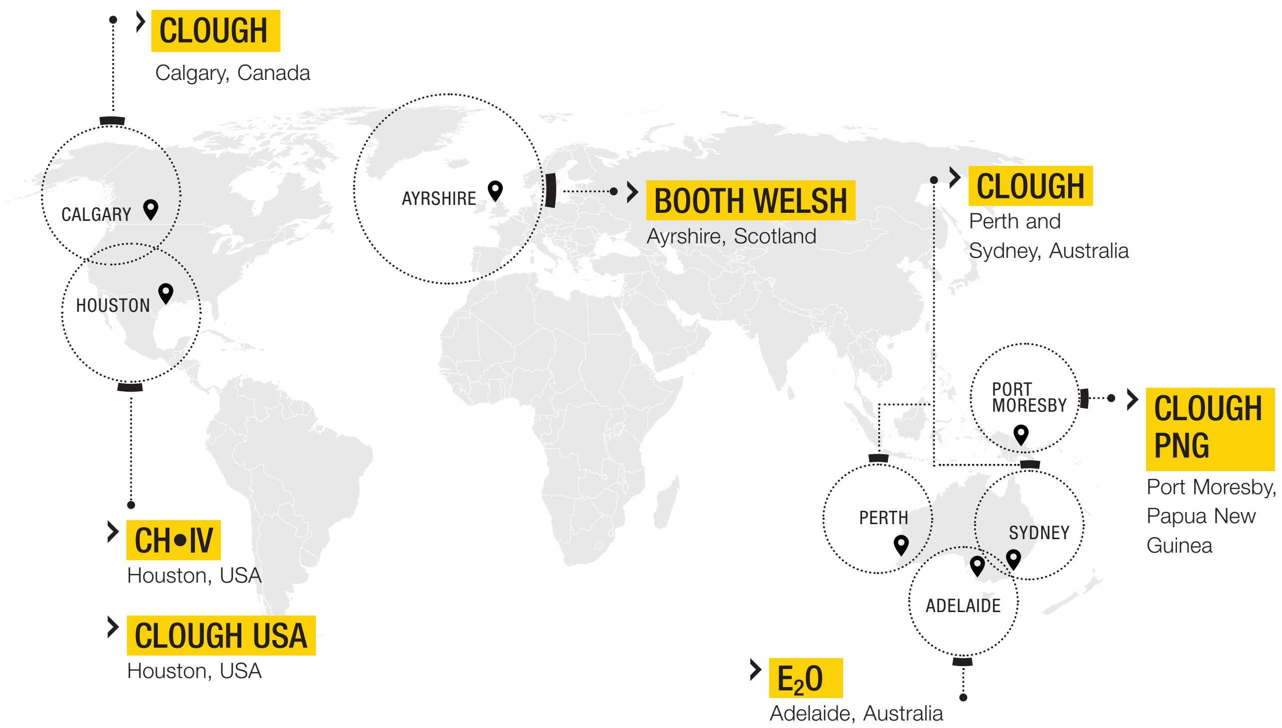
Notwithstanding the uncertainty, we remain focused on both organic and acquisitive growth, with higher levels of revenue and earnings expected from FY2022 and into the medium term.

ENERGY, RESOURCES & INFRASTRUCTURE

PETER BENNETT
Platform CEO

The platform was renamed to better represent the scope and scale of its capabilities to deliver engineering and contracting services in selected market sectors. It provides these services across the full project life cycle, including specialist engineering, procurement, construction, commissioning, operations and maintenance. The platform is headquartered in Perth and operates under the Clough brand.

THE PLATFORM'S BUSINESSES:



THE ORDER BOOK PEAKED AT R39,4 BILLION, A RECORD IN CLOUGH'S 100-YEAR HISTORY.

OVERVIEW

COVID-19 impacted the platform's businesses in a variety of ways with varying severity. The most material impact was the significant decline in oil prices and the knock-on effect on project investments. Upstream developments such as Waitsia and Perdaman, both in Australia, continue, but most large-scale projects including PNG LNG and Mozambique LNG have been deferred. The Clough Coens joint venture in Busan, South Korea, was closed in the year due to a lack of near-term opportunities.

In Australia, resources clients have been deemed essential services and projects continued during the lockdown, although modified work rosters and supply chain delays had a material impact on project progress. The infrastructure sector proved to be more resilient to the impact of COVID-19 and is seen by the government as critical to the recovery of the Australian economy. "Shovel ready" projects will be brought to market and Clough is well positioned to engage in this programme.

The North American market has been hit hard by the severity of the pandemic. The recently awarded Next Wave project, the platform's multi-billion rand downstream petrochemical construction project in Texas is performing well, despite initial delays.

PERFORMANCE

Revenue increased marginally to R6,9 billion (FY2019: R6,7 billion) and the platform recorded a disappointing operating loss of R454 million (FY2019: R98 million loss). This loss reflected an estimated COVID-19 profit impact of R179 million, a goodwill impairment of R33 million, challenging market conditions which caused a delay in project awards, and losses on two projects. The platform was however successful in growing its order book to R34,4 billion (FY2019: R23,1 billion), supporting its prospects for a return to profitability in the new financial year.

Clough's diversification into resources and large infrastructure offset the worst of the collapse in the global oil and gas construction market. The multi-billion rand Snowy 2.0 project and the portfolio of iron ore related projects in Australia, supported revenue in the year, and provide a strong platform for growth.

Unfortunately, regulatory approvals and client delays hindered the commencement of major field construction work on both Snowy 2.0 and Next Wave, resulting in some R2 billion of anticipated revenue moving into the next financial year.

Gross earnings from projects were materially impacted by these events and also by significant project losses incurred on the BHP NPI project in Australia and the Enterprise project in the USA. The issues that gave rise to the losses are confined to these two projects and have been addressed through several operational changes.

Due to COVID-19, the platform's projects in Canada and Mongolia, where international borders remain closed, have been placed on care and maintenance. The platform has been protected to date by these arrangements, but the longer-term impact remains to be seen and will depend on the timing and conditions of lifting border restrictions.

Focus on reducing overhead costs continued during the year. Before accounting for the impact of foreign exchange movements, these costs were reduced to 7.5% below target, creating a sustainable overhead base to support the business for the foreseeable future.

Approximately 30% of the overhead budget is currently dedicated to business development and building the order book, and significant project awards were secured during the year. The order book peaked at R39,4 billion, a record in Clough's 100-year history. Major new project awards during the year included Next Wave in the USA and the LNG Canada marine construction project, Clough's first major international marine contract since 2010.

Diversifying our project work across industry sectors and geographies has continued this year. Oil and gas projects, concentrated in the USA, make up about one third of the order book value, with infrastructure projects in Australia at about 60%. The longevity of these projects positions the platform well for future earnings growth.

BUSINESS MODEL RESILIENCE

Within the APAC region, the platform's strategic focus remains unchanged and appropriate for the markets we serve. Despite the poor earnings contribution for FY2020, we have validated our strategic plan and approach the new financial year with confidence and the largest order book in our history. The ongoing impact of COVID-19, which include potential delays in project awards, has been taken into consideration in our planning for the new financial year.

The Australian government has communicated their intent to accelerate the delivery of infrastructure programmes as a major part of their economic recovery plans. The strategic shift to engage in this market sector positions the platform for a strong pipeline of opportunities in the near term. Power generation and transmission, and complex transport infrastructure such as roads, tunnels and water projects, remain a priority based on our track record in these types of projects. This supports our confidence of further quality order book growth.

Resources markets in Australia have also remained resilient, given the ongoing demand from China and the government's decision to classify this sector as essential.

Globally, the lowest oil price in recent history has stunned the oil and gas sector, with LNG investments deferred in Mozambique and PNG. In Australia, the platform has two strong prospects: a large gas conditioning plant and a large ammonia/urea project, which continue to progress towards an EPC award following FID in 2021. In North America, the impact has also been severe and curtailed significant investment in the upstream gas gathering sector; however, some optimism remains in the downstream petrochemical markets.

CONTRACTOR OF CHOICE

ENGINEERED EXCELLENCE

Engineered Excellence, an operating philosophy that is rooted in our culture, demands that we strive for excellence in everything that we do. This requires deliberate planning, measurement and control to drive continual improvement towards our aim of being widely recognised as a contractor of choice in our market sector.

PROJECT DELIVERY

SNOWY HYDRO: SNOWY 2.0 PROJECT

Snowy Hydro is an existing hydro-electric power station scheme in New South Wales, Australia. Snowy 2.0 will add another hydro-electric power station to the existing scheme. This multi-billion rand EPC project is being delivered in joint venture with Italian firm, Salini Impregilo.

The main works include a new underground power station linked by tunnels to the existing scheme reservoirs. The underground excavations will include massive powerhouse caverns and approximately 40km of tunnels. The surface works include intake-outlets, a surge shaft and cable, as well as ventilation portals. Supporting works to deliver this project include establishing or upgrading approximately 45km of access tracks and roads, along with electricity connections to the various construction sites.

Three 11m diameter tunnel boring machines ("TBM") have been procured and are being prepared for delivery to site to commence tunnelling later in 2020. The excavation of the powerhouse caverns will commence once tunnel boring is complete.

The construction phase has started, with portal development for the first TBM launch under way. Following the successful factory acceptance testing of TBM 1 by Herrenknecht, it is now in Australia. At 205m long and 11m in diameter, it is large by global standards and has been specially designed to tunnel on an incline.

RIO TINTO: OYU TOLGOI PROJECT

Oyu Tolgoi in Mongolia mines one of the world's largest known copper and gold deposits. The project scope, undertaken by the GCR Mongolia joint venture, is for the design, construction and commissioning of Shafts No 3 and No 4, as well as the underground materials handling system that includes civil, structural, architectural, mechanical, piping, electrical, instrumentation, control, and communication works. Due to COVID-19 and the resulting closure of international borders, especially with China, the project has been placed on care and maintenance.

NEXT WAVE ENERGY PARTNERS: TRAVELER PROJECT

The project is located near Houston in Texas, USA. This is another multi-billion rand project for the engineering, procurement, construction, commissioning and start-up of a petrochemical facility. The 28 000bpd alkylate facility will consist of a new ethylene dimerization and alkylation units to produce high octane alkylate for sale into the gasoline blending market.

COVID-19 shutdowns are affecting vendors and suppliers, and permit delays are impacting site mobilisation at this time, although we anticipate that this will be completed in the coming months. Engineering is advancing well, and procurement activities are on track.

PERDAMAN INDUSTRIES: DESTINY UREA PLANT PROJECT

The project is located near Perth in Western Australia. The facility will consist of a urea fertiliser plant and related facilities with a capacity of two million tonnes per annum. Related facilities include a water treatment plant, a 100MW power plant, as well as urea storage, and loading and unloading facilities. Clough, in joint venture with Saipem, will be responsible for the engineering, construction, pre-commissioning and commissioning of the ammonia and urea plant. FID is expected in 2021.

BHP: SOUTH FLANK NPI PROJECT

This project is located in the central Pilbara region of Western Australia. The scope of work includes engineering design, procurement, management, delivery, installation, construction, testing and commissioning of the non-process infrastructure facilities to support the mining activities at BHP's South Flank Project and Mining Area C.

The project experienced financial difficulties that were identified early in 2020 and a mitigation plan was put in place to improve its position. The project is in completion and commissioning phase with 88% of the project completed.

ENTERPRISE: DEHYDRATION UNIT PROJECT

Clough inherited the Enterprise Dehydration Unit Project located in Mont Belvieu, Texas, through the acquisition of Saulsbury's Gulf Coast assets. At the time of acquiring the project, it was at around 50% completion.

The project scope included engineering, procurement and construction to install facilities and equipment for a new ethylene storage and dehydration system within Enterprise's existing storage facility. One of the biggest challenges was to integrate the Clough culture and systems, while keeping the team focused. The project was completed in April 2020 and was delivered with Zero Harm, with over 500 000 workhours and 200 people mobilised at peak activity.

TOWARDS ZERO HARM

The platform maintained a high standard of safety performance, with an LTIFR of 0.17 (FY2019: 0.17). This was achieved while implementing three new joint-venture arrangements and starting five new projects, all with a backdrop of COVID-19 health risk mitigation. Upfront effort in aligning HSE values and expectations, and the required adoption of Clough's HSE management systems in all joint ventures, are the foundation for effective HSE management in the delivery of our projects.

During FY2020, Clough successfully achieved ISO 45001:2018 Safety Management Systems accreditation, which superseded AS4801 and OHSAS 18001. Clough has also maintained the Federal Safety Commissioner accreditation, which assures high standards in managing high-risk construction activities and is a condition of bidding on federal government funded work in Australia.

We continue to apply the MAP programme to assess risk and integrate safety improvements across the organisation. Lessons learnt from tender stage to project completions, such as improvements in the management of mobile equipment, cranes, public safety, transport and logistics are translated into high-risk work instructions and MAP verifications.

Five of our current projects had not recorded any safety incidents by the end of the financial year and the platform has completed eight projects with Zero Harm since 2017.

When Clough acquired Saulsbury's EPC business in the USA (subsequently renamed Clough USA) it also took over the obligation to complete the Enterprise project. Prior to the acquisition, HSE standards below Clough's requirements were identified on the project. This was addressed by an early HSE engagement plan, which included training and coaching from senior HSE professionals, understanding gaps in expectations and standards, and assisting management and site teams to adapt to higher HSE requirements. Notwithstanding that the completion of the project came at a material loss, a positive outcome of the integration was celebrating Zero Harm on completion of the project in May 2020. All Clough businesses in North America reached one million workhours without any injuries at the same date.

COVID-19 remains a significant health risk. Procedures, risk assessments, audits, screening and testing protocols are in place. After lockdown restrictions were eased, remote working and flexible working arrangements were evaluated as a permanent option for employees in Australia and standards have been developed to guide this process.

DIGITALISATION

The platform developed a three-year strategy designed to meet the demands of a global EPC business, with a focus on global technology standards, scalability and defining a data management framework. In the first year, the focus was on simplification, security and automation. The second year emphasised digital transformation and the third year embraced business synergy.

The pandemic fast-tracked the outcomes planned for the third year. The result was an organisation ready for the demands of remote working and a security framework that enhanced collaboration and productivity. The platform will now build on this foundation by introducing digital solutions to further enhance efficiencies, safety outcomes and competitiveness.

EMPLOYER OF CHOICE

LEADERSHIP AND SUCCESSION

With the platform's diversification across market sectors and permanent EPC presence in North America, it was appropriate in the year to reshape the organisation to better reflect its strategic focus. This involved reorganisation to a more efficient, cost-effective regional operating model suited to an increasingly competitive marketplace. The revised structure empowers two regional executive management teams to grow and develop their businesses in North America and APAC, under the leadership of a lean platform executive committee. This structure has already improved agility and resilience to COVID-19 related restrictions, and supported more efficient and cost-effective project delivery.

The EXECONNECT programme was launched to identify and nurture talent within the organisation and to promote improved communication between the executive committee and employees.

EXECONNECT is designed to provide employees with regular and direct contact with the leadership team. Employees are selected to join the programme and are paired with a member of the executive committee for a period of six months after which the opportunity is offered to a new cohort of employees. Participants are able to seek guidance on their career aspirations and personal growth ambitions.

BEST PEOPLE PRACTICES

The key findings of the platform's 2020 Employee Experience Survey, based on a 47% participation rate, highlighted the following:

- More than 80% of employees agreed or strongly agreed that the platform's principles and goals are clearly communicated and that communication is honest and efficient.
- 79% agreed or strongly agreed that their experience at Clough is positive.
- 77% agreed or strongly agreed that they are clear on what the organisation wants to achieve.
- 72% agreed or strongly agreed that we make effective use of technology, an improvement of more than 20% compared to the 2018 survey.

The platform improved the pre-mobilisation medicals which evaluates the health of FIFO workers against project conditions and health risks. The medicals identified approximately 10% of workers as unsuitable for FIFO working conditions. The medicals identified previously undiagnosed and serious health conditions such as hypertension, diabetes and sleep apnoea, for treatment.

TRUSTED PARTNER

DIVERSITY AND LOCALISATION

The platform aims to create an inclusive working environment, where employees can develop their full potential.

Last year we implemented a Gender Equality Plan and in February 2020, Clough was granted the Employer of Choice for Gender Equality citation by the Workplace Gender Equality Agency. The citation is designed to encourage, recognise and promote active commitment to achieving gender equality in Australian workplaces. Only 119 organisations qualified for the citation in Australia, with very few from the engineering and construction industry.

The platform's first Reconciliation Action Plan ("RAP") was endorsed by Reconciliation Australia in January 2020. The RAP is a framework to create meaningful opportunities with Aboriginal and Torres Strait Islander peoples.

Clough's journey with Aboriginal and Torres Strait Islander communities has reflected our lasting commitment to create meaningful change for First Australians.

The RAP will:

- Maximise and grow supply chain diversity by including Aboriginal and Torres Strait Islander businesses into our supply chain.
- Increase opportunities to employ, develop and retain indigenous people through better engagement with the communities in which we work and live.
- Increase cultural awareness and competency in our business.
- Increase meaningful engagement with Aboriginal and Torres Strait Islander peoples and communities, through education and mentoring programmes in partnership with like-minded organisations.

PROSPECTS

The last two years have been challenging for the platform. However, the work that went into market diversification and business development has established a large and quality order book, which will provide the revenue base for a return to profitability in the new financial year and growth thereafter.

A significant number of new oil and gas projects are planned globally, but are likely to be delayed on expectations of a low oil price in the short to medium term. No new LNG projects are expected to reach FID in 2020. Natural gas, renewable energy and hydro power are expected to increase as a percentage of the primary energy market, and combination power generation facilities are predicted to dominate future gas and renewable energy projects. Addressable gas opportunities, however, remain limited in the near term.

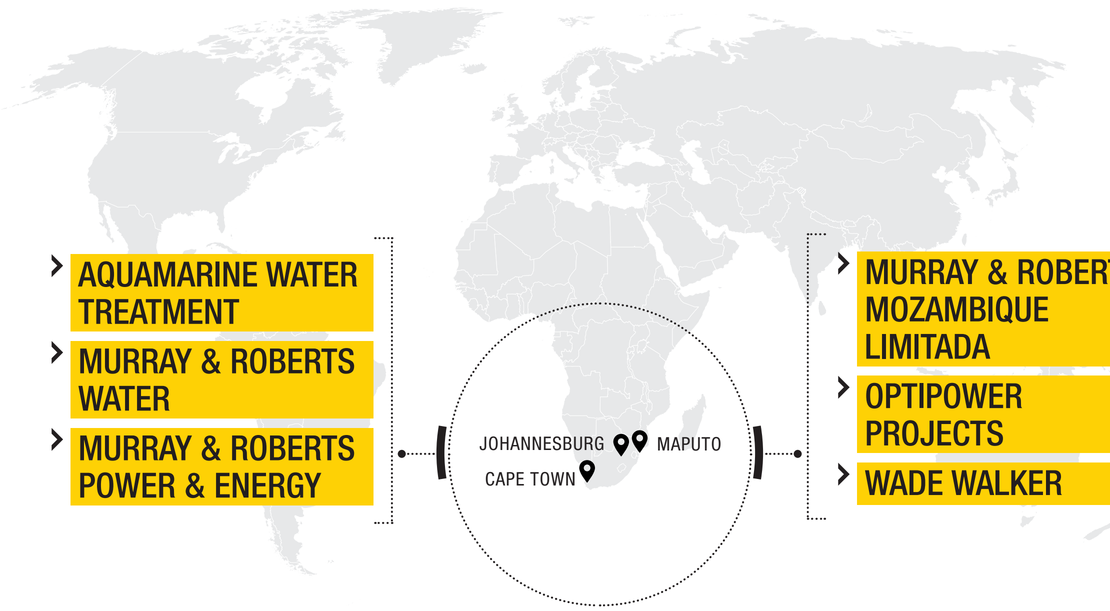
The economic recovery in Australia post COVID-19, will rely heavily on state and federal funded investment in public infrastructure, with programmes that include transport, water and energy projects. The platform's proven specialist capability to deliver complex infrastructure and energy projects will convert into opportunities for accelerated earnings growth in the short and medium term.

POWER, INDUSTRIAL & WATER

STEVE HARRISON
Platform CEO

The platform was renamed to better represent the scope and scale of its capabilities to deliver engineering and contracting services in its target market sectors. The platform provides full asset life cycle development, engineering, procurement, construction, operations and maintenance solutions in the power, water, oil and gas, petrochemical, resources, industrial, and transmission and distribution markets; primarily in South Africa and sub-Saharan Africa. The limited opportunity presented by the South African power and water markets has required this broader market focus.

THE PLATFORM'S BUSINESSES:



- AQUAMARINE WATER TREATMENT
- MURRAY & ROBERTS WATER
- MURRAY & ROBERTS POWER & ENERGY
- MURRAY & ROBERTS MOZAMBIQUE LIMITADA
- OPTIPOWER PROJECTS
- WADE WALKER

THE SOUTH AFRICAN GOVERNMENT HAS INDICATED THAT A KEY ELEMENT OF IGNITING THE SOUTH AFRICAN ECONOMY IN THE WAKE OF COVID-19, WILL BE A SIGNIFICANT INCREASE IN INFRASTRUCTURE SPEND. SHOULD THIS INITIATIVE GAIN MOMENTUM, IT IS EXPECTED TO PROVIDE THE PLATFORM WITH OPPORTUNITIES IN THE REIPPP AND GAS-TO-POWER, MAINTENANCE, TRANSMISSION AND WATER SECTORS.

OVERVIEW

The platform has been engaged on the construction of the Medupi and Kusile power stations for the past decade. Over this time, concerted effort went into repositioning the platform in the South African market for a future beyond these two mega-projects. Mainly due to a lack of new project investments in South Africa, these efforts have not yielded the desired outcome.

However, we do see substantial potential in the transmission, distribution and substation sectors in South Africa and sub-Saharan Africa, albeit for smaller-scale projects. The recent acquisition of OptiPower Projects, which provides services in these growth markets, has been a strategic highlight given its contribution to earnings during the year and strong prospects for growth in the short term. With the commencement of the Mozambique Rovuma Area 1 LNG project, we expect to benefit from a pipeline of larger project opportunities, with awards expected late in calendar year 2020.

Given the current lack of project opportunity in South Africa the platform had a challenging year. The lockdown in South Africa led to a material reduction in planned project revenue, cost containment measures on all projects and a delay in new project awards. At year end, all platform projects had returned to operation with COVID-19 protocols in place.

Whereas the full operational impact of COVID-19 is yet to be determined, ongoing challenges on our projects include the higher costs and lower efficiency associated with health protocols, and the effect on morale and productivity. The impact of the pandemic on the project pipeline and the platform's ability to secure projects in the short term, is still unclear. Tendering activity, however, remains high.

The South African government has indicated that a key element of igniting the South African economy in the wake of the pandemic, will be a significant increase in infrastructure spend. Should this initiative gain momentum, it is expected to provide the platform with opportunities in the REIPPP and gas-to-power, maintenance, transmission and water sectors.

PERFORMANCE

Revenue and order book decreased to R2,0 billion (FY2019: R2,5 billion) and R0,4 billion (FY2019: R0,9 billion) respectively. Given the platform's relatively low revenue base, goodwill impairment of R29 million, uncertified revenue impairment of R46 million and the COVID-19 profit impact of R43 million, the platform recorded an operating loss of R44 million (FY2019: R32 million loss).

In South Africa, the COVID-19 lockdown affected both projects under construction, with delays experienced at Sappi and Anglo Platinum, and tenders under adjudication. It has also pushed out anticipated project opportunities.

The platform's contract at the Medupi power station has been completed and its work at the Kusile power station project is nearing completion with limited construction work remaining on Unit 6. MRPE executed small packages of maintenance outage work on both power stations during FY2020.

Targeted opportunities include repair and maintenance services on Eskom's ageing fleet of power stations, with a tender for boiler maintenance work on 15 power stations submitted and under adjudication. Eskom awarded MRPE a mill maintenance contract at the Medupi power station in the year and work is progressing well.

OptiPower Projects, acquired in FY2020, is strongly positioned to benefit from the growth expected in the South African and sub-Saharan Africa transmission and substation markets. Eskom's transmission and distribution opportunities are substantial, with projects to the value of more than R2 billion currently under adjudication.

Although MRW is a new entrant to the market, the business is well positioned for opportunities in the water and wastewater treatment sector, considering the threat of water shortages in South Africa. In the year, MRW was awarded its first contract by the City of Cape Town, in consortium with Lektratek Water Technology, to design and build the mechanical and electrical works associated with refurbishing the Athlone Wastewater Treatment Works. This award is significant in that it positions MRW for similar projects planned by the City of Cape Town in the first half of FY2021.

The successful performance over the past two years of the Organica Water resource recovery demonstration facility at Verulam, has positioned this technology favourably in the local market, with an in-principle agreement to relocate the facility to the V&A Waterfront. The success achieved in demonstrating the benefits of this leading technology positions MRW for two PPP greenfield wastewater treatment plants being developed by the eThekwini Municipality, with the potential for long-term annuity-

POWER, INDUSTRIAL & WATER *continued*

type income. At the South African President's Sustainable Development Investment Symposium earlier this year, 42 new water projects totalling around R170 billion were announced, which bodes well for potential opportunities over the next 10 years.

To secure our participation on the Mozambique LNG Area 1 project, we established Murray & Roberts Mozambique Limitada during the year. Energy giant Total has appointed the CCS joint venture (McDermott, Saipem and Chiyoda) as the main EPC contractor on this project, with onsite construction works expected to ramp up in calendar years 2021 and 2022. The platform is targeting smaller packages of work as a subcontractor to the CCS joint venture.

Despite this pipeline of potential projects, uncertain timing of project awards meant that we had to reduce overhead costs in line with lower anticipated revenue. The restructuring was undertaken without compromising the platform's capacity to pursue its strategic objectives.

BUSINESS MODEL RESILIENCE

The platform continues to adjust its strategic scope to ensure its future sustainability. Some of the initiatives aimed at accessing broader market opportunities include:

- Expanding into new geographies;
- Diversifying into new market sectors; and
- Leveraging digitalisation to differentiate project execution.

We continue to develop our own capacity, and to form strategic partnerships with local and international service providers, to offer turnkey solutions. A key differentiator in the sub-Saharan Africa market is the ability to offer funded EPC solutions. We have established good relationships with project development finance institutions and commercial lenders, and discussions are underway with energy ministries in several sub-Saharan Africa countries.

Low electrification rates across sub-Saharan Africa, including South Africa, and the need for cross-border connectivity to enable power trade between countries in the region, is driving the accelerated development of transmission and substation infrastructure. This supports our expectation of securing significant short-term opportunities, given OptiPower Projects' capability in high and medium voltage transmission, distribution and substation sectors across the region.

Notwithstanding the impact of COVID-19, green shoots are showing in the South African power, resources and energy sectors. Ironically, the pandemic might be the catalyst for the expedited structural reforms and policy certainty needed to encourage foreign and government investment. The momentum is apparent in the promulgation of IRP2019, opening the door for procurement on the Risk Mitigation Power Purchase Programme and Bid Window 5 of the REIPPP Programme, as well as other technologies including gas and coal. Associated projects are expected to come to market in calendar year 2020 and 2021.

The water sector in South Africa remains inactive, with few opportunities. However, many projects have been gazetted in terms of the new Infrastructure Development Act, including national water and sanitation projects totalling R106 billion. With the country's ailing water infrastructure intensifying the threat of water shortages, we are confident that the Organica Water technology will find purchase in the country, and elsewhere on the continent. We believe housing the demonstration facility at the high-profile V&A Waterfront will support a breakthrough in commercialising this technology.

CONTRACTOR OF CHOICE

ENGINEERED EXCELLENCE

The platform provides project services to market sectors characterised by complex commercial relationships between clients and contractors, often leading to disputes and litigation. As part of our commitment to differentiating our services through *Engineered Excellence*, we continue to engage with prospective clients to explore alternative contracting models. These models include alliance-type contracts, which aim for closer cooperation between clients and contractors to align expectations and enhance project outcomes.

PROJECT DELIVERY

ANGLO PLATINUM: SO_2 ABATEMENT PROJECT

This project forms the pilot to a series of emission abatement projects for Anglo Platinum at its fleet of processing plants. The scope includes the construction, erection and commissioning of an SO_2 abatement plant at the Polokwane smelter, to reduce SO_2 emissions from the ore furnace, via a series of ducts, converters and scrubbers. MRPE has erected the abatement plant, with insulation of ducting and fan systems underway. This facility will begin operations toward the end of 2020.

SAPPI: SAICCOR VULINDLELA PROJECT

The project scope is to construct and erect a recovery boiler and secondary recovery plant at Sappi's existing Umkomaas facility. The new plant is a twin of the existing plant, and is being erected without disruption to operations in the rest of the plant. MRPE has completed the structural steel components and will shortly pressure test the boiler system. Installation of ducting, tanks and mechanical units are close to completion, with piping at the secondary plant remaining. This facility is planned to be commissioned in April 2021.

GOLDEN VALLEY AND EXCELSIOR WIND FARMS

OptiPower Projects are executing the electrical balance of plant, 132kV overhead lines and substation scopes for two wind farm facilities. Golden Valley is in the Bedford area of the Eastern Cape and Excelsior is located near Swellendam in the Western Cape. The 32.5MW Excelsior facility is currently being commissioned and the 120MW Golden Valley facility is scheduled for completion towards the end of 2020.

POWER, INDUSTRIAL & WATER *continued*

TOWARDS ZERO HARM

The platform's safety performance improved significantly, with a decrease in LTIFR to 0.16 (FY2019: 0.40).

The MAP programme is fully embedded and all projects continue to improve their total incident frequency rates. A neuroleadership pilot programme, which uses neuroscience to drive safer behaviour, has been rolled out at Anglo Platinum's SO_2 Abatement Project in Polokwane, and will be revised in line with lessons learnt before implementation across all projects.

An external audit on a sample of the Group's health and safety standards concluded that they were well entrenched across the business. The audited standards included: MAP, fatigue management, training and awareness, risk-based medical surveillance, hearing conservation and management of diesel particulate exposure.

COVID-19 remains a significant health risk. Procedures, risk assessments, audits, screening and testing protocols are in place.

Near-miss and hazard observation reporting will be a major safety focus during the new financial year. Requirements for the frequency of reporting on projects were established and will be incorporated into employee performance contracts.

All businesses are ISO 45001, ISO 9001 and ISO 14001 certified. The platform also maintained the prestigious South African Institute of Welding ISO 3834 accreditation.

EMPLOYER OF CHOICE

LEADERSHIP AND SUCCESSION

During FY2020, a comprehensive talent review of senior and middle management levels was done. The review identified high-potential employees for participation in mentorship, leadership and management development programmes.

Diversity targets have been revised in line with the platform's restructuring and the reality of the current business environment.

BEST PEOPLE PRACTICES

The platform is developing a core group of artisans and supervisors, with ongoing investment in their career development. This core group will be supplemented by employees with limited duration project specific employment contracts to meet fluctuating project requirements. During the past year, most of the investment in training was allocated to technical artisan training.

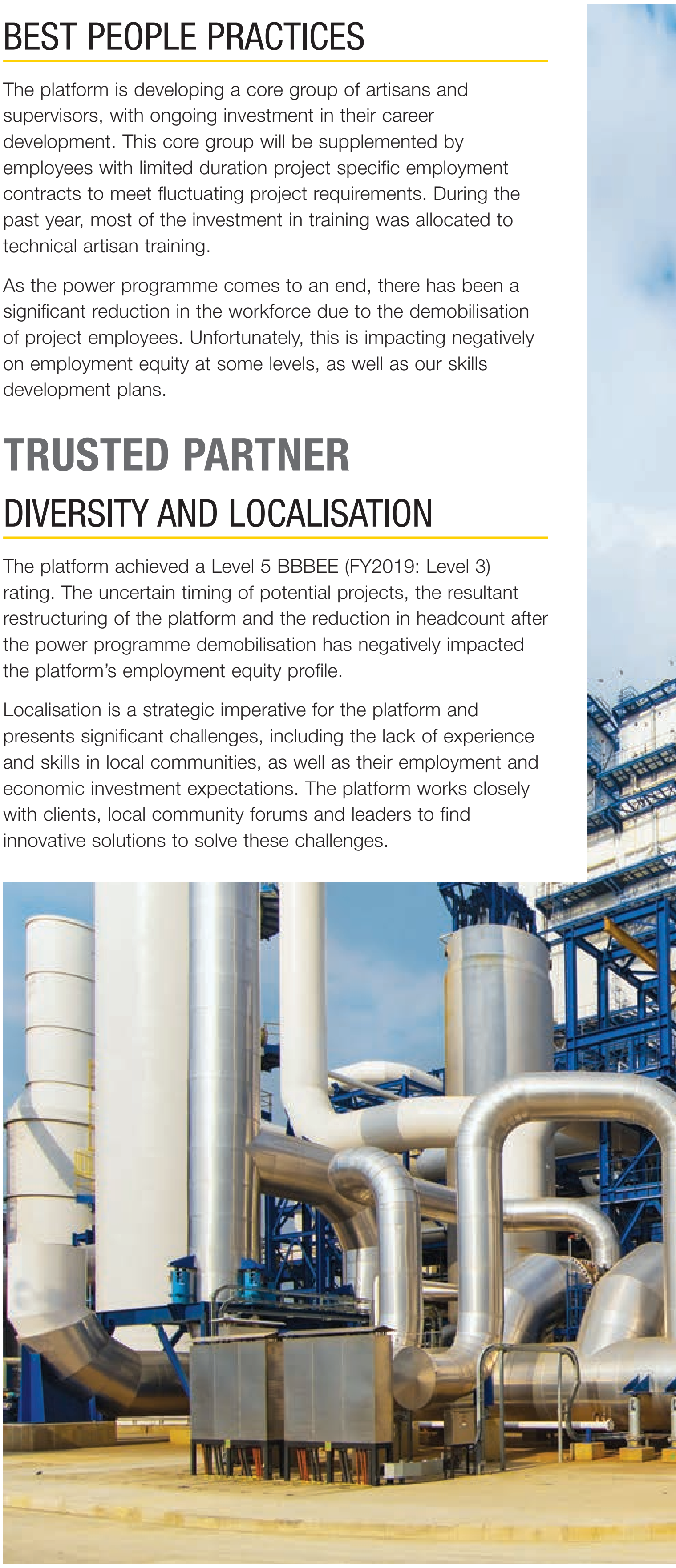
As the power programme comes to an end, there has been a significant reduction in the workforce due to the demobilisation of project employees. Unfortunately, this is impacting negatively on employment equity at some levels, as well as our skills development plans.

TRUSTED PARTNER

DIVERSITY AND LOCALISATION

The platform achieved a Level 5 BBBEE (FY2019: Level 3) rating. The uncertain timing of potential projects, the resultant restructuring of the platform and the reduction in headcount after the power programme demobilisation has negatively impacted the platform's employment equity profile.

Localisation is a strategic imperative for the platform and presents significant challenges, including the lack of experience and skills in local communities, as well as their employment and economic investment expectations. The platform works closely with clients, local community forums and leaders to find innovative solutions to solve these challenges.



PROSPECTS

In South Africa, the issuing of the Integrated Resource Plan 2050 and Round 5 of REIPPP has brought increased policy certainty to the power sector, although the timing of the underlying projects remains uncertain.

Although the platform is well positioned for selected projects in the short to medium term, its sustainability and future performance will be largely determined by the extent of investment in its target market sectors. These opportunities include securing:

- Repair and maintenance work on Eskom's ageing power station fleet;
- Selected project development including EPC participation in the renewable energy sector (wind, solar and gas-to-power);
- Transmission, distribution and substation projects in South Africa, and elsewhere in sub-Saharan Africa;
- Opportunities in the resources and industrial, paper and pulp industries;
- Opportunities in the refined fuel storage sector in South Africa and the LNG sector in Mozambique; and
- Water infrastructure in South Africa, especially in wastewater treatment.

Considering the platform's capacity to deliver projects in the South African power, industrial and water sectors, and with these sectors in dire need of investment, the platform is expected to return to profitability in the medium term and make a more meaningful contribution to Group earnings.


CLOUGH
BOSCH

04

GOVERNANCE, RISK AND REMUNERATION REPORTS

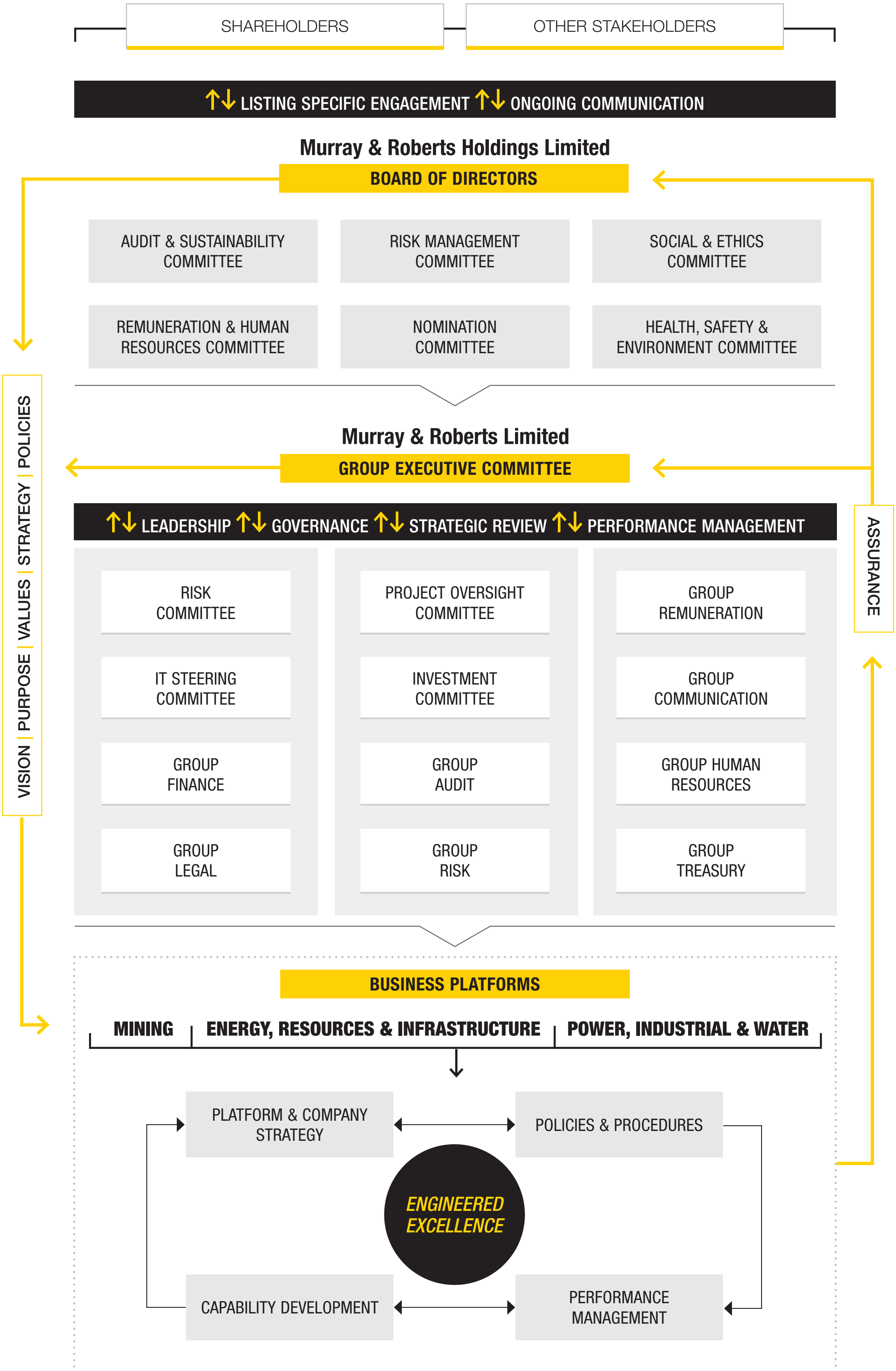
GOVERNANCE OVERVIEW

STATEMENT OF COMMITMENT

As the highest governing authority in the Group, the Board is ultimately accountable for ethical and effective leadership. Underpinned by a high standard of corporate governance, integrity and ethics are non-negotiable features of the Group's pursuit of its strategy and business conduct.

The Group's Values and the ethical principles set out in the Group's Code of Conduct, guide the decisions and actions of the Board and executive team. A well developed governance structure, aligned with the principles and practices of King IV™, is in place to ensure lines of oversight and reporting are defined and effective. The Board is confident that the Group's governance processes support ethical culture, good performance, effective control and legitimacy, as illustrated in this summary report.

The relationships and decision-making rights between governing bodies and business platforms are shown in the organisational framework alongside.


SHAREHOLDERS
OTHER STAKEHOLDERS
LISTING SPECIFIC ENGAGEMENT
ONGOING COMMUNICATION
Murray & Roberts Holdings Limited
BOARD OF DIRECTORS
AUDIT & SUSTAINABILITY COMMITTEE
RISK MANAGEMENT COMMITTEE
SOCIAL & ETHICS COMMITTEE
REMUNERATION & HUMAN RESOURCES COMMITTEE
NOMINATION COMMITTEE
HEALTH, SAFETY & ENVIRONMENT COMMITTEE
VISION | PURPOSE | VALUES | STRATEGY | POLICIES
Murray & Roberts Limited
GROUP EXECUTIVE COMMITTEE
ASSURANCE
LEADERSHIP
GOVERNANCE
STRATEGIC REVIEW
PERFORMANCE MANAGEMENT
RISK COMMITTEE
PROJECT OVERSIGHT COMMITTEE
GROUP REMUNERATION
IT STEERING COMMITTEE
INVESTMENT COMMITTEE
GROUP COMMUNICATION
GROUP FINANCE
GROUP AUDIT
GROUP HUMAN RESOURCES
GROUP LEGAL
GROUP RISK
GROUP TREASURY
BUSINESS PLATFORMS
MINING
ENERGY, RESOURCES & INFRASTRUCTURE
POWER, INDUSTRIAL & WATER
PLATFORM & COMPANY STRATEGY
POLICIES & PROCEDURES
ENGINEERED EXCELLENCE
CAPABILITY DEVELOPMENT
PERFORMANCE MANAGEMENT

ACHIEVING OUR GOVERNANCE OUTCOMES

The principles of King IV™, form the foundation of the Group's approach to governance. This supports the Group in meeting the following governance outcomes:

- EFFECTIVE CONTROL
- ETHICAL CULTURE
- GOOD PERFORMANCE
- LEGITIMACY

VALUE CREATING GOVERNANCE STRUCTURES

The Board and executive leadership set the tone for an ethical culture, ensuring good governance and business practices.

The Board has a balance of experience and expertise required to deliver the *New Strategic Future* plan, and is supported by appropriate succession planning.

Executive leadership has the depth of skill required to deliver specialised sector focus on a decentralised platform basis and are appropriately incentivised to lead the Group in achieving its strategy.

The Group's engagement model and structure supports strong relationships with clients, employees and stakeholders; this in turn enhances its credibility.

The Group's philosophy of *Engineered Excellence* informs the Board and executive leadership in their decision-making, planning and oversight.

Engineered Excellence is bound into the culture of the Group, and underpinned by our aspiration to be a learning organisation that continually improves.

VALUE PROTECTING ACTIVITIES

The Group's Code of Conduct supports ethically robust and defensible decision-making by the Board and executive leadership.

The Group's Code of Conduct, Purpose, Values and integrated management approach, ensures the *New Strategic Future* plan is delivered within the appropriate risk appetite, supporting a prudent risk and return balance.

The Group's contracting principles and related oversight processes are continually updated to reflect changes in the Group's risk profile and project delivery experience.

The Group's response to local and regional dynamics, as well as national objectives, minimise operational and project risks, and support the Group's legitimacy.

The Group's governance frameworks and reporting structures ensure visibility and compliance across the platforms.

GROUP LEADERSHIP

The Board is responsible for corporate governance across the Group. It approves strategic direction, which addresses and integrates strategy, risk, performance and sustainability as interdependent elements of value creation.

Succession planning over several years has aligned Board competencies to Group strategy, resulting in a diverse Board with deep collective experience relevant to the macro- and socioeconomic realities of the Group's markets.

The composition of the Board promotes a balance of authority, preventing any one director from exercising undue influence over decision-making while bringing diverse perspectives to board deliberation. The Board has ten directors: eight independent, non-executive directors and two executive directors.

STRENGTHENING DIVERSITY AND TRANSFORMATION

A formal diversity policy was adopted in 2018, setting targets for gender and race diversity at Board level. These targets have been met and the Board comprises 60% black directors and 30% female directors.

INDEPENDENT BOARD

Following ATON's announcements during FY2018 to initially make a general offer and later a mandatory offer to acquire full control of Murray & Roberts, in accordance with the requirements of the Companies Act, the Board constituted an Independent Board comprising the following independent non-executive directors:

- Suresh Kana (chairman)
- Ralph Havenstein
- Alex Maditsi
- Diane Radley.

The Independent Board's duties are set out in the Takeover Regulations and they were assisted by Board appointed legal advisors, Webber Wentzel.

KEY ACTIVITIES OF THE INDEPENDENT BOARD

- Engaged with ATON, other shareholders and regulators in relation to ATON's mandatory offer.
- Assessed developments in the regulatory approval process.
- Regularly refreshed the Group's valuation, taking into account the latest market developments.
- Kept the main Board informed on a regular basis.

The Independent Board was disbanded on the lapsing of ATON's offer on 30 September 2019.

BOARD EVALUATION

The Board performed a self-assessment during the year, measured against five performance dimensions:

- Dynamics and information
- Basic ingredients
- Managing the risks
- Strategy
- Transformation.

The self-assessment revealed that transformation could be improved. The Board's opinion is that more attention could be focused on how management is attending to BBBEE in recruitment, understanding management's consideration of BBBEE and socioeconomic development in their decision-making, and encouraging management to create platforms for previously disadvantaged and female role models.

OUR GOVERNANCE OUTCOMES

EFFECTIVE CONTROL

A Board-approved charter sets out its accountability, responsibility and duty to the Group, including requirements for its composition, meeting procedures, work plan and performance evaluation.

ACTIVITIES	OUTCOMES
Governance, risk management, systems of control and internal audit	
■ Reviewed and evaluated strategic risks and associated opportunities. ■ Approved the integrated assurance model comprising risk management, regulatory compliance, internal and external audit, and related Group Integrated Assurance policy. ■ Updated and approved the governance framework.	■ Mitigation of strategic risks and positioning the business to secure opportunities. ■ Asserts control over how Group risks are mitigated with mechanisms ensuring compliance and effectiveness. ■ Governance framework embedded throughout the Group.
Succession planning	
■ Board review of succession planning for senior management. ■ Following the passing of Dr Mkhwanazi and the resignations of Ms Mashilwane and Mr Spence, these vacancies were filled by the appointments of Ms Boggenpoel, Messrs Raphiri and Mawasha.	■ Formal succession plans aligned with transformation objectives for senior management.

ETHICAL CULTURE

The ethical principles set out in the Code of Conduct require individual directors to:

- Adhere to legal standards of conduct set out in the Companies Act.
- Exercise their fiduciary duties in the best interest of the Group.
- Take independent advice if needed to discharge their duties according to an agreed procedure.
- Disclose real or perceived conflicts to the Board and deal with them accordingly.
- Deal in securities only in accordance with the relevant policy.

ACTIVITIES	OUTCOMES
Leadership and organisational ethics	
■ Reviewed compliance with laws, rules, codes and standards. ■ Approved revised Code of Conduct. ■ Ensures the Group subscribes to ethical business principles supported by policies, standards and procedures.	■ Instances of unethical behaviour are reported, investigated and addressed. ■ Reputation as a well-governed, ethical and responsible multinational organisation.
Independence assessment and conflicts of interest	
■ Initiated procedures to ensure conflicts of interest are addressed. ■ Performed an independent assessment of Board members. ■ Assessed and discussed identified conflicts of interest.	■ Ensures effective and ethical decision-making and sets the tone for an ethical Group culture.

GOVERNANCE OVERVIEW *continued*

GOOD PERFORMANCE

The Board is responsible for corporate governance and determining the Group's strategic direction. All decisions, deliberations and actions are based on the Group's Values, which ultimately support the performance of the Group.

ACTIVITIES	OUTCOMES
Strategy, performance and reporting	
Approved annual Group and business platform strategies and budgets. Considered material acquisitions. Conducted review of policies and procedures to ensure effective implementation of strategy. Considered the impact of COVID-19 on the Group, primarily the effect on employees and business continuity.	Realising Purpose, Vision and Values through strategic delivery. Reliable and transparent communication with stakeholders. Retention of personnel where possible, by continuing to cover basic salaries. Tightened working capital management.
Board evaluation	
Reviewed compliance with laws, rules, codes and standards. Self-assessment of Board performance during the year.	Appropriate oversight structures and processes in place ensuring effective performance of the Group within Board approved risk appetite. Continued improvement in performance and effectiveness of the Board.
Remuneration	
Approved remuneration policy. Approved and implemented long-term incentive scheme awards.	Fair, responsible and transparent remuneration. Voting by shareholders on remuneration policy at 89.8% (2018: 99.87%) and implementation report at 99.92% (2018: 99.98%) for FY2019.

LEGITIMACY

The Board provides strategic direction and approves policies and frameworks to ensure that all economic, financial, social, environmental and ethical issues are addressed. The Board has established committees to assist in discharging its duties as set out in the approved committee mandates and terms of references.

The Group seeks to protect, enhance and invest in the wellbeing of the economy, society and the environment. The social & ethics committee ensures that the Group formulates collaborative responses to sustainability challenges. The remuneration & human resources committee ensures fair and responsible remuneration and reward practices aligned to performance and the Group's Values.

ACTIVITIES	OUTCOMES
Stakeholder relationships	
▪ Communicated and engaged transparently, effectively and inclusively with all stakeholder groups. ▪ All directors and designated partner of the external audit firm are available at the AGM to respond to shareholder queries.	▪ Stakeholder engagement framework is proactively implemented and followed by management. ▪ Detailed discussion and review of client relationships. ▪ Sound relationships with employees and organised labour, particularly relating to demobilisations in the Power, Industrial & Water platform.
Diversity and transformation	
▪ The remuneration & human resources committee performs an annual assessment of succession, including strategies for transformation across the Group.	▪ Licence to operate in chosen markets. ▪ Achieved diversity targets at Board level.

RISK MANAGEMENT REPORT

The Group's risk management framework facilitates identification and management of risks and opportunities in a manner that supports value creation. Risk management is an integral part of all decision-making processes and day-to-day activities.

Murray & Roberts operates in an environment that presents opportunities and risks that can have a financial, operational and reputational impact on the business. Entrusted with the overall responsibility for risk management, the Board sets the direction through policies and frameworks on how these risks and opportunities should be managed.

The Group's market sector, geographic and project life cycle diversification is instrumental in mitigating some of the risks we face. The shift to broaden market focus over the last three years has become a permanent feature of the Group's response to cyclicality in natural resources markets.

Appropriate governance structures, including the Board risk committee, executive risk committee, project oversight committee and business platform risk committees, ensure that the appropriate operational and functional systems, procedures, and controls are in place to mitigate risks and harness opportunities in pursuit of the Group's strategic objectives.

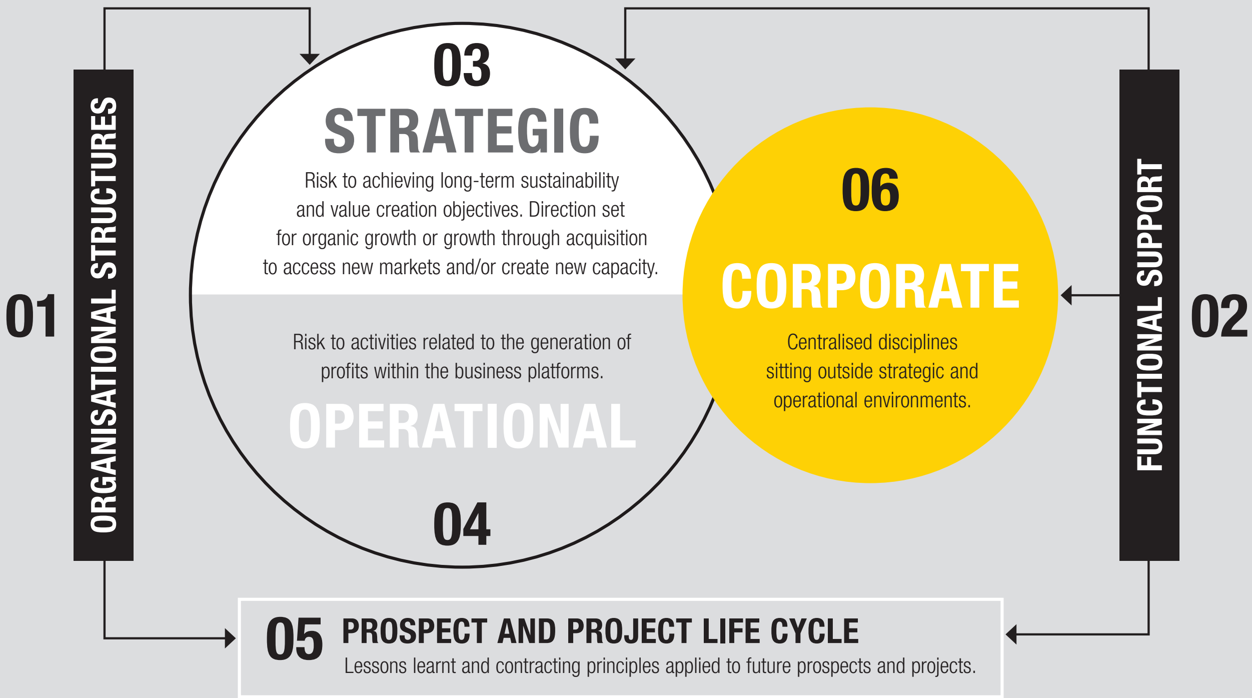
RISK PROCESS

Identifying, quantifying and managing risks and opportunities is a challenging task given the scale and complexity of the Group's operations. The Group Risk Management Framework promotes a consistent approach to risk management by ensuring that experienced management teams manage and maintain a planned, coordinated and structured approach to identify, assess, address, monitor, communicate and report the Group's risks and opportunities. The mitigation of those risks most likely to prevent the Group from achieving its strategic objectives, are prioritised.

Risk Management, Regulatory Compliance and Independent Assurance (internal and external audits) are the three pillars of the Group Integrated Assurance Framework, which aims to:

- **Align strategy with risk tolerance;**
- **Improve and streamline decision-making, which improves the Group's risk profile;**
- **Promote the strategic and coordinated procurement of a quality order book, which contains a known and planned level of risk and an appropriate level of reward;**
- **Ensure reasonable commercial terms and conditions are contracted based on a predetermined set of acceptable contracting principles, together with the rational pursuit of commercial entitlement;**
- **Promote rigorous project reviews, and early responses to projects deviating from planned and tendered expectations;**
- **Promote continuous improvement through the institutionalisation and application of lessons learnt;**
- **Reduce operational surprises, improve predictability and build shareholder confidence;**
- **Build robust organisational risk structures and facilitate timeous interventions, to promote long-term sustainable growth; and**
- **Promote the efficient and proactive pursuit of opportunities.**

THE GROUP RISK MANAGEMENT FRAMEWORK



01 ORGANISATIONAL STRUCTURES

In addition to the various Group operating board responsibilities, organisational structures have been created and tasked with risk governance, including the business platform risk committees, the Murray & Roberts Limited risk committee and the Murray & Roberts Limited project oversight committee.

02 FUNCTIONAL SUPPORT

Dedicated risk management support has been created at Group level and within businesses. This includes enterprise-wide risk leadership, risk management monitoring, risk-based auditing and operational and risk committees.

03 STRATEGIC RISK MANAGEMENT

Strategic risk is evaluated as a hurdle to achieving the Group's long-term strategy. Management is tasked by the Board to implement and adapt the Group strategy considering changes in the business environment and subject to the approved risk appetite and risk tolerance levels. Direction is set for organic and acquisitive growth to access new markets and create new capacity, and is also applied to acquisitions, disposals, new business development, and timely and necessary leadership intervention.

04 OPERATIONAL RISK MANAGEMENT

Operational risk is a potential barrier to achieving planned profits within the Group's business platforms. Methodologies for identifying, evaluating, mitigating, monitoring and communicating risk are applied in the operational business environment. Business plans with a three-year horizon are developed and performance against these is subject to quarterly review.

05 PROSPECT AND PROJECT LIFE CYCLE

Project risk is evaluated as a potential barrier to delivering contracted scope against cost, time and technical performance targets, while maintaining HSE performance. A Project Management Framework sets the minimum standard for project management and a Project Management Development programme is in place to enhance and refresh project management skills across the Group. The Project Management Framework also provides internal audit with a consistent set of processes and controls against which project performance is tested. Project risk management activities include the Group risk tolerance filters, lessons learnt and contracting principles schedules, project reviews and project dashboards.

06 CORPORATE RISK MANAGEMENT

Corporate risk management relates to a range of portfolios within the corporate office, which includes risk management standards and procedures, the Group Code of Conduct, the Statement of Business Principles, regulatory compliance, commercial and legal oversight, integrated assurance, business continuity and IT disaster recovery, treasury, bonds and guarantees, tax, insurance, crisis communication and forensic investigations.

RISK MANAGEMENT PRACTICES

The Board considers and approves the overall risk appetite for the Group, monitors risk exposure and sets risk tolerances which are regularly reviewed and updated. We define risk appetite as the type and extent of risk the Group is willing to take in pursuit of its strategic objectives. Several factors are considered in determining the risk appetite in each risk category. The Risk Appetite Statement classifies the Group's appetite for each risk category as low, moderate, high, or extreme according to the following definitions:

LOW – The level of risk will not impede the Group's ability to achieve its strategic objectives.

MODERATE – The level of risk may delay or disrupt the achievement of its strategic objectives.

HIGH – The level of risk will impede its ability to achieve its strategic objectives.

EXTREME – The level of risk will significantly impede its ability to achieve its strategic objectives.

Where applicable, controls are in place to reduce the likelihood or alternatively mitigate the impact of risk events.

KEY RISK CATEGORIES

Key risks are those that have a financial, operational and reputational impact and include:

HEALTH, SAFETY & ENVIRONMENT: The Group has no appetite for health, safety and environment risk and strives for Zero Harm in the workplace. This is supported by the Group HSE Framework.

FINANCIAL: The Group has a moderate appetite for financial risk and is willing to accept risk to achieve its financial objectives. The risks are managed and mitigated to an acceptable level through several controls, with oversight from Group executive leadership.

LEGAL & COMPLIANCE: The Group strives for the highest standards of business integrity, ethics and governance. It has zero tolerance for unethical behaviour and has a Code of Conduct and a number of related procedures in place to address this risk. The Group also complies fully in all jurisdictions with regulated requirements to protect personal information.

PROJECT PERFORMANCE: The Group is prepared to accept a moderate level of risk in the projects it undertakes, to achieve its financial targets. A Project Management Framework, as well as contracting principles and past project lessons learnt schedules are in place and enforced to mitigate project delivery risk.

TECHNOLOGY: The Group has a moderate appetite for innovative technology and digitalisation solutions that could add value in meeting its strategic objectives. As the Group formalises and advances its digital strategy, an IT Security Framework is in place to manage the risk of cybercrime and data breaches.

The Group has defined four discrete risk environments: strategic, corporate, operational and project. Each risk has a specific owner, be it a business platform CEO, operating board or an individual executive.

The primary responsibility for managing risk lies with business line management. The risk management, regulatory compliance and internal audit functions in the corporate office advise on risk management approaches, methodologies and systems. They also monitor the diligent execution of risk management at every level of the Group, reporting to various boards and committees on inherent and residual risks in each risk area.

Murray & Roberts contracts on projects which differ in complexity, scope and size. Project risk is the predominant source of risk for the Group. Critical to the preparation of tenders and effective project delivery is the application of three standards, which have been formulated and are regularly updated on the basis of past performance:

- Group Schedule of Contracting Principles;
- Group Schedule of Lessons Learnt; and
- Minimum Requirements for Contracts.

All bids submitted are tested against these standards to ensure that the identified risks are correctly addressed and past failures are not repeated.

Operational risk exposures typically relate to the infringement of laws, including competition, company, labour, health and safety and environment, as well as the commercial, technical and logistical aspects of a project. Each business platform has its own risk committee ensuring that these risks are regularly reviewed and assessed, and effectively mitigated.

To reduce project risk as far as possible, the following procedures are followed:

- Competent and experienced executives oversee the preparation and submission of bids.
- An Opportunity Management System tracks and processes all opportunities, subjecting them to a series of risk filters to develop a risk profile. These filters are extracted from the Risk Tolerance Matrix, which is approved by the Board.
- Estimating tools used across the Group to prepare bids are proven and validated. The costing process is comprehensive, and subject to rigorous internal reviews, including independent and peer reviews where necessary.
- Risks are identified based on experience and mitigated either through contractual terms or priced for and managed within budget.
- Critical bid requirements are (i) the exclusion and/or pricing of known risks, (ii) that projects must be cash positive, (iii) the prohibition of unacceptable risks and unusual contracting terms, and (iv) the inclusion of limits of liability in contracts.
- Where a fixed-price project is accepted, the design must be mature, the scope and/or specification clear and an efficient mechanism for change management and dispute resolution must form part of the contract.

- An allowance for contingencies (unforeseen or unplanned risks) is added to the bid price to cater for potential risks that cannot be priced and mitigated at bidding stage. These allowances are a hedge against risk, are utilised within the framework for which they are established and fall under the control of the project director. The project review committee oversees the use of contingency allowances.
- Generally known types of contracts such as FIDIC, NEC, JBCC, GCC are preferred, and specific attention is placed on special conditions. Bespoke contracts are negotiated based on the detailed guidance of internal and external legal counsel.
- Large and complex project bids are subject to independent review and approval by the Murray & Roberts Limited Board risk committee, which issues a mandate to the project negotiation team. Projects above US$300 million are escalated to the Board for approval. Any deviation from a mandate is referred to the relevant risk committee for a final decision.
- The Murray & Roberts Limited Board project oversight committee reviews large and complex projects to ensure performance is in line with the tendered terms and prevailing market conditions. The committee also reviews projects showing early signs of deviation from planned and tendered expectations. This helps to prevent distressed projects by identifying early signs of difficulty and ensuring that corrective actions and interventions are initiated.

Strategic and corporate risks are associated with the activities of the Group chief executive and executive committee and include:

- Organic and acquisitive growth;
- New markets and new capabilities; and
- Accounting, taxation, banking/bonding and funds transfers etc.

The corporate office manages these risks, which are reviewed by the executive risk committee quarterly and reported to the boards of Murray & Roberts Limited and Murray & Roberts Holdings Limited.

A Group business continuity standard and associated procedures are in place within each business platform. Internal audit provides assurance on these business continuity plans.

REGULATORY COMPLIANCE

Regulatory compliance is the second pillar of the Group Integrated Assurance Framework. The implementation of the Group Regulatory Compliance Framework focuses on the seamless integration of regulatory compliance (with risk management and internal audit) into business planning, execution and management. The regulatory compliance function provides focus on these risks in line with the Group Integrated Assurance Framework.

As a multinational organisation, regulatory compliance is complex. It is therefore imperative to ensure that the Group complies, across all jurisdictions, with legal and other requirements that could materially impact its performance and sustainability, whether from a financial, legal or reputational perspective. The Group employs a structured approach to evaluate potential compliance failures and ensures adequate responses to prevent and, where necessary, to mitigate any negative impact.

INDEPENDENT ASSURANCE

Independent assurance, the third pillar of the Group Integrated Assurance Framework, consists of two complementary parts – internal and external audit. This function provides an independent and objective challenge to the levels of assurance provided by business operations, risk management and regulatory compliance.

The internal audit function is well resourced with experienced and skilled employees to carry out its mandate. In executing its mandate, internal audit applies a robust, risk-based approach to identify critical risk management controls that management relies on, and which must be tested and evaluated to provide the Board with the risk management and regulatory compliance assurance it requires to meet its governance objectives.

The development of the internal audit plan includes interactions with the Group risk and legal functions, with specific reference to their respective risk and compliance mitigation objectives, strategies and plans. The audit plan also assesses Groupwide corporate governance, financial controls and risk management procedures, as well as specific areas highlighted by the audit & sustainability committee, Group executive committee and by executive and operational management.

External audit provides independent assurance that the annual financial statements and the integrated report are free from material misstatements and comply with IFRS requirements.

TOP RISKS

The top risks outlined in this section are those that could materially affect the Group.

Trend key:

Opportunity | Threat increasing | Threat stable

STRATEGIC RISKS

VULNERABILITY TO MACROECONOMIC FACTORS

Changes in the global economy have a direct impact on the markets in which the Group operates. Downside risks to the global economy and therefore to growth prospects in the Group's markets, include escalation in trade tension between the world's major economies, worsening international relations, climate change, geopolitical volatility and the impacts of the COVID-19 pandemic. These changes are likely to lead to fluctuations in the Group's order book and projected earnings.

MITIGATION

- Strategic focus on the natural resources sector, which is underpinned by positive long-term demand fundamentals.
- Broader strategic scope includes selected high-growth markets to mitigate the impact of adverse cycles in natural resources.
- Focus on client relationships and maintaining competitive advantages to secure negotiated contracts with reasonable terms and opportunities for early contractor involvement.
- Continue to diversify services across the project life cycle, which includes an emphasis on front-end engineering, and operations and maintenance.
- Invest in long-term investment opportunities that generate constant income at attractive rates of return, either as a project co-developer or operator.
- Establish JVs with local contractors to win work in geographies where this is a requirement.

GROUP LIQUIDITY

Although the Group remains in a strong cash position, outstanding claims and payments, potential future project losses and working capital demands may introduce liquidity stress and constrain the Group's ability to make acquisitions and meet growth targets.

MITIGATION

- Continue to ensure high-quality earnings through a diversified order book.
- Pursue claims through negotiation, mediation and/or arbitration and ensure the most beneficial outcome for the Group.
- Continue to manage overheads, and continually improve project performance.
- Procure advance payments on projects and ensure that all projects remain cash positive or at least cash neutral.
- Vigorously drive *Engineered Excellence* to ensure project delivery that is differentiated by excellence.
- Secure payment guarantees to manage client credit risk, where relevant.

OPERATIONAL RISKS

HEALTH, SAFETY AND ENVIRONMENTAL EXPOSURES

Although the Group has made significant progress in managing safety risk, anything more than Zero Harm remains a concern and continues to receive diligent and proactive attention across the Group.

MITIGATION

- The Group HSE Framework guides operations and ensures a consistent approach in improving health, safety and environment performance.
- The Zero Harm Through Effective Leadership programme ensures sustainable improvement in health and safety.
- The Major Accident Prevention and Critical Risks Controls programmes have been rolled out across all operations to proactively manage material HSE issues and prevent major incidents.
- Programmes aimed at improving employee health and wellness are in place across all operations.
- COVID-19 risk management plans are in place across all operations.
- The Environmental Framework, which incorporates a number of critical standards and is implemented to regulate important environmental issues such as energy efficiency, carbon emissions, waste and water, is in place across the Group's operations.
- The climate change policy statement commits the Group to play a meaningful role in efforts aimed at mitigating the impact of climate change and ensures a consistent approach.

Trend key:

Opportunity | Threat increasing | Threat stable

OPERATIONAL RISKS *continued*

PROJECT DELIVERY RISKS

Some of the Group's projects are technically complex with long durations that increase risk exposures during execution. These risks, together with risks beyond our direct control, may result in failure to meet contractual cost or schedule commitments and other performance parameters, potentially leading to material loss of project earnings. Client preference for higher risk fixed-price and hybrid-type contracts, especially in market sectors serviced by the Energy, Resources & Infrastructure, and the Power, Industrial & Water platforms, continues. As a result of this trend, 61% of the Group's order book comprises fixed-price contracts.

The COVID-19 pandemic has negatively impacted project delivery across all three business platforms as a result of measures to limit the spread of the virus.

Middle East project losses have been accounted for in previous years. These projects have been delivered and the risk will close out when commercial settlement on the projects is achieved.

MITIGATION

- Strong oversight processes are in place to mitigate the risk associated with an increasing proportion of fixed-price contracts in the Group's order book.
- Independent reviews are conducted early on projects to ensure early identification and remedy of potential issues. Comprehensive project assurance and performance management tools are applied within the business platforms, based on the experience gained from past project losses. The focus is on obtaining assurance of compliance with project management systems.
- Project Critical Control Executive Dashboards apply across the Group to provide executives with early insight into performance indicators on projects under their control.
- Management, including at Group level, timeously reviews underperforming projects to revisit and revise recovery plans and programmes.
- Clients are engaged to find common cause around the recovery plans.
- The oversight committee continues to review underperforming projects and provides timeous intervention aimed at driving improvements in project performance.

OPERATIONAL RISKS *continued*

BUSINESS IMPACT OF THE COVID-19 PANDEMIC

Measures implemented across the world to mitigate the spread of COVID-19 infections are impacting the global economy. Restrictions on the movement of people and the shutdown of certain economic sectors have resulted in manufacturing and supply chain disruptions, travel bans, deferral of new project awards, operational disruptions and project delays.

MITIGATION

- COVID-19 risk management plans are in place across all operations.
- Commercial entitlement is being pursued where applicable.
- Contracting principles have been updated to include reasonable terms to manage similar risk exposures.

CYBERSECURITY

The potential for disruption or damage to the business caused by the failure of IT systems and cyber breaches or attacks are real threats. The increase in frequency and sophistication of cyber-crime incidents highlights the importance of implementing and maintaining robust cybersecurity frameworks.

MITIGATION

- An IT security framework is in place and independently tested.
- The Group's IT security framework was improved by strengthening the security governance processes and technical defences. Further improvements will continue to be implemented as and when required.
- Implementation of user security awareness programmes.
- Backup solutions to recover from system failures or breaches.
- Insurance cover for cyber-crime related losses.

REMUNERATION REPORT

The report outlines our remuneration policy, provides context for the remuneration considerations and presents an implementation report on the remuneration outcomes based on our policy. The Group's total remuneration consists of fixed (guaranteed pay) and variable (short-term and long-term incentives) components.

The remuneration committee contracted the services of Bowmans Reward Advisory Services for independent external advice and PwC verified the extent to which the performance conditions of incentive schemes were met. During the year, the remuneration committee considered the following key matters:

- Approval of increases to guaranteed pay;
- Approval of executive director and prescribed officer guaranteed pay increases for FY2021;
- Performance testing and approval of short-term incentive ("STI") payments in respect of FY2020;
- Performance testing and approval of vesting of the 2017 long-term incentive ("LTI") awards;
- Approval of the 2020 LTI awards and underlying performance conditions;
- Review and recommendation of non-executive director fees for FY2021, excluding recommendation on their own fees; and
- Review and approval of the Group's remuneration report for inclusion in the FY2020 annual integrated report.

The STI incentivises performance against financial and non-financial targets set for each financial year. The financial targets set at the beginning of FY2020, were derived from the budget for the year upon conclusion of a comprehensive bottom-up budgeting process, which took into account the Group's order book and prevailing market conditions. The financial key performance indicators for FY2020 were similar to those of the previous year. The EBIT target increased to R906 million in FY2020, from R805 million in FY2019 and the diluted HEPS for continuing operations target increased to 97 cents, from 94 cents. The actual financial results were substantially lower than the targets for FY2020 and were severely impacted by the global COVID-19 pandemic and stringent measures implemented by governments to curtail the spread of the virus. Performance measured against the EBIT, HEPS, cash and return targets translated into the financial component for STI performance outcomes, as detailed in this report.

The financial targets for the year were stretching considering the trading environment. The COVID-19 impact not only made it impossible for the scheme participants to achieve the financial targets for the year, but the impact also extended to the LTI scheme measures.

Executive directors and prescribed officers' remuneration:

- **Average guaranteed pay**
  Increases of 4,0% were implemented with effect from 1 July 2020, similar to the increases awarded to salaried staff across the Group, which were largely in line with inflation.
- **STI Award**
  An award equating to 26,5% of the maximum value possible in terms of this scheme has been awarded for FY2020. Operating loss was R17 million, measured as Earnings before Interest and Tax ("EBIT") for continuing operations and was below threshold. Return on Invested Capital Employed ("ROICE") at 0% was also below threshold. Negative Free Cash Flow ("FCF") of R518 million was below threshold. The net negative cash position of R107 million (post IFRS 16) is commendable considering COVID-19 and

> "THE FINANCIAL TARGETS FOR THE YEAR WERE STRETCHING CONSIDERING THE TRADING ENVIRONMENT. THE COVID-19 IMPACT NOT ONLY MADE IT IMPOSSIBLE FOR THE SCHEME PARTICIPANTS TO ACHIEVE THE FINANCIAL TARGETS FOR THE YEAR, BUT THE IMPACT ALSO EXTENDED TO THE LTI SCHEME.

> **WE BELIEVE OUR REMUNERATION POLICY IS BEST PRACTICE AND THAT ITS APPLICATION IS NOT ONLY FAIR TO PARTICIPANTS BUT ALSO ENCOURAGES A PERFORMANCE CULTURE IN THE GROUP THAT WILL LEAD TO SUSTAINED SHAREHOLDER VALUE CREATION.**

the cash position did meet threshold to attract STI for this performance measure. This STI outcome is reflective of the Group's financial performance relative to the financial targets and the performance against individual non-financial targets that were set at the beginning of the year.

PG 90
Refer to the STI performance measures in the remuneration policy overview.

- **LTI Vesting**
The performance period for the 2017 Forfeitable Share Plan ("FSP") LTI award ended on 30 June 2020. Based on performance over the three-year performance period, 25% of the 2017 FSP award vests in 2020. Half of the award was based on ROICE performance, 25% on relative Total Shareholder Return ("TSR") performance and 25% on FCF. The ROICE target was Weighted Average Cost of Capital ("WACC") plus 4%, or 16,4%. Actual performance of 5,1% was below threshold, hence no shares vested for this performance measure. The Group's TSR over the performance period was negative 25% compared to the weighted negative compound rate of 17,5% of the peer group. As a result, no shares vested for this performance measure. Cumulative FCF was above the budgeted target with a positive FCF of 371 cents per share. Consequently 25% of the shares vested for this performance measure. As from September 2015, in terms of the revised remuneration policy adopted in that year for each performance measure, only 30% of the award will vest at threshold performance and 100% at target performance.

PG 91
Refer to the LTI performance measures in the remuneration policy overview.

Given the changes introduced to the remuneration policy in 2015 and subsequent shareholder support for this policy, as well as the policy's general alignment with King IV™, no policy changes were introduced during the year. The Group's remuneration policy and implementation report respectively received the support of 89,80% and 99,92% of shareholders who voted at the AGM in November 2019. We believe our remuneration policy is best practice and that its application is not only fair to participants but also encourages a performance culture in the Group that will lead to sustained shareholder value creation.

As required by the Companies Act and King IV™, the following resolutions will be tabled for shareholder voting at the AGM on 26 November 2020, details of which can be found in the AGM notice:

- Binding vote on non-executive directors' fees;
- Advisory vote on the remuneration policy; and
- Advisory vote on the implementation report.

I would like to thank my fellow remuneration committee members for their contribution and support. Remuneration is a complex and controversial matter and I am satisfied that the remuneration committee discharged its obligations in a responsible and professional manner.

RALPH HAVENSTEIN
Chairman

REMUNERATION POLICY OVERVIEW

INTRODUCTION

The remuneration report has been prepared by the remuneration committee in line with the principles outlined in King IV™ and has been approved by the Board. The report covers executive director, prescribed officer and non-executive director remuneration.

The remuneration report outlines the remuneration policy that guides the remuneration committee's decisions, and the remuneration outcome from the application of the remuneration policy during FY2020.

REMUNERATION POLICY PRINCIPLES

Murray & Roberts believe that employees should be paid fair, competitive and appropriately structured remuneration in the best interests of shareholders. It also recognises that its remuneration philosophy has a direct effect on the behaviour of employees and that it has to support delivery of the Group's business strategy. The remuneration policy continues to be driven by the principles of developing a performance culture and motivating and retaining key and critical talent.

The Murray & Roberts remuneration policy is aligned to the Group strategy, which aims to deliver shareholder value through growth in profitability and cash flows. This strategy focuses the Group on selected international natural resource market sectors, the diversification of the Group's business model, the delivery of project, commercial management and safety excellence, enhanced performance and diversity of the Group's employees.

Murray & Roberts' remuneration policy applies to all businesses in the Group to ensure consistency and fairness in remuneration. Some flexibility, however, is allowed to acknowledge differences across businesses with varying market conditions, and external benchmarking per business platform.

REMUNERATION POLICY FOR EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS

To give effect to the general remuneration philosophy that executive directors, prescribed officers and salaried employees should be paid fair, competitive and appropriately structured remuneration in the best interests of the Group and shareholders, the following broad principles are applied:

- Total remuneration consists of fixed and variable components, with emphasis on variable pay at senior levels to encourage performance and shareholder value creation;
- Remuneration structures support the development of a performance culture and the Group's business strategy;
- Remuneration components are set at a competitive level to motivate key talent and to attract and retain the services of high-calibre employees;
- The STI plan aligns the interests of executives with those of shareholders in the short term, as performance incentives are subject to Company key financial performance and individual non-financial key performance indicators; and
- The LTI plan rewards achievement of financial performance measures supporting long-term shareholder value creation.

COMPONENTS OF REMUNERATION

The remuneration committee ensures that the mix of remuneration components supports the Group's strategic objectives. Murray & Roberts has the following remuneration components:

- Guaranteed pay (consisting of salary, benefits and retirement fund contributions);
- Short-term incentives; and
- Long-term incentives.

The Group seeks to position guaranteed pay at the median against appropriate benchmarks; however, for total remuneration the policy is to position at the 75th percentile for executives, senior management and key talent and critical skills, where the 75th percentile is achieved at between "on-target" and "stretch" performance. This policy supports the underlying principle of paying for performance and the focus on variable pay.

The table on the following pages summarises the key components of executive directors' and prescribed officers' remuneration, the link to strategy, how each component operates and the maximum opportunity for each element.

SUMMARY OF REMUNERATION COMPONENTS AND LINK TO STRATEGY

GUARANTEED PAY

is a fixed component, which reflects individual contribution and market value for respective roles, with internal and external equity being cornerstones for setting guaranteed pay.

OPERATION

- Positioned at market median (per job grade taking into consideration the size and complexity of the role). The remuneration committee considers the impact of any guaranteed pay increase on the total remuneration package.
- Paid monthly in cash net of allocations to retirement fund, insured benefits and medical aid.
- Guaranteed pay (and other elements of the remuneration package) is paid in different currencies as appropriate to reflect the geographic location of the executive.
- Reviewed annually, taking account of Group performance, individual performance, changes in responsibility, levels of increase in the market and levels of increase for the broader employee base.
- Benchmarking is performed relative to peer companies listed on the JSE for executive directors and for prescribed officers. The Energy, Resources & Infrastructure ("ERI") platform CEO is benchmarked against an appropriate peer group of Australian companies.

MAXIMUM OPPORTUNITY

- There is no prescribed maximum annual increase. However, increases will normally be in line with the general level of increase in the market against which the executive's salary is benchmarked.
- On occasions a larger increase may be awarded to recognise, for example, development in role or change in responsibility.

BENEFITS

are provided at competitive levels to attract and retain suitably qualified and experienced executives.

OPERATION

- Benefits such as travel allowances, insurance policies relating to death-in-service and disability benefits and medical aid are included in guaranteed pay.

MAXIMUM OPPORTUNITY

- There are no prescribed maximum values. However, reference is made to market practice and benchmarks.
- Company contributions for disability and death benefits in South Africa are based on pensionable salary. The contribution rates are reviewed annually.

REMUNERATION REPORT *continued*

RETIREMENT FUND

contributions are made to provide competitive post-employment income to attract and retain suitably qualified and experienced executives.

OPERATION

- Executives in South Africa contribute to the Sanlam Umbrella Pension Fund, which is a defined contribution pension fund.
- In Australia contributions are made, as part of guaranteed pay, to a superannuation fund structured as a defined contribution fund.

MAXIMUM OPPORTUNITY

- Maximum company contributions are set according to local retirement fund rules.

SHORT-TERM INCENTIVES

drive Group and team financial performance, as well as individual performance for non-financial measures, to deliver sustained shareholder value. It also provides alignment with shareholders through a deferred component.

OPERATION

- The STI scheme is designed to be self-funding. Bonus projections for on-target performance are used to ensure affordability. Financial measures such as earnings before interest and tax are used to calculate the bonus provision and actual profit reported is net of bonus provisions accrual.
- Awards are based on annual performance against a balanced scorecard of metrics as determined by the remuneration committee from time to time.
- The Group chief executive, Group financial director and business platform CEOs have a 70% weighting in favour of financial targets, while other prescribed officers have a 60% weighting. For the 70% financial target weighting for business platform CEOs, 50% is linked to their platform financial measures and 20% to Group financial targets.
- Individual performance is also assessed against suitable non-financial targets related to leadership, relationship, operational and risk (including safety) targets.
- 70% of the award is delivered in cash and 30% in deferred forfeitable shares or cash under the LTI schemes, which vests equally over three years, subject only to continued employment.
- Financial performance targets are measured against audited annual financial performance, net of bonus accruals. Individual non-financial performance targets are based on a formal performance and development evaluation conducted by the executive's direct manager and by the committee and Board chairman for the Group chief executive.

MAXIMUM OPPORTUNITY

- The STI disbursement is based on incentive qualification levels as a percentage of guaranteed pay, which is a function of job grade and performance against agreed financial and/or individual targets as per the individual's performance contract, and applied on a sliding scale between threshold, target and stretch performance.
- Performance below threshold attracts no STI payment for the specific component, where threshold for financial targets is 80% of target.
- The STI disbursement is capped at stretch performance or 120% of target.
- The maximum STI disbursement as a percentage of guaranteed pay is 200% for the Group chief executive, 150% for the Group financial director and between 100% and 150% for prescribed officers depending on their job grade.
- Clawback provisions, as described on page 92, apply to STI awards made from August 2015.

LONG-TERM INCENTIVES

provide general alignment between the executives and shareholders of the Group. They also motivate and reward executives who have contributed to the Group's value creation over the long term and support the retention and attraction of executives.

OPERATION

- Murray & Roberts operated the following LTI schemes in FY2020: the FSP introduced in October 2012, the Letsema Vulindlela Black Executives Trust ("Vulindlela"), which was established in December 2005 as part of the Group's BBBEE shareholding structure and the Clough Phantom Share Plan ("CPSP") introduced in 2014, following the acquisition of the minority interests in Clough. As reported last year, no further allocations have been made under the CPSP since 2016 and the last allocations under the CPSP have vested in October 2019. A Long Term Cash Settled Incentive Plan ("LTCSIP") was introduced in 2017 to replace the CPSP and is also used as an LTI scheme for other executives operating outside South Africa.

FORFEITABLE SHARE PLAN

- Forfeitable Murray & Roberts shares are awarded subject to continued employment and satisfaction of challenging performance conditions measured over a three-year performance period, which are set by the remuneration committee before each grant.
- Cliff vesting occurs at the end of the three-year period.
- Settlement of the forfeitable shares can be by way of an acquisition of the required number of shares on the market or the use of shares held in treasury account or an issue of shares. The remuneration committee has the ability to cash-settle awards, if necessary, in exceptional circumstances.
- In very specific circumstances, and on an ad-hoc basis, where it is necessary to retain critical talent, the remuneration committee may make awards only subject to continued employment with no performance conditions. These awards are aimed at retention and do not form part of the annual awards.

LONG TERM CASH SETTLED INCENTIVE PLAN

- A cash-settled LTI is awarded to senior executives operating outside South Africa, subject to continued employment and satisfaction of challenging performance conditions measured over a three-year performance period, which are set by the remuneration committee before each grant. The performance conditions mirror those used under the FSP.
- Cliff vesting occurs at the end of the three-year period.
- In very specific circumstances, and on an ad-hoc basis, where it is necessary to retain critical talent, the remuneration committee may make awards only subject to continued employment with no performance conditions. These awards are aimed at retention and do not form part of the annual awards.

LETSEMA VULINDLELA BLACK EXECUTIVES TRUST

- The beneficiaries of Vulindlela are black (African, Coloured and Indian) South African citizens, who are employed on a permanent basis within the Group as top, senior and middle managers. Black prescribed officers have several outstanding allocations under Vulindlela and have been allocated forfeitable shares under the FSP since November 2012.
- In terms of the Trust deed, this Trust is to be terminated on 31 December 2022. As the awards are subject to a five-year lock-in period, a final allocation was made in November 2016. High-potential middle management employees qualify for an award under the FSP.

CLOUGH PHANTOM SHARE PLAN

- Clough phantom shares or conditional rights were awarded subject to continued employment and satisfaction of challenging performance conditions measured over three years, which were set by the remuneration committee before each grant. As stated above, this plan has been replaced by the LTCSIP.

EXECUTIVE SHARE OWNERSHIP

aims to better align the interests of executives with those of shareholders by encouraging executives to build a meaningful shareholding in the Group.

OPERATION

- Executive share ownership is encouraged through the part deferral of STIs into forfeitable shares, where 30% of the STIs are deferred into forfeitable shares under the FSP.
- In a bid to encourage executives to hold more shares, the Group chief executive is encouraged to build a shareholding, in "unfettered" shares, equivalent to at least 100% of guaranteed pay, other executive directors equivalent to 75% of guaranteed pay, and prescribed officers equivalent to 50% of guaranteed pay over a period of not more than five years.
- Executives are encouraged to retain at least 50% of any vested shares after meeting necessary tax obligations under the LTI schemes.

MAXIMUM OPPORTUNITY

- Not applicable.

CHOICE OF PERFORMANCE MEASURES

The table below and alongside shows the performance measures set for FY2020, which will again be applied for FY2021.

The weightings presented below are for the executive directors. Targets are set every year following a bottom-up business planning process taking account of strategic goals and the prevailing market conditions.

STI PERFORMANCE MEASURES

METRIC	WEIGHTING FOR GROUP CHIEF EXECUTIVE AND FINANCIAL DIRECTOR	RATIONALE
FINANCIAL PERFORMANCE MEASURES		
EBIT	20%	A key indicator of the underlying profit performance of the Group, encouraging performance in terms of both revenues and costs.
Continuing diluted HEPS	20%	A key indicator of the value add for shareholders.
Net cash	10%	A key indicator of the Group's liquidity and ability to meet its debt requirements.
Free cash flow	10%	A key indicator of the Group's ability to generate cash after providing for maintaining or expanding its asset base. FCF is an indication of the ability of the Group to pursue opportunities that enhance shareholder value.
ROICE	10%	A key indicator of the effective use of shareholder capital.
INDIVIDUAL PERFORMANCE MEASURES		
Leadership	7,5%	A key indicator of the extent to which strategy implementation, transformation & diversity and leadership succession & development objectives are achieved.
Relationship	7,5%	A key indicator of the extent to which stakeholder engagement and employee relations objectives are achieved.
Operational	7,5%	A key indicator of the extent to which governance, commercial management and project performance objectives are achieved.
Risk	7,5%	A key indicator of the extent to which health, wellness and safety, risk management and environmental objectives are achieved.

LTI PERFORMANCE MEASURES

FSP performance measures over a three-year vesting period

FOR AWARDS MADE UP TO SEPTEMBER 2017

METRIC AND WEIGHTING	RATIONALE	VESTING
ROICE 50%	A key indicator of the effective use of shareholder capital.	30% vests for threshold performance and 100% vests for target, where threshold performance is WACC and target performance is WACC + 4%. Linear vesting will be applied between these points.
TSR relative to a peer group of companies 25%	TSR measures the total returns to the Group's shareholders, and provides close alignment with shareholder interests.	A peer group of South African listed companies is used to evaluate TSR. TSR is weighted for each of the peer companies according to their market capitalisation at the beginning of the performance period. 30% vests for threshold performance and 100% vests for target performance against a market cap weighted index of the peer companies. Threshold is 90% of the combined peer TSR Compound Annual Growth Rate ("CAGR") and target is the combined peer TSR CAGR plus 5%. Linear vesting will be applied between these points.
Free cash flow per share ("FCFPS") 25%	A key indicator of the Group's ability to generate cash after providing for maintaining or expanding its asset base. FCFPS is an indication of the Group's ability to pursue opportunities that enhance shareholder value.	30% vests at threshold performance and 100% vests at target, where target performance is 120% of cumulative budgeted FCFPS and threshold performance is 80% of budget. Linear vesting will be applied between these points.

FSP performance measures over a three-year vesting period

FOR AWARDS MADE FROM SEPTEMBER 2018

The remuneration committee considered the FSP performance metrics and decided to introduce new performance metrics as from the September 2018 FSP awards, as the relevance of TSR and ROICE has diminished.

Subsequent to the Group's divestment from its Infrastructure and Building ("I&B") business in 2017, its listing on the JSE was moved from the Heavy Construction subsector to the Diversified Industrial subsector. Murray & Roberts is in a unique position, without true comparator companies listed on the JSE to benchmark TSR performance.

The Group's capital expenditure is also primarily project related and short term in nature, and in the context of the natural resources markets with its volatile business cycles, the relevance of ROICE as a performance measure has reduced.

After obtaining external advice, the remuneration committee introduced new stretching FSP performance targets, that are independently measurable and industry relevant.

METRIC AND WEIGHTING	RATIONALE	VESTING
EBIT margin (earnings before interest and tax for continuing operations divided by revenue from continuing operations) 50%	A key indicator of the underlying profit performance of the Group, encouraging performance in terms of both revenues and cost control.	30% vests for threshold performance and 100% vests for target performance, where threshold performance is 3% EBIT margin and target performance is 5% EBIT margin. Linear vesting will be applied between these points.
Conversion ratio of EBITDA into cash (operating cash flow plus dividends received divided by earnings before interest, tax, depreciation and amortisation) 50%	A key indicator of the ability of the Group to convert profits into cash, which requires good working capital management.	30% vests for threshold performance and 100% vests for target performance, where threshold performance is 60% conversion ratio and target performance is 80% conversion ratio. Linear vesting will be applied between these points.

REMUNERATION REPORT *continued*

CLAWBACK OF INCENTIVES

For STI and LTI awards made from August 2015, the remuneration committee introduced clawback provisions, where the committee may reduce or clawback STI and LTI awards in the following circumstances:

- The participant acting fraudulently, dishonestly or with malice, or being in material breach of their obligations to the Group; or
- Where Murray & Roberts becomes aware of a material misstatement or omission in the financial statements of a Group company or the Group.

These clawback provisions apply whether or not awards are made in the form of cash or equity, and whether or not the equity has vested.

DIFFERENCES IN REMUNERATION POLICY FOR EXECUTIVES COMPARED TO OTHER EMPLOYEES

There are differences in the structure of the remuneration policy for the executive directors, prescribed officers and other salaried employees, which are necessary to reflect the different levels of responsibility and market practices. The key difference is the increased emphasis on incentives or variable performance-related pay in senior roles. Lower maximum variable incentive pay limits, as a percentage of guaranteed pay, apply for roles below executive level, driven by market benchmarks and the relative impact of the role. Only the most senior executives in the Group participate in the FSP and LTCSIP schemes, where these plans are targeted at those individuals who have the greatest responsibility for Group performance. As Murray & Roberts believes that all employees should be aligned with key business drivers, participation in the STI also includes middle management, junior management and general employees, subject to the meeting of individual performance targets.

EXECUTIVE DIRECTORS' AND PRESCRIBED OFFICERS' EMPLOYMENT CONTRACTS AND POLICY ON TERMINATION OF EMPLOYMENT

Executive directors and prescribed officers do not have fixed-term contracts, but are subject to notice periods of three months. The employment contracts include pay in lieu of notice provisions which may be invoked at the discretion of the Group. Normal retirement of executive directors and senior management is at age 63, however, this is subject to specific legislation in the countries in which Murray & Roberts operates.

At 30 June 2020, there was no material liability to the Group with respect to the termination of employment of any executive director or prescribed officer. The contracts of employment do not include provisions entitling the individual to a specified payment on termination of employment or on a change of control of Murray & Roberts, other than as stipulated in the LTI schemes. The only provision in the contract of employment for executive directors and prescribed officers (other than the Energy, Resources & Infrastructure platform CEO) relating to a payment on termination of employment is that, where termination occurs during the first year of employment, any payment to which the individual is entitled by law will be limited to a maximum of 25% of annual Total Fixed Cost of Employment ("TFCE").

Any LTI entitlements awarded to an executive director or prescribed officer under the Group's LTI schemes will be determined based on the relevant plan rules. Employees terminating employment due to resignation or dismissal on grounds of misconduct, poor performance or dishonest or fraudulent conduct or due to absconding, will forfeit all unvested LTI awards and deferred STI into LTI awards. Employees terminating employment due to death, retirement, retrenchment, ill-health, disability, injury or the sale of the employer company will be classified as good leavers and a portion of the LTI awards and deferred STI into LTI awards will vest on the date of termination of employment. This portion will reflect the number of months served since the award date, to the date of termination of employment over the total number of months in the vesting period and the extent to which the performance conditions imposed have been met. The remainder of the awards will lapse.

No agreements have been entered into with the executive directors or prescribed officers regarding restraint of trade, other than the ERI platform CEO, who has a non-competition clause in his contract of employment.

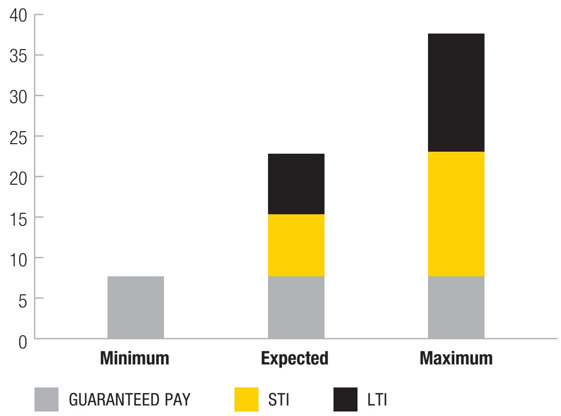
RETENTION SCHEMES

There are currently no retention schemes in place for executive directors or prescribed officers.

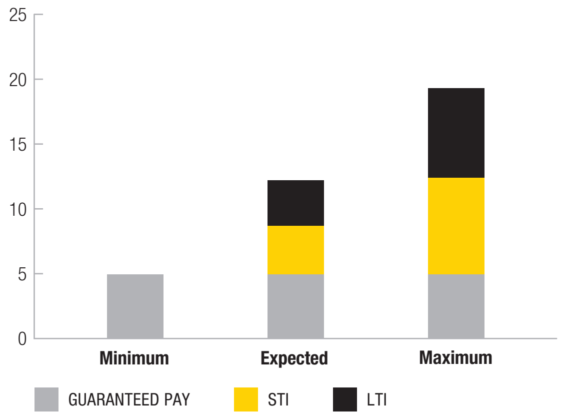
TOTAL REMUNERATION SCENARIOS AT DIFFERENT PERFORMANCE LEVELS

The charts below illustrate the total potential remuneration for the executive directors.

GROUP CHIEF EXECUTIVE (R MILLION)



GROUP CHIEF FINANCIAL DIRECTOR (R MILLION)



1 Assumptions:

Minimum = guaranteed pay only (salary, benefits and retirement fund contributions).

Expected = on-target STI allocation and expected value (50%) of LTI award.

Maximum = stretch STI allocation and face value of LTI award.

Guaranteed pay levels (on which other elements of the package are calculated) are based on those applying on 1 July 2020.

REMUNERATION POLICY FOR NON-EXECUTIVE DIRECTORS

Components of remuneration

Non-executive directors receive a fee for their contribution to the Board and its committees of which they are members. This fee structure reflects the skill and experience brought to the Group by each non-executive director, responsibilities undertaken, the time commitment involved and the importance of attendance and contribution to Board and committee meetings. The fee structure is reviewed annually.

Fees are benchmarked against companies listed on the JSE which are of a similar size and nature, in terms of market capitalisation and sector. This includes companies in the construction, mining and industrial sectors. It is the Group's policy to align fees to the upper quartile of the benchmark, in alignment with the total remuneration policy for executives and in order to ensure that suitably qualified and experienced non-executive directors are attracted to the Group.

REMUNERATION GOVERNANCE

The remuneration committee assists the Board to fulfil its corporate governance supervision responsibilities and to align the remuneration policy with the Group's business strategy. The key focus in this regard is to attract, retain, motivate and reward directors, senior executives and employees through the payment of fair, competitive and appropriately structured remuneration, in the best interests of the Group and shareholders. The committee operates under terms of reference reviewed and approved annually by the Board.

MEMBERSHIP

Ralph Havenstein chairs the remuneration & human resources committee. Ntombi Langa Royds, Suresh Kana and Alex Maditsi serve as members of the committee. The Group chief executive and Group financial director attend meetings in an ex officio capacity. The executives who attend meetings in an ex officio capacity do not participate in any discussions or decisions pertaining to their own remuneration. Expert advice is sought from time to time.

TERMS OF REFERENCE

The chairman of the committee reports to the Board on the committee's deliberations and decisions. The committee assists the Board by submitting reports and recommendations on the Group's employment framework and policies, and remuneration philosophy.

The committee is responsible for considering and approving proposals regarding guaranteed pay, benefits, short-term incentives, long-term incentives and related matters pertaining to executive directors of the Group, prescribed officers, all managing directors of the Group's businesses and other senior Group executives. It also considers and approves the remuneration and benefits paid to general employees. It oversees Group pension, provident and other benefit plans.

IMPLEMENTATION REPORT

The implementation report details the outcomes of the approved remuneration policy detailed in the previous section.

SINGLE TOTAL FIGURE OF REMUNERATION

The table below includes the total remuneration for the reported financial year and the previous financial year. The table includes guaranteed pay, the short-term incentive (excluding the 30% deferred STI) paid and the long-term incentives that will vest (following performance testing) in the financial year (including the 30% deferred STI award).

SINGLE TOTAL FIGURE OF REMUNERATION FOR PERIOD TO 30 JUNE 2020

PAYMENT IN RAND (R'000)

EMPLOYEE	Guaranteed pay		STI		LTI		Other		Total remuneration	
NAME	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
da Costa, Mike	**4 530**	3 942	**571**	2 537	**245**	1 088	**–**	2 800	**5 346**	10 367
Fenn, Orrie[1]	**–**	407	**–**	–	**–**	–	**–**	8	**–**	415
Grobler, Daniël	**4 750**	4 452	**1 341**	2 887	**1 081**	2 491	**–**	–	**7 172**	9 830
Harrison, Steve	**3 589**	3 500	**–**	640	**316**	2 072	**–**	–	**3 905**	6 212
Henstock, Ian	**4 320**	4 100	**1 638**	3 139	**–**	2 110	**73**	73	**6 031**	9 422
Laas, Henry	**7 380**	6 996	**2 970**	6 048	**2 353**	8 700	**392**	101	**13 095**	21 845
Mdluli, Thokozani	**3 400**	3 200	**633**	1 317	**478**	1 736	**–**	–	**4 511**	6 253

1. Orrie Fenn retired 31 July 2018.

PAYMENT IN AU$ (AU$'000)

EMPLOYEE	Guaranteed pay		STI		LTI		Other		Total remuneration	
NAME	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Bennett, Peter	**955**	894	**–**	363	**242**	156	**–**	–	**1 197**	1 413

The single total figure of remuneration is calculated as set out below.

	2020	2019
GUARANTEED PAY	Guaranteed pay earned for the period including benefits and retirement fund contributions. The average remuneration adjustment for executive directors and prescribed officers for FY2020 (effective 1 July 2020) was 4,0% (FY2019: 5,58%). The total adjustment was aligned to the average Murray & Roberts increase awarded in March 2020 for other salaried employees of 4,09%.	Guaranteed pay earned for the period including benefits and retirement fund contributions. The average remuneration adjustment for executive directors and prescribed officers for FY2019 (effective 1 July 2019) was 5,58% (FY2018: 5,60%). The total adjustment was aligned to the average Murray & Roberts increase awarded in March 2019 for other salaried employees of 5,45%.
STI	STI awarded for FY2020 performance. 70% of the award is payable in cash in September 2020, and 30% deferred as an LTI award, which will vest one third each year from FY2021 to FY2023.	STI awarded for FY2019 performance. 70% of the award was payable in cash in September 2019, and 30% deferred as an LTI award, which will vest one third each year from FY2020 to FY2022.
LTI	The value of LTI awards under the 2017 FSP that vest in 2020, based on performance during the three-year period to 30 June 2020. The value of that award is based on a share price on 30 June 2020 of R5,00. 75% of the 2017 FSP awards lapsed due to actual ROICE and TSR being below threshold. The FCF targets were met for which 25% of the 2017 FSP awards vested. The same performance conditions and vesting percentage apply to the Cash Settled Conditional Rights awarded to the CEO in 2017 as well as the Long Term Cash Settled Incentive award made to the ERI platform CEO in 2017.	The value of LTI awards under the November 2016 FSP that vested on 1 November 2019, based on performance during the three-year period to 30 June 2019. The value of these award was based on a share price on 30 June 2019 of R14,50. 50% of the November 2016 FSP awards lapsed due to the actual ROICE being below threshold. TSR and FCF targets were met.
OTHER	The benefit to Henry Laas consists of a fringe benefit on the use of a company vehicle, as well as proceeds from a deferred compensation policy. The benefit to Ian Henstock represents payment to him to secure private life cover.	The benefit to Henry Laas consists of a fringe benefit on the use of a company vehicle. The benefit to Ian Henstock and Orrie Fenn represents payment to them to secure private life cover. The payment to Mike da Costa represents a sign-on bonus of R1,3 million in September 2018 as well as R1,5 million in lieu of foregone long-term incentives at his previous employer.

FY2020 STI PERFORMANCE OUTCOMES

Financial performance is measured against KPIs, based on audited annual financial results, net of STI accruals. Non-financial individual performance KPIs are based on a formal performance assessment conducted by the Group chief executive for the executives, and by the remuneration committee and Board chairman for the Group chief executive.

Performance below threshold attracts no STI payment for the specific component of the STI below threshold, where threshold for financial targets is 80% of target.

Non-financial individual performance is assessed against suitable KPIs and is rated on a sliding scale from 1 to 5, where a score of 2 represents threshold performance, 3 on-target performance, 4 excellent performance and a score of 5 stretch performance

Performance against the FY2020 Group targets are summarised below. The outcome represents the overall Group performance expressed as a percentage achievement against target for the specific financial KPI. Performance against non-financial KPIs is the average for executives out of a score of 5.

KPA	KPI	OUTCOME	COMMENTS
FINANCIAL			
Weighting 70%	**Profitability – EBIT** (Weighting 20%)	0%	EBIT loss of R17 million achieved relative to target of R906 million for continuing operations.
	Profitability – diluted HEPS (Weighting 20%)	0%	Negative diluted HEPS from continuing operations of 88 cents achieved relative to target of 97 cents.
	Cash flow – net cash (Weighting 10%)	156% (capped at 120%)	Net negative cash of R107 million achieved relative to target of negative R243 million.
	Cash flow – free cash flow (Weighting 10%)	0%	Negative free cash flow of R518 million relative to target of R316 million.
	Returns (Weighting 10%)	0%	ROICE of 0% achieved relative to WACC plus 1,5% (on target) or 13,5%. Performance of less than WACC compared to target attracts no STI payment for the element.
LEADERSHIP			
Weighting 7,5%	**Strategy implementation** **Transformation & diversity** **Leadership succession & development**	3.43 out of 5	Strategic direction maintained – target markets for the business platforms broadened to access new growth sectors. International expansion continued and integration of recently acquired businesses well managed. Digital readiness assessment undertaken and next steps agreed. In South Africa, achieved Level 1 BBBEE rating. Diversity an area of focus with relevant specific transformation initiatives underway in various geographic regions. Performance management and succession planning effectively applied across the Group. Leadership development and training remained a main area of focus, with extensive development and training provided during the year.

KPA	KPI	OUTCOME	COMMENTS
RELATIONSHIPS			
Weighting 7,5%	**Stakeholder engagement** **Employee relations**	3.29 out of 5	Maintained good relationships with all internal and external stakeholders. Public relations and investor relations continued to be well managed. Effective Group communication maintained to all employees regarding the ATON bid process, COVID-19 and new platform names. Groupwide employee satisfaction survey conducted with good results.
OPERATIONAL			
Weighting 7,5%	**Good governance** **Commercial management** **Project performance**	2.86 out of 5	Groupwide compliance with good governance practices. King IV™ compliant. No pending legal action due to breach of legislation. Group and Corporate Office Business Management Systems functional and ISO accreditation retained. Initiatives supporting the progression of claims and defences on a number of projects, including Dubai Airport and power programme claims, are thorough, proactive and ongoing. Working capital management was difficult considering COVID-19, although the Group managed to end the year in a strong liquidity position. Project performance disappointed due to substantial losses on some projects.
RISK			
Weighting 7,5%	**Health, wellness & safety** **Risk management** **Environment**	2.86 out of 5	No fatalities suffered during the year. LTIFR and TRCR targets not achieved due to poor second and third quarter by Mining platform. Risk management practices and internal audit are well-established disciplines and no material findings were reported. Opportunity Management System, based on the Group's risk tolerance framework is working effectively and applied across all businesses. Environmental management in accordance with standards. No environmental incidents were reported. Group policy on climate change published.

REMUNERATION REPORT *continued*

THE STI BREAKDOWN FOR THE GROUP CHIEF EXECUTIVE FOR FY2020 IS SET OUT BELOW

	2020	2019
Financial	**1 476 000**	6 016 600
■ Diluted HEPS	**0**	1 188 960
■ EBIT	**0**	1 329 240
■ Net Cash	**1 476 000**	1 399 200
■ Free Cash Flow	**0**	1 399 200
■ ROICE	**0**	0
Non-financial	**2 767 500**	2 623 500
■ Leadership	**830 250**	787 050
■ Relationships	**830 250**	787 050
■ Operational	**553 500**	524 700
■ Risk	**553 500**	524 700
Total	**4 243 500**	8 640 100

FY2020 LTI PERFORMANCE OUTCOMES

Vesting of the 2017 FSP award

The three-year performance period for the 2017 FSP award ended on 30 June 2020. The 2017 FSP award comprised 3 508 640 shares, with a total of 823 500 shares awarded to the executive directors and prescribed officers. Half of the award was subject to the ROICE performance condition, 25% to relative TSR performance and 25% to FCFPS performance. The ROICE of 5,1% for the three-year performance period was below threshold – the target was 16,4%, or WACC plus 4%. The Group's TSR over the performance period was at a negative compound rate of 25% compared to the weighted negative compound rate of 17,5% for the peer group. Cumulative free cash flow per share was above 120% of budgeted free cash flow over the performance period at 371 cents per share.

The below threshold performance in ROICE and TSR resulted in 75% of the 2017 FSP award being forfeited and these shares lapsed on 24 August 2020. The remaining 25% of the 2017 FSP award vested. The Group chief executive was awarded 864 000 shares as cash-settled conditional rights in September 2017. These conditional rights are subject to the same performance period, performance conditions and vesting percentages set out above. The calculation of the vesting percentage of these awards were audited by the external auditors.

FSP award 2020

An allocation of forfeitable shares was made on 1 October 2020 under the FSP. The 2020 FSP is the annual allocation of forfeitable shares to senior executives including the executive directors and prescribed officers and will vest in 2023. A total number of 9 946 000 forfeitable shares were allocated, of which 2 697 000 forfeitable shares to the value of R14,9 million were allocated to the executive directors and prescribed officers. The allocation took job grade, individual performance and retention risk into consideration.

The vesting of the 2020 FSP award is subject to meeting performance conditions for the three-year performance period from 1 July 2020 to 30 June 2023, as shown in the table below.

30% of the performance related award will vest at threshold and 100% at target, with no vesting for below-threshold performance. Linear vesting will apply between these points. The remuneration committee considers the performance targets to be stretching in the context of the Group's business strategy and the market conditions.

The 2020 FSP award was settled through the use of shares that lapsed under the 2017 FSP as well as shares bought on market, thereby not resulting in any dilution to shareholders.

In terms of the scheme rules, the aggregate number of shares at any one time which may be allocated under the Share Option Scheme and the FSP may not exceed 5,0% of the number of shares in issue. This represents 22 236 806 shares. As at 30 June 2020, there were no shares allocated under the Share Option Scheme and 14 798 380 shares under the FSP, which is less than the aggregate cap. This includes FSP awards under the STI deferral. It should be noted that these shares were not allocated by way of an issue of new shares and as such are not dilutive to shareholders.

The maximum number of shares allocated to any participant in respect of all unvested awards under the FSP and the Share Option Scheme, will not exceed 2 223 681 shares. This represents 0,50% of the number of shares currently in issue. As at 30 June 2020, the Group chief executive had the highest number of unvested awards at 2 207 387 awards, representing 0,49% of the shares currently in issue, which is less than the cap.

This limit was set in 2012, when the share price was trading at higher levels and the subsequent reduction in the share price has led to an increase in the number of shares awarded to achieve the award value as per the remuneration policy. As the Group chief executive has reached the limit, he has not been awarded forfeitable shares under the FSP.

The Group chief executive has been awarded 2 103 500 shares as cash-settled conditional rights on 1 October 2020 with a mandatory share purchase. The cash-settled conditional rights will not result in a more favourable financial outcome compared to the FSP. This award, including performance conditions, will mirror the FSP award and does not cause any shareholder dilution. In terms of this award, the Group chief executive must acquire shares with the after-tax cash payment and is hence in the same share ownership position he would have been under the FSP.

Long term cash settled awards were made to executives operating outside South Africa in October 2020 under the LTCSIP. The October 2020 LTCSIP award is the annual allocation of awards to senior executives outside South Africa, including the Energy, Resources & Infrastructure Platform CEO, and will vest in 2023. The allocation took job grade, individual performance and retention risk into consideration.

The vesting of these awards is subject to meeting the same performance conditions as the 2020 FSP awards, over the three-year performance period from 1 July 2020 to 30 June 2023.

Thirty percent of the award will vest at threshold and 100% at target, with no vesting for below-threshold performance. Linear vesting will apply between these points.

The Energy, Resources & Infrastructure Platform CEO was awarded a cash settled long term incentive to the value of AU$910 800 on 1 October 2020 (October 2019: AU$910 800).

SEPTEMBER 2020 FSP AWARD PERFORMANCE CONDITIONS

CRITERIA	PERFORMANCE CONDITION	WEIGHTING	THRESHOLD	TARGET FOR MAXIMUM VESTING
EBIT margin	Earnings before interest and tax for continuing operations divided by revenue from continuing operations	50%	3%	**5%**
Conversion ratio of EBITDA into cash	Operating cash flow plus dividends received divided by Earnings before interest, tax, depreciation and amortisation	50%	60%	**80%**

REMUNERATION REPORT *continued*

OUTSTANDING LONG-TERM INCENTIVES

FSP AWARDS AND STI DEFERRED INTO FSP AWARDS

NAME	Date awarded	Opening balance	Number of shares allocated	Value at grant date (R'000)	Number settled in the year	Number forfeited in the year	Closing balance	Settlement date	Settlement value (R'000)	Estimated value (R'000)
Grobler, D	Nov 2016	173 000	–	–	86 500	86 500	–	Nov 2019	941	–
	Sep 2017	405 000	–	–	–	–	405 000		–	506
	Sep 2018	361 000	–	–	–	–	361 000		–	451
	Sep 2019	–	580 000	6 653	–	–	580 000		–	725
	STI 2016	22 717	–	–	22 717	–	–	Sep 2019	284	–
	STI 2017	36 630	–	–	18 312	–	18 318	Sep 2019	229	92
	STI 2018	89 895	–	–	29 965	–	59 930	Sep 2019	375	300
	STI 2019	–	100 098	1 237	–	–	100 098		–	500
Harrison, S	Nov 2016	248 000	–	–	124 000	124 000	–	Nov 2019	1 349	–
	Sep 2017	253 000	–	–	–	–	253 000		–	316
	Sep 2018	223 000	–	–	–	–	223 000		–	279
	Sep 2019	–	350 000	4 015	–	–	350 000		–	438
	STI 2016	9 170	–	–	9 170	–	–	Sep 2019	115	–
	STI 2017	23 546	–	–	11 771	–	11 775	Sep 2019	147	–
	STI 2018	51 133	–	–	17 044	–	34 089	Sep 2019	213	–
	STI 2019	–	22 178	274	–	–	22 178		–	111
Henstock, I	Nov 2016	291 000	–	–	145 500	145 500	–	Nov 2019	1 583	–
Laas, H	Nov 2016	842 500	–	–	421 250	421 250	–	Nov 2019	4 583	–
	Sep 2018	770 500	–	–	–	–	770 500		–	963
	Sep 2019	–	1 072 500	12 302	–	–	1 072 500		–	1 341
	STI 2016	58 715	–	–	58 715	–	–	Sep 2019	734	–
	STI 2017	78 578	–	–	39 282	–	39 296	Sep 2019	491	–
	STI 2018	173 033	–	–	57 677	–	115 356	Sep 2019	721	–
	STI 2019	–	209 735	2 592	–	–	209 735		–	1 049
Mdluli, T	Nov 2016	161 500	–	–	80 750	80 750	–	Nov 2019	879	–
	Sep 2017	165 500	–	–	–	–	165 500		–	207
	Sep 2018	167 000	–	–	–	–	167 000		–	209
	Sep 2019	–	267 000	3 062	–	–	267 000		–	334
	STI 2016	11 384	–	–	11 384	–	–	Sep 2019	142	–
	STI 2017	17 158	–	–	8 577	–	8 581	Sep 2019	107	–
	STI 2018	31 532	–	–	10 510	–	21 022	Sep 2019	131	–
	STI 2019	–	45 675	564	–	–	45 675		–	228
da Costa, M	Sep 2018	274 000	–	–	–	–	274 000		–	343
	Sep 2019	–	434 500	4 984	–	–	434 500		–	543
	STI 2019	–	87 993	1 087	–	–	87 993		–	440

CASH SETTLED CONDITIONAL RIGHTS

NAME	Date awarded	Opening balance	Number of shares allocated	Value at grant date (R'000)	Number settled in the year	Number forfeited in the year	Closing balance	Settlement date	Settlement value (R'000)	Estimated value (R'000)
Laas, H	Sep 2017	864 000	–	–	–	–	864 000		–	1 080
	Sep 2019	–	150 000	1 720	–	–	150 000		–	188

LONG TERM CASH SETTLED INCENTIVE PLAN (LTCSIP)

NAME	Date awarded	Opening balance	Number of shares allocated	Value at grant date (AUS$'000)	Number settled in the year	Number forfeited in the year	Closing balance	Settlement date	Settlement value (AUS$'000)	Estimated value (AUS$'000)
Bennett, P	Oct 2017	880	–	–	–	–	880		–	220
	Oct 2018	898	–	–	–	–	898		–	225
	Oct 2019	911	–	911	–	–	911		–	228

Executives receive dividend payments on the FSP and Conditional Rights allocations held from the award date.

For the FSP, Conditional Rights and the LTCSIP performance conditions, a vesting percentage of 25% is applied to calculate the estimated value.

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NAME	Date awarded	Number of shares allocated	Strike price	Condition	Number forfeited in the year	Closing balance	Vesting date
Mdluli, T	24 Aug 2010	11 500	41,02	Standard	–	11 500	31 Dec 2021
	20 Apr 2011	10 000	25,16	Hurdle	–	10 000	31 Dec 2021
	30 Aug 2011	25 500	27,70	Standard	–	25 500	31 Dec 2021

REMUNERATION OUTCOMES FOR NON-EXECUTIVE DIRECTORS

The remuneration policy for the non-executive directors set out in the remuneration policy report was applied in FY2020. The remuneration of non-executive directors for the year ended 30 June 2020 was:

NON-EXECUTIVE DIRECTORS' REMUNERATION

NAME	Directors' fees R'000	Non-attendance R'000	Special board R'000	Committee fees R'000	Lead independent fee R'000	Chairman's fees R'000	**Total 2020 R'000**	Total 2019 R'000
J Boggenpoel[1]	85	–	168	71	–	–	**324**	–
R Havenstein	–	–	386	86	1 166	–	**1 638**	1 482
SP Kana	–	–	–	86	–	1 655	**1 741**	1 568
NB Langa-Royds	335	–	333	611	–	–	**1 279**	1 085
AK Maditsi	335	(11)	386	345	–	–	**1 055**	904
TE Mashilwane[2]	226	–	162	190	–	–	**578**	783
B Mawasha[3]	85	–	112	58	–	–	**255**	–
XH Mkhwanazi[4]	171	(63)	53	175	–	–	**336**	873
DC Radley	335	–	386	425	–	–	**1 146**	1 083
C Raphiri[5]	85	–	168	99	–	–	**352**	–
Total	1 657	(74)	2 154	2 146	1 166	1 655	**8 704**	7 778

NAME	Directors' fees AU$'000	Non-attendance AU$'000	Special board AU$'000	Committee fees AU$'000	Lead independent fee AU$'000	Chairman's fees AU$'000	**Total 2020 AU$'000**	Total 2019 AU$'000
KW Spence[6]	68	(2)	69	29	–	–	**164**	241

1. Appointed on 1 April 2020.
2. Resigned on 5 March 2020.
3. Appointed on 5 March 2020.
4. Deceased on 4 January 2020.
5. Appointed on 5 March 2020.
6. Resigned on 5 March 2020.

The remuneration of non-executive directors is submitted to shareholders at the annual general meeting for approval in advance of such payment being made.

The Chairman's fee includes attendance at committee meetings, excluding the Independent Board.

INDEPENDENT BOARD	**Committee fees 2020 R'000**	Committee fees 2019 R'000
R Havenstein	**159**	1 008
SP Kana	**159**	958
AK Maditsi	**78**	696
DC Radley	**78**	699
Total	**474**	3 361

REMUNERATION REPORT *continued*

FEE PROPOSAL FOR 2021

In accordance with King IV™, the remuneration committee reviews and recommends fee structures to the Board for approval (excluding recommendation on their own fees) before submitting recommendations for approval by shareholders at the annual general meeting.

An inflation-linked increase to the non-executive directors' fees is proposed for 2021.

The proposed fees (excluding Value Added Tax) are tabled below:

		Previous per annum	Proposed % increase	Proposed per annum
DIRECTOR FEES				
Chairman	Including director and committee fees[1]	R1 677 000	4,00%	R1 744 000
Lead independent director	Including director and relevant committee fees	R1 181 000	3,98%	R1 228 000
Director	Per annum[2,3 & 4]	R340 000	4,12%	R354 000
COMMITTEE FEES				
Audit & sustainability	Chairman	R314 000	3,98%	R326 500
	Member	R168 500	3,86%	R175 000
Health, safety & environment	Chairman	R228 000	3,95%	R237 000
	Member	R116 500	3,86%	R121 000
Nomination	Member	R74 500	4,03%	R77 500
Remuneration & human resources	Chairman	R228 000	3,95%	R237 000
	Member	R116 500	3,86%	R121 000
Risk management	Chairman	R228 000	3,95%	R237 000
	Member	R116 500	3,86%	R121 000
Social & ethics	Chairman	R228 000	3,95%	R237 000
	Member	R116 500	3,86%	R121 000
AD HOC MEETINGS				
Board	Member	R56 000	3,57%	R58 000
Committee	Member	R28 500	3,51%	R29 500

1. *Includes fees for chairing the nomination committee and attending all Board committees.*
2. *Calculated on the basis of five meetings per annum.*
3. *It is proposed that an adjustment deduction of R30 000 (2019: R28 500) per meeting be applied for non-attendance at a scheduled Board meeting.*
4. *It is also proposed that an adjustment deduction of R12 000 (2019: R11 600) per meeting be applied for non-attendance at a scheduled Committee meeting.*

In terms of Section 66(8) of the Companies Act, shareholders are referred to special resolution 1 included in the loose insert of the printed report, regarding approval of the proposed non-executive director fee structure for FY2021.


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SUMMARISED FINANCIAL RESULTS

Responsibilities of directors for annual financial statements

FOR THE YEAR ENDED 30 JUNE 2020

The directors of Murray & Roberts Holdings Limited ("Company") are responsible for the preparation of the annual financial statements that fairly present the state of affairs of the Company and Murray & Roberts Holdings Limited and its subsidiaries ("Group") at the end of the financial year and of the profit or loss and cash flows for that year in accordance with International Financial Reporting Standards ("IFRS") and per the requirements of the Companies Act No. 71 of 2008 ("Companies Act"). The directors of the Company are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information.

To enable directors to meet these responsibilities:

a) The Murray & Roberts Board of directors ("Board") and management set standards and management implement systems of internal controls, accounting and information systems; and

b) The Audit & Sustainability Committee recommends Group accounting policies and monitors these accounting policies.

The directors are responsible for the systems of internal control. These are designed to provide reasonable, but not absolute assurance as to the reliability of the annual financial statements and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatements and loss. The systems are implemented and monitored by suitably trained personnel with appropriate segregation of authority and duties.

The internal audit function is led by the Group chief audit executive and comprises both internal employees and external resources when required. It serves management and the Board by performing an independent evaluation of the adequacy and effectiveness of risk management, internal controls, financial reporting mechanisms and records, information systems and operations, safeguarding of assets and adherence to laws and regulations.

The Group continues to address any control weaknesses which are identified, however, the Group's system of internal controls continues to provide a basis for the preparation of reliable annual financial statements in all material aspects.

The annual financial statements have been prepared in accordance with IFRS, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act and are based on appropriate accounting policies, supported by reasonable judgements. These accounting policies have been applied consistently compared to the prior year except for the adoption of new or revised accounting standards as set out in note 43 of the consolidated financial statements. The annual financial statements have been compiled under the supervision of DF Grobler CA(SA), (Group financial director) and have been audited in terms of Section 30(2) of the Companies Act of South Africa.

The directors are of the opinion that the Company and the Group have adequate resources to continue in operation for the foreseeable future based on forecasts and available cash resources and accordingly the annual financial statements have been prepared on a going concern basis.

It is the responsibility of the external auditors to express an opinion on the consolidated and separate financial statements. For their unmodified report to the shareholders of the Company and Group refer to the online financial statements.

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements of the Company and the Group for the year ended 30 June 2020 is available in the online annual financial statements and were approved by the Board of directors on 26 August 2020 and are signed on its behalf by:

SP Kana
Group chairman

HJ Laas
Group chief executive

DF Grobler
Group financial director

Certification by company secretary

FOR THE YEAR ENDED 30 JUNE 2020

In terms of Section 88(2)(e) of the Companies Act No. 71 of 2008, as amended ("Companies Act"), I, L Kok, in my capacity as Group company secretary, confirm that, to the best of my knowledge and belief, for the year ended 30 June 2020, Murray & Roberts Holdings Limited has filed with the Companies and Intellectual Property Commission all such returns and notices as are required of a public company in terms of the Companies Act and that all such returns and notices appear to be true, correct and up to date.

L Kok
Group company secretary
26 August 2020

Audit & sustainability committee report

FOR THE YEAR ENDED 30 JUNE 2020

The audit & sustainability committee ("Committee") assists the Board to fulfil its supervisory role to ensure the integrity of financial reporting in terms of accounting standards and the Listings Requirements of the Johannesburg Stock Exchange ("JSE") Limited. It does so by evaluating the findings of the internal and external auditors, remedial actions taken and the adequacy and effectiveness of the system of internal financial controls required to form the basis for the preparation of reliable financial statements.

The committee chairman reports on committee deliberations and decisions at the Board meeting immediately following each committee meeting. The internal and external auditors have unrestricted access to the committee chairman. The independence of the external auditor is regularly reviewed and non-audit related services are pre-approved and notified.

MEMBERSHIP

The Group chairman, Group chief executive, Group financial director, Group commercial executive, chief audit executive and the external auditors all attend meetings by invitation. The chairman and all members of the committee also serve on the risk management committee. This ensures that overlapping responsibilities are appropriately addressed.

TERMS OF REFERENCE

The committee's responsibilities include:

- Assisting the Board to fulfil its responsibility with regard to financial and auditing oversight including internal financial controls;
- Monitoring and reviewing the Group's accounting policies, disclosures and financial information issued to stakeholders;
- Making recommendations to the Board to ensure compliance with International Financial Reporting Standards;
- Discussing and agreeing the scope, nature and priority of the external and internal audits including the reviewing of the quality and effectiveness of the external audit process;
- Nominating an independent auditor for shareholder approval, terms of audit engagement, determining external auditor fees, the nature and extent of non-audit related services and pre-approving contracts for non-audit related services;
- Reviewing fraud and information technology risk as they relate to financial reporting;
- Receiving and dealing appropriately with any complaints relating to either accounting practices and internal audit or to the content or auditing of entities in the Group's annual financial statements or related matters;
- Reviewing the annual integrated report and recommending approval to the Board;
- Reviewing price sensitive information such as trading statements; and
- Performing functions required of an audit committee on behalf of subsidiaries incorporated in the Republic of South Africa.

STATUTORY DUTIES

In addition to the duties set out in the terms of reference, the committee performed the required statutory functions in terms of Section 94(7) of the Companies Act of South Africa.

EFFECTIVENESS OF THE EXTERNAL AUDIT PROCESS

The committee reviews the quality and effectiveness of the external audit process. In particular, the committee considers the independence of the external auditor. In this regard, the committee has established an approvals framework for the pre-approval of non-audit services to be rendered by the external auditor and reviews these fees on an ongoing basis.

PricewaterhouseCoopers Inc. (PwC) served as external auditor for the financial year ending 30 June 2020 for the first time, post the approval of their appointment at the Company's 2019 Annual General Meeting on 28 November 2019.

The designated auditor is JFM Kotzé. The committee considers his tenure and that of other key audit partners within the Group in order to reduce familiarity threats to independence.

The committee is satisfied that the external auditor is independent and has nominated PwC for re-election at the forthcoming annual general meeting of shareholders, with JFM Kotzé as the individual registered auditor. PwC and JFM Kotzé are properly accredited.

FINANCIAL DIRECTOR AND FINANCE FUNCTION

The committee considered and satisfied itself of the appropriateness of the expertise, experience and performance of the Group financial director during the year. The committee also considered and satisfied itself of the appropriateness of the expertise and adequacy of resources of the finance function as well as the experience of senior members of management responsible for the finance function.

INTERNAL AUDIT

The Group internal audit function was established to assist the Board and executive management with the achievement of their objectives and has remained a vital part of the Group's governance and combined assurance structures. Internal audit is an independent assurance provider on the adequacy and effectiveness of the Group's governance, risk management and control structures, systems and processes.

The centralised function operates in terms of a formal mandate, in conformance with the International Professional Practices Framework for Internal Audit. Internal audit assurance can only be reasonable and not absolute and does not supersede the Board's and management's responsibility for the ownership, design, implementation, monitoring and reporting of governance, risk management and internal controls.

The chief audit executive leads the internal audit function which covers the global operations and is resourced with both internal employees and external resources. It assists the Board and management in maintaining an effective internal control environment by evaluating those controls continuously, using a risk-based approach, to determine whether they are adequately designed, operating efficiently and effectively, and to recommend improvements. The internal audit assurance consists of independent evaluations of the adequacy and effectiveness of risk management, internal controls, financial reporting mechanisms and records, information systems and operations, safeguarding of assets (including fraud prevention) and adherence to laws and regulations. It includes a review of strategic risk mitigations, a risk-based review of major projects, key business processes and systems, the Group's sustainability information, IT governance and IT general controls. An integrated assurance model was applied to ensure a coordinated approach to all assurance activities, appropriate to address the significant risks facing the Group.

The annual plan is based on an assessment of risk areas internal audit and management identify, as well as focus areas highlighted by the committee and management. The plan also considers work performed by other assurance providers in the Group. The annual audit plan is updated as appropriate to ensure it remains responsive to changes in the business. A comprehensive report on internal audit findings is presented to the audit committee quarterly. Follow-up audits are conducted in areas where major internal control weaknesses are found.

The internal audit activity has a quality assurance and improvement programme, and is subject to an independent external quality assurance review every 5 years. The last review was performed in June 2018 and the internal audit activity has been assessed as being in "General Conformance" with the IIA's International Standards for the Professional Practice of Internal Auditing and the Code of Ethics.

The independence, organisational positioning, scope and nature of work of the internal audit function were evaluated by the committee in June 2020 and determined to be appropriate and consistent with the internal audit strategy and mandate. The committee approved internal audit's risk-based audit plan for financial year 2021. The internal audit function reports directly to the audit committee and their mandate in relation to the internal audit function is to:

- Approve the appointment and dismissal of the chief audit executive;
- Review and recommend to the Board for final approval, the internal audit charter including, inter alia, the purpose, authority and responsibility of the internal audit activity;
- Receive a summary report of the major findings of all assurance and special investigations internal audit and management's responses. Review and track management's action plans to address results of internal audit assignments;
- Review the expertise, resources and experience of the Company's internal audit function, and disclose the results of the review in the integrated report;
- Review and provide input on the internal audit function's strategic plan, objectives, performance measures, and outcomes;
- Review and approve the risk-based internal audit plan, and make recommendations concerning internal audit projects. Review the internal audit function's performance relative to its audit plan. Review the coordination between the internal and external auditors and the resourcing and standing within the Company of the internal audit function;
- Monitor and evaluate the performance of the chief audit executive and the internal audit function in terms of agreed goals and objectives in order to provide input to management related to evaluating and recording of the performance in the Company's performance management system;
- Recommend to management or the Remuneration Committee the appropriate compensation of the chief audit executive;
- Ensure that the internal audit activity has a quality assurance and improvement programme and that the results of these periodic assessments are presented to the Audit Committee on an exception basis;
- Ensure that the internal audit activity has an external quality assurance review every five years;
- Review the results of the independent external quality assurance review and monitor the implementation of the internal audit activity's action plans to address any recommendations;
- Advise the board about any recommendations for the continuous improvement of the internal audit activity; and
- Ensure that the chief audit executive has unrestricted access to the chairman of the audit committee.

An internal audit charter, reviewed by the committee and approved by the Board, formally defines the purpose, authority and responsibility of the internal audit function.

The charter gives the chief audit executive direct access to the Group chief executive, Group financial director, chairman of the audit committee and chairman of the Board.

INTERNAL FINANCIAL CONTROLS

The internal audit plan works on a multi-year programme and based on the work and findings to date of the Group's system of internal control and risk management in 2020, which included the design implementation and effectiveness of internal control, considering information and explanations provided by management and the results of the external audit, the Group's system of financial controls provides a reasonable basis for the preparation of reliable annual financial statements in all material aspects.

AUDIT AND ADMINISTRATION

Financial leadership in Murray & Roberts caters for growth in the business, including ongoing employment and redeployment of senior financial executives. The Group financial director and lead external audit partner attend selected contract and subsidiary reviews throughout the year. Audit close-out meetings are held between external auditors and operational management at year end. A detailed audit summary memorandum is prepared for all Group operating entities and a consolidated report is presented to the committee. There are agreed procedures for the committee to seek professional independent advice at the Company's expense.

INTEGRATED REPORTING

During the year under review, external service providers were appointed to provide assurance on the sustainability information. The committee recommended the Group's annual financial statements for Board approval and will recommend the annual integrated report for approval. It is satisfied that they comply with International Financial Reporting Standards on a going concern basis following an assessment of solvency and liquidity requirements.

In preparation of the annual financial statements the Group has taken into consideration the feedback included in the Report Back on Proactive Monitoring of Financial Statements provided by the JSE.

ASSURANCE

Group assurance activities are embedded, sound and are continuously reviewed and where required redirected to ensure appropriate and effective coverage of the Group's operations, implementation of King IV™ principles and recommendations, and sustainability assurance.

The Group's commitment to continuous improvement in achieving acceptable levels of assurance is underscored by various policy frameworks that were developed and implemented, including a stakeholder management framework, regulatory compliance and information management frameworks. The Opportunity Management System was developed in-house and continues to be enhanced to highlight project risks entering the Group's environment.

The multi-year rolling internal audit plan is designed to provide assurance that the major risks and key processes are effectively mitigated and managed, to recommend improvements and track the implementation of audit recommendations.

The Group Integrated Assurance Framework governs and coordinates the overall approach to Group risk management. This entails understanding, identifying, reporting, managing and mitigating Group risk, and includes the process of independently auditing Group policies, plans, procedures, practices, systems, controls and activities to ensure that the Group achieves the level of operational efficiency and compliance required by the Board.

The efforts of the various internal and external assurance providers are coordinated to ensure coverage of agreed risk areas and to minimise duplication and eliminate gaps.

KEY AUDIT MATTERS

Key audit matters are those that, PwC, in their professional judgement, were of most significance in their audit of the consolidated financial statements of the current period:

- Estimation uncertainty involved in accounting for revenue from contracts with customers
- Recognition and recoverability of uncertified revenue balances

SIGNIFICANT AREAS OF JUDGEMENT

Further information on significant areas of judgement can be found in note 42 of the consolidated financial statements.

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

In our opinion, the consolidated and separate financial statements present fairly, in all material respects the consolidated and separate financial position of the Company and its subsidiaries as at 30 June 2020 and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS and the requirements of the Companies Act. In preparation of the annual financial statements the Group and the Committee has taken into consideration the feedback included in the most recent Report Back on Proactive Monitoring of Financial Statements provided by the JSE. The Committee recommended the Group's and Company's annual financial statements to the Board for approval. It is satisfied that they comply with IFRS on a going concern basis following an assessment of solvency and liquidity requirements.

On behalf of the Committee:

DC Radley
Audit & sustainability committee chair
26 August 2020

Basis of preparation

The Group operates in the mining, energy, resources & infrastructure and power, industrial & water markets and as a result the revenue is not seasonal in nature but is influenced by the nature of the contracts that are currently in progress. Refer to the Business Platform Reviews for a more detailed report on the performance of the different operating platforms within the Group.

The summarised financial results contain the summarised consolidated financial statements derived from the Group's consolidated financial statements for the year end 30 June 2020, which was approved by the Board of directors on 26 August 2020. The summarised consolidated financial statements are consistent in all material respects with those consolidated financial statements. These summarised consolidated financial statements comprise a consolidated statement of financial position at 30 June 2020, a consolidated statement of financial performance, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended. The complete set of consolidated financial statements was compiled under the supervision of DF Grobler CA(SA), Group financial director.

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the SAICA Financial Reporting Guides as issued by the Accounting Practises Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council.

The Group's consolidated financial statements for the year ended 30 June 2020 were audited by the auditor, PricewaterhouseCoopers Inc., on which an unmodified audit opinion was expressed on 26 August 2020.

The complete set of the consolidated financial statements together with the auditor's report is available in the online annual financial statements at www.murrob.com.

Report of directors

FOR THE YEAR ENDED 30 JUNE 2020

NATURE OF BUSINESS

Murray & Roberts Holdings Limited is an investment holding company with interests in the mining, energy, resources & infrastructure and power, industrial & water markets.

The Company does not trade and its activities are undertaken through subsidiaries, joint arrangements and associates. Information regarding the Group's major subsidiaries and associate companies appears in Annexure 1 of the consolidated financial statements.

GROUP FINANCIAL RESULTS

At 30 June 2020 the Group recorded an attributable loss of R352 million (FY2019: R337 million profit), representing a diluted loss per share of 89 cents (FY2019: 83 cents profit). A diluted headline loss per share of 80 cents was recorded (FY2019: 78 cents profit).

Full details of the financial position and results of the Group are set out in these consolidated and separate financial statements. The consolidated and separate financial statements have been prepared in accordance with IFRS. The accounting policies have been applied consistently compared to the prior year, except for the adoption of new or revised accounting standards as set out in note 43 of the consolidated financial statements.

GOING CONCERN

As a result of the restrictions and measures imposed by governments around the globe to limit the spread and effects of the COVID-19 pandemic, the Group's global portfolio of projects was severely impacted during the reporting period, estimated at R622 million. Only a few projects continued with little or no disruption. A number of projects were suspended, while others were placed on care and maintenance.

The Group entered the COVID-19 period of disruption and uncertainty with a strong balance sheet and took early and proactive action to preserve its financial position. Prudent cash and working capital management initiatives were implemented across the Group and no client has defaulted on payments due as a result of COVID-19.

Globally, the majority of projects have now resumed operations. The impact of COVID-19 on the various operations in the business platforms across the geographies has been detailed below:

MINING PLATFORM

Australasia *– The Oyu Tolgoi project in Mongolia (in joint venture with the Energy, Resources & Infrastructure and Mining platforms as two of the three joint venture partners) has experienced a significant impact to date. As Mongolia shares a border with China, the project was brought to a halt over a few weeks due to supply chain constraints and travel bans. The businesses have, in conjunction with the client, taken the necessary action to reduce costs and preserve cash on the project and the project is currently operational again.*

Projects in Australia and Asia Pacific continued to operate, albeit with added restrictions on people movement that necessitated a revision of work rotations on most of the remote mining sites.

Sub-Saharan Africa *– Most of the project sites were shut down for the duration of the lockdown period that was instituted by the South African government. Certain projects were on care and maintenance and limited essential work, as directed by clients until lockdown restrictions eased.*

Americas *– Approximately 50% of the project portfolio in the region was affected. These projects, mainly in Canada, had been suspended by clients for periods ranging from two weeks to two months, as a measure to prevent the virus from spreading to some of the remote project locations. Certain states in Canada declared mines as essential services. We demobilised employees from affected projects and instituted measures to reduce costs and preserve cash. In the USA, only one project was on a reduced level of work.*

ENERGY, RESOURCES & INFRASTRUCTURE PLATFORM

Australia *– Projects continued, but clients implemented modified work rosters which impacted project resourcing and progress. Engineering and procurement services continued on the multi-billion rand Snowy Hydro project and construction teams have since remobilised to site post the tragic Australian bush fires earlier this year, though activities are still site preparation works.*

Americas *– Most states imposed various levels of lockdown measures and the Group's operations were impacted by varying degrees on a project by project basis. Engineering and procurement services continued on the Next Wave project in Texas, although significant procurement delays were experienced due to supply chain challenges.*

Europe (UK) *– Integrated engineering services company, Booth Welsh's projects were put on hold and operations were impacted.*

POWER, INDUSTRIAL & WATER PLATFORM

Sub-Saharan Africa *– Most of the project sites were shut down for the lockdown period that was instituted by the South African government. Maintenance and outage work continued at Medupi and Kusile power stations. Some projects invoked force majeure clauses and commercial teams responded accordingly in line with contractual requirements.*

BOMBELA CONCESSION COMPANY

The Gautrain did not operate during the lockdown period. The system's infrastructure was secured while essential maintenance functions continued. The shutdown impacted the fair value adjustment of the investment in the Bombela Concession Company in the current year.

Support from clients has varied from compensation for costs incurred and time lost, to only allowing extensions of time for project delays resulting from COVID-19 restrictions and measures. It is expected that the commercial close-out of all COVID-19 related impacts will take some time.

The expectations for economic recovery after COVID-19 are uncertain and revised frequently. However, the relevance of natural resources – of commodities, utilities, energy and infrastructure – to a post-pandemic world, and the Group's exposure to these markets, support our view of strong growth in Group earnings, especially after FY2021.

Cash flow projections based on financial budgets approved by management cover a three year period. The impact of COVID-19 has been factored into the budgets prepared by management and assumptions going forward have been adjusted. To remain prudent, management has included potential delays in projects secured and revised commencement timelines for new projects to reflect the current economic conditions and expectations going forward.

The directors are of the opinion that the Company and the Group have adequate resources to continue in operation for the foreseeable future based on forecasts and available cash resources and accordingly the annual financial statements have been prepared on a going concern basis.

The Board is satisfied that the consolidated and separate financial statements comply with IFRS on a going concern basis following an assessment of solvency and liquidity requirements.

UNCERTIFIED REVENUE

The Group's uncertified revenue is included in amounts due from and to contract customers in the statement of financial position. The uncertified revenue has been recognised through the statement of financial performance in current and prior periods in respect of claims and variation orders on projects (refer to note 8 of the consolidated financial statements). Uncertified revenue increased to R1,1 billion (FY2019: R0,7 billion). The Group remains confident that all revenue recognised as uncertified will be certified and paid once attendant commercial matters have been resolved.

MIDDLE EAST

In FY2016 the Board decided to close the business in the Middle East. The final four projects have been completed during the year.

In the current financial year, the Middle East operation was classified as a disposal group that was abandoned and as such has been classified as a discontinued operation. The results for the comparative financial year have been restated.

IMPLEMENTATION OF NEW ACCOUNTING STANDARDS

IMPLEMENTATION OF IFRS 16 (LEASES)

The Group has applied IFRS 16 for the first time in the current financial year. IFRS 16 requires lessees to account for all leases under a single statement of financial position model in a similar way to finance leases under IAS 17 (Leases).

The cumulative effect of initially applying IFRS 16 resulted in assets of R773 million and liabilities of R864 million being recognised at 1 July 2019.

SEGMENTAL DISCLOSURE

The Group operated under three strategic platforms in financial year 2020. An analysis of the Group's results reflects the results and financial position of each platform (refer to Annexure 3 of the consolidated financial statements).

1 AUTHORISED AND ISSUED SHARE CAPITAL

Full details of the authorised and issued capital of the Company at 30 June 2020 are contained in note 11 of the consolidated financial statements.

Particulars relating to the Vulindlela Trust are set out in note 12 of the consolidated financial statements.

At 30 June 2020 the Vulindlela Trust held 10 624 366 (FY2019: 10 624 366) shares against the commitment of shares granted by the Vulindlela Trust totalling 5 098 588 (FY2019: 5 452 905) ordinary shares. The shares held by the Vulindlela Trust were purchased in the market and have not been issued by the Company.

The total number of ordinary shares that may be utilised for purposes of the Murray & Roberts Holdings Limited Employee Share Incentive Scheme ("Scheme") is limited to 5,0% (FY2019: 5,0%) of the total issued ordinary shares of the Company, currently 22 236 806 (FY2019: 22 236 806) ordinary shares. As no shares have been issued to date in connection with the Scheme, this limit remains unutilised.

In terms of the Forfeitable Share Plan ("FSP"), employees were allocated shares during the year by the remuneration committee totalling 7 249 585 shares (FY2019: 5 092 328). The shares held in escrow by the FSP on behalf of the beneficiaries were purchased on the market and have not been issued by the Company.

2 DIVIDEND

In terms of the Group's dividend policy, the Board aims to maintain a stable annual dividend, which may be supplemented from time-to-time with a special dividend. A dividend is subject to the Group's financial position and market circumstances.

Considering the market uncertainty brought about by the COVID-19 pandemic, the Board has resolved not to declare a dividend for the period under review, in order to further preserve the Group's financial position.

3 SUBSIDIARIES AND INVESTMENTS

ACQUISITIONS

OptiPower Projects

On 1 September 2019, the Power, Industrial & Water platform acquired OptiPower Projects, whose capabilities are largely in the construction of MV and HV power lines, construction of MV and HV substations and construction of overhead and underground fibre optic networks, for a consideration of R38 million. The acquisition of OptiPower Projects has given the Power, Industrial & Water platform the capability to undertake work in the transmission, distribution and substation subsectors of the power market. This acquisition is a business combination.

DISCONTINUED OPERATIONS

Discontinued operations include the close out of retained assets and liabilities, following the sale of Genrec operations and the Southern African Infrastructure & Building businesses in prior financial years. In the current financial year, the Middle East operation was classified as a disposal group that was abandoned and as such has been classified as a discontinued operation. The results and cash flows of the disposal group have met the requirements of IFRS 5 and have hence been presented as discontinued operations in the current financial year and the prior year results have been restated.

4 SPECIAL RESOLUTION

During the year under review the following special resolution was passed by shareholders:

1. Fees payable quarterly in arrears to non-executive directors.

5 EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any other matter or circumstance arising since the end of the financial year not otherwise dealt with in the Group and Company annual financial statements which significantly affects the financial position at 30 June 2020 or the results of its operations or cash flows for the year then ended. Post the reporting period, notice to draw down on two guarantees (worth R745 million) for a completed project was issued by a client in the Middle East.

Management's legal team is vigorously defending our position. In the unlikely event that the claim is successful, based on our current assessment of the status and likely outcome of the final account position, this will not have an income statement impact.

6 INTEREST OF DIRECTORS

The directors of the Company held direct beneficial interests in 1 327 361 ordinary shares of the Company's issued ordinary shares (FY2019: 1 059 813). Details of the ordinary shares held per individual director are listed below and also set out in note 39 of the consolidated financial statements.

BENEFICIAL	Direct	Indirect
30 June 2020		
DF Grobler	**192 557**	**1 524 346**
HJ Laas	**1 034 804**	**2 207 387**
DC Radley	**100 000**	**–**
30 June 2019		
DF Grobler	108 296	1 088 242
HJ Laas	951 517	1 923 326

At the date of this report, these interests remain unchanged.

7 DIRECTORS

At the date of this report, the directors of the Company were:

INDEPENDENT NON-EXECUTIVE

SP Kana (Chairman); J Boggenpoel; R Havenstein; NB Langa-Royds; AK Maditsi; B Mawasha; DC Radley; C Raphiri.

EXECUTIVE

HJ Laas (Group chief executive) and DF Grobler (Group financial director).

8 COMPANY SECRETARY

L Kok

The company secretary's business and postal addresses are:

Postal address
PO Box 1000, Bedfordview, 2008

Business address
Douglas Roberts Centre, 22 Skeen Boulevard
Bedfordview, 2007

9 AUDITORS

PwC served as external auditor for the financial year ending 30 June 2020 for the first time, post the approval of their appointment at the Company's 2019 Annual General Meeting on 28 November 2019. The designated auditor is JFM Kotzé.

Consolidated statement of financial position

AS AT 30 JUNE 2020

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2020	2019#
ASSETS			
Non-current assets			
Property, plant and equipment	2	**3 374,0**	2 203,4
Goodwill	3	**1 124,6**	958,8
Other intangible assets	4	**506,0**	474,9
Investment in joint ventures & associate companies	5 & 35	**76,4**	115,9
Other investments	6	**1 227,3**	1 436,7
Deferred taxation assets	20	**689,3**	421,7
Net investment in lease		**76,0**	–
Receivables		**19,9**	107,8
Total non-current assets		**7 093,5**	5 719,2
Current assets			
Inventories	7	**360,0**	337,2
Amounts due from contract customers	8	**6 039,1**	5 175,3
Trade and other receivables	9	**1 897,5**	1 668,7
Net investment in lease		**72,6**	–
Taxation assets	33	**20,9**	13,9
Cash and cash equivalents	10	**3 415,3**	3 455,0
Total current assets		**11 805,4**	10 650,1
Assets classified as held for sale	30	**–**	21,2
Total assets		**18 898,9**	16 390,5
EQUITY AND LIABILITIES			
Stated capital	11	**2 595,5**	2 593,7
Reserves	13 & 14	**1 620,5**	1 026,1
Retained earnings		**1 394,5**	2 096,8
Equity attributable to owners of Murray & Roberts Holdings Limited		**5 610,5**	5 716,6
Non-controlling interests	15	**8,2**	34,1
Total equity		**5 618,7**	5 750,7
Non-current liabilities			
Long term loans	17	**1 197,9**	1 127,4
Retirement benefit obligations	18	**13,5**	12,2
Long term provisions	19	**91,0**	80,1
Deferred taxation liabilities	20	**104,3**	74,4
Payables		**108,2**	129,2
Total non-current liabilities		**1 514,9**	1 423,3
Current liabilities			
Amounts due to contract customers	8	**3 543,2**	2 819,9
Trade and other payables	22	**4 273,9**	4 409,4
Short term loans	23	**1 213,1**	521,4
Taxation liabilities	33	**191,0**	134,9
Provisions for obligations	24	**238,8**	220,9
Subcontractor liabilities	21	**1 193,1**	1 074,5
Bank overdrafts	10	**1 111,3**	35,5
Derivative financial instruments		**0,9**	–
Total current liabilities		**11 765,3**	9 216,5
Total liabilities		**13 280,2**	10 639,8
Total equity and liabilities		**18 898,9**	16 390,5

Restated for prior year measurement period adjustment. Refer to note 34.2 of the consolidated financial statements for further details.

Consolidated statement of financial performance

FOR THE YEAR ENDED 30 JUNE 2020

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2020	2019*
Continuing operations			
Revenue	25	**20 837,7**	20 112,6
Profit before interest, depreciation and amortisation		**833,7**	1 323,9
Depreciation		**(759,0)**	(418,4)
Amortisation of intangible assets		**(91,6)**	(58,8)
(Loss)/profit before interest and taxation	26	**(16,9)**	846,7
Interest expense	27	**(301,4)**	(125,5)
Interest income	28	**80,3**	69,9
(Loss)/profit before taxation		**(238,0)**	791,1
Taxation expense	29	**(150,5)**	(296,9)
(Loss)/profit after taxation		**(388,5)**	494,2
Income/(loss) from equity accounted investments		**1,9**	(4,2)
(Loss)/profit for the year from continuing operations		**(386,6)**	490,0
Income/(loss) from discontinued operations	30	**15,6**	(143,9)
(Loss)/profit for the year		**(371,0)**	346,1
Attributable to:			
Owners of Murray & Roberts Holdings Limited		**(351,6)**	336,9
Non-controlling interests	15	**(19,4)**	9,2
		(371,0)	346,1

* *Restated for discontinued operations. Refer to note 30 of the consolidated financial statements for further details.*

Basic and diluted loss per share were 89 cents (2019: 85 cents earnings per share) and 89 cents (2019: 83 cents earnings per share) respectively. Continuing basic and diluted loss per share were 97 cents (2019: 121 cents earnings per share) and 97 cents (2019: 118 cents earnings per share) respectively.

For further details refer to note 31 of the consolidated financial statements.

Consolidated statement of comprehensive income

FOR THE YEAR ENDED 30 JUNE 2020

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2020	2019
(Loss)/profit for the year		(371,0)	346,1
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss:			
Effects of remeasurements on retirement benefit obligations	14	**(2,7)**	(2,9)
		(2,7)	(2,9)
Items that may be reclassified subsequently to profit or loss:			
Exchange gains/(losses) on translating foreign operations and realisation of reserve	13 & 15	**598,5**	(27,4)
		598,5	(27,4)
Other comprehensive income/(loss) for the year net of taxation		**595,8**	(30,3)
Total comprehensive income		**224,8**	315,8
Total comprehensive income attributable to:			
Owners of Murray & Roberts Holdings Limited		**247,1**	305,0
Non-controlling interest		**(22,3)**	10,8
		224,8	315,8

Consolidated statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2020

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Stated capital	Translation reserve	Other capital reserves	Retained earnings	Attributable to owners of Murray & Roberts Holdings Limited	Non-controlling interests	Total equity
Balance at 30 June 2018	2 591,3	984,5	74,2	3 046,4	**6 696,4**	47,5	**6 743,9**
Impact of IFRS 9 adjustment	–	–	–	(8,8)	**(8,8)**	–	**(8,8)**
Impact of IFRS 15 adjustment	–	–	–	(1 071,7)	**(1 071,7)**	(24,2)	**(1 095,9)**
Balance at 01 July 2018 restated	2 591,3	984,5	74,2	1 965,9	**5 615,9**	23,3	**5 639,2**
Total comprehensive (loss)/income for the year	–	(29,0)	(2,9)	336,9	**305,0**	10,8	**315,8**
Treasury shares disposed	53,1	–	–	–	**53,1**	–	**53,1**
Treasury shares acquired	(82,3)	–	–	–	**(82,3)**	–	**(82,3)**
Transfer to retained earnings	–	–	(1,0)	1,0	**–**	–	**–**
Utilisation of share-based payment reserve	31,6	–	(31,6)	–	**–**	–	**–**
Recognition of share-based payment	–	–	31,9	–	**31,9**	–	**31,9**
Dividends declared and paid	–	–	–	(207,0)	**(207,0)**	–	**(207,0)**
Balance at 30 June 2019	2 593,7	955,5	70,6	2 096,8	**5 716,6**	34,1	**5 750,7**
Impact of IFRIC 23 adjustment	–	–	–	(33,0)	**(33,0)**	–	**(33,0)**
Impact of IFRS 16 adjustment	–	–	–	(90,5)	**(90,5)**	–	**(90,5)**
Balance at 01 July 2019 restated	2 593,7	955,5	70,6	1 973,3	**5 593,1**	34,1	**5 627,2**
Total comprehensive income/(loss) for the year	–	601,4	(2,7)	(351,6)	**247,1**	(22,3)	**224,8**
Treasury shares disposed	105,2	–	–	–	**105,2**	–	**105,2**
Treasury shares acquired	(136,5)	–	–	–	**(136,5)**	–	**(136,5)**
Utilisation of share-based payment reserve	33,1	–	(33,1)	–	**–**	–	**–**
Recognition of share-based payment	–	–	28,8	–	**28,8**	–	**28,8**
Dividends declared and paid	–	–	–	(227,2)	**(227,2)**	(3,6)	**(230,8)**
Balance at 30 June 2020	2 595,5	1 556,9	63,6	1 394,5	**5 610,5**	8,2	**5 618,7**

Consolidated statement of cash flows

FOR THE YEAR ENDED 30 JUNE 2020

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2020	2019
Cash flows from operating activities			
Receipts from customers		21 019,9	21 148,1
Payments to suppliers and employees		(21 072,4)	(19 584,8)
Cash generated from operations	32	(52,5)	1 563,3
Interest received		85,4	74,1
Interest paid		(296,3)	(120,2)
Taxation paid+	33	(272,6)	(276,6)
Taxation refund+	33	8,6	70,6
Operating cash flow		(527,4)	1 311,2
Dividends paid to owners of Murray & Roberts Holdings Limited		(227,2)	(207,0)
Dividends paid to non-controlling interests		(3,6)	–
Net cash (outflow)/inflow from operating activities		(758,2)	1 104,2
Cash flows from investing activities			
Payment for acquisition of subsidiary, net of cash acquired	34	(37,9)	(664,5)
Cash received from reclassification of joint venture to joint operation	35	86,7	–
Acquisition of associate	5	–	(2,0)
Purchase of intangible assets other than goodwill	4	(20,9)	(50,4)
Purchase of property, plant and equipment	2	(654,2)	(142,0)
– Replacements		(112,7)	(41,2)
– Additions		(1 479,7)	(774,9)
– Acquisition of assets by means of a lease (non-cash)		938,2	674,1
Proceeds on disposal of property, plant and equipment		116,5	208,2
Proceeds on disposal of intangible assets other than goodwill		4,6	–
Proceeds on disposal of assets held-for-sale		20,9	–
Proceeds from realisation of investment	6	328,0	183,5
Other		0,7	(0,2)
Net cash outflow from investing activities		(155,6)	(467,4)
Cash flows from financing activities			
Net acquisition of treasury shares		(31,3)	(36,2)
– Acquisition of treasury shares+		(136,5)	(82,3)
– Disposal of treasury shares+		105,2	46,1
Net movement in borrowings		(685,1)	549,7
– Loans raised		698,9	876,7
– Loans repaid		(665,0)	(161,9)
– Leases repaid		(719,0)	(165,1)
Net cash (outflow)/inflow from financing activities		(716,4)	513,5
Total (decrease)/increase in net cash and cash equivalents		(1 630,2)	1 150,3
Net cash and cash equivalents at beginning of year		3 419,5	2 353,4
Effect of exchange rates		514,7	(84,2)
Net cash and cash equivalents at end of year	10	2 304,0	3 419,5

+ *In previous periods, amounts disclosed net, current period reflects gross movements.*

Statement of value created

FOR THE YEAR ENDED 30 JUNE 2020

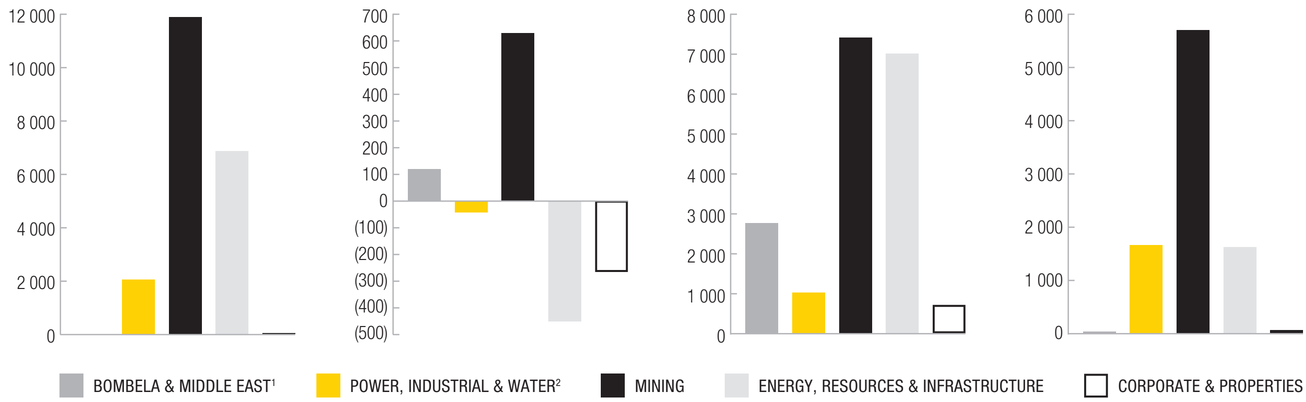
ALL AMOUNTS EXPRESSED IN MILLIONS OF RANDS	2020	%	2019[2]	%
Revenue[2]	20 837,7		20 112,6	
Less: Cost of materials, services and subcontractors[2]	(8 294,4)		(8 344,1)	
Value created	12 543,3		11 768,5	
Distributed as follows:				
To employees				
Payroll costs[2]	11 538,3	91,9	10 555,3	89,7
To providers of finance				
Net interest expense[2]	221,1	1,8	55,6	0,5
To government				
Company taxation	284,9	2,3	343,5	2,9
To maintain and expand the Group				
Reserves available to ordinary shareholders	(351,6)		336,9	
Depreciation	759,0		418,4	
Amortisation	91,6		58,8	
	499,0	4,0	814,1	6,9
	12 543,3	100,0	11 768,5	100,0
Number of people[1]	9 049		9 650	
State and local taxes charged to the Group or collected on behalf of governments by the Group				
Company taxation	284,9		343,5	
Indirect taxation	992,5		816,5	
Employees' tax	1 298,9		1 227,4	
	2 576,3		2 387,4	

1. People includes direct joint arrangement hires and third party contractors of 2 170 (2019: 1 692).

2. Restated for discontinued operations.

SEGMENTAL

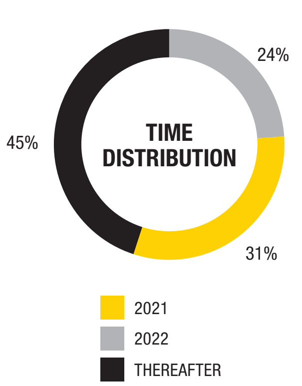
REVENUE (CONTINUING) (R MILLION)   **PBIT** (CONTINUING) (R MILLION)   **TOTAL ASSETS** (R MILLION)   **NUMBER OF EMPLOYEES**

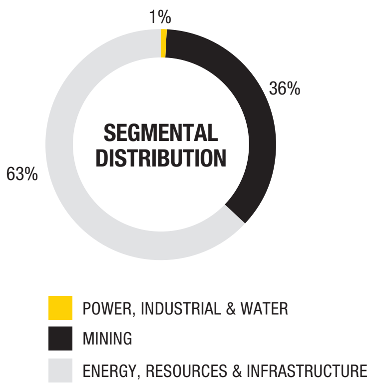


1. Bombela and Middle East total assets includes amounts for discontinued Southern African construction operations and discontinued operations in the Middle East.

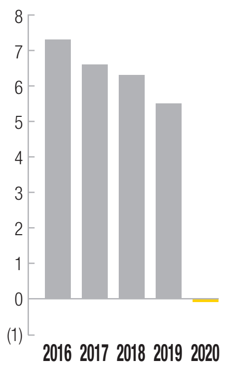
2. Power, Industrial & Water platform total assets includes amounts for discontinued Genrec Engineering.

ORDER BOOK

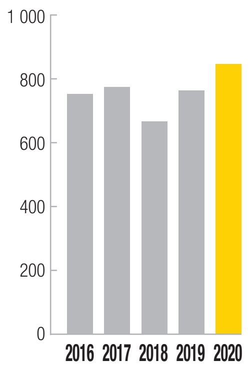




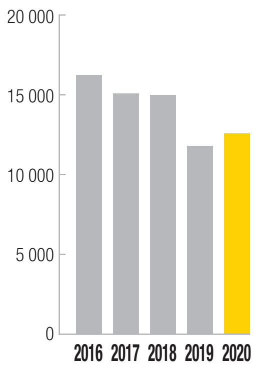
RETURN ON AVERAGE TOTAL ASSETS (%)[1]



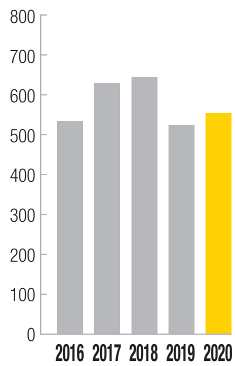
PRODUCTIVITY OF ASSETS (ASSETS PER R1 000 TURNOVER)[1]



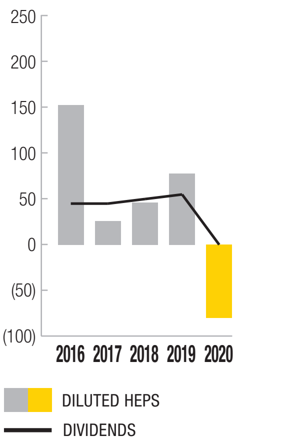
CREATION OF VALUE (R MILLION)



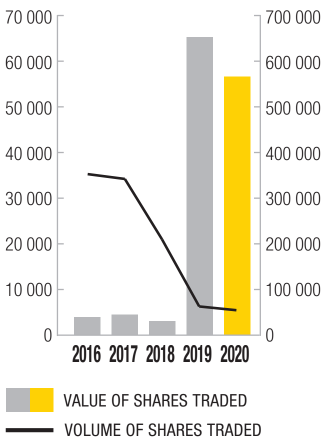
PEOPLE PRODUCTIVITY (VALUE RATIO)[1]



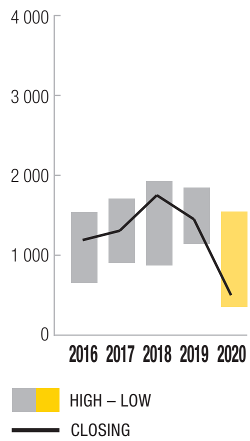
DILUTED HEPS AND DIVIDENDS PER SHARE (CENTS)



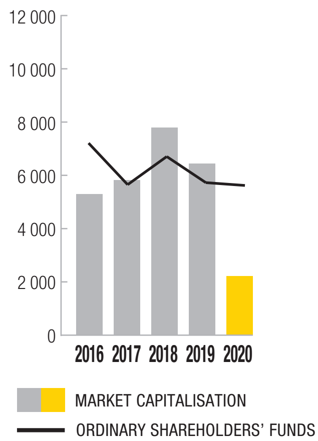
VALUE OF SHARES TRADED (R MILLION)



SHARE PRICE MOVEMENT (CENTS)



MARKET CAPITALISATION (R MILLION)



1. Restated for discontinued operations.

Ten-year financial review

30 JUNE 2020

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2020	2019[2]	2018	2017	2016	2015	2014	2013	2012	2011
		IFRS Restated[1]								
SUMMARISED STATEMENTS OF FINANCIAL PERFORMANCE[1]										
Revenue	**20 838**	20 113	21 379	20 789	24 445	23 073	28 680	27 496	23 750	16 843
(Loss)/profit before interest and taxation	**(17)**	847	898	1 055	1 343	1 036	1 397	2 054	(68)	(1 109)
Net interest expense	**(221)**	(56)	(42)	(36)	(62)	(61)	(53)	(119)	(252)	(193)
(Loss)/profit before taxation	**(238)**	791	856	1 019	1 281	975	1 344	1 935	(320)	(1 302)
Taxation expense	**(151)**	(297)	(298)	(167)	(295)	(187)	(483)	(619)	(174)	(97)
(Loss)/profit after taxation	**(389)**	494	558	852	986	788	861	1 316	(494)	(1 399)
Income/(loss) from equity accounted investments	**2**	(4)	21	7	18	3	1	164	144	88
Profit/(loss) from discontinued operations	**16**	(144)	(311)	(821)	(214)	103	538	(10)	(242)	(337)
Non-controlling interests	**19**	(9)	(1)	10	(37)	(13)	(139)	(466)	(144)	(87)
(Loss)/profit attributable to owners of Murray & Roberts Holdings Limited	**(352)**	337	267	48	753	881	1 261	1 004	(736)	(1 735)
SUMMARISED STATEMENTS OF FINANCIAL POSITION[2]										
Non-current assets	**5 280**	4 338	4 252	3 857	4 849	6 411	6 410	6 017	7 323	4 658
Current assets	**11 805**	10 672	9 033	9 154	11 870	11 160	12 488	17 365	14 042	13 976
Goodwill	**1 125**	958	616	607	642	636	486	488	437	435
Deferred taxation assets	**689**	422	385	585	604	596	427	657	634	470
Total assets	**18 899**	16 390	14 286	14 203	17 965	18 803	19 811	24 527	22 436	19 539
Equity attributable to owners of Murray & Roberts Holdings Limited	**5 611**	5 717	6 696	6 541	7 201	6 498	5 905	7 041	5 887	4 221
Non-controlling interests	**8**	34	48	64	63	25	27	1 657	1 215	1 100
Total equity	**5 619**	5 751	6 744	6 605	7 264	6 523	5 932	8 698	7 102	5 321
Non-current liabilities	**1 515**	1 423	505	665	1 117	2 526	1 908	1 958	1 596	1 873
Current liabilities	**11 765**	9 216	7 037	6 933	9 584	9 754	11 971	13 871	13 738	12 345
Total equity and liabilities	**18 899**	16 390	14 286	14 203	17 965	18 803	19 811	24 527	22 436	19 539

1. Comparatives have been restated for discontinued operations.

2. Statement of financial position for financial year 2019 has been restated for prior year measurement period adjustment.

Ratios and statistics

30 JUNE 2020

		IFRS Restated[1]								
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
EARNINGS										
(Loss)/earnings per share (cents)										
– Basic	**(89)**	85	67	12	189	218	310	247	(214)	(530)
– Diluted	**(89)**	83	66	12	182	213	305	245	(214)	(528)
Headline (loss)/earnings per share (cents)										
– Basic	**(80)**	80	47	27	158	212	221	188	(246)	(456)
– Diluted	**(80)**	78	46	26	153	207	217	186	(246)	(454)
Dividends per share (cents)	**–**	55	50	45	45	50	50	–	–	–
Dividend cover[2]	**–**	1,4	0,9	0,6	3,4	4,1	4,3	–	–	–
Interest cover	**(0,1)**	6,7	8,7	10,1	11,5	8,4	7,4	9,2	(0,2)	(3,6)
PROFITABILITY										
PBIT on revenue (%)	**(0,1)**	4,2	4,2	5,1	5,5	4,5	4,9	7,5	(0,3)	(6,6)
PBIT on average total assets (%)	**(0,1)**	5,5	6,3	6,6	7,3	5,4	6,3	8,7	(0,3)	(5,5)
Attributable (loss)/profit on average ordinary shareholders' funds (%)	**(6,2)**	5,4	4,0	0,7	11,0	14,2	19,5	15,5	17,1	5,7
PRODUCTIVITY										
Per R1 000 of revenue:										
Payroll cost (Rands)	**554**	525	645	630	535	591	470	448	476	466
Total average assets (Rands)	**847**	763	666	774	752	837	773	854	884	1 206
Value created (Rm)[3]	**12 575**	11 800	14 993	15 098	16 246	17 352	17 773	17 660	15 237	10 069
Value ratio[3]	**1,09**	1,11	1,07	1,05	1,11	1,13	1,16	1,20	1,05	1,00
FINANCE										
As a percentage of total equity										
Total interest bearing debt	**63**	29	7	9	14	23	42	23	31	44
Total liabilities[4]	**236**	185	112	115	147	188	234	182	216	267
Current assets to current liabilities[4]	**1,00**	1,16	1,28	1,32	1,24	1,14	1,04	1,25	1,02	1,13
Operating cash flow (Rm)	**(527)**	1 311	713	795	762	586	931	1 653	(2 318)	462
Operating cash flow per share (cents)	**(118,6)**	294,8	160,3	178,8	171,4	132	209	372	(521)	139
OTHER										
Weighted average ordinary shares in issue (millions)	**444,7**	444,7	444,7	444,7	444,7	444,7	444,7	444,7	382,7	367,8
Weighted average number of treasury shares (millions)	**47,5**	47,3	46,6	47,1	46,1	41,4	38,3	37,9	39,2	40,3
Number of employees – 30 June[3]	**9 049**	9 650	10 649	20 642	33 893	29 581	25 498	33 281	44 710	42 422

DEFINITIONS

Dividend cover	Diluted headline earnings/(loss) per share divided by dividend per share
PBIT	Profit/(loss) before interest and taxation
Interest cover	PBIT divided by interest expense
Value ratio	Value created as a multiple of payroll cost
Average	Arithmetic average between consecutive year ends

1. Comparatives have been restated for discontinued operations.

2. Based on total HEPS.

3. Includes continuing and discontinued operations.

4. Statement of financial position for financial year 2019 has been restated for prior year measurement period adjustment.

Segmental analysis

30 JUNE 2020

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	GROUP 2020	GROUP 2019	DISCONTINUED OPERATIONS EXCLUDED FROM ONGOING OPERATIONS[1] 2020	DISCONTINUED OPERATIONS EXCLUDED FROM ONGOING OPERATIONS[1] 2019[3]
SUMMARISED STATEMENT OF FINANCIAL PERFORMANCE				
Revenue	**20 838**	20 113	**182**	146
(Loss)/profit before interest and taxation	**(17)**	847	**19**	(146)
Net interest (expense)/income	**(221)**	(56)	**4**	–
(Loss)/profit before taxation	**(238)**	791	**23**	(146)
Taxation (expense)/credit	**(151)**	(297)	**(7)**	2
(Loss)/profit after taxation	**(389)**	494	**16**	(144)
Income/(loss) from equity accounted investments	**2**	(4)	**–**	–
Profit/(loss) from discontinued operations	**16**	(144)	**–**	–
Non-controlling interests	**19**	(9)	**16**	1
(Loss)/profit attributable to holders of Murray & Roberts Holdings Limited	**(352)**	337	**32**	(143)
SUMMARISED STATEMENT OF FINANCIAL POSITION				
Non-current assets	**5 969**	4 760	**–**	–
Current assets[2]	**11 805**	10 672	**1 571**	73
Goodwill	**1 125**	958	**–**	–
Total assets	**18 899**	16 390	**1 571**	73
Ordinary shareholders' equity	**5 611**	5 717	**78**	(122)
Non-controlling interests	**8**	34	**2**	–
Total equity	**5 619**	5 751	**80**	(122)
Non-current liabilities	**1 515**	1 423	**6**	–
Current liabilities	**11 765**	9 216	**1 485**	195
Total equity and liabilities	**18 899**	16 390	**1 571**	73
SUMMARISED STATEMENT OF CASH FLOWS				
Cash generated from/(utilised by) operations before working capital changes	**854**	890	**129**	(143)
Change in working capital	**(907)**	683	**(186)**	86
Cash (utilised by)/generated from operations	**(53)**	1 573	**(57)**	(57)
Interest and taxation	**(474)**	(262)	**(69)**	(61)
Operating cash flow	**(527)**	1 311	**(126)**	(118)

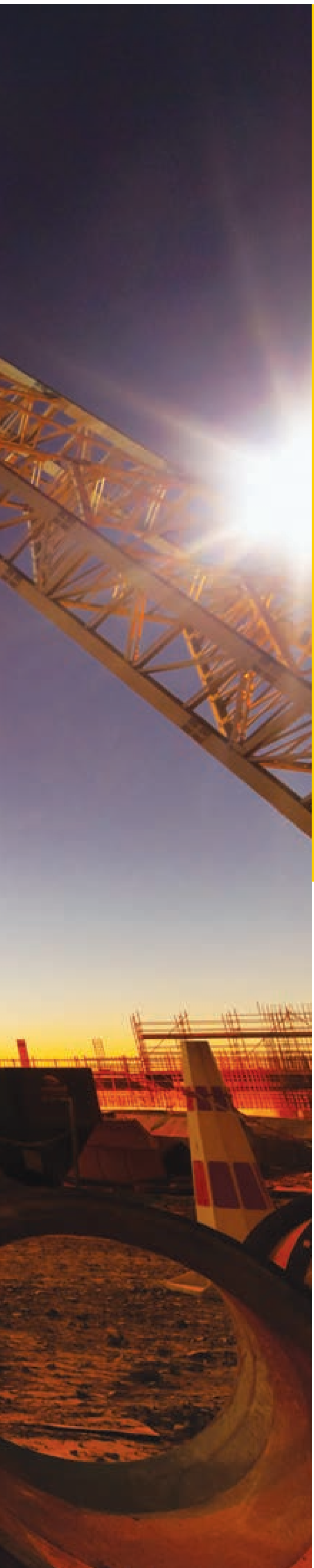
1. Mainly includes the Southern African Infrastructure & Building businesses, Genrec Engineering, Middle East and Gautrain.

2. Includes assets classified as held for sale.

3. Restated for discontinued operations.

4. Restated for prior year measurement period adjustment.

BOMBELA		POWER, INDUSTRIAL & WATER		MINING		ENERGY, RESOURCES & INFRASTRUCTURE		CORPORATE AND PROPERTIES	
2020	2019[3]	**2020**	2019	**2020**	2019	**2020**	2019[4]	**2020**	2019
–	–	**1 987**	2 517	**11 972**	10 861	**6 876**	6 728	**3**	7
119	306	**(44)**	(32)	**630**	814	**(454)**	(98)	**(268)**	(143)
(34)	(20)	**–**	14	**(94)**	(16)	**(12)**	15	**(81)**	(49)
85	286	**(44)**	(18)	**536**	798	**(466)**	(83)	**(349)**	(192)
–	–	**(3)**	(5)	**(246)**	(300)	**88**	36	**10**	(28)
85	286	**(47)**	(23)	**290**	498	**(378)**	(47)	**(339)**	(220)
–	–	**–**	–	**–**	(1)	**–**	–	**2**	(3)
–	–	**–**	–	**–**	–	**–**	–	**–**	–
–	–	**(4)**	(7)	**5**	(8)	**2**	5	**–**	–
85	286	**(51)**	(30)	**295**	489	**(376)**	(42)	**(337)**	(223)
1 225	1 436	**98**	46	**2 843**	2 375	**1 224**	498	**579**	405
–	1 241	**837**	649	**4 203**	3 832	**5 064**	4 552	**130**	325
–	–	**52**	81	**359**	289	**714**	588	**–**	–
1 225	2 677	**987**	776	**7 405**	6 496	**7 002**	5 638	**709**	730
967	1 114	**207**	(199)	**3 546**	2 797	**1 867**	1 755	**(1 054)**	372
–	16	**34**	33	**3**	8	**(31)**	(23)	**–**	–
967	1 130	**241**	(166)	**3 549**	2 805	**1 836**	1 732	**(1 054)**	372
240	331	**59**	4	**774**	862	**266**	87	**170**	139
18	1 216	**687**	938	**3 082**	2 829	**4 900**	3 819	**1 593**	219
1 225	2 677	**987**	776	**7 405**	6 496	**7 002**	5 638	**709**	730
–	(3)	**83**	(14)	**1 404**	1 203	**(183)**	(80)	**(579)**	(73)
(2)	7	**(546)**	14	**(594)**	(288)	**251**	1 068	**170**	(204)
(2)	4	**(463)**	–	**810**	915	**68**	988	**(409)**	(277)
(27)	(20)	**34**	42	**(314)**	(259)	**169**	194	**(267)**	(158)
(29)	(16)	**(429)**	42	**496**	656	**237**	1 182	**(676)**	(435)



06

SHAREHOLDERS' INFORMATION

Analysis of shareholders

FOR THE YEAR ENDED 30 JUNE 2020

Shareholder spread	Number of shareholders	% of shareholders	Number of shares	%
1 – 1 000 shares	3 768	67,87	**792 999**	0,18
1 001 – 10 000 shares	1 264	22,77	**4 251 478**	0,96
10 001 – 100 000 shares	386	6,95	**12 698 403**	2,86
100 001 – 1 000 000 shares	104	1,87	**30 171 534**	6,78
1 000 001 shares and above	30	0,54	**396 821 704**	89,22
Total	5 552	100,00	**444 736 118**	100,00
Category				
Unit Trusts/Mutual Funds	79	1,42	**53 571 535**	12,05
Pension Funds	77	1,39	**107 804 133**	24,24
American Depository Receipts	1	0,02	**77 967**	0,02
Private Investor	91	1,64	**210 478 081**	47,31
Insurance Companies	18	0,32	**6 316 955**	1,42
Custodians	8	0,14	**1 336 490**	0,30
Trading Position	8	0,14	**8 640 978**	1,94
Unclassified	3	0,05	**116 900**	0,03
Medical Aid Scheme	3	0,05	**246 872**	0,06
Black Economic Empowerment	3	0,05	**31 696 039**	7,13
Charity	2	0,04	**81 929**	0,02
Foreign Government	1	0,02	**597 092**	0,13
Local Authority	1	0,02	**174 865**	0,04
Exchange-Traded Fund	1	0,02	**406 124**	0,09
Hedge Fund	2	0,04	**144 691**	0,03
University	4	0,07	**339 786**	0,08
Forfeitable Share Plan ("FSP")	1	0,02	**14 798 379**	3,33
Other	5 249	94,55	**7 907 302**	1,78
Total	5 552	100,00	**444 736 118**	100,00

MAJOR SHAREHOLDERS HOLDING 5% OR MORE OF THE COMPANY'S ORDINARY SHARES	Number of shares	% of shares
ATON GmbH (DE)	**194 855 660**	43,81
Government Employees Pension Fund (ZA)	**90 549 871**	20,36

FUND MANAGERS HOLDING 5% OR MORE OF THE COMPANY'S ORDINARY SHARES		
ATON GmbH (DE)	**194 855 660**	43,81
Public Investment Corporation (ZA)	**93 009 732**	20,91

SHAREHOLDER SPREAD	Number of shareholders	% of shareholders	Number of shares	% of shares
Non-Public*	14	0,25	**334 636 139**	75,24
Public	5 538	99,75	**110 099 979**	24,76
Total	5 552	100	**444 736 118**	100,00
Domestic			**209 545 213**	47,12
International			**235 190 905**	52,88
			444 736 118	100,00

* *Includes ATON GmBH, Public Investment Corporation (ZA), directors, The Murray & Roberts Trust, Murray & Roberts Retirement Fund, employees and associates.*

SHAREHOLDERS' DIARY

FINANCIAL YEAR-END	**End-June**
PUBLICATION OF ANNUAL INTEGRATED REPORT	**End-September**
ANNUAL GENERAL MEETING	**November**
PUBLICATION OF FY2021 HALF YEAR RESULTS	**March 2021**
PUBLICATION OF FY2021 FULL YEAR RESULTS	**September 2021**

ONLINE
For a comprehensive Shareholders' Diary, please visit the Investor's portal on **www.murrob.com.**

ADMINISTRATION AND CORPORATE OFFICE

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JSE Share Code: MUR
ISIN: ZAE000073441

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GLOSSARY OF TERMS

AGM	Annual General Meeting
ATON	ATON GmbH
BBBEE	Broad-based Black Economic Empowerment
BCC	Bombela Concessions Company
BCJV	Bombela Civils Joint Venture
Board	The Board of Murray & Roberts Holdings Limited
BOC	Bombela Operating Company
Brownfield	Existing, developed infrastructure on which expansion or redevelopment occurs
CEO	Chief executive officer
CFO	Chief financial officer
CAGR	Compound Annual Growth Rate
CAPEX	Capital Expenditure
Cementation AG	Cementation Above Ground
Company	Murray & Roberts Holdings Limited
CPSP	Clough Phantom Share Plan
CSI	Corporate social investment
Companies Act	Act 71 of 2008 (as amended)
Dubai Airport	Dubai International Airport Concourse 2
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EE	Employment Equity
Enercore	Enercore Projects Limited
EPC	Engineering, Procurement and Construction
EPCM	Engineering, Procurement, Construction and Management
EPS	Earnings Per Share
FCF	Free Cash Flow
FD	Financial director
FIDIC	Fédération Internationale Des Ingénieurs-Conseils
FSP	Forfeitable Share Plan
FY2018	For the year ended 30 June 2018
FY2019	For the year ended 30 June 2019
FY2020	For the year ended 30 June 2020
FY2021	For the year ended 30 June 2021
GCR Mongolia	Joint venture between Clough, RUC Cementation Mining and Gobi Infrastructure Partners
Greenfield	New, undeveloped property where there is no need to work within the constraints of existing buildings or infrastructure
GRI	Global Reporting Initiative
Group	Murray & Roberts Holdings and its subsidiaries
HEPS	Headline Earnings per Share
HDSA	Historically Disadvantaged South Africans
HUC	Hook-up and commissioning
HSE	Health, Safety and Environment
IFRS	International Financial Reporting Standards
Independent Board	Independent Board constituted to respond to the offer by ATON
IPP	Independent Power Producers
IRBA	Independent Regulatory Board for Auditors
IT	Information Technology
JSE Limited	Johannesburg Stock Exchange
JV	Joint Venture
King IV™	King IV Report on Corporate Governance™ for South Africa, 2016
KPI	Key Performance Indicator
KPA	Key Performance Area
LNG	Liquefied Natural Gas
LTI	Long-term incentives
LTI	Lost-time injury
LTIFR	Lost Time Injury Frequency Rate
LTCSIP	Long-Term Cash Settled Incentive Plan
MAP/CRM	Major Accident Prevention Critical Risk Management
M&A	Mergers & Acquisitions
MRPE	Murray & Roberts Power & Energy
MRW	Murray & Roberts Water
Mtpa	Million Metric Tonnes Per Annum
Near Orders	Tenders where the Group is the preferred bidder and final award is subject to financial/commercial close
NPI	Non-process Infrastructure
OHP	Ore Handling Plant
OMS	Opportunity Management System
O&M	Operations & Maintenance
Order Book	Confirmed and signed project orders
Order Book Pipeline	Tenders, budgets, feasibilities and prequalifications the Group is currently working on (excluding Near Orders). It also includes opportunities which are being tracked and are expected to come to the market in the next 36 months
PNG	Papua New Guinea
PPE	Property, Plant and Equipment
PPP	Public Private Partnership
RAP	Reconciliation Action Plan
REIPPP	Renewable Energy Independent Power Producer Procurement
ROE	Return on Equity
ROICE	Return on Invested Capital Employed
RONA	Return on Net Assets
SA	South Africa
SADC	Southern African Development Community
Share Option Scheme	Murray & Roberts Holdings Limited Employee Share Incentive Scheme
SMEIPP	Structural, Mechanical, Electrical, Instrumentation, Platework & Piping
STI	Short-term incentives
TFCE	Total Fixed Cost of Employment
TNT	Terra Nova Technologies
TRCR	Total Recordable Case Rate
TRIR	Total Recordable Incident Rate
TSR	Total Shareholder Return
USA	United States of America
VFL	Visible Felt Leadership
Vulindlela	Letsema Vulindlela Black Executives Trust
WACC	Weighted Average Cost of Capital

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DISCLAIMER

This report includes certain various "forward-looking statements" within the meaning of Section 27A of the US Securities Act 10 1933 and Section 21 E of the Securities Exchange Act of 1934 that reflect the current views or expectations of the Board with respect to future events and financial and operational performance. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements, including, without limitation, those concerning: the Group's strategy; the economic outlook for the industry; and the Group's liquidity and capital resources and expenditure.

These forward-looking statements speak only as of the date of this report and are not based on historical facts, but rather reflect the Group's current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as "believe", "expect", "anticipate", "intend", "should", "planned", "may", "potential" or similar words and phrases. The Group undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this report or to reflect the occurrence of any unexpected events.

Neither the content of the Group's website, nor any website accessible by hyperlinks on the Group's website is incorporated in, or forms part of, this report.

Engineered Excellence demands that we strive for **excellence** in everything that we do. This requires deliberate planning, measurement and control to drive continuous improvement towards our aim of being a **contractor of choice** in our markets.

Cover image credit to ***Danny Hetherington, Hahn Electrical Contractors***

RUC Cementation Mining

The Burrungubugge Intake Shaft Repair project in the Snowy Mountains, NSW, Australia. RUC Cementation Mining's project scope includes the design and construction of the shaft access system and the photograph was taken in Perth post full factory acceptance testing prior to disassembly and shipping to NSW.

Murray & Roberts