

CBI CLOUGH JOINT VENTURE
EPC4 HIDES GAS CONDITIONING PLANT
PAPUA NEW GUINEA



GROUP OVERVIEW

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MATERIAL ISSUES

ABILITY TO EXECUTE OUR STRATEGY

The Group's three-year *Recovery & Growth* strategy, concluded at the end of the 2014 financial year, has restored financial stability and returned the Group to profitability, while realigning, re-organising and re-energising our business. This has positioned the Group to pursue its longer-term strategic plan, under the principle of *Engineered Excellence*. This new strategic plan will support the Group's pursuit of sustainable growth in profitability, cash generation and returns to shareholders. The re-organisation of the Group, which has involved the disposal of non-core assets and the acquisition of the non-controlling interests in Clough Limited ("Clough"), has provided a strong structural foundation for our new strategy. The strategy targets growth opportunities in international natural resources sectors, specifically the oil & gas, metal & minerals, energy & industrial, infrastructure & building and water markets, where we are able to leverage our current capabilities and experience. Where we do not yet have the required capabilities, especially in the global industrial water market, we are developing plans to establish them.

MAINTAINING A STRONG FINANCIAL POSITION

A strong balance sheet enables us to invest in the competencies and capabilities required to deliver a large portfolio of projects simultaneously, pursue new project opportunities, as well as to manage the impact of unplanned project losses. A strong financial position also provides us with access to competitive debt finance where required to fund our growth plans. We have continued to strengthen the Group's financial position through operating cash flows, and further disposals of non-core and underperforming assets. Our focus on project performance, risk management and contractual excellence seeks to achieve enhanced project margins and minimise loss-making projects. Cost optimisation remains a key focus throughout the Group. The Group's growing geographic diversity will also serve our ability to sustain profitable growth into the future. Underpinning all these initiatives are our executive incentive schemes, which aim to align management effort to both short-term performance and long-term value creation.

MANAGING HUMAN CAPITAL

The capability and capacity of our people are fundamental to achieving our strategic objectives, and underpin our profitability and competitiveness. This includes managing the risks associated with our business and, specifically, delivering complex projects safely, on schedule, on budget and to the standard of quality our clients expect. Human capital costs make up a significant proportion of our expenses. Attracting and retaining talented and skilled employees, and developing and leading them in a way that ensures excellence and productivity, are therefore key considerations. Our performance management system ensures accountability for individual and team objectives, and aligns these to our strategy by clarifying expectations and setting targets. This system links into our talent management and succession management processes, with particular attention on scarce and critical roles. Our ongoing investment in skills development, talent management, organisational transformation and employee relations are aimed at securing and motivating the calibre of human capital we need to achieve our strategy. Given the mobility of skilled employees, these initiatives, alongside our retention initiatives, mitigate against the loss of skills. The challenging labour environment in South Africa remains a concern, particularly on the Eskom power projects, and the Group has advanced its employee relations framework to depolarise the relationship between management and labour. Socio-economic issues in South Africa, including income disparity, underlies the tense labour environment and will remain a key focus for the Group in our ongoing efforts to ensure fair and competitive remuneration at all levels.

IMPROVING OUR PROJECT MANAGEMENT AND PROJECT RISK MANAGEMENT CAPABILITIES

Further work has been undertaken to improve and standardise our project management approach and systems, and to deepen our commercial insight and acumen. The Murray & Roberts Project Management Framework describes the minimum requirements that each of the companies in the Group must meet, and is integrated into the Group's risk management approach. To support this framework, we have established a Group project management development programme and all relevant employees are receiving training on improving their project management skills, informed by the Group's project execution experience. These initiatives aim to establish clear competitive advantage in our project management capability.

THE HEALTH AND SAFETY OF OUR EMPLOYEES

The health and safety of our employees is a strategic imperative. Besides our focus on providing a work environment in which the risk of harm to our employees and contractors is minimised, our safety record is of critical importance to our clients. Any fatality, or poor health and safety performance, negatively affects our reputation and impedes our ability to win work. It may also negatively impact our ability to attract and retain the talent we need with the skills and motivation to deliver our strategy. We believe that Zero Harm is possible, which underpins our efforts to create the organisational culture and class-leading standards and practices that form the basis for a strong and competitive safety record. Our commitment to our safety vision of *Together to Zero Harm* has contributed to the Group's low lost time injury frequency rate, but regrettably four fatalities were recorded in the past year. The Group has finalised critical standards for contractor management to improve its safety performance, and has implemented the first phase of the *Zero Harm through Effective Leadership* programme. In relation to managing the wellness of our employees, we have implemented a comprehensive wellness programme, aimed at maintaining a healthy and productive workforce.

QUALITY OF OUR ORDER BOOK

The quality and size of the Group's order book is material to our future performance. Quality depends on geographic, sector, and value-chain diversity, as well as having clients which operate in different macroeconomic cycles. Quality also depends on the embedded risk, margin, complexity and commercial model applicable to the projects we secure. The Group's track record of delivering projects and its proven reputation are fundamental to being a contractor of choice, which enables us to secure work that contributes to the quality and size of our order book. Securing projects that meet the quality expectations of our order book is achieved by rigorously assessing risk during the prospect phase, before a project is bid. Crucial to improving the quality of the order book and limiting project losses is applying historical lessons learnt and minimum contracting principles to adequately mitigate risk at the prospect phase.

TRANSFORMATION IN OUR SOUTH AFRICAN OPERATIONS

Building sustainable industries within the context of the country's empowerment imperatives is a complex process. Meaningful socio-economic transformation is essential to the future viability of our home market, especially in relation to the levels of social and economic inequality that persist in South Africa. The Group seeks to comply with transformation requirements from a moral, social and commercial perspective, and acknowledges the work that still needs to be done to transform its operations. Improving our transformation performance in top and senior management composition and skills development remains a challenge, and is key to our ability to secure project opportunities in South Africa. More broadly, we are committed to promoting diversity across all our operations and to actively work to address inequality and disadvantage due to race, gender, disability and other forms of diversity.

MAINTAINING STRONG ETHICAL PRACTICES

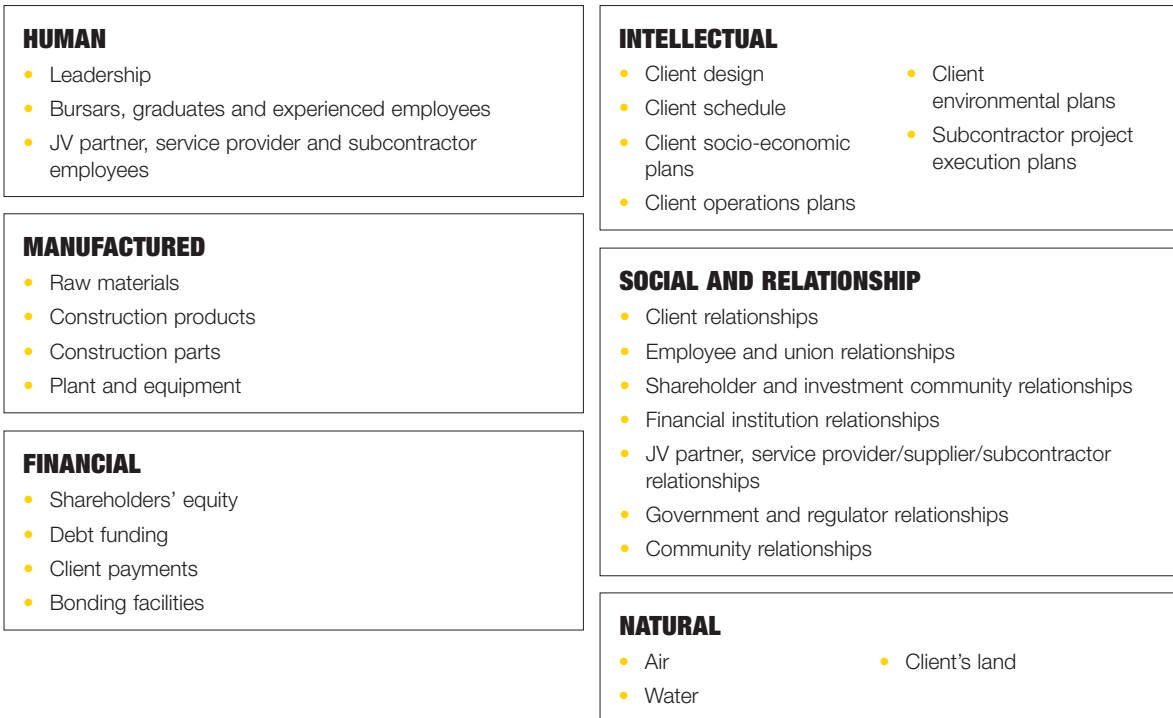
Strong ethical practices and upholding our values is a key focus across all the Group's operations. Unethical practices threaten the Group's reputation and impact our ability to win work and attract investment. In addition, legal action due to such practices can have a financial impact on the Group due to fines or penalties imposed. The Group mitigates the risk of unethical behaviour through its business principles and practices, and the selection criteria we apply when assessing potential employees, partners and clients. In South Africa, restoring the trust of civil society and rebuilding our relationship with the public sector, which was damaged due to the anti-competitive practices committed by former executives, will take time and a consistent demonstration of our integrity and commitment to responsible corporate citizenship. Management continues to engage with Group employees on the importance of ethical conduct to the Group's reputation and future success. The Group continues to conduct its business within the requirements of the regulatory frameworks applicable to the sectors, jurisdictions and territories in which it operates. We seek to comply with the letter and the spirit of the law, as well as with the Group's values and Statement of Business Principles.

CREATING SUSTAINABLE VALUE

MURRAY & ROBERTS CREATES VALUE FOR THE SOCIETIES IN WHICH WE OPERATE BY DELIVERING INFRASTRUCTURE THAT ENABLES ECONOMIC AND SOCIAL DEVELOPMENT IN A SUSTAINABLE WAY.

This statement of purpose indicates our approach to business, which requires that we grow responsibly and balance the interests of our stakeholders over time, to ensure our success over the long term. Our significant investment in safety standards across the Group or quality system accreditation, even though they may impact on our cost base and price competitiveness in some sectors, are examples of our purpose at work.

INPUTS Murray & Roberts creates value by integrating the tangible and intangible capital inputs to our organisation through our core business activities.



BUSINESS ACTIVITIES Sustainable value is created through the delivery of effective core activities, supported by efficient enabling business activities.



OUTCOMES

The key outcome of Murray & Roberts' business activities is economic and social development of the communities within which we operate, as a result of our business activities and outputs.

HUMAN

- Effective leadership
- Educated, trained and developed bursars, graduates and experienced employees
- Trained and developed JV partner, service provider and subcontractor employees

INTELLECTUAL

- Engineering and construction experience and knowledge
- Constructability knowledge
- Project close-out and closed loop reports
- Socio-economic development reports

MANUFACTURED

- Socio-economic infrastructure

SOCIAL AND RELATIONSHIP

- Sound relationships with clients, employees, shareholders and investment communities, financial institutions, JV partners, service providers/suppliers/subcontractors, unions, government, regulators and communities
- Murray & Roberts brand and reputation
- Socio-economic development, efficient logistics, cost effective energy and power, mineral extraction and beneficiation, improved health and education, improved quality of life from quality water supply and accommodation

FINANCIAL

- Dividends
- Interest
- Retained earnings
- Payroll payments
- Taxation
- Service provider/supplier/subcontractor payments

NATURAL

- Clean air
- Responsible water use
- Efficient use of client's land

OUTPUTS

The outputs of Murray & Roberts' business activities are its products and services which ultimately result in fixed capital asset formation and various by-products.

PRODUCTS & SERVICES

- Feasibility studies
- Detailed designs
- Fixed capital assets
- As built drawings

BY-PRODUCTS

- Noise
- Dust
- Carbon emissions
- Waste water
- Recyclable solid waste
- Hazardous waste

ENGINEERED EXCELLENCE



FY2012
RECOVERY YEAR



FY2013
GROWTH YEAR ONE



FY2014
GROWTH YEAR TWO

FROM RECOVERY & GROWTH TO ENGINEERED EXCELLENCE

Taking the helm in FY2012, the current leadership team at Murray & Roberts implemented a three-year strategy for *Recovery & Growth*. The strategy aimed to arrest the underperformance of the preceding years, stabilise the organisation, restore trust in the Group's leadership and prospects, and build a strong foundation for the future. This intent was captured in the slogan "We build to last", which also spoke to the Group's purpose – the delivery of infrastructure, which over the long term enables social and economic development, and to do this in a sustainable way.

The objectives of the *Recovery & Growth* strategy were substantially achieved at the end of the 2014 financial year ("FY2014"). This has allowed us to look further forward, specifically to realising our refined 2020 vision – to be a leading international diversified project engineering, procurement and construction group in selected natural resources and supporting infrastructure sectors – and to the *New Strategic Future* for the Group. Underpinning this shift in strategic focus from short-term remedy to value creation over the longer term, is the concept of "Engineered Excellence", which we have adopted as our guiding principle in everything we undertake as we begin to implement our new strategy.

The performance dimensions necessary to realise our vision have been clearly defined and have been incorporated into the performance contracts of Group leadership. The following pages of the Group overview section illustrate the progress we made in FY2014 in relation to each of these performance dimensions, and outlines our plans to achieve sustainable profitable growth as an international engineering and construction firm known for excellence.

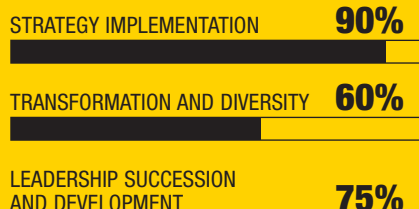
p 24 — FOR THE CHAIRMAN'S STATEMENT.

p 30 — FOR THE GROUP CHIEF EXECUTIVE'S AND FINANCIAL DIRECTOR'S REPORT.

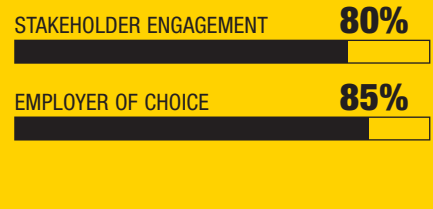
FINANCIAL



LEADERSHIP



RELATIONSHIP



THE MURRAY & ROBERTS FAMILY PORTRAIT, AT THE END OF FY2014, IS OUR FOUNDATION FOR THE FUTURE.

It provides the foundation for our strategic intention to focus our engineering and construction service offering on natural resources, and to grow in the oil and gas, mining, power and industrial market sectors by leveraging our current capabilities. This is reflected in the renaming of our operating platforms according to these targeted market sectors.

A GROUP OF WORLD-CLASS COMPANIES AND BRANDS ALIGNED TO THE SAME PURPOSE AND VISION, GUIDED BY THE SAME SET OF VALUES WITH A COMMON OWNER,
MURRAY & ROBERTS HOLDINGS LIMITED

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

OIL & GAS
(previously Construction Australasia Oil & Gas and Minerals)

UNDERGROUND MINING
(previously Construction Global Underground Mining)

ENERGY & INDUSTRIAL
(previously Engineering Africa)

INFRASTRUCTURE & BUILDING
(previously Construction Africa and Middle East)

VALUES INTEGRITY • RESPECT • CARE • ACCOUNTABILITY • COMMITMENT

PURPOSE Delivery of infrastructure to enable economic and social development in a sustainable way

VISION By 2020 we will be a leading international diversified project engineering, procurement and construction group in selected natural resources and supporting infrastructure sectors

OPERATIONAL

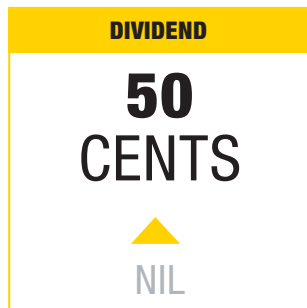
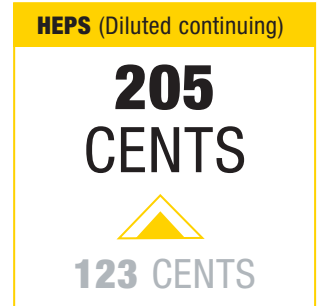


RISK



FINANCIAL PERFORMANCE DIMENSION

THE GROUP HAS CONTINUED TO ENHANCE SHAREHOLDER VALUE, ACHIEVING ITS OBJECTIVE TO IMPROVE LIQUIDITY AND RESUME DIVIDEND PAYMENTS.



* The prior year information has been restated for discontinued operations.

** The reduction is primarily due to the run-off in Clough's order book as the nature of its work is changing from long-term greenfields liquefied natural gas ("LNG") to short-term brownfields projects.

*** After the acquisition of all the non-controlling interests in Clough, in December 2013, of R4,4 billion.

INVESTMENT MARGINS AND ASPIRATIONS

p 30 FOR THE GROUP CHIEF EXECUTIVE'S AND FINANCIAL DIRECTOR'S REPORT.

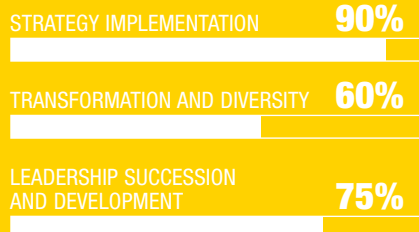
p 54 FOR THE SUMMARISED FINANCIAL PERFORMANCE REPORT.

CRITERIA
MARGIN
GROSS GEARING (NET GEARING IS NIL)
RETURN ON EQUITY (ROE)
RETURN ON INVESTED CAPITAL EMPLOYED (ROICE)
FREE CASH FLOW PER SHARE
RETURN ON NET ASSETS (RONA)
TOTAL SHAREHOLDERS RETURN (TSHR)

FINANCIAL



LEADERSHIP

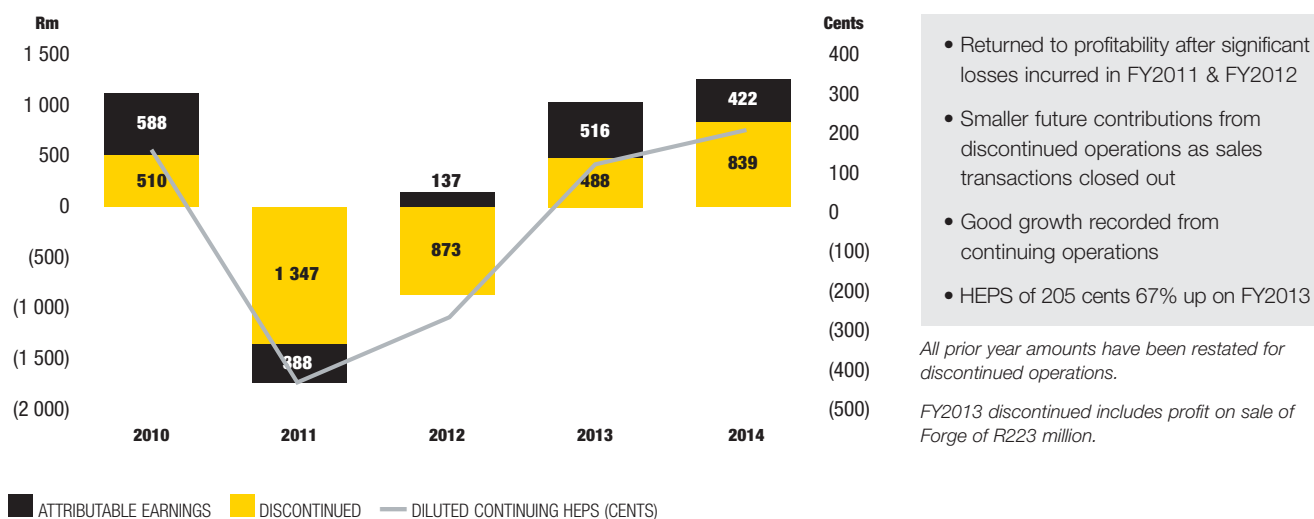


RELATIONSHIP



ATTRIBUTABLE EARNINGS AND DILUTED CONTINUING HEPS

(R MILLIONS)



- Returned to profitability after significant losses incurred in FY2011 & FY2012
- Smaller future contributions from discontinued operations as sales transactions closed out
- Good growth recorded from continuing operations
- HEPS of 205 cents 67% up on FY2013

All prior year amounts have been restated for discontinued operations.

FY2013 discontinued includes profit on sale of Forge of R223 million.

METHOD	RANGE	FY2014 PERFORMANCE
$\frac{\text{EBIT}^1}{\text{Revenue}}$	5% to 7,5%	4%
$\frac{\text{Total Interest Bearing Debt}}{\text{Ordinary Shareholders' Equity}}$	20% to 25%	42%[^]
$\frac{\text{Net Profit Attributable to Ordinary Shareholders}}{\text{Average Ordinary Shareholders' Equity}}$	17,5% through cycle	19%
$\frac{(\text{Taxed EBIT} + \text{Income from Associates})}{\text{Total Capital Employed}^4}$	WACC² (12,5%) plus 3% to 4%	22%
$\frac{\text{Operating Cash Flow} - \text{CAPEX}^3 + \text{Proceeds on disposal of PPE}}{\text{Number of shares}}$	Cash positive	Cash positive
$\frac{\text{Taxed EBIT} + \text{Income from Associates}}{\text{Total Net Assets (Excl Tax and Cash)}}$	18% after tax EBIT	77%
$\frac{(\text{Increase in share price year on year} + \text{Dividend per share})}{\text{Share price (PY)}}$	100% relative to peers	100%

¹ Earnings before interest and tax. ² Weighted average cost of capital. ³ Capital expenditure.
⁴ Total capital employed = total equity + interest bearing debt – assets-held-for-sale – cash + advance payments.
[^] Shareholders' equity reduced following acquisition of non-controlling interests in Clough.

OPERATIONAL

GOOD GOVERNANCE **90%**

COMMERCIAL MANAGEMENT **75%**

RISK

HEALTH AND SAFETY **70%**

ENVIRONMENT **70%**

RISK MANAGEMENT **80%**

LEADERSHIP PERFORMANCE DIMENSION

THE GROUP'S PROFITABILITY, THE DISPOSAL OF NON-CORE BUSINESSES AND THE ACQUISITION OF THE NON-CONTROLLING INTEREST IN CLOUGH HAS POSITIONED THE GROUP WELL FOR ITS NEW STRATEGIC PATH.

The overarching objectives of the *Recovery & Growth* strategy have been substantially achieved:

- Regain South African leadership
- Re-organise and re-energise
- Improve liquidity and resume dividend payment
- Realign Murray & Roberts
- Develop and implement growth strategy

REALIGNING THE GROUP HAS PRIMARILY INVOLVED AN ARRAY OF DISPOSALS AND AN ACQUISITION THAT HAS BEEN FUNDAMENTALLY TRANSFORMATIVE. IN FY2014 WE ACHIEVED THE FOLLOWING:

- Finalised the disposal of the non-core manufacturing businesses:
 - » Construction Products and Hall Longmore businesses sold for R1 325 million and R416 million respectively.
 - » Tolcon sold for R211 million. The disposal excluded our investments in the Bombela Concession and Bombela Operating Companies and also Entilini Concession and its operating companies.
- Completed the acquisition of all the non-controlling interests in Clough Limited on 11 December 2013 for R4 395 million.

OBJECTIVES AND GOALS FOR THE NEW STRATEGIC FUTURE

The Group's strategic focus on the natural resources markets will increase its international scope, giving it exposure to different regions that will enable the Group to better weather economic cyclicalities and realise the opportunities in higher growth markets. We will also continue to diversify our business model, moving into higher-value lower-risk segments of the engineering and construction value chain, thereby strengthening our capability to offer more complete project solutions.

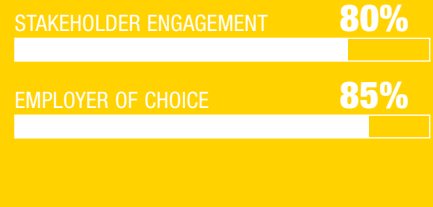
FINANCIAL



LEADERSHIP



RELATIONSHIP



OBJECTIVES	GOALS
Maximise shareholder value	<ul style="list-style-type: none"> Resolve Gautrain and Dubai International Airport claims and Gautrain water ingress issue Enhanced earnings before tax, free cash flow and ROICE performance Growth of dividends
Focus on natural resources	<ul style="list-style-type: none"> Grow oil & gas, mining and energy & industrial market presence Evaluate potential of industrial water segment
Diversify business model	<ul style="list-style-type: none"> Expand specialist engineering capabilities Grow commissioning and asset support and operations and maintenance capabilities Invest in selected project development opportunities
Enhance market valuation and positioning	<ul style="list-style-type: none"> Reposition Murray & Roberts and its brand, with all key stakeholders
Enhance the safety, performance and diversity of our people	<ul style="list-style-type: none"> Achieve industry leading health, safety and environment performance Enhance leadership capabilities and bench strength Improve employee relations and employee engagement Accelerated transformation of South African employee profile
Deliver project and commercial management excellence	<ul style="list-style-type: none"> Enhanced engineering, procurement and construction, and project management capabilities Entrench project, risk and commercial management practices

MURRAY & ROBERTS OF THE FUTURE

		OPERATING PLATFORMS			
Market Segment		Oil & Gas	Underground Mining	Energy & Industrial	Infrastructure & Building
Geography		Selected international markets	Selected international markets	Selected African markets	Selected African markets
Lead Brand		Clough	Cementation	Murray & Roberts Energy & Industrial	Murray & Roberts Construction
PROJECT VALUE CHAIN	Development & Financing	Invest in selected project development opportunities			
	Planning	Client and/or consulting engineers with Murray & Roberts input			
	Design Engineering	○	○	○	
	Detailed Engineering	✓	✓	✓	✓
	Procurement	✓	✓	✓	✓
	Construction	✓	✓	✓	✓
	Commissioning	✓	✓	✓	✓
	Operations		✓		
Maintenance	✓	○	○		

○ New targeted service offering

✓ Existing service offering

OPERATIONAL

GOOD GOVERNANCE **90%**

COMMERCIAL MANAGEMENT **75%**

RISK

HEALTH AND SAFETY **70%**

ENVIRONMENT **70%**

RISK MANAGEMENT **80%**

LEADERSHIP PERFORMANCE DIMENSION continued

p 44 — FOR THE SOCIAL PERFORMANCE REPORT.

p 30 — FOR THE GROUP CHIEF EXECUTIVE'S AND FINANCIAL DIRECTOR'S REPORT.

TRANSFORMATION AND DIVERSITY

“Our transformation efforts will continue to find their basis in our philosophy that while broad-based transformation and employment equity are moral, social and legal imperatives, they are most importantly economic imperatives that will shape our Group’s future within the South African context.”

MAHLAPE SELLO, GROUP CHAIRMAN

- During FY2014 we achieved a Level 2 Broad-based Black Economic Empowerment (“BBBEE”) rating, measured against the Construction Sector Charter.
- We are realigning our transformation plans with the amended BBBEE Codes of Good Practice, which come into effect on 30 April 2015.
- We succeeded in increasing the representation of black employees at top management level from 5,7% to 14,8%.
- Although transformation is a uniquely South African requirement, our global operations continue to focus on meeting gender and minority targets in line with relevant local requirements.
- To improve our employment equity score we have prepared plans with specific timeframes and targets, the achievement of which are a key performance area for senior management.
- Diversity, in relation to demographic representation and talent, is considered an important driver of our strategic objective to become an employer of choice in the markets in which we operate.

FINANCIAL

PROFITABILITY **85%**

CASH FLOW **80%**

RETURNS **90%**

LEADERSHIP

STRATEGY IMPLEMENTATION **90%**

TRANSFORMATION AND DIVERSITY **60%**

LEADERSHIP SUCCESSION AND DEVELOPMENT **75%**

RELATIONSHIP

STAKEHOLDER ENGAGEMENT **80%**

EMPLOYER OF CHOICE **85%**

CORPORATE CULTURE IS MODELLED BY LEADERSHIP IN THE EXAMPLE THEY SET FOR AN ORGANISATION. TO UNDERPIN THE IMPLEMENTATION OF OUR STRATEGY, AND THE ACHIEVEMENT OF OUR VISION TO BE A LEADING COMPANY IN OUR SECTOR, WE HAVE DEFINED A **LEADERSHIP BRAND**.

In essence, the leadership attributes we require to take our strategy from planning to implementation are:

- Leadership that lives our values, and is visible and engaged.
- Leadership that is committed and performance driven.
- Leadership characterised by sound stakeholder relationships.

We have developed the specific practices necessary to achieve our brand of **effective leadership**, and drive sustainable performance:

- Foster personal growth.
- Grow and develop people.
- Build high-performance teams.
- Manage and leverage diversity.
- Encourage values aligned with ethical behaviour.
- Build sound networks and stakeholder relationships.
- Communicate openly and honestly.
- Work intrapreneurially (as owners of the business, not just employees).
- Promote shared learning and innovation.
- Lead change.

THE **CORE COMPETENCIES** REQUIRED OF LEADERSHIP TO DELIVER THE COMPANY PURPOSE ARE PROJECT MANAGEMENT, COMMERCIAL MANAGEMENT AND INTEGRATED RISK MANAGEMENT.

OPERATIONAL



RISK



RELATIONSHIP PERFORMANCE DIMENSION

BUILDING STRONG, TRUST-BASED RELATIONSHIPS WITH OUR KEY STAKEHOLDERS IS IMPERATIVE TO OUR GROWTH AND SUSTAINABILITY.

- Our Group stakeholder engagement policy continues to guide the quality, frequency and intensity of our stakeholder engagements.
- Management across the Group, and specifically senior management, consider stakeholder feedback as a matter of course in their decision-making.
- Engagements with the investment community over the last year have shown their confidence in our ability to deliver improved returns to our shareholders.
- We implemented a labour relations framework in the year to depolarise the relationship between labour and management in the project environment.
- We recognise that restoring the trust of all of our stakeholders, following the revelations of past competition law infringements, remain of specific importance to the group as we move forward.

p 42

FOR THE STAKEHOLDER ENGAGEMENT REPORT.

FINANCIAL

PROFITABILITY **85%**

CASH FLOW **80%**

RETURNS **90%**

LEADERSHIP

STRATEGY IMPLEMENTATION **90%**

TRANSFORMATION AND DIVERSITY **60%**

LEADERSHIP SUCCESSION AND DEVELOPMENT **75%**

RELATIONSHIP

STAKEHOLDER ENGAGEMENT **80%**

EMPLOYER OF CHOICE **85%**

EMPLOYER OF CHOICE

As part of our strategic objective to enhance the attraction, retention, performance and diversity of our employees, we are working to develop people-management best practices that will make the Group an employer of choice in all our markets. This has translated into an improved showing in our South African operations in the *Deloitte Best Company to Work For Survey*, a valuable independent benchmark based on the feedback of our South African employees.

p 44

FOR THE
SOCIAL
PERFORMANCE
REPORT.

83% OF PARTICIPANTS FEEL THAT MURRAY & ROBERTS IS AN EMPLOYER OF CHOICE.

62% OF PARTICIPANTS HAVE A HIGH/VERY HIGH INTENTION TO STAY WITH THE COMPANY.

Employees rated the following as our **strengths**:

- **Job satisfaction** – how satisfied they are with their job.
- **Confidence** – their level of confidence in Murray & Roberts.
- **Operational effectiveness** – how equipped they feel in terms of knowledge, skills, resources, systems and processes, to do their job.

Employees rated the following as our **weaknesses**:

- **Remuneration** – whether their remuneration matches their job output.
- **Career development** – how confident they feel about their career path.
- **Performance and recognition** – how often they receive regular feedback and recognition for the work they do.

OPERATIONAL

GOOD GOVERNANCE **90%**

COMMERCIAL MANAGEMENT **75%**

RISK

HEALTH AND SAFETY **70%**

ENVIRONMENT **70%**

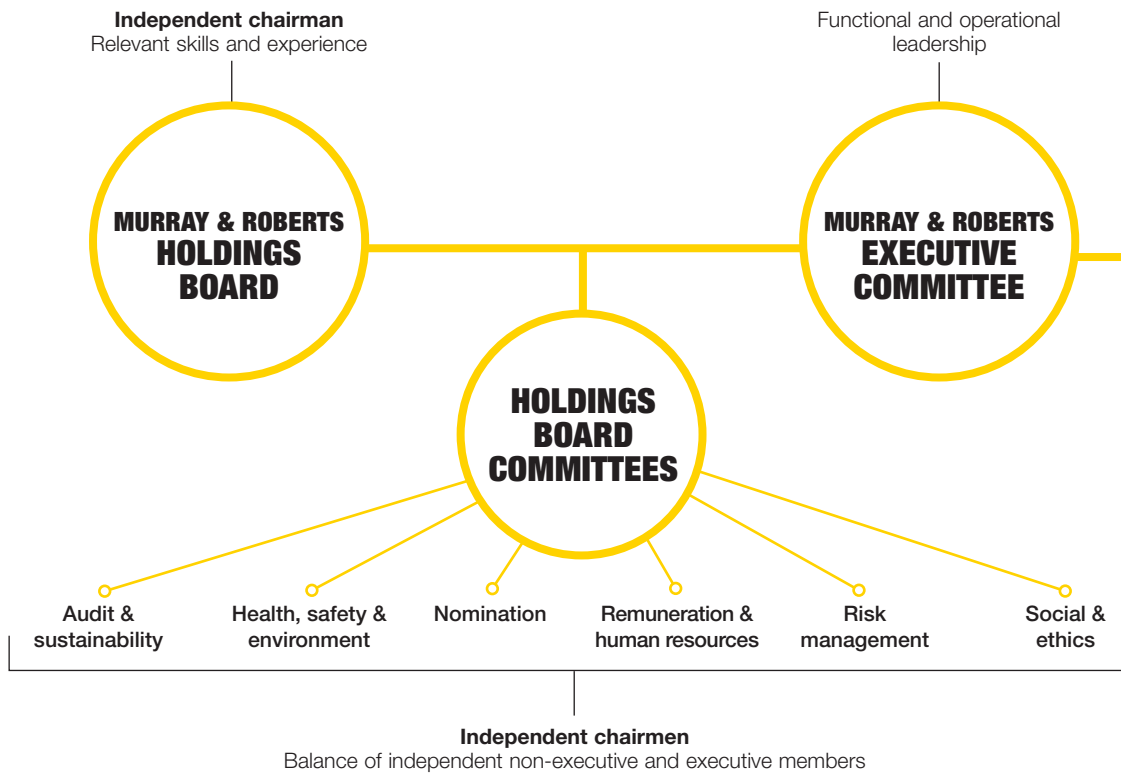
RISK MANAGEMENT **80%**

OPERATIONAL PERFORMANCE DIMENSION

STRIVING TO ACHIEVE THE HIGHEST STANDARDS OF BUSINESS INTEGRITY, ETHICS AND CORPORATE GOVERNANCE CIRCUMSCRIBES THE GROUP'S PURSUIT OF ITS BUSINESS OBJECTIVES.

GOOD GOVERNANCE

The Group has a well-constituted and effective leadership structure (shown below), in line with our intent to achieve and exceed the requirements of the King III Code. The basis for the Group's approach to governance is the Board's appreciation that strategy, risk management, performance and sustainability are inseparable. In support of our objective to ensure good governance at every level of the Group, we have implemented the relevant policy frameworks, supported by management and operational standards.



FINANCIAL



LEADERSHIP



RELATIONSHIP



OPERATING PLATFORMS AND OPERATING COMPANIES

OIL & GAS
(previously Construction Australasia Oil & Gas and Minerals)

COMPANIES

BOOTH WELSH
CH-IV
CLOUGH
e₂o
MURRAY & ROBERTS MARINE

UNDERGROUND MINING
(previously Construction Global Underground Mining)

COMPANIES

CEMENTATION CANADA & USA
CEMENTATION SUDAMÉRICA
MURRAY & ROBERTS CEMENTATION
RUC CEMENTATION MINING

As a global business, this platform has a Cementation Joint Coordinating Committee to share client, technology and work practices. Also facilitates joint ventures.

ENERGY & INDUSTRIAL
(previously Engineering Africa)

COMPANIES

GENREC
MURRAY & ROBERTS ELECTRICAL & CONTROL SYSTEMS
MURRAY & ROBERTS POWER & ENERGY
MURRAY & ROBERTS RESOURCES & INDUSTRIAL
MURRAY & ROBERTS WATER

INFRASTRUCTURE & BUILDING
(previously Construction Africa and Middle East)

COMPANIES

MURRAY & ROBERTS CONSTRUCTION
– Concor Opencast Mining
– Murray & Roberts Botswana
– Murray & Roberts Buildings
– Murray & Roberts Infrastructure
– Murray & Roberts Namibia
– Murray & Roberts Plant
– Murray & Roberts Western Cape
MURRAY & ROBERTS CONCESSIONS
MURRAY & ROBERTS MIDDLE EAST

Clough Limited has its own board and executive committee in place, which remains the case as a wholly owned subsidiary of the Group. The Group chief executive and Group financial director are non-executive members of the Clough board.

The operating platform executive and their financial executive sit on the boards of each operating company.

COMMERCIAL MANAGEMENT

THE SHORTCOMINGS IN OUR CONTROL SYSTEMS AND COMMERCIAL MANAGEMENT METHODOLOGY, WHICH LED TO THE LARGE OUTSTANDING CLAIMS ON LEGACY PROJECTS THAT WE CONTINUE TO PURSUE, HAVE BEEN DEFINITELY ADDRESSED.

The lessons learnt in relation to these legacy projects have been widely disseminated within the Group and have provided the basis for the development and implementation of world-class, independently assured project management systems. We have also standardised key performance areas across our operating platforms, to drive our strategic emphasis on operational and contract management excellence.

Update on commercial claims

GORGON PIONEER MATERIALS OFFLOADING FACILITY

- Settlement reached with Boskalis Australia in respect of all claims and counter claims on the project. Realised R323 million in additional income.

GAUTRAIN RAPID RAIL LINK

- Delay and disruption claim
 - » Complex claim, with commercial close-out expected during the 2016 calendar year.
- Water ingress claim
 - » Engagement with Gauteng Province continues, to establish exact rectification of work required, if any.
 - » R300 million provision recorded
- Sandton cavern claim
 - » Quantum hearing scheduled for May 2015.

DUBAI INTERNATIONAL AIRPORT

- Respondent to claim legally identified.
- New legal team appointed.
- Claim settlement expected during the 2015 calendar year.

OPERATIONAL



RISK



RISK PERFORMANCE DIMENSION

THE LESSONS LEARNT IN THE LAST FEW YEARS HAVE INFORMED A SIGNIFICANT IMPROVEMENT IN THE GROUP'S APPROACH TO RISK IDENTIFICATION AND MANAGEMENT AT ALL LEVELS.

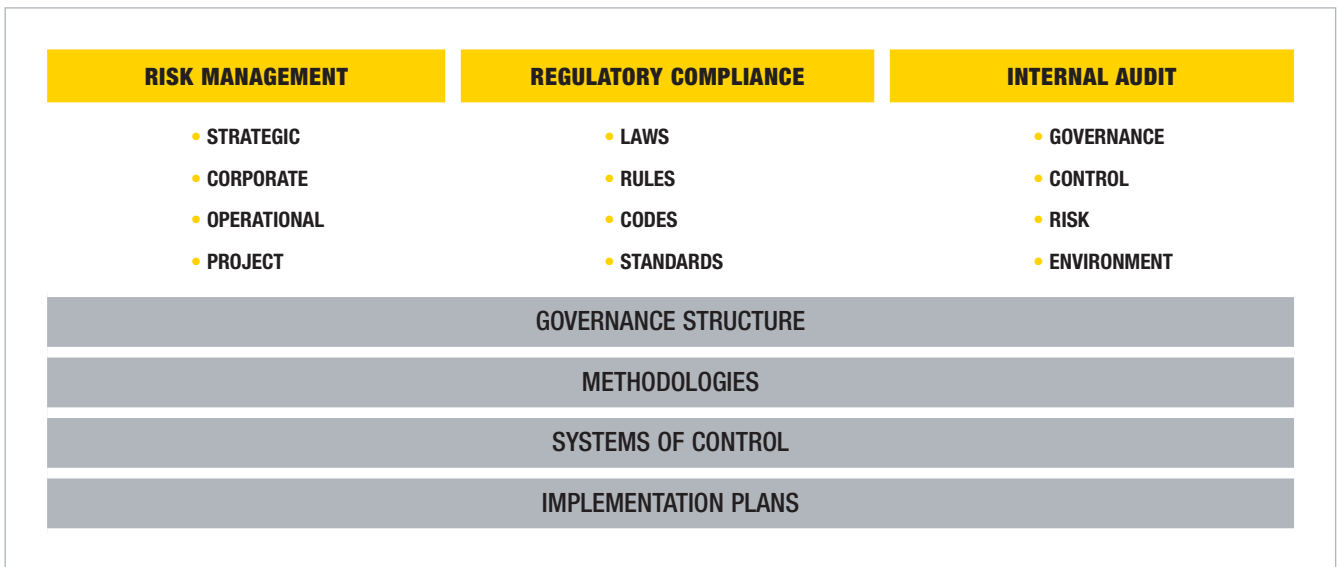
INTEGRATED ASSURANCE

The Group Integrated Assurance Framework coordinates the Group's overall approach to risk management. It is supported by the relevant policies, standards, plans, procedures, practices, systems, controls and activities to ensure that the Group achieves the level of operational efficiency and compliance the Board requires.

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FOR THE RISK MANAGEMENT REPORT.

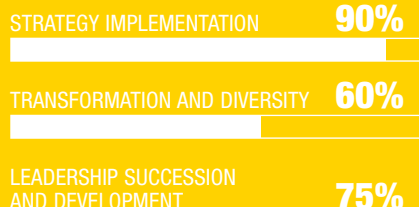
Integrated Assurance Framework



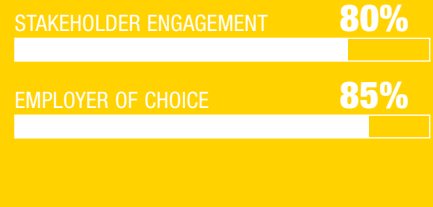
FINANCIAL



LEADERSHIP



RELATIONSHIP



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FOR THE SOCIAL PERFORMANCE REPORT.

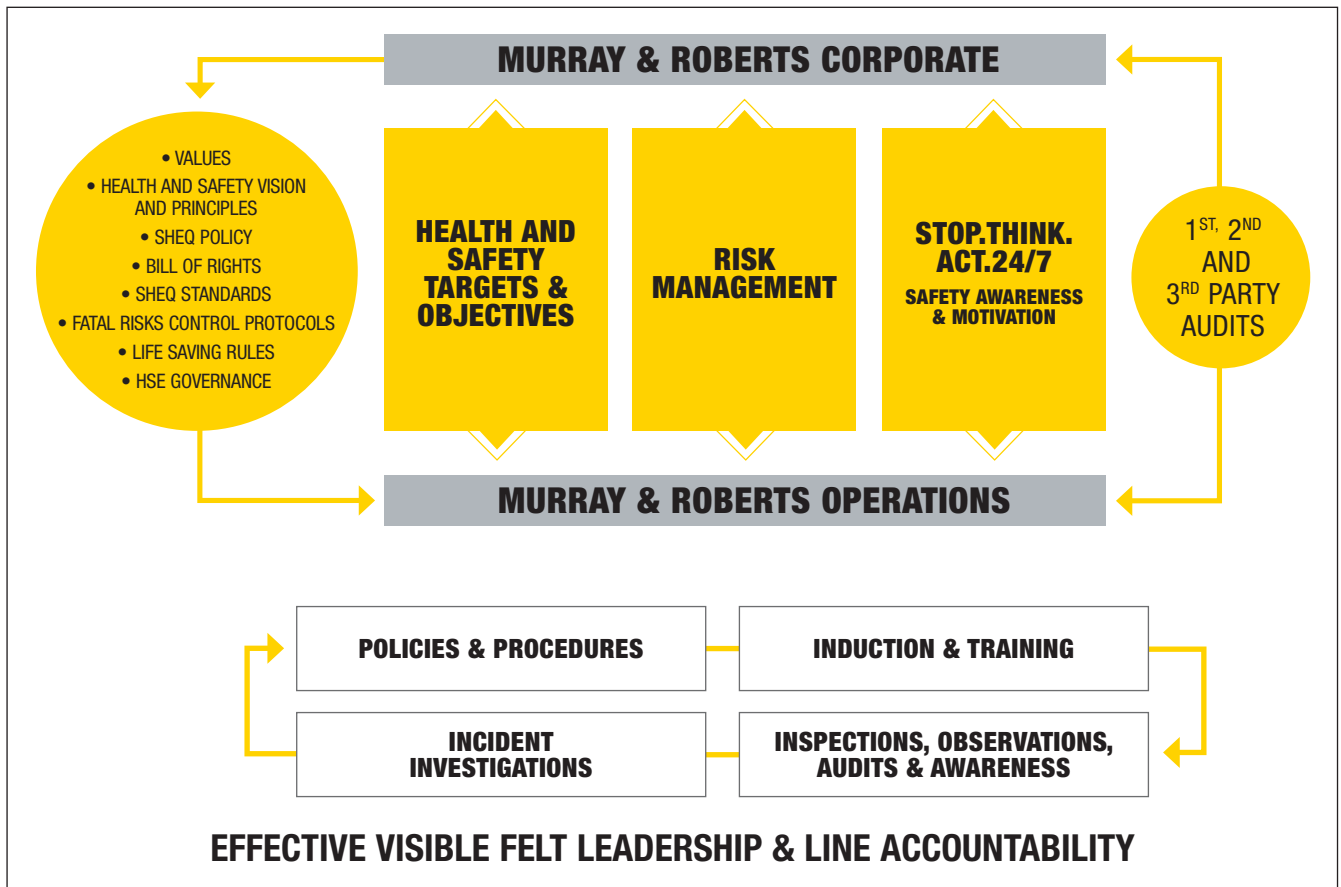
p 50

FOR THE ENVIRONMENTAL PERFORMANCE REPORT.

HEALTH & SAFETY

We continued to entrench our Group Health & Safety Framework during the year. Group-wide policies and standards set out the requirements and accountability for managing material health and safety risks within our operations. Each operating company has a health and safety improvement plan that prioritises these risks and reports their progress regularly according to the framework.

Health and Safety Framework



ENVIRONMENT

During the year we developed a Group Environmental Management Framework which outlines environmental requirements and lines of accountability at both Group and operational level. This gives effect to improving the monitoring and management of our environmental impact, in line with our principle of achieving Zero Harm to the natural environment in all operations and activities conducted.

OPERATIONAL



RISK

