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**ASSURANCE REPORT** 

SAFETY, HEALTH AND WELLNESS

COMMUNITY DEVELOPMENT

TRANSFORMATION AND LOCAL ECONOMIC

OUR EMPLOYEES

DEVELOPMENT

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## SUSTAINABILITY FRAMEWORK

## **SUSTAINABILITY FRAMEWORK INTEGRATED REPORTING SOCIAL** ENVIRONMENTAL ETHICAL Safety, health and wellness Resource efficiency and carbon Fraud, corruption and Employees footprint anti-competitive behaviour Transformation in South Africa Emissions, releases and waste Human rights and local economic development management Unfair discrimination Community development and equality Unfair business practices FINANCIAL AND ECONOMIC SUSTAINABILITY **GOVERNANCE STRUCTURE RISKS AND OPPORTUNITIES** STAKEHOLDER ENGAGEMENT

## OUR GROUP SUSTAINABILITY FRAMEWORK GUIDES OUR APPROACH TO SUSTAINABLE PERFORMANCE. IT SETS OUT OUR ASPIRATION TO OPERATE IN AN ETHICAL AND SUSTAINABLE WAY BY:

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

The outcome of these inter-related objectives is integrated reporting, which links back to our stakeholders and completes the cycle of accountability and inclusivity that ultimately underpins our sustainability.

## STAKEHOLDER ENGAGEMENT

## MURRAY & ROBERTS STRIVES TO COMMUNICATE AND ENGAGE OPENLY, EFFECTIVELY AND INCLUSIVELY WITH KEY STAKEHOLDERS.

We define our key stakeholders as groups or individuals impacted by our operations, with an interest in what we do or the ability to influence our activities, in proximity to our operations or who are dependent on Murray & Roberts. Mutual trust and understanding between the Group and its stakeholders is imperative.

## Our stakeholders are diverse, and are grouped into the following main categories:

- Clients
- Employees
- Shareholders and investment community
- Financial institutions
- Government and regulators
- Murray & Roberts operating companies
- Joint-venture partners/service providers/ suppliers/subcontractors
- Unions
- Communities
- Special and other interest groups.

The Group continuously interacts with these stakeholder groups, as our relationship with each has a direct impact on the sustainability of our business.

#### Quality stakeholder engagement must:

- be based on the Group's stakeholder engagement philosophy;
- clearly define the scope of engagement;
- focus on issues material to the organisation and/or its stakeholders;
- create opportunities for dialogue;
- be transparent;
- be timely; and
- be flexible and responsive.

The Murray & Roberts Group stakeholder engagement policy rests the responsibility for implementing the policy with the Group business platform executives, managing directors and the Group communications function. **The policy** 

#### states that the Group will:

- Comply with laws, and the principles and best practice recommendations set out in the King III pertaining to stakeholder relationships;
- Establish clear accountability for effective stakeholder engagement;

- Consider the views and concerns of stakeholders in the Group's strategic and operational decision-making;
- Integrate stakeholder engagement into the ongoing management activities of the Group and its companies;
- Strive to measure and manage the gap between stakeholder perceptions and the performance of the Group and its companies;
- Ensure that stakeholders are treated fairly and equitably in line with the Group's values;
- Create a transparent and honest environment for stakeholders to interact with the Group;
- Provide complete, timely, relevant, accurate, honest and accessible information to its stakeholders while having regard to legal and strategic considerations;
- Proactively communicate with stakeholders and seek their views and feedback using various appropriate communication channels/mediums;
- Promote awareness in Group companies of the importance, value and methodologies for stakeholder consultation and relationship management; and
- Seek ways to better manage and improve stakeholder engagement procedures and performance.

Our engagement processes seek to ensure that interaction with stakeholders in all our markets is effective and ongoing. Various methods are used across the Group to engage with stakeholders. These methods, among others, are grouped into the following categories:

- Face-to-face engagement (one-on-one meetings, citizen panels/public meetings, including "town hall" meetings);
- Technological engagement (website, intranet, email, SMS); and
- Printed engagement (media releases, newsletters, internal magazines, integrated report).

As an example of recognition of our stakeholder engagement with our shareholders and investment community, the Group is proud to have won two awards for its 2013 integrated report (EY Excellence in Integrated Reporting and A-Rating by Nkonki Auditors), as well as an award from the Investment Analyst Society for the best investor relations reporting in the Industrials Sector for the 2014 calendar year.

The top ten concerns for our key stakeholder groups, as currently identified by management, are:

Sustainable growth

of the Group's targeted natural resources markets.

**Health, safety and productivity** of employees and subcontractors.

**Financial performance** of the Group.

**Leadership and strategic direction** provided by the Board and senior management.

The reputation and credibility of the Murray & Roberts brand.

Transformation and

Compliance with laws, regulations and standards.

**Remuneration** paid to directors, executives and staff.

Quality, cost and timely delivery of projects.

**Capability and capacity** to deliver the Group's order book

## **GROUP PERFORMANCE REVIEW**

MOVEMENT: OP NO CHANGE DOWN

KEY INDICATORS	PERFORMANCE				
Performance dimension	2015	2014	2013	Movemen	
Safety					
atalities	4	4	2	0	
IFR ("fatal incidents frequency rate")*	0.05	0,03	0,01		
TIFR ("lost time injury frequency rate")*	0.79	0,80	0,82		
RCR ("total recordable case rate")*	4.18	3,92	3,4		
OHSAS 18001 Management System implementation (% coverage)	96%	85%	69%		
lealth					
oluntary HIV/Aids tests	4 762	2 173	2 140		
IIV/Aids prevalence of employees tested	5,5%	4,19%	About 15%		
ew cases of tuberculosis	7	5	19		
oise induced hearing loss ("NIHL")	25	23	29		
cohol random tests	838 812	566 135	124 127		
positive alcohol random tests	0,03%	0,09%	0,2%		
rug random tests	14 553	9 273	6 828		
positive drug random tests	1,73%	2.47%	1,0%	•	
mployees					
pending on formal employee training and development (Rm)(Group)	93	126	156	O	
kills development on black employees as% of SA skills development spend	71%	67%	74%		
otal number of bursars	57	56	80		
of bursars who are black	72%	68%	65%		
of bursars who are female	33%	34%	33%	O	
raduates attending the development programme	27	39	28	$\bigcirc$	
of graduates who are black	74%	62%	61%	$\bigcirc$	
of graduates who are female	22%	26%	25%	O	
eadership Development Programme	167	184	134	$\bigcirc$	
6 of participants who are black	60%	52%	43%	$\bigcirc$	
of participants who are female	31%	27%	28%	$\triangle$	
ransformation & Local Economic Development					
BBEE rating based on the Construction Sector Charter	Level 2	Level 2	Level 3	0	
/ealth created through Letsema BBBEE share ownership transaction (Rm)	440,6	693	734	$\bigcirc$	
of South African based employees who are female	11%	10%	12,4%	$\bigcirc$	
of South African based employees who are black	73,5%	75%	76,4%		
6 of South African based employees designated as management ho are female	10%	12%	8,5%	$\bigcirc$	
of South African based employees designated as management who are black	54%	60%	63,6%		
apital expenditure (3-year cumulative amount; Rm)	2 475	3 000	2 918		
Preferential procurement spend South Africa	85%	79%	73,1%		
nterprise development contribution South Africa (Rm)	78,9	71,8	143,4	$\triangle$	
ommunity Development					
orporate social investment in community programmes (Rm)	9,6	14	13,7		
etsema broad-based community commitments (Rm)	3,51	1,5	1,5		
dursaries awarded by the Letsema Employee Benefits Trust (Rm)	8,5	8,7	7,1		
Murray & Roberts Child Welfare Fund (Rm)	0,369	0,742	0,15		

<sup>\*</sup> per million hours worked 1 increase attributable to dividend received in October 2015



# THE SAFETY OF EMPLOYEES AND SUBCONTRACTORS WORKING AT OUR OPERATIONS REMAINS A PRIMARY CONSIDERATION IN ALL OUR BUSINESS ACTIVITIES AND MANAGEMENT DECISIONS

## **SAFETY, HEALTH AND WELLNESS**

## Safety

During the year we made further advancements in our health and safety improvement programme which include maintenance of a downward trend in "LTIFR", increasing OHSAS 18001 health and safety management system coverage to 96% of our operations and institutionalisation of key initiatives rolled out in previous financial years. While this progress is encouraging, we did not meet our main goal of zero fatalities as we experienced four deaths at operations under our control.

## Safety performance in FY2015

Notwithstanding concerted efforts to eliminate high potential incidents, three employees and one subcontractor sustained fatal injuries whilst performing work activities at our Underground Mining and Infrastructure & Building business platforms.

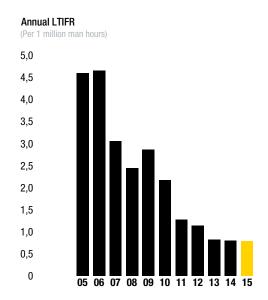
- Michael Nqhilifilua Mumbala (23), a subcontractor employee of Murray & Roberts Namibia fell from an elevated platform at "The Grove Shopping Mall" project on 1 September 2014.
- Litsietsi David Toli (42), an employee of Murray & Roberts Cementation SA, was caught between the rim of a laud haul dumper (LHD) bucket and the hanging wall at Impumelelo Mine on 24 September 2014.
- Brian Holmes (53), an employee of Murray & Roberts Cementation USA sustained fatal injuries after coming into contact with shaft structures whilst in an ascending conveyance at Leeville Mine on 12 January 2015.
- Thomas Petrus Greyling (55), an employee of Murray & Roberts Cementation fell from height whilst working at the Mopani Synclinorium Shaft in Zambia on 26 April 2015.

We extended our heartfelt condolences to the families of the deceased colleagues and provided them with the necessary support.

Circumstances leading to these fatalities were thoroughly investigated and corrective measures have been implemented to prevent the repeat of similar incidents. We remain steadfast in our quest to eliminate fatal and serious incidents at our operations.

Our lost time injury frequency rate ("LTIFR") improved to a record-low of 0.79 (FY14: 0.80). Underpinning this performance are record performances at some of our businesses and projects which include 4 LTI free years at Murray & Roberts Resources & Industrial, 2 LTI free years at Murray & Roberts Botswana, RUC Cementation and Murray & Roberts Plant and one LTI free year at Murray & Roberts Infrastructure, Cementation Canada and Genrec.

Our total recordable case rate ("TRCR"), which is a broader indicator of safety performance, deteriorated to 4.2 (FY14: 3.9) despite the reduction in the number of total recordable cases. This is mainly due to the reduction in exposure hours.

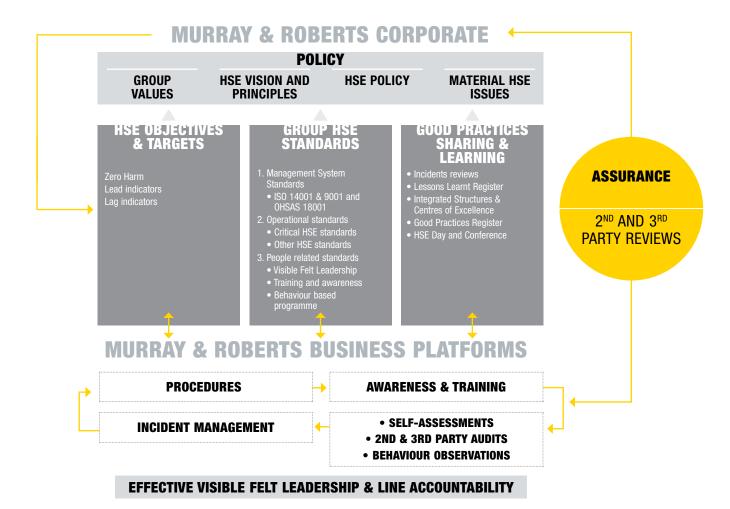


## Our approach to health and safety

We made good progress in institutionalising our Health and Safety Framework, which provides guidance to our operations in delivering our health and safety commitment. The framework consists of policies, objectives, targets and standards which set the tone at Group level as well as accountability for managing material health and safety risks at operations.

Each business platform has a health and safety improvement plan that prioritises these requirements and they report their progress regularly. We have implemented a Group HSE assurance programme to assess the level of implementation of these requirements at operations.

## **HEALTH, SAFETY AND ENVIRONMENT FRAMEWORK**



## **Health and Safety Framework**

Our effort during the reporting period centred around the entrenchment of key safety initiatives rolled out in previous financial years. These include implementation and tracking of lead indicators, visible felt leadership (VFL), critical safety standards (including fatal risks control protocols and contractor safety management), knowledge sharing and the Group assurance programme. We are pleased to report progress on these initiatives below.

#### **Leading indicators**

In addition to lagging safety indicators we developed and implemented a set of leading indicators to proactively track safety performance and increase predictability. Some of the lead indicators implemented include:

- VFL engagements (quantity and quality of engagements)
- The Zero Harm Index, which measures the proportion of work performed safely
- Compliance with our Critical Safety Standards
- High Potential Incidents Frequency Rate
- Near Misses
- Audit Compliance Index (1st, 2nd and 3rd Party Audits)

These indicators are already providing useful information to focus management's attention towards proactively addressing key risks before they lead to injuries.

#### **Effective Visible Felt Leadership**

Effective leadership remains the focal point of our health and safety improvement drive. Safety leadership training forms part of our broader leadership development programme attended by our leaders. This programme seeks to provide leaders with an understanding of their role in cultivating an effective organisational culture that supports a Zero Harm mind-set and emphasises the importance of integrating health and safety considerations at an operational level.

Focus during the year was on ensuring that leaders spend enough time at operations engaging with employees on health and safety, which resulted in an increase in VFL engagements compared to previous periods. VFL engagements will remain one of the key pillars of our health and safety programme with more emphasis on ensuring high quality of engagements with employees.





EFFECTIVE LEADERSHIP REMAINS THE FOCAL POINT OF OUR HEALTH AND SAFETY IMPROVEMENT DRIVE."

BY CLOUGH SENIOR MANAGEMENT AT ICHTHYS PROJECT

#### **Consistent health and safety standards**

We have a global set of standards that outline the minimum steps to be implemented at operations to manage key health and safety risks. All our operations are required to implement internationally recognised health and safety management systems and prioritise the implementation of critical safety standards aimed at addressing material health and safety risks. Our aim is to achieve a consistent safety standard that will bring sustainable improvement across the organisation. To this end 96% (FY14: 85%) of our workforce is covered by OHSAS 18001 certification.

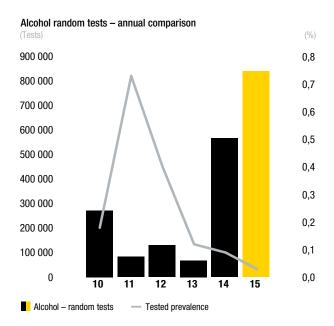
Work continued to entrench our fatal risks control protocols ("FRCPs") programme which is aimed at managing critical safety risks at operations. Our critical safety risks include fall of ground and explosives at underground mining, working at heights, lifting operations, machinery and equipment, falling and rolling objects, hazardous materials, mobile equipment and vehicles used for operations.

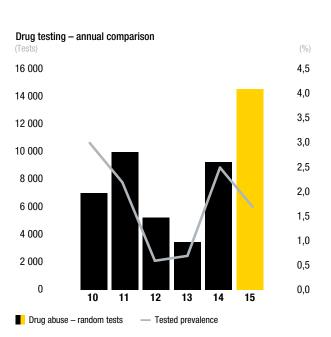
During the year we implemented the assurance programme to assess the level of compliance to FRCPs and businesses are implementing improvement actions to close gaps identified. The successful implementation of this programme remains the key element in us achieving our main goal of eliminating fatal incidents at our operations.

Work continued to enhance our fitness to work and wellbeing programme with more focus on alcohol and drug testing.

14 553 drugs and 838 812 alcohol tests were performed which is a 57% and 48% increase respectively compared to the previous financial year. Through this programme we saw a reduction in the number of positive drug and alcohol tests as employees and subcontractors change their behaviour knowing that they will be tested. Employees who test positive for drugs and alcohol are not allowed to enter our operations.

During the year we completed a baseline fatigue risk assessment at most of our operations and are implementing measures to close gaps identified. Fatigue assessments are now conducted during pre-employment and routine medical surveillance programmes and we are also stepping up awareness on the fatigue risk and precautionary measures to be taken by employees and management. Employees are encouraged to report fatigue by calling the health and wellness helpline to get advice and those affected are referred for face-to face counselling. We will continue to benchmark various approaches adopted by our clients and peers in managing this risk and further improve our programme.









**ACTIVE LEARNING IS** ONE OF OUR KEY **HEALTH AND SAFETY** PRINCIPLES WHICH **ENCOURAGES** CONTINUOUS **IMPROVEMENT** THROUGH SHARING **GOOD PRACTICES AND** LESSONS LEARNT."

MANAGEMENT ADDRESSES EMPLOYEES DURING A SAFETY STAND DOWN AT MURRAY & ROBERTS INFRASTRUCTURE

We have extended our Group safety standards and processes to our subcontractors and continuously reinforce our expectations and monitor their compliance with our requirements. Our subcontractor management framework, which emphasises pre-qualification, performance management and post-contract evaluation of subcontractors, seeks to bridge the knowledge gap between permanent and subcontractor employees by ensuring that all role players involved in executing contract work are aware of their health and safety responsibilities.

Regular interactions are held with subcontractor management to ensure alignment of expectations. Audits are also conducted to assess compliance to requirements at project level. We believe that these interventions provide the platform to strengthen our relationships with key subcontractors and build more sustainable partnerships.

#### Learning and sharing

Active learning is one of our key health and safety principles which encourages continuous improvement through sharing good practices and lessons learned at various operations. Our diverse global clients exposes us to a variety of good practices. Management at operations is encouraged to take advantage of these opportunities and use the information to advance the health and safety programme.

During the year we launched our first Global Safety Conference, hosted by our group chief executive, where more than 60 leaders across the group shared ideas on how to further improve safety at operations. Through this conference we confirmed leadership commitment, accountability and operational discipline as key focus areas going forward. Furthermore, we agreed to implement an annual Safety Stand Down at each operation to raise awareness and share ideas on health and safety. These are examples of many initiatives aimed at embedding the learning and sharing culture and involving all employees in the organisation.

Where we have experienced failures we thoroughly investigate the causes and communicate lessons learned across the organisation. For example, the Group executive committee reviews investigation reports on all high potential incidents and lessons learned are widely communicated in the organisation to raise awareness and prevent re-occurrence.

Our Stop. Think. Act. 24/7 programme remains a key platform for conveying health and safety messages and motivates employees to take responsibility for their own and their colleagues' safety and the environment. This programme is supported by the Impilo Yethu print-based comic strip which communicates selected topics on safety lessons and other health, safety and environmental messages to employees.

We are also working with our clients and peers through industry forums to share lessons learnt and other ideas on improving health and safety. Knowledge sharing will continue to be one of the key focus areas given its proven impact towards improving health and safety at our operations.

#### **FOCUS GOING FORWARD-**

FY16 WILL BE ANOTHER YEAR OF CONSOLIDATING OUR KEY HEALTH SAFETY INITIATIVES WITH MORE EMPHASIS ON EFFECTIVE LEADERSHIP AND IMPLEMENTATION.

THE MAIN FOCUS AREAS WILL BE:

- THE ROLL OUT OF THE MAJOR ACCIDENT PREVENTION (MAP) PROGRAMME TO ENHANCE APPLICATION OF FRCP'S.
- ASSESSING COMPLIANCE TO GROUP REQUIREMENTS THROUGH THE ASSURANCE PROGRAMME; AND
- SHARING OF GOOD PRACTICES AND LESSONS LEARNED ACROSS OPERATIONS.

## **Employee Health and Wellness**

Murray & Roberts regards employee wellness as a business imperative given that employees that are not healthy are likely to suffer chronic illnesses or injuries that result in loss of productivity. We have mandated our operations to implement integrated health and wellness programmes that focus on prevention of work and non-work related diseases. During the year we continued with initiatives aimed at better understanding and managing our workplace health risks, improving the health and wellness knowledge and employees access to health and wellness support.

#### Understanding our workplace health related risks

Noise, airborne pollutants, and ergonomics are the common hazards at most of our operations. Our occupational disease profile indicates noise induced hearing loss as the most prevalent occupational disease at our mining, infrastructure and engineering operations.

Risk mitigation measures implemented include engineering solutions to eliminate or manage the noise risk, providing employees with knowledge and skills to protect themselves against noise exposure and ensuring adherence to wearing of hearing protection equipment in areas where noise levels cannot be economically reduced to within acceptable limits. We will continue to investigate and implement ways to prevent and mitigate noise and all other health risks within our operations.

#### Malaria

Our travel health programme and workplace interventions aimed at combating malaria and any other travel related disease remain a priority for our employees who travel to high risk countries. One case of malaria was reported in FY15 (FY14: 3).

#### Accessibility to health

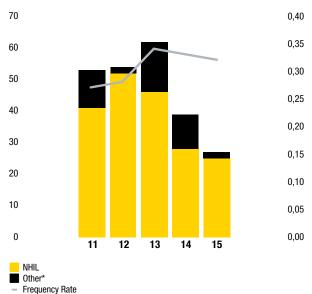
Our wellness programme focuses on adoption of healthy lifestyle by employees through awareness, voluntary screening and early detection of lifestyle diseases such as hypertension, diabetes mellitus etc as these have been identified as areas of concerns. We conducted health education and awareness on HIV and general wellbeing by means of mass campaigns and one-on-one counselling during medical surveillance, and also implemented onsite primary healthcare clinics on some of our sites where employees can have their health parameters such as blood pressure and cholesterol

It was through these initiatives that 4 762 employees took part in voluntary HIV counselling and testing (FY14: 2 173). The Group's percentage of HIV positive employees, based on the number of employees that participated, was 5.5% (FY14: 4%). The reason for this increase can be attributed to more employees participating in the testing programme as compared to the previous year.

Employees who test positive for HIV are enrolled onto the HIV support programme, facilitated into a treatment programme either at government clinics or private service providers through their medical aid. HIV positive employees are followed up by the case manager on a monthly basis and given support and advice on HIV management and treatment. This is a voluntary service provided to consenting employees as part of the health and wellness programme. Through this initiative, 52% of employees who are HIV positive are currently on Anti-Retroviral Treatment (ART).

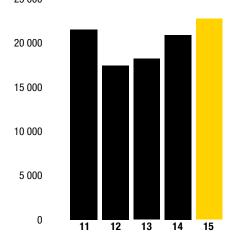
#### Total cases of occupational disease and occupational disease frequency rate





#### Medical surveillance

25 000



We have also enhanced our TB screening programme by incorporating TB screening into our medical surveillance programme. Through this initiative, we conducted 6 461 (FY14: 1 886) TB screenings with 7 cases confirmed TB positive. This translates to a TB incidence rate (based on the total number of TB screenings conducted) of 11 cases per 10 000 employees for FY15 (FY14: 27) and is equivalent to a 59% reduction in our TB incidence rate.

Given the prevalence of HIV in South Africa, we continued engaging the Departments of Health at provincial level around the provision of HIV/TB and sexual transmitted infections treatment at our clinics. This is aimed at providing convenient and accessible service for our employees. We already have signed a Memorandum of Understanding with the Limpopo Department of Health to provide such services to employees at the Medupi project. Our employees also have access to a 24-hour medical and counselling service through our Philisa Care Programme call centre; face-to-face counselling is also provided. These services are available to both employees and their families.

#### FOCUS GOING FORWARD

FITNESS TO WORK AND ADOPTION OF HEALTHY LIFESTYLES WILL CONTINUE TO BE THE MAIN FOCUS AREA IN FY16 WITH EMPHASIS ON:

- AWARENESS AND EDUCATION,
- INCREASING ENROLMENT IN THE HIV DISEASE MANAGEMENT PROGRAMME,
- FURTHER ENHANCEMENT OF THE OCCUPATIONAL HYGIENE PROGRAMME. AND
- MANAGEMENT OF THE FATIGUE RISK.

#### **OUR EMPLOYEES**

## Our employee profile

WE BELIEVE THAT THE ATTRACTION AND RETENTION OF CRITICAL SKILLS IS OF PARAMOUNT IMPORTANCE IF WE ARE TO ACHIEVE OUR GROUP VISION OF BEING "A LEADING DIVERSIFIED PROJECT ENGINEERING, PROCUREMENT AND CONSTRUCTION GROUP IN SELECTED NATURAL RESOURCES SECTORS AND SUPPORTING INFRASTRUCTURE BY 2020".

We strive to build a high performance culture which offers our employees professional and intellectual challenges, as well as continuous leaning and development opportunities. Foundational to our culture are our values of integrity, care, respect, accountability and commitment. These values together with our slogan of "safety first in everything that we do" drive our everyday behaviour and are visible in every decision we take.

At end FY2015 Murray & Roberts had approximately 19 339 employees (FY14: 21 217), of which 14 532 or 75% are based in South Africa and 25% internationally. Our headcount continues to decrease as we right size the Group in line with challenging market conditions and our strategy. In addition to our permanent employees, we employ some 10 242 individuals who provide services through contracting and joint venture agreements.

In South Africa, employee turnover due to resignation was 4%. This is encouraging as it confirms that we are retaining our talent.

### **Growing our employer brand**

Our South African operations participated in the Deloitte Best Company to Work For survey and not only did we improve our overall score, but were awarded the Deloitte Standard of Excellence. The Standard of Excellence Award is issued for companies achieving an overall score of 3.7 and higher out of 5 in the survey. In this survey, 84% of our employees rated us as an employer of choice.

An external perception talent survey conducted by Universum talent survey reveals which South African employers are most attractive to talent. We were pleased to be ranked sixth in the Engineering category, and first in the Construction category as rated by 40 640 students across 40 universities. We were also ranked 11th out of 100 companies by 21 374 professionals as a top employer in the South African engineering category.

Cementation Canada has been recognised six times as one of Canada's Top 100 Employers by Mediacorp, and twice as one of The Financial Post's Ten Best Companies to Work For. Cementation Canada was also recognised as one of Canada's safest employers in the natural resources sector. Cementation USA has been recognised for a second year as one of Utah's Best Companies to Work For and a Fast 50 company by Utah Business Magazine.

#### **Best practice**

We comply with all laws and regulations governing the jurisdictions in which we operate worldwide. Our human resources departments develop comprehensive policies and procedures for our workplaces which employees can access via the Company's Business Management System on the intranet at any time. In addition, we regularly update guidelines and practices which includes a Code of Conduct and Statement of Business Principles. We are accredited in terms of ISO 9000 ensuring that we are consistent and fair.

We take cognisance of international standards for social justice and human and labour rights, and the Group will not tolerate any instances of unfair discrimination, inhumane treatment, forced labour, child labour or intimidation in the workplace.

## Performance management and succession

Our performance management and development processes are an interactive process between our employees and their managers. Key performance indicators ("KPIs") are set by the Group chief executive in order to ensure performance is aligned with the purpose, vision, values and strategic goals of the Group. These KPI's are cascaded throughout the Group in the form of five performance dimensions:

- Financial Results
- Leadership Results
- Relationship Results
- Operational Results
- Risk Results

An individual development plan is signed off for each individual at the start of every financial year. This encourages individuals to continuously improve themselves be it on the job, through coaching, or by attending courses and workshops. Where relevant to career development within the Group, we provide financial assistance for individuals to further their education through undergraduate or advanced degrees.

Formal evaluation is done twice per annum at mid-year and year-end. Fundamental to this process is ongoing informal feedback about what employees can do to improve their contributions and value-add to their function and to advance their own career interests. We provide our managers with tools to help them set measurable goals for their employees, provide constructive feedback on progress towards those goals and identify career opportunities their employees can work toward.

Performance management outcomes inform performance bonuses, as well as the annual talent review. These reviews are held throughout the Group and are designed to ensure a structured and disciplined approach to the determination and management of the organisation's people capability including the assessment of current capability against future needs, identification of future talent, succession planning and diversity activities. Significant progress has been made across all areas since implementation with the focus now moving to ensuring quality development plans and support is in place for identified talent.

#### Communication

We believe in keeping our employees informed of developments in our business and industry through a variety of tactics. Some of our operating companies publish quarterly magazines which highlight important announcements, operational milestones, employee achievements and employee's festivities that occurred throughout each quarter, whilst others hold monthly information sessions. We encourage our managers to engage with individuals and to be visible in the workplace.

We strive to provide a workplace atmosphere that allows employees to voice concerns freely and resolve them in a professional manner. We encourage employees to raise issues with their managers or the members of our human resources team so that questions can be answered and concerns allayed expeditiously. Employees who for any reason do not feel comfortable reporting a concern to their managers or the human resources team can take advantage of our secure, anonymous ethics hotline which is available 24 hours a day.

## **Developing our people Training and Development**

We currently offer programmes in professional, managerial, leadership and technical development at all levels of the Group in support of business needs. During FY2015, a total cost of R93 million was spent on training and development. Even though this is a reduction from last year, due to challenging economic conditions, the Group remains committed to the development of its people.

In South Africa approximately 13 701 employees received training at a cost of R78 million which equates to 2% of payroll. Of this, 73% was spent on black employees and 12% on women.

#### Leadership development

Strong leadership separates world-class companies from the rest. In our journey to Engineered Excellence building the Murray & Roberts leadership brand continues to take centre stage in all our operations. In South Africa, FY2015, 167 individuals attended leadership development interventions at a cost of R4 million. Of this, 60% was spent on black employees and 31% on women, an increase in both on the prior year. All our leadership programmes include an action learning project which assists delegates to apply new knowledge and skills in a business context. We currently run four Leadership programmes:

- Manage Self: Provides the basic leadership skills for individuals with 2 – 5 years working experience.
- Lead Others: Provides supervisory skills to enhance team performance.
- Core Leadership: Provides middle managers with broad leadership and business concepts for improved performance.
- Making Great Leaders Programme: Provides senior managers with practical tools that equip them to lead and create a conducive work climate.

Clough initiated a Leadership Development Programme in March this year, a continuation of the Leadership for High Performance programme which commenced in 2013 and has since trained 64 participants. Clough aims to create leaders who live the Clough Values, challenge each other and engage the workforce to create a sustainable and high performance culture.

Investing in our employees is also extremely important to Cementation Canada. They have encouraged employees to participate in training and development activities since the day they opened their doors. A couple of years ago, the president realised that only 20% of the training that was identified during performance reviews was actually being undertaken. He wanted to know why. The HR Solutions team was tasked with reviewing their training programmes and coming up with solutions that would ensure employees were getting the training they needed.

As a result, a new Employee Development Programme was created in 2012. Cementation Canada now offers four streams of development which ensures that every employee in the company has a development plan. This customised approach hailed from the president's vision for development plans to be established for each and every employee.

#### The four streams are as follows:

**Performance Assessment** Review (PAR) To develop skills (soft and/or technical) to assist employees in their current role.

**Leadership Development** Programme ("LDP") To develop skills (soft and/or technical) for potential future opportunities.

**Management Development** Programme ("MDP") To develop soft skills for those currently in management/supervisory roles.

**Succession Planning Programme** ("SPP") To develop skills (soft and/ or technical) for a specific role within a defined period of time.

#### Mentorship

To further support the development of leaders in Murray & Roberts, formal, structured mentorship programmes have been introduced throughout the Group. Mentorship workbooks have been developed to support both mentors and mentees with the process. Our executive committee members are currently mentoring two individuals each and our chief executive makes the time to meet with two different mentees every month.

#### Mentorship is:

- **Development Tool** It is a development programme that grows knowledge, networks, and careers. The process allows more experienced employees to support and develop other employees.
- Knowledge Sharing Opportunity It is a process that improves cross-functional knowledge sharing and facilitates the flow of information and ideas throughout the organisation.
- Organisational Culture Enhancer It can help employees better understand the organisation's operations, policies, and culture.

#### **Project management**

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

In South Africa we encourage every individual who is involved in projects to attend a two day project introduction workshop which provides delegates with a high level overview of the Murray & Roberts project framework and Project Management Body of Knowledge ("PMBOK") principles. To date 228 individuals have attended this workshop, and we will continue to run these workshops on a quarterly basis. Senior project managers are expected to be certified by the Project Management Institute to become Project Management Professionals ("PMP")®. The PMP® signifies that our project managers speak and understand the global language of project management and connects them to a community of professionals, organisations and experts worldwide. To qualify to write the PMP® examination, project managers require:

- A four year degree;
- 4 500 hours leading and directing projects; and
- 35 hours of project management education.

The Clough Project Management Academy was launched in April 2015, with the intention of developing best in class Project Managers. Development consists of rigorous assessment, e-learning, workshops and on the job experiences. Fourteen high performing professionals have commenced Level 1 of the programme, which provides participants with globally recognised requirements to sit the examination for certification as a project management professional. Successful participants will have the opportunity to progress to Level 2 of the Academy in November 2015, designed to embed the skills that create high performance on projects.

Upon completion successful participants will then be invited to apply for Level 3 of the Academy - Master Clough Project Manager. This programme is delivered through the Stanford University Advanced Project Management programme via interactive distance learning. The final module is a residential programme at Stanford's campus.

Cementation Canada has a development elective for employees called "Ask The Project Manager". To date two sessions have been delivered by seasoned professionals. Delegates were encouraged to submit their questions and seasoned project managers formatted their presentations accordingly. The questions ranged from "How do you handle contingency planning?" to "How can engineering improve the way that we deal/respond to site requests?" to "If you could speak to your younger self, what advice would you impart?"

#### Technical training

Technical training constitutes one of the largest aspects of our training and development budget as it not only promotes operational excellence but also supports working safely.

The Murray & Roberts Cementation Training Academy is not only a leader in mining training but has recently also developed a National Certificate in Occupational Health, Safety and Environment which is accredited with the Mining Qualifications Authority. Additionally, the academy has obtained centre approval by the British Safety Council to facilitate the delivery of the International Certificate in Occupational Health and Safety and a number of other safety related courses which the academy is now offering to the industry in general.

These include the National Certificate in Occupational Health, Safety and Environment; Murray & Roberts Cementation SHE Risk Management Levels 2 and 3: Level 1 First Aid Training: Basic Fire Fighting; Incident Investigation; Working at Heights and the British Safety Council's international certificate in OHS.

The Academy's courses are popular with industry as they successfully leverage the vast experience gained by Murray & Roberts Cementation in a number of mining applications over the years. The ability to extrapolate this knowledge and expertise into a shared learning environment and to provide learners with access to our extensive infrastructure, are significant differentiators in the market.

Cementation Canada has always been committed to the development of their employees, and they have great training and apprenticeship programmes. A basic training requirement for underground employees in Ontario is the Common Core programme. It is used by Cementation as the training foundation and as an "accreditation for miners". The training programme is customised for each employee and the average of 40 to 60 weekly modules is signed off by their employees. The programme is overseen by the Manager of Training who has signing authority for all common core training and sees each record. The common core modules are completed via any of the following: mentorship training, formal classroom training, job observation and certification. Once the Common Core courses are completed individuals can register in a Train-the-Trainer course. They have 153 registered common core trainers in the company. Some trainers are specifically dedicated to larger projects while others rotate amongst various smaller project sites.





THE MURRAY & ROBERTS **CEMENTATION TRAINING** ACADEMY IS A LEADER IN MINING TRAINING."

## **Building the future Graduate development programme**

## WE REMAIN COMMITTED TO INVESTING IN FUTURE ENGINEERING AND CONSTRUCTION MANAGEMENT TALENT.

Our South African Graduate Development programme consists of three blocks of five days and is run over six months. The purpose of this training programme is to help graduates transition from university to the world of work. Technical training is done on site whilst on the programme graduates learn the basics of business skills such as problem solving and time management, interpersonal and communication skills as well as how to manage ethics and their personal finance. This year our programme consisted of 27 graduates, of whom 74% were black and 22% women. Their graduation was attended by various executive committee members, who provided a business update and career advice. After certificates were handed out, the graduates built and decorated two Wendy houses for charity.

The Clough Graduate programme is designed to provide a challenging, interesting and rewarding career start. It is a three year structured programme supporting the development of core competencies and capabilities through relevant experience and training. Professional and technical training complements practical hands-on experience to ensure all of Clough's graduates can achieve personal and professional success. Clough also offers an engineering summer internship for Australian penultimate year students. The Clough Summer Internship runs for 12 weeks during the university summer break and involves real work situations, providing hands-on experience.

Cementation Canada has structured an Engineer-In-Training ("EIT") programme where training, experience, and development opportunities are provided to participants in support of their goals of working towards licensure as professional engineers. The programme is designed in line with the licensure requirements set out by the Association of Professional Engineers of Ontario ("PEO").

Cementation's EIT programme involves a multi-phased development plan based on participant's prior experience, their interests and development. Participants are exposed to key technical, operational and analytical aspects of Cementation's engineering, operations, business development departments and project sites, and progress steadily through the experience requirements as they grow in level of skill and responsibility. To help participants build a solid support network they are partnered with an experienced P.Eng. throughout the programme. Participants become familiar with the organization and build connections within it. Upon completion of the EIT programme participants are expected to achieve their professional accreditation from the Association of Professional Engineers of the appropriate jurisdiction.

Various apprenticeship and artisan programmes continue to be offered throughout the Group. Even when the industry slows down as is customary in a cyclical industry, training continues in support of the industries and countries we operate in.

#### **Bursaries and Scholarships**

In South Africa we offer bursaries for students studying towards qualifications in the fields of engineering, quantity surveying and building/construction management. Every year we receive over 8 000 applications. The Group currently sponsors 57 bursars studying at various tertiary institutions in South Africa. Of these bursars 72% are black and 33% are women.

The Clough Scholar's programme entered its 46th year awarding four A\$15 000 scholarships to top engineering students undertaking their two year Masters of Engineering degree at the University of Western Australia ("UWA"). Established by Harold Clough in 1969, the Clough Scholars programme has awarded over 200 scholarships to Western Australia's top engineering minds. Past recipients include top government, business and engineering industry leaders.

Clough also signed a new five year agreement with UWA to become a corporate partner of the new business school. As part of this support Clough awarded a A\$20 000 scholarship to a full time MBA student.



#### **Employee relations**

At Murray & Roberts we uphold the right to freedom of association and the right to collective bargaining with 56% of our South African workforce being covered by a bargaining agreement or trade union membership. At the beginning of this financial year, Murray & Roberts implemented a consistent approach to managing employee relations in its South African operations through our Employee Relations Framework ("ER Framework") in an effort to minimise the risk of industrial action. This framework stipulates key goals and principles to empower operations to build meaningful relationships with their employees and stakeholders, to reduce the risk of labour disputes and to ensure optimum organisational performance in the interest of all stakeholders.

We believe that the ER Framework has started taking traction with approximately R9 million having been lost due to industrial action (FY14: R65 million). One of the key goals of this framework is to develop "capable leaders" and "engaged employees" in the workplace. By the end of FY2015, 86% of Murray & Roberts Cementation's supervisors had been licenced to supervise, whilst Power & Water chose to focus their supervisor's attention on safety. 97% of their supervisors were trained on hazard identification, risk assessment and visible felt leadership. Murray & Roberts Construction have recognised the importance and value of the role of the foreman and have invested in improving their leadership capability in a specially designed supervisory programme.

The overriding objective of this training was for the foremen to be able to inspire high performance and lead from where they stand. Four capabilities and four core skills were identified as critical to a skilled foreman. 12 employees were trained on the "Train the Trainer" basis as internal facilitators and have in turn trained a total of 225 (91%) foremen.

A second measure of the ER Framework was for every platform to put community engagement plans in place for all projects. This has proven to be more difficult to achieve but several of our projects have successfully implemented community based initiatives.

Workforce surveys are currently being planned to measure the satisfaction of our wage employees.

#### **Employment equity**

The objective of our Employment Equity Framework is to accelerate transformation with the aims of recruiting and promoting a significant number of historically disadvantaged South African ("HDSA") candidates, developing and achieving stretch employment equity plans, accelerated HDSA development and retention and affirming accountability for transformation with all leaders.

As our headcount continued to decline, it reduced opportunities to employ thus making transformation more challenging. We have however increased our black middle management from 26.7% to 30.6% which sets a tone for FY2016.

Our Employment Equity Framework with stretch targets that was adopted and rolled out in FY2015, will become better entrenched this year. Quarterly reviews are conducted at Group level to review progress, while operating companies are accountable for implementing holistic measures to transform their workforce. Targets are cascaded from the Group chief executive through to middle management and form part of performance contracts.

Of our South African workforce, 73,5% of employees are black (FY14: 75%) and 11% are women (FY14: 10%). Approximately 13% of our South African based employees are foreign employees primarily employed in our underground mining operations and on our power projects.

Of the 14 532 South African employees, 5 794 are at supervisory and management level, which is about 40%. Of these, 54% (FY14: 60%) are black and 10% (FY14: 12%) are women.

Our operations outside of South Africa continue to strive to meet gender and diversity targets to create a workforce profile that reflects the demographics and talent of the communities in which they work.



		Ма	le		Female			Excluding foreigners	Foreiç	Grand		
EE LEVEL	African	Coloured	Indian	White	African	Coloured	Indian	White		Male	Female	Total
Top Management	2	0	1	15	0	0	0	0	18	4	0	22
Senior Management	6	2	6	105	1	1	1	8	130	9	0	139
Middle Management	119	78	36	494	16	7	9	64	823	41	3	867
Junior Management	2 293	209	51	863	253	34	19	175	3 897	859	10	4 766
Semi-skilled	4 475	64	11	77	510	26	7	62	5 232	933	3	6 168
Unskilled	1 799	70	1	13	345	19	1	1	2 249	70	1	2 320
Total permanent	8 694	423	106	1 567	1 125	87	37	310	12 349	1 916	17	14 282
Temporary employees	167	17	6	33	20	0	0	2	245	4	1	250
Grand total	8 861	440	112	1 600	1 145	87	37	312	12 594	1 920	18	14 532
Disabled	12	3	1	12	3	1	2	4	38	0	0	38

## TRANSFORMATION AND LOCAL ECONOMIC DEVELOPMENT

## **Broad-Based Black Economic Empowerment**

THE GROUP MAINTAINED ITS LEVEL 2 BROAD-BASED BLACK ECONOMIC EMPOWERMENT ("B-BBBEE") CONTRIBUTOR STATUS AS INDEPENDENTLY VERIFIED BY EMPOWERLOGIC (PTY) LIMITED, AN ACCREDITED BBBEE VERIFICATION AGENCY.

The following table indicates scores achieved in attaining the Level 2 BBBEE status	US MOVEMENT: O UP NO CHANGE O DO		
	2014/15	2013/14	Movement
BBBEE Status	Level 2	Level 2	0
BBBEE Score	86,12%	86,88%	
Equity Ownership	96,00%	96,00%	0
Management Control	60,71%	69,29%	
Employment Equity	33,61%	34,09%	
Skills Development	84,57%	83,59%	
Preferential Procurement	100%	100%	0
Enterprise Development	100%	100%	0
Socio-economic Development	100%	100%	0

## **Ownership**

Murray & Roberts has a diverse shareholding base with about 7 452 shareholders, with South African and international pension funds and unit trusts holding approximately 71,43% of the shares. These shareholders are referred to as mandated investments in the BBBEE Codes. The economic interests by black shareholders in the Group (including mandated investments) is 51% with black women having a 15,4% shareholding. The calculation of our black ownership percentage is based on the value of Murray & Roberts' South African operations.

Murray & Roberts introduced the Letsema BBBEE shareholding scheme in December 2005 to facilitate a broad-based black economic empowerment shareholding transaction consisting of:

- a community trust known as the Letsema Sizwe Broad-based Community Trust formed to benefit previously disadvantaged community groupings;
- a black employees benefits trust known as the Letsema Khanyisa Black Employee Benefits Trust to benefit current and future qualifying black employees and their immediate families;
- a black executives trust known as the Letsema Vulindlela Black Executives Trust to benefit qualifying current and future black executives; and
- a general staff trust known as the Letsema Bokamoso General Staff Trust to assist qualifying employees to acquire shares in Murray & Roberts. In December 2010 the beneficiaries of this Trust were entitled to sell their shares in Murray & Roberts and as a consequence this Trust is no longer a shareholder in Murray & Roberts, however in line with BBBEE Codes, the continued consequence of this shareholding is considered in calculating the Group's BBBEE shareholding.

Since the Letsema BBBEE shareholding scheme was launched, wealth of approximately R440,6 million has been created for participants and total dividends of R241,2 million have been paid to the trusts. Wealth creation is primarily determined by the share price and dividend payments by Murray & Roberts.

## Management control and employment equity

Employment equity remains a challenge for the Group, especially during the depressed economic environment in South Africa where we have reduced our head count. We remain committed to achieving our employment equity targets and have implemented special interventions during the reporting period to accelerate our performance.





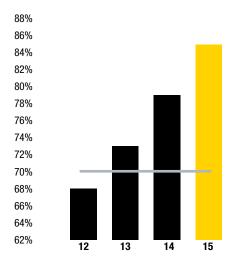
## Skills development

Growing the skills base in regions where we operate is one of our key focus areas. During the year we spent R78 million in skills development for black employees with R14,8 million of this going to black women.

## **Preferential procurement**

Murray & Roberts is committed to supporting local economic development, with the aim of supporting government and client localisation strategies. Preferential procurement as a percentage of total procurement spend increased to 85% (FY14: 79%) of the South African operations' procurement expenditure of approximately R7.3 billion. This is well above the Construction Sector Charter target of 70%.

#### Preferential procurement as % of total procurement



## ENTERPRISE DEVELOPMENT CASE STUDY

**Sharm Naylager of Taucon Civils** 

Sharm Nayiager, a civil engineer, started his career as a bursary student with Murray & Roberts and later worked for the company in various project management positions. In 2006 he started his own company Taucon Civils and is grateful to Murray & Roberts' enterprise development programme for supporting him towards realising his dreams. Taucon Civils is now a CIDB level 6 company providing contracting services to some of the big clients.

"In October 2006, having seen the huge gap between small one-man operators and small professional companies, I decided to explore the opportunities of my own small construction company, Taucon Civils. The initial aim of Taucon Civils was to provide a professional service with high work standards to a small to medium market, of which in my opinion was seriously lacking at the time. Also at the time most of the larger companies were busy ramping up for 2010 World Cup opportunities leaving the smaller works open for a company like Taucon Civils.

Within three months Taucon Civils landed one of its most influential and supportive clients – AFROX. AFROX provided support by way of favourable payment terms and provided suppliers with guarantees of payment for materials. Taucon Civils continued to grow and we soon had a host of clients that we had done work for, namely, Afrox; ACSA; Akhula Marchon (Chemserve); Foskor; Murray & Roberts, etc.

In 2010 we were invited to join the Murray & Roberts Contractor Development Programme. This programme would provide us with support to grow and develop Taucon Civils. We went on to subcontract on works as well as partner with Murray & Roberts on tender submissions. During the period Taucon Civils attained a BBBEE Level 1 status, as well as a CIDB grading Level 6 CEPE 6 GBPE (Contractor Grader scoring 1-10).

With Murray & Roberts playing such an integral part in my career and in the development of Taucon Civils, Taucon Civils can only look forward to sustainable development through continued mentorship and support".

We also increased our percentage procurement from small and micro enterprises and suppliers that are more than 50% black owned. Procurement from black women-owned suppliers increased to 10,7% (FY14: 8,4%) which is above the 8% target outlined in the Construction Sector Charter.

PREFERENTIAL PROCUREMENT AS % OF TOTAL PROCUREMENT	2015	2014
Qualifying Small Enterprises & Exempted		
Micro Enterprises	23,8%	25,8%
Suppliers that are >50% Black owned	17,1%	14,7%
Suppliers that are >30% Black Women		
Owned	10,7%	8,4%

## **Enterprise development**

We undertake various enterprise development activities through our operating companies. Activities include the procurement of services from small, medium and micro enterprises ("SMME"), early payment to SMME suppliers, preferential credit terms for buyers and administration support for certain contractors, suppliers and clients. The total value of enterprise development initiatives across the Group increased to R78,9 million (FY14: R71,8).

## Socio-economic development

In 2015 we spent R23,7 million on socio-economic development initiatives, of which R10,2 million was recognised as contribution to broad based black economic empowerment. Qualifying socio-economic development initiatives include supporting programmes for women, youth, people with disabilities, people living in rural areas, educational programmes (basic and higher education) as well as sports and cultural programmes.

#### General

The revised BBBEE Codes and the subsequent alignment of the Construction Sector Charter will result in a significant drop in the Group's and its peer's BBBEE ratings. All operating companies have undertaken an analysis to understand the impact of the new codes and are implementing plans to limit the impact and to improve their ratings. The key areas for improvement are management control, employment equity, enterprise and supplier development and skills development.

#### COMMUNITY DEVELOPMENT

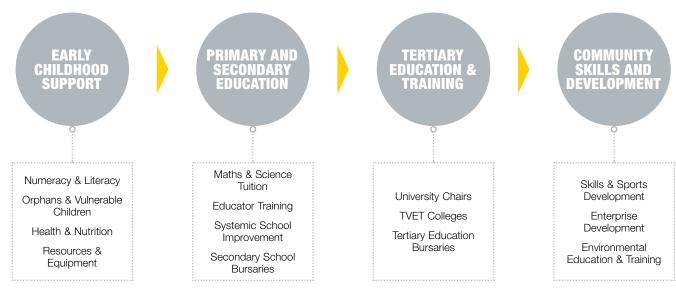
Murray & Roberts and its operations are integrated with its society and its business activities have an impact on the communities in which they are undertaken. The Group is committed to managing this impact responsibly and accepts that its obligation extends beyond statutory requirements, to the upliftment of society as a whole wherever it operates.

Within the South African context, we adopted a new Integrated Community Development ("ICD") framework during FY2015. This integrated approach was informed by a combination of business and socioeconomic development imperatives, including the need to strengthen integration between programmes; leverage funding across existing programmes; expand Murray & Roberts' development footprint; enhance brand value and improve stakeholder relations.

The impact of the integrated approach has been positive. Partnerships with 40 organisations assisted us to reach over 20 000 beneficiaries in all nine South African provinces, across various phases of the education and skills development pipeline. Notable community projects were also initiated by Murray & Roberts subsidiaries based in Africa and abroad.

Recognising that education and skills development are key drivers in addressing poverty, unemployment and economic growth, the ICD takes a four-tiered approach to educational support and emphasises the progression of learners across the education continuum, consistent tracking of learner performance, facilitating opportunities for further study, work-integrated learning and employment opportunities.

#### **FOUR-TIERED APPROACH TO EDUCATION:**



#### **TERTIARY BURSARS COMPOSITION:**

**GRADUATES ENGINEERING B.COMM/BUSINESS** RESOURCES

## **South African Community development** spend

During FY2015, Murray & Roberts disbursed R23,7 million in support of community development interventions across South Africa. R9,2 million (39%) of the total budget was allocated to support interventions across primary and secondary schools, spread across learner tuition programmes, fixed and mobile laboratories. educator development programmes, systemic school development and secondary school bursaries for children of qualifying Murray & Roberts employees. Tertiary education and training received R8,7 million (37%) in support of University Chairs, life skills training for employees and tertiary education bursaries.

Community skills development, being the most recent addition to the integrated framework, received R2,2 million (9%) which was allocated sports development, job opportunities in the green economy, financial literacy, life skills and environmental education.

The minority share of the budget (2%) was allocated to smaller, once-off donations in support of early childhood development, while 4% was allocated to maintain strategic partnerships with the National Business Initiative, to fund discretionary projects in communities where we operate and to facilitate employee community involvement. The remaining 9% of the annual budget funded operating costs.

## **Programme highlights**

#### Early childhood development

Early childhood development focuses on providing general support for orphans and vulnerable children, and promoting numeracy and literacy skills within early learning centres. In partnership with the DG Murray Trust, the SmartStart ECD franchise was launched in May 2015, which takes a social franchising approach to early childhood development.

R368 585 was raised through various employee driven initiatives including voluntary payroll giving, an annual Golf Day and matched funding from the Letsema Sizwe Community Trust, and distributed to 20 organisations that focus on supporting orphans and vulnerable children.

#### Primary and secondary school support

During the current reporting period, Murray & Roberts invested R6,7 million into primary and secondary school support for maths, science and technology education. The funds were distributed to six partner organisations, that collectively address a range of learner, educator and systemic needs within education. The funding enabled us to expose approximately 10 000 learners to additional tuition, practical experiments, holiday school programmes, excursions and vocational guidance opportunities.

Reports from our partners indicate steady improvements in overall pass rates and quality of achievements for a notable number of learners. In addition, it was reported that academic results in intervention schools surpassed the provincial and national standards at the end of December 2014.

MANAGEMENT

Over the last eight years, Murray & Roberts through its Letsema Khanyisa Employee Benefits Trust, has provided fully paid secondary education bursaries to children of qualifying employees. The projected expenditure for secondary education bursaries was R3 million in support of 79 secondary school bursars. At the end of FY15, Murray & Roberts distributed R2,5 million in support of tuition fees, uniform, stationery, transport and in some instances, hostel accommodation. Nineteen new bursaries, valued at R722 000, were awarded during FY15.

#### Tertiary education and training

The total funding allocated to this focus area amounted to R8,7 million, of which R1,9 million was distributed to two University Chairs.

During FY15, R6 million was spent on direct bursary costs, in support of 65 tertiary bursars. These costs included tuition fees, textbook and student allowances, as well as accommodation costs. The payment also included management fees to the bursary service provider and travel associated with face-to-face support. Twenty two new bursaries were awarded during FY15, amounting to R1.6 million.

The remaining funds were allocated to activities aimed at supporting the tertiary bursars, including financial literacy training, site visits and paying for stipends during their practical training.

Tertiary education within this programme is not limited to engineering disciplines but covers a range of studies across academic and technical fields. 62% of the current bursars are enrolled at universities and universities of technology while the remaining 38% are registered at public and private colleges.

We are also proud to report that 25 students completed their studies and graduated during this period.

## Community skills development **Jack Cheetham & Letsema Awards**

In November 2014, we celebrated the 33rd anniversary of the Jack Cheetham and Letsema Awards, which supports and recognises excellence in sports development. Six new organisations were appointed as beneficiaries of the award during the year, with the Diepsloot Mountain Bike Academy winning the 2014 Jack Cheetham Award. The Free State Sports Association for the Physically Disabled won first prize in the Letsema Award. In total, R1,5 million was distributed to 20 Jack Cheetham and Letsema Award recipients across five provinces.

#### **Medupi Leadership Initiative**

Since 2012 we have invested substantial financial and human resources into the Medupi Leadership Initiative, a partnership programme which aims to address sustainable employment and skills development around the Medupi Power Station. During the current reporting period the following investments were made:

Life Skills Training (Financial Literacy and Change Management)

DISBURSED IN FY2015

**OVER** 14 720 **EMPLOYEES AND COMMUNITY MEMBERS RECEIVED FINANCIAL LITERACY TRAINING** 

**EMPLOYEES** COMPLETED **DRIVE YOUR LIFE** (CHANGE MANAGEMENT) TRAINING

**Drylands Project (Environment and the Green Economy)** 

R342 000 DISBURSED IN FY2015

**BENEFICIARIES TO DATE** 

**CURRENTLY EMPLOYED ACROSS THREE WORK STREAMS** 

(398 MEDUPI EMPLOYEES)

#### **Employee community involvement**

The Murray & Roberts Child Welfare Fund is our flagship employee community involvement programme, which has been in existence for over 50 years and funded and managed by employees on a voluntary basis. We aim to coordinate between two and three structured opportunities for employee engagement each year and also support employees who volunteer time and resources in their private capacity.

For FY2015, employees from Murray & Roberts Limited participated in Mandela Day activities, building a wendy house that was donated to the Abraham Kriel Children's Home. We also launched a Women's Forum for Professional Development, with representatives engaging in voluntary mentoring and fundraising activities, primarily focused in women's empowerment. A notable highlight around employee engagement was the participation of lan Henstock, our commercial executive, in the 702 CEO Sleep Out on 18 June 2015. Funds raised through this initiative were donated to Boys & Girls Town South Africa.

#### Local content

Murray & Roberts businesses have projects across South Africa, and as such have line-of-sight into the multitude of socioeconomic needs within host communities. Through participation in stakeholder and community forums, representatives from these businesses have embedded themselves into these communities, established relationships, assessed local needs and initiated additional projects to support local community development. Murray & Roberts Construction and Murray & Roberts Cementation in particular, actively engaged in localised community support, initiating additional projects within host communities.

#### **Outside South Africa**

Murray & Roberts businesses outside South Africa have invested significant human and financial resources into community development. These investments have been responsive to local contexts, resulting in the adoption of locally appropriate projects, promoting employee engagement and supporting national issues.

Murray & Roberts Cementation (Zambia) supports a number of projects in partnership with non-governmental organisations, including those supporting youth, women and people living with disabilities. During FY15, their flagship project was the Zambia Deaf Youth and Women ("ZDYW") Initiative, which advocates for the rights of people with disabilities. The organisation operated from rented space in a local Internet Café but found that this placed limitations on their work. The donation of land and erecting a bigger structure would enable them to expand their work and offer more services to their beneficiaries. Cementation Zambia assisted by providing the materials and labour that was needed to complete their new building which includes a computer training centre and restaurant. The estimated value of materials and labour donated by Cementation Zambia is just over 110 000 ZMW.

In Australia, Clough has adopted a two-pronged approach to community engagement and support. Project support and funding is primarily provided through the Clough Foundation and through sports and industry sponsorships.

Community engagement and financial support is guided by Clough's 6-pillar approach to corporate social responsibility, focusing specifically on 1) children and youth; 2) education; 3) art; 4) healthy communities; 5) women's empowerment; and 6) support for indigenous people. The 6-pillar approach is aligned to Clough's geographic and operational areas of focus and lays the foundation for the direction of philanthropic investment.

During FY2015, notable projects included the partnerships with Perth Glory and Western Force. FY2015 marked the third year of sponsorship for these sports projects, which both instil national pride while simultaneously promoting sports development and healthy, local communities. In line with the Group's pursuit of Engineered Excellence, Clough continues to support education through the provision of scholarships. During the current reporting period, Clough distributed A\$50 000 to Masters students engaged in professional engineering studies.

Further afield in North America, Cementation Canada has adopted a very unique approach to community development and support. Like many of the businesses within the Group, Cementation Canada promotes healthy lifestyles and communities, funds sports development and promotes science and technology education.

The company has implemented a donation policy which allows each employee to request a maximum of 500 dollars per annum to support of specific charities. If the charity is approved, the funds are paid and employees are encouraged to undertake additional fundraising to match the company contribution. Employees are also encouraged to volunteer their time at these organisations. The company encourages its employees to participate in local sporting events that intend to raise funds for local charities like hospitals, schools etc.

During FY2015, Cementation Canada actively promoted community engagement, resulting in 103 charitable organisations and community events being supported. A total of \$47 000 was donated to projects across Canada.





## WE ARE COMMITTED TO MINIMISING OUR ENVIRONMENTAL FOOTPRINT BY CLOSELY MONITORING THE IMPACT OUR OPERATIONS HAVE ON THE ENVIRONMENT AND CONTINUOUSLY IMPROVING OUR PERFORMANCE.

Our focus during FY15 was on embedding the environmental management framework with emphasis on implementing and creating awareness on critical environmental standards on energy and carbon, water and waste management.

During the year we saw a further improvement in our key environmental performance indicators, mainly due to the disposal of our Construction Products businesses during the first half of FY14, variations in operational activities and benefits from our environmental improvement initiatives.

Progress against the objectives and targets that we set ourselves is outlined below.

STRATEGIC OBJECTIVES	TARGETS	PROGRESS AGAINST TARGETS
IMPROVE ENERGY AND CARBON MANAGEMENT practices across the Group.	■ Ensure compliance to the Group energy and carbon management standard by FY16.	<ul> <li>FY14: Developed and rolled out the Group energy and carbon management standard.</li> <li>FY15: Identification and implementation of energy efficiency projects at fixed facilities. Participated in the Public Sector Energy Efficiency Programme facilitated by the National Business Initiative (NBI).</li> </ul>
IMPROVE WATER MANAGEMENT practices across the Group.	Ensure compliance to the Group water management standard by FY16.	A Group water management standard was developed and rolled out during FY15.
IMPROVE WASTE MANAGEMENT practices across the Group.	Ensure compliance to the Group integrated waste management standard by FY16.	<ul> <li>FY14: Developed and rolled out the Group integrated waste management standard.</li> <li>FY15: Identification and implementation of waste reduction opportunities. Some of our operating companies have made good progress in achieving self-imposed waste reduction targets. More details are discussed later in the report.</li> </ul>
IMPROVE THE QUALITY OF ENVIRONMENTAL REPORTING across the Group.	Assure 100% of all material environmental indicators by FY16.	<ul> <li>FY12 – FY13: Developed and implemented the Group Environmental reporting standard.</li> <li>FY14: Conducted internal assurance on all material environmental indicators.</li> <li>FY15: Conducted external assurance on energy and carbon indicators.</li> </ul>
IMPROVE UNDERSTANDING AND REPORTING of supply chain greenhouse gas ("GHG") emissions.	Identify, quantify, report and influence suppliers/partners to reduce carbon intensity of significant upstream materials.	<ul> <li>FY14: Identification of supply chain activities with material carbon footprint impact.</li> <li>FY15: Reported on a portion of our supply chain GHG emissions in FY14 and FY15 Carbon Disclosure Projects.</li> </ul>

#### **FY15 PERFORMANCE**

The 2015 environmental performance with respect to our energy usage, carbon footprint, water usage and ISO 14001 environmental management system implementation is shown below.

#### **Environmental performance**

PERFORMANCE DIMENSION	2015	2014	2013	2012	Movement
Energy usage (MWh)	209 881	703 461	1 081 104	1 575 287	$\bigcirc$
Carbon footprint (t CO <sub>2</sub> e)	70 454	249 428	411 282	527 554	
Water usage (KL)	189 623	549 458	1 159 597		
ISO 14001 Management System implementation (% coverage)	90	75	69	44	

MOVEMENT: UP NO CHANGE DOWN

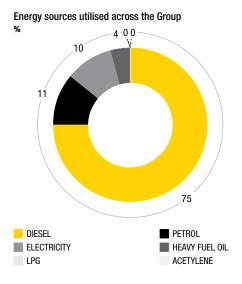




WE WILL CONTINUE TO STEP UP AWARENESS AND FOCUS ON ENERGY EFFICIENCY AS IT IS AN IMPORTANT ELEMENT FOR THE SUSTAINABILITY OF OUR BUSINESS AND THE NATURAL FNVIRONMENT."

## **ENERGY USAGE**

In FY15, the Group consumed approximately 209 881 megawatt hours (mWh) of energy from a variety of sources, with diesel accounting for 74% of the energy usage. The main reasons for the reduction include the disposal of Construction Products businesses which were significant users of electrical energy and operational changes within the Infrastructure & Building platform. The chart below indicates the contribution of the different energy sources utilised across the Group.



The main consumers of diesel energy were from the Infrastructure & Building Platform, where Opencast Mining had the largest use. Projects such as Mafraq at Murray & Roberts Middle East also expended a significant amount of energy by using stationary diesel generators required to fulfill parts of that project.

We are cognisant of the fact that the regulatory environment around climate change and energy is fast changing, for example, the impending carbon tax in South Africa. In response to this the Group is investigating various ways to save energy and reduce carbon emissions. During the year we participated in the Private Sector Energy Efficiency programme coordinated by the South African National Business Initiative (NBI) where businesses are encouraged and assisted in implementing energy efficiency projects. Through this programme energy assessments were conducted by an independent company at our Opencast Mining operations, Genrec and corporate office buildings and various energy saving opportunities were identified.

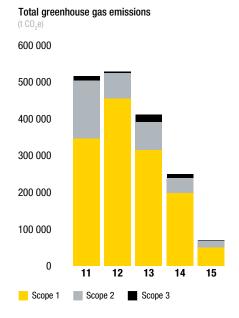
Some of our operations have already made good progress towards meeting their energy saving targets; for example:

- Murray & Roberts Botswana's main facility in Gaborone set itself a target to achieve an absolute target of a 15% reduction in electrical energy use over five years from FY12. This involved establishing a baseline for the administration building, store and workshops. To date, Murray & Roberts Botswana has been replacing old fluorescent lighting systems with T8 LED tubes and has achieved a 6% reduction in electrical energy usage and is on track to meet the 15% reduction by 2017.
- Murray & Roberts Plant Amalgam Facility set itself a target to achieve a 25% reduction in electrical energy use over five years from FY12. To date, the facility has achieved a 17% reduction against the baseline year.
- Genrec set an intensity target of reducing electrical energy use as a ratio of steel production output by 35% from the base year of FY10. During FY15, Genrec achieved this target and a new intensity target is currently being investigated.

We will continue to step up awareness and focus on energy efficiency as it is an important element for the sustainability of our business and the natural environment.

#### **CARBON FOOTPRINT**

Murray & Roberts has been participating in the Carbon Disclosure Project (CDP) since 2008 and we have measured and reported on our carbon emissions since then. We completed the 13th edition of the Carbon Disclosure Report (CDP 13) and details on our performance are provided in our public responses to the CDP (www.cdproject.net). Chart 2 below provides historical performance on greenhouse gas emissions.



Between FY14 and FY15 our absolute carbon emissions (i.e. scope 1 and 2 emissions) decreased by 72%. The disposal of Construction Products businesses and variations in operational activities were the main reasons for this reduction. A number of operating companies have also introduced energy efficiency measures which further contributed to the reduction in carbon footprint; some are mentioned earlier in the report.

Work continued to look for innovative ways to reduce our carbon footprint. Our range of low-carbon concrete products (geo-polymer concrete and high volume fly-ash concrete) continue to show excellent results. These products have been successfully tested and applied at various projects, giving clients confidence that they are a viable low carbon option, without losing durability or quality. The products range from those containing low amounts of cement to zero cement and have allowed some of our clients to reduce greenhouse gas (GHG) emissions.

According to the International Energy Agency, the manufacture of cement produces around 0.95 kilograms of  $\rm CO_2e$  for every kilogramme of cement, or between 350 – 400 kg  $\rm CO_2e$  per m3. Around 5 – 7% of global  $\rm CO_2$  emissions result from this process. Geo-polymer binders on the other hand can be used in applications to fully or partially replace traditional cement with important environmental, technical and often cost benefits, including a 70 – 75% reduction in  $\rm CO_2$  emissions.

We are excited by these developments and will continue to expand our carbon reduction initiatives to all aspects of our business.

## Carbon Regulations affecting our operations

In South Africa, National Treasury has indicated that a carbon tax is to be introduced in July 2016. The tax will initially be levied at R120 per tonne of  $\rm CO_2e$ ; limited to scope 1 emissions within South Africa. Murray & Roberts will likely qualify for the 60% basic free allowance and hence only 40% of our scope 1 emissions will be liable for a carbon tax at R120/t  $\rm CO_2e$ . Based on our FY15 carbon footprint from South African operations, this may result in a tax liability of up to R1.6 million.

Murray & Roberts may also face an increase in the price of electricity as a result of the country's power producer passing the cost of carbon tax to its consumers. This will likely be in the region of R0.03/kWh which would translate to an increase of around R400 000 per annum spent on electricity, based on our FY15 electricity consumption figures for South African operations.

This is the likely liability that the Group faces due to carbon tax; however, this is to be confirmed once further details are released by Treasury during FY16. There is currently no carbon tax risk in Australia, the Middle East or Canada.

## **WATER USAGE**

Murray & Roberts operates in several water constrained environments, including South Africa, Western Australia, Botswana, Namibia and the United Arab Emirates. During FY15 we developed and introduced a water management standard to improve awareness on this aspect and to improve the accuracy and completeness of our water data, and guide operations in identifying and implementing water saving initiatives.

Water management methods have been employed at certain of our locations in order to minimise our consumption. Water recycling and rainwater harvesting technologies have been introduced at our Murray & Roberts Plant's Amalgam facility in South Africa, for example. The facility has a large vehicle wash bay that uses substantial amounts of municipal water. The wash bay is critical to its operations as returning plant from projects always require high pressure cleaning. In order to reduce dependence on the municipal water supply, the facility capitalised on its large roof space to harvest rainwater for use in the wash bay. In addition, Murray & Roberts Plant reconsidered its existing wash bay processes and upgraded the recycling facilities to reduce effluent and allow for increased water re-use. In this way, water harvested from the roof space is used only to top up the system. This initiative has not only reduced the facility's dependence on the municipal water supply by half, but has also resulted in a 50% reduction in effluent discharged.

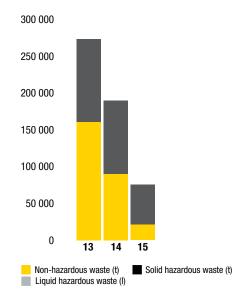




DURING FY2015 WE
INCREASED AWARENESS
ON ENVIRONMENTAL
LEGISLATION WITH
SPECIFIC FOCUS ON
THE NATIONAL
ENVIRONMENTAL
MANAGEMENT ACT IN
SOUTH AFRICA."

#### **WASTE MANAGEMENT**

Waste generated by our operations includes paper, plastic, steel, concrete and hydrocarbons (oil and fuel). Waste is measured and monitored at an operational level and reported on a monthly basis. Non-hazardous waste is recycled or reused where possible. For example, in partnership with Red-bin, a waste recycling company, Murray & Roberts Buildings recycled over ninety percent of all construction-related waste at the Menlyn Shopping Centre project, exceeding our Green Star requirements. This included on-site reuse and off-site secondary use.

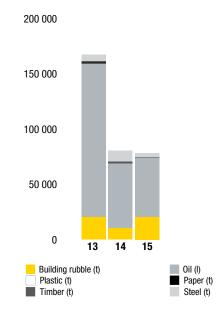


The following volumes of waste were reported during FY15:

Waste generated by our operations

WASTE CATEGORY	Volume
Non-hazardous waste (t)	20 776
Solid hazardous waste (t)	241
Liquid hazardous waste (I)	54 401

Further, we have utilised innovative techniques to drastically reduce the amount of waste associated with concrete manufacture. Typically, 2-7% of concrete poured is returned as waste. However, the amount of returned concrete was restricted at Murray & Roberts Buildings' Baywest site. To achieve this, gravitation screws and agitation ponds were employed to break-up the returned concrete to its base materials to allow for re-use. This saved on the manufacture of additional concrete and the disposal of the returned concrete. In total, 4 042 tons of concrete was re-used, representing 2% of the total amount poured.



The following amounts of material were recycled during FY15:

#### Waste recycled

RECYCLABLE	Volume
Building rubble (t)	20 530
Oil (I)	53 624
Plastic (t)	50
Paper (t)	116
Timber (t)	889
Steel (t)	3 285

#### **ISO14001 IMPLEMENTATION**

Our operations are required to implement and comply with ISO 14001, a standard that addresses environmental management systems. Currently, 90% of the Group's operations are ISO 14001 certified, based on the number of companies covered by ISO 14001 certification.

## **ENVIRONMENTAL RISKS AND COMPLIANCE**

The main environmental-related risks facing the Group include:

- Undertaking listed activities without authorisation (including EIAs, waste management licenses, atmospheric emissions licenses and water use licenses):
- Hydrocarbon spills and groundwater and/or soil contamination;
- Dust/other emissions;
- Water management near sensitive environments on road construction sites;
- Sustainable water supply in water-stressed countries; and
- Risks related to ineffective waste management.

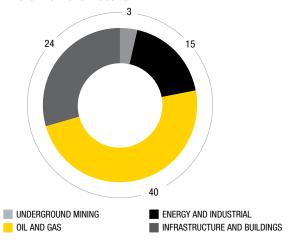
During FY15 we increased awareness on environmental legislation with specific focus on the National Environmental Management Act in South Africa. The objective is to enable project leaders to operate within the environmental legal framework, especially with regards to undertaking activities that require environmental permits, licenses or authorisations.

## **ENVIRONMENTAL INCIDENTS, FINES AND LITIGATIONS**

There were no major environmental incidents reported during the year and subsequently no fines or environmental litigations were launched against any of our operations. Eighty two minor environmental incidents were reported at various operations.

The chart below provides statistics on minor environmental incidents per business platform.

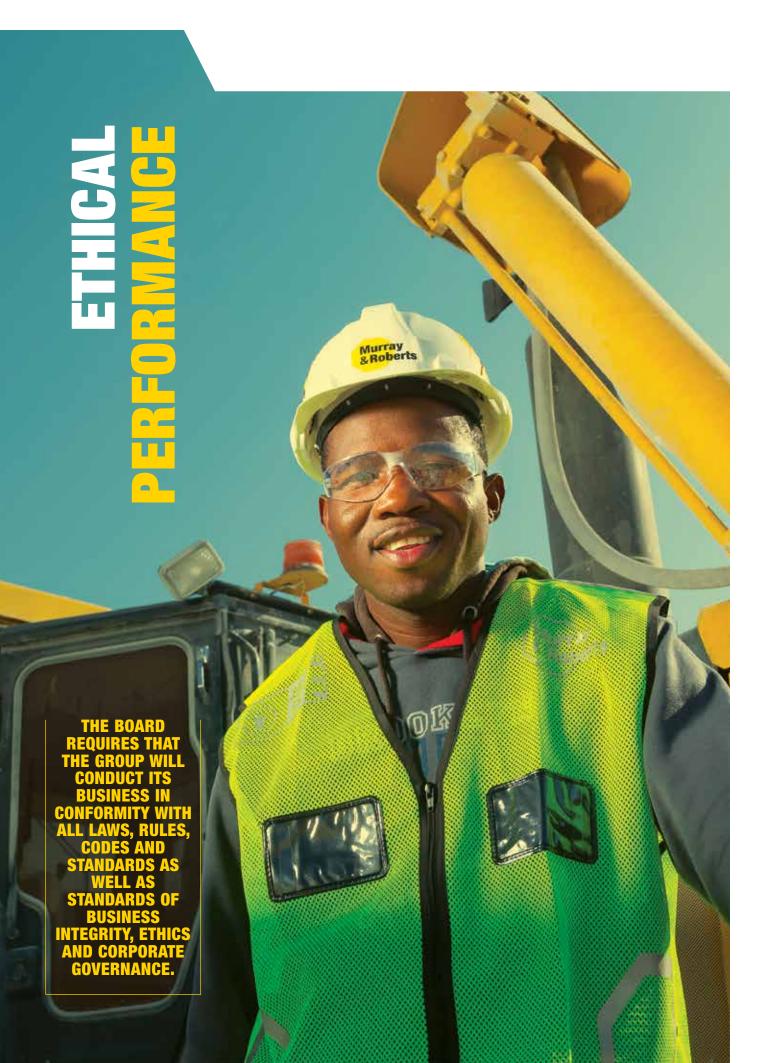
#### Minor environmental incidents



#### FOCUS GOING FORWARD

DURING FY16 WE WILL CONTINUE TO EMBED OUR ENVIRONMENTAL MANAGEMENT FRAMEWORK WITH FOCUS ON:

- ENERGY EFFICIENCY AND REDUCTION IN CARBON **FOOTPRINT**
- WASTE MINIMISATION
- EFFICIENT WATER USE AND CONSERVATION
- IMPROVED ENVIRONMENTAL AWARENESS AND LEGAL **COMPLIANCE**



#### ETHICAL PERFORMANCE CONTINUED

## THE GROUP PROMOTES THE APPLICATION OF ETHICAL VALUES. STANDARDS AND PRACTICES IN ALL AREAS AND ASPECTS OF ITS **BUSINESS OPERATIONS.**

#### MANAGEMENT FRAMEWORKS

The Board requires that the Group will conduct its business in conformity with all laws, rules, codes and standards, as well as the highest standards of business integrity, ethics and corporate governance, and that deviations from these principles will never be condoned or tolerated in any circumstances. Moulding individual behaviours across the Group into a compliant culture is receiving ongoing executive attention, and Murray & Roberts is and will continue to be a model corporate citizen in every territory in which it operates.

## **CODE OF CONDUCT – STATEMENT OF BUSINESS PRINCIPLES**

In line with international best practice, the Statement of Business Principles, which was seen by some as a corporate responsibility framework, was transformed into a Code of Conduct, which is presented as an individual responsibility framework.

The Code of Conduct more clearly and comprehensively defines the behaviours expected of individual members of the Group in every anticipated situation, from both an ethical and a legal perspective. The Code of Conduct was approved by the Board on 25 February 2015, and incorporates the Statement of Business Principles, as well as a number of additional corporate rules and executive expectations in given business situations. The Code of Conduct has been widely distributed and is applied across the Group. In respect of new employees and graduates, orientation training is conducted as part of their induction programme, where the importance of understanding and practicing the principles set out in the Code of Conduct is emphasised.

The Group conducts its business within the requirements of the regulatory frameworks applicable to the sectors, jurisdictions and territories in which it operates. In this, Murray & Roberts conducts its business in compliance with both the letter and the spirit of the law, in compliance with Group values, and with its Statement of Business Principles.

#### REGULATORY COMPLIANCE

Regulatory Compliance remains a key focus of the Group. The Group regulatory compliance manager oversees this function with a specific mandate to investigate and report on:

- The regulatory environments which apply in the jurisdictions and territories in which the Group operates;
- The organisational controls in those jurisdictions and territories that ensure operations comply with all applicable laws, rules, codes and standards;
- The levels of compliance across the Group based on the execution of a comprehensive monitoring and review plan; and
- The corrective actions, including education and training, and improvements required to deal with any identified control weaknesses or compliance failures.

Audit reviews were conducted throughout the year, including across Australia, Canada and the USA, and no major findings of noncompliance were reported.

## FRAUD, CORRUPTION, ANTICOMPETITIVE BEHAVIOUR AND **UNFAIR BUSINESS PRACTICES**

Murray & Roberts subscribes to and complies with the ten business principles set out in the UN Global Compact and with the principles and standards of good practice set out in the OECD Guidelines for Multinational Enterprises.

Murray & Roberts also subscribes to good corporate governance, good corporate citizenship and ethical business practices. The Group is a member of Business Leadership South Africa and supports its Code of Good Corporate Citizenship.

All executives involved in preparing and authorising project tenders across the Group sign a declaration that they have not committed, and are not aware that anyone else affiliated with the bid has committed, whether directly or indirectly, any unethical, unlawful or uncompetitive practice in the preparation and submission of the tender. This declaration is binding on the relevant executive throughout the resultant project delivery cycle.

As part of the Group's competition law compliance, written declarations are made bi-annually by all executives, while compulsory software-based competition law training was completed by all relevant employees during the year.

#### ETHICAL PERFORMANCE CONTINUED





**MURRAY & ROBERTS** SUBSCRIBES TO GOOD CORPORATE GOVERNANCE. **GOOD CORPORATE** CITIZENSHIP AND ETHICAL **BUSINESS PRACTICES.**"

### **TRANSPARENCY**

The Group encourages concerned third-parties, employees, suppliers and subcontractors to report observed unethical behaviour within any of its operations. The "Tip-Offs Anonymous" hotline service, administered by Deloitte, enables anonymous reporting of workplace dishonesty and unethical behaviour, including discrimination, theft, fraud and corruption. The hotline is currently being extended to every region in which the Group conducts business.

During the year under review, 39 cases were reported and investigated, some of which remain under investigation. Appropriate action was taken in every instance in which unethical behaviour was confirmed.

A professional firm of forensic consultants and investigators assist with investigations into reported cases.

#### **HUMAN RIGHTS**

Murray & Roberts endorses the employee rights enshrined in the Constitution of the Republic of South Africa, 1996, including the right to collective bargaining, the right to peaceful industrial action and other labour rights, wherever it operates. Murray & Roberts acknowledges the right of individuals to freedom of association and rejects child and forced labour. Approximately 56% of South African employees, particularly those in the mining businesses, are represented by trade unions and by collective bargaining agreements. Murray & Roberts respects the rights of indigenous people and where appropriate, it partners with indigenous and local communities.

## **UNFAIR DISCRIMINATION AND EQUALITY**

Murray & Roberts views discrimination of any form in a very serious light and takes appropriate disciplinary action against offenders. The Group does not condone unfair discrimination and expects everyone who works for or acts on the Group's behalf to adhere to the highest ethical standards. The Group expects all employees and service providers to treat those with whom they come into contact with dignity and respect. As a South African domiciled company, the Group believes that it is not unfair discrimination in South Africa to promote affirmative action consistent with the Employment Equity Act or to prefer any person on the basis of an inherent job requirement.



#### **ECONOMIC PERFORMANCE CONTINUED**

	MOVEN	IENT: 🛆 UP 🔘 NO	CHANGE DOWN		
ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS		Performance			
PERFORMANCE DIMENSION	2015	2014	Movement		
Financial performance					
Revenue	30 568	36 039			
Operating costs	29 442	34 506			
Cash and cash equivalents	2 891	4 301			
Operating cash inflow (before dividends)	586	931			
Order book relative to order book revenues	1,3 times	1,2 times	<u> </u>		

## THE GROUP CREATES WEALTH THROUGH ITS OPERATIONS BY ADDING VALUE TO THE COST OF RAW MATERIALS, PRODUCTS AND SERVICES PURCHASED.

The table below summarises total value created and how it was distributed to stakeholders.

Value added to employees through payroll payments increased by 3%, while net interest expense to providers of finance increased by 27%. Company tax to governments decreased by 6% due to a lower profit before tax recorded in the current financial year. As a consequence of the decrease in Group profits, value added to maintain and expand the Group decreased due to a decrease in profit attributable to owners of Murray & Roberts Holdings Limited.

The Group did not receive any significant financial assistance from the South African Government during the reporting year.

Everything that is not the natural or agricultural environment is the built environment. This is where Murray & Roberts has played a significant role throughout its history, delivering the infrastructure and facilities required for sustainable growth of the economies in which it operates.

Some of the greatest challenges we face as humankind are to satisfy the growing global demand for transport and logistics, power and energy, water and sanitation, telecommunications, health and education, accommodation and facilities, and mineral extraction and beneficiation infrastructure. Our economic contribution centres on the delivery of this infrastructure, without which no economic and social development is possible.

Infrastructure owners rely on the various stakeholders within the built environment to develop, finance, design, engineer, construct, operate and supply inputs for delivery of infrastructure. We facilitate infrastructure delivery through our core competency of engineering and construction.

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

	MOVEME	NT: 🔷 UP 🔘 NO	CHANGE ODOWN	
ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS  Performance				
PERFORMANCE DIMENSION	2015	2014	Movement	
Economic contribution				
Value added to employees	15 380	14 940		
Value added to providers of finance (net)	73	57		
Value added to Government	397	422		
Value added to maintain and expand the Group	1 498	1 969	$\bigcirc$	
Total value added	17 348	17 389	$\bigcirc$	

#### **ECONOMIC PERFORMANCE CONTINUED**





WE FACILITATE
INFRASTRUCTURE DELIVERY
THROUGH OUR CORE
COMPETENCY OF
ENGINEERING AND
CONSTRUCTION."

#### FINANCIAL SUSTAINABILITY

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

- Financial position strength which impacts the Group's credit rating for performance bonds and working capital;
- Sound cash flows to support investment and growth;
- A formalised project procurement system which defines our risk appetite; and
- The project order book relative to order book revenues.

The Group's year-end cash and cash equivalents position was R2,9 billion (FY14: R4,3 billion) after an operating cash inflow of R586 million (FY14: R931 million cash inflow). The primary contributors to the decrease in cash position are working capital outflows in Clough and Middle East due to timing on project receipts and repayment of the debt facilities required to purchase the non-controlling interests in Clough.

Procurement of projects is the primary source of risk for the Group. The Group risk appetite sets the operational parameters for risk. Prospects are filtered against criteria such as value, country, legal system and scope, and the level of authorisation required is specified.

The Opportunity Management System ("OMS") supports the evaluation and approval of project opportunities in the context of the risk appetite. At 30 June 2015, opportunities in the active pipeline amounted to R83 billion (FY14: R82 billion).

The Group's order book decreased by 7% to R38 billion. The order book for Australian based entities makes up 27% of the total Group order book. The overall average margin on the order book is within the Group's strategic range of 5,0% to 7,5%. The order book is located in markets that have been determined to be sustainable going forward.

FINANCIAL YEAR Order book		Relative to order book revenues		
30 June 2013	R46 billion	1,3 times 2013 revenues		
30 June 2014	R41 billion	1,2 times 2014 revenues		
30 June 2015	R38 billion	1,3 times 2015 revenues		

## SUMMARY OF ANNUAL FINANCIAL STATEMENTS



www.murrob.com // summarised consolidated annual financial statements

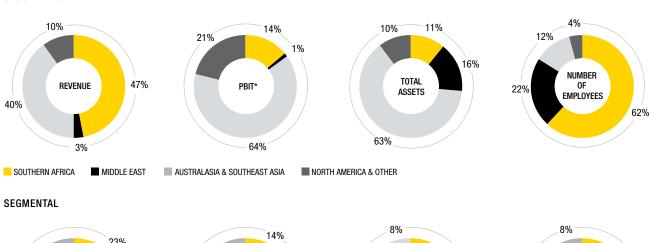
## STATEMENT OF VALUE CREATED

for the year ended 30 June 2015

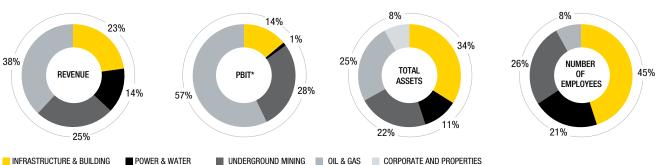
ALL MONETARY AMOUNTS EXPRESSED IN MILLIONS OF RANDS	2015	%	2014	%
Revenue Less: Cost of materials, services and subcontractors	30 567,6 (13 219,8)		36 039,0 (18 650,5)	
Value created	17 347,8		17 388,5	
Distributed as follows:  To employees				
Payroll costs	15 380,0	88,7	14 940,3	85,9
To providers of finance Net interest on loans	72,5	0,4	57,3	0,3
To government Company taxation	397,0	2,3	422,0	2,4
To maintain and expand the Group Reserves available to ordinary shareholders Depreciation Amortisation	881,0 575,2 42,1		1 261,1 685,0 22,8	
	1 498,3	8,6	1 968,9	11,3
	17 347,8	100,0	17 388,5	100,0
Number of people <sup>1</sup>	29 581		34 712	
State and local taxes charged to the Group or collected on behalf of governments by the Group  Company taxation Indirect taxation  Employees' tax Rates and taxes Government grants  Customs and excise duty	397,0 982,8 1 286,9 1,9 (0,6)		422,0 1 705,8 1 249,6 4,1 (21,4) 1,3	
	2 668,2		3 361,4	

<sup>1</sup> People includes direct joint arrangement hires and third party contractors of 10 242 (2014: 12 674).

#### **GEOGRAPHIC**



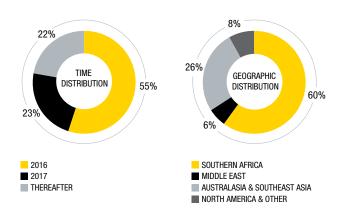


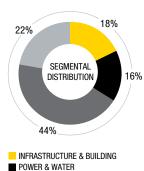


<sup>\*</sup> PBIT excludes corporate costs of R195 million and the effect of loss making projects in Power & Water of R150 million.

#### STATEMENT OF VALUE CREATED CONTINUED

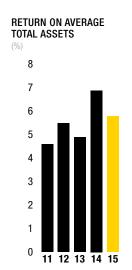
#### **ORDER BOOK**

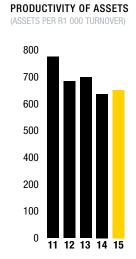


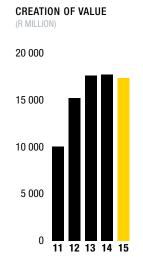


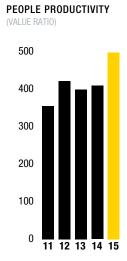
UNDERGROUND MINING

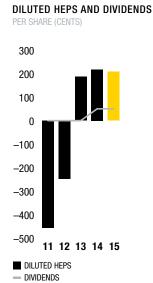
OIL & GAS

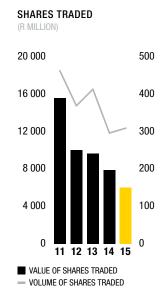


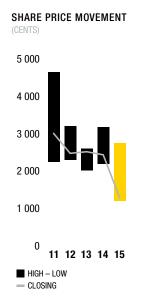


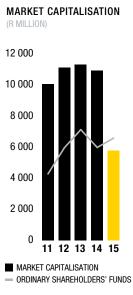












## INDEPENDENT LIMITED ASSURANCE REPORT

LIMITED ASSURANCE REPORT OF THE INDEPENDENT AUDITOR, DELOITTE & TOUCHE TO THE DIRECTORS OF MURRAY & ROBERTS HOLDINGS LIMITED ON SELECTED SUSTAINABILITY PERFORMANCE INDICATORS AND THE SELF-DECLARED GLOBAL REPORTING INITIATIVE G3.1 APPLICATION LEVEL DISCLOSURES AS CONTAINED IN THE INTEGRATED AND SUSTAINABILITY REPORTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 ("THE REPORTS").

## SCOPE OF OUR WORK AND SUBJECT **MATTER**

Murray & Roberts Holdings Limited (Murray & Roberts) have engaged Deloitte & Touche (Deloitte) to undertake a limited assurance engagement on the self-declared Global Reporting Initiative G3.1 Guidelines ("GRI G3.1") B+ application level applied in the preparation of the Reports and the following subject matter for the financial year ended 30 June 2015:

- Corporate social investment in community programmes (Rm)
- Letsema broad-based community commitments (Rm)
- Statement of total value added (Rm)
- Significant fines paid (Rm)
- Total number of bursars and percentage of bursars who are black and female
- Percentage of graduates attending the graduate development programme who are black and female
- Leadership development programme attendance and percentage of participants who are black and female
- Percentage of South African employees covered by collective bargaining agreements
- South African skills development spend (Rm)
- 10 Composition of governance bodies
- 11 Number of fatalities
- 12 Lost-time injury frequency rate
- 13 Total recordable case rate
- 14 Percentage of employees covered by ISO 9001
- 15 Percentage of employees covered by ISO 14001
- 16 Percentage of employees covered by OHSAS 18001
- 17 Number of bursaries awarded by the Letsema Employee Benefits Trust
- 18 Cumulative wealth created through Letsema BBBEE share ownership transaction (Rm)
- 19 Percentage of South African based employees designated as management
- 20 Percentage of verified preferential procurement spend

#### DIRECTORS' RESPONSIBILITIES

The Directors and where appropriate those charged with governance, are responsible for the selection, preparation and presentation of the key performance indicators in accordance with the GRI G3.1 supported by management's internal basis of preparation. This responsibility includes the identification of stakeholders and stakeholder requirements, material issues, for commitments with respect to sustainability performance and for the design, implementation and maintenance of internal control relevant to the preparation of the Reports that is free from material misstatement. whether due to fraud or error.

## **OUR INDEPENDENCE AND QUALITY** CONTROL

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

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

### **OUR RESPONSIBILITY**

Our responsibility is to express a limited assurance conclusion on the selected key performance indicators based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000. Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform our engagement to obtain limited assurance about whether the selected key performance indicators are free from material misstatement.

#### INDEPENDENT LIMITED ASSURANCE REPORT CONTINUED

#### SUMMARY OF WORK PERFORMED

A limited assurance engagement undertaken in accordance with ISAE 3000 involves assessing the suitability in the circumstances of Murray & Roberts use of the GRI G3.1 supported by managements internal basis of preparation as the basis of preparing the selected key performance indicators, assessing the risks of material misstatement of the selected key performance indicators whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the selected key performance indicators. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgement and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, our multi-disciplinary team of sustainability assurance specialists planned and performed our work to obtain all the information and explanations we considered necessary to provide sufficient appropriate evidence. Our work was planned to mirror Murray & Roberts own group level compilation processes.

#### Key procedures we conducted included:

- Interviewed management and senior executives to obtain an understanding of the systems and processes applied in the preparation of the selected key performance indicators; and
- Tested the systems and processes to generate, collate, aggregate, validate and monitor the source data used to prepare the selected key performance indicators disclosed in the Reports.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement. As a result the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether Murray & Roberts selected key performance indicators have been prepared, in all material respects, in accordance with GRI G3.1 supported by managements internal basis of preparation.

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

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

#### **OUR CONCLUSION**

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the selected key performance indicators as set out in the subject matter paragraph for the year ended 30 June 2015 are not prepared, in all material respects, in accordance with GRI G3.1 supported by managements internal basis of preparation.

Based on the procedures we have performed nothing has come to our attention that causes us to believe that management's declaration of a B+ application is not prepared, in all material respects, in accordance with GRI G3.1.

#### OTHER MATTERS

Information relating to the prior reporting periods has not been subject to assurance procedures. Our report does not extend to any disclosures or assertions relating to future performance plans and / or strategies disclosed in the Reports.

The maintenance and integrity of the Murray & Roberts Website is the responsibility of Murray & Roberts management. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to either the information in the Website, the Reports or our independent assurance report that may have occurred since the initial date of presentation.

#### RESTRICTION OF LIABILITY

Our work has been undertaken to enable us to express a limited assurance conclusion on the selected sustainability information to the Directors of Murray & Roberts in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than Murray & Roberts, for our work, for this report, or for the conclusion we have reached.

Dolor He & Touche

Deloitte & Touche Registered Auditor Per - AN le Riche

Partner

5 October 2015

1st Floor, The Square, Cape Quarter, 27 Somerset Road, Greenpoint, Cape Town, 8005