



**Murray
& Roberts**

ENGINEERED EXCELLENCE

GROUP
SUSTAINABILITY
REPORT 2016

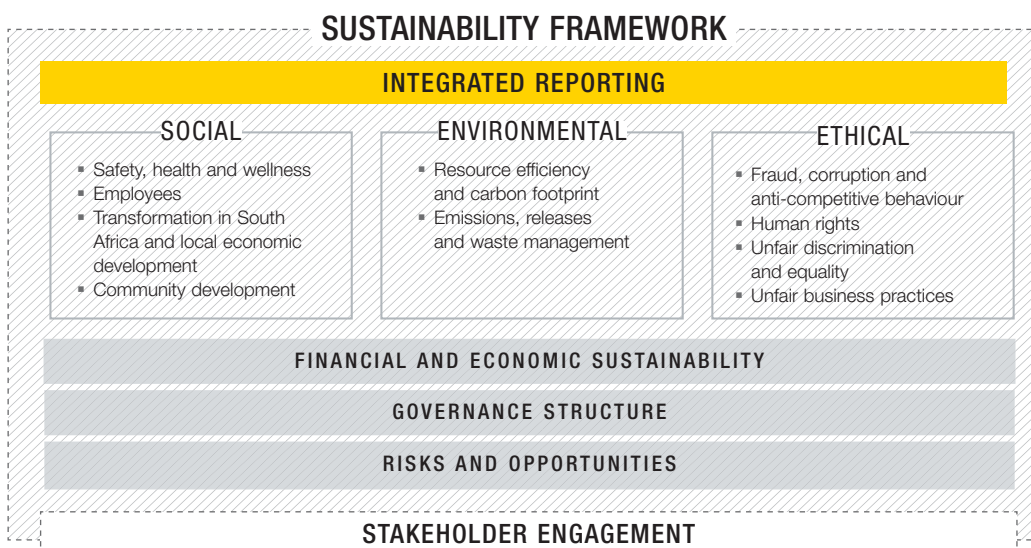


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GROUP SUSTAINABILITY REPORT

SUSTAINABILITY FRAMEWORK



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 shareholders, clients, employees, partners and suppliers, as well as the countries and communities in which we operate; and
- Managing all our impacts according to the principle of Zero Harm 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.

The JSE has partnered with FTSE Russell to promote corporate sustainability practices and launched the FTSE/JSE Responsible Investment Index series in October 2015. These indices replace the JSE SRI Index of which the Group was a participant. The Group's current market capitalisation precludes us from a rating on the Responsible Index series.



STAKEHOLDER ENGAGEMENT

“MURRAY & ROBERTS STRIVES TO COMMUNICATE AND ENGAGE OPENLY, EFFECTIVELY AND INCLUSIVELY WITH STAKEHOLDERS.”
– HENRY LAAS, GROUP CHIEF EXECUTIVE

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:

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

Our relationships with each stakeholder group directly impacts the sustainability of our business, therefore engagement takes place continuously across the Group at both the corporate office and operational levels.

Quality stakeholder engagement must:

- be based on the Group’s stakeholder engagement philosophy;
- 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 implementation of the Group’s stakeholder engagement policy is the responsibility of the Group chief executive who is supported in this responsibility by the relevant corporate executives and business platform chief executives.

The policy states that the Group will:






































- Comply with laws, and the King III principles and best practice recommendations pertaining to *Governing Stakeholder Relationships* (this will also apply to the related principles in King IV when it is released);
- 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 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 and are grouped into the following categories:

- Face-to-face engagement (one-on-one meetings, citizen panels/public meetings, including “town hall” meetings, Group events and conferences);
- Technological engagement (webcast, conference calls, website, intranet, LinkedIn, email and SMS); and
- Printed engagement (media releases, newsletters, internal magazines and branded mailers, and external reports including the integrated and sustainability reports).

GROUP PERFORMANCE REVIEW

 MOVEMENT:  IMPROVED  WORSENE D  UNCHANGED

KEY INDICATORS	PERFORMANCE			
	2016	2015	2014	Movement
Performance dimension				
Safety				
Fatalities	2	4	4	
FIFR ("fatal incidents frequency rate")*	0,02	0,05	0,03	
LTIFR ("lost time injury frequency rate")*	0,68	0,79	0,80	
TRCR ("total recordable case rate")*	4,1	4,18	3,92	
OHSAS 18001 Management System implementation (% coverage)	94%	96%	85%	
Health				
Voluntary HIV/Aids tests	2 024	4 762	2 173	
HIV/Aids prevalence of employees tested	5,40%	5,5%	4,19%	
New cases of tuberculosis	17	7	5	
Noise induced hearing loss ("NIHL")	11	25	23	
Alcohol random tests	733 109	838 812	566 135	
% positive alcohol random tests	0,02%	0,03%	0,09%	
Drug random tests	14 629	14 553	9 273	
% positive drug random tests	1,00%	1,73%	2,47%	
Employees				
Spending on formal employee training and development (Rm)	155	87	260	
Skills development on black employees as % of SA skills development spend	79%	71%	67%	
Total number of bursars	56	57	56	
% of bursars who are black	88%	72%	68%	
% of bursars who are female	38%	33%	34%	
Graduates attending the development programme	19	27	39	
% of graduates who are black	47%	74%	62%	
% of graduates who are female	16%	22%	26%	
Leadership Development Programme	142	167	184	
% of participants who are black	46%	60%	52%	
% of participants who are female	30%	31%	27%	
Transformation & Local Economic Development				
BBBEE rating based on the Construction Sector Charter	Level 2	Level 2	Level 2	
Wealth created through Letsema BBBEE share ownership transaction (Rm)	413,9	440,6	693	
% of South African based employees who are female	13%	11%	10%	
% of South African based employees who are black	79%	73,5%	75%	
% of South African based employees designated as management who are female	11,5%	10%	12%	
% of South African based employees designated as management who are black	66%	54%	60%	
Capital expenditure (3-year cumulative amount; Rm)	1 817	2 475	3 0 00	
% Preferential procurement spend South Africa	98%	85%	79%	
Enterprise development contribution South Africa (Rm)	44	78,9	71,8	
Community Development				
Corporate social investment in community programmes (Rm)	9	9,6	14	
Letsema broad-based community commitments (Rm)	6,3	3,51	1,5	
Bursaries awarded by the Letsema Employee Benefits Trust (Rm)	7,4	8,5	8,7	
Murray & Roberts Child Welfare Fund (Rm)	0,428	0,369	0,742	

* per million hours worked



LTIFR IMPROVED TO
0.68
(FY15: 0.79)

R155 MILLION
WAS SPENT ON TRAINING
AND DEVELOPMENT
DURING FY2016

SOCIAL PERFORMANCE

SOCIAL PERFORMANCE *continued*

SAFETY, HEALTH AND WELLNESS

SAFETY, HEALTH AND WELLNESS

Safety

Effective management of health and safety issues is central to our strategy and a key consideration in our day-to-day activities. Our main goal is to achieve zero harm to our employees, service providers and the communities where we operate.

The past year has been challenging for Murray & Roberts' safety performance given the Grayston temporary works collapse in Sandton, South Africa. On 14 October 2015, a temporary works being erected to support the construction of a cycling and pedestrian bridge collapsed on the M1 highway claiming the lives of two members of the public and injuring 19 others. This incident, together with the death of an employee and subcontractor in two unrelated incidents, have overshadowed our safety achievements for FY2016. We are deeply saddened by these incidents.

Our emergency response plan was implemented immediately, effectively providing much needed support to the families of the deceased and those who were injured. We are thankful for the support received during the incident from the authorities, and our partners, associates and suppliers.

In the aftermath of the incident we undertook an internal investigation drawing on industry expertise to establish

the cause of the incident. Our investigation report and findings have been presented to a formal and public inquiry convened by the DoL, together with the investigation reports from all parties involved in the Grayston project. We are participating in the DoL Inquiry which is at an advanced stage and look forward to receiving its findings and recommendations.

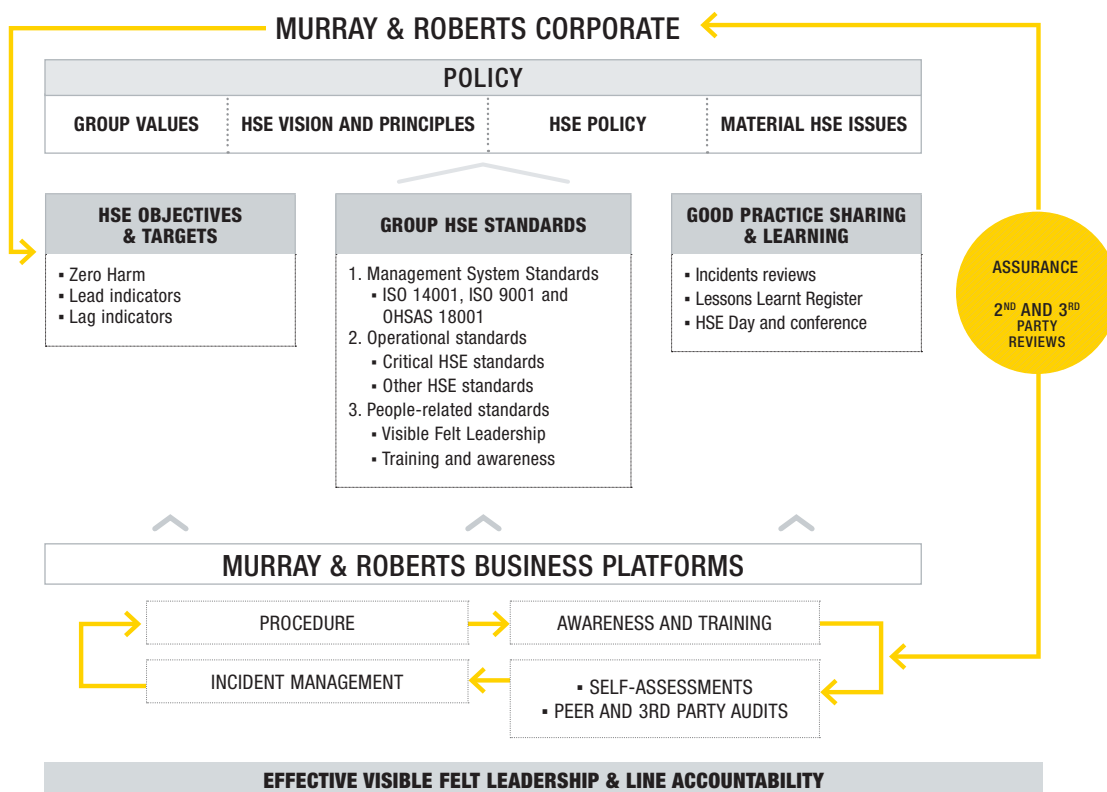
Internally, we have used the learnings from our investigation of the Grayston incident as well as other incidents to strengthen our risk management programme. We assure our stakeholders that safety remains a priority at Murray & Roberts.

Our approach to health and safety

Our management approach to health and safety includes stretch performance targets for operations and communicating corporate expectations through policies and standards. We continuously improve our health and safety programme and performance by better understanding our exposure risk, benchmarking our practices against those of clients and peers, and by implementing lessons from incidents and audits.

The Group Health, Safety and Environment Framework, articulates the respective roles, responsibilities and accountabilities of the corporate office and our operations in delivering our health and safety commitment.

Murray & Roberts Health, Safety and Environment Framework



SOCIAL PERFORMANCE *continued*

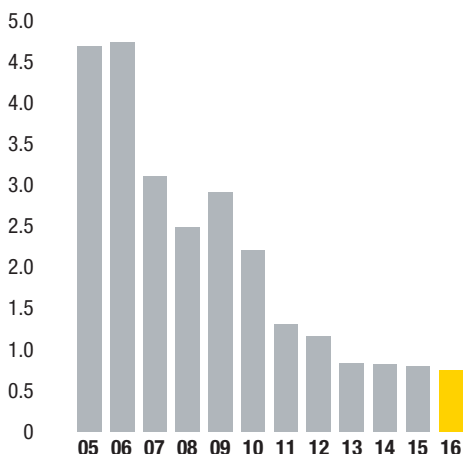
Each business platform has a health and safety improvement plan that prioritises corporate requirements. Progress against these plans is reported regularly, and all businesses are required to carry out self-assessments to establish the level at which corporate initiatives are implemented. All businesses are also subjected to independent assurance by internal and external health and safety experts. The results of these assessments and assurance audits show a maturing level of compliance to corporate initiatives, particularly in terms of control standards pertaining to fatal risks which are aimed at preventing major accidents. The successful implementation of the assurance programme and application of lessons learned remain the key element in our effort to achieve zero harm.

Safety performance, measured by lagging and leading indicators, is integrated into the performance contracts of all our leaders to drive accountability throughout the leadership chain.

Key lagging indicators

We continued to make improvements in our LTIFR and ended FY2016 with a record low of 0.68 (FY15: 0.79). Over the past eight years our LTIFR has improved by 76%. The TRCR, which is a broader indicator of safety performance, improved marginally during FY2016 to 4.1 (FY15: 4.2).

ANNUAL LTIFR
(PER 1 MILLION MAN HOURS)



Key leading indicators

We continue to embed our leading indicators which focus management’s attention on proactively identifying and addressing key risks before they lead to injuries. The following are some of the leading indicators used at corporate and operational level:

- VFL 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
- Results from the assurance programme.

Effective Visible Felt Leadership and Accountability

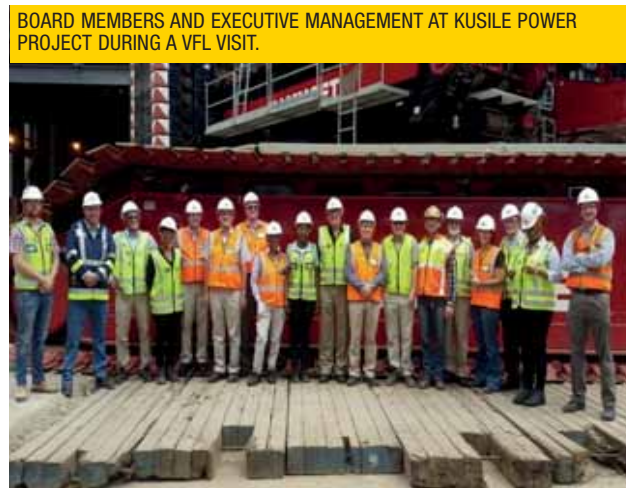
Effective leadership is central to the successful implementation of our health and safety programme. Our leaders are expected to demonstrate commitment to safety, set high standards, lead by example and empower our employees with the knowledge, skills and resources necessary to perform their work safely.

VFL engagement is the focal point of the leadership engagement drive and requires that leaders spend time at operations positively influencing work practices. Improving the quality of the VFL engagements remains a focus area going forward and is facilitated through our leadership development programme which covers safety and the concept of effective leadership.

Consistent health and safety standards

All our operations are required to implement Group standards which include internationally recognised health and safety management systems and critical operational safety standards aimed at addressing material safety risks. Our aim is to establish a consistent standard that will bring sustainable improvement across the organisation.

We have made significant progress in implementing the OHSAS 18001 health and safety management system at all our operations with 94% (FY15: 96%) of our workforce covered by OHSAS 18001 certification.



A VFL VISIT UNDERTAKEN BY THE GROUP CHIEF EXECUTIVE AND SENIOR MANAGEMENT AT BOOYSENDAL MINE.



SOCIAL PERFORMANCE *continued*

Our critical operational safety standards clearly outline the requirements for managing material safety risks. These risks include working at height, mobile equipment, marine operations, temporary works, air transport, lifting operations, stored energy, hazardous materials, working in confined spaces, fire and explosion, excavations and penetration, and subcontractor management.

During FY2016, we rolled out the MAP programme to further enhance our interventions aimed at preventing major accidents and fatalities on our sites. MAP has been successfully implemented at Clough's operations and focuses management and employee attention on high-risk hazards and activities on site which give rise to major accidents and fatalities. It also provides real-time verification that the critical controls necessary to directly prevent a MAE are implemented each time employees are exposed to MAE hazards.

MAP enables line management and employees who are managing and performing high-risk tasks to check on and implement critical controls, and proactively intervene where required to prevent major accidents from occurring. Essentially, the programme empowers leaders and employees, giving them a clear mandate to 'stop work' when they identify a MAE critical control that has not been implemented or is not effective.

Drawing from the successes achieved by Clough's implementation of MAP, we are confident that this programme will go a long way in making our goal of zero fatal incidents a reality.

Subcontractors remain a key contributor to our health and safety performance. During the year, we continued to focus on ensuring that the safety standards employed by subcontractors meet our expectations. Our subcontractor management framework emphasises pre-qualification, performance management and post-contract evaluation of subcontractors' health and safety performance. Our assurance audits indicates a maturing level of compliance at operations where subcontractors are used.

Learning and sharing

Our relationships with global clients and peers expose us to a variety of good practices and learnings which are shared across our business platforms.

The annual Group Safety Conference, hosted by the Group chief executive, is attended by more than 60 leaders across the Group and serves as a platform for the sharing of ideas on how to further improve safety at operations. The 2016 conference identified the following focus areas which concern all of our operations:

- Implementation of the Leadership Safety Pledge which emphasises *personal leadership commitment, accountability, and operational discipline*.
- Improving the effectiveness of VFL engagements.
- Further streamlining of the health and safety management systems.
- Implementation of MAP.

Our 'Close Loop Action' programme captures and disseminates the lessons learned from all high-potential and serious incidents. High-potential incidents are thoroughly investigated and reviewed by senior management at both operational and corporate level. This review includes top management of all business platforms.

The *Stop.Think.Act.24/7* programme uses safety share moments, posters, videos and newsletters to convey key safety messages to our employees and subcontractors. At the beginning of each financial year, all operations hold a *Safety Stand Down* which allows employees and management to reflect on safety performance, share ideas on how to make further improvements and commit to focus areas for the upcoming year.

Together, these initiatives are aimed at embedding a culture of learning and sharing that involves all of Murray & Roberts' employees in the health and safety improvement programme.



FOCUS GOING FORWARD

THE KEY FOCUS FOR FY2017 IS THE SUCCESSFUL BEDDING DOWN OF THE MAP PROGRAMME ACROSS THE BUSINESS PLATFORMS, WITH OTHER KEY PRIORITIES INCLUDING THE EFFECTIVE USE OF LEAD INDICATORS, APPLICATION OF GOOD PRACTICES AND LESSONS LEARNT, AND ADDRESSING THE FINDINGS FROM THE ASSURANCE PROGRAMME.

SOCIAL PERFORMANCE *continued*

Employee health and wellness

Our health and wellness programme is aimed at ensuring that our employees have access to integrated healthcare. It covers occupational health, wellness, the employee assistance programme and limited primary healthcare, and aims to prevent diseases and where prevention fails, to proactively identify and manage health conditions.

Occupational health

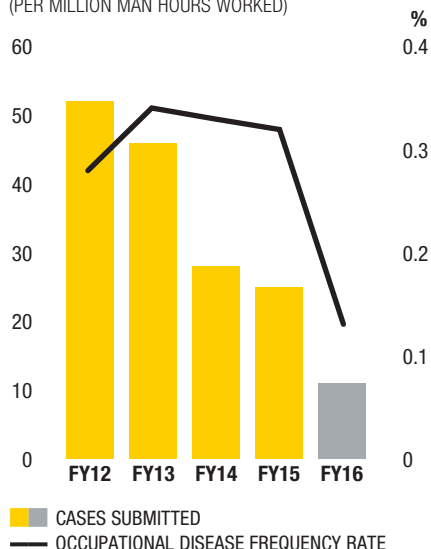
In FY2016, we continued to undertake qualitative and quantitative health assessments, and occupational medical screening, to better understand and manage workplace health risks. These assessments indicate that noise and airborne pollutants including welding fumes and ergonomics, are the main health hazards associated with our operations. Various measures are implemented to manage these risks including engineering controls to eliminate hazards, employee awareness and training on identifying and managing hazards, and personal protective clothing. We have implemented a biological monitoring programme to quantify the exposure risk to welding fumes, the results of which indicate levels below legal exposure limits.

A total of 20 053 medical assessments were undertaken in FY2016 compared to 22 736 in the prior year, with the decline attributable to changes in business activities. NIHL remains the predominant occupational disease identified through these assessments with a total of 11 NIHL cases reported for FY2016 (FY15: 25). Occupations associated with identified NIHL cases include artisans, drill operators, crane operators and roving supervisors.

The downward trend in NIHL cases is accredited to our risk control measures and proactive interventions for employees showing signs of early hearing impairment. All employees diagnosed with early hearing impairment, ranging from a percentage loss of hearing of 3.2% to 9.9%, are closely monitored to prevent further deterioration. They are also offered counselling and information on noise exposure risk, its adverse health effects and how to mitigate exposure and prevent further deterioration.

Our occupational disease frequency rate, measured over a million man hours, improved to 0.1 in FY2016 (FY15: 0.3).

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



Malaria

Given our geographic footprint, malaria remains a health risk for employees travelling to malaria endemic areas. Our travel health programme strives to combat malaria and any other travel-related diseases. Four cases of malaria were reported in FY2016 (FY15: one case), with the majority being related to our Zambian operations.

Managing HIV and TB

Our employees are given the opportunity to participate in HIV counselling and testing whenever they visit our occupational health clinics. In FY2016, employee participation in voluntary HIV counselling and testing declined with only 2 024 employees participating in voluntary HIV testing (FY15: 4 762) out of the 11 422 employees that were offered HIV counselling. Based on the number of employees that participated, the Group's percentage of HIV positive employees was 5.4% (FY15: 5.5%).

A total of 74 (FY15: 66) employees who are HIV positive are supported through our HIV support programme which provides access to treatment. A case manager undertakes monthly follow-ups with employees and provides them with advice and support on adhering to treatment.

Our partnership with the Department of Health in the Limpopo Province focuses on the fight against HIV, TB and sexually transmitted infections, and is positively contributing to the wellness of our employees at the Medupi Power Station project. Through this partnership, we have extended our service offering from HIV counselling and testing to the provision of antiretroviral medication. Our HIV positive employees at Medupi Power Station now have access to government sponsored treatment at our onsite clinic. We believe that this will result in better adherence to treatment and assists us with our support of South Africa's '90-90-90 strategy on HIV' which targets reaching control over the epidemic. We are working on establishing similar partnerships with other provincial health departments to ensure that the majority of our employees benefit from the government HIV programme.

Given the decline in our HIV voluntary counselling and testing, we commissioned independent experts to conduct a holistic evaluation of our HIV programme, benchmark it against industry leaders in this field and make recommendations. The result of this assessment highlighted the following areas of improvement:

- Enhancing the peer educator/ wellness champion programme.
- Improving the involvement and knowledge of line managers on managing HIV in the workplace.
- Creating an enabling environment that focuses on behaviour change.
- Encouraging employees and managers to know their status and assisting them to access appropriate health services.
- Improving HIV awareness and education through various platforms.

SOCIAL PERFORMANCE *continued*

We have started to implement some of these recommendations and expect this, together with our provincial health departments partnerships, to improve our HIV wellness performance.

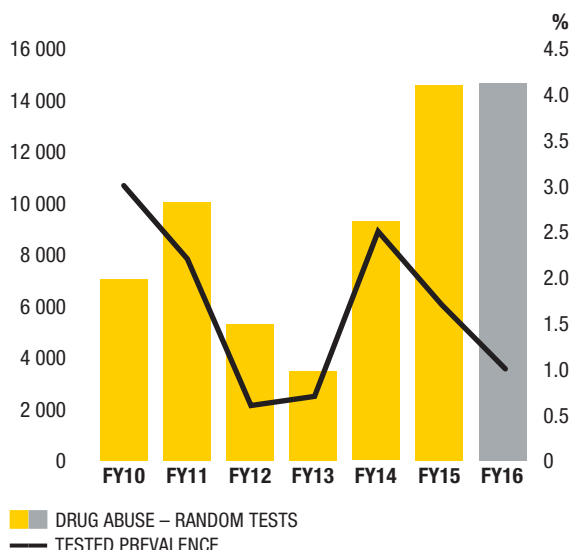
Our medical surveillance programme provides every employee with the opportunity to receive health education on TB and TB screening. In FY2016, we conducted 10 135 (FY15: 6 461) TB screenings with 17 cases confirmed as positive for TB. This equates to a TB incidence rate (based on the total number of TB screenings conducted) of 170 cases per 100 000 employees (FY15: 11), which is below the South African prevalence rate of 940 cases per 100 000 people. We believe that the increase in number of TB cases for FY2016 is as a result of our rigorous screening programme.

Wellness

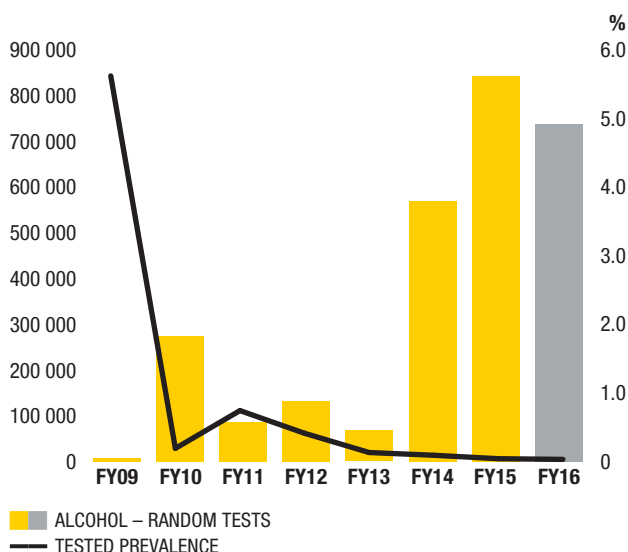
Various medical interactions, including wellness campaigns, enable our employees to undergo personal health assessments. Diabetes mellitus, obesity and high cholesterol are the top three chronic diseases in our South African businesses across all organisational levels. This highlights the need for wellness prevention programmes which will be a key aspect of our wellness programme going forward.

Risks related to psychosocial stressors are also a critical focus area and our employee assistance programme aims to ensure the safety of our employees and the wellbeing of their families. Compared to FY2015, substance abuse has reduced 38% based on the cases managed through the assistance programme. The graphs below illustrate the downward trend observed in the prevalence of alcohol and drug abuse.

DRUG TESTING – ANNUAL COMPARISON



ALCOHOL RANDOM TESTS – ANNUAL COMPARISON



Our employee assistance programme plays an integral role in our fatigue management programme. It provides our employees with 24-hour access to assistance enabling them to report fatigue and be assessed. Fatigue assessment has also been integrated into our incident investigation procedure.

FOCUS GOING FORWARD

OUR FY2017 FOCUS WILL BE TO:

- FURTHER ENHANCE OUR PREVENTION PROGRAMME THROUGH HEALTH AND WELLNESS AWARENESS AND EDUCATION.
- IMPLEMENT THE RECOMMENDATIONS RESULTING FROM THE EVALUATION OF OUR HIV PROGRAMME.
- ENHANCE THE OCCUPATIONAL HYGIENE PROGRAMME.
- IMPROVE THE MITIGATION CONTROLS RELATING TO NIHL.



SOCIAL PERFORMANCE continued

OUR EMPLOYEES

OUR EMPLOYEES**Our employee profile**

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

At the end of FY2016, Murray & Roberts had 17 047 employees (FY15: 19 339), of which 13 054 or 77% were based in South Africa and 23% 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 16 846 individuals who provide services through contracting and joint venture agreements.

In South Africa, employee turnover due to resignation was 4.3% (FY15: 4.0%).

Growing our employer brand

During the financial year, our South African operations and RUC Cementation participated in the Deloitte Best Company to Work For survey, which assess employee sentiment towards the company. For the second consecutive year we achieved a positive outcome, with our employees stating that job satisfaction and operational effectiveness are key strengths of the organisation. Some 88% of our employees rated us as an employer of choice, and our areas for improvement include learning and development, and remuneration. Action plans have been put in place to enhance these outcomes.

An external perception talent survey conducted by Universum reveals which South African employers are most attractive to talent. We are pleased to once again be ranked sixth in the Engineering and Technology category, as rated by 46 709 students across 40 universities.

Clough runs regular employee engagement pulse surveys to assess employee engagement and enablement as drivers of employee effectiveness. Feedback during the second quarter of 2016 was comparable to previous years, which given the current economic climate is positive.

Cementation Canada has been recognised seven times by Mediacorp as one of Canada’s Top 100 Employers, and twice as one of The Financial Post’s Ten Best Companies to Work For. It is also recognised as one of Canada’s safest employers in the natural resources sector. For the fifth consecutive year, Cementation USA was recognised as one of Utah’s Best Companies to Work For. It was also recognised by Utah Business Magazine during the past year as being a Fast 50 company.

Best practice

Our human resources departments develop comprehensive people policies and procedures accessible to employees through our business management systems. In addition, we regularly update guidelines and practices which include a Code of Conduct and Statement of Business Principles. We are ISO 9001 accredited, ensuring that we are consistent and fair.

We take cognisance of international standards for social justice and human and labour rights. 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 key to driving alignment within our organisation and developing a high performance and accountable culture. KPI’s are set by the Group chief executive to ensure that performance is aligned with the Group’s purpose, vision, values and strategic goals. KPI’s are cascaded throughout the Group in the form of five performance dimensions:

- Financial results
- Leadership results
- Relationship results
- Operational results
- Risk (including HSE) results.

Individual development plans are agreed for each individual at the start of every financial year. This encourages employees to continuously improve themselves either on the job, through coaching, or by attending courses and workshops. Where relevant to career development within the Group, we provide financial assistance enabling employees to further their education through undergraduate or advanced degrees.

Formal performance evaluation is done twice a year and ongoing informal feedback is provided to employees enabling them to improve their work contribution and advance their 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 towards.

Performance management outcomes inform performance incentives, 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. This includes the assessment of current capability against future needs, identification of future talent, succession planning and diversity activities.

Communication

Our employees are kept informed of developments in our business and industry through a variety of communication methods. Some of the businesses publish quarterly magazines while others hold monthly information sessions. We encourage management to engage with employees and to be visible in the workplace.

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

SOCIAL PERFORMANCE *continued*

Developing our people

Training and development

We offer programmes in professional, managerial, leadership and technical development at all levels of the Group and in support of business needs. During FY2016, R155 million was spent on training and development. In South Africa, 9 080 employees received training at a cost of R120,5 million which equates to 2.3% of payroll. Of this, 79% was spent on black (African, Coloured and Indian) employees and 80% 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, 142 individuals attended leadership development interventions at a cost of R3,1 million in FY2016. Of this, 46% was spent on black employees and 30% on women. All our leadership programmes include an action learning project which assists delegates to apply new knowledge and skills in a business context. The following five leadership programmes are in place:

- **Graduate Development Programme:** Provides individuals who have recently joined Murray & Roberts as graduates with basic work and life skills.
- **Manage Self Programme:** Provides employees with two to five years of working experience with basic leadership skills.
- **Lead Others Programme:** Focuses on supervisory skills to enhance team performance.
- **Core Leadership Programme:** 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's Leadership Development Programme builds accountability across the business and creates an environment where expectations are clearly understood. It has also established an external coaching panel to provide support to selected leaders and managers. Coaching is used to develop new leaders and enhance the capabilities of existing leaders and managers, and is an effective way to better manage and lead people for high performance, and to retain valuable staff.

Cementation Canada's Employee Development Programme ensures that training identified during performance reviews is undertaken. Every employee in Cementation Canada has a development plan facilitated through four streams of development, namely the Employee Growth Programme to assist employees in their current role, the Leadership Development Programme for potential future opportunities, the Management Development Programme for those currently in management/supervisory roles and the Succession Planning Programme for individuals identified for a specific role within a defined period of time.

Mentorship

Formal and structured mentorship programmes, run throughout the Group, further support leadership development. Currently, each executive committee member mentors one or two employees and our Chief executive makes the time to meet mentees during the year.

Mentorship provides the following benefits:

- A development tool that grows knowledge, networks and careers, and allows more experienced employees to support and develop other employees.
- Improved cross-functional knowledge sharing and the flow of information and ideas throughout the organisation.
- An enhancer of organisational culture that helps employees to 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 safety, time, quality and financial results.

In South Africa, we encourage every employee involved in a project to attend an introductory workshop which provides participants with a high level overview of the Murray & Roberts Project Framework and Project Management Body of Knowledge principles. Senior project managers are encouraged to achieve certification by the Project Management Institute as Project Management Professionals, which enables them to speak and understand the global language of project management and connects them to a community of professionals, organisations and experts worldwide.

Cementation Canada's "Ask The Project Manager" intervention encourages participants to submit questions which are then answered by seasoned project managers in formal presentations.

Launched in April 2015, the Clough Project Management Academy aims to develop best in class project managers through rigorous assessment, e-learning, workshops and on-the-job experiences. At year-end, 14 high performing professionals had completed Level 1 of the programme which provides participants with core project management fundamentals customised to Clough's definition of 'execution excellence'. A total of 11 participants have progressed to Level 2 which builds on Clough's project fundamentals and expands into how to deliver successful projects. Upon completion, selected employees will be invited to apply for the Academy's Level 3 training, designed to develop the experienced project manager to a mastery level through a selected university.

Technical training

Technical training makes up a key portion of our training and development budget as it promotes operational excellence and working safely.

SOCIAL PERFORMANCE *continued*

The Murray & Roberts Cementation Training Academy is a leader in mining training and accredited with the Mining Qualifications Authority to deliver a National Certificate in Occupational Health, Safety and Environment, as well as a number of other safety-related courses offered to the industry in general. A total of 222 employees, employees of clients and community members participated in the National Certificate in Occupational Health, Safety and Environment programme in FY2016, with 42% being women.

The Academy's courses are popular within the industry, as they successfully leverage Murray & Roberts' vast experience in a number of mining applications. The ability to extrapolate this knowledge and expertise into a shared learning environment, and to provide learners with access to Murray & Roberts Cementation's extensive infrastructure, are significant differentiators in the market. Courses offered include Safety and Environment, SHE Risk Management Levels 2 and 3, Level 1 First Aid Training, Basic Fire Fighting, Incident Investigation, Working at Heights and the British Safety Council's international certificate in occupational health and safety.

As a basic requirement, Cementation Canada's underground employees in Ontario must complete the Common Core Programme which provides foundational training and miner accreditation. Training is customised for each employee and the weekly modules, averaging around 40 to 60, are signed off by their authorised line managers. The Common Core modules are completed either through mentorship training, formal classroom training, job observation or certification. Upon completion of the Common Core courses, employees can register for the Train-the-Trainer course. Cementation Canada has 152 registered Common Core trainers, some of whom are dedicated to larger projects while others rotate among smaller project sites.

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

Clough is also developing a Construction Management Academy aimed at developing supervisors into frontline leaders. The Academy's modules will be designed to upskill, educate and equip supervisors to lead people and meet the operational requirements of their role. Among others, modules may include; HSSE leadership, communication skills, leading teams, construction estimating and tendering, project planning and commercial principles.

Building the future

Graduate development

The Graduate Development Programme in South Africa is run over six months and consists of 15 days of training broken over three stages. The programme assists graduates to transition from university to the working environment. Technical training is provided which also exposes the graduates to basic business skills such as problem solving and time management, interpersonal and communication skills, and how to manage ethics and their personal finances. For FY2016, 19 graduates participated in the programme, of which 47% were black and 16% were women.



Feedback from the Graduate Development Programme:

"The programme is very insightful and makes me feel a part of the company."

"The programme was well structured and touched on plenty of issues. Each speaker emphasised the importance of their topic and did well to integrate their topic into the bigger scheme of things. The programme focused on aspects which were important to graduates in their first year of working – this was very helpful."

"The programme is integral to learning the new skills or tools required for work."

"The programme has educated me in the way the company does business and introduced us to all the policies which we wouldn't necessarily have known about."

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

Cementation Canada's structured Engineer-In-Training Programme provides training, experience and development opportunities to participants working towards licensure as professional engineers. The programme aligns to the licensure requirements set by the Association of Professional Engineers of Ontario.

The programme includes a multi-phased development plan that is based on a participant's prior experience, their interests and development. It familiarises participants with the organisation, exposing them to the key technical, operational and analytical aspects of Cementation Canada's engineering, operations, business development departments and project sites. Participants are partnered with an experienced professional engineer throughout the programme to help them build a solid support network. Upon completion of the programme participants are expected to achieve their professional accreditation from the Association in the appropriate jurisdiction.

SOCIAL PERFORMANCE *continued*

Various apprenticeship and artisan programmes are offered throughout the Group, including the Power & Water platform's Accelerated Artisan Training Programme which is endorsed by the Manufacturing, Engineering and Related Services Sector Education and Training Authority. A total of 1 305 artisans from the Medupi and Kusile projects in the Limpopo and Mpumalanga provinces respectively have qualified through the programme. A further 190 artisans are currently being trained in various critical trades and occupations required in the African power sector.

TRADE/OCCUPATION	Qualified	In training
Pipe fitter	321	45
Fitter	55	8
Welder (B & A class)	308	44
QC Level 1	76	15
Boilermaker	142	20
Rigger	123	0
Technician	51	3
Steel erectors	229	55
Total	1 305	190

The first phase of the programme requires candidates to complete a 26-week trade course which includes theory and simulated practical training. The second phase of the programme is based onsite and delivers practical workplace experience for a period of 54 weeks. At the end of the 80-week period, participants must complete a trade test. The majority of artisans participating in the programme are black, with the number of women participants starting to increase.



SKILLS DEVELOPMENT CASE STUDY: Segodi Chuene, Welding Foreman



Segodi Chuene, aged 28, joined Murray & Roberts in May 2009 as an apprentice welder. When he started, Segodi had a National Diploma in Mechanical Engineering from the Polokwane FET College, in Limpopo Province. His first six months with Murray & Roberts were spent in Tlathlong Training Centre in Lephalale, where he learned various welding processes. Following this training, Segodi started work at the Medupi project and worked under various supervisors for 18 months gaining welding exposure in the ducting and pressure parts disciplines.

Segodi then spent another two months at the training centre preparing for his Weld Trade Test, which he passed on his first attempt. After four years as a qualified welder artisan at the Medupi project, Segodi was promoted to welding foreman in March 2015. Since his promotion, Segodi has completed a Welding Inspection course at the South African Institute of Welding and is now a qualified Level 1 QC Inspector. He continues to further his studies through the institute and has recently enrolled for the International Welding Specialist course through which he hopes to build his knowledge and understanding of what is required from a welding supervisor, and how to successfully coordinate job tasks according to specified welding procedures. Segodi's goal is to use the knowledge and skills he has gained through his experience with Murray & Roberts to explore opportunities within Africa and abroad.

Bursaries and scholarships

In South Africa, we offer bursaries to students studying towards qualifications in the fields of engineering, quantity surveying and building/construction management. We currently sponsor 56 bursars studying at various tertiary institutions in South Africa, of which 88% are black and 38% are women.

In FY2016, the Clough Scholar's Programme awarded four scholarships of AUD15 000 each to top engineering students undertaking their Masters of Engineering degree at the University of Western Australia. Established by Harold Clough 47 years ago in 1969, the programme has to date awarded over 200 scholarships to top engineering minds with past recipients including government, business and engineering industry leaders.

Started in 2015, Clough's five-year agreement with the university's Business School awards an AUD20 000 sponsorship to assist with course fees to one student annually. The initiative has awarded the first two of five scholarships to full time students of the Masters of Business Administration Programme, and also provides students with the opportunity to gain valuable insights into the wider engineering and construction industry.

SOCIAL PERFORMANCE *continued*

Employee relations

We uphold the right to freedom of association and the right to collective bargaining. Around 56% of our South African workforce is covered by a bargaining agreement or trade union membership. Our South African operations continue to embed the Employee Relations 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.

A key goal is to develop capable leaders and engaged employees in the workplace. By the end of FY2016, more than 80% of supervisors working for Murray & Roberts Cementation and the Power & Water platform had received training on essential supervisory skills including communication, meeting effectiveness, project/task management, planning, problem-solving and safety management.

Power & Water have successfully rolled out revised communication structures and processes on the Kusile and Medupi projects in an effort to ensure that there is:

- Honest and transparent communication at all levels;
- Consistent and reliable communication on production and performance status, and operating environment;
- Clear communication that is understandable at all levels; and
- Two-way communication where employees feel their questions are taken seriously and their opinions valued.

Communication includes weekly supervisory briefs, town halls by project leadership, daily meetings and quarterly newsletters addressing safety, production, quality, cost and people matters.

Employment equity

The objective of our Employment Equity Framework is to accelerate transformation through:

- Recruiting and promoting a significant number of historically disadvantaged South African candidates;
- Developing and achieving stretch employment equity plans;
- Accelerating the development and retention of historically disadvantaged South African employees; and
- Affirming accountability for transformation with all leaders.

The continued decline in headcount has reduced employment opportunities and hampered our transformation progress. Despite this challenge, we have increased black representation at middle management from 30.6% to 33.8%.

Employment equity targets are cascaded from the Group chief executive through to middle management and are part of performance contracts. Operating companies are accountable for implementing holistic measures to transform their workforce and quarterly reviews are undertaken at a Group level to measure and monitor employment equity progress.

We employ 13 054 people in South Africa, of which 79% are black employees (FY15: 74%) and 13% are women (FY15: 11%). Approximately 8% are foreign nationals primarily employed in our underground mining operations and power projects. A total of 5 087 (or 39%) employees are at supervisory and management level, of which 66% (FY15: 54%) are black and 11.5% (FY15: 10%) are women.

Where relevant, gender and diversity targets are also in place for our operations outside of South Africa in support of our aim to create a workforce profile that reflects the demographics and talent of the communities in which we work.

OCCUPATIONAL LEVEL	Male				Female				Total	Foreign nationals		Total
	A	C	I	W	A	C	I	W		M	F	
Top management	2	0	1	19	0	0	0	0	22	2	0	24
Senior management	5	1	5	92	1	1	1	7	113	6	0	119
Middle management	133	96	40	472	14	7	7	64	833	42	3	878
Junior management	2 453	223	49	760	258	29	19	163	3 954	99	13	4 066
Semi skilled	4 216	85	10	66	542	36	10	59	5 024	660	4	5 688
Unskilled	1 446	176	4	11	395	53	1	2	2 088	178	3	2 269
Total permanent	8 255	581	109	1 420	1 210	126	38	295	12 034	987	23	13 044
Temporary employees	1	0	0	4	0	0	0	3	8	2	0	10
All total	8 256	581	109	1424	1210	126	38	298	12 042	989	23	13 054

SOCIAL PERFORMANCE continued

TRANSFORMATION AND LOCAL ECONOMIC DEVELOPMENT

Broad-based Black Economic Empowerment

Independently verified by EmpowerLogic (Pty) Limited, the Group maintained its Level 2 BBBEE contributor status measured against the current Construction Sector Charter.

BBBEE status

	MOVEMENT: ▲ IMPROVED ▶ NO CHANGE ▼ WORSENE		
	2016	2015	Movement
BBBEE status	Level 2	Level 2	▶
BBBEE score	85.37%	86.16%	▼
Equity ownership	96.00%	96.00%	▶
Management control	69.29%	60.71%	▲
Employment equity	29.56%	34.29%	▼
Skills development	87.54%	85.51%	▲
Preferential procurement	100%	100%	▶
Enterprise development	89.02%	100%	▼
Socio-economic development	100%	100%	▶

Ownership

Murray & Roberts has a diverse shareholding base of around 7 500 shareholders, with South African and international pension funds and unit trusts holding approximately 64% of the shares. Pension funds and units trust shareholders are referred to as mandated investments in the BBBEE Codes. The economic interests by black shareholders in the Group (including mandated investments) is 64.2% with black women having a 19.51% 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 shareholding transaction consisting of:

- The Letsema Sizwe Broad-Based Community Trust formed to benefit previously disadvantaged community groupings;
- The Letsema Khanyisa Black Employee Benefits Trust to benefit current and future qualifying black employees and their immediate families;
- The Letsema Vulindlela Black Executives Trust to benefit qualifying current and future black executives; and
- 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 Murray & Roberts shareholder however, in line with the BBBEE Codes, the continued consequence of this shareholding is considered in calculating the Group's BBBEE shareholding.

Since its launch, the Letsema BBBEE shareholding scheme has created wealth of approximately R376,1 million for participants and dividends of R261,7 million have been paid to the trusts. Wealth creation is primarily determined by the share price and dividend payments made by Murray & Roberts.

Management control and employment equity

Notwithstanding various interventions taken during the year, our employment equity performance remained below our set targets, mostly due to our lower headcount driven by the depressed economic environment in South Africa. This aspect of our transformation programme will continue to be a priority for FY2017.

Skills development

Our skills development spend on black employees in South Africa amounted to R98 million for FY2016 compared to R121 million in FY2015.

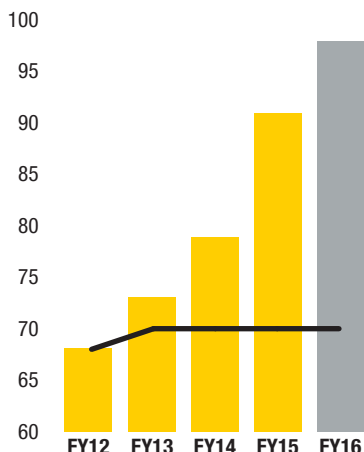
Preferential procurement

Our total procurement expenditure in South Africa for FY16 amounted to around R6,8 billion (FY15: R7,5 billion). Our preferential procurement from black-owned suppliers as a percentage of total procurement spend increased to 97.7% from 91.2% in FY15. This is well above the Construction Sector Charter's target of 70%.



SOCIAL PERFORMANCE continued

PREFERENTIAL PROCUREMENT AS % OF TOTAL PROCUREMENT



We also increased our percentage procurement from small and medium-sized enterprises and suppliers that are more than 50% black-owned. Procurement from black women-owned suppliers decreased to 8.3% (FY15: 10.7%) meeting the Construction Sector Charter’s target of 8%.

PREFERENTIAL PROCUREMENT AS % OF TOTAL PROCUREMENT	2016	2015	2014
Qualifying small enterprises and exempted micro enterprises	31.0%	28.3%	25.8%
Suppliers that are >50% black-owned	27.6%	21.5%	14.7%
Suppliers that are >30% black women-owned	8.3%	10.9%	8.4%

Enterprise development

We undertake various enterprise development initiatives through our operating companies. Activities include the procurement of services from small, medium and micro enterprises, early payment to these 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 for FY2016 decreased to R44,5 million (FY15: R176,3 million) as a result of depressed economic activity in our South African operations.

Socioeconomic development

In FY2016, we spent R9 million (FY15: R13,7 million) on socio-economic development initiatives, of which R8,1 million was recognised as contribution to BBBEE. Our qualifying socio-economic development initiatives include programmes that support women, the youth, people with disabilities and people living in rural areas; as well as basic and higher educational programmes, and sports and cultural programmes.

Revised BBBEE Codes

The revised BBBEE Codes became effective during the first half of 2015 and the process to align the Construction Sector Charter to these codes is still underway. In the interim, we have embraced the revised codes and are focusing on improving our performance on the employment equity, skills development, and enterprise and supplier development pillars.

Beyond South Africa

An important aspect of effective project delivery is strong local management teams that understand the imperatives and cultural nuances in the regions in which we operate. The Group therefore aims to develop local leadership and skills, and enters into joint ventures with local contractors in compliance with local contracting conventions.



SOCIAL PERFORMANCE continued

COMMUNITY DEVELOPMENT

Investing in the future

Murray & Roberts has a rich tradition of advancing socio-economic development and invests significant financial and non-financial resources in supporting activities that contribute to the development of South African communities.

In FY2016, Murray & Roberts disbursed R23,1 million on community development initiatives in South Africa. The allocations to the CDP, are set out in the table below.

Community Development Programme

DEVELOPMENT CATEGORIES	Murray & Roberts Child Welfare Fund	Letsema Sizwe	Letsema Khanyisa	CSI	Total
Early childhood development	R0,4 million	R0,7 million			R1,1 million
Primary and secondary school education			R2,8 million	R5,1 million	R7,9 million
Tertiary education and training		R0,1 million	R3,7 million	R2,6 million	R6,4 million
Community skills development		R4,8 million		R0,3 million	R5,1 million
General donations		R0,2 million		R0,3 million	R0,5 million
Overhead or professional costs associated with programme implementation		R0,5 million	R0,9 million	R0,7 million	R2,1 million
Total	R0,4 million	R6,3 million	R7,4 million	R9 million	R23,1 million

During FY2016, programmes within the education sector benefitted from the largest share of the overall CDP budget, with total expenditure amounting to R14,3 million. The smaller discretionary amounts totalling R500 000 were donated to projects undertaken in the communities from which the people working on our projects are sourced, as well as employee community involvement initiatives.

Global institutions such as the United Nations and the World Bank advocate ECD as a significant tool to address poverty alleviation and development.

Murray & Roberts has supported ECD in South Africa for over a decade, prioritising the development of numeracy and literacy skills in early childhood. However, our recent focus has shifted to also include the interrelated needs of young children such as food security, housing and shelter, healthcare and psycho-social support. The ECD programme now covers both education and general welfare.

Partnering for impact

Early childhood support

ECD is a critical foundation for the academic, psycho-social and economic success of children from disadvantaged backgrounds.

ECD PROGRAMMES



R400 000 distributed to 20 beneficiaries of the Murray & Roberts Child Welfare Fund.

These organisations provide shelter, food security, clothing, therapy, resources and equipment to vulnerable children, children with disabilities and those living with terminal illnesses.

R300 000 provided by Letsema Sizwe has been allocated to MRCWF for future donations.



R400 000 distributed to Khululeka Community Education in support of the SmartStart Social Franchising for Early Childhood Development Programme.

These funds are being used to train 27 early learning facilitators and establish 27 playgroups, providing quality numeracy and literacy programmes to 270 children in rural villages based in the Eastern Cape.

SOCIAL PERFORMANCE continued

Primary and secondary school support

Investment in primary and secondary school education assists the supply of talented students to tertiary institutions. It also enables Murray & Roberts to partner with key stakeholders in the education sector to tackle bottlenecks within the South African education system that stifle the achievement of quality learning outcomes.

Our investment of R7,9 million in primary and secondary school support focused on curriculum-based support in core subjects such as mathematics, science and technology. Funding was also allocated to curriculum development, educator training, academic resources and, in limited instances, infrastructure projects. Secondary school bursaries were also provided to the children of qualifying Murray & Roberts employees.

PRIMARY AND SECONDARY SCHOOL SUPPORT

CSI MATHEMATICS, SCIENCE AND TECHNOLOGY EDUCATION

- > **R5,1 MILLION**
- > **5 000** BENEFICIARIES
- > **EIGHT** PARTNER ORGANISATIONS
- > **SIX** PROVINCES

LETSEMA KHANYISA TRUST SECONDARY SCHOOL BURSARIES FOR THE CHILDREN OF QUALIFYING MURRAY & ROBERTS EMPLOYEES

- > ***R2,8 MILLION**
- > **60** BURSARS
- > **47** PARTNER SCHOOLS
- > **NINE** PROVINCES

* R2,8 million has been allocated for the 2016 calendar year. At the end of FY2016, R1,4 million of this amount had been disbursed to the projected bursary costs of the 60 secondary school learners.

THE LETSEMA KHANYISA TRUST

The Letsema Khanyisa Trust, established in 2005, is a BBBEE shareholder of Murray & Roberts. The Trust focuses exclusively on education and skills development, and seeks to enable BBBEE by uplifting our black employees and their immediate families through the provision of appropriate benefits.

The Letsema Khanyisa Bursary Support Scheme, initiated in 2007, is aimed at improving access to higher quality secondary schools and tertiary institutions. To date, 300 scholars have benefitted from the programme which provides financial support, as well as telephonic and face-to-face support, vocational and career guidance, academic targeting, and study skills and life skills workshops.

Tertiary education and training support

The Tertiary Education and Training Support Programme is committed to building a steady stream of qualified professionals in South Africa's engineering and construction industry. Our investments are geared towards academic qualification, skills development and training, and the transformation of the future talent pool.

Of the R6,4 million allocated to this programme for the 2016 calendar year, R3,7 million will be invested in bursaries of which R1,7 million had been disbursed at June 2016, supporting 49 tertiary students. These students are enrolled across 15 tertiary institutions in South Africa and are studying a variety of qualifications including Business Management and Financial Accounting, Biomedical Sciences, Human Resources, Information and Communications Technology Management, Engineering and Artisan Training. Students receive an annual bursary allocation with the highest recorded bursary cost being R80 000 and the lowest being R18 000. The annual allocation covers tuition fees, textbooks, stationery, student allowances and, in some instances, campus accommodation.

Widespread protests were experienced by tertiary institutions in FY2016, impacting our bursars who shared their frustrations with us and expressed concern around the impact on their academic performances. Pleasingly, our bursars have persevered and achieved outstanding academic results. While empathising with their peers and the sobering impact of the 'Fees Must Fall' campaign in South Africa, students expressed gratitude to Murray & Roberts for our financial commitment during these challenging economic times.

Funds were also allocated to beneficiaries of the Thuthuka Bursary Fund as part of our partnership with the South African Institute for Chartered Accountants.



SOCIAL PERFORMANCE *continued*

A total of R2,6 million was invested in academic Chairs at the University of the Witwatersrand and the University of Stellenbosch. This investment was used to support academic and industry research, bursar mentorship programmes, Masters' research and subsidies to cover the salaries of selected academic staff.

Our funding enables the engineering faculties of these two universities to attract and retain top teaching and research talent, which is critical in a persistent climate of uncertainty in higher education. Most notably, our partnership has contributed to the transformation of the engineering faculties at these universities and has assisted to increase the number of qualified black graduate engineers.

In turn, the university Chairs have assisted Murray & Roberts with research and project work, resulting in leaner and more efficient business operations, and increased opportunities for innovation.

Community skills development

We also support broad-based interventions related to life skills and leadership development, technical and community skills training and sports development. The objective is to provide individuals, groups and communities in South Africa with the requisite skills needed to advance employment and enterprise development opportunities. During FY2016, R5,1 million was disbursed to support the MLI, the Jack Cheetham & Letsema Awards and employee engagement activities.

Medupi Leadership Initiative

The MLI aims to create a bridge to future employment in the Waterberg region post the Medupi Power Station project by providing affected workers with the skills needed to access job opportunities.

A total of R3,5 million has been invested in MLI's Financial Literacy Training and the Drylands projects. FY2016 marks the final year of funding towards the Financial Literacy Training project which has contributed to the financial management skills of the lower-income earning households of the greater Lephalale region. The course is designed to support adult learning and is language-neutral. Trainers use visual aids and interactive engagement to present discussions around money management, banking and savings, credit risks and insurance products. In addition, the two-day Drive Your Life Training Programme was provided to a smaller cohort of employees no longer working at Medupi, enabling them to develop the skills needed to manage change and access new opportunities. Training includes personal goal setting and planning for the future, and is aimed at individuals who are going through significant life changes such as looking for new work or starting a small business.

REACH	> 15 960 PEOPLE OF WHICH 6 097 WERE MEDUPI EMPLOYEES AND 9 863 WERE COMMUNITY MEMBERS	IMPACT	> 94% OF BENEFICIARIES REPORTED THAT THE TRAINING WAS USEFUL > 86% OF BENEFICIARIES REPORTED THAT THE TRAINING ASSISTED THEM TO CHANGE HOW THEY THOUGHT ABOUT LONG-TERM GOALS
> FINANCIAL LITERACY TRAINING			
REACH	> 2 090 PEOPLE OF WHICH 1 525 WERE EMPLOYEES AND 565 WERE OFF-SITE PARTICIPANTS > 2 000 PARTICIPANTS HAVE DEVELOPED 'LIFE PLANS' FOLLOWING THE TRAINING	IMPACT	"I want to leave a legacy for my family. I have learned how to discover assets around my community!" - Eric Ravale
< DRIVE YOUR LIFE TRAINING			

The MLI Drylands project provides jobs for employees and community members in projects focused on improving the natural environment, promoting sustainable land management and developing a rich biodiverse rural green economy. By the end of FY2016, 604 people were successfully placed in jobs or job-enabling environments across three work streams, namely Working for Ecosystems, Working on Fire and Working for Wildlife. A total of 570 people were employed within Working for Ecosystems, contributing to the restoration of 8 500 hectares of land.

An additional work stream, the Smallholder Farmers Project, was introduced during the reporting period. Through this work stream, the MLI aims to create 450 sustainable jobs over four years which in turn are expected to support 800 farmers around the Waterberg area. The project has garnered significant interest and traction within a short period of time and 190 new farmers are registered on the programme. A demonstration farm and a poultry production group have been established in local villages and will serve as the base for practical training. In keeping with the Financial Literacy and Drylands projects, opportunities within the Smallholder Farmers Project will be extended to both Medupi employees and the community at large.

SOCIAL PERFORMANCE continued

MURRAY & ROBERTS CHAIR OF ENVIRONMENTAL EDUCATION AND SUSTAINABILITY



FY2016 marked the 25th anniversary of the Murray & Roberts Chair of Environmental Education at Rhodes University. Founded in 1990, the Chair was established to create a leading international research centre and provide high level leadership in environmental education and the environmental sector at large.

To date the Chair has produced over 200 Masters and 30 PhD graduates in environmental education, making this one of the largest post-graduate programmes of its kind in Africa. The Chair has also made a number of substantive policy contributions over the years at national, international and global levels. Among others, the Chair has contributed to ensuring that environment and sustainable development is included in the South African National Curriculum – leading to 12 million learners being exposed to environmental issues and content every year.

The Chair also contributed to the development of the first ever Environmental Sector Skills Plan for South Africa, leading to major shifts in skills planning in the country, the development of a Green Organising Framework for Occupations and Green Skills reporting in the National Skills Development Strategy and a national programme on Green Skills System building.

2015 Jack Cheetham Awards

Murray & Roberts hosted another successful Jack Cheetham & Letsema Awards event in November 2015. Following several months of reviewing inspirational projects, undertaking site visits, engaging with shortlisted nominees and the final selection process, Waves for Change and Wheelchair Tennis South Africa were awarded the first prize in their respective categories. The second and third prizes in the Jack Cheetham category were awarded to uMzinyathi Canoe Club and No Limits Trampoline Club, while Fulton School for the Deaf and the National Association for Blind Bowlers in the Ekurhuleni region were runners-up in the Letsema Award category.

The six winners and runners-up are among a total of 22 Jack Cheetham & Letsema Award beneficiaries supported during FY2016. Murray & Roberts disbursed a total of R1 475 000 to these partners, impacting over 500 aspiring sports stars.

Employee community involvement projects

Employee community involvement increased in FY2016 with participation ranging from monthly, voluntary payroll-giving contributions to the Murray & Roberts Child Welfare Fund, to involvement in community initiatives. Some of the initiatives included participation in the first ever CEO Sleep-Out in support of Boys & Girls Town South Africa, support of the 2015 Stop Hunger Now Mandela Day Million Meals Challenge and involvement in the Murray & Roberts Women's Forum SmartGirls Programme. Our Board members and non-executive directors also demonstrated Visible Felt Leadership and commitment by visiting community development projects throughout the year.

Beyond South Africa

Murray & Roberts companies operating beyond South Africa endorse the Group's commitment to community upliftment and have adopted the Group socio-economic development policy as a guideline for programme implementation. These businesses have an established presence within their respective countries and have maintained a strong legacy of community support. Being cognisant of the unique needs, resources, opportunities and stakeholders present in their localities, businesses have partnered with local organisations to leverage resources, manage implementation and sustain the investment impact.



SOCIAL PERFORMANCE continued

PROJECTS SUPPORTED BY CEMENTATION CANADA



'Mudmoiselle' Canadian Cancer Society
 Funds raised:
 CAD 500 (R5 000)



North Bay Santa Fund
 Funds raised:
 CAD 2 600 (R27 000)



Novomber
 Funds raised:
 CAD 2 328 (R24 000)



Four Elms Crisis Centre
 Funds raised:
 CAD 1 600 (R17 000)

Zambia

During FY2016, Murray & Roberts Cementation Zambia continued to support its flagship project, the Zambia Deaf Youth and Women Organisation. The organisation advocates for the rights of deaf people, promotes equal participation in society and facilitates opportunities for skills development and training.

Cementation Zambia provided ZMW 517 398 (R900 000) to the organisation in FY2016, through a combination of cash and in-kind donations. The funding was used to officially launch the Deaf Multipurpose Training Centre, deliver computer training, produce sign-language dictionaries and host events during the international week for the deaf. Cementation Zambia's employees are also actively involved in the organisation's events.

Canada and the United States

Both Cementation Canada and Cementation USA have Community Involvement Programmes where employees are encouraged to support local charitable and community organisations. Where employees demonstrate merit in the selected charities, Cementation matches employee funding.

Cementation USA's flagship project, the Sandy Club, operates as an 'after-school' programme targeting underprivileged young girls and boys. The club provides a safe place to congregate after school and provides underprivileged children with opportunities to participate in character and leadership development, education and career guidance, health and life skills, and art and sports development programmes.

Australia and Papua New Guinea

Clough's CSI funding prioritises six focus areas: children and youth, art and recreation, education, the empowerment of women, healthy lifestyles and indigenous communities. Clough has also maintained its sponsorship of major sporting partners such as Perth Glory Football Club and the Western Force Asteron Life Super Rugby Club. Funding for these projects is primarily derived from the Clough Foundation, an established charitable trust which governs Clough's philanthropic giving.

Clough provided three scholarships, valued at AUD50 000 in total (R500 000), to university students as part of its partnership agreement with the University of Western Australia. The scholarships promote excellence and innovation in engineering and business management, and form part of the Harold Clough Scholarships Programme started in 1969. Clough also supported ChildFund Australia which provides health services to mothers and children in the Waima Villages of Kairuku District in Papua New Guinea's Central Province.





100%
OF MATERIAL
ENVIRONMENTAL
INDICATORS ASSURED
IN FY2016

CARBON FOOTPRINT
DROPS BY
1.6%
IN FY2016

ENVIRONMENTAL PERFORMANCE

ENVIRONMENTAL PERFORMANCE *continued*

Our environmental management programme focuses on understanding, controlling and minimising our environmental impacts. In FY2016, we further entrenched our critical environmental standards through training and awareness programmes, and continued to identify and implement environmental improvement initiatives. Our key environmental performance indicators have improved, mainly driven by variations in operational activities and improvement initiatives.

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

ENVIRONMENTAL OBJECTIVES	TARGETS	PROGRESS AGAINST TARGETS
IMPROVE ENERGY AND CARBON MANAGEMENT PRACTICES ACROSS THE GROUP	<ul style="list-style-type: none"> Ensure compliance with the Group energy and carbon management standard by FY2016. 	<p>FY2014 – FY2015</p> <ul style="list-style-type: none"> Developed the Group energy and carbon management standard, and implemented key energy efficiency projects at fixed facilities. Participated in the Public Sector Energy Efficiency Programme facilitated by the National Business Initiative. <p>FY2016</p> <ul style="list-style-type: none"> Continued to implement improvement projects at fixed facilities and selected project sites.
IMPROVE WATER MANAGEMENT PRACTICES ACROSS THE GROUP	<ul style="list-style-type: none"> Ensure compliance with the Group water management standard by FY2018. 	<p>FY2015</p> <ul style="list-style-type: none"> Developed and rolled out the Group water management standard. <p>FY2016</p> <ul style="list-style-type: none"> Identified and implemented water efficiency projects at selected fixed facilities and project sites. Submitted the Water Disclosure Project Report.
IMPROVE WASTE MANAGEMENT PRACTICES ACROSS THE GROUP	<ul style="list-style-type: none"> Ensure compliance with the Group integrated waste management standard by FY2017. 	<p>FY2014 – FY2015</p> <ul style="list-style-type: none"> Developed the Group integrated waste management standard and implemented waste reduction opportunities at selected project sites. <p>FY2016</p> <ul style="list-style-type: none"> Continued to identify and implement waste reduction opportunities at fixed facilities and selected project sites.
IMPROVE THE QUALITY OF ENVIRONMENTAL REPORTING ACROSS THE GROUP	<ul style="list-style-type: none"> Assure 100% of all material environmental indicators by FY2016. 	<p>FY2012 – FY2015</p> <ul style="list-style-type: none"> Developed the Group environmental reporting standard and conducted an independent external assurance on energy and carbon indicators. <p>FY2016</p> <ul style="list-style-type: none"> Extended the independent external assurance to include water indicators.
IMPROVE UNDERSTANDING AND REPORTING OF SIGNIFICANT SUPPLY CHAIN GHG EMISSIONS	<ul style="list-style-type: none"> Identify, quantify, report and influence suppliers and partners to reduce the carbon intensity of significant upstream materials. 	<p>FY2014</p> <ul style="list-style-type: none"> Identified supply chain activities with significant carbon footprint impact. <p>FY2015 – FY2016</p> <ul style="list-style-type: none"> Reported on a portion of our supply chain GHG emissions in the CDP.

Environmental Performance

PERFORMANCE DIMENSION	2016	2015*	2014	2013	Movement
Energy usage (MWh)	208 661	209 881	703 461	1 081 104	↓
Carbon footprint (t CO ₂ e)	76 319	76 430	249 428	411 282	↓
Water usage (KL)	242 046	273 739	549 458		↓
ISO 14001 Management System implementation (% coverage)	94	90	75	69	↑

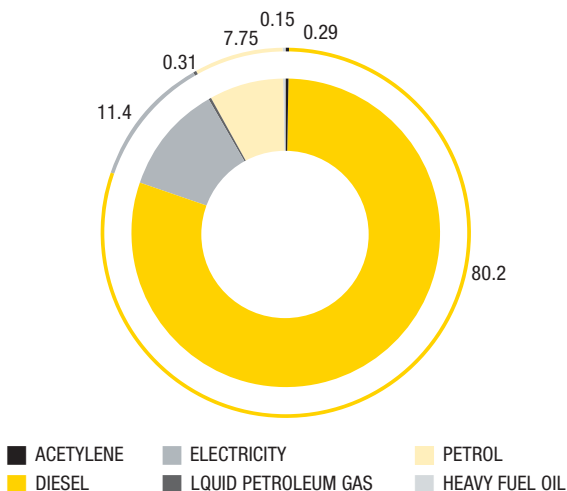
* 2015 figures adjusted following recommendation from the external assurance audit

ENVIRONMENTAL PERFORMANCE continued

ENERGY USAGE

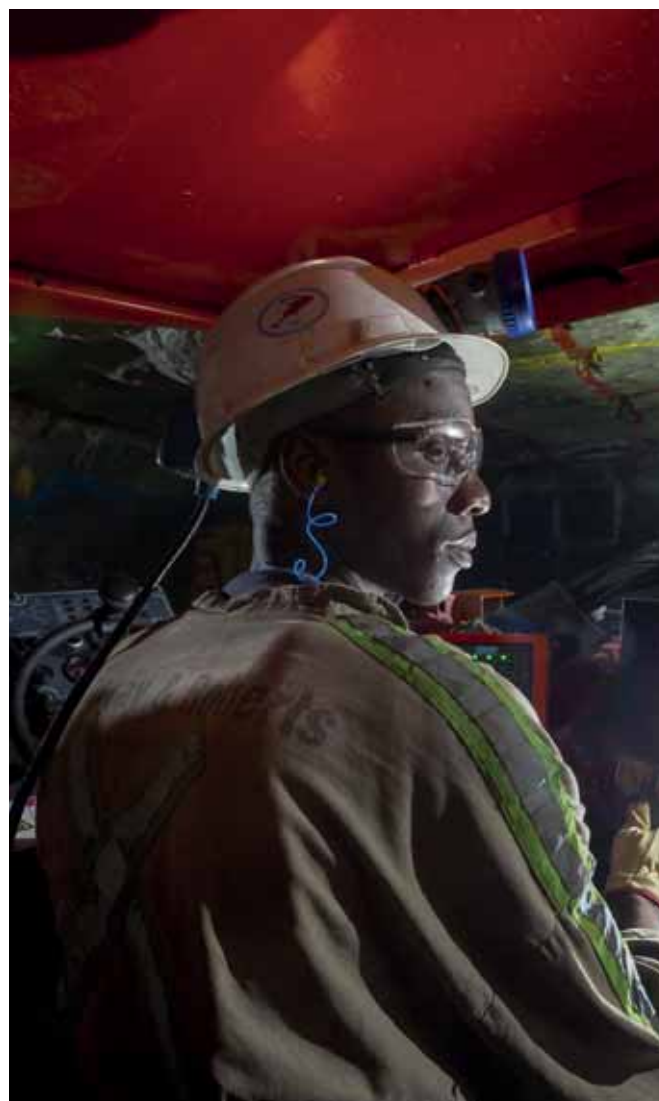
In FY2016, the Group consumed approximately 208 661 megawatt hours of energy from a variety of sources, with diesel accounting for 80% of the total energy consumption.

BEAKDOWN OF ENERGY SOURCES ACROSS THE GROUP



The biggest consumer of diesel was the Infrastructure & Building platform, where diesel is used for opencast mining. The platform’s Middle East projects also consumed a significant amount of diesel given their use of stationary generators.

We investigate measures to save energy and reduce carbon emissions, and our involvement in the Private Sector Energy Efficiency Programme has enabled us to extend the lessons learned through our participation to other projects. During the year, energy assessments were undertaken at all fixed facilities in the SADC region and resulted in the identification of a number of energy saving opportunities. Targets have been set for some of our operations and these are disclosed in the table below.



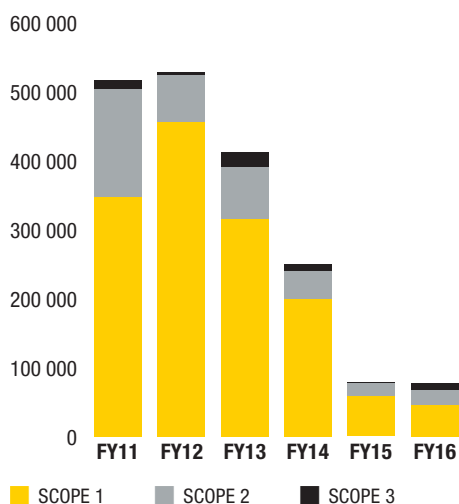
OPERATIONS	TARGET	PROGRESS TO DATE
MAIN FACILITY IN GABORONE, BOTSWANA	25% reduction in purchased electricity over five years (base year FY2012)	12% reduction achieved
GENREC’S WADEVILLE FACILITY IN SOUTH AFRICA	An intensity target to reduce purchased electricity as a ratio of steel production output by 35% (base year FY2010)	Target was achieved in FY15
PLANT AMALGAM FACILITY	25% reduction in purchased electricity over five years (base year FY2012)	19% reduction achieved
MURRAY & ROBERTS CEMENTATION’S BENTLEY PARK FACILITY	25% reduction in purchased electricity over five years (base year FY2015)	Several key opportunities have been identified and are in the early stages of implementation

ENVIRONMENTAL PERFORMANCE continued

Opencast mining has implemented various measures to reduce energy consumption, including the training of key staff on energy efficiency, the installation of monitoring systems on all mobile plants to establish a robust baseline, and the close monitoring and management of machine idling times. At the Douglas Roberts Campus, an efficiency programme is underway as part of the facility's building management system. The programme is targeting chillers and uninterruptable power supply systems which are high consumers of energy. Against the facility's base year of FY2014, the building has achieved a 14% drop in electricity consumption.

CARBON FOOTPRINT

CARBON FOOTPRINT
TOTAL GHG EMISSIONS (t CO₂e)



We have participated in the CDP since 2008, and the details of our performance in the 14th edition of the CDP can be accessed at www.cdp.net. In FY2016, our data was fully assured against the International Standard on Assurance Engagements 3000. Our emissions factors were largely sourced from DEFRA 2015 (<https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2015>).

The nature of our business enables us to assist our clients to reduce their own carbon emissions through the use of low carbon input materials and our experience in delivering green buildings.

We use a range of low-carbon concrete products such as geo-polymer and high volume fly-ash concrete which continue to show excellent results. These products have been successfully tested and applied at various projects and provide our clients with the confidence that they are able to use viable low-carbon alternatives in their projects without losing durability or quality. Our products range from options that contain low amounts of cement to options that are cement-free.

Our geo-polymer binders are used in applications to fully or partially replace the use of traditional cement providing environmental, technical and often cost efficient benefits. CO₂ emissions abatement of between 70% to 75% are achieved through these binders. Our low-carbon products have been used in the following projects:

- **Precast Yard, Gautrain, Johannesburg, South Africa:** Of the 344 000 tonnes of Portland cement required, 134 000 tonnes was replaced with PFA, reducing the project's estimated carbon footprint by 40%.
- **Portside, Cape Town, South Africa:** 65% of the Portland cement required for the project was replaced with a slag by-product, reducing the project's estimated carbon footprint by 50%.
- **102 Rivonia, Sandton, South Africa:** 64% of the Portland cement required was replaced with PFA, reducing the project's carbon footprint by 45%.
- **City Deep Terminal, Johannesburg, South Africa:** The project used the first commercial cement-free cast in three test sections and the balance of the project's Portland cement allocation was replaced by 70% PFA. In total, these initiatives reduced the project's carbon emissions by 35%.
- **Loeriesfontein Wind Farm, Northern Cape, South Africa:** Used the first 100% granulated slag concrete, reducing the project's estimated carbon footprint by 95%.

Another example of our ability to reduce our client's carbon footprint is the Khobab Wind Farm Project where foundations were uniquely designed to accommodate an 89% replacement of traditional cement, using only 35 kilograms of high grade Portland cement per cubic metre. Granulated slag concrete was used to replace other cement requirements. Together, these initiatives reduced the wind farm's construction carbon footprint from approximately 300 to 90.7 kilograms of CO₂ per cubic metre.



KHOBAB WIND FARM WHERE CONCRETE WAS POURED USING OUR INNOVATIVE LOW CARBON CONCRETE MIX.

ENVIRONMENTAL PERFORMANCE *continued*

Murray & Roberts is a founding member of the Green Buildings Council of South Africa and we have, through our Infrastructure & Building platform, delivered numerous green buildings. Some of the projects completed in FY2016 include:

- Menlyn Park Reconfiguration Phase 1 and 2 (Green Star)
- Bridge Park (Green Star)
- BCX Telkom (Green Star)
- Qatar Science and Technology Park Tech 4, a Leadership in Energy and Environmental Design building.



LOERIESFONTEIN WINDFARM, NORTHERN CAPE

The impact of carbon regulations

The South African National Treasury has indicated that a carbon tax will be introduced in January 2017, initially levied at R120 per tonne of CO₂e and limited to Scope 1 emissions.

The carbon tax is expected to be rolled out in a phased approach, with the first phase over five years targeting large emitters such as operations with a thermal capacity of around 10 megawatts. Our exposure to the carbon tax will be indirect through the purchase of affected commodities, such as fuel and electricity, from suppliers who will be directly impacted. Transportation fuel will continue to be taxed through the current fuel levy.

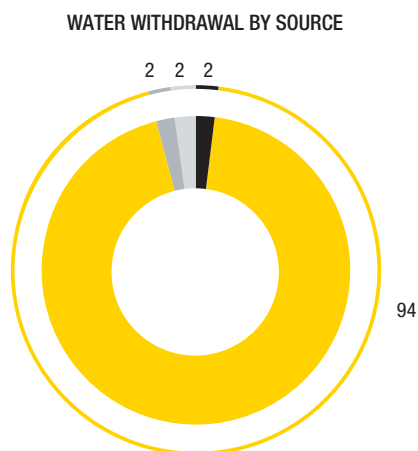
We are therefore likely to face an increase in the price of electricity in our South African operations as the country's power producer will pass on the cost of its carbon tax commitments to consumers. We have calculated this increase to be around R400 000 a year, based on our FY2016 consumption of purchased electricity and an increase of R0,03 per kilowatt hour.

Currently, there is no carbon tax levied in Australia, the Middle East or Canada however, the developments emanating from COP 21 Paris (United Nations Framework Convention on Climate Change Conference for the Parties) may result in the governments of these countries adopting carbon tax mechanisms in the near future.

WATER USAGE

Murray & Roberts operates in several water constrained environments, including South Africa, Western Australia, Botswana, Namibia and the United Arab Emirates. Our water management standard guides operations on water consumption and has improved the accuracy and completeness of our water data, as well as assisted to identify water saving initiatives.

We participate in the Water Disclosure Project and our performance is provided in our public responses to the CDP which can be accessed at www.cdp.net. During FY2016, the Group used 242 megalitres of water.



- PROCESS WATER
- FRESH SURFACE WATER
- MUNICIPAL WATER
- RAINWATER HARVESTING
- BRACKISH SURFACE WATER
- GROUNDWATER RENEWABLE

Some of our efforts to minimise water consumption include:

- A 50% target reduction over three years for Murray & Roberts Botswana's main facility in Gaborone using FY2014 as the base year. To date, the facility has achieved a 42% reduction.
- A 25% reduction target in municipal water over three years for the Murray & Roberts Plant Amalgam facility using FY2014 as a base year. To date, the facility has achieved a 14% reduction.
- The Murray & Roberts Plant Westonaria facility set a target to achieve a 100% reduction in the use of municipal water in its grey water systems. The target has been achieved through the use of a rain water harvesting and collection system.
- Our Loeriesfontein Wind Farm site set a target of zero waste water and full return of treated water to production. The site requires an average of 80 kilolitres of water a day for the construction of layered works and concrete bases. The site has achieved 98% treatment of waste water and has an average return of treated water of 29 kilolitres back into production, equating to around 36% of the site's daily water requirements.

ENVIRONMENTAL PERFORMANCE continued

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, this includes onsite reuse and off-site secondary use.

The graph below provides details of our waste and recycling efforts, and shows a steady reduction in waste generation, as well as continued improvement in our recycling efforts. Innovative techniques have been used to significantly reduce the amount of waste associated with concrete manufacture through diverting wet concrete waste into new batches or finding alternative uses such as soilcreting.

The following are examples of some of our waste minimisation initiatives at a project level:

- **Menlyn Park Reconfiguration Phase 2 project:** During phase 2, 95% of materials were captured for recycling exceeding the 89% achieved in phase 1 of the project.
- **Murray & Roberts Western Cape Bridge Park project:** The Green Star Credit for this site required that 70% of materials be recycled. The project achieved 74% recyclability for FY2016.
- **Genrec Wadeville facility:** Genrec achieved an 86% recyclability in FY2016 through intense waste sorting onsite and the engaging of localised service providers to increase their returns on recycling.
- **Murray & Roberts Middle East Qatar Science and Technology Park Tech 4 project.** The project achieved 98.2% recyclability at end June 2016, saving 54 cubic metres of landfill space and 67 783 kilowatts of embedded energy.



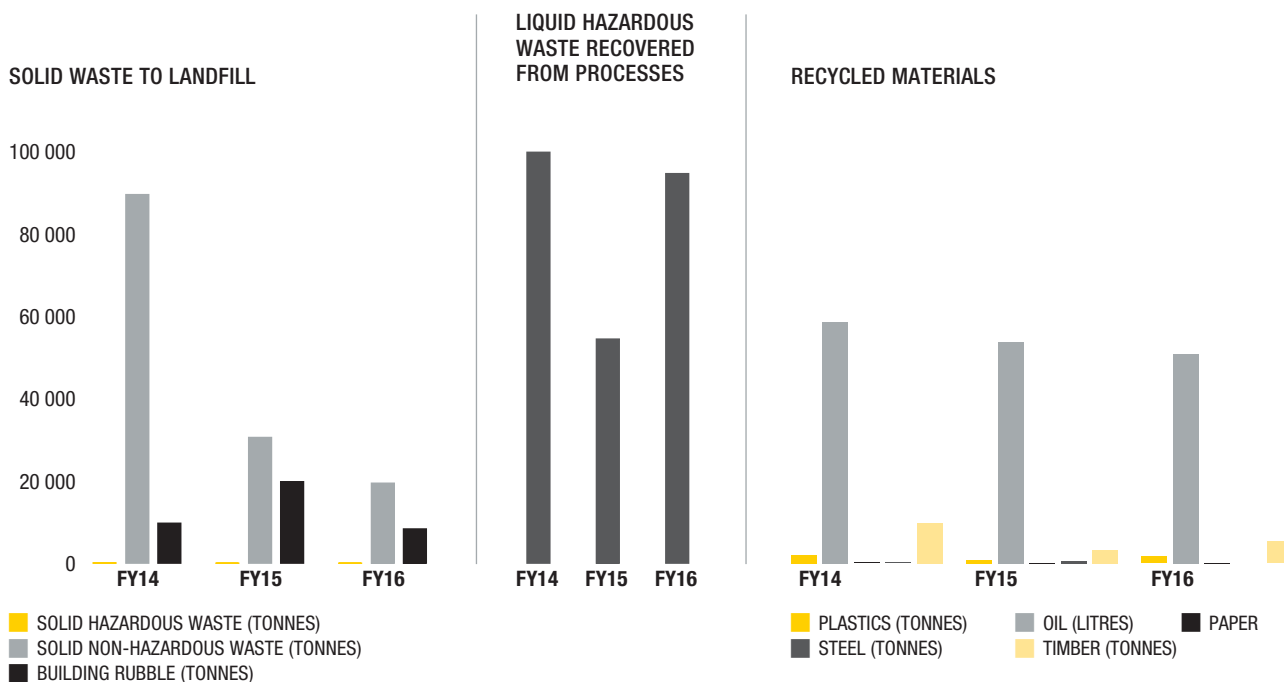
CLOSED LOOP RECYCLING AT GENREC, SOUTH AFRICA.



CONCRETE RECOVERED FOR REUSE AT TECH 4, QATAR.

ISO 14001 IMPLEMENTATION

Our operations are required to implement and comply with ISO 14001, an international standard for environmental management systems. Based on the number of employees covered by ISO 14001 certification, 98% of the Group's operations are ISO 14001 certified.



Note: The increase in liquid hazardous waste was due to the deep cycle servicing of our plant wash systems at the Medupi and Kusile Power Stations projects.

ENVIRONMENTAL PERFORMANCE *continued*

ENVIRONMENTAL RISKS AND COMPLIANCE

Our environmental risks include:

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

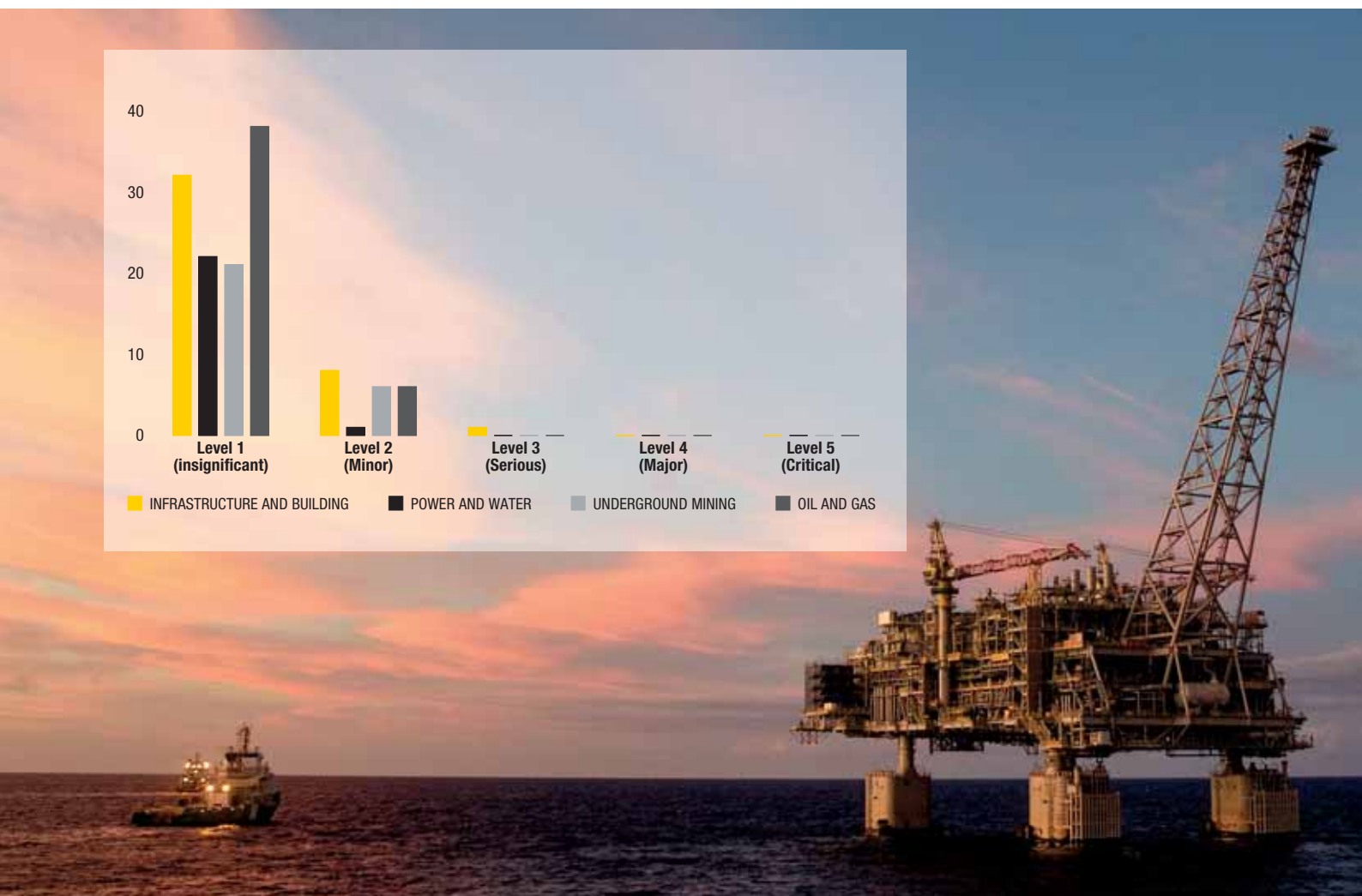
During FY2016, we undertook extensive training on key environmental issues to improve practical understanding and compliance at project level. Operations were also directed to conduct self and peer assessments to establish levels of compliance with critical environmental standards. The objective is to enable project leaders to increase efficient use of non-renewable resources and to operate within the environmental legal framework, particularly when undertaking activities that require environmental permits, licenses or authorisations.

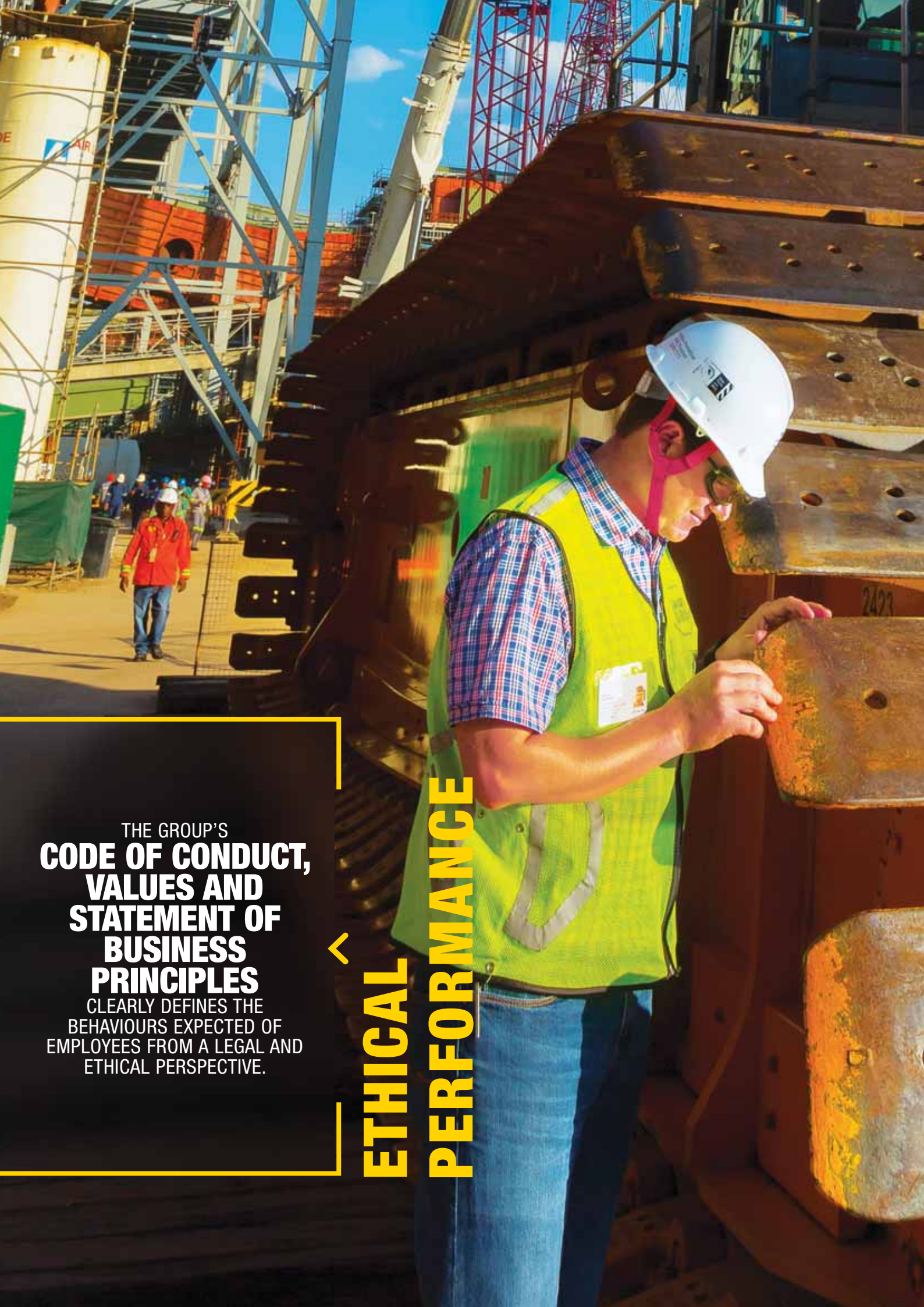
ENVIRONMENTAL INCIDENTS, FINES AND LITIGATIONS

There were no major environmental incidents reported during the financial year and no fines or environmental litigations were instituted against Murray & Roberts or any of its operations. A total of 135 insignificant and minor environmental incidents were reported at various operations.

LOOKING FORWARD

Energy efficiency and the reduction of carbon emissions will continue to be key focus areas of our environmental improvement programme going forward. We intend to expand our carbon reduction initiatives to all aspects of our business and we are working to expand our water initiatives to other projects. Waste minimisation and improved environmental awareness and legal compliance will also remain focus areas





THE GROUP'S
**CODE OF CONDUCT,
VALUES AND
STATEMENT OF
BUSINESS
PRINCIPLES**

CLEARLY DEFINES THE
BEHAVIOURS EXPECTED OF
EMPLOYEES FROM A LEGAL AND
ETHICAL PERSPECTIVE.

<
**ETHICAL
PERFORMANCE**

THE BOARD REQUIRES THE GROUP TO ADHERE TO ALL LAWS, RULES, CODES AND STANDARDS APPLICABLE TO ITS BUSINESS, AND TO CONFORM TO THE HIGHEST STANDARDS OF BUSINESS INTEGRITY, ETHICS AND CORPORATE GOVERNANCE.

Behaviour that contradicts these principles is not tolerated. The Group seeks to build a culture of compliance where awareness of the right ethical behaviours is shared and maintained across all its operations, as it pursues its strategic and business objectives.

CODE OF CONDUCT – STATEMENT OF BUSINESS PRINCIPLES

The Group's Code of Conduct is applicable across all its operations. The Code of Conduct, together with its values and Statement of Business Principles, clearly and comprehensively defines the behaviours expected of employees in every anticipated situation, from both an ethical and a legal perspective. New employees and graduates are provided with orientation training as part of the induction programme, which emphasises the importance of understanding and practicing the principles set out in the Code of Conduct.

REGULATORY COMPLIANCE

The Group conducts its business within the requirements of the regulatory frameworks applicable to the sectors, jurisdictions and territories in which it operates. The Group regulatory compliance executive 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 operational compliance 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 in Australia, Canada and the United States. 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 United Nations (UN) Global Compact and with the principles and standards of good practice set out in the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises. 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 project lifecycle.

As part of the Group's competition law compliance, written declarations are made biannually by all executives. Compulsory software-based competition law training is completed annually by all employees in relevant high-risk areas.

TRANSPARENCY

The Group encourages its employees, suppliers, subcontractors and concerned third parties to report observed unethical behaviour within any of its operations. The "Tip-Offs Anonymous" and "Fair Call" hotline services, administered by Deloitte and KPMG respectively, enable anonymous reporting of workplace dishonesty and unethical behaviour, including discrimination, theft, fraud and corruption. The hotlines operate across all the Group's operating regions, with Fair Call serving the Oil & Gas business and Tip-Offs Anonymous all other businesses.

During the year under review, 47 cases were reported and investigated, some of which remain under investigation. Appropriate action was taken in every instance in which unethical behaviour was confirmed.

HUMAN RIGHTS

Murray & Roberts endorses the rights enshrined in the Constitution of the Republic of South Africa, 1996, and all equivalent rights in all other jurisdictions and territories, including the right to collective bargaining, the right to peaceful industrial action and other labour rights. The Group also acknowledges the right of individuals to freedom of association; rejects child and forced labour; and respects the rights of indigenous people and, where appropriate, 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.



THE OVERALL
AVERAGE MARGIN
ON THE ORDER BOOK
IS WITHIN THE GROUP'S
STRATEGIC RANGE OF
5,0%
TO 7,5%.

THE GROUP'S
YEAR-END CASH
AND CASH EQUIVALENTS
POSITION WAS
R2,8 BILLION
(FY15: R2,9 BILLION)

ECONOMIC PERFORMANCE

MOVEMENT: ▲ IMPROVED ▼ WORSENE

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS			
PERFORMANCE DIMENSION	Performance		
	2016	2015 ¹	Movement
Financial performance			
Revenue	26 148	24 013	▲
Operating costs	24 873	22 949	▼
Cash and cash equivalents	2 813	2 891	▼
Operating cash inflow (before dividends)	762	585	▲
Order book relative to revenues	1,1 times	1,4 times	▼

TOTAL VALUE CREATED AND DISTRIBUTION TO STAKEHOLDERS

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS			
PERFORMANCE DIMENSION	Performance		
	2016	2015 ¹	Movement
Economic contribution			
Value added to employees	13 355	13 862	▼
Value added to providers of finance (net)	71	68	▲
Value added to government	201	396	▼
Value added to maintain and expand the Group	1 251	1 357	▼
Total value added	14 878	15 683	▼

¹ Restarted for discontinued operations

Value added to employees through payroll payments decreased by 4% during FY2016, while net interest expense to providers of finance increased by 5% and company tax to governments decreased by 49%. The decrease in Group profits resulted in a reduction in value added to maintain and expand the Group and a decrease in profit attributable to owners of Murray & Roberts Holdings Limited.

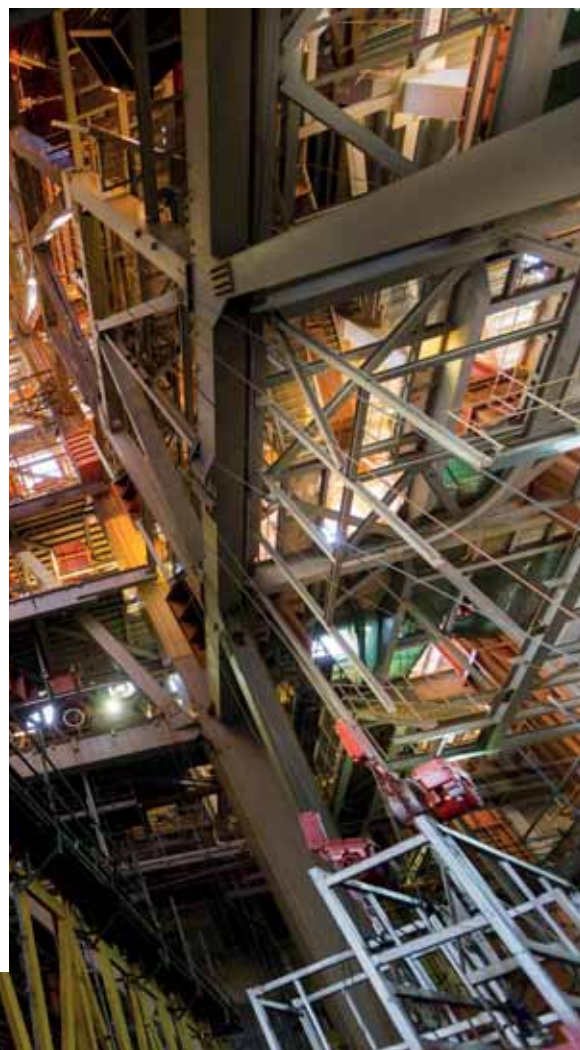
The Group did not receive any significant financial assistance from the South African Government during the reporting year.

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.



FINANCIAL SUSTAINABILITY

FINANCIAL SUSTAINABILITY

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

- Strength of financial position 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 R2,8 billion (FY15: R2,9 billion) after an operating cash inflow of R762 million (FY15: R585 million cash inflow). The primary contributors to the increase in cash position and decrease in debt is due to the repayment of the debt facilities required to purchase the non-controlling interests in Clough and the transfer of debt for operations held-for-sale which relate to the Southern Africa construction operations within the Infrastructure & Building platform.

Procurement of projects is the primary source of risk for the Group and our 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 OMS supports the evaluation and approval of project opportunities in the context of the risk appetite. At 30 June 2016, opportunities in the active pipeline amounted to R51 billion (FY15: R83 billion).

The Group's order book decreased by 13% to R33,4 billion compared to FY2015. The order book for Australian-based entities makes up 19% 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 revenues
30 June 2014	R41 billion	1,2 times 2014 revenues
30 June 2015	R38 billion	1,4 times 2015 revenues
30 June 2016	R33 billion	1,1 times 2016 revenues

More information on our financial performance can be found in the consolidated summarised annual financial statements in the integrated report.



STATEMENT OF VALUE CREATED

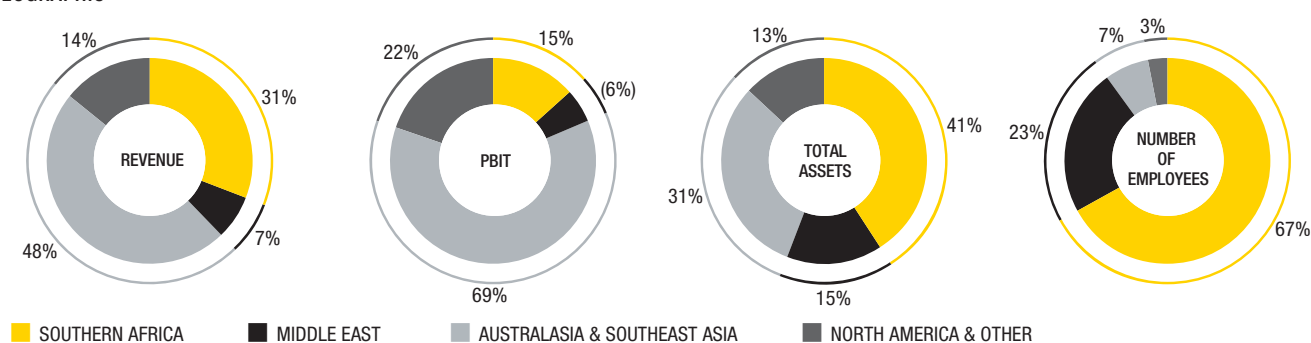
FOR THE YEAR ENDED 30 JUNE 2016

ALL MONETARY AMOUNTS EXPRESSED IN MILLIONS OF RANDS	2016	%	2015 ¹	%
Revenue	26 148,0		24 013,3	
Less: Cost of materials, services and subcontractors	(11 269,6)		(8 330,6)	
Value created	14 878,4		15 682,7	
<i>Distributed as follows:</i>				
To employees				
Payroll costs	13 354,6	89,7	13 862,0	88,4
To providers of finance				
Net interest on loans	71,2	0,5	67,5	0,4
To government				
Company taxation	201,3	1,4	396,3	2,5
To maintain and expand the Group				
Reserves available to ordinary shareholders	752,8		881,0	
Depreciation	447,8		435,9	
Amortisation	50,7		40,0	
	1 251,3	8,4	1 356,9	8,7
	14 878,4	100,0	15 682,7	100,0
Number of people²	33 893		34 712	
State and local taxes charged to the Group or collected on behalf of governments by the Group				
Company taxation	201,3		396,3	
Indirect taxation	837,3		745,5	
Employees' tax	552,1		1 033,1	
Rates and taxes	0,1		-	
Government grants	(0,4)		(0,6)	
Customs and excise duty	-		-	
	1 590,4		2 174,3	

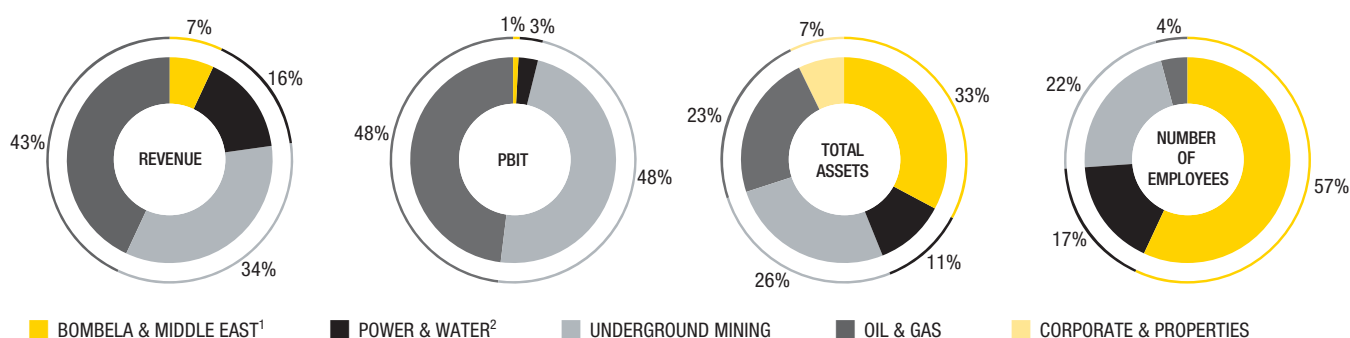
¹ Restated for discontinued operations.

² People includes direct joint arrangement hires and third party contractors of 16 846 (2015: 10 242).

GEOGRAPHIC



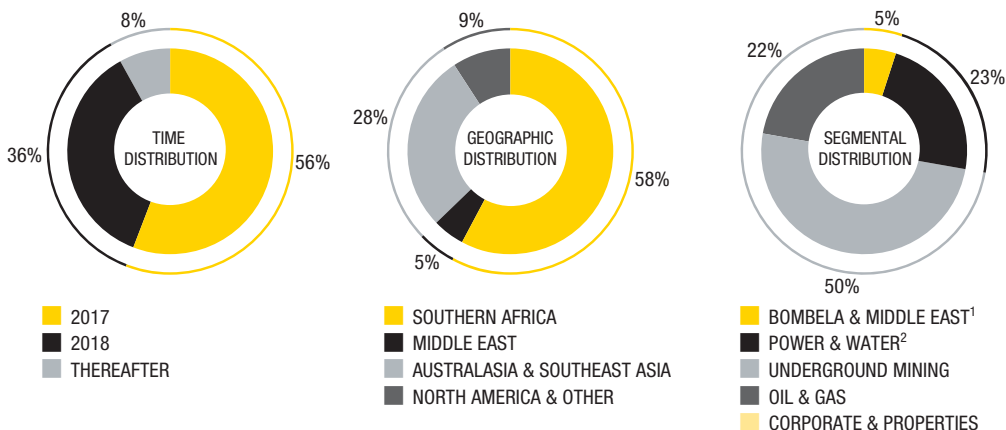
SEGMENTAL



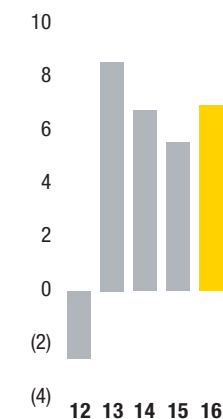
¹ Bombela and Middle East total assets includes amounts for discontinued operations Tolcon and Southern African construction operations.

² Power & Water platform total assets includes amounts for Genrec Engineering that has been classified as discontinued operations in the current year.

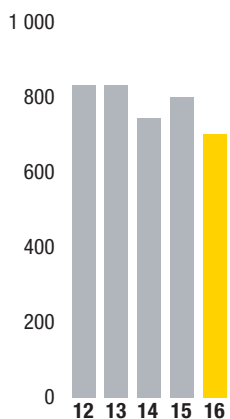
ORDER BOOK



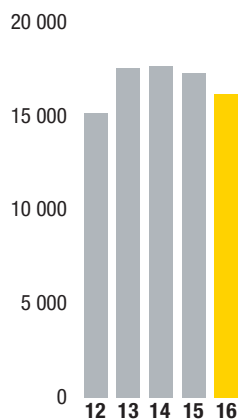
RETURN ON AVERAGE TOTAL ASSETS (%)



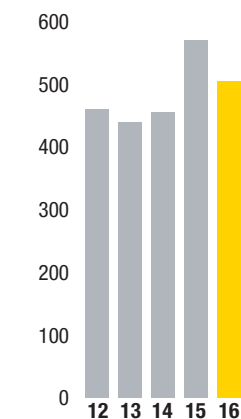
PRODUCTIVITY OF ASSETS (ASSETS PER R1 000 TURNOVER)



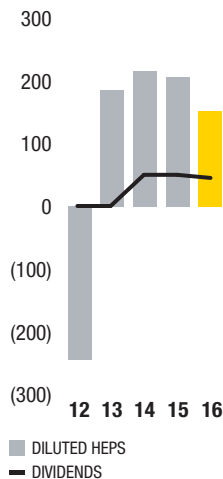
CREATION OF VALUE (R MILLION)



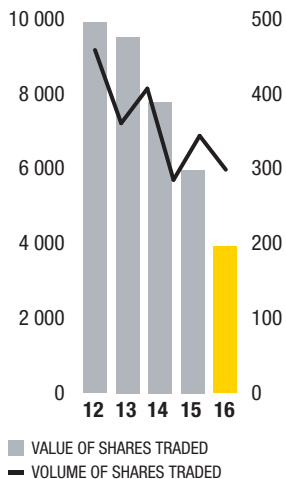
PEOPLE PRODUCTIVITY (VALUE RATIO)



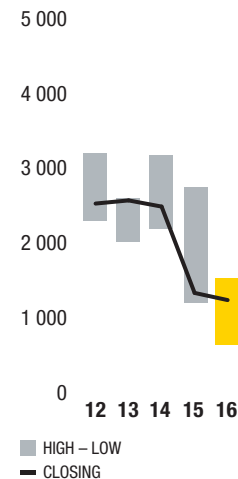
DILUTED HEPS AND DIVIDENDS PER SHARE (CENTS)



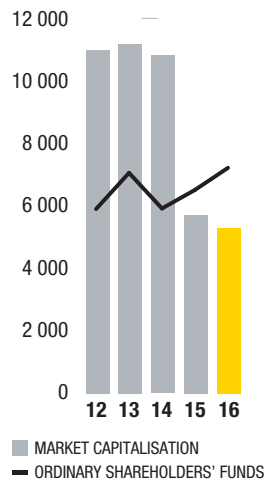
SHARES TRADED (R MILLION)



SHARE PRICE MOVEMENT (CENTS)



MARKET CAPITALISATION (R MILLION)



INDEPENDENT LIMITED ASSURANCE REPORT

TO THE DIRECTORS OF MURRAY & ROBERTS HOLDINGS LIMITED

We have performed our limited assurance engagement in respect of the selected sustainability key performance indicators, as disclosed by Murray & Roberts Holdings Limited (Murray & Roberts) in the Integrated and Sustainability Report for the year ended 30 June 2016.

SUBJECT MATTER

The subject matter comprises of the sustainability key performance indicators disclosed in accordance with management's basis of preparation, supported by the Global Reporting Initiative (GRI) G4 Sustainability Framework. The subject matter includes the following:

- 1 Corporate social investment in community programs (Rm);
- 2 Letsema broad-based community commitments (Rm);
- 3 Statement of total value added (Rm);
- 4 Significant fines paid (Rm);
- 5 Total number of bursars and percentage of bursars who are black and female;
- 6 Percentage of graduates attending the graduate development program who are black and female;
- 7 Leadership development program attendance and percentage of participants who are black and female;
- 8 Composition of governance bodies;
- 9 Number of fatalities;
- 10 Lost-time injury frequency rate;
- 11 Total recordable case rate;
- 12 Number of bursaries awarded by the Letsema Employee Benefits Trust;
- 13 Cumulative wealth created through the Letsema BBBEE share ownership transaction (Rm); and
- 14 Percentage of South African based employees designated as management.

DIRECTORS' RESPONSIBILITY

The Directors being the responsible party, and where appropriate, those charged with governance are responsible for the selection, preparation and presentation of the subject matter in accordance with the criteria. This responsibility includes ensuring that the subject matter is prepared in accordance with the GRI G4 Sustainability Framework, the identification of stakeholders and stakeholder requirements, material matters, for commitments with respect to the sustainability performance and for the design, implementation and maintenance of internal control relevant to the preparation of the Integrated and Sustainability Report that is free from material misstatement, whether due to fraud or error.

ASSURANCE PRACTITIONER'S RESPONSIBILITY

We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board. This standard requires us to comply with ethical requirements and to plan and perform our limited assurance engagement with the aim of obtaining limited assurance regarding the subject matter of the engagement.

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

QUALITY CONTROL

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

INDEPENDENCE AND OTHER ETHICAL REQUIREMENTS

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

INDEPENDENT LIMITED ASSURANCE REPORT continued**SUMMARY OF WORK PERFORMED**

We have performed our procedures on the subject matter, the sustainability key performance indicators of Murray & Roberts, as prepared by management in accordance with the GRI G4 Sustainability Framework as supported by management's basis of preparation for the year ended 30 June 2016.

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

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

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

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

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

CONCLUSION

Based on our work described in this report, nothing has come to our attention that causes us to believe that the selected sustainability key performance indicators as set out in the subject matter paragraph (of our report) for the year ended 30 June 2016, is not prepared, in all material respects, in accordance with the GRI G4 Sustainability Framework supported by managements internally developed basis of preparation.

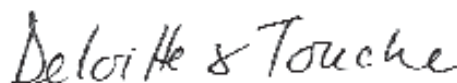
OTHER MATTERS

Our report does not extend to any disclosures or assertions relating to future performance plans and/or strategies disclosed in the Integrated and Sustainability Report.

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 ON USE AND DISTRIBUTION

Our report is made solely to the Directors of Murray & Roberts in accordance with our engagement letter dated 25 May 2016, for the purpose of providing limited assurance over the key sustainability performance indicators disclosed in the Murray & Roberts Integrated Report for the year ended 30 June 2016.


Nina le Riche

Director
Deloitte & Touche
27 September 2016
1st Floor, The Square, Cape Quarter, 27 Somerset Road,
Greenpoint, Cape Town, 8005



BOOYSENDAL MINE, MPUMALANGA, SOUTH AFRICA

Booyesendal platinum mine is located in the southern compartment of the eastern limb of the Bushveld complex, 35 kilometres from the town of Mashishing in Mpumalanga, South Africa and is owned by Northam Platinum Limited. The life of mine is approximately 50 years. Murray & Roberts Cementation provides mine development, stoping and construction on a contract basis and utilises a mechanised, trackless, Board and Pillar mining methodology at the underground mining operation.

**Murray
& Roberts**

