



**Murray
& Roberts**



DELIVERING ON OUR PROMISE OF A NEW STRATEGIC FUTURE

OIL & GAS + UNDERGROUND MINING + POWER & WATER



**GROUP
SUSTAINABILITY
REPORT**



**20
18**

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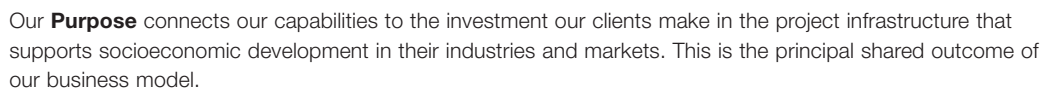
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Murray & Roberts has a long and proud heritage of more than a century and is today recognised as a multinational project life cycle Group. Our world-class companies and brands deliver capabilities in three global primary market sectors – oil & gas, metals & minerals and power & water.



Our **Values** guide the execution of our conduct and capabilities, which are delivered according to our non-negotiable principle of *Engineered Excellence*.

Together, our Purpose and Values underpin our reputation among all our stakeholders – the primary point of reference for the leadership aspiration espoused in our **Vision**.

Global reach

Our increasing international footprint is focused on establishing a permanent presence in high-growth regions for our clients.

We also support clients on an ad hoc basis in other geographies where we do not have a permanent presence. Our primary growth is in the USA, Canada, Australasia and South East Asia, followed by selected markets in sub-Saharan Africa.



ABOUT THIS REPORT

The Murray & Roberts Sustainability Report, for the year ended 30 June 2018, provides an overview of how we manage our sustainability priorities and our performance for the year. The report is aimed at our employees and broader stakeholder base as, together with the Murray & Roberts 2018 Integrated Report, it strives to address the issues that matter to them. The report supports the integrated report, providing supplementary information on safety, social and environmental matters.

This year's report has been restructured to more closely follow the Group's material issues identified as part of the integrated reporting process. The scope, however, remains unchanged and all Murray & Roberts' businesses, subsidiaries and JVs under our control are covered by the report. Businesses that are independently managed are excluded. Genrec, a large-scale fabrication facility located in South Africa, was sold during FY2018 and has also been excluded from this report.

Responding to our stakeholders

Earning and retaining our stakeholders' trust and support is critical to our success. As a multinational, multicultural Group, we interact with a variety of organisations, individuals and communities around the world, and in doing so we are guided by our Purpose, Vision and Values.

We define our key stakeholders as groups or individuals who:

- + Are in contact with or impacted by our operations.
- + Have an interest in what we do or the ability to influence our activities.
- + Are dependent on Murray & Roberts.

Our engagement with stakeholders is ongoing and takes place at corporate office and business operational levels. Our CEO is responsible for the implementation and maintenance of the stakeholder engagement framework supported by the relevant corporate executives and business platform CEOs.

Our group stakeholder engagement policy requires that we:

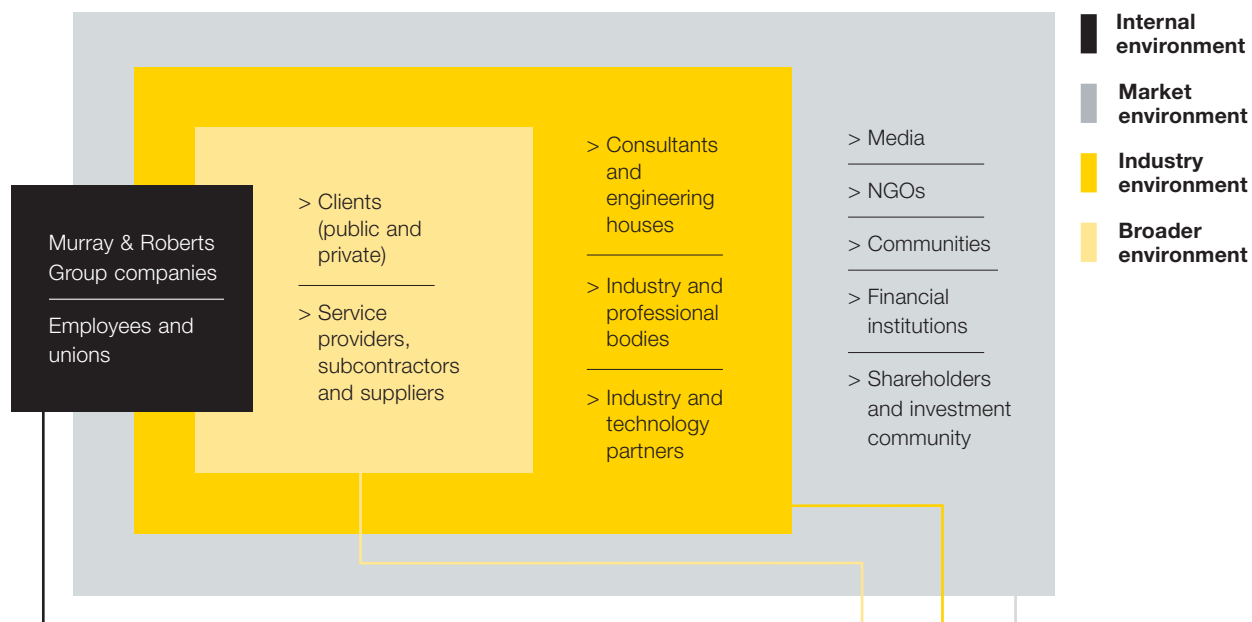
- + Comply with King IV's recommended practices pertaining to stakeholder relationships.
- + Integrate stakeholder engagement into the Group's ongoing management and business activities.
- + Measure and manage the gap between stakeholder perceptions and Group performance.
- + Ensure the fair and equitable treatment of stakeholders in line with the Group's Values.
- + Create a transparent and honest environment in which stakeholders can interact with the Group.
- + Provide complete, timely, relevant, accurate, honest and accessible information while at the same time being cognisant of legal and strategic considerations.
- + Proactively communicate with stakeholders and seek their views and feedback using appropriate communication channels.
- + Promote internal awareness on the importance and value of stakeholder consultation and relationship management, as well as the methodologies in place to facilitate this.
- + Find ways to improve stakeholder engagement procedures and performance.



ABOUT THIS REPORT – continued

Our stakeholders

The diagram below sets out our main stakeholder groups and the key issues that matter to them are listed in the table below.



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TOP CONCERNS (IN NO PARTICULAR ORDER)

	Internal environment	Market environment	Industry environment	Broader environment
Cost of services and products supplied by Murray & Roberts or our suppliers.	✓	✓	✓	
Quality of work and products delivered to clients within agreed timeframes.		✓	✓	
Health and safety of all individuals impacted by Murray & Roberts projects.	✓	✓	✓	✓
Transformation and broad-based black economic empowerment ("B-BBEE") in South Africa.	✓	✓	✓	✓
Murray & Roberts' capacity and capability to deliver work.		✓		
Financial performance (cash flow, balance sheet strength, income statement and dividends).	✓			✓
Pipeline of work opportunities (order book).	✓	✓		✓
Quality of Group leadership and organisational and operational strategy.	✓			✓
Proactive identification and management of risk.		✓		✓
Corporate governance and ethical business conduct to maximise shareholder value on a sustainable basis while ensuring fairness to all stakeholders.		✓	✓	✓
Salaries, benefits and other payments to employees.	✓			
Enhancing and maintaining the Murray & Roberts brand and reputation.	✓	✓	✓	
Training and development and career advancement.	✓			✓
Compliance with laws, regulations and industry standards.		✓	✓	✓
Investing in socioeconomic development in areas where Murray & Roberts operates.	✓	✓		✓
Human and labour rights matters.	✓			✓

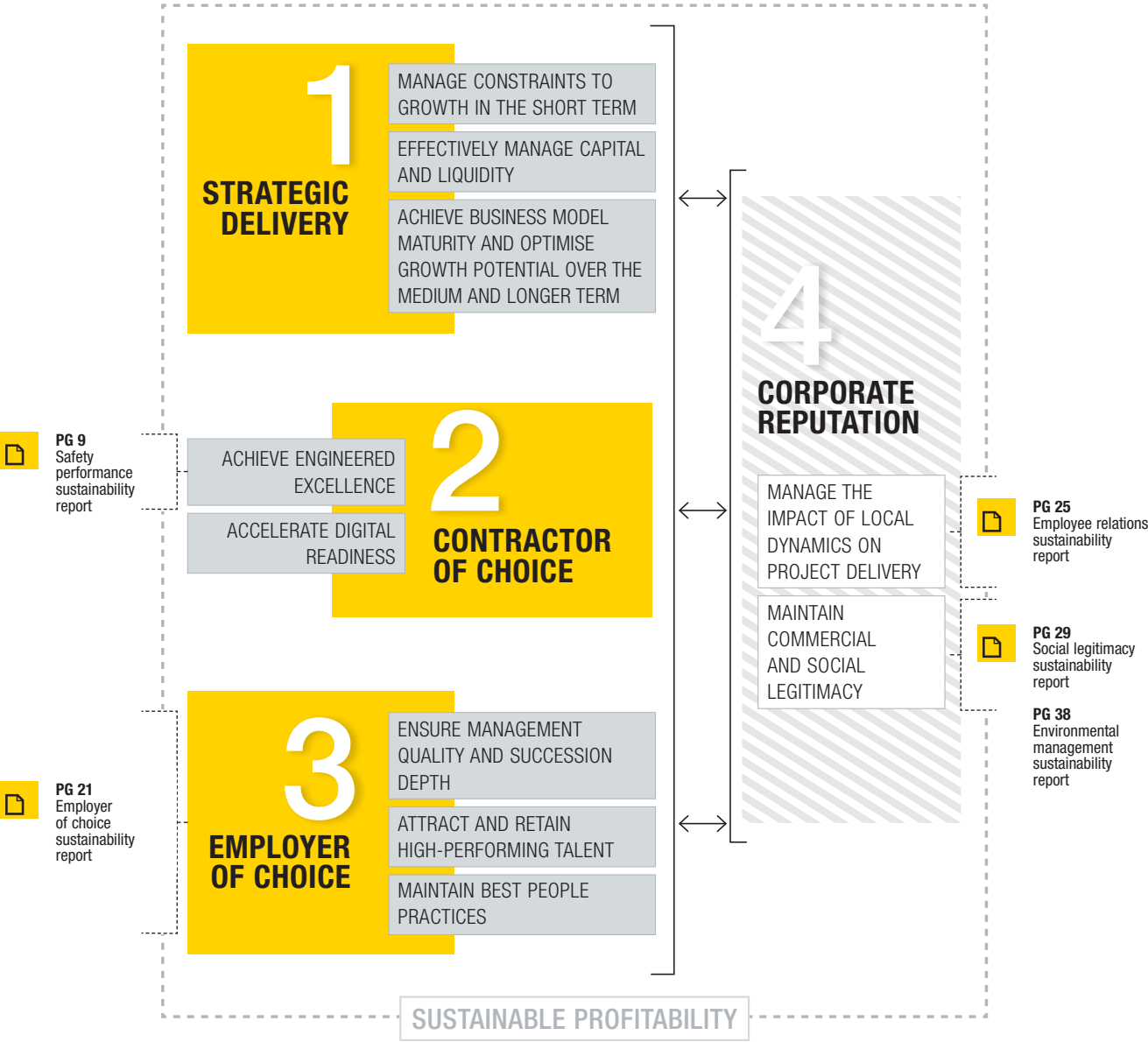
ABOUT THIS REPORT— continued

Our material issues

We define material issues as those issues that substantively affect our ability to sustain our strategic, operational and financial performance, and those that are most likely to affect our stakeholders' assessments of the Group's ability to create value over time. The materiality determination process considered the top issues that the Board and management dealt with during the year, the Group's register of strategic risks, and issues raised through engagement with analysts and

investors, business associations, NGOs and other civil society structures, as well as those reported on in the media. These issues were workshoped into four themes and related material issues for the Group and each business platform and were approved by the Group executive. The material issues provided the basis for preparing the Group's reports to support focused and connected reporting.

The diagram below sets out the areas where the sustainability report provides a more in-depth review on the material issues.



The boundary for each issue discussed in the sustainability report applies to all of the Group's operations with the exception of B-BBEE which applies to our South African operations only.

Reporting framework

The sustainability report has been prepared in accordance with the Global Reporting Initiative's Sustainability Reporting Standards at a core application level.

 **ONLINE**
GRI content index

Approval

The social & ethics committee is responsible for overseeing the preparation and presentation of the sustainability report and ensuring its integrity. The committee approved the report on 27 August 2018.

Assurance

Our external auditors, IBIS ESG Assurance (Pty) Limited, have provided limited assurance over selected non-financial performance indicators. Accredited rating agency, EmpowerLogic, has verified the Group's B-BBEE rating and scorecard.

 **PG 50**
Independent limited assurance report

Where to find additional information

2018 Annual Integrated Report

Our annual integrated report presents the strategy, governance, performance and prospects of the Group, including our wholly-owned business platforms and the investments in which we have significant influence.

 <http://www.murrob.com/inv-annual-reports.asp>

 **ONLINE**

Full business platform reviews

Supplementary governance information and King IV application register

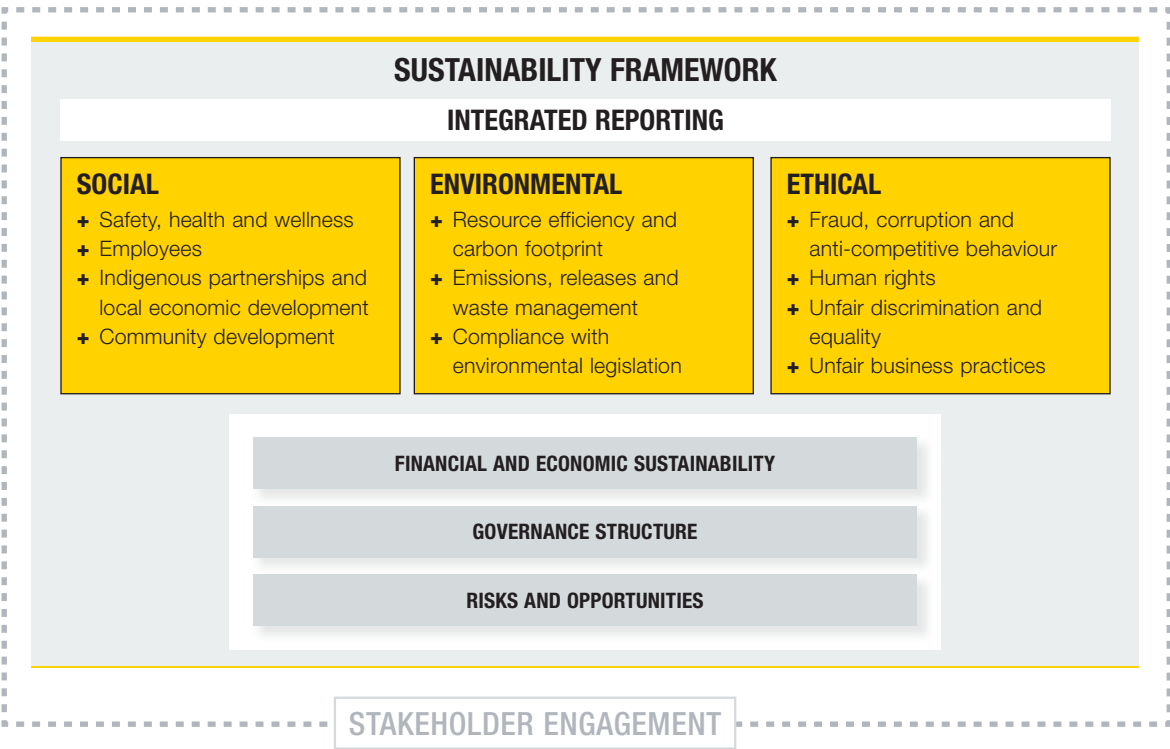
Full annual financial statements

A glossary of terms and acronyms used in this report



OUR SUSTAINABILITY MANAGEMENT FRAMEWORK

For Murray & Roberts, sustainability means the delivery of project engineering, procurement, construction, commissioning, operations and maintenance solutions in a responsible manner, while at the same time respecting the needs and expectations of our stakeholders and taking care of their safety and the environment.



Our sustainability management framework provides an overarching approach towards managing sustainability issues across the Group while allowing for flexibility and local adaptation. It sets out our commitment to operate in an ethical and sustainable way by:

- + Running world-class businesses able to create and sustain value for shareholders, clients, employees, partners and suppliers, as well as the communities in which we operate.
- + Understanding and mitigating our risks in relation to our operations and taking advantage of opportunities.

- + Considering the views and concerns of our stakeholders in our strategic and operational decision-making.
- + Managing all our impacts according to the principle of Zero Harm.
- + Applying best practice corporate governance beyond minimum requirements.
- + Communicating with our stakeholders on issues of significant interest or impact to them on a regular basis.



HEALTH AND SAFETY PERFORMANCE

LOST TIME INJURY
FREQUENCY RATE

0.86

including discontinued
operations

0.83

excluding discontinued
operations

(FY2017: 0.52)

TOTAL RECORDABLE
CASE RATE

3.93

including discontinued
operations

3.87

excluding discontinued
operations

(FY2017: 3.1)

OCCUPATIONAL DISEASE
FREQUENCY RATE

0.30

(FY2017: 0.08)

APPROACH TO HEALTH AND SAFETY MANAGEMENT

We remain firm in the belief that Zero Harm is possible, notwithstanding the challenging environments in which our employees operate.

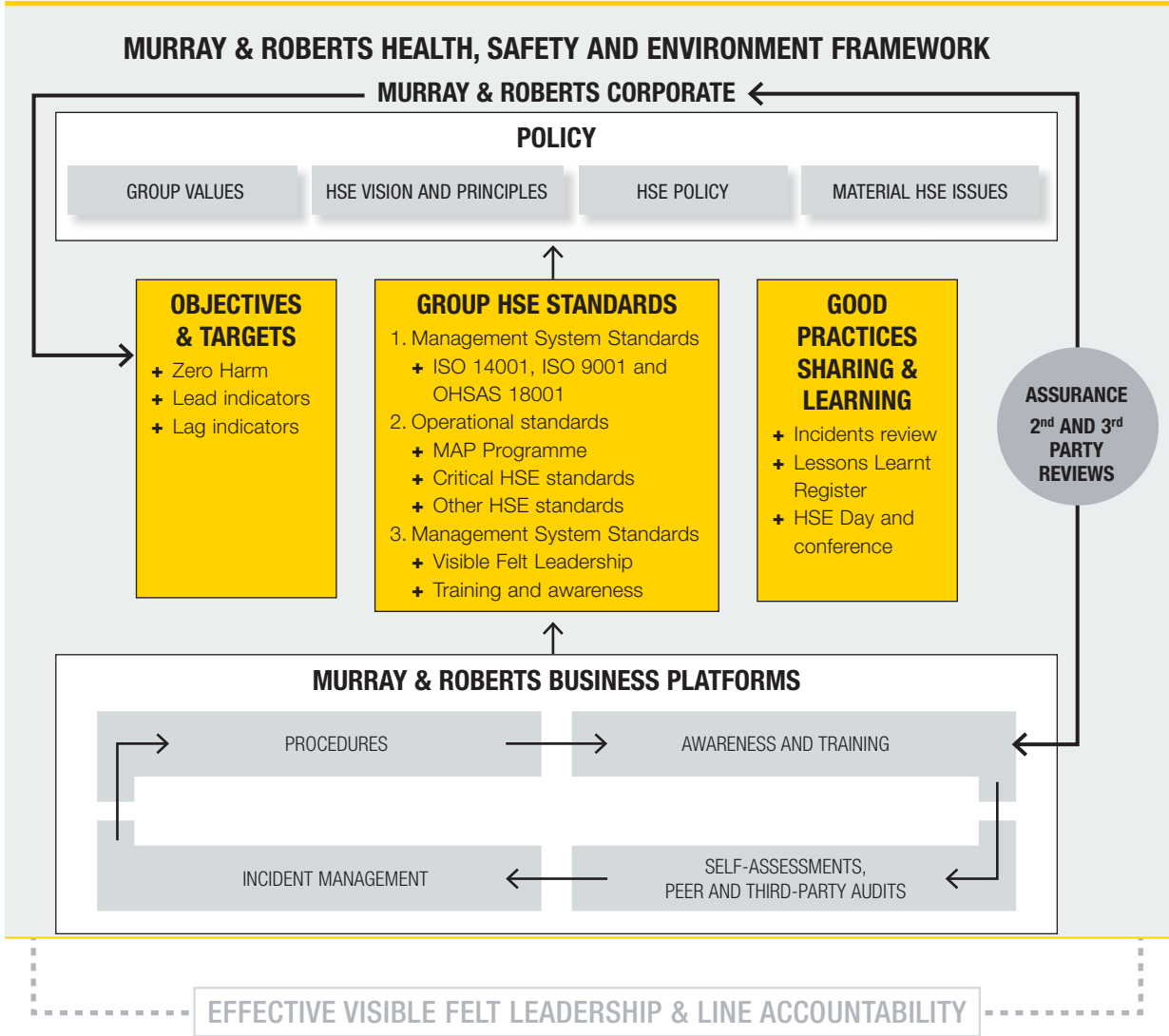
Achieving safe and injury free operations is a key strategic objective and our approach to achieving this goal is premised on our extensive operational experience in our markets. We work towards continuous health and safety improvement by implementing recommendations from independent experts, better understanding our exposure using risk assessments, implementing lessons learnt from audits and incident investigations and benchmarking ourselves against clients and industry peers.

These recommendations and lessons learnt are incorporated in the Group health, safety & environment framework, which outlines the role, responsibility and accountability of the corporate office and platform operations in managing our material health and safety issues.

All our businesses are required to implement health and safety plans that prioritise the requirements set out in the framework. Businesses report their progress regularly to the executive committee and the health, safety & environment committee, a subcommittee of the Board.

All incidents are thoroughly investigated to determine root causes and corrective measures are implemented. Major incidents are reviewed by the executive committee and the health, safety & environment committee. Lessons learnt are shared across the organisation.





HEALTH AND SAFETY PERFORMANCE — *continued*

Our priorities

Safety indicators

We track a number of lead and lag indicators to identify emerging trends that require management attention before they lead to serious incidents or injuries. Lead indicators include visible felt leadership (“VFL”) engagements, high potential incidents and hazards, compliance with critical safety standards, near misses, work stoppages and audit findings.

Group HSE standards

The Group HSE standards set high-level requirements that must be implemented by all businesses to manage common material health and safety risks.

Visible felt leadership and accountability

Our leaders are expected to demonstrate a commitment to safety that is visible and felt throughout the organisation. This means they are required to set high safety standards, lead by example, empower employees to perform their work safely, recognise good performance and hold direct reports accountable for safety performance. These attributes are articulated in our Safety Leadership Pledge, which every leader commits to live and abide by. Safety is a key performance indicator for all leaders and is assessed in the performance management process.

Major Accident Prevention (“MAP”) Programme

The MAP Programme focuses on identifying and implementing the critical controls required to prevent major accident events (“MAE”). Operational line managers are responsible for ensuring that these critical controls are implemented and verified onsite before high-risk activities are undertaken and every time employees are exposed to MAE hazards. The MAP Programme provides verification in real time.

Continual improvement through learning and sharing

We continually develop, enhance and share effective and innovative interventions through various initiatives and from a variety of sources, including our diverse operations, clients, industry peers, audits and networking forums. We also drive the use of technology advances to reduce workforce exposure to safety risks.

Integrated Health and Wellness Programme

Our integrated Health and Wellness Programme aims to prevent illnesses and proactively manage identified health conditions using the following mechanisms:

- + Periodic qualitative and quantitative risk assessments and monitoring to identify and understand health risks in our workplaces.
- + The Occupational Medicine Programme, which uses pre-employment, periodic and exit medical examinations to detect workplace-related diseases early on and manage them to prevent further deterioration.
- + Screening and testing programmes to manage communicable and non-communicable diseases.
- + Healthcare education and awareness initiatives, including Wellness Days at project sites to encourage healthy lifestyle choices.
- + The Employee Assistance Programme, which provides counselling support and advice to employees and their immediate families.

SAFETY PERFORMANCE

The Group maintained an industry-leading safety performance in FY2018, achieving a further reduction in recordable cases.

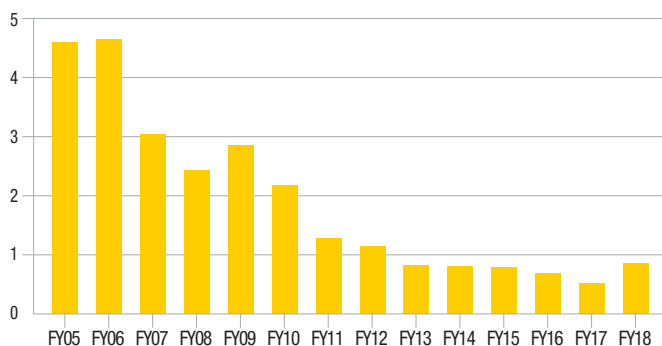
However, for the first time in 10 years, the Group experienced a reversal of the positive trend in lost time and total recordable case rates, mostly due to a decrease in exposure hours given recent business disposals and the completion of certain large projects.

Despite achieving significant gains in preventing serious injuries, regrettably one fatal work-related incident occurred in October 2017 in the Underground Mining platform's Indonesian operations. This was the first fatality recorded by RUC Cementation Mining in over 20 years. We extend our heartfelt condolences to the family, friends and colleagues of Mr Hendry Munardi (49).

A thorough investigation was conducted to establish the root causes of the fatality and corrective actions have been implemented and shared across the Group. The incident confirms that we still have more work to do to eliminate major incidents and achieve Zero Harm at our operations.

However, we remain encouraged by positive trends achieved in a number of areas of our safety programme, including improvements in many of our leading indicators and record performances by some of our businesses.

ANNUAL LTIFR
(PER MILLION HOURS)



Note: includes discontinued operations.



FY2018 HIGHLIGHTS

The Power & Water platform outperformed most of its peers and clients in its sector and the Underground Mining and Oil & Gas platforms were among the top performers in their respective markets.

Underground Mining

- + Cementation USA Mining remained LTI-free for the fifth year running.
- + Cementation USA introduced 'safety pays' – a near miss reporting initiative – and will expand this into Canada.

Oil & Gas

- + Achieved nine consecutive months without an LTI and delivered two Engineering, Procurement and Construction ("EPC") projects with Zero Harm.

Power & Water

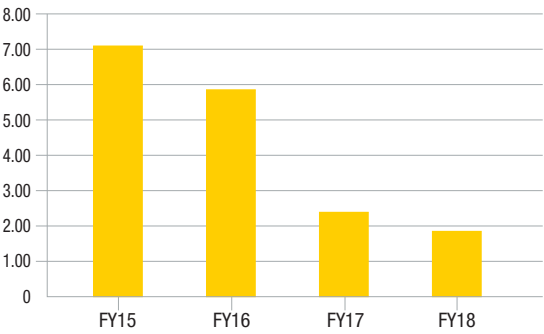
- + Achieved an industry leading LTIFR of 0.12 under difficult operating conditions, a 71% improvement year on year.
- + Received the Group CE Award for the best safety performance in the Group.

HEALTH AND SAFETY PERFORMANCE — continued

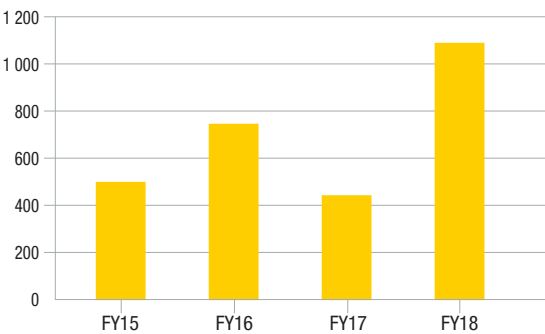


Group critical safety standards violation

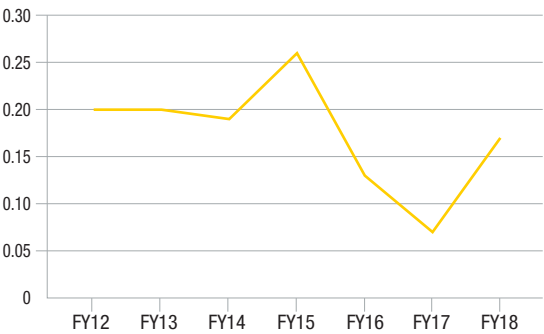
FREQUENCY RATE



VISIBLE FELT LEADERSHIP ENGAGEMENT FREQUENCY RATE



HIGH POTENTIAL INCIDENT FREQUENCY RATE



Update on Grayston Temporary Works Collapse

Our past two sustainability reports have covered the circumstances around the tragic incident that occurred in October 2015 at our Grayston Pedestrian Bridge project in Sandton, Johannesburg. The formal and public inquiry, established by the Department of Labour to investigate the incident, is still in progress. We have provided our full cooperation and support and hope for an expeditious resolution.

DRIVE A CONSISTENT HSE APPROACH AND STANDARDS ACROSS THE GROUP

GROUP HSE STANDARDS

During FY2018, **all our operations maintained OHSAS 18001 certification**, an international standard for OHS management systems.

FY2018 HIGHLIGHTS

Leaders spent a considerable amount of time visiting project sites to support, correct and positively influence work practices.

Launched the Neuroleadership Programme in the Oil & Gas platform to improve safety culture. The programme is being extended to other platforms.

Compliance with the MAP Programme across all operations is above 90%.

Our initiatives

EFFECTIVE SAFETY LEADERSHIP

Effective leadership is the foundation of our health and safety programme. Our Leadership Development Programme helps our leaders understand their role in cultivating an effective health and safety culture that supports a Zero Harm mindset. It also helps them to integrate health and safety considerations at an operational level.

During the year, we adopted neuroleadership, which applies the findings from neuroscience to the field of leadership. It focuses on understanding why and how people make decisions and adopt certain behaviours. The Neuroleadership Programme aims to further improve the engagement skills of our leaders and increase the involvement of our employees in health and safety. The programme supports our belief that sustainable safety improvements can only be achieved with the involvement of all employees.

MAP PROGRAMME IMPLEMENTATION

We continued to embed the MAP Programme to manage material safety issues, including working at height, mobile equipment, marine operations, temporary works, lifting operations, fall of ground, hazardous materials, working in confined spaces, fire and explosion and excavations and penetration, among others. Self, peer and independent assessments evaluate the implementation and effectiveness of the MAP Programme at all operations.



HEALTH AND SAFETY PERFORMANCE — *continued*

GOOD PRACTICE LEARNING AND SHARING

The following internal initiatives support the sharing of safety experiences and ideas on improvement:

- + A dedicated Group health and safety forum that meets regularly and is attended by participants from various operations. The forum also monitors progress on key Group initiatives.
- + Stand Together for Safety events that are held at the start of each financial year by all operations. Managers and employees attend these events to reflect on safety performance, share ideas and confirm alignment and commitment to the safety focus areas for the year ahead.
- + Group CEO, Henry Laas, hosts an annual safety conference attended by leaders from all business platforms.

CELEBRATING SUCCESS

Recognising good safety performance is key to motivating and engaging with our employees. A number of Murray & Roberts projects continue to achieve a world-class safety performance and we aim to emulate this across the Group. Employees and teams that have achieved good results and made meaningful contributions to health and safety are recognised in our annual safety awards.

LOOKING FORWARD TO FY2019

The FY2018 safety conference identified the following focus areas applicable to all operations:

- > Reconfirming leaders' commitment to the Safety Leadership Pledge.
- > Reviewing the effectiveness of the Group HSE framework, including conducting a culture survey at all projects, evaluating the extent to which the Safety Leadership Pledge is practiced and the Group HSE standards are implemented at operations.
- > Implementing the Neuroleadership Programme in the Underground Mining and Power & Water platforms.



MANAGE OCCUPATIONAL HEALTH RISKS

Occupational medicine programme

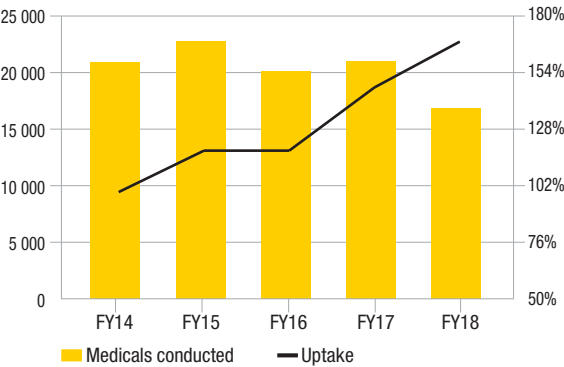
The 16 841 medical examinations (FY2017: 20 921) undertaken during FY2018, tested for the occupational health risks discussed below and enabled us to match an employee's fitness to job requirements, detect occupational disease and implement early prevention measures.

Noise-induced hearing loss

A total of 21 employees (FY2017: 6) from the South African mining operations were diagnosed and compensated for noise-induced hearing loss. Of these cases, 20 had been submitted in prior years with finalisation from the compensation commissioner received this year. This negatively impacted the Occupational Disease Frequency Rate at 0.30 (FY2017: 0.08).

Our corrective measures include screening employees, identifying and investigating those with early noise-induced hearing loss, re-assessing control measures and retraining affected employees. The Hearing Conservation Programme has identified 158 employees with early noise-induced hearing loss in our South African operations. These cases are being closely managed to prevent further deterioration.

MEDICAL SURVEILLANCE EXAMINATIONS CONDUCTED AS A PERCENTAGE OF NUMBER OF EMPLOYEES
(PRE-EMPLOYMENT, PERIODIC AND EXIT MEDICALS)



PREVALENT OCCUPATIONAL HEALTH RISKS

- + Noise-induced hearing loss (a risk for rock drill operators, team leaders, master sinkers, locomotives drivers and general workers).
- + Exposure to vibrations and airborne pollutants.
- + Ergonomics.
- + Fatigue.
- + Thermal stress.



HEALTH AND SAFETY PERFORMANCE — continued

Exposure to airborne pollutants and vibrations

Airborne pollutants prevalent at our operations include dust, welding fumes and diesel particulate matter. Risk assessments and monitoring indicate a low to medium level of risk. Exposure is closely monitored through the Occupational Hygiene Monitoring Programme and concentration levels have remained within legally allowable limits.

Ergonomics

Workplace medical examinations screen for musculoskeletal symptoms and employees receive training on ergonomic hazards, which are prevalent at all our operations.

Fatigue management

Shift work, working in extreme temperatures, medical conditions and travelling long distances are some of the factors that give rise to fatigue-related risks. Line managers receive training on how to proactively identify and manage these risks. Employees identified as being at high risk of fatigue are referred for personal counselling and assistance through the Employee Assistance Programme. Fatigue assessments are also included in the incident investigation procedure.

Thermal stress

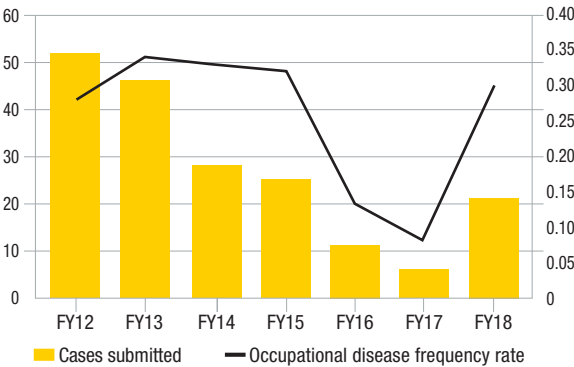
Our geographic footprint and the nature of some of our businesses expose certain employees to thermal stress risk, particularly in areas of extreme temperatures. Our control measures include awareness initiatives, training, the correct personal protective clothing, acclimatisation procedures and access to drinking water. No thermal stress-related occupational diseases were recorded for FY2018.

Malaria

Malaria remains a prevalent but manageable risk for our projects in sub-Saharan Africa. Employees visiting malaria regions are given prophylactic treatment.



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



LOOKING FORWARD TO FY2019

Our focus for FY2019 will be to:

- > Further enhance the Hearing Conservation Programme, particularly in the South African mining operations.
- > Conduct assessments to quantify ergonomic and vibration risks and enhance our interventions to mitigate these risks.

MANAGE COMMUNICABLE AND NON-COMMUNICABLE DISEASES AND WELLNESS

MAIN LIFESTYLE-RELATED AND CHRONIC DISEASE RISKS

- + HIV and tuberculosis.
- + Malaria.
- + Hypertension, obesity and high cholesterol.

Our initiatives

A key element of our approach to managing communicable and non-communicable diseases is healthcare education and awareness initiatives, which cover all of the focus areas discussed below, as well as for health risks such as hypertension, obesity and cholesterol.

HIV

Our HIV interventions focus on our operations in the SADC region where HIV and TB are prevalent. Our employees are able to access voluntary counselling and testing and treatment support. Treatment is delivered at onsite and government clinics, and financially supported by government-sponsored programmes and medical aid schemes. The decrease in employees registered on the HIV Support Programme from 312 in FY2017 to 106 is mostly due to business disposals and some larger projects coming to an end.

Our flagship onsite clinic at the Medupi power project in Lephalale was established in collaboration with the Limpopo Provincial Health Department on HIV, sexually transmitted diseases and TB management. It provides easy access to healthcare for employees based in the area and during the year 558 employees (FY2017: 1 026) participated in voluntary HIV testing. A total of 30 employees (FY2017: 32) were enrolled on the HIV Support Programme.

HIV

2 554

voluntary HIV tests undertaken equating to 26% of the workforce in the SADC region.

(FY2017: 3 513 tests and 23% of the workforce in the SADC region)

1.6%

of employees tested are HIV positive.

(FY2017: 3.0%)

TB

9 561

pulmonary TB screens conducted with nine employees confirmed positive.

(FY2017: 9 240 screens and 17 employees confirmed positive)

MALARIA

1

malaria case reported in the Zambian operations with full recovery after treatment.

(FY2017: 4)

HEALTH AND SAFETY PERFORMANCE — continued

TUBERCULOSIS

A rigorous screening programme is in place to detect the early signs of TB, enabling the timeous treatment of employees testing positive. The TB Incidence Rate of nine cases per 10 000 employees is at least five times below the South African national prevalence rate.

EMPLOYEE ASSISTANCE

To provide a caring and supportive work environment, the Employee Assistance Programme provides support to employees and their immediate families when they experience health,

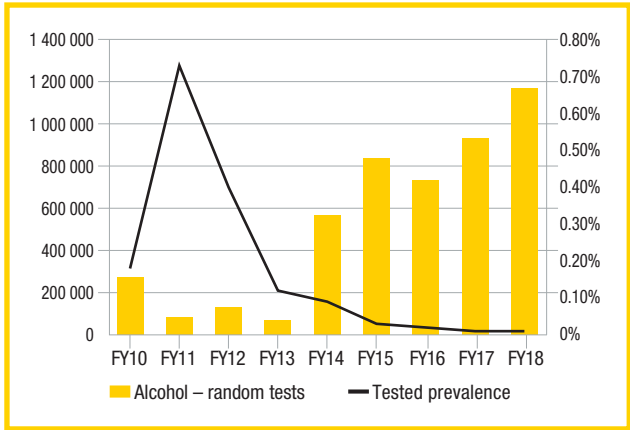
personal or work-related difficulties. Various services are provided, including telephonic and face-to-face counselling, legal and financial advice, managerial services, group trauma interventions, organisational consultation and an online wellness platform. Beyond work relationship challenges, stress and trauma have been identified as top psychosocial stressors.

RANDOM ALCOHOL AND DRUG TESTING

Random alcohol and drug testing is an important element of our fitness to work programme. The slight increase in positive drug tests is mostly due to the use of cannabis among new recruits in South Africa and, more broadly, the use of prescription medicines.

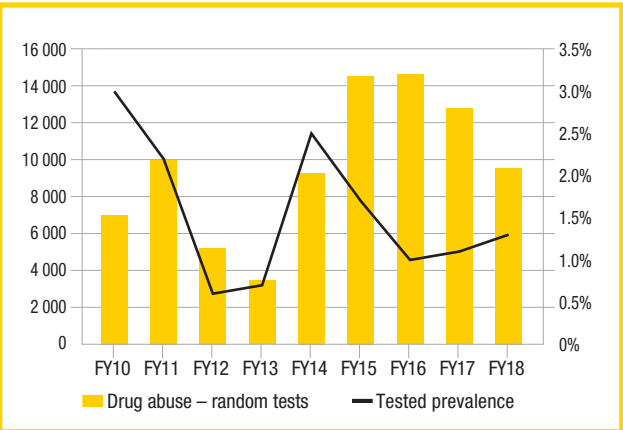
RANDOM ALCOHOL TESTING

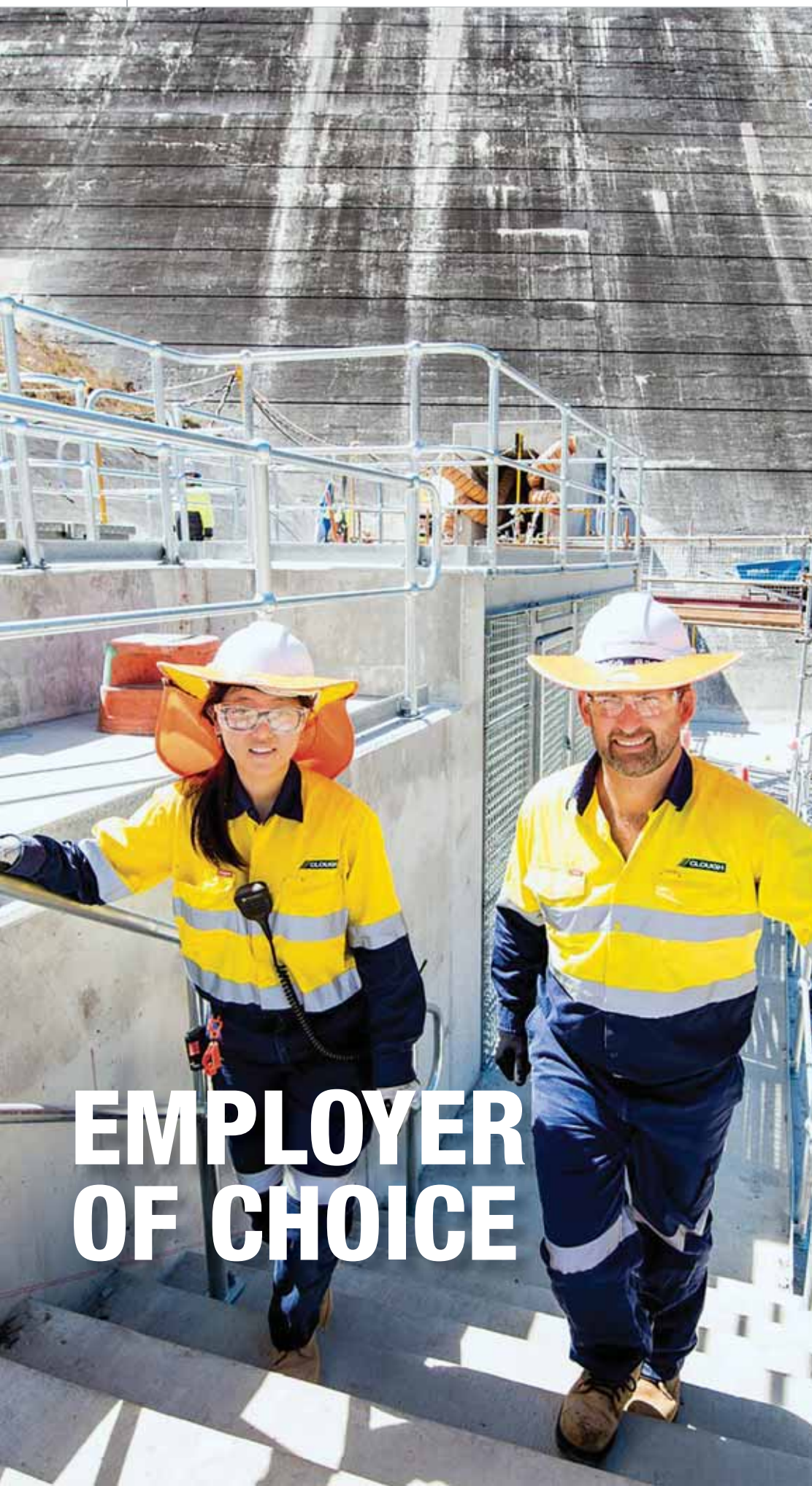
0.01% of tests for alcohol use were positive.
(FY2017: 0.01%)



RANDOM DRUG TESTING

1.3% of tests for drug abuse were positive.
(FY2017: 1.1%)





EMPLOYER OF CHOICE

PERMANENT HEADCOUNT

10 649

including discontinued
operations

(FY2017: 14 239)

TRAINING AND
DEVELOPMENT SPEND

**R130
MILLION**

(FY2017: R144 million)

BLACK REPRESENTATION
(SOUTH AFRICA)

18%

**AT TOP
MANAGEMENT**

(FY2017: 15%)

BLACK REPRESENTATION
(SOUTH AFRICA)

18%

**AT SENIOR
MANAGEMENT**

(FY2017: 15%)

EMPLOYER OF CHOICE — *continued*

APPROACH TO HUMAN RESOURCES MANAGEMENT

With an extraordinary heritage of more than 100 years, a key driver of the Group’s success is our ability to attract and retain the best leadership and technical expertise. Our Values of Integrity, Respect, Care, Accountability and Commitment shape our ethical and high-performance culture and support our aspirations to be recognised as an employer of choice in all our operations.

Our priorities

Best people practices	<p>The business management systems of all three business platforms are ISO 9001 accredited, ensuring that our comprehensive policies, standards and procedures are appropriate and relevant to working environments and are continuously updated. Employees access the management systems through an online portal and employees working onsite attend daily toolbox talks or the equivalent, which cover the relevant information. Regular internal audits ensure the consistent application of our policies across all operations to support a fair and just work environment.</p>
Succession planning	<p>In the Group talent review, held every November, the Group CEO and platform CEOs review their leadership and identify high-potential individuals and likely successors. Successors for executive roles are presented to the Board and the remuneration committee for consideration. Identified talent is closely monitored to ensure they are appropriately developed and retained within the Group. These individuals receive leadership development and coaching or mentoring is provided as additional support.</p>
Performance management	<p>Clear performance targets are set annually and cascaded from the Group CEO to all business platforms. Performance contracts are finalised between employees and their line managers with performance being measured against five dimensions, namely financial, leadership, relationship, operational and risk performance.</p> <p>Managers are expected to provide continuous performance feedback and coaching throughout the year. More meaningful engagement takes place during formal interim reviews and final evaluations. Interim reviews focus on progress and changes to targets or development needs, and final evaluations at year end summarise and rate employee performance against targets.</p>
Training and development	<p>Individual development plans are formulated as part of the performance management process. We encourage employees to take accountability for their career advancement by identifying development areas that fill skills gaps, develop new skills or build on strengths to maximise performance. Line managers provide guidance and ensure there is a budget to meet agreed development plans.</p> <p>Our training programmes cover professional, leadership, managerial and technical development at all levels of the Group. Most of our training spend is at the unskilled and semi-skilled levels as this is where the greatest impact of development is felt, enhancing employment opportunities and addressing social issues such as poverty and inequality.</p> <p>New employees receive induction training to ensure that they understand the Group's Values, culture, history and expectations.</p>

Our priorities – *continued*

Talent management	<p>In our continuous search for the top talent, we support undergraduate and post graduate bursaries and offer scholarships and internships across all our operations. Internships provide young graduates with much needed work experience, supporting their ability to access permanent employment. We hire graduate engineers, particularly in the fields of mining, mechanical and industrial engineering and provide them with technical and leadership training to fast-track their careers.</p>
Employee relations	<p>A key driver of project performance is positive employee relationships. All businesses within the Group are required to build a culture that encourages high performance and transparent communication. We uphold the right to freedom of association and the right to collective bargaining.</p> <p>The employee relations framework in South Africa aims to improve labour relations, thereby minimising the risk of industrial action. The framework stipulates key goals and principles to empower businesses to build meaningful relationships with their employees and other stakeholders, reduce the risk of labour disputes and ensure optimal organisational performance.</p> <p>For the Oil & Gas platform, relevant local industrial frameworks are reviewed prior to starting an international project and an industrial relations strategy is developed and implemented.</p>
Diversity and inclusion	<p>To achieve success in the global community, we continually work to embed a values-driven culture that is sensitive to the needs and expectations of our stakeholders across all our geographic regions. Our Group diversity policy articulates our commitment towards achieving diversity and inclusion in the workplace, ensuring that every employee is valued, respected and supported for their different attributes, skills, experiences and perspectives. All businesses are required to prioritise diversity and inclusion and implement transformation initiatives to address imbalances where they exist.</p>

EMPLOYER OF CHOICE — continued

ENSURE LEADERSHIP QUALITY AND SUCCESSION DEPTH

The most important factor in driving the desired culture and implementing our strategy is strong leadership. Good leaders promote high-performing teams that achieve *Engineered Excellence* through the safe, productive and ethical delivery of projects.

SUCCESSION DEPTH

The talent review held in November 2017, confirmed that **emergency successors are available for all executive roles across all business platforms**. The successors have the capability to act for three to four months while a suitable successor is recruited.

Initiatives to develop our leaders

Leadership development programmes are delivered at all levels of the Group and are designed to meet specific needs from first line supervision to executive development. A focus going forward will be to develop the leadership mindset and capacity to adapt to technological advances to accelerate our digital readiness.

South Africa

The Accelerate Programme, launched in FY2018, upskills young leaders with hands-on experience and enables participants to identify and manage unconscious bias to leverage diversity and inclusion in the workplace.

Underground Mining

The Underground Mining platform delivers leadership training to managers, supervisors and future leaders. For example, Cementation Canada provides emerging leaders with customised development experiences and Cementation USA focuses on developing frontline leaders.

RUC Cementation Mining's work in Indonesia and Mongolia has resulted in a significant growth in employees during FY2018, necessitating the launch of a new leadership programme for supervisors. In addition, RUC Cementation Mining leaders are being trained on new methods of working with their teams to support the shift towards a more efficient paperless operation.

Oil & Gas

High-potential employees are developed at Clough through workshops, coaching and mentoring. Development focuses on how to provide effective feedback to employees and identify high-potential employees.

Power & Water

The Power & Water platform is developing a high-performing core group of leaders and supervisors, with a particular focus on black talent.

SOUTH AFRICA

46

YOUNG LEADERS participated in the 'Accelerate' programme.

UNDERGROUND MINING

34

EMPLOYEES participated in Cementation Canada's in-house leadership programme.

76

SUPERVISORS at Cementation USA attended a leadership programme.

OIL & GAS

Implemented Leadership for High Performers and Leading Teams programmes.

BUILD SOUND EMPLOYEE RELATIONS

OUR WORKFORCE

During FY2018, our permanent headcount decreased by 25% compared to FY2017 to 10 649 employees. A further 1 857 individuals were employed through contracting and JV agreements. The decrease in headcount is due to some large projects coming to an end, as well as a need to address overhead costs to achieve optimisation.

Developments during the year

A key focus area for the Group is robust communication and engagement initiatives between Group leadership and employees.

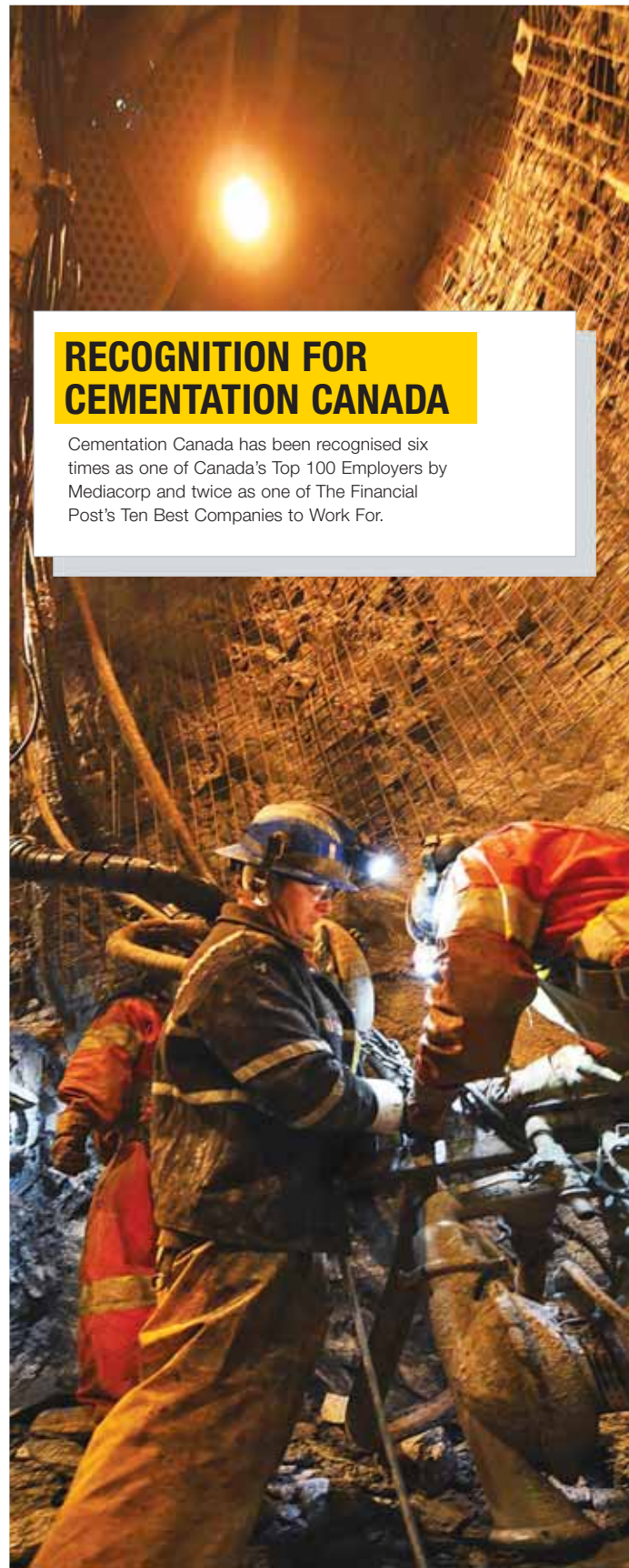
In the South African mining operation, wage negotiations carry the risk of protected work stoppages. Pleasingly, Murray & Roberts Cementation continued to enjoy sound employee relations with all its industry unions based on the three-year wage agreement signed in FY2016, which is being renegotiated.

No industrial action was experienced in the Oil & Gas platform during FY2018. The platform conducted an employee engagement survey during the year, and based on the survey feedback, existing practices are being improved and new initiatives implemented to address employee concerns.

For the last 10 years, the majority of the Power & Water platform's workforce has been stationed at the mega power station projects – Medupi and Kusile – which are now nearing completion. We have managed the demobilisation of these projects responsibly and in consultation with labour unions to ensure that site stability and productivity are maintained.

RECOGNITION FOR CEMENTATION CANADA

Cementation Canada has been recognised six times as one of Canada's Top 100 Employers by Mediaworld and twice as one of The Financial Post's Ten Best Companies to Work For.



EMPLOYER OF CHOICE — *continued*

DEVELOPING OUR PEOPLE

Our investment in skills development focuses on project management as a core competency, technical training as a critical element of successful project execution and developing future talent.

While training spend for FY2018 decreased 9% to R130 million, this should be seen together with the 25% decrease in permanent headcount. The majority of our skills development spend goes towards technical training.

Project management

All businesses encourage their project managers to acquire certification to assist with career advancement and to support the delivery of projects with predictable safety, quality and financial results on time. Classroom and online project management training is available, depending on business need and geographic area. The internal audit team is also working towards project management certification, which will enhance their service offering to the Group going forward.

Technical training

The global shortage of specialist contracting, mine production, shaft sinking, engineering and technical skills creates fierce competition for skilled resources in the mining and mechanical trades. Our Group-wide apprenticeships and learnerships address this risk.

The **Murray & Roberts Training Academy** in South Africa is a world-class training facility accredited by the Mining Qualifications Authority to provide training in mining services, basic engineering and occupational health and safety. It provides training to our employees as well as the external market, using the latest training methodologies including trackless mechanised mining equipment simulators and 3D-virtual reality technology. There are four shaft mock-ups, with an average diameter of 8m, varying from 14m to 18m in depth. The Academy is also a member and approved training provider of the British Safety Council.

FY2018 HIGHLIGHTS

SOUTH AFRICA

21 BURSARIES

sponsored for tertiary education.

UNDERGROUND MINING

- + The Murray & Roberts Training Academy supplied a number of clients with a range of training services.
- + RUC Cementation Mining successfully converted shaft-sinking training into an e-learning format, enabling the delivery of training to new project sites.

OIL & GAS

68 EMPLOYEES

trained at the Project Management Academy.

- + Opened the Construction Management Academy, which supports operational excellence by ensuring a common level of capability and understanding across all project managers and supervisors. Courses cover both technical and leadership skills. A total of 12 employees participated in an inaugural programme.
- + Appointed six participants to the Clough Graduate Programme and invested in three scholarships to study at the University of Western Australia.

POWER & WATER

2 789 LEARNERS

on the power programme trained to date with a further 173 learners currently in training.

In Ontario, Canada, it is compulsory for underground employees to complete foundational training and miner accreditation. The training is customised for each employee and the weekly modules are signed off by the employee's line manager. The common core modules are completed through mentorship and formal classroom training, as well as job observation and certification. On completion of the common core modules, employees may register for the train-the-trainer course. Cementation Canada has 131 registered common core trainers, who are either dedicated to larger projects or rotating among smaller project sites.

Future talent

The following programmes are some of our interventions to develop future talent.

Clough's three-year structured programme for engineering graduates in Australia, develops core capabilities through on-the-job experience complemented with professional and technical training.

Cementation Canada runs a structured programme for individuals working towards a qualification in professional engineering. The programme exposes participants to key technical, operational and analytical aspects of Cementation Canada's operations and projects. Experienced professional engineers mentor the participants to help them build a solid support network. The programme aligns to the qualification requirements set by the Association of Professional Engineers of Ontario and participants are expected to achieve their professional accreditation on completion of the programme.

RUC Cementation Mining, in partnership with Curtin University's Western Australian School of Mines, offers fully-paid mining scholarships. Newly qualified graduates are appointed to grow the business' talent pipeline.

The Power & Water platform runs a bursary scheme and graduate programme for young engineers. At head office, a structured internship programme is offered in procurement and human resources.



EMPLOYER OF CHOICE — continued

DRIVE DIVERSITY AND INCLUSION

GLOBAL DIVERSITY POLICY

We believe that a diverse workforce supports our social licence to operate as a multicultural and multinational business. During the year, we **introduced a Group diversity policy** that supports localisation and transformation requirements. In South Africa, our focus is on employment equity in line with national priorities and in other jurisdictions we prioritise minority groups and gender diversity.

Employment equity in South Africa

In FY2018, we developed a new transformation standard and plan based on the recommendations from an external independent assessment of our employment equity programme. Implementation is coordinated by a transformation steering committee chaired by the Group CEO. Our key focus areas are:

- + Finding black successors for senior individuals retiring in the next three years.
- + Meeting recruitment targets at all levels of leadership.
- + Tracking and nurturing young black talent.

Despite difficult contracting conditions, steady progress has been made in transforming the workforce at all management levels.

At Murray & Roberts Cementation, 59% and 50% of promotions into junior and middle management levels respectively progressed black employees. All appointments at top and senior management levels went to black employees.

Pleasingly, the Power & Water platform's targeted initiative to develop black talent has increased black representation at all management levels.

The number of foreign nationals in our employ decreased from 19% in FY2017 to a more acceptable level of 6.5%.

Diversity and inclusion programmes in other jurisdictions

Diversity is considered when recruiting new employees and flexible and responsive work practices are implemented to cater for the needs of diverse groups.

Other initiatives implemented include:

- + Financial support to school goers and university students to attract young people into the Group and develop our talent pipeline. We also partner with local education institutions and other industries to promote engineering and construction as a career choice.
- + Increased efforts by Clough to improve the participation of indigenous communities and women in its workforce.
- + Developing local skills in Indonesia.

BLACK REPRESENTATION IN SOUTH AFRICA

79%
of the total workforce.
(FY2017: 70%)

69%
at supervisory and management level
(FY2017: 55%)

FEMALE REPRESENTATION IN SOUTH AFRICA

12%
at supervisory and management level
(FY2017: 8%)

10%
at supervisory and management level
(FY2017: 55%)

 PG 49
Employment equity table

UNDERGROUND MINING

Only 12%
of the workforce on the Freeport project in Indonesia are expats.

POWER & WATER
A Ghanaian national was appointed as country manager for Murray & Roberts Ghana.



B-BBEE STATUS IN
SOUTH AFRICA

LEVEL 3

(FY2017: Level 3)

GROUP CDP SPEND

**R19,3
MILLION**

(FY2017: R20,5 million)

**SOCIAL
LEGITIMACY**

SOCIAL LEGITIMACY — continued

APPROACH TO ENSURING OUR LEGITIMACY

The trust and support of our stakeholders is critical to our success and longevity. Our businesses are expected to align with the Group’s frameworks, standards and Values despite local operating differences. These structures serve as a compass for our business decisions and ensure that we are recognised as a responsible corporate citizen that responds to national objectives and complies with local laws, codes and standards.

Our priorities

Ethical business practices

The Board leads the Group in striving to achieve the highest standards of business integrity, ethics and corporate governance, in the pursuit of our strategic and business objectives. The structures and initiatives described below ensure ethical business practice across the Group.

Code of Conduct, Values and Statement of Business Principles

We expect everyone who works for or acts on the Group’s behalf to adhere to the highest ethical standards. The Group’s Code of Conduct, Values and Statement of Business Principles clearly define the behaviours expected of our employees and other stakeholders associated with the Group, including suppliers and subcontractors. Behaviours that contradict these principles are not tolerated.

The induction programme for new employees and graduates emphasises the importance of the Group’s Code of Conduct.

Regulatory compliance

We adhere to the regulatory requirements applicable to the sectors and jurisdictions in which we operate. The Group regulatory compliance executive is mandated to investigate and report on:

- + The multiple regulatory environments applicable to our businesses.
- + The organisational controls in the jurisdictions in which we operate that ensure compliance with all applicable laws, rules, codes and standards.
- + The levels of compliance across the Group based on a comprehensive monitoring and review plan.
- + The corrective actions and improvements required, including education and training, to address any identified control weaknesses or compliance failures.

FY2018 HIGHLIGHTS

ETHICS

Updated the Code of Conduct and employees completed a compulsory online assessment on their understanding of the code’s requirements.

REGULATORY COMPLIANCE

Reviews undertaken by internal audit, including in Australia, Canada and the USA, found no major issues of noncompliance.

WHISTLE-BLOWING HOTLINES

14 CASES REPORTED

and investigated, with a small number still under investigation. Appropriate action has been taken in each instance where unethical behaviour was confirmed. This is a marked decrease from the 47 cases reported in FY2017.

Our priorities – *continued*

Ethical business practices – *continued*

Fraud, corruption, anticompetitive behaviour and unfair business practices

We subscribe to and comply with the 10 business principles set out in the United Nations Global Compact and with the principles and standards of good practice set out in the Organisation for Economic Co-operation and Development (“OECD”) Guidelines for Multinational Enterprises. As a member of Business Leadership South Africa, we support its Code of Good Corporate Citizenship.

It is compulsory for all executives involved in preparing and authorising project bids to sign a tender declaration that they have not committed and are not aware of anyone else affiliated with the bid having either directly or indirectly committed, any unethical, unlawful or uncompetitive practice in the preparation and submission of the tender. The declaration is binding throughout the project lifecycle.

To ensure compliance with competition law, written declarations are made biannually by all Group executives.

Compulsory online Code of Conduct and competition law training is completed annually by all employees in high-risk areas.

Transparency

We encourage our employees, suppliers, subcontractors and concerned stakeholders to report any unethical behaviour within our operations. We operate two hotline services which are administered by Deloitte and KPMG Australia and support anonymous reporting of workplace dishonesty and unethical behaviour, including discrimination, theft, fraud and corruption. The Fair Call hotline serves the Oil & Gas platform and Tip-Offs Anonymous covers all remaining businesses.

Human rights

We endorse the rights enshrined in the Constitution of the Republic of South Africa, 1996, and all equivalent rights in all other jurisdictions, including the right to collective bargaining, the right to peaceful industrial action and all other labour rights. We acknowledge the right of individuals to freedom of association, reject child and forced labour and respect the rights of indigenous people.

Unfair discrimination and equality

Discrimination in any form is viewed in a very serious light and appropriate disciplinary action is taken against offenders. We expect all our employees and service providers to treat those with whom they come into contact with dignity and respect. As a South African domiciled company, we believe that it is not unfair discrimination to promote affirmative action in line with the national Employment Equity Act or to prefer any person on the basis of an inherent job requirement.

Maintain social legitimacy

To remain relevant in our many jurisdictions of operation, we strive to understand local norms so that we are able to address and manage the impact of local factors on project delivery.

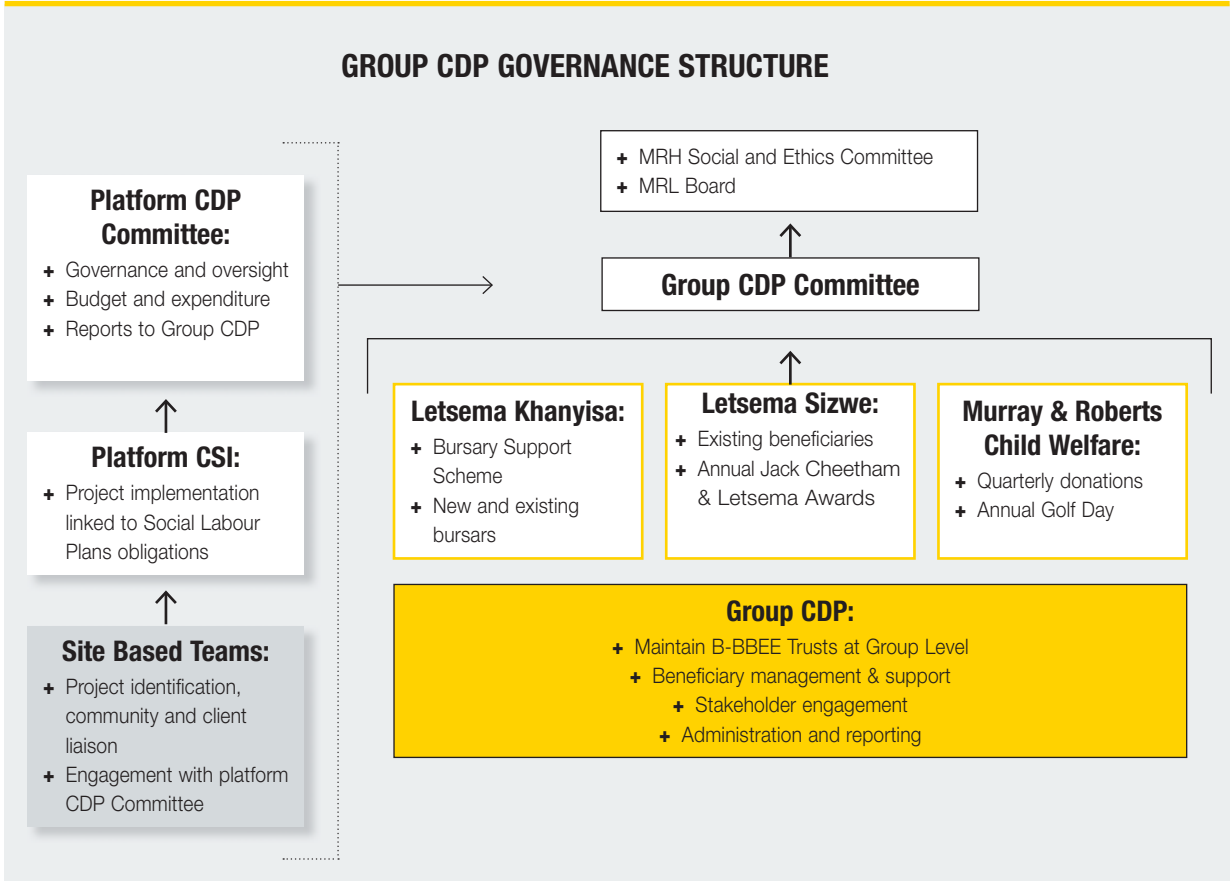
Our Group diversity policy commits each business in the Group to supporting programmes that address socioeconomic challenges in their host communities. This includes commercial partnerships with local businesses in various geographies, preferential and targeted procurement, enterprise development and the development of communities located near our projects, as well as transformation in South Africa.

Murray & Roberts creates value for societies through our business activities, which provide employment and develop infrastructure which has considerable positive impact on socioeconomic development. The scale and significance of the projects facilitated by Murray & Roberts in its markets over more than 110 years is testimony to our direct economic contribution.

Effective partnerships and continued engagement with members of host communities and employees ensure that our initiatives and solutions respond appropriately to their needs and expectations. The Murray & Roberts Community Development Programme (“CDP”) prioritises education and skills development, mainly in host communities. The corporate office in South Africa manages three flagship community development initiatives and many of the Group’s businesses have dedicated corporate social investment programmes.

Stringent governance measures are in place to ensure that our investment and donations align to our Values, brand and community development strategy and genuinely benefit disadvantaged communities. The CDP committee approves funding for the corporate-led initiatives and monitors Corporate Social Investment (“CSI”) spend at a platform level. The Murray & Roberts Limited Board and social and ethics committee oversee strategy execution and expenditure.

SOCIAL LEGITIMACY – continued



SUPPORT THE SOCIOECONOMIC DEVELOPMENT OF COMMUNITIES

Local partnerships

CEMENTATION CANADA

Cementation Canada has successfully partnered with indigenous communities for more than 12 years. The most significant and longest partnership is the JV with Kitikmoet Corporation, an indigenous company, based in the Kitikmoet region of the Nunavut and Northwest Territories.

The partnership is based on the following principles:

- + Improving skills development and maximising employment opportunities in host communities.
- + Procuring goods and services from indigenous companies in the region.
- + Expanding the knowledge, understanding and awareness of mining within the community and encouraging young people to consider mining as a career option.



Cementation Canada and Missanabie Cree First Nation signing a partnership agreement.

“We are excited about our latest partnership with Cementation Canada and together we feel the Group can bring value to future mining projects here in Northern Ontario and throughout the traditional territory of the Missanabie Cree First Nation.”

– Chief Jason Gaithier, Missanabie Cree First Nation.

Underground Mining

- + Suitable local partnerships are being identified on mining projects in Central Africa and Zambia.

Underground Mining and Oil & Gas

- + JV between local Mongolian company, Global Infrastructure Partners LLC, and Clough and RUC Cementation Mining at Rio Tinto's Oyu Tolgoi mine project. At year end, the JV's order book was AUD400 million.
- + Cementation Canada has several partnerships and JVs with First Nation groupings in Canada, and with local companies in South America, including in Mexico.

Oil & Gas

- + Partnership with a credible local company in Kazakhstan.

Power & Water

- + Developing local partnerships in East and West Africa.

SOCIAL LEGITIMACY — continued

B-BBEE in South Africa

We achieved a Level 3 contributor status against the amended construction sector code.

The economic interests held by black shareholders in our South African operations is 56.78% with black women holding 20.62%.

Targeted interventions identify and assist small, medium and micro enterprises (“SMMEs”) which are central to job creation and economic growth in South Africa. Where we can, we procure services from SMMEs to aid their development. Other initiatives include early payment for SMME suppliers, preferential credit terms for buyers and administration support for certain service providers, suppliers and clients. More broadly, preference is given to B-BBEE compliant vendors.

Other initiatives in progress to support transformation in South Africa include:

Murray & Roberts Cementation is developing a B-BBEE underground mining contractor at Kalagadi.

Industry training is delivered to unemployed members of local communities.

The Power & Water platform is establishing B-BBEE partnerships in power maintenance, transmission and distribution services and water solutions. Skills and enterprise development are key focus areas as Murray & Roberts Power & Energy (“MRPE”) works towards a Level 2 rating.

The Murray & Roberts Khula Nathi Enterprise and Supplier Development Experience, in partnership with Raizcorp, invests in developing talented entrepreneurs. The programme assists them to grow successful businesses, create employment and develop their capacity to participate in MRPE’s supply chain.

FY2018 HIGHLIGHTS

BLACK ECONOMIC INTEREST

56.78%
(FY2017: 54.72%)

30.2%

of total B-BBEE spend was
with SMMEs.
(FY2017: 26.4%)

TOTAL VALUE OF ENTERPRISE AND
SUPPLIER DEVELOPMENT INITIATIVES

R5 MILLION
(FY2017: R7,7 million)



Community development programmes

Some of the projects supported by Murray & Roberts during FY2018 are highlighted below.

MURRAY & ROBERTS CHILD WELFARE FUND

Forever Friends' Life Line Kit Project in Munsieville

The Life Line Kit Project assists abused and abandoned children and babies who are removed from their homes. Removal takes place mostly after hours, under traumatic and in many instances dangerous conditions. The children and babies are taken to safe houses often with nothing but the clothes they are wearing. The Life Line Kits restore some dignity by providing the children with basic necessities that help them feel more comfortable and secure until they are settled into their new environments.

Life Line Kit Project Donated R30 000



LETSEMA KHANYISA TRUST

The Letsema Khanyisa Trust supports qualifying employees by providing their children with scholarships for quality secondary and tertiary education. Scholarships cover registration costs, tuition fees, textbooks, a student allowance, transport, and in some cases, accommodation.

Letsema Khanyisa scholarships 41 secondary and 19 tertiary scholarships supported



Kevin Nkambule, the top achiever for 2017, received 14 distinctions in his first year at the Vaal University of Technology. His goal is to specialise in software development.

LETSEMA SIZWE TRUST

Tomorrow Trust

For the past seven years, the Letsema Sizwe Trust has partnered with the Tomorrow Trust, a non-profit organisation that provides Saturday and holiday supplementary school programmes for orphaned and vulnerable children. Support includes nutritious meals, stationary and social support.

Sponsored by Murray & Roberts, Revelina Swarte joined the holiday school programme in 2009 as a struggling Grade 4 pupil. Four years later, Revelina started Grade 8 with results above the national average.

Statistics indicate that only 18% of Grade 9 learners achieve 50% or more in English, contributing to the 43% drop out rate of Grade 9 learners. Revelina achieved an impressive 85% in the national senior certificate, with distinctions for English (75%), Mathematics (80%), Physics (82%) and Life Sciences (80%).

Technology Research Activity Centre ("TRAC")

We sponsor mobile physical science laboratories in Booyensdal, Delmas and Lephalale through the TRAC initiative which is run by the University of Stellenbosch. The centres provide learners with a facility to perform physical science experiments in a hands-on approach, aiding their academic performance. TRAC facilitators also offer mentorship and encouragement to the learners.

Since 2010, our three sponsored TRAC laboratories have reached 987 learners.



SOCIAL LEGITIMACY — *continued*

Tomorrow Trust



Revelina Swarte from Tembisa, who lives with her single mother and two siblings. She has applied to study a Bachelor of Commerce Accounting.

Technology Research Activity Centre



Themba Zwane a pupil from Phaphamani High School in Delmas encountered the TRAC Programme when he was in Grade 11. In his final Grade 12 exam, Themba achieved 95% and enrolled at the University of the Witwatersrand for a Bachelor of Science in Mining Engineering. Themba credits the TRAC Programme and facilitator, Mr Ncube, for his achievement. In the spirit of giving back, Themba has volunteered as a tutor on the programme during university holidays.

Sports development

The annual Jack Cheetham and Letsema Sports Development awards support sports development among disadvantaged youth and people with disabilities. The initiative is hosted annually by Murray & Roberts and the South African Confederation and Olympic Committee.

The 2017 Jack Cheetham Award winner was the Olympians Wrestling Club, which has a school and community outreach programme to promote Olympic sports as an alternative to counter gang violence, substance abuse and crime. The 2017 Letsema Award winner was the Judo Institute for People with Special Needs in the Eastern Cape. The institute uses judo to build confidence, self-esteem and discipline among players with disabilities.

In the Jack Cheetham category, the Golden Lions Gymnastics Club and the Rock the Boat Canoeing Programme were the first and second runner ups respectively. In the Letsema Awards, first runner-up was Mustang Wheelchair Rugby and the second was South African Transplant Sports Association.

Jack Cheetham and Letsema Sports Development awards

Each category winner received R500 000 towards progressing their initiatives, payable over three years.



Clough

The Clough Foundation governs Clough's philanthropic giving through a semi-independent board. The foundation is a charitable trust which partners with various organisations. Separate to the foundation, Clough also partners with community-based support programmes that support education.



Cementation USA and Canada

Cementation USA and Cementation Canada support deserving charities through the active involvement of employees and their families. Cementation's charity programme in the USA and Canada is wide-reaching and contributes to an engaged and satisfied workforce.



Cementation Zambia

Cementation Zambia sponsors the Jennifer Memorial Special Community School for the hearing impaired. Our sponsorship covers full IT support, and maintenance of and appliances for the school. In November 2017, a golf tournament was hosted, raising R175 000 for the school.





ENVIRONMENTAL MANAGEMENT

ENERGY USAGE

44 909

megawatt hours
(FY2017: 183 719
megawatt hours)

CARBON FOOTPRINT

19 117

tonnes of CO₂ equivalent
(FY2017: 66 274 tonnes
of CO₂ equivalent)

WATER USAGE

30 021

kilolitres
(FY2017: 419 027 kilolitres)

APPROACH TO ENVIRONMENTAL MANAGEMENT

Our Group HSE policy mandates all our businesses to identify, assess and respond to environmental risks, efficiently use resources and prevent pollution.

Our main environmental risks include:

01

- + Undertaking listed activities without the correct environmental authorisation or failure to abide by conditions set out by licences, such as water use licences, on a project.

02

- + Project disruptions due to extreme and unpredictable weather conditions, including floods and storm surges.

03

- + Increasing regulatory requirements related to energy and climate change, which could lead to increased costs. New regulations, however, may also lead to opportunities in a low-carbon economy or water-restricted areas.

Our priorities

Environmental standards

Our operations are required to implement and comply with ISO 14001, an international standard for environmental management systems. As a multinational organisation, our focus is to consistently apply and embed critical environmental standards across all our operations by creating a common purpose and approach. Our standards guide operations on how to manage environmental issues, including carbon emissions, energy and water consumption, waste management, regulatory compliance and quality environmental data.

Murray & Roberts Environmental Programme

We are reviewing our environmental programme with the aim of aligning it with Murray & Roberts' *New Strategic Future*. Key initiatives identified include:

- + Reviewing our material environmental issues and setting new environmental objectives and targets.
- + Updating our environmental reporting protocols to align to updated reporting frameworks, including the amended Carbon Disclosure Project and the Global Reporting Initiative.
- + Providing updated environmental training and awareness to employees.
- + Further enhancing the programme to support the environmental goals of our clients.

Progress on these initiatives will be reported in the next Murray & Roberts Sustainability Report.

ENVIRONMENTAL MANAGEMENT — continued

2018 Performance

ISO 14001 implementation

All operations are certified under ISO 14001 and are on track to transition to the new ISO 14001: 2015 standards. The Power & Water platform is already certified.

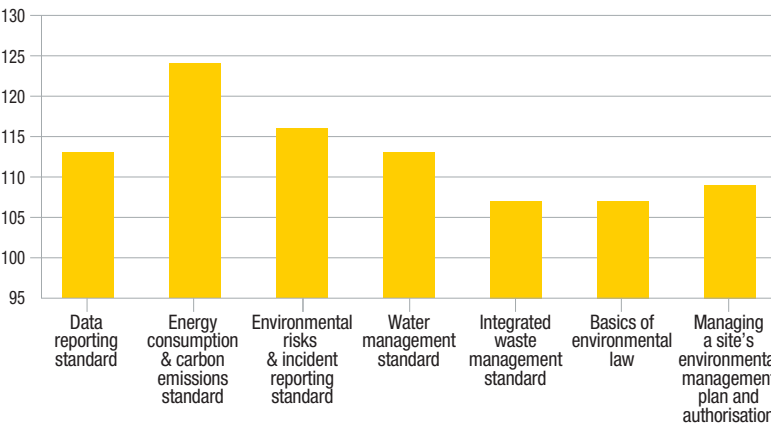
ISAE 3000

Our carbon emissions, energy and water data is now fully assured under the International Standard on Assurance Engagements (ISAE) 3000.

Environmental training

Environmental training for employees focuses on improving practical understanding and compliance at project level.

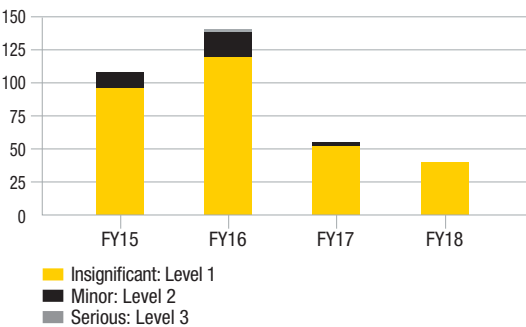
COMPLETION OF ENVIRONMENTAL TRAINING (%)



Environmental incidents, fines and litigations

In FY2018, there were no material environmental incidents and 39 Level 1 incidents, a 28% decrease compared to FY2017.

ENVIRONMENTAL INCIDENTS



Level 1: negligible reversible environmental impact, requiring very minor or no remediation and is contained within site limits.

Level 2: negligible reversible environmental impact, requiring minor remediation and is contained within site limits.

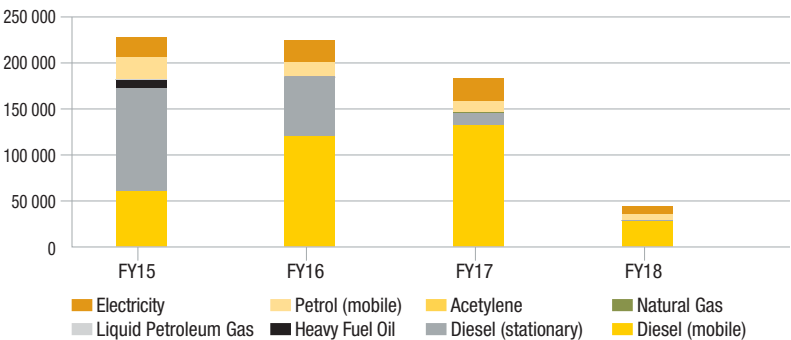
Level 3: moderate reversible environmental impact which is short-term, requiring moderate remediation and is contained within site limits.

MINIMISE OUR CARBON FOOTPRINT

The Group’s portfolio of businesses has significantly changed over the past few years, with a lower direct impact on the environment. The disposal of Genrec and the process to exit from the Middle East operations, both water and energy intensive businesses as well as the completion of some larger projects, account for the significant reductions in water and energy consumption and carbon emissions for FY2018.

Energy

ENERGY BREAKDOWN
(MEGAWATT HOURS)

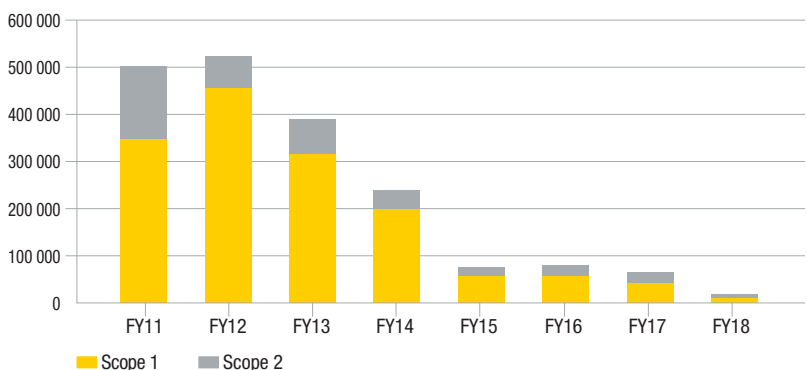


72%
decrease in
energy use
(year on year)

Note: total energy consumed includes all direct (all fuel types) and indirect (electricity) energy sources, with the majority of sources used in FY2018 being diesel, petrol and electricity. In prior years, diesel was largely used in opencast mining. Reported figures include energy paid for by Murray & Roberts and excludes client purchases.

Carbon footprint

TOTAL GREENHOUSE GAS EMISSIONS
(tCO₂e)



71%
decrease in
carbon emissions
(year on year)

Carbon Disclosure Project

In the 2017 Carbon Disclosure Project assessment, **we achieved a B rating**, placing us among the top 46% of participating companies and within the top 42% of companies in the industrials sector worldwide. A B rating is just below leadership level and is awarded to companies regarded as being advanced in their environmental stewardship. The rating recognises that our environmental policy and strategic framework are effective in reducing our carbon emissions.

Our annual reports to the Carbon Disclosure Project for the past nine years are available at <https://www.cdp.net/en>.

Carbon regulations affecting our operations

In 2018, the United Nations continued to engage with countries with the aim of achieving agreement towards carbon emissions reductions. The landmark Paris Agreement signed in 2016 is an agreement within the United Nations Framework Convention on Climate Change, dealing with greenhouse gas emissions ("GHG") mitigation, adaptation and finance¹. It starts in 2020 and has provided a clear path towards a low carbon future by aiming to halt global average temperatures to below 2°C above pre-industrial levels. Commitments made by member countries have started to influence the development of legislation and national climate change policies across the world, including in countries where we operate, and more organisations are starting to take up the challenge. Following the disposal of our carbon intensive businesses, our review of our environmental targets is expected to inform our response to the expectations set out in the Paris Agreement.

In South Africa, the Department of Environmental Affairs has published the national GHG reporting regulations, which make the reporting of GHG emissions mandatory. We are not impacted by these regulations at this stage as our emissions are significantly below the reporting threshold. In addition, National Treasury has indicated that a carbon tax will be introduced in January 2020. The tax will initially be levied at R120 per tonne of CO₂ equivalent and limited to Scope 1 emissions. Roll out will take place in a phased approach, with the first phase of five years focusing on significant carbon emitters, that is, operations with a thermal capacity of around 10 megawatts. We do not trigger this threshold and do not anticipate a direct carbon tax impact; however, we do expect an impact on operational costs as commodities such as fuel and electricity are likely to increase in price as suppliers will be subject to the carbon tax. Transportation fuel is already taxed under the current fuel levy and will not be subject to the carbon tax.

In Australia and the North Americas there is no carbon tax as yet that may directly impact our operations.

¹ <https://UNFCCC.int>

REDUCE WATER CONSUMPTION

A large part of our operations are conducted in water-constrained regions, including SADC and Western Australia. We encourage these operations to use water sparingly and implement water recycling measures.

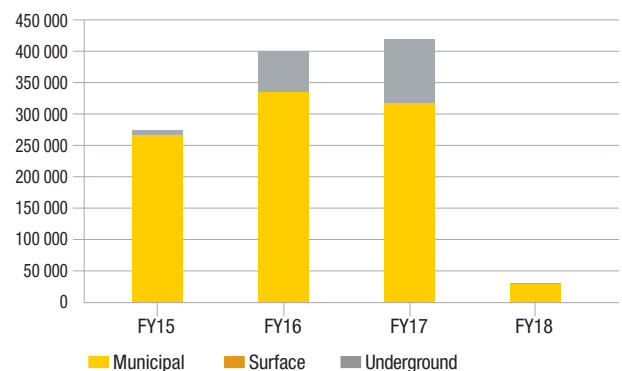
Our water management standard provides guidance and has resulted in improved accuracy and completeness of our water data and reduced water consumption from water saving and recycling initiatives. Our water standard has been aligned to the latest definitions set out in the Water Disclosure Project to aid our reporting to various stakeholders and support comparability.



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Water

WATER WITHDRAWAL BY SOURCE (KILOLITRES)



93%
decrease
in water
(year on year)

Note: the significant decline in water consumption is largely attributed to our exit from building and civils work in the Middle East and the Infrastructure & Building platform in South Africa, both water intensive businesses. Reported figures include water paid for by Murray & Roberts and excludes client purchases.

Water Disclosure Project

We are very pleased to have **achieved an A rating**, in the 2017 Water Disclosure Project assessment. The leadership level rating means that we have implemented best practices to manage water and mitigate water risk in our operations.

Our annual reports to the Water Disclosure Project for the past two years are available at <https://www.cdp.net/en>.

ENVIRONMENTAL MANAGEMENT — *continued*

Given environmental concerns and the need to reuse wastewater, the Power & Water platform is focusing on expanding its business portfolio to include more wastewater treatment and seawater desalination capabilities. Expansion of the water business in sub-Saharan Africa will be through acquisitions and partnerships with global specialists in these sectors.



Organica Water demonstration plant at Verulam wastewater treatment facility

ORGANICA WATER

One example is our investment in the class-leading Organica Water wastewater treatment technology. In partnership with the eThekweni Water and Sanitation Department in South Africa, we are piloting the innovative technology at the Verulam wastewater treatment facility in KwaZulu-Natal. The plant is being operated by Murray & Roberts Water ("MRW") and gives us the opportunity to demonstrate the technology with the aim of providing this solution to SADC countries in response to their need for a sustainable water supply.

Organica Water is a global provider of innovative solutions for the treatment and recycling of wastewater and has more than 90 wastewater treatment plants operating or under construction worldwide.

Using active biofilms on natural plants and engineered root structures, the treatment facility's physical footprint is around 50% to 75% smaller than conventional wastewater treatment solutions and provides up to 30% in operational cost savings. In addition, the pleasant odourless botanical garden-like environment means that the facilities can be located in most places. Infrastructure costs to connect to customers are therefore substantially reduced and land value around the facilities is enhanced. Organica's research has shown that the complex ecology that develops in the system delivers high water quality aligned to international specifications and breaks down a large range of pollutants with higher efficiency. MRW holds the exclusive rights to the Organica technology in the SADC region.

SUSTAINABLE WATER SUPPLY FOR HEALTHCARE FACILITIES

MRW is also well positioned to assist businesses attain water security. In the Western Cape we are assisting some of our private sector clients with solutions to alleviate the impact of the water crises on their businesses. During FY2018, water treatment plants to treat borehole water to potable standard (SANS 241) were provided at two Life Healthcare and two Mediclinic hospitals. The Life Health Vincent Pallotti Hospital is the first private hospital in the Western Cape province to operate completely off the grid due to its water filtration plant. The hospital group is in discussions with MRW to roll out similar solutions to more of its hospitals country-wide.



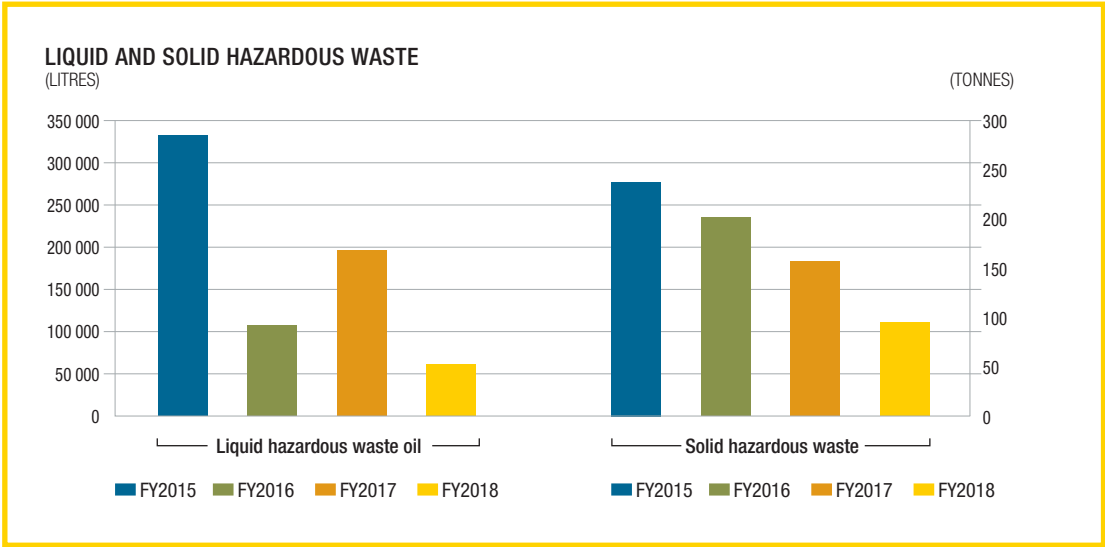
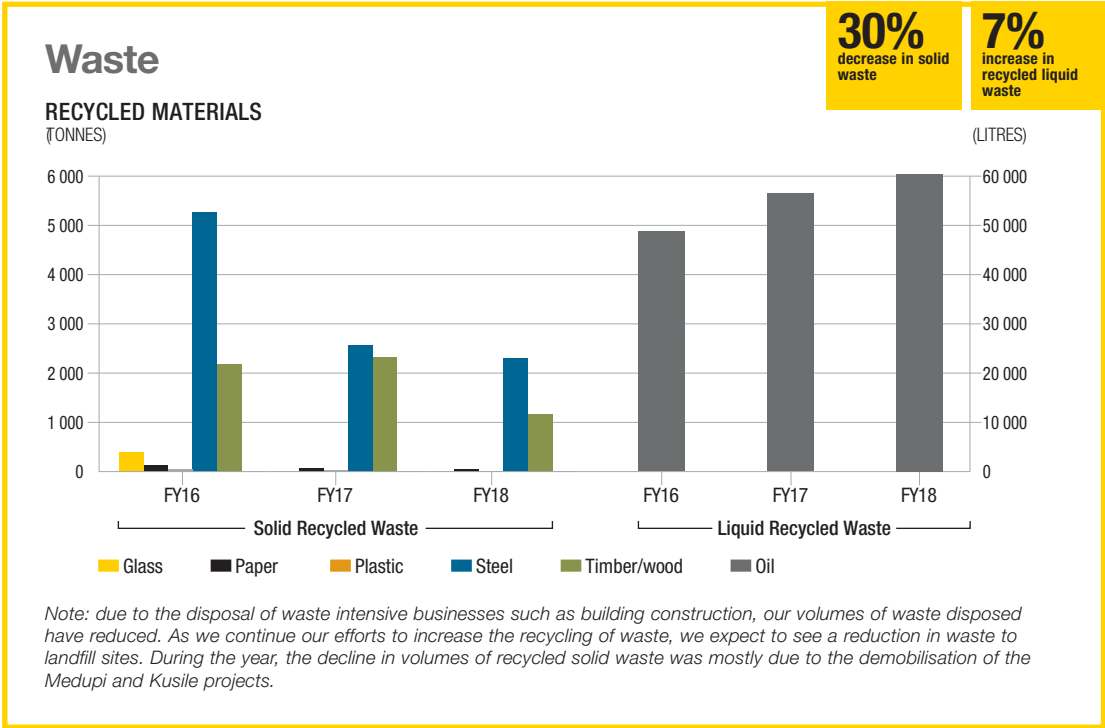
Aquamarine Solar Solution

Our Aquamarine business has designed and built a water purification demo plant in the Western Cape. The plant uses solar power to treat borehole water. The solution provides safe purified drinking water to communities that don't have access to electricity and a safe potable water supply.

ENVIRONMENTAL MANAGEMENT — continued

RESPONSIBLE WASTE MANAGEMENT

We continually explore ways to avoid the generation of waste, by investigating new engineering designs or finding alternative uses for waste material, with the aim of reducing or eliminating waste sent to landfill sites. Our waste streams include non-hazardous and general hazardous wastes.

















GROUP PERFORMANCE REVIEW TABLE

↑	Improved
↓	Worsened
→	No change

	2018	2017	2016		ASSURANCE
SAFETY					
Fatalities	1	1	2	→	Limited
Lost time injury frequency rate (measured over a million hours)	0.86	0.52	0.68	↓	Limited
Total recordable case rate (measured over a million hours)	3.9	3.1	4.1	↓	
% of operations that maintained OHSAS 18001 certification	100	100	98	→	
HEALTH AND WELLNESS					
Occupational disease frequency rate	0.30	0.08	0.13	↓	
Number of voluntary HIV/Aids tests	2 554	3 513	2 024	↓	
HIV/Aids prevalence (% among employees tested)	1.6	3.0	5.4	↑	
New cases of tuberculosis	9	17	17	↑	
Number of random alcohol tests	1 169 997	932 753	733 109	↑	
% of alcohol tests that were positive	0.01	0.01	0.02	→	
Number of random drug tests	9 571	12 778	14 629	↓	
% of drug tests that were positive	1.3	1.1	1.0	↓	
HUMAN CAPITAL					
Number of permanent employees	10 649 ¹	14 239	17 047		
Workforce based in South Africa (permanent)	6 502	10 694	13 054		
Number of individuals employed through contracting and joint venture agreements	1 857	6 384	6 846		
Training and development spend (Rm)	130	144	121	↓	
B-BBEE SUMMARY					
B-BBEE status	Level 3 ²	Level 4 ³	Level 2 ⁴	↑	Verified
B-BBEE score	91.1	89	85	↑	Verified
Equity ownership (%)	103.7%	100	96	↑	Verified
Management control (%)	49.7%	28.3	29.29	↑	Verified
Skills development (%)	73.6%	59.8	87.54	↑	Verified
Enterprise and supplier development (%)	97.54%	103.28	89.02	↓	Verified
Socioeconomic development (%)	110.93	100	100	↑	Verified

GROUP PERFORMANCE REVIEW TABLE – continued

	Improved
	Worsened
	No change

	2018	2017	2016		ASSURANCE
PREFERENTIAL PROCUREMENT AS A % OF TOTAL B-BBEE SPEND					
Qualifying small enterprises and exempted micro enterprises (%)	30.2	26.1	31.0		Verified
Suppliers that are >50% black owned (%)	41.2	43.9	27.6		Verified
COMMUNITY DEVELOPMENT SPEND					
CSI in community programmes (Rm)	8,0	5,7	9,0		
Corporate office: Letsema Sizwe Trust (broad-based community commitments) (Rm)	5,9	9,7	6,3		
Corporate office: Letsema Khanyisa Trust (employee benefits) (Rm)	5,2	4,8	7,4		
Corporate office: Murray & Roberts Child Welfare Fund (Rm)	0,2	0,3	0,4		
Total CDP spend for the Group (Rm)	19,3	20,5	23,1		
ENVIRONMENTAL MANAGEMENT⁵					
Energy usage (megawatt hours)	44 909	183 719	225 029		Limited
Carbon footprint (tonnes of CO ₂ e)	19 117	66 274	79 388		Limited
Water usage (kilolitres)	30 021	419 027	398 960		Limited
ISO 14001 management system implementation (% coverage)	100	100	94		Limited

¹ Reduced headcount is due to some large projects coming to an end and a restructure to address overhead costs.

² Independently verified by Empowerlogic (Pty) Limited and measured against the amended construction sector code.

³ Independently verified by Empowerlogic (Pty) Limited and measured against the amended generic codes.

⁴ Independently verified by Empowerlogic (Pty) Limited and measured against the old construction sector code.

⁵ Disposed of Genrec (fabrication business) and started exiting the Middle East operations, which are both water and energy intensive businesses accounting for the significant decreases in our water and carbon footprint metrics.

GROUP PERFORMANCE REVIEW TABLE – continued

↑	Improved
↓	Worsened
→	No change

Employment equity profile for the South African workforce at 30 June 2018 (number of people)

	MEN				WOMEN				FOREIGNERS		TOTAL	BLACK REPRESENTATION (%)		
Level	A	C	I	W	A	C	I	W	Men	Women		FY2018	FY2017	
Top ¹	1	0	0	7	1	0	0	0	2	0	11	18	15	↑
Senior ¹	6	3	3	56	1	0	1	5	3	0	78	18	15	↑
Middle ¹	124	54	30	256	20	6	9	41	17	2	559	43	40	↑
Junior ¹	1 985	95	25	419	190	16	14	76	290	3	3 113	75	58	↑
Semi-skilled	1 944	18	2	45	288	16	3	25	89	0	2 430	93	85	↑
Unskilled	221	1	0	1	74	0	0	0	13	1	311	95	91	↑
Total	4 281	171	60	784	574	38	27	147	414	6	6 502	79	70	↑

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

¹ Management level.

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Value added statement

	2018	% CHANGE	2017	
FINANCIAL PERFORMANCE				
Revenue (Rm)	21 847	2.1	21 397	↑
Operating costs (Rm)	20 983	0.3	20 910	→
Cash and cash equivalents (Rm)	2 464	3.9	2 371	↑
Operating cash inflow (before dividends) (Rm)	713	10.6	798	↓
Order book relative to revenues (Rm)	1.4 times		1.3 times	↑
ECONOMIC CONTRIBUTION AND DISTRIBUTION TO STAKEHOLDERS				
Value added to employees (Rm)	13 811	4.6	13 206	↑
Value added to providers of finance (net) (Rm)	41	2.4	42	↓
Value added to Government (Rm)	146	25.5	196	↑
Value added to maintain and expand the Group (Rm)	734	40.1	524	↑
Total value added (Rm)	14 732	5.5	13 968	↑

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

The financial sustainability of the Group, as well as the *New Strategic Future*, are clearly set out in the 2018 Murray & Roberts Annual Integrated Report.

INDEPENDENT ASSURANCE REPORT TO THE DIRECTORS OF MURRAY & ROBERTS LIMITED

Introduction

IBIS ESG Assurance (Pty) Limited (“IBIS”) has been engaged by the Directors of Murray & Roberts Limited (“Murray & Roberts”) to perform an independent assurance engagement in respect of selected sustainability information included in its Sustainability Report (“the Report”) for the year ended 30 June 2018 (1 July 2017 – 30 June 2018). This assurance report is produced in accordance with the terms of our engagement letter signed 19 June 2018.

IBIS is an independent and licensed provider of sustainability assurance services. This engagement was conducted by a multidisciplinary team of assurance specialists with extensive experience in sustainability reporting. The assurance team was led by Petrus Gildenhuys who has more than 20 years’ experience in sustainability performance measurement involving both advisory and assurance work.

Scope and Subject Matter

The scope of the subject matter for limited assurance in accordance with the ISAE3000 (Revised) assurance standard, as captured in the agreement with Murray & Roberts, included:

Environment:

- + ‘Scope 1’ and ‘Scope 2’ Greenhouse Gas (GHG) emissions as defined by The GHG Protocol: A Corporate and Accounting Standard – Revised Edition (WRI & WBCSD, 2004) (“GHG Protocol”) from:
 - Diesel used (mobile)
 - Diesel used (stationary)
 - Petrol used
 - Electricity purchased
- + Total amount of energy used; and
- + Total water withdrawal.

Safety:

- + Number of fatalities;
- + Lost Time Injury Frequency Rate (LTIFR); and
- + Fatal Injury Frequency Rate (FIFR).

IBIS’ responsibilities do not extend to any other disclosures or assertions.

Responsibilities of the Directors of Murray & Roberts

The Directors of Murray & Roberts are responsible for the generation, collection and presentation of the selected sustainability information within the Report. Murray & Roberts is also responsible for maintaining adequate records and internal controls that support the reporting process during the reporting period.

Responsibilities of the Independent Assurance Provider

IBIS’ responsibilities were to conduct an assurance engagement and to report its conclusions to the Directors in accordance with the assurance procedures followed.

IBIS conducted the engagement in alignment 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, which Standard inter alia requires that the assurance practitioner follows due process and comply with ethical requirements.

Summary of Work Performed

Murray & Roberts provided IBIS with the relevant supporting information and documentation related to the selected sustainability information reported.

IBIS applied the Murray & Roberts’ corporate Data Reporting Standards, the Global Reporting Initiative (GRI) G4 Guidelines, as well as the GHG Protocol (for environmental indicators) as audit criteria in respect of the underlying data in the scope of the assurance engagement.

IBIS’ limited assurance procedures consisted of:

- + Interviews with relevant functional managers to understand and evaluate the processes in place for maintaining information in relation to the sustainability information in the assurance scope;
- + Reviewing Murray & Roberts’ Internal Audit procedures followed in order to rely on the work of the Internal Audit function;
- + Inspected supporting documentation and performed analytical procedures on a sample basis to evaluate the data generation and reporting processes against the audit criteria;
- + Reviewing the selected sustainability information presented in the Report for consistency with the work performed and IBIS’ overall knowledge and experience of sustainability management and performance at Murray & Roberts.

Inherent Limitations

The reliability of the reported energy, GHG and water withdrawn data is subject to inherent uncertainty, given the available methods for determining, calculating or estimating the underlying information. It is important to understand our assurance conclusions in this context.

In addition, the evidence gathering procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Other Matters

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 Report or our independent assurance report that may have occurred since the initial date of presentation on the Murray & Roberts Website.

Restriction of Liability

Our work has been undertaken to enable us to express the opinion and conclusions on the selected sustainability information to the Directors of Murray & Roberts in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume responsibility to any third parties i.e. other than the Directors and the company, for our work or for this report to the fullest extent permitted by law, save where such third parties have obtained our prior written consent.

Assurance Conclusion

We believe that the information provided by Murray & Roberts and the work performed by IBIS are sufficient and appropriate to form a basis for our limited assurance conclusion.

In our opinion, and based on our limited assurance procedures, nothing has come to our attention that causes us to believe that the selected sustainability information set out in the assurance scope above and prepared for the year ended 30 June 2018, is not fairly represented in all material respects.



Petrus Gildenhuys

Director
IBIS ESG Assurance (Pty) Ltd
Johannesburg, 29 August 2018

IBIS ESG Assurance is an independent provider of environmental, social and corporate responsibility consulting and assurance services. More information about IBIS is available at <http://www.ibisconsulting.com>.

The principle of
Engineered Excellence
informs all our decision-
making and means we
will **engineer** or plan
everything we do, in such
a way that we achieve an
outcome of **excellence**.

ENGINEERED EXCELLENCE

**Murray
& Roberts**

