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Business platform reviews





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ENERGY, RESOURCES & INFRASTRUCTURE



PETER BENNETT
Platform CEO

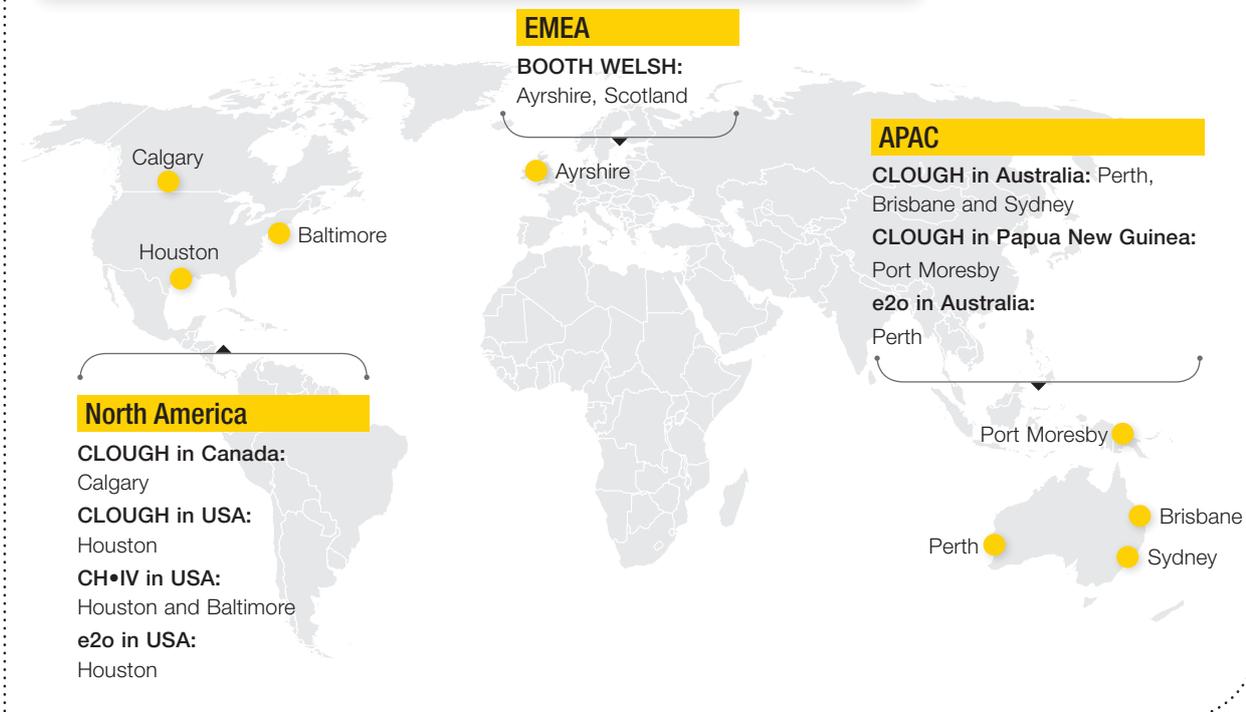


OUR STRATEGIC SHIFT TO DIVERSIFY OUR TARGET MARKETS, AWAY FROM BEING SOLELY TIED TO THE CYCLICALITY OF THE AUSTRALIAN LNG INDUSTRY, BEGAN IN 2016. OUR PROGRESS SINCE THEN HAS BEEN REWARDED WITH AN ORDER BOOK OF R37,0 BILLION, THE LARGEST IN OUR HISTORY.

The platform's specialist capabilities across the engineering and construction project life cycle enable it to deliver high-performing and sustainable assets for clients in the energy, resources and infrastructure industries.

The platform's differentiation in solving complex problems and delivering projects safely and efficiently, underpins its aspiration to be the most respected engineering and construction firm in the industries it serves.

OUR BUSINESSES



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PERFORMANCE OVERVIEW

The strategic repositioning of the business has begun to show in our financial performance for the year, and in our earnings expectations for the next few years.

Revenue grew 65% to R11,4 billion (FY2020: R6,9 billion), with operating earnings of R227 million (FY2020: R454 million operating loss); representing a R681 million turnaround on the prior year's loss. This strong return to profitability was achieved as our large EPC projects entered main production and new work secured during the year was converted to revenue. The platform was successful in securing an increased order book of R37,0 billion (FY2020: R34,4 billion).

Our LTIFR of 0.16 (FY2020: 0.17) is significantly better than the Australian contracting industry average of 0.92. TRCR deteriorated to 3.07 (FY2020: 1.21) due to safety challenges experienced at the start of a major project. A turnaround plan was implemented and is yielding good outcomes. The platform won the award for the best safety performance at platform level in the annual Group CE Safety Recognition Awards.

Of four new projects we were awarded in Australia, two exemplify the significant opportunity for the platform as the country invests heavily in decarbonisation and infrastructure-led growth. We secured the EPC scope for the country's first net-zero emissions hydrogen and gas capable power plant in New South Wales for an EPC portion of EnergyAustralia and Project EnergyConnect, in 50/50 joint venture with Elecnor from Spain.

In North America, the integration of Clough Enercore into Clough USA was successfully completed. Our circa R9 billion downstream petrochemical construction project in Texas is performing well, despite initial permit delays and COVID-19 restrictions.

The e2o brand, well known for providing workforce management solutions in APAC, is expanding its offering to brownfield EPC and operations & maintenance in the region. It is also being positioned to expand its services in North America.

COVID-19 continues to impact on the platform's clients, employees, projects and regions. While restrictions are easing, the pandemic is still affecting work rosters, supply chain requirements and the general wellbeing of our employees. However, our projects are moving forward and we are navigating the challenges. These include the Oyu Tolgoi project in Mongolia, which is emerging from "caretaker" mode, and the Lombrum project in PNG, on which mobilisation has been delayed.

MARKET OPPORTUNITY

COVID-19, low oil prices and a strong societal push towards a sustainable future have accelerated the global transition to cleaner energy. At the same time, public and private institutions are coming to terms with the urgency, cost and benefits of this transition. Operators are making net-zero emissions and energy transition commitments to align with sustainability expectations from clients, shareholders, funders and society at large.

Socioeconomic recovery post COVID-19 in Australia and North America will rely heavily on investment in private and public infrastructure with multi-billion Rand programmes that include transport, water and energy projects. Reduced reliance on coal in Australia for baseload power is driving the development of flexible generation capacity (peaking power and hybrid), renewables, waste-to-energy and green and blue hydrogen. In the United Kingdom, waste-to-energy opportunities are available.

The resources market is expected to gain momentum over the near term alongside the uptake of new and low emissions technologies. Australia's exports of commodities that are central to these technologies — lithium, nickel and copper — are set to surge. Revenue from these commodities is expected to exceed current thermal coal revenue.

The platform is well positioned to capitalise on these developments. We deliver critical projects in energy, resources and enabling infrastructure industries, which will support the transition from fossil fuels to renewable and cleaner sources of energy.

In this context, environmental and socioeconomic issues feature both in the design of facilities and in project delivery, and are an increasingly important requirement for our clients, funders and shareholders. Our focus is to develop lower-emission plant designs to support clients in their decarbonisation efforts and our project execution includes multiple initiatives to engage our stakeholders.

STRATEGY

Our strategy remains to position the platform's core strengths and deepen its capabilities in the energy, resources and specialised infrastructure markets in APAC and North America, through organic and acquisitive growth.

Organic growth will include increasing our exposure to specialised infrastructure and continued focus on the power market (generation, storage and transmission), as well as the development of a hydrogen market and capability in APAC and North America. With opportunities in the North American LNG sector expected to remain limited in the short term, we will diversify our business in the region to include specialised infrastructure, similar to our repositioning in APAC. Our broader market focus in North America will include civil infrastructure supporting terminals, disaster relief and near shore marine prospects.

We are considering a value accretive acquisition in the APAC region to support growth, as well as an acquisition in North America to position us for the specialist infrastructure opportunities in these regions.

We are acutely focused on our project execution and mitigating project delivery risk. Structuring the platform into three regional businesses (APAC, North America, and EMEA) has provided each regional business with a defined level of autonomy and accountability within the global Clough management system.

The corporate function supports the platform's growing needs and ensures the regions have the right resources, governance and focus to deliver project excellence. The platform's executive committee was restructured to reflect this approach. Recognising how critical technology, reputation management and stakeholder engagement is to our aspirations, our chief business integration and security officer and our head of corporate affairs and stakeholder engagement were appointed to the committee.

Furthermore, we are deepening our management capacity and focus on initiatives to support our strategy and to ameliorate execution risk, with *Engineered Excellence*, innovation and people being key themes.

CONTRACTOR OF CHOICE

Engineered Excellence

The Group's operating philosophy of *Engineered Excellence* means that we strive for excellence in everything that we do. We aim to set new safety, performance and environmental benchmarks through deliberate planning, measurement and control. This drive for continual improvement supports our aspiration of being widely respected as a contractor and employer of choice in our markets.

Our focus on *Engineered Excellence* encompasses all aspects of project delivery, including commercial and health, safety and environmental management, governance, alignment with joint-venture partners and successful localisation. As our digital strategy gains momentum, it will support our ambitions of consistently excellent and profitable project delivery.



Project delivery can be found on **PG 64**.

As part of our client engagement practice, we have made sustainability in design a standard business process. Outcomes include improvements in operating efficiency, significantly reduced CO₂ emissions for the life of the facility, and optimising power generation through hybrid technologies, such as battery energy storage solutions. This reduces both capital investment and operating expenditure. During the project execution phase this design approach also minimises critical safety risks. The platform is also engaging with clients to develop solutions to support the net-zero transition.



Zero Harm

The evolution of our safety practices has improved outcomes across the platform.

However, we continue to work towards a workplace that is injury free through effective safety leadership, personal accountability and developing our employees. Since 2017, we have completed nine projects with zero injuries and zero environmental impacts. Several other projects are on track to achieve this status.

We have partnered with MATES in Construction, an Australian not-for-profit organisation that focuses on mental health education and suicide prevention in the construction industry. We became a signatory to their Blueprint for Better Mental Health in 2020, and implemented its recommendations across all our projects. This involved providing relevant education and training to our project supervisors and workforce.

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

Digitalisation

Technology is a critical part of the platform's service offering. Understanding disruption, navigating new technologies, and managing cybersecurity and data protection, is vital to our success. We developed and have been implementing a phased digital strategy since 2017. This strategy was designed to meet the demands of a global EPC business, with a focus on global technology standards, scalability and defining a data management framework.

The next phase of this digital strategy, planned for early 2022, will focus on business synergy. This will include implementing an integrated technology and data platform and employing predictive analytics and robotic process automation. It will be supported by a digital operations journey and streamlined identity and access management.

EMPLOYER OF CHOICE

Best people practices

The platform aims to:

- Attract and develop diverse, high-performing teams;
- Create a positive environment that fosters open communication, collaboration and innovation; and
- Develop further as an employer of choice.

During the year, we began work on a global solution for workforce planning, recruitment and onboarding, performance management, and learning and development. These are critical to the successful delivery of our order book.

We made remote working and flexible working arrangements an option for employees in APAC and North America. Offering this flexibility has been career-changing for many employees and is transforming the way we do business.

The platform's graduate programme, a structured three-year programme offering local and international development opportunities, has been effective in providing new talent for the engineering team. In FY2022, the graduate programme will adopt an expanded approach, including other disciplines that are key to successful project execution.

Diversity and inclusion

We want to ensure that the engineering and construction industry provides workplaces where everyone feels valued and included, where their strengths and their differences are embraced, and which provides opportunities for everyone to achieve their full potential.

Although we conform to the equal-work-equal-pay principle, we acknowledge that further work is needed to fully address pay equality. Historically, we have seen a disproportionately higher loss of female talent from middle management levels across the industry due to workplace rigidity. Our remote and flexible working policy should help to address this issue.

Our commitment to making a difference in our industry in this regard was recognised by an Employer of Choice for Gender Equality citation by the Workplace for Gender Equality Agency in FY2019. We have maintained the citation to date.

We engaged with CEOs for Gender Equity to deliver a series of workshops that captured the unspoken stories, questions, opportunities and challenges people face in the workplace and at home. These stories were shared with managers and the executive committee and provided insights on how we could best lead on our commitment to gender equity beyond policy and procedure.

In North America, the platform launched HERSTORY MAKERS, a women's network, open to all employees who wish to actively participate in and support gender equity.



CORPORATE REPUTATION

Localisation

We constantly review our procurement and supply chain practices to ensure diversity and local participation. We have simplified our pre-qualification process for contracts under AU\$250 000 to make it easier for small and medium businesses to demonstrate their technical and financial capability and relevant experience.

In Australia, the platform completed the first year of its Innovate RAP. Innovate RAP is a framework to create meaningful opportunities with Aboriginal and Torres Strait Islander peoples, which include employment, and supply chain and community development initiatives.

The Innovate RAP has given employees a framework to better understand and reflect on what reconciliation means to them, and how the platform can work together to create even more positive impacts, enriching the lives of the communities in which we work and live.

Across our regions, our operations are backed by the skills and values of veterans from all walks of life, across the Army, Navy, Air Force, First Responders and Cadets. In July 2020, the platform became a signatory of the Veterans Employment Commitment. This ensures that our human resource policies equitably support the recruitment and retention of all employees, including veterans.

Ethical business practices

Senior management and key employees receive regular training on ethical business practices. These employees are required to sign a declaration that no unethical or anti-competitive conduct was apparent in the preparation of tenders. A whistle-blower hotline exists for employees to report any unethical behaviour. Independent forensic consultants investigate all cases thoroughly and findings are actioned.

Stakeholder engagement

Collaborating with our stakeholders and understanding their views have always been of value and importance to the platform. Our commitment to stakeholder engagement is built on the understanding that knowledge-sharing, widening of experiences and adopting a learning mindset will help us achieve our strategic objectives.

While engagement with our stakeholders is embedded in our way of doing business, noteworthy initiatives include:

- The platform's preference is a single point of contact contracting model, which requires joint ventures to be formed on large developments or when specific capabilities are needed which we do not have. Larger public infrastructure delivery agencies are considering a shift to more collaborative forms of contracting and alliances. We are an active member of industry forums that seek a better industry balance.
- Since 2014, The Clough Foundation has provided support to not-for-profit organisations that bring long-term sustainable benefits to the communities in which we operate. The Foundation's key areas of focus are sustainability, indigenous engagement, diversity, healthy communities, and children and youth.
- The Clough Foundation supports a range of community organisations around Australia and PNG including Clontarf Foundation (leadership and mentoring for indigenous boys), ChildFund (health education and vaccination for mothers and children in PNG), Starlight Foundation (child health support for remote indigenous communities), and MATES in Construction (mental health and suicide prevention awareness and education).

PROSPECTS

The progress we have made in our diversification strategy is reflected in a robust project pipeline. This combines complex and iconic projects in the enabling infrastructure, resources and energy industries in APAC, North America and the EMEA.

In FY2022, our portfolio of existing contracts, new contracts and near orders is set to double our FY2021 revenue, exceeding FY2014's historical peak. Revenue earned from our current contracts should grow significantly in FY2022, as we enter the major construction phase of some key projects.

The platform's proven specialist capability to deliver complex infrastructure and energy projects will convert into opportunities for accelerated earnings growth in the short and medium term.

Project delivery

SNOWY HYDRO: SNOWY 2.0 PROJECT

Snowy Hydro is an existing hydro-electric power scheme in New South Wales, Australia. Snowy 2.0 will add a 2GW hydro-electric power station to the existing scheme in a pumped hydro arrangement. This circa R18 billion (Clough's share) EPC project is being delivered in joint venture with Italian firm, WeBuild (formerly Salini Impregilo).

The main works include a new underground power station linked by tunnels to two of the existing scheme reservoirs. The underground excavations will include massive powerhouse caverns and approximately 40km of tunnels. Supporting works to deliver this project include establishing or upgrading approximately 45km of access tracks and roads, along with electricity connections to the various construction sites, accommodation camps, and a pre-cast factory.

One of the three 11m diameter TBMs has recently commenced tunnelling, the second TBM is being assembled at the portal, with the third TBM stored in Sydney prior to mobilisation. The excavation of the powerhouse caverns will commence once the first TBM provides access.



NEXT WAVE ENERGY PARTNERS: TRAVELER PROJECT

The project is located near Houston in Texas, USA. This is a circa R9 billion project for the EPC, commissioning, and start-up of a petrochemical facility. The 28 000bpd alkylate facility will consist of a new ethylene dimerization and alkylation units to produce high octane alkylate for sale into the gasoline blending market.

Construction activities continue to ramp-up and are well advanced with outside battery limits construction and pipe fabrication construction progressing as per schedule.



RIO TINTO: OYU TOLGOI PROJECT

Oyu Tolgoi in Mongolia mines one of the world's largest known copper and gold deposits.

The project scope, undertaken by our GCR Mongolia joint venture, is for the design, construction and commissioning of Shafts No 3 and No 4, as well as the underground materials handling system that includes civil, structural, architectural, mechanical, piping, electrical, instrumentation, control and communication works.

Due to COVID-19, the project has experienced significant delays, though a restart is imminent.



PERDAMAN INDUSTRIES: DESTINY UREA PLANT PROJECT

The platform, in a 50/50 joint venture with Saipem, was awarded the EPC contract for the development of Perdaman Industries' urea plant on the Burrup Peninsula, approximately 8km from Dampier and 20km northwest of Karratha on the northwest coastline of Western Australia.

The facility will consist of the urea fertiliser plant and related facilities with a capacity of two million tonnes of urea per annum. The facility includes a water treatment plant, a 100MW power plant, as well as urea storage, loading and unloading facilities. A closed conveyor will transport the urea directly to the Pilbara Ports Authority for shipping to local and offshore markets, with 50 to 100 shiploads expected per year.

FID is expected by the end of this calendar year, with EPC commencement planned for February 2022.



TRANSGRID: PROJECT ENERGYCONNECT

ElectraNet and TransGrid are partnering to deliver an energy interconnector between the power grids of South Australia (starting at Robertstown) and New South Wales (finishing in Wagga Wagga), with an added connection to Victoria (Red Cliffs).

The platform, in a 50/50 joint venture with Spanish company Elecnor, was awarded a circa R8 billion (Clough's share) contract for the EPC of TransGrid's portion of Project EnergyConnect, which includes four substations and approximately 700km of 330kV transmission lines.



AUSTRALIA DEPARTMENT OF DEFENCE: LOMBRUM INFRASTRUCTURE PROJECT

The platform was awarded the head contractor scope to redevelop the Lombrum Naval Base in PNG. The scope of the Lombrum Infrastructure Project was developed and agreed in consultation with the PNG Defence Force. It has been designed to benefit the local community and includes the construction, support, maintenance and repair services of the Lombrum Naval Base, located in Manus Province.

Mobilisation to site has been delayed due to COVID-19 restrictions.



ENERGY AUSTRALIA: TALLAWARRA GAS PLANT STAGE B

The Tallawarra Gas Plant Stage B is a 300MW expansion of the existing Tallawarra A power station, which is located at Yallah in the Illawarra region of New South Wales, approximately 13km southwest of Wollongong.

The platform, in consortium with General Electric, was awarded the EPC scope for Tallawarra Stage B, Australia's first net-zero emissions hydrogen and gas capable power plant. Direct carbon emissions from the project will be offset over its operational life.



MITSUI: WAITSIA GAS PROJECT STAGE 2

The Waitsia gas field is located near the town of Dongara, approximately 350km north of Perth and 65km south of Geraldton in Western Australia.

The Waitsia gas field is one of the largest gas fields ever discovered onshore in Australia and it is forecast to bring significant economic benefits to the mid-west region during both construction and operating phases. The Waitsia Gas Project Stage 2 includes a new 250 TJ/day gas processing plant with a 15-year life cycle that will convey gas via the nearby Dampier to Bunbury Natural Gas Pipeline.

The project has been designed to incorporate BESS as energy storage units, as they provide both commercial and sustainability benefits, with reductions in both OPEX and CAPEX spend, as well as reducing fuel gas consumptions and CO₂ emissions for the life of the project. It is an effective demonstration of the platform's sustainability capabilities.

The platform was awarded the EPC scope at the beginning of calendar year 2021 and work is about to commence.

MINING



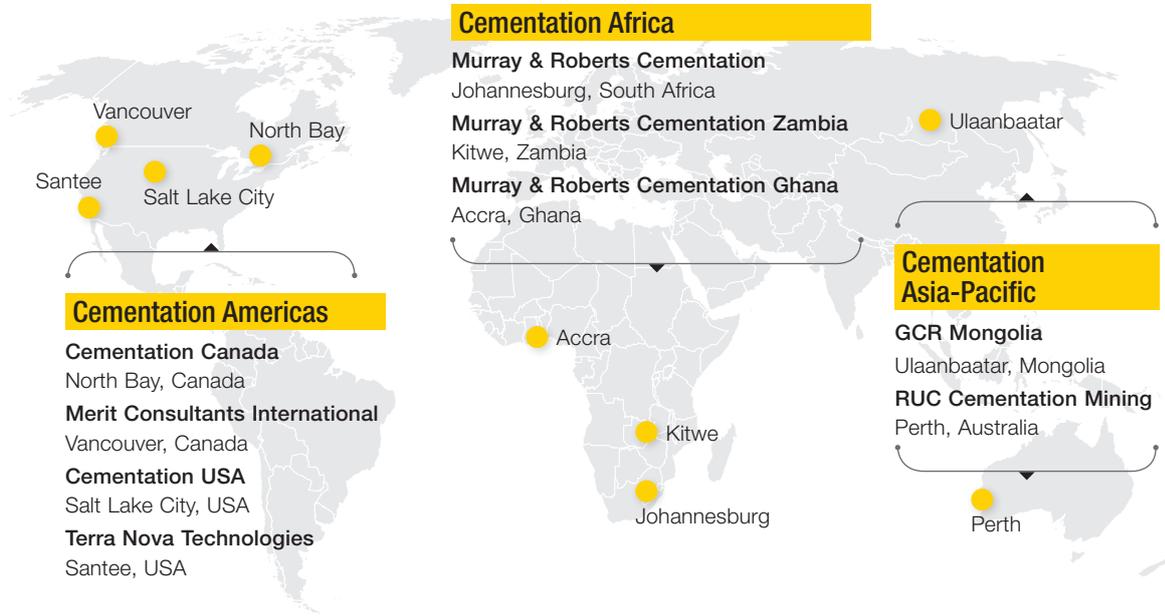
MIKE DA COSTA
Platform CEO



WHILE THE NEAR TERM REMAINS SOMEWHAT UNCERTAIN, THE FORECAST INCREASE IN CAPITAL INVESTMENT OVER THE MEDIUM TERM BODES WELL FOR THE PLATFORM, OFFERING A GOOD OPPORTUNITY TO ACCELERATE OUR GROWTH, BOTH ORGANICALLY AND BY MEANS OF ACQUISITION.

Established in all major mining jurisdictions, the platform's service offering spans the project life cycle, including feasibility studies, specialist engineering, vertical and decline shaft construction, mine development, specialist mining services such as raise boring and grouting, underground construction, contract mining and material handling solutions.

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The platform is currently engaged on projects in Australia, Indonesia, Mongolia, Kazakhstan, South Africa, elsewhere in sub-Saharan Africa, Canada, USA and Mexico. These include 17 shaft sinking, equipping and shaft rehabilitation projects, 19 decline shaft and mine development projects, six production mining projects, 30 support and construction projects, and six major ore handling infrastructure construction projects. In addition, we also have 28 raise drilling machines currently deployed on projects around the world.

It was a challenging year as COVID-19 affected all our businesses to varying degrees, largely due to the containment measures imposed by clients and countries, and the impact of uncertainty on capital investment decisions.

Some regions were more severely impacted than others. The disruptions and their effect on the world economy resulted in an uncertain investment environment, which moved most mining companies to protect their balance sheets. Typically, the first response to such an environment is to limit capital expenditure, translating into project suspensions and deferrals.

Against this background, the earnings performance of Cementation Americas deteriorated significantly compared to last year. RUC Cementation Mining and Murray & Roberts Cementation were less impacted and both businesses achieved a much-improved performance.

Revenue decreased to R9,5 billion (FY2020: R12,0 billion) and operating profit decreased to R473 million (FY2020: R630 million). However, the order book increased to R23,2 billion (FY2020: R19,4 billion), and is supported by a strong project pipeline that we believe will deliver further growth during the year ahead.

In terms of our safety performance for the year, the LTIFR showed little change over the past two years and was 1.26 (FY2020: 1.37). The TRCR deteriorated slightly over the same period, and was 6.63 (FY2020: 6.60). The platform has achieved more than three and a half years without a fatal incident and won the award for the most improved safety performance in the annual Group CE Safety Recognition Awards.

All our businesses experienced the consequences of this to some extent, with several near-term pipeline opportunities stalling during the year. Together with the suspension of a major project in the USA, this resulted in a temporary deterioration of the order book, particularly in the Cementation Americas business.

Work on projects was interrupted as mine operators shut down sites in response to COVID-19 infections, particularly in Canada. Shift rotations were reduced to limit the number and frequency of people moving into and out of mine sites. Mine owners, to protect their balance sheets against the economic uncertainty, postponed capital investment decisions, resulting in project awards being delayed. Rio Tinto's decision to suspend the Resolution project in the USA, which was a significant contributor to this business, exacerbated the situation.

In Australia, RUC Cementation Mining delivered a far stronger performance compared to last year. COVID-19 impacted this business to a lesser extent, except for projects in Mongolia and Indonesia. Very little work took place on the shaft sinking project in Mongolia, due to the national lockdown and travel restrictions imposed at the first sign of community transmission. This project is emerging from “caretaker” mode. Indonesia also implemented periodic restrictions on travel during the year, which made it difficult to manage the rotation of expatriate workers at times. Several vertical hoisting shaft projects came to market, a sector in which RUC Cementation Mining outperforms its competitors. The award of one of these opportunities in the second half of the year increased the order book compared to last year. There are at least three further opportunities in the pipeline, for which the business is well positioned, which should further grow its order book during the new financial year.

In South Africa, Murray & Roberts Cementation delivered an exceptional financial performance. It experienced some COVID-19 disruption which impacted on productivity, particularly during the second and third wave of infections in South Africa during January 2021 and June 2021, respectively. The order book remained stable and a significant increase in tendering activity during the second half of the year resulted in a very strong Category 1 (near-term) pipeline, that should result in order book growth in the new financial year.

MARKET OPPORTUNITY

The recovery of the world economy, fuelled by the stimulus programmes of major governments has resulted in a significant increase in demand for commodities. As a result, commodity prices have risen steeply over the past year and are forecast to continue their upward trend over the medium term. It is unclear whether this is the start of another super-cycle, although a ‘super-cycle of the few’ seems more likely, with significant demand growth contained to those commodities required to support efforts to decarbonise the world economy.

The COVID-19 pandemic has highlighted the vulnerabilities in global systems. In particular, this has galvanised the attention of governments, businesses, investors and society in addressing climate change. A significant supply of raw materials will be needed to build the new technology and infrastructure required. Demand for these commodities (including copper, nickel, platinum group metals, cobalt, manganese, lithium and rare earth metals) is forecast to rise significantly over the coming decade, driving up prices and investment in mining them.

A large proportion of the platform’s order book is made up of projects in these ‘future-facing’ commodities. Our intention is to grow this proportion significantly in the future as our capabilities are aligned to servicing clients focused on these commodities.

While decarbonisation will boost the demand for some commodities, others will be negatively impacted. An obvious example is thermal coal. We have decided not to work in this industry except in South Africa, given its socioeconomic dependence on coal-fired power. We will therefore continue to mine coal for clients who supply the national power utility, Eskom.

We support our clients in reducing their carbon footprint through digital technology that improves the energy efficiency of our fixed and mobile plant in underground use. We also offer the use of battery powered equipment. We actively engage our suppliers to identify collaborative opportunities to reduce the carbon footprint of our supply chain.

STRATEGY

The platform’s operating model empowers our management teams to execute their mandates, based on a deep understanding of their regional markets, mining cultures and local networks. This is balanced with appropriate executive oversight, according to our governance framework. We also provide central support to our businesses, which includes global procurement initiatives and financing, where appropriate.

To build on the success the platform has already achieved, we continue to focus on two primary objectives: driving growth and deepening *Engineered Excellence*.

We will apply organic and acquisitive means to sustainably grow platform earnings.

OUR PLANS FOR ORGANIC GROWTH INCLUDE:

- **Increasing market share in regions where we operate;**
- **Expanding our existing regional footprints, specifically into Mexico, Chile, Peru, West Africa, Tasmania and Kazakhstan;**
- **Achieving a higher proportion of contract mining projects in the project portfolio; and**
- **Improving project delivery and margins.**

We continue to assess opportunities for acquisitive growth. However, we are resolute that only value-accretive opportunities that enable us to further diversify our revenue profile will be pursued.

Engineered Excellence defines our management approach at every level of the organisation. This operating philosophy means that we thoroughly plan everything we do to achieve excellent outcomes, with nothing left to chance. It challenges us to drive continuous improvement in project risk management and delivery, and in achieving industry-leading HSE performance – which is as important to our clients as it is to our employees.

Our digital strategy, which is well underway, will provide a step-change in consistently delivering *Engineered Excellence* in all our businesses. This will lend new support to our ability to provide specialist services that are clearly differentiated, both in the design and delivery of projects, consolidating our status as a contractor of choice.

CONTRACTOR OF CHOICE

Murray & Roberts Cementation has a formal Project Management Assurance Framework that ensures management and control of each project phase. It formalises a gated process that does not allow project progression unless all requirements of the preceding phase are met, and permission has been obtained to proceed to the next phase. The framework specifies five phases: tendering; start-up; planning; execution; and close-out of projects. A similar framework exists in Cementation Americas and the introduction of the framework to RUC Cementation Mining will be explored during FY2022, as it seeks to become a Tier-1 mining contractor in Australia.

Engineered Excellence

Over the next year, we will seek to deepen *Engineered Excellence* in the following areas:

Safety and risk management

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

Productivity levels

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

Strategic procurement

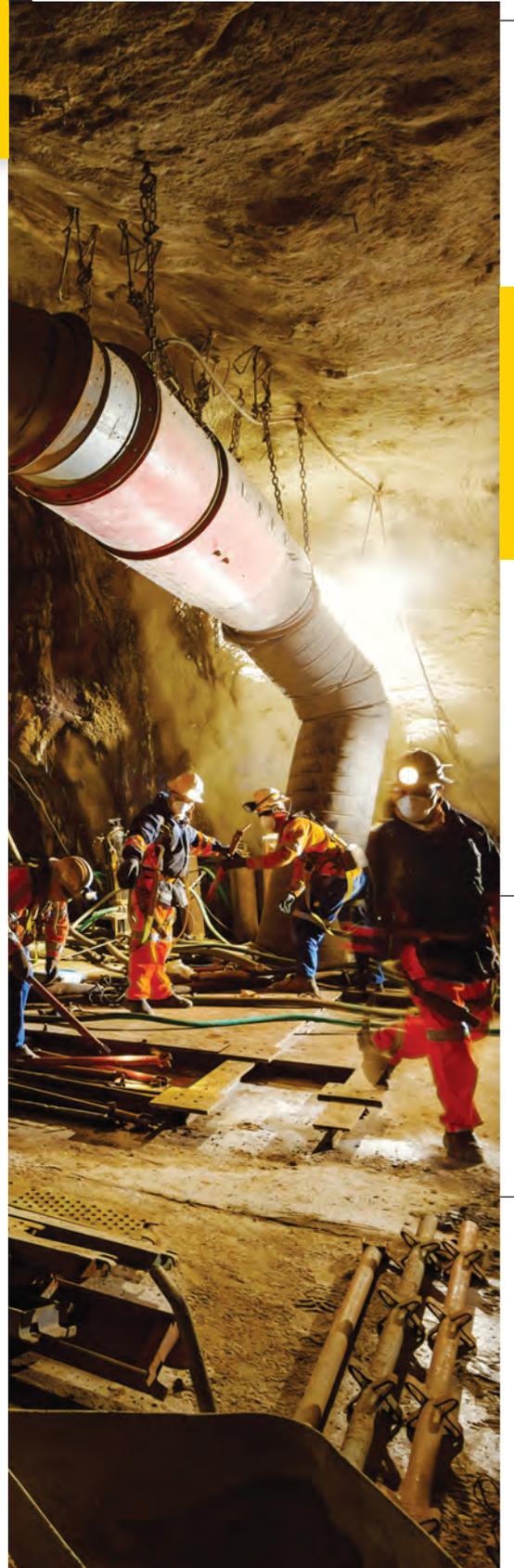
- Establishing formal collaboration agreements with equipment OEMs and large suppliers;
- Identifying opportunities for global supply contracts with better terms than those secured on a regional basis; and
- Exploring alternative asset ownership models that allow better leverage of global spending power and reduce the drag on working capital and idle equipment depreciation.

Asset performance

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

Management information

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



Zero Harm

Our approach to health and safety management centres on continual improvement, founded on effective leadership, accountability and our extensive operational experience. Clear policies, standards and procedures and the competence and motivation of our employees, support our aspiration of Zero Harm.



Fatality prevention

Our fatality prevention efforts are largely focused on safety in design, thorough planning for safe execution and the management of critical risks.

The platform employs two systems to manage critical risk. Cementation Americas and RUC Cementation Mining have implemented the CRM programme, and Murray & Roberts Cementation the MAP programme. Every project team maintains a critical risk register along with a set of controls that must be implemented to mitigate the critical risks. To ensure the controls are effective, a control verification process is incorporated. This requires line personnel at various levels of seniority to conduct periodic checks on the status of critical controls. Independent system effectiveness audits are also conducted on a regular basis.

In addition, all our businesses have implemented HPH and HPI reporting. All HPHs and HPIs are thoroughly investigated, implementation and effectiveness of controls are interrogated, and measures are developed to prevent reoccurrences.

Injury prevention

Our efforts to prevent general injuries are supported by:

- **Training** – all employees undergo appropriate training for their roles in one of our world-class training centres, as well as on-the-job training.
- **Standards and safe work procedures** – we have developed comprehensive standards and procedures that are implemented at all our sites.
- **Pre-work planning** – before any work commences, our teams are required to plan the work and ensure they understand what has to be done, why it has to be done, how they are going to do it and that they have the resources to do the work safely and efficiently.
- **Leadership and supervision** – leaders and supervisors are held accountable for delivering safe, quality outcomes, which requires that they spend sufficient time observing, engaging and coaching work teams. It is their responsibility to ensure that all employees have the means and ability to do the work required of them.
- **High potential hazard and high potential incident reporting** – we run onsite reporting programmes that encourage all employees to report potential hazards and incidents. These reports are analysed to proactively address safety risks and ensure that remedial action is implemented where required.
- **Learning and sharing** – we take advantage of the experience of our diverse operations, clients and partners and share lessons learnt to improve safety across our operations.
- **PPE** – all employees are issued with the best quality personal protective equipment, appropriate for the work they are doing.

Digitalisation

Our current digitalisation efforts are focused on three main areas of our business:

Asset maintenance

This includes managing the life cycle of assets to minimise the total cost of ownership by maximising availability, while balancing maintenance costs and operational risk. The following applications are in various stages of development and implementation:

- Condition monitoring system – mobile equipment;
- Condition monitoring system – fixed equipment;
- Digital maintenance management system; and
- Predictive maintenance capability.

Operational effectiveness

This includes initiatives that increase productivity and reduce variation in our operations through continuous improvement of processes, feedback and reporting, decision-making, quality control, deployment of resources and waste removal. The following applications are in various stages of development and implementation:

- Electronic communications;
- Automated data capture;
- AI-assisted daily task planning;
- Real-time tracking of mobile equipment;
- Real-time tracking of tasks completed;
- Automated plan versus actual analysis;
- Automated reporting; and
- Training interventions based on accurate data-driven operator assessments.

Autonomous and remote operations

This includes initiatives that use automation and remote operation of both fixed and mobile equipment to achieve improved safety, overall equipment effectiveness and/or labour efficiencies by using multi-machine functionality. The following applications are in various stages of development and implementation:

- Remote, semi-autonomous operation of load haul dumpers;
- Remote operation of development drill rigs;
- Remote operation of production drill rigs;
- Remote environmental monitoring;
- Ventilation on demand; and
- Remote pump monitoring and control.

Murray & Roberts owns a controlling share in InSig, a small but dynamic technology company based in Perth, Australia. InSig assists its clients to produce customised, fit-for-purpose mining solutions, and provides specialised electrical and control systems expertise. They manage the technology that is changing the face of mining, including underground communications, remote monitoring of equipment, digitisation and the interpretation of real-time data to drive operational efficiencies.

InSig offers services such as data analytics and machine learning capabilities to support deep, real-time insights, predictions and recommendations. Their team of specialists provide digital services comprising life-of-mine (including design), systems and processes to support operations and services.

EMPLOYER OF CHOICE

Best people practices

Ensuring leadership continuity is critical to achieving *Engineered Excellence* in all that we do. To this end, each of our businesses have leadership development programmes that provide training and coaching. High-performing individuals are identified through a structured performance management process and those earmarked for succession are included in the Talent Management Programme, which incorporates a personal development plan and mentoring relationship with a senior colleague. Their progress is reviewed periodically by a panel of senior executives.

We have a performance management system in place where employees and their managers agree on performance contracts and development plans at the start of each year. These are evaluated twice per year and linked to performance-based rewards.

The robust cycle of investment into mining in Australia is translating into an acute skills shortage. The recovery in mining activity in North America is also starting to accelerate and will lead to increased competition for skills in this region. In sub-Saharan Africa, shaft sinking and mechanised mining skills are scarce, which will be required to service the growth in investment expected in the region.

These factors, together with the requirement for mine owners and contractors to recruit and employ from communities near mines, make effective training and development essential. The platform has a strong training and development ethos and its two world-class training facilities, one in South Africa and one in Mongolia, have been recognised for their significant contribution to skills development in their respective regions. These training centres not only cater for the platform's training needs, but also provide a training service to many of our clients.

In South Africa, the training centre offers training for learnerships sponsored by the Mining Qualifications Authority

RUC Cementation Mining has started a cadet programme, with the aim of recruiting novices to the industry and offering them the opportunity to become competent as equipment operators and tradesmen.

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

Diversity and inclusion

All our businesses employ diversity policies appropriate to their regions of operation.

In South Africa, Murray & Roberts Cementation met its transformation targets for FY2021, achieving a Level 1 BBBEE score. This was achieved by ensuring that all major projects:

- Recruit and train people from local communities to be employed on the project; and
- Ensure local suppliers are selected to participate in supplier development programmes and procurement contracts.

Cementation Canada has an established diversity policy. Its diversity task group identifies actions to promote inclusivity and rolled out a diversity training programme during the year.

RUC Cementation Mining's international workforce is comprised of employees recruited from local host communities.



CORPORATE REPUTATION

Localisation

We have a good record of recruiting and training people from local communities and providing opportunities for lasting employment on the mines that we build. We look for every opportunity to localise our supply chains and identify local businesses able to supply goods and services to our projects. We also build the capacity of local suppliers where required, so they are better equipped to supply the services required by ourselves or the mine owner.

Murray & Roberts Cementation established the Boipelo joint venture with Amandla TM, a black-owned mining contracting company, in FY2019. Boipelo is 51% owned by Amandla TM and provides contract mining services to the coal mining industry in South Africa. The joint venture performed well during the year and has recently been awarded a five-year underground mining services contract by Arnot Opco Coal Mine in Mpumalanga.

Murray & Roberts Cementation has local partners in other countries in Africa and local opportunities are pursued in joint venture with them. A recent example is the contract awarded in Namibia by B2Gold to Murray & Roberts Cementation, in joint venture with Lewcor, a local Namibian company.

Cementation Canada has joint ventures with First Nations groupings, which tender for work in the territories where they are resident. The company also works with local partners in Peru and Chile.

RUC Cementation Mining hires a large percentage of local people to resource its international projects, currently in Indonesia and Mongolia.

Ethical business practices

Senior management and key employees receive regular training on ethical business practices. Twice a year, senior management are required to complete a declaration to confirm that they are aware of the Group's anti-corruption and bribery policies and are not aware of any instances where these policies have been breached. For every tender that is submitted, those involved in compiling the tender, together with the managing director of the company, formally declare that there was no unethical behaviour involved in the compilation of the tender.

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

Stakeholder engagement

Values-led and ethical conduct is the foundation of our intention to be recognised as a trusted partner to our stakeholders wherever we work in the world.

PROSPECTS

The world economy continues its robust recovery following the initial devastating impacts of the COVID-19 pandemic. Many of our projects are still impacted from time-to-time as local outbreaks occur, but the effect of these disruptions on our financial performance is becoming less severe.

The strong rally in commodity prices, especially for future-facing commodities, has resulted in large cash surpluses for most mining companies. This is leading to forecasts of increased capital investment over the medium term. Some uncertainty regarding the timing and quantum of the investment remains, as mining operators are being conservative and waiting for the commodity upturn to firmly establish itself before committing to large investments.

FY2022 will be a year of rebuilding of order books after the COVID-19 induced erosion of the past two years. Strong growth is forecast for the period thereafter.

Project delivery

CEMENTATION AMERICAS

GLENCORE: ONAPING DEPTH SHAFT

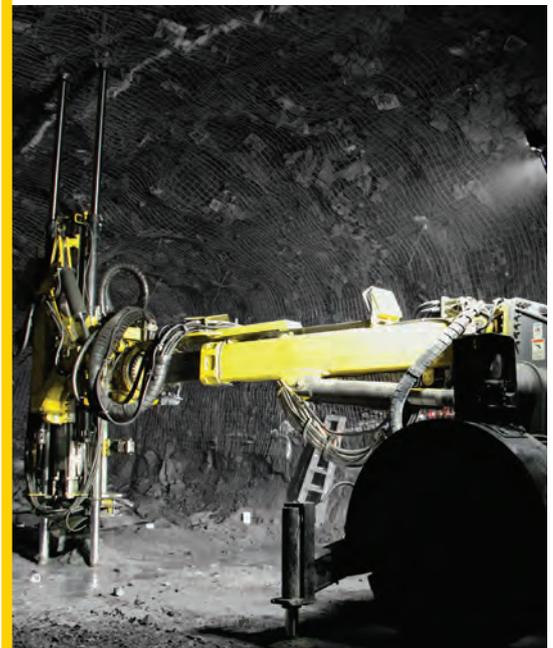
The project scope involves the detailed design and construction of headworks, sinking plant, permanent hoisting plant, shaft furnishings and conveyances. A sub-vertical shaft, with collar elevation at 1 150m below surface, is currently being sunk to a depth of 1 480m below collar. The hoisting plant has been commissioned and construction of the head frame has been completed. The shaft is being equipped concurrently, and work progressed to around the half-way mark during the year. Difficult ground conditions and occasional seismicity has resulted in schedule slippage.

PALABORA MINING COMPANY: PALABORA MINE

The project scope is to sink a 1 000m ventilation shaft. The shaft has advanced approximately 250m from the collar on the surface. COVID-19 related interruptions and poor ground conditions resulted in numerous delays during the year.

LUNDIN: EAGLE MINE

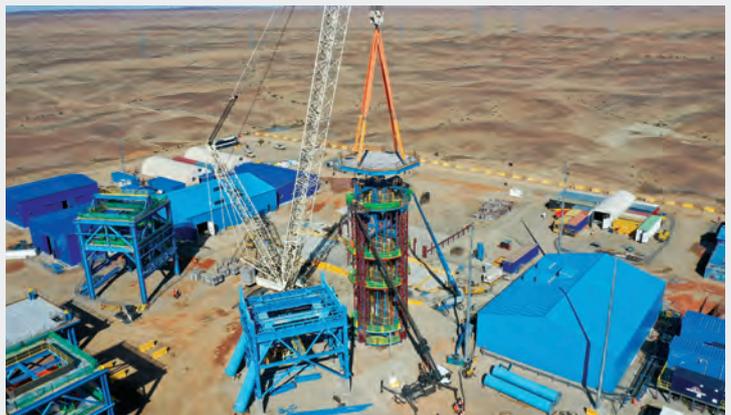
The project scope involves a full-service contract for the life of the mine. The development of a decline ramp to reach a satellite orebody to extend life-of-mine has been completed and mining of the new orebody has commenced. This project has been free of lost-time injuries from inception and consistently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



RUC CEMENTATION MINING

NEWMONT: TANAMI EXPANSION PROJECT

This project is a cost-reimbursable contract to construct permanent surface facilities (winders, conveyors, headframe) and equip and line a shaft that is 5.5m in diameter and 1 400m deep. Engineering and procurement work is at an advanced stage and the project team has recently begun preparations to start the work onsite.



MURRAY & ROBERTS CEMENTATION

DE BEERS: VENETIA MINE

The project scope is to construct the required infrastructure to transition the mine from an open pit to an underground mine. The sinking of two 1 080m shafts has been completed. The equipping of the production shaft is almost completed and shaft infrastructure development is underway. The decline ramp access system development continues and has progressed to a point approximately 570m below the surface.



KALAGADI: MANGANESE MINE

The project scope is to complete ore development, production ramp-up and contract mining for the first five years of operation. Challenges are still being experienced with the completion and de-bottlenecking of the existing underground and surface ore handling infrastructure, delaying the ramp-up of production. Despite these challenges, production rates have continued to ramp-up during the year, albeit at a lower rate than planned.



FREEPORT: OPERATIONS

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



RIO TINTO: OYU TOLGOI MINE

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

GROUP OVERVIEW

LEADERSHIP REVIEW

BUSINESS PLATFORM REVIEWS

GOVERNANCE, RISK AND REMUNERATION REPORTS

SUMMARISED FINANCIAL RESULTS

SHAREHOLDERS' INFORMATION

POWER, INDUSTRIAL & WATER

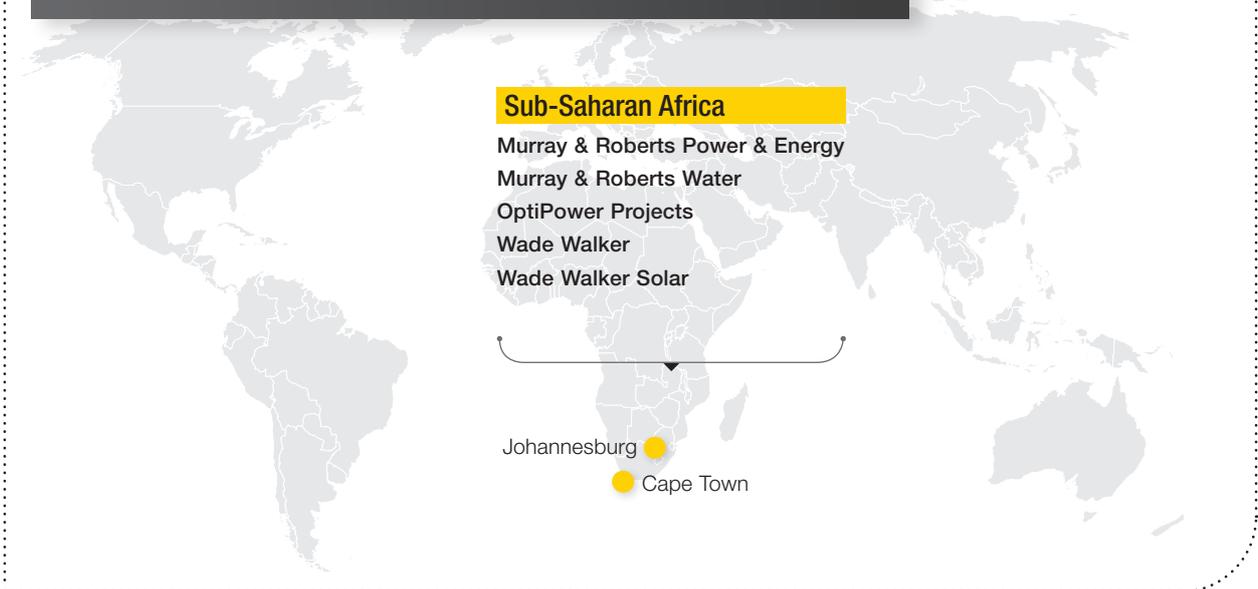


STEVE HARRISON
Platform CEO

UNCERTAIN TIMING OF PROJECT AWARDS IN OUR MARKETS NECESSITATED A FURTHER REDUCTION OF OVERHEAD COSTS IN ANTICIPATION OF LOWER REVENUE. THE RESTRUCTURING WAS UNDERTAKEN WITHOUT COMPROMISING THE PLATFORM'S CAPACITY TO PURSUE OUR STRATEGIC OBJECTIVES AND RESPOND TO BRIGHTER PROSPECTS IN OUR MARKETS.

The platform provides complete project life cycle services from development to engineering, procurement, construction, operations and maintenance in the power (including transmission and distribution), water, oil and gas, petrochemical, resources and industrial markets; primarily in South Africa, but also in sub-Saharan Africa. A new business focused on commercial and industrial scale photovoltaics was established in FY2021.

OUR BUSINESSES



PERFORMANCE OVERVIEW

During the year, the platform concluded its work on the Kusile power station, subject to the delivery of client supplied material and specified improvements to the plant. This ended our participation in the construction of the mega-scale Medupi and Kusile power station projects over the last 12 years.

Murray & Roberts Power & Energy continues to perform maintenance and outage works at Medupi and Kusile, with ongoing and repeat maintenance packages being awarded. Eskom awarded the business a mill maintenance contract at the Medupi power station, which was extended due to *Engineered Excellence* in delivery.

Securing replacement work continues to be a challenge, with no projects of significant scale awarded during the last few years. The South African government indicated that a considerable increase in infrastructure investment would be key to igniting the economy in the wake of the COVID-19 pandemic, but this did not materialise during FY2021.

Revenue decreased to R1,0 billion (FY2020: R2,0 billion) and order book increased marginally to R0,5 billion (FY2020: R0,4 billion). Given the platform's relatively low revenue base, losses on two, now completed projects, and lack of project awards of scale during the year, the platform recorded an operating loss of R175 million (FY2020: R44 million loss).

We adjusted shift systems and workforce arrangements on our projects to meet COVID-19 protocols, which required careful replanning of daily operations. The mitigation of COVID-19 health risks, which meant a reduction in the number of employees onsite, impacted the progress of some projects.

International travel restrictions limited the mobilisation of specialist artisans, which necessitated the use of a less-skilled and smaller local resource pool. This caused significant delays at the Sappi Saiccor mill project, which were exacerbated by active community influence on the recruitment of employees.

This caused further disruption and highlights the escalating expectations of local participation in the delivery of projects

Wade Walker Solar was established during the year to pursue industrial PV opportunities up to 10MW in scale. This business provides project development, EPC as well as equipment supply services and secured its first projects, albeit at a small scale. With the increase in the self-generation cap from 1MW to 100MW, we are likely to see more opportunity in the power generation sector.

Murray & Roberts Water, in consortium with Lektratek Water Technology, was awarded its first contract by the City of Cape Town. The scope of work is to design and build the mechanical and electrical works for the refurbishment of the Athlone Wastewater Treatment Works. Mobilisation has been delayed due to an objection raised to the tender evaluation process, but we do not expect this to affect the award. This award is significant as it positions the business for similar projects planned by the City of Cape Town in the first half of FY2022.

Murray & Roberts Water is relocating its Organica water treatment demonstration plant from eThekweni Municipality to the V&A Waterfront in Cape Town to supply water on a 10-year contract. This is a significant breakthrough, as it will be the first commercialised application of the Organica Water technology in South Africa.

In Mozambique, despite the potential opportunity for the platform to work on the Rovuma LNG projects, we suspended operations indefinitely due to political instability and security concerns in the northernmost parts of the country. Consequently, we closed Murray & Roberts Mozambique Limitada. We also suspended operations in our chemicals supply business, Aquamarine Water, due to a lack of opportunity in the local market, and goodwill in the business was impaired.

The platform's safety performance deteriorated due to safety challenges encountered at our new acquisition, OptiPower Projects. Our LTIFR deteriorated to 1.01 (FY2020: 0.16) and TRCR to 3.71 (FY2020: 1.12).

MARKET OPPORTUNITY

The platform's market scope aligns with the global imperative to transition to a more sustainable environment.

The platform will continue to support maintenance work on Eskom's ageing coal fleet, as these power stations remain critical to the country's socioeconomic development. However, we will not pursue coal power projects outside of South Africa and have made a fundamental shift towards renewable energy projects, having provided balance of plant electrical works on wind farms and solar PV installations during the financial year. In FY2022, our focus on renewable energy project development will include a minor equity stake in a portfolio of solar projects under development.

Low levels of electrification across sub-Saharan Africa create the need for cross-border connectivity to enable power trade between countries, driving the development of transmission and substation infrastructure. This supports our expectation of significant longer-term potential for OptiPower Projects, considering its capability in high and medium voltage transmission, as well as the distribution and substation sectors.

Green shoots are showing in the South African power, resources and energy sectors. The COVID-19 pandemic has acted as a catalyst for expedited structural reforms and policy certainty, which is essential to encourage public, private and foreign investment. The momentum is apparent in the promulgation of the Integrated Resource Plan, opening the door for procurement on the RMPP programme and Bid Window 5 of the REIPPP programme, as well as other power generating technologies including gas and coal. Associated projects are expected to come to market in calendar year 2021 and 2022.

The water sector in South Africa remains inactive and currently presents limited opportunity. However, at the Sustainable Development Investment Symposium earlier this year, 42 new water projects were identified, including several wastewater treatment plants. This bodes well for project opportunities over the medium to long term.

Of the new projects pledged at the symposium, many have now been gazetted in terms of the new Infrastructure Development Act. These include national water and sanitation projects totalling R106 billion. With the country's ailing water infrastructure and increasing threat of water shortages, we are confident that our Organica Water technology will be utilised on some of these projects.

The mining sector is showing encouraging signs of near-term investment, with prospects for construction opportunities for IPPs expected to come to market in the next six to 12 months.

STRATEGY

In view of these opportunities, we have developed a strategy to ensure the sustainability and growth of the platform.

KEY IMPERATIVES TO ACHIEVE PLATFORM STABILITY AND SUSTAINABILITY IN FY2022 TO FY2024:

01 SUCCESSFUL COMPLETION OF EXISTING PROJECTS

- 1 Increase oversight to ensure projects are closed out without distress.
- 2 Focus on operational delivery and commercial oversight and maintain HSE standards and targets.
- 3 Maximise profit potential.

02 CONVERSION OF NEAR ORDERS

- 1 Strengthen client engagement and negotiation.
- 2 Leverage Group facilitation.

03 SUCCESSFUL DELIVERY OF NEW PROJECTS

- 1 Deliver EBIT targets.
- 2 Leverage projects for extension of work and new contracts.

04 INTENSIFY BUSINESS DEVELOPMENT

Focus on target pipeline opportunities. Develop strong win strategy and ensure opportunity to bid.

FY2022 – FY2024 OPPORTUNITIES

Murray & Roberts Power & Energy

- Eskom service contracts
- Selected IPP developments
- Mining sector SMPEI
- Petroleum storage terminals

Murray & Roberts Water

- City of Cape Town drought resilience projects
- PPP eThekweni Municipality

OptiPower Projects

- REIPPP Round 5 IPPs
- Battery Energy Storage programme
- Eskom transmission lines

Wade Walker Solar

- Increase market share through full value chain.

05 DIVERSIFY THE PLATFORM

- Diversify into regions outside of South Africa and sub-Saharan Africa and into more secure, predictable markets.
- Leverage OptiPower Projects to enter transmission and distribution markets.
- Enter repair and maintenance markets through strategic partnerships.

06 EARLY ENTRY ON STRATEGIC PROJECTS

- Reposition the platform as an EPC provider and developer on strategic projects and regions leveraging Group companies and local and international partners.

07 ORGANISATIONAL OPTIMISATION

- 1 Streamline organisational structure to align with delivery of platform's strategic focus.
- 2 Appropriate gearing to reduce overheads.
- 3 Integration of OptiPower Projects and Wade Walker into the platform.

08 CLOSE-OUT PLAN FOR LEGAL/ COMMERCIAL CLAIMS

- 1 "End-game" strategy in place for claims.
- 2 Dedicated senior executive on legal matters with supporting resources.
- 3 Provide allocations and close out in FY2022 to FY2023.

Our revised management structure is appropriate for the adjusted platform strategy. Business processes are being redesigned to better suit a smaller and more streamlined organisation. A performance management system with KPIs aligned to the platform's business objectives, as well as personal development plans, will support our new strategy.

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

The commencement of the RMIPP programme, the BESS programme and the REIPPP programme, should provide a solid pipeline of project opportunities on electrical balance of plant, substations and high voltage transmission lines, in the short to medium term. Several high voltage transmission line tenders with Eskom were under adjudication at the end of FY2021, along with two smaller near orders in Botswana also approaching award.

Wade Walker Solar is positioned to provide cleaner energy solutions through the development, engineering, procurement and construction of rooftop and ground-mounted PV solar installations in SADC.

Murray & Roberts Water should secure water and wastewater treatment projects as these come to market. The Organica water demonstration plant at the Verulam wastewater plant has confirmed the benefits of this unique wastewater treatment technology and positioned it favourably with scientists and water consultants. Its relocation to the V&A Waterfront in Cape Town will showcase the technology to a broader audience. The Organica Water technology is now being considered for two PPP opportunities, both greenfield wastewater treatment plants, being developed by the eThekweni Municipality.

We continue to develop our capacity and build strategic partnerships with local and international service providers to offer turnkey solutions. A key differentiator in the sub-Saharan Africa market is the ability to offer funded EPC project solutions. Good relationships have been established with project development finance institutions and commercial lenders, and discussions are underway with energy ministries in several sub-Saharan African countries regarding potential projects. However, these project development opportunities will have long gestation periods.

CONTRACTOR OF CHOICE

Engineered Excellence

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



Zero Harm

We lost a colleague on the first day of the financial year. Wilfred Moleofi was employed by OptiPower Projects, and we deeply regret his death. We again extend our deepest sympathies to his family and friends.

The COVID-19 pandemic remains a significant risk and procedures, risk assessments, audits, screening and testing protocols are well entrenched.

The MAP programme is fully embedded at all our projects. Sappi Saiccor, Kusile and the Polokwane SO₂ Abatement projects all received Zero Harm safety awards in the year under review. An external audit on a sample of the Group's health and safety standards also concluded that the standards were well entrenched across the platform.

Lead indicators such as near-miss reporting and hazard observations will continue to be an area of focus, building on the improvement in reporting during the period. Requirements for the frequency of reporting on projects will be incorporated into employee performance contracts.

All businesses were assessed and achieved ISO 45001, ISO 9001 and ISO 14001 certification. The platform also maintained the prestigious South African Institute of Welding ISO 3834 accreditation.

The health and wellness of our employees remain a priority. Many of our employees make use of our employee wellness service, for assistance with financial counselling, stress and legal advice. The peer educator training programme equips wellness champions with the skills required to effectively engage with employees about their health and wellness.

Digitalisation

Digital applications will be utilised to improve the quality of safety reports, as well as the real-time recording of data to prevent delays in reporting and hazard identification. This will support a more proactive approach to safety management.

EMPLOYER OF CHOICE

Best people practices

It has been a challenging year for talent management due to the rightsizing of the platform in line with declining revenue and a depressed short-term market outlook. Headcount reduced from 1 661 in June 2020 to 1 104 at June 2021. It was not always possible to retain certain important skills, although some employees were appointed in different roles or transferred to projects as a mechanism to maintain our capability.

Several exiting employees were contracted for a limited duration or on flexitime, to provide a thorough handover to those remaining who assumed expanded roles. This model was successful in ensuring a controlled transition.

As part of the rightsizing, a comprehensive talent review across senior and middle management was undertaken to confirm high-potential employees for participation in mentorship, leadership and management development programmes.

The integration of OptiPower Projects into the platform was concluded during the year. Integration involves more than aligning business processes, but more importantly ensures that culture and people practices are aligned.

The pandemic, compounded by the impact of personnel changes, have contributed to high stress levels across our entire workforce. The platform's executive teams maintain Visible Felt Leadership through open engagement with employees.

The power station outage business has developed an efficient recruitment process to manage workforce requirements. Outage projects have short durations with tight delivery schedules and employees with different skillsets are required for various phases of the project. These employees must be efficiently onboarded and demobilised in accordance with the project schedule. Emphasis is placed on supporting local communities and approximately two-thirds of employees working on current outage projects are sourced from these communities.

The platform has established a core group of highly trained artisans and supervisors and we continue to invest in their career development. Employees with limited duration and project-specific employment contracts, supplement this core group to meet fluctuating human resource needs on projects. During the past year, most of our investment in employee development was focused on technical artisan training.

Diversity and inclusion

As the Medupi and Kusile projects come to an end, there has been a significant reduction in employees across all organisational levels. Unfortunately, this downsizing negatively impacted our ability to maintain our employment equity and skills development credentials.

Our diversity aspirations have been revised in line with the restructuring of the platform and the reality of our current business environment. Some 86% of our employees are black and 11% are women. In middle management, 55% of positions are occupied by black employees, and our objective is to increase this representation going forward.

During the year, we spent R2 million on supplier development, surpassing the platform target of R1,8 million. We were particularly pleased to support Handy Helper Agency, a female-owned business, which achieved Services SETA accreditation as a hygiene and cleaning training company.



CORPORATE REPUTATION

Localisation

Localisation is a strategic imperative for the platform. The platform is aligned with and cognisant of the need both at tender and implementation stage to engage and empower local communities with respect to employment training.

The platform makes use of local SMEs and businesses and we work closely with clients, local community forums and leaders in this respect. We continue to support social investment initiatives in the communities that host our projects.

Ethical business practices

Senior management and key employees receive regular training on ethical business practices. These employees are required to sign a declaration that there was no unethical or anti-competitive conduct in the preparation of tenders. A whistle-blower hotline exists for employees to report any unethical behaviour. Independent forensic consultants investigate all cases thoroughly and findings are actioned.

Stakeholder engagement

The strength of our stakeholder relationships has never been more important than now in the midst of the COVID-19 pandemic, where our sustainability rests squarely on our reputation.

The Group's embedded engagement model supports our relationships with clients, employees and other stakeholders. The stakeholder engagement framework holds the platform accountable for stakeholder inclusion in identifying, understanding and responding to sustainability issues and concerns.

PROSPECTS

The imminent unbundling of Eskom should result in the creation of a separate transmission and distribution company in FY2022. Substantial investment is required to improve South Africa's transmission line infrastructure, and several transmission line tenders are under adjudication. The anticipated Generation Connection Capacity Assessment report and the creation of Eskom's new transmission and distribution company should unlock transmission projects and provide a clearer view of medium- to long-term procurement plans.

The infrastructure plan announced by the South African government to stimulate the economy should present substantial opportunity in the medium term, especially in the power sector. The reforms within the Department of Mineral Resources and Eskom, aimed at establishing market-friendly legislation and strategies to open the sector to greater private participation, are encouraging. This is evident in the procurement roadmap outlined in the Integrated Resource Plan, REIPPP Bid Window 5 and the lifting of the self-generation cap from 1MW to 100MW. This is expected to unlock significant investment in new generation capacity in the short to medium term.

Investment in the South African water sector continues to be alarmingly low, considering the need. Limited opportunity exists with the City of Cape Town and other municipalities, considering the required investment in wastewater treatment infrastructure. The Organica Water wastewater treatment technology positions Murray & Roberts Water well for PPP opportunities in wastewater treatment plants.

The platform's sustainability relies largely on macro-economic market conditions in South Africa and, in particular, on Eskom's infrastructure spend, as well as investment in wastewater treatment infrastructure by metropolises and municipalities. Given more favourable prospects than we have seen in recent years, we are cautiously optimistic that the platform will return to profitability in the medium term.

Project delivery

ANGLO PLATINUM: SO₂ ABATEMENT PROJECT

This is a pilot project for a series of emissions abatement projects for Anglo Platinum's fleet of processing plants. Murray & Roberts Power & Energy has successfully erected the abatement plant, which reduces SO₂ emissions from the ore furnace via a series of ducts, converters and scrubbers. This plant was commissioned and put into operation toward the end of FY2020.



SAPPI: SAICCOR VULINDLELA PROJECT

The project was built to expand the delivery of dissolving pulp, a key component of modern clothing textiles, through the erection of an additional recovery boiler and secondary recovery plant at Sappi's existing Umkomaas facility. The new plant is being erected without disruption to current operations. Mechanical works are complete, and the project will enter commissioning during the third quarter of calendar year 2021.

This project was directly impacted by the COVID-19 pandemic and related travel restrictions, as well as community related disruption.



GOLDEN VALLEY AND EXCELSIOR WIND FARMS

OptiPower Projects delivered the electrical balance of plant, 132kV overhead lines and substation scopes of work for two wind farms – Golden Valley in the Bedford area of the Eastern Cape and Excelsior near Swellendam in the Western Cape. The 32.5MW Excelsior and the 120MW Golden Valley facilities were commissioned and handed over to the client during the year.

