2021 Annual Integrated Report

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GLOSSARY

Acronyms and terms used in this report **PG 148**

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www.murrob.com/inv-annual-reports.asp

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GROUP OVERVIEW
LEADERSHIP REVIEW
BUSINESS PLATFORM REVIEWS
GOVERNANCE, RISK AND REMUNERATION REPORTS
SUMMARISED FINANCIAL RESULTS
SHAREHOLDERS' INFORMATION

About this report

Our integrated report for the year ended 30 June 2021 (FY2021) presents the strategy, governance, performance and prospects of the Group, including our wholly owned business platforms, investments and the joint ventures in which we have significant influence.

The report is aimed primarily at providers of financial capital, our employees, clients and business partners. It is also likely to be of interest to a broader readership as it covers our relationships with stakeholders deemed to be material to our ability to deliver on our strategy in the short term also referred to as the near term and denoting the coming reporting period, the medium term (the next three years equating to our rolling business planning cycle) and the longer term (beyond this planning horizon).

The report follows the same structure as last year, with the content index setting out what is available in print and in the supplementary information provided online. In this year's report, we have provided additional detail on our ESG systems and performance, and the expectations of our stakeholders in this regard.

The quality of the Group's reporting has been consistently recognised, with the 2020 IAS award for excellence in communication and financial reporting in the industrials category, being the fourth award from the IAS since 2009. An independent assessment of the Group's ESG performance and disclosure, providing a baseline for further improvement, showed a favourable comparison with the global industrials sector, as well as selected peers and clients. The Group remains committed to continual improvement in its reporting as stakeholder disclosure expectations change.

VALUE DEFINITION AND MATERIALITY

Framed by our Purpose and our Vision (see page 06), our *New Strategic Future* strategy defines the primary drivers of shareholder value for the Group, which remains the primary measure of our ability to harmonise the interests and deliver positive value outcomes for all our stakeholders:

- Achieving sufficient diversification of earnings potential and risk exposure to secure **sustainable growth**;
- Deepening our differentiation as a contractor, employer and strategic partner, to ensure **sustainable competitiveness**;
- Enhancing our relevance to our stakeholders, as a purpose-led, profitable, ethical and responsible multinational organisation, aligned to the global advancement of **sustainable human development**;
- These aspirations are contingent on the inculcation of the **Group culture** (guided by our Values and operationalised by our philosophy of *Engineered Excellence*) in all our businesses.

Within this value construct, Murray & Roberts defines material issues as factors that substantively affect our ability to sustain our strategic, operational and financial performance. These factors and the way we respond to them are likely to influence a stakeholder's assessment of the Group's ability to enhance enterprise value over time.

Managing our material issues on PG 30, details the process followed to determine our material issues and sets out our priorities at Group and platform levels in relation to these value drivers and outcomes.

INTEGRATED THINKING

The Board committee structure has overlap in membership, and together with the Group's organisational, integrated assurance and sustainability frameworks, promote operational visibility and integrated decision-making through clearly defined policy, approval and assurance processes. The Group's governance frameworks align to King IV requirements and oversight processes are regularly reviewed and adapted in line with changes in the Group's opportunity and risk profile. Continual improvement in the Group's standards, systems, best practices and reporting, in response to the operating environment and the needs of stakeholders, as well as performance outcomes, embed accountability for integrated thinking at every level of the Group.

Purpose-led value creation PG 06

Governance overview PG 86

PROCESS DISCLOSURES

The integrity of the integrated and sustainability reports are supported by a mature and effective process, with the following features:

- The reporting team, with support from specialist external reporting partners, is led by the Group Investor and Media Executive, who has unfettered access to the Group chairman, Group executive and platform leadership during the process of report preparation.
- A paper setting out the reporting approach and areas of improvement, based on developments in reporting frameworks and the disclosure expectations of stakeholders, is presented to the Murray & Roberts Limited and Holdings Boards at the outset of report planning, giving the directors the opportunity to guide the process.
- The material issues, which provide the basis for preparing the integrated and sustainability reports, entail independent analysis of Group and platform business plans and stakeholder insights from key relationship owners; the output of which is considered by a specifically convened forum comprising the Group chief executive, financial director, and the Group executives in charge of risk, sustainability, and investor relations and stakeholder communication. The material issues are tested against interviews with Group leadership, including the chairman for Board insight, and the platform chief executive officers' reports for platform insight.
- The information in the report is drawn from various sources; predominantly the Group and platform business plans for the following three-year planning horizon, interviews with the Group chairman, chief executive officer and financial director, as well as the Group's register of top risks and material governance-related information.
- The platform chief executive officers are responsible for drafting the platform reviews, based on a detailed briefing paper that sets out the Group's expectations in line with the requirements of integrated and sustainability reporting.
- The Group chief executive officer and financial director review all content during the drafting process, and the non-executive directors are given the opportunity to review and comment on the drafts, before formal approval by the Group audit & sustainability committee, whose responsibility is delegated to it by the Board.

Auditor's report **ONLINE**

Assurance statement **ONLINE**

Independent limited assurance report to the directors of Murray & Roberts Limited **ONLINE**

REPORTING FRAMEWORKS

The information included in this integrated report is provided in accordance with IFRS, the South African Companies Act, 71 of 2008 (as amended), the JSE Listings Requirements and King IV[1]. The Board has considered the requirements of King IV and adheres to its principles. We have applied the IIRC International <IR> Framework (January 2021) in preparing our integrated report. The Board is of the view that the integrated report applies all the principles and content elements of the <IR> Framework in 2021; however, they are presented in a way that is meaningful to the Group, and consistent with how we communicate with, and account to, our stakeholders. Our sustainability report has been prepared in accordance with the GRI Sustainability Reporting Standards at a core application level.

Summarised financial results **PG 124**

King IV application register **ONLINE**

GRI G4 content index **ONLINE**

BOARD RESPONSIBILITY STATEMENT

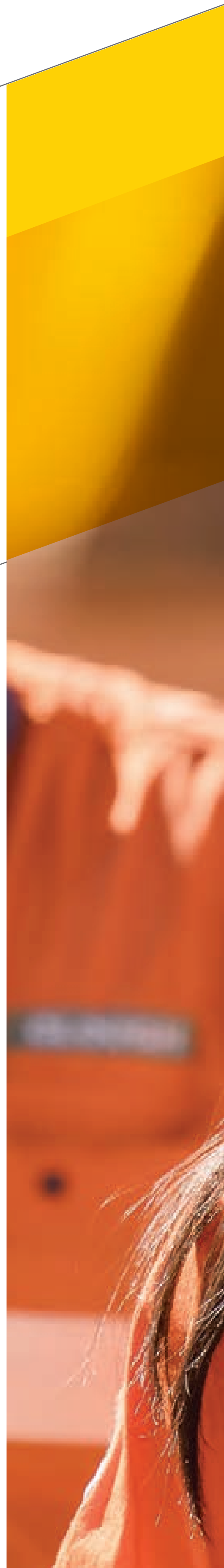
The audit & sustainability committee is responsible for overseeing the preparation and presentation of the integrated report, and ensuring its integrity. The committee believes that the integrated report addresses all the material issues that have a bearing on the Group's ability to create value over the short, medium and long term. The committee recommended it for Board approval, which was obtained on 01 September 2021.

FEEDBACK

The integrated report is intended to provide the basis for meaningful engagement with our stakeholders. We welcome your feedback, which can be provided to Ed Jardim, Group investor and media executive at *ed.jardim@murrob.com.*

Important information on forward-looking statements **PG 150**

01 Group overview



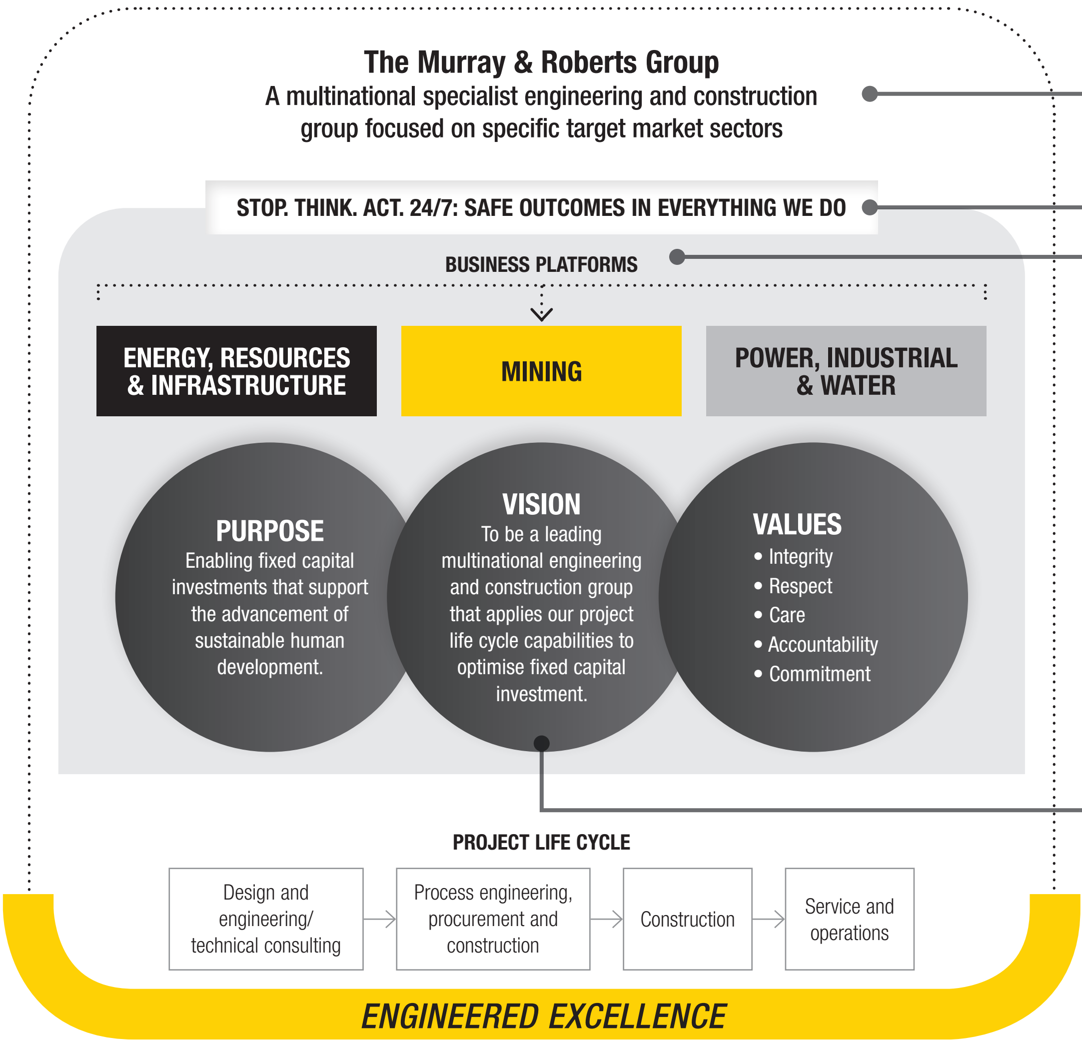

CLOUGH

Purpose-led value creation

Murray & Roberts enables and optimises fixed capital formation that corporations, governments and institutions commit to the advancement of sustainable human development.

The Group's purpose-led business model connects our capabilities to the investment our clients make in infrastructure that advances sustainable human development. Through the critical infrastructure we design, construct, maintain and operate, we empower global communities.

The Group's Purpose makes sustainable human development central to our governance approach, our competitiveness as a contractor and employer of choice, and our commitments as an ethical corporate citizen. As the Group moves to realise greater opportunities for growth, profitability and value creation, our strategic choices will continue to be framed by our Purpose, inspired by our Vision and guided by our Values.



Chairman's statement PG 46

Our **market focus includes sectors that conscious capital investment will favour** as the world seeks to sustainably meet the needs of a growing and urbanising global population, and address severe socioeconomic and ecological imbalances.

Our commitment to **safe outcomes in everything we do**, grounds our aspiration to make Zero Harm a reality. Our safety record, our standing as a desirable employer and our care for community wellbeing, are hallmarks of the Group.

Our **business platforms are expected to align with Group culture**, which is guided by our Values and operationalised by our philosophy of *Engineered Excellence*. This alignment underpins our expectations for sustainable earnings growth, and industry-leading ESG performance in the years ahead.

We **design and deliver projects across the engineering and construction value chain** that are financially viable, with better outcomes for clients and lasting socioeconomic and environmental value for local communities and host countries; in return for maximum value recognition for the Group.

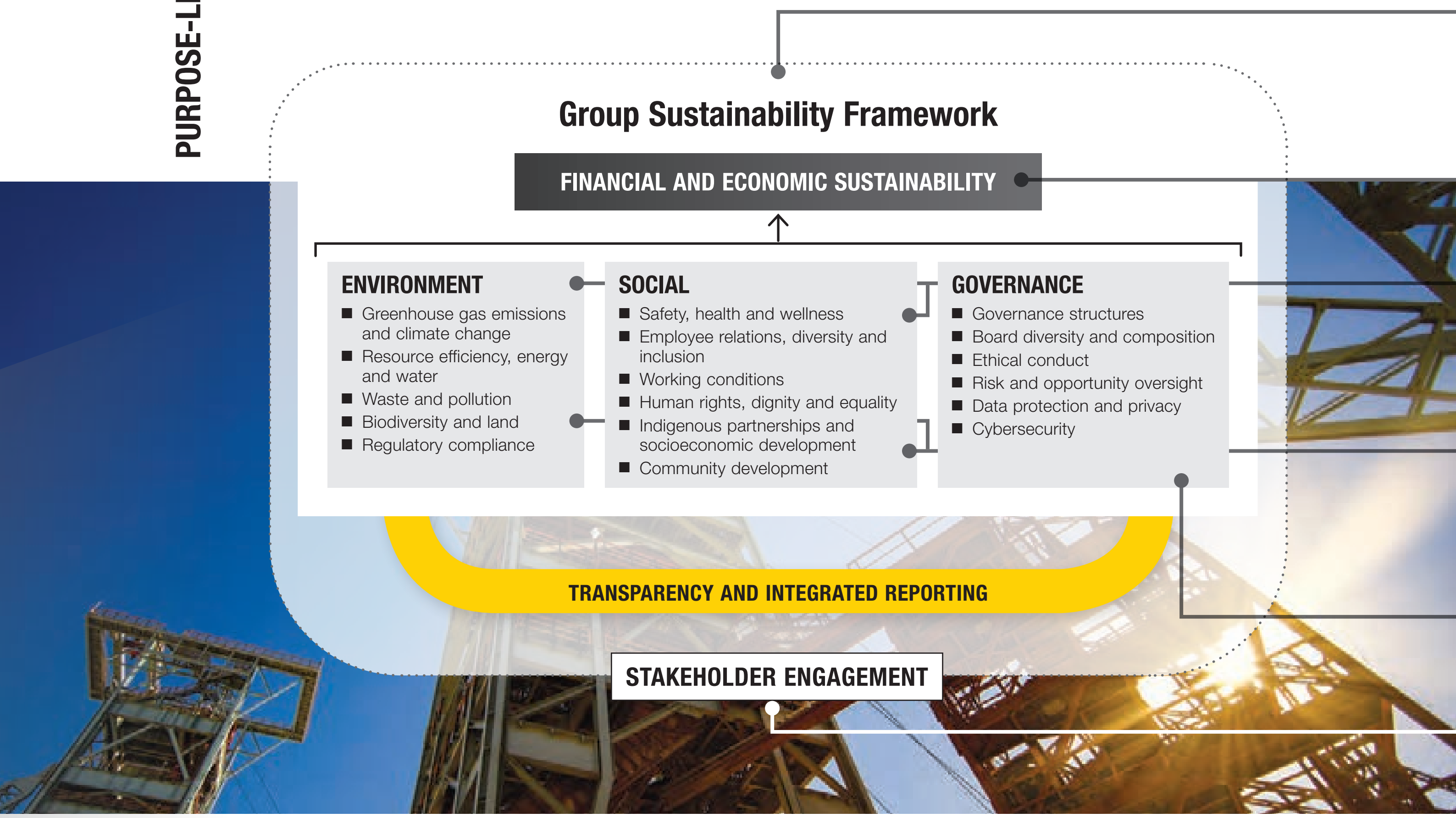
The Group overview in its entirety provides further insight on the Group's business model, the inputs we require to create value for our stakeholders and the outcomes we expect **PG 06**.

INTEGRATED THINKING

Sustainability thinking is integrated in the way we deliver our projects and conduct our business, and we operate under high expectations and stringent ESG guidelines.

Sustainability is central to our commitment to protect and deepen our reputation as a profitable, well-governed, ethical and responsible multinational organisation. Harmonising ESG imperatives with commercial opportunities is seen by the Board as an ethical obligation for the Group. It is also a requirement on which clients and funders insist and an important source of competitive differentiation for our business platforms.

ESG is integrated into our decision-making processes as we strive to understand, measure and manage the full impact of each decision we make. The Group's sustainability framework (depicted below) governs and focuses our approach to managing the pertinent risks and opportunities, impacts and outcomes related to ESG imperatives. Continual improvement of the Group's standards, systems, practices and reporting in response to shifts in our operating context and the needs and expectations of our stakeholders embeds sustainable practices across our business platforms. Shared learning within and across our businesses supports consistency.



The commercial and ESG outcomes we expect are built into our performance management and development processes, which are linked to our remuneration and incentive schemes. Performance contracts align individual and team performance targets to the Group's strategic objectives, across five performance dimensions (see below). These are cascaded from the performance criteria set by the Board for the Group chief executive officer to platform leadership, middle and line management levels at the beginning of each financial year.

01 FINANCIAL

- Satisfied shareholders through value creation.
- Achievement of business objectives.

02 LEADERSHIP

- Murray & Roberts brand respected internationally.
- Recognised as a diverse, high-performing organisation.
- Renowned for leadership development and capacity.

03 RELATIONSHIPS

- Stakeholder partnerships leveraged for growth.
- Internal and external trusting and open relationships.
- Recognised as an employer of choice.

04 OPERATIONAL

- Global capabilities harnessed to deliver successful project outcomes.
- Effective systems and controls to ensure successful project delivery.
- Sustainability and governance emulated by industry.

05 RISK

- Recognised for outstanding HSE results.
- Effective risk management.

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Aligning with escalating stakeholder expectations on ESG, **we revised our Group Sustainability Framework.** The Framework provides the overarching approach to managing ESG across jurisdictions in which we operate, and commits us to:

Creating sustainable value for shareholders, clients, employees, partners and suppliers, and the communities in which we operate.

Understanding and mitigating our operational risks and taking advantage of opportunities for differentiation.

Maintaining a Zero Harm mindset to managing our impacts on the environment, our workforce, communities and other stakeholders.

Continuing to apply global best practice in corporate governance.

Engaging with our stakeholders and taking their views and concerns into consideration when making strategic and operational decisions.

GROUP ESG RATING

CEN-ESG, based in the United Kingdom, assessed the Group's ESG performance and disclosure, providing a baseline for further improvement. The Group achieved an ESG disclosure score of 31.5, comparing favourably with the average of 30.2 for the industrials sector. For context, best-in-class FTSE100 companies scored an average of 57.4 points during the same period. Selected peers and clients achieved an average score of 38.7 points. From this baseline, the Group will continue to align our practices, performance measures and reporting to relevant international accountability frameworks, to benefit both our commercial and ESG aspirations.

STAKEHOLDER ENGAGEMENT POLICY

Trust is created by organisational behaviours valued by stakeholders and is based on confidence in both character and competence. Our reputation as a credible global operator and respected multinational rests on the value we create for our employees, clients and owners, and for local companies, host communities and countries in which we work.

Our Group stakeholder engagement policy ensures that the legitimate expectations and concerns of our stakeholders are placed at the centre of our strategy formulation and execution. It outlines our engagement responsibilities and applies to all our businesses and employees.

The policy requires that we:

- Comply with King IV recommended practices pertaining to stakeholder relationships.
- Integrate stakeholder engagement into the Group's ongoing management and business activities.
- 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.

The Group sustainability report provides detailed disclosure on the Group's governance structures and performance, related to our material socioeconomic and environmental impacts; and how we are responding to the needs and expectations of our stakeholders **ONLINE**.

Delivering our *New Strategic Future*

Steadfast, disciplined and agile implementation of our strategy has consolidated our long-term potential and our ability to realise it. From this vantage point, we are confident our stakeholders can look forward to a multi-year period of strong earnings growth and meaningful value creation.

Our *New Strategic Future* plan was designed to deepen our resilience to market cycles by achieving diversification across geographies and capabilities. We also sought to ensure our relevance by carefully choosing our target market sectors, which required broadening our market scope in recent years. While cyclicality is a typical feature of natural resources markets, specialised infrastructure and lower-carbon energy sources provide a long-term structural underpin to our growth potential.

Our business platforms have built credible positions in market sectors and regions likely to attract elevated capital investment, and their differentiation as specialist contractors, active across the entire project life cycle, will support sustainable earnings growth in the years ahead. The substantial stimulus earmarked for infrastructure-led socioeconomic recovery and redevelopment as the world emerges from the COVID-19 pandemic are important drivers of our investment case.

A SPECIALIST MULTINATIONAL ENGINEERING AND CONSTRUCTION GROUP…

Our strategically mature business platforms are focused on market sectors and regions with the best opportunities for growth, diversification and differentiation.

…ABLE TO OPTIMISE VALUE ACROSS THE PROJECT LIFE CYCLE…

As specialist contractors in their regions, end-to-end insight and control across the project life cycle optimises client, local community and host country value.

…DIFFERENTIATED BY A VALUES-LED CULTURE OF *ENGINEERED EXCELLENCE*…

Mature policies, management systems, business principles and practices, and shared learning enable differentiated services beyond competitive pricing.

…WITH CREDIBLE POSITIONS IN MARKET SECTORS WITH LONG-TERM POTENTIAL…

Structural demand for certain commodities, infrastructure-led socioeconomic recovery and global decarbonisation indicate robust capital investment in our market sectors.

…TO STRENGTHEN SUSTAINABLE EARNINGS AND SHAREHOLDER VALUE GROWTH.

Diversification across market sectors, regions and service offerings optimises earnings and risk, reflected in a record-high quality order book and strong project pipeline.

CONSISTENT STRATEGIC DELIVERY

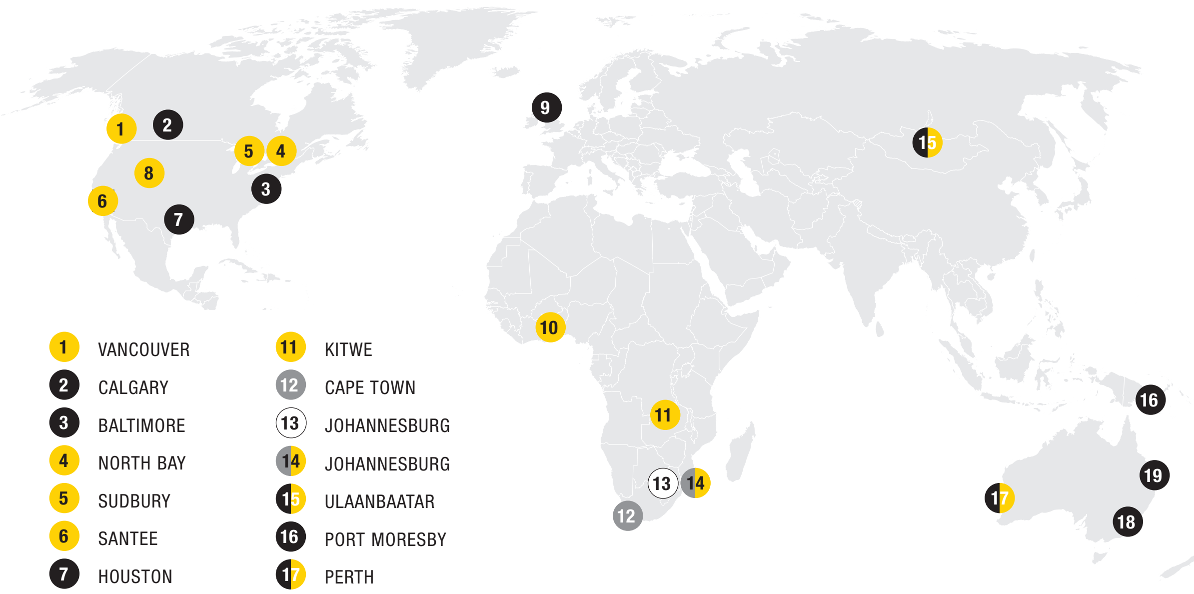
Over the last decade, the Group has dealt with threats to our financial stability and reputation, and navigated a long period of unpredictable conditions and unforeseen global events that severely disrupted global capital investment in our markets. Despite severe challenges, leadership has held true to our long-term strategic direction and course corrected where needed, to position our business platforms in market sectors with long-term growth potential. We have also sought to ensure we have the capabilities, capacity and credibility to deliver on the Group's high-value, quality order book.

RECOVERY (FY2012)		JULY 2011	New **Group CEO and CFO** appointed
	Negotiated debt package **R4,0bn**	NOVEMBER 2011	
		MARCH 2012	Rights Issue **R2,0bn**
GROWTH YEARS (FY2013 & FY2014)		MARCH 2013	Disposal of Clough's 36% investment in Forge **R1,8bn**
	Competition Commission **Settlement**	JUNE 2013	
		DECEMBER 2013	Clough becomes a wholly-owned subsidiary **R4,4bn**
	Proceeds from disposal of companies **R3,2bn**	UP TO MARCH 2014	
		JUNE 2014	Settled GPMOF claim realising **R300m profit**
NEW STRATEGIC FUTURE (FY2015+)		AUGUST 2014	Resumes **dividend payments**
	Acquisitions: CH-IV (US); Booth Welsh (EU); Aquamarine (SA); Enercore (Canada); Merit (Canada)	SEPTEMBER 2014 TO JANUARY 2016	
		OCTOBER 2015	Grayston Bridge **temporary works structure collapse**
	Settled **Gautrain claims** and **VRP Agreement**	DECEMBER 2016	
		MARCH 2017	JSE Sub-sector change and new financial director appointed
	Sale of **Infrastructure & Building** closed-out **R314 million**	APRIL 2017	
		DECEMBER 2017	Conclusion of **additional investment in Bombela (50%)**
	ATON mandatory offer	APRIL 2018	
		MAY 2018	Conclusion of **sale of Genrec**
	Acquisitions: Oil & Gas EPC (US); TNT (US); Boipelo Mining Contractors	APRIL & MAY 2019	
		SEPTEMBER 2019	ATON **mandatory offer** withdrawn; Acquired OptiPower Projects (SA)
	Murray & Roberts posts a **record order book of R60,7bn**	JUNE 2021	

GLOBAL SCOPE AND REGIONAL STRENGTH

The Group's geographic footprint reflects a permanent presence in high-growth regions for our clients. We also support clients in other geographies, occasionally in joint venture with local partners. The Group favours lower-risk developed markets and higher-margin market segments in which the regional capabilities and competitive advantages of our platforms can be fully leveraged to achieve growth. We continue to seek opportunities for growth, either organically or through acquisition, to further diversify our earnings potential and risk exposure.

Our business platforms are well-led, -diversified, -positioned and -governed. They have the management structures and systems, and the capabilities needed to thrive in their regional markets. Active across the project life cycle, they provide specialised and competitive end-to-end service offerings to clients in our market sectors, while diversifying their revenue and margin mix. Their regional strength also provides some protection from disruptions to global project supply chains and international skills deployment.



1	VANCOUVER	11	KITWE
2	CALGARY	12	CAPE TOWN
3	BALTIMORE	13	JOHANNESBURG
4	NORTH BAY	14	JOHANNESBURG
5	SUDBURY	15	ULAANBAATAR
6	SANTEE	16	PORT MORESBY
7	HOUSTON	17	PERTH
8	SALT LAKE CITY	18	SYDNEY
9	AYRSHIRE	19	BRISBANE
10	ACCRA		

CORPORATE OFFICE
ENERGY, RESOURCES & INFRASTRUCTURE
MINING
POWER, INDUSTRIAL & WATER

ENERGY, RESOURCES & INFRASTRUCTURE

Market focus

Americas, Asia, Australia, EMEA

Global capabilities: energy

Australasian capabilities: energy, resources (metals and minerals) and infrastructure markets.

- Detailed engineering
- Procurement
- Construction
- Commissioning & maintenance

MINING

Market focus

Africa, Americas, Asia, Australia

Global capabilities: underground and open pit mining services and material logistics, in global metals and minerals markets.

- Detailed engineering
- Procurement
- Construction
- Commissioning & maintenance
- Operations

POWER, INDUSTRIAL & WATER

Market focus

Sub-Saharan Africa

Regional capabilities: power, industrial and water markets.

- Detailed engineering
- Procurement
- Construction
- Commissioning & maintenance

Business platform reviews **PG 58**


Murray & Roberts

A strategy for shareholder value creation

Strategic themes	Corporate actions	Key objectives
STRATEGY EXECUTION AND DELIVERY	Strategic focus	■ Ensure delivery of clear medium-term business plans across our platforms. ■ Support platforms in resolving potential project resourcing constraints to growth. ■ Expand existing operations into high-growth regions. ■ Close-out Middle East claims.
	Mergers and acquisitions	■ Identify acquisitions to sustain and diversify earnings growth, deepen capacity and specialism, and support expansion in developed markets and higher-margin segments.
OPERATIONAL PERFORMANCE	Performance management	■ Ensure accountability for the standards, systems, practices and reporting of *Engineered Excellence.* ■ Maintain excellence in project planning, contracting and delivery to manage heightened commercial and execution risk and optimise earnings potential. ■ Accelerate platform digital strategies to improve project design, safety, accuracy of execution and reporting, to improve margins and drive market share. ■ Achieve ROICE targets and earnings guidance. ■ Achieve target overhead costs through the cycle.
OPTIMAL CAPITAL STRUCTURE	Balance sheet management	■ Manage short-term liquidity constraints as project activity ramps up. ■ Target appropriate gearing level to support sustainable growth.
CASH RETURNS TO SHAREHOLDERS	Dividend policy	■ Resume annual dividend and supplement from time to time with a special dividend.
SHAREHOLDERS	Shareholder engagement	■ Secure support from shareholders on strategy and value proposition. ■ Continuously improve ESG performance and reporting to meet and exceed industry benchmarks.

Group chief executive's and financial director's report **PG 50**

The degree to which our business platforms align with the Group's Purpose, strategy and culture, will strengthen the stability and sustainability of our earnings growth as our target markets turn positive.

Our strategic progress has brought our business platforms closer to the aspirations of our *New Strategic Future* plan. Beyond market and regional diversification, and offering services across the project value chain, strategic maturity is a measure of their ability to consistently deliver safe, well executed and profitable projects. The Group's governance and management systems, and disciplined approach to managing complex risks, especially those associated with large lump sum projects, support our ability to create shareholder value over the longer term.

FY22	FY23	FY24	Risk drivers	Link to material issues
✓	✓	✓	**STRATEGIC RISKS** ■ Vulnerability to macroeconomic factors. ■ Group liquidity. ■ Capitalising on the recovery of energy markets. **PROJECT RISK** ■ Uncertified revenues.	**Strategic maturity** **Contractor of choice** **Employer of choice**
✓	✓	✓		
✓	✓	✓		
✓	○	○		
✓	✓	✓		
✓	✓	✓	**STRATEGIC RISKS** ■ Vulnerability to macroeconomic factors. ■ Group liquidity. ■ Capitalising on the recovery of energy markets. **OPERATIONAL RISKS** ■ Health, safety and environmental exposures. ■ Community and industrial unrest. ■ Project delivery. **PROJECT RISKS** ■ Project losses. ■ Uncertified revenues.	**Contractor of choice** **Employer of choice** **Corporate culture**
✓	✓	✓		
✓	✓	✓		
✓	✓	✓		
○	✓	✓		
✓	✓	○	**STRATEGIC RISK** ■ Group liquidity. **PROJECT RISK** ■ Uncertified revenues.	**Strategic maturity**
✓	✓	✓		
✓	✓	✓	**STRATEGIC RISK** ■ Group liquidity.	**Strategic maturity**
✓	✓	✓	**STRATEGIC RISKS** ■ Vulnerability to macroeconomic factors. ■ Group liquidity.	**Strategic maturity**
✓	✓	✓		

✓ Applicable
○ Not applicable

Risk management report **PG 94**

Managing our material issues **PG 30**

Engineered Excellence for strategic advantage

Our competitiveness as a contractor and an employer, and our ability to secure optimal value from our projects within manageable risk, rely on the consistent application of Engineered Excellence.

This operating philosophy, which together with our Values define the Group's culture, brings discipline and rigour to every decision and action. It is embedded within our businesses through various policies and management systems, including the Group Sustainability Framework, our HSE framework, the Group Statement of Business Principles and the Group ethics framework. These frameworks set clear expectations for our employees, platforms and business partners, and their application is tightly governed throughout the Group.

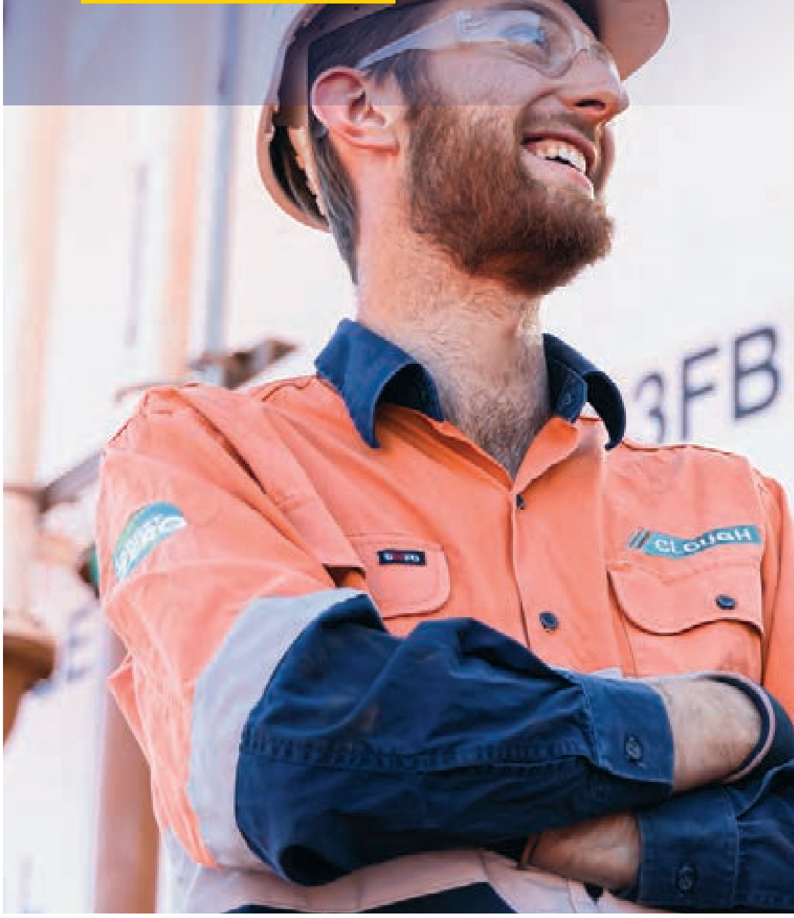
Engineered Excellence defines our management approach at every level of the organisation. Vested in careful and conscious planning, its application demands leadership commitment, shared learning and continuous improvement. In our responses to challenging operating contexts, in making unavoidable trade-offs and sequencing our priorities, it aims to remove chance from our pursuit of the outcomes our stakeholders expect; it therefore fortifies our aspiration to be a contractor and an employer of choice.

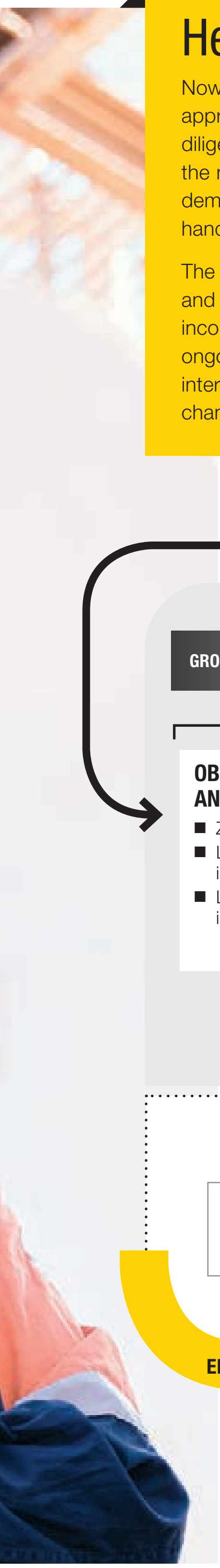
CONTRACTOR OF CHOICE

Project excellence is an important differentiator in competitive markets. Recognition as a contractor of choice supports our ability to secure work, negotiate fair commercial terms, mitigate HSE and other risks and enhance project delivery. For the Group, disciplined management of commercial and execution risk in tendering and executing projects, serves to minimise losses and protect margins.

Ensuring our competitiveness extends to swiftly and comprehensively implementing Group frameworks in acquired businesses, and ensuring that our joint-venture partners align to the Group's project delivery standards, including HSE, compliance, conduct and reputational risk management. To support our specialism and productivity, the Group is centrally coordinating the accelerated digitalisation of our businesses and project management systems for better safety, efficiency and productivity of project teams and equipment.

Business platform reviews **PG 58**

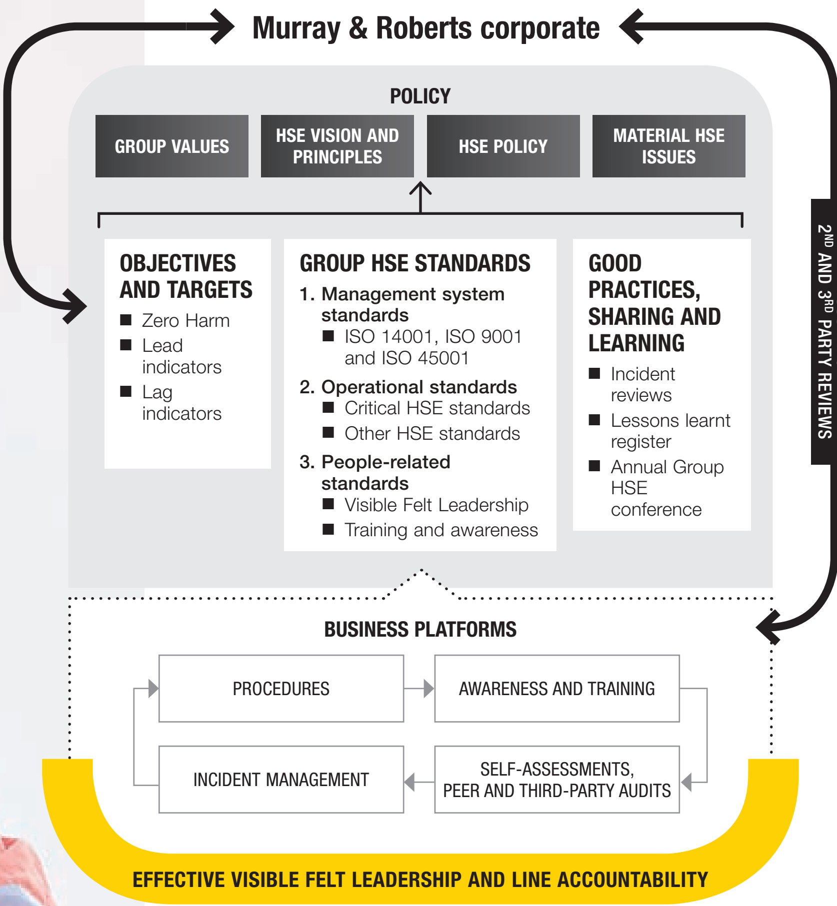




Health, safety and environment

Nowhere is our focus on *Engineered Excellence* clearer than in our approach to safety. The continuous improvement in the evolution and diligent application of our HSE framework has measurably enhanced the maturity of the Group's safety culture. Many of our projects are demonstrating that production, quality and safety performance go hand in hand.

The Group's HSE framework (see below) outlines the role, responsibility and accountability of the corporate office and business platforms, and incorporates recommendations from independent experts and from ongoing risk assessments and audits. It is focused on high-impact interventions, such as managing critical safety risks and the risk of change (including demobilisation).



Health and safety performance **ONLINE**

Key safety measures

After achieving a two-year fatal incident free record, the Group regrettably suffered a fatal incident early in the financial year. Wilfred Moleofi (33), who worked for OptiPower Projects, sustained fatal injuries at one of our projects in South Africa.

Following a comprehensive investigation, we implemented the required corrective measures to prevent reoccurrence of similar incidents.

To break through the plateau in improvement, typical of safety performance at the levels the Group has achieved, we are giving increasing emphasis to lead indicators to help prevent safety incidents.

Projects delivered with Zero Harm

80% improvement

LTIFR

2017	0.52
2018	0.86
2019	0.71
2020	0.88
2021	**0.90**

LEAD SAFETY INDICATORS

- HAZARDS OBSERVATIONS
- LEADERSHIP ENGAGEMENTS
- COMPLIANCE WITH MAP PROGRAMME

The Group continues to pursue opportunities to minimise the impact of its business activities on the environment and to assist clients in meeting their environmental objectives. All companies in the Group are required to adopt high environmental management standards, including implementing and maintaining internationally recognised environmental management systems, using project input materials responsibly and efficiently, and complying with legislative requirements.

Our Climate Change Position Statement commits the Group to:

- Continuing to monitor and reduce our carbon footprint.
- Evaluating our participation in new projects against the environmental imperative to mitigate climate change impacts.
- Collaborating with clients and stakeholders in the supply chain to find innovative solutions to reduce carbon emissions in their market sectors.
- Growing our service offering in the renewable energy sector.

OUR KEY ENVIRONMENTAL RISKS INCLUDE:

1 Increasing regulatory requirements related to energy and climate change, which could lead to increased costs.

2 Project disruptions due to extreme and unpredictable weather conditions, including floods, fires and storm surges.

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

Guided by the ultimate objective of sustainable value creation, we are striving to become a part of the solution to pressing environmental challenges. We will do this by continuing to develop and implement new service offerings and reducing environmental impact in areas where we have influence. This extends to reducing our own environmental footprint. We will also continue to identify innovative ways to manage the physical risks of climate change on project delivery, improving our business resilience and assisting our clients. We participate in the Climate Change and Water CDP disclosures and have achieved Management Level Status on both.

During the year, we initiated a process of climate change scenario analysis focused on the mining sector in line with the TCFD framework. During this process, we identified key climate change drivers, risks and opportunities that are anticipated to impact our mining business. Based on these key drivers and uncertainties, we have developed three scenarios that will be further evaluated in the coming year. We also anticipate expanding the scenario analysis to other parts of our business.

Task Force on Climate-related Financial Disclosures Index **ONLINE**

Key environmental measures

Improving emissions reporting

Murray & Roberts has a well-established carbon footprint baseline for Scope 1 and 2 emissions extending back to FY2015. This year, we extended our emissions reporting by undertaking a Scope 3 carbon assessment and developing a system for annual Scope 3 emissions reporting.

Energy usage[1]

(gigajoules)

83 270

(FY2020: 87 701)

Scope 1 and Scope 2 emissions

(tonnes of CO_2e)

10 938

(FY2020: 11 039)

Scope 3 emissions

(tonnes of CO_2e)

45 300

REPORTED FOR THE FIRST TIME

Water usage

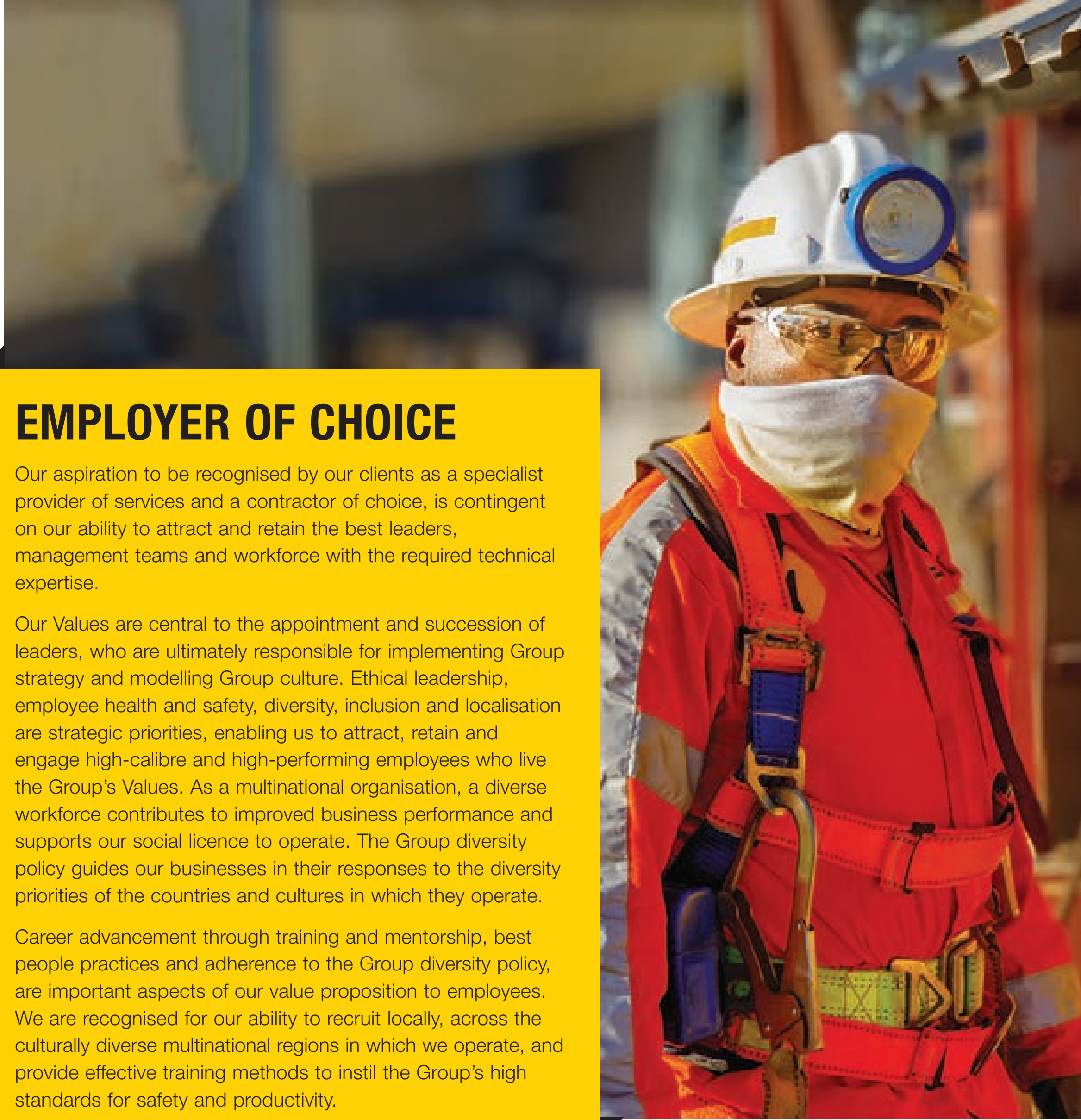
Megalitres

24.91

(FY2020: 25.17)

Environmental report **ONLINE**

1. *Total energy consumed includes all direct (all fuel types) and indirect (electricity) energy sources, with the majority of sources used in FY2021 being diesel, petrol and electricity. Reported figures include energy paid for by Murray & Roberts and excludes client purchases.*



EMPLOYER OF CHOICE

Our aspiration to be recognised by our clients as a specialist provider of services and a contractor of choice, is contingent on our ability to attract and retain the best leaders, management teams and workforce with the required technical expertise.

Our Values are central to the appointment and succession of leaders, who are ultimately responsible for implementing Group strategy and modelling Group culture. Ethical leadership, employee health and safety, diversity, inclusion and localisation are strategic priorities, enabling us to attract, retain and engage high-calibre and high-performing employees who live the Group's Values. As a multinational organisation, a diverse workforce contributes to improved business performance and supports our social licence to operate. The Group diversity policy guides our businesses in their responses to the diversity priorities of the countries and cultures in which they operate.

Career advancement through training and mentorship, best people practices and adherence to the Group diversity policy, are important aspects of our value proposition to employees. We are recognised for our ability to recruit locally, across the culturally diverse multinational regions in which we operate, and provide effective training methods to instil the Group's high standards for safety and productivity.

Key people measures

COVID-19 health risk

COVID-19 has increased health risk among our workforce. To date, the Group has reported approximately 1 200 employees who were infected with COVID-19, where 99% have recovered. Regrettably, 12 employees lost their lives due to COVID-19 related complications. COVID-19 risk mitigation measures are embedded in our Health and Safety Management programme. Besides non-pharmaceutical protocols, we continue to implement other measures, such as shift rotation, to minimise congregate settings and assist employees to access vaccines. We also plan to expand mental health support over the next year including collaborating with our clients and industry associations.

Murray & Roberts strongly supports the global vaccination campaign. The Group, together with our clients, provide access to the vaccine and will continue to encourage our employees to be fully vaccinated.

Social report **ONLINE**

Training spend
R99 million
(FY2020: R104 million)

Bursaries awarded
R3,4 million
(FY2020: R3,1 million)

The base for strong medium-term growth

Our record-high quality order book reflects both the Group's strategic progress over many years, and the pressing global development needs driving major opportunities to deliver robust earnings growth in our international markets.

Murray & Roberts has demonstrated an ability to manage short-term constraints, while maintaining a long-term approach to the allocation of our capital. This is reflected in a robust balance sheet and cash position at the end of another very challenging year. In a tightening liquidity environment and with escalating project funding requirements, this position will hold us in good stead in delivering on our order book and in returning value to our shareholders.

Ongoing attention on effective liquidity and cost management and measured capital allocation, will enable us to withstand the short-term liquidity pressures and the lingering impact of COVID-19 in some of our markets, while advancing the Group along its long-term strategic trajectory. The proven resilience of our business model and the credible competitive positions of our platforms in thriving market sectors, underpinned by greater certainty in global economic recovery, are reflected in a multi-year quality order book and an exceptionally strong project pipeline.

We expect strong profit growth in FY2022 and meaningful earnings growth in the medium term, albeit off the low base set in FY2021 as we began to emerge from the worst effects of the COVID-19 crisis.

Revenue (continuing)
R21,9 billion
(FY2020: R20,8 billion)

Attributable loss
R180 million
(FY2020: R352 million loss)

Order book
R60,7 billion
(FY2020: R54,2 billion)

Cash, net of debt
R0,7 billion
(FY2020: R0,1 billion debt)

EBIT (continuing)
R540 million
(FY2020: R17 million loss)

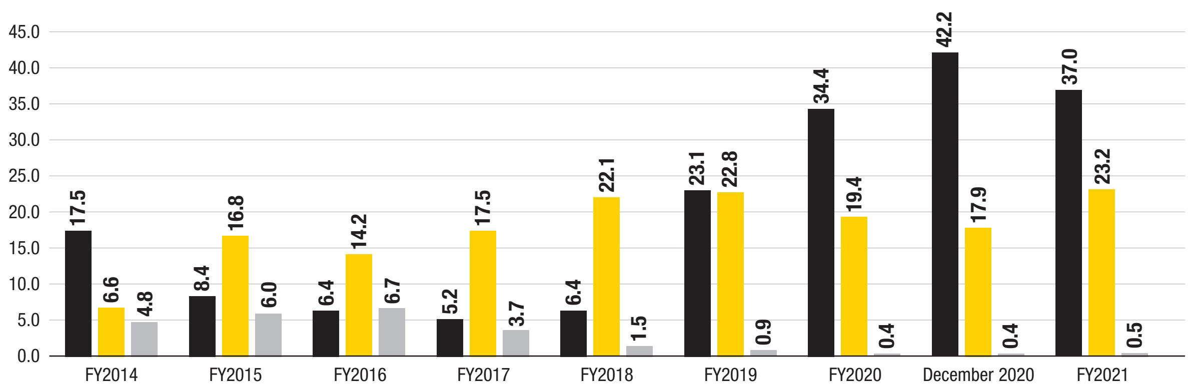
Headline earnings per share (diluted continuing)
16 cents
(FY2020: 88 cents loss)

Summarised financial results PG 124

ORDER BOOK ANALYSIS

Our order book is well diversified over time, region, sector, margin and contractual risk, and shows an increasing proportion of orders extending beyond two years, offering stability to our medium-term earnings expectations. Our ability to maintain or grow the order book from current levels is, however, subject to downside risks – although these have abated significantly since the end of last year. A potentially weaker global economic recovery, largely due to a resurgence of COVID-19 variants and imbalances in vaccine penetration, could lead to further disruption. This could dampen investor confidence and impede the flow of new capital projects, or final investment decisions and commencement on projects.

Platform order book (R billion)



Energy, Resources & Infrastructure: strategic market shift (2016) to broaden market focus rewarded with strong order book growth.

Mining: substantial and sustainable multinational business.

Power, Industrial & Water: current order book not able to support a sustainable business.

Order book (R billion)

RECORD, QUALITY ORDER BOOK OF R60,7 BILLION

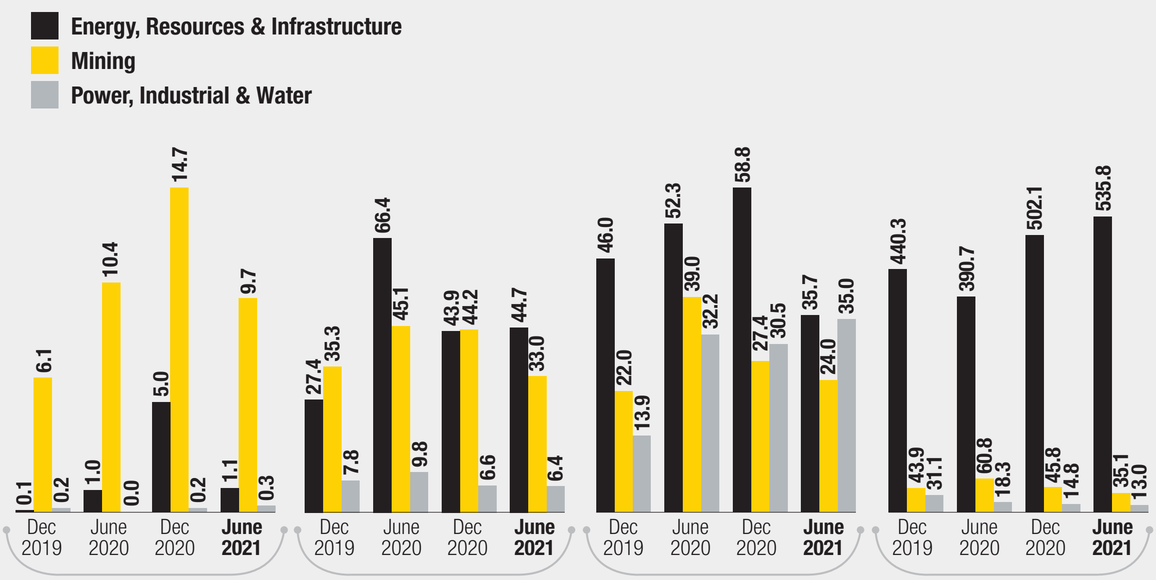
	Energy, Resources & Infrastructure	Mining	Power, Industrial & Water
Dec 2019	30.6	19.6	0.6
Jun 2020	34.4	19.4	0.4
Dec 2020	42.2	17.9	0.4
Jun 2021	**37.0**	**23.2**	**0.5**

	TOTAL
Dec 2019	50.8
Jun 2020	54.2
Dec 2020	60.5
Jun 2021	**60.7**

Order book time distribution

Platform	Order book % split: SADC	Order book % split: Int.	Order book Rbn: June 2021	Order book Rbn: June 2020	Order book Rbn: FY time distribution	
Energy, Resources & Infrastructure		100%	37,0	34,4	2022	16,8
					2023	11,3
					>2023	8,9
Mining	51%	49%	23,2	19,4	2022	9,7
					2023	6,0
					>2023	7,5
Power, Industrial & Water	100%		0,5	0,4	2022	0,3
					2023	0,2
					>2023	–
	20%	80%	60,7	54,2	FY2022 26,8; FY2023 17,5; >FY2023 16,4	

Near orders and pipeline (R billion)



Near orders
Preferred bidder status and final award is subject to financial/commercial close with more than a 95% chance that these orders will be secured.

Category 1
Tenders submitted or under preparation (excluding near orders) on projects developed by clients to the stage where firm bids are being invited with a reasonable chance to secure, function of (1) final client approval and (2) bid win probability.

Category 2
Budgets, feasibility studies and prequalifications – project planning underway, not at a stage yet where projects are ready for tender.

Category 3
Leads and opportunities which are being tracked and are expected to come to market in the next 36 months, identified opportunities that are likely to be implemented, but still in prefeasibility stage.

PLATFORM PROSPECTS

Energy, Resources & Infrastructure

Revenue earned from current contracts should grow significantly in FY2022, as the platform enters the major construction phase in large projects. A robust pipeline of project opportunities supports the expectation of strong earnings growth from this platform over at least the next three years. In FY2022, existing contracts, new contracts and near orders are set to double revenue on the FY2021 base.

Mining

FY2022 will be a year of consolidation and rebuilding of the platform's order book after the COVID-19 induced erosion of the past two years. The forecast for increased capital investment in the mining industry is encouraging, providing support for the expected accelerated earnings growth for the platform, especially from FY2023.

Power, Industrial & Water

The platform's sustainability relies largely on market conditions in South Africa and, in particular, on public sector spending. More favourable prospects are cause for cautious optimism of a return to profitability in the medium term. The platform is focused on achieving stability in the next three years.

Group leadership

The Board leads a high-calibre and experienced leadership team in aspiring to the highest standards of integrity as a purpose-led, values-driven and ethical multinational organisation.

A high standard of corporate governance has been instilled within the Group. An effective governance structure, aligned to King IV, is in place and a clear organisational framework defines the relationships and decision-making rights between governing bodies in the Group and across business platforms. Our governance frameworks and reporting structures ensure visibility and compliance across all our business platforms.

The Group has an engaged and accomplished Board, with competencies aligned to our business model and strategy, deep collective experience and a good balance of tenure. The Board's effectiveness is supported by the way it functions, which ensures that diverse and independent perspectives inform all deliberations. The Board enjoys a collegial and sincere relationship with executive teams. The depth, calibre and commitment of Group and platform leadership teams is supported by an emphasis on leadership development and succession planning.

Independent assessments continue to confirm the Board's effectiveness and focus areas for improvement.

ASSESSING GROUP GOVERNANCE

In the CEN-ESG assessment of the Group's ESG performance and disclosure, governance was the strongest of the three categories. The Group scored well for remuneration disclosure, including our detailed compensation policy and linking ESG objectives to executive pay. Improvements have been identified including ESG training for directors and enhancements to the Group diversity policy. Also, deeper disclosure on director skills, risk governance and shareholder voting have been provided in this year's reporting.

ASSESSING BOARD EFFECTIVENESS

The Board regularly assesses its roles and responsibilities and performance against these, to identify any improvement areas and to drive greater clarity and accountability, as well as better decision-making and disclosure. During the year, an external review of the effectiveness of the Board and individual directors was conducted. The independent feedback was positive on the work of the Board, considering it to be well-functioning and professional.

Matters raised for consideration by the Board, which will be actioned in the coming year, included:

- Strategy execution and managing associated risks.
- Group chief executive succession.
- Purpose and sustainability.
- The world of work post COVID-19.

An internal appraisal of the chairman was also performed, with Board discussions led by the lead independent director in this regard.

After each Board and committee meeting, the non-executive directors meet without management present. This provides an opportunity for the non-executive directors to share thoughts and insights with their peers. The chairman provides feedback from the closed sessions to the Group chief executive to action.

The Board and executive leadership set the tone for an ethical culture, ensuring good governance and sound business practices. Everyone who works for or acts on the Group's behalf must adhere to our high ethical standards. This extends to all our businesses and partners, which are expected to align with the Group's frameworks, standards and Values as minimum best practice, in tandem with all local laws, regulations and contracting norms. The social & ethics committee oversees the application of the Group's Code of Conduct and ethics across the Group.

Governance overview **PG 86**

Full governance report **ONLINE**

GROUP BOARD

INDEPENDENT NON-EXECUTIVE DIRECTORS

					
	SURESH KANA Chairman	**RALPH HAVENSTEIN** Lead Independent Director	**JESMANE BOGGENPOEL**	**NTOMBI LANGA-ROYDS**	**ALEX MADITSI**
APPOINTED	01 July 2015	01 August 2014	01 April 2020	01 June 2013	23 August 2017
TENURE (YEARS)	6.3	7.2	1.5	8.3	4.1
RESPONSIBILITIES	Oversees Board governance and performance, and stakeholder engagement.	Addresses shareholders' concerns where regular channels fail to resolve concerns, or where the chairman may be conflicted.	Provide independent and objective judgement as well as to counsel, challenge and monitor the executive directors' delivery of strategy within the approval framework and risk appetite agreed by the Board.		
SKILLS AND EXPERTISE	Accounting, Finance, Strategic Leadership, Governance and Ethics.	Petrochemical and Mining, Chemical Engineering, Strategic Leadership.	Finance, Strategic Leadership, Governance, Investments.	Human Capital, Law, Leadership, Governance, Strategy, Remuneration.	Law, Commercial, Remuneration.
COMMITTEES	RHR NG	RM HSE RHR NG	AS RM	SE RM RHR NG	RHR HSE SE
QUALIFICATIONS	CA(SA), MCom	MSc (Chemical Engineering), BCom	CA(SA), MPA (Harvard)	BA Law (Lesotho), LLB (Lesotho)	BProc, LLB, LLM
EXPERIENCE	Former territory senior partner for Pricewaterhouse Coopers Africa.	Former chief executive officer of Anglo American Platinum, former chief executive officer of Norilsk Nickel International.	Former deal executive for Brait Private equity, former Head of Business Engagement Africa, World Economic Forum, Founder and Principal AIH Capital.	Former chief executive HR at Independent Newspapers, SABC, Nampak, Human Resources Executive.	Managing director of Copper Moon Trading, former operations, planning and legal director for Coca-Cola Southern and East Africa.
OTHER DIRECTORSHIPS	JSE Limited, Transaction Capital.	Reatile Group, Omnia Holdings, Hernic Ferrochrome.	EOH Holdings, ETG Input Holdings, Sybrin, SPUR.	Mpact, Redefine Properties, Europe Assistance Worldwide Services (South Africa), Kumba Iron Ore.	Bidvest Group, African Rainbow Minerals, Famous Brands.
LAST AGM RE-ELECTED	2020	2019	2020	2019	2020

COMMITTEES

AS Audit & sustainability | RM Risk management | HSE Health, safety & environment | SE Social & ethics | RHR Remuneration & human resources | NG Nomination & governance | Committee chair

			EXECUTIVE DIRECTORS		GROUP SECRETARY
					
BILLY MAWASHA	**DIANE RADLEY**	**CLIFFORD RAPHIRI**	**HENRY LAAS**	**DANIËL GROBLER**	**BERT KOK**
			Group chief executive	Group financial director	Group secretary
05 March 2020	23 August 2017	05 March 2020	Joined the Group in 2001. Appointed to the Board and as Group chief executive in 2011.	Joined the Group in 2010. Appointed to the Board and as Group financial director in 2017.	Joined the Group in 2011. Appointed Group secretary in 2014.
1.6	4.1	1.6	10.3	4.7	7.6
			Leads the design and delivery of Group strategy and performance, and reporting.	Leads the oversight of Group financial performance against aspirations, and reporting.	Ensures sound corporate governance and Board administration, including director induction and training.
Mining, Automotive, Strategic Leadership, Investments, Project Delivery.	Accounting, Corporate Finance, Investment, Strategic Leadership.	Operations and Human Capital, Engineering, Risk Management, Strategic Leadership.	Mining and Engineering, Commercial Negotiations, Strategic Leadership.	Accounting, Commercial Negotiations, Strategic Leadership, Corporate Finance.	Corporate Governance, Company Secretarial, Administration.
HSE SE	AS RM	AS RM	HSE		
BSc Eng (Electrical), AMP	CA(SA), MBA, AMP (Harvard)	BSc Eng (Mechanical), MBA	BEng (Mining), MBA	CA(SA)	FCG (CS), FCIBM
Chief executive officer of Kolobe Nala Investment Company, former Rio Tinto Country Head South Africa and managing director of Richards Bay Minerals.	Former chief executive officer of Old Mutual Investment Group, former chief financial officer of Old Mutual SA.	Former executive director of SAB (Pty) Ltd, former Chairman of Adcock Ingram Holdings Ltd.	Former chairman of Murray & Roberts Engineering SADC, former managing director of Murray & Roberts Cementation, various senior management and executive positions within the Group since 2001.	Former managing director of Murray & Roberts Cementation, various leadership functions within the Group since 2010.	More than 10 years as Listed Company Secretary, former (2010) President of Chartered Secretaries of Southern Africa.
Metair Investments.	Base Resources (ASX), Network International (LSE), Transaction Capital, DG Murray Trust, Redefine Properties.	Nampak, Energy Partners Holdings, Thesele Holdings, Talbot & Talbot Holdings.			
2020	2020	2020	2019	2020	N/A

GROUP EXECUTIVE

Peter joined the Group and was appointed to the executive committee in 2016. He is responsible for the Energy, Resources & Infrastructure business platform.

- Booth Welsh
- CH•IV
- Clough Asia-Pacific
- Clough North America
- e_2o

COMMITTEE PARTICIPATION

HSE

Mike joined the Group and was appointed to the executive committee in 2018. He is responsible for the Mining business platform.

- Cementation Canada & USA
- GCR Mongolia
- Merit Consultants International
- Murray & Roberts Cementation
- RUC Cementation Mining
- Terra Nova Technologies

COMMITTEE PARTICIPATION

HSE

Daniël joined the Group in 2010 and was appointed to the executive committee and as Group financial director in 2017. Daniël is a director of Bombela Concession Company and Clough.

- Finance and payroll
- Financial control and reporting
- Information management and technology
- Murray & Roberts Properties
- Secretarial
- Taxation
- Treasury

COMMITTEE PARTICIPATION

AS RHR RM SE

Steve joined the Group in 2011 and was appointed to the executive committee in 2015. He is responsible for the Power, Industrial & Water business platform.

- Murray & Roberts Power & Energy
- Murray & Roberts Water
- OptiPower Projects
- Wade Walker
- Wade Walker Solar

COMMITTEE PARTICIPATION

HSE

IAN HENSTOCK
Commercial executive

Ian joined the Group and was appointed to the executive committee in 2008. He is responsible for the assurance, commercial and legal portfolios. Ian is a director of Bombela Concession Company and Clough.

- Commercial
- Forensics
- Internal audit
- Legal, compliance and ethics
- Insurance

COMMITTEE PARTICIPATION

AS RM SE

THOKOZANI MDLULI
Risk and health, safety & environment executive

Thokozani joined the Group in 2010 and was appointed to the executive committee in 2013. He is responsible for risk, health, safety and environment.

- Risk
- Heath, safety and environment
- Diversity and inclusion

COMMITTEE PARTICIPATION

HSE RM SE

HENRY LAAS
Group chief executive

Henry joined the Group in 2001 and was appointed to the executive committee and as Group chief executive in July 2011. Henry is a director of Bombela Concession Company and Clough.

- Sustainable delivery of Group strategy and performance

COMMITTEE PARTICIPATION

AS HSE RHR RM SE

COMMITTEES

- **AS** Audit & sustainability
- **RM** Risk management
- **HSE** Health, safety & environment
- **SE** Social & ethics
- **RHR** Remuneration & human resources

Managing our material issues

Murray & Roberts defines material issues as factors that substantively affect our ability to sustain strategic, operational and financial performance. These factors and the way we respond to them are likely to influence a stakeholder's assessment of the Group's ability to enhance enterprise value over time.

Our Purpose and Vision frame the Group's definition of value. Our Purpose centres on Murray & Roberts' role in enabling the advancement of sustainable human development, which defines both the scope of the Group's market opportunities and our approach to governing and managing the business. Our Vision commits us to optimising fixed capital investment in human progress to generate positive value outcomes for our clients, employees, shareholders and partners, and the host countries and local communities from whom – alongside our clients – we collectively derive our licence to operate and whose benefit we ultimately serve.

Within this framework, our *New Strategic Future* plan defines the primary drivers of stakeholder value creation for the Group:

Building and acquiring leading positions in regions and market sectors with robust, long-term demand fundamentals, with sufficient diversification of earnings potential and risk exposure to secure **sustainable growth**, underpinned by the quality and depth of Group and platform leadership;

Continuing to deepen our differentiation as a contractor, employer and partner as stakeholder expectations change, with increasing emphasis on digital solutions to ensure **sustainable competitiveness**; and

Enhancing our relevance to our stakeholders, both as a trusted commercial and social partner at local level, and as a purpose-led, profitable, ethical and responsible multinational organisation aligned to the global advance of **sustainable human development.**

These aspirations depend on the inculcation of the Group's culture (guided by our Values and operationalised by our philosophy of *Engineered Excellence*).

The Group's material themes, and associated material issues, have remained broadly stable, reflecting the consistency of our strategy over the last decade, with some necessary adjustments. The shifts in nuance show greater emphasis on the Group's Purpose and Values-led culture, and the progress made in implementing our strategy as we see meaningfully better prospects for the Group. The material themes are contextualised by an overview of the material shifts in our operating environment and the expectations of our stakeholders. This includes an indication of the associated risks, constraints and opportunities that affect our ability to create and protect value, and which may erode value, if not mitigated and managed effectively. The related management priorities at Group and platform level show how we intend to deal with these factors.

Insights drawn from the Group's annual strategic planning cycle, for FY2022 to FY2024, correlate to the pertinent value drivers and strategic responses of the Group and those of our platforms. These insights were the primary input in determining our material issues and were subject to independent analysis. The outputs of this analysis were workshopped by a forum that included the Group chief executive officer, Group financial director, and the Group executives in charge of risk, sustainability, and investor relations and communication. The material issues were also tested against interviews with Group leadership, including the chairman for Board insight, and the platform chief executive officers' reports for platform insight.

The material themes and associated issues (set out alongside) were used to prepare the Group's integrated report and sustainability report, which provide thorough discussion of and pertinent performance data for the issues.

VALUE DRIVERS

STRATEGIC MATURITY 01

- Sustain growth and quality of order book.
- Diversify earnings potential and risk exposure through organic and acquisitive means.
- Manage liquidity and allocate capital facilities effectively to support higher growth.

Key indicator:
SIZE AND QUALITY OF ORDER BOOK

CONTRACTOR OF CHOICE 02

- Deepen *Engineered Excellence* to drive differentiation, mitigate project risk and maximise value recognition.
- Accelerate digital strategy to drive enterprise and project value.

Key indicator:
VALUE RECOGNITION VERSUS TENDER

EMPLOYER OF CHOICE 03

- Intensify leadership development to ensure succession depth and continuity.
- Maintain competitive employee value proposition to retain and attract critical skills and ensure flexible project capacity.

Key indicator:
EMPLOYEE SATISFACTION SURVEY

GROUP CULTURE 04

- Consistent application of the Group Sustainability Framework and associated reporting standards.
- Remain responsive to local circumstances and socioeconomic needs.

Key indicator:
INDEPENDENT ESG BENCHMARKING

VALUE OUTCOMES

SUSTAINABLE GROWTH

SUSTAINABLE COMPETITIVENESS

SUSTAINABLE HUMAN DEVELOPMENT

STRATEGIC MATURITY 01

CONTEXT

Short- to medium-term trends

- Global economic recovery gaining pace in step with vaccine penetration, particularly in developed markets, although COVID-19 variants pose ongoing risk.
- Significant stimulus and capital commitments for infrastructure-led socioeconomic recovery and decarbonisation of the global economy provide immediate opportunities for the Group.
- Economic recovery in Australia and North America relies heavily on investment in public and private infrastructure with massive programmes earmarked for road, rail, terminals and near shore marine.
- Australia's resource exports forecast to hit record levels in 2021 with sustained growth in volumes.
- Strong medium-term pipeline of opportunities in multinational energy, resources, infrastructure and mining sectors, although global gas opportunities are expected to remain limited due to oil price weakness in the near term.
- Energy, mining and industrial majors seeking more environmentally benign options to fuel their operations and reduce their emissions footprint.
- Capital investment in the mining sector remains tentative, but confidence is growing in commodity demand and pricing upturn, albeit favouring 'future-facing' commodity types and disfavouring 'dirty' commodities, especially coal.
- Underinvestment over the past five years has eroded ore reserve positions of many mining companies; higher commodity prices should drive substantial growth in capital investment over the next few years.
- Commodities upcycle is expected to support the appetite of majors for expansion projects and emerging mining companies for smaller greenfield developments.
- Uncertainty remains on timing and accuracy of capital investment forecasts given the competing priorities of mining companies including increased dividend payments and ESG commitments.
- Weak macroeconomic conditions in South Africa related to socio-political factors, corruption and COVID-19, but gathering vaccination rollout and structural reform provides potential for recovery.
- Should economic growth gain pace in South Africa, the concomitant increase in revenue collection will ease public sector funding constraints, supporting infrastructure-led fixed capital formation and energy demand.
- Major investment in the power sector expected in the short to medium term in South Africa; alongside mounting necessity and public pressure to invest in ageing and dysfunctional water infrastructure.
- High growth potential in transmission and distribution in sub-Saharan Africa (including South Africa) in the short to medium term.
- National power utility, Eskom's restructure and unbundling is progressing, and significant investment is earmarked for repair and maintenance of national grid and power stations, and for transmission and distribution, and renewable energy.
- Reduction in financing for thermal energy, but baseload energy in South Africa will still be drawn from available resources (gas and coal).
- Commercial PV solar roof installations gaining momentum in South Africa driven by ongoing power outages and rising electricity tariffs, with legislation relaxed to allow self-generation up to 100MW.
- Refining production in South Africa being reconsidered in favour of import storage terminals – with projects expected in the short to medium term.
- Evidence of increasing PPP activity in the water sector in South Africa, with implementation of municipal drought resilience and wastewater treatment strategies commencing in major metropoles.
- Hardening stance and tight criteria of debt providers and insurers in providing finance facilities, project bonding and underwriting of project risk is a potential growth constraint.
- Security situation in northern Mozambique precludes any current opportunities in the country's massive gas developments.

Longer-term trends

- Long-term demand fundamentals remain strong, as the global population increases and urbanises.
- Accelerated energy transition from fossil fuels to renewable sources of energy due to COVID-19 and its resultant impact on oil prices, supported by a strong societal push towards a sustainable future.
- Commodity prices are forecast to steadily increase over the next decade; global uptake of new and its low emissions technologies to accelerate, with exports of commodities central to these technologies to surge.
- Renewables currently inadequate on their own, requiring a combination of renewables, storage and traditional generation; longer-term transition will be enabled by advances in technology (such as green hydrogen) and transmission.
- Low electrification rates of less than 25% in sub-Saharan Africa provide significant transmission and distribution opportunities; but typical model requires EPC contractors to partner with funders.
- Significant drive and investment for carbon reduction and diversified energy mix (including renewables) in Africa through to 2040.
- Protection of domestic economies likely to drive government policies, investment decisions and shorter supply chains – regional strength adds resilience.
- COVID-19 has raised the importance of holistic risk assessment and disaster management for future systemic risk events.

MATERIAL ISSUE

SUSTAIN GROWTH AND QUALITY OF ORDER BOOK

GROUP

- Leverage market positions of multinational platforms in high-growth regions and market sectors to maximise earnings potential and return value to shareholders.
- Continue to align platforms with the Group's Purpose, strategy and culture, to underpin significant and sustainable earnings growth in the years ahead.
  - Leverage the Group's reputation and ability to optimise capital investment for clients, countries and communities by delivering fixed assets with improved ESG outcomes.
  - Leverage service offering across the engineering and construction value chain to optimise capital investment in both the design and execution of projects.
  - Balance Group oversight and control with regional accountability and autonomy, according to the Group's business model, to ensure disciplined and profitable growth.
- Support our platforms in securing the capacity (project finance, specialist and technical skills, and strategic partnerships) to drive order book growth and deliver project excellence.
- Ensure rigorous oversight of commercial and project management systems, to mitigate compounding risk of mega projects and higher proportion of lump sum contracts in order book (specifically in the Energy, Resources & Industrial platform).
- Support the Power, Industrial & Water platform in implementing its focused turnaround strategy to achieve sustainability and annually reassess risk/return of capital committed.
- Develop service offerings by leveraging Group relationships and geographic footprint.
- Continue to anticipate and respond to longer-term market shifts to position platforms for resilient and sustainable growth.

ENERGY, RESOURCES & INFRASTRUCTURE

- Leverage established governance and leadership structures to manage execution risk inherent in a record order book.
- Leverage credible positions in Australian power, infrastructure and resources sectors to secure further orders from a significant pipeline of opportunities.
- Harness EPC capabilities in the USA to secure work and longer-term opportunities including specialised infrastructure.
- Develop workforce, brownfield EPC and operations & maintenance services in APAC and North America.
- Ensure the ability to attract the necessary specialised and technical skills to resolve this potential constraint to growth.

MINING

- Leverage leading positions in major regional underground mining markets to consolidate and rebuild the order book.
- Secure orders from strong near-term project pipeline.
- Grow proportion of 'future-facing' commodities in the order book.
- Optimise and innovate to grow market share and margins.

POWER, INDUSTRIAL & WATER

- Leverage competitive position to respond to urgent need for industrial and water infrastructure and for participation in South Africa's renewable energy drive.
- Optimise OptiPower Projects' track record to win work in transmission, distribution and substation sectors.
- Secure further opportunities in power plant repair and maintenance.
- Secure further opportunities in renewable energy, considering the increase in the self-generation cap from 1MW to 100MW. Explore small-scale solar PV installations.
- Develop market share in resources and industrial market sectors.
- Establish scale in water business by securing wastewater and industrial water treatment opportunities.

STRATEGIC MATURITY 01 *continued*

MATERIAL ISSUE

DIVERSIFY EARNINGS POTENTIAL AND RISK EXPOSURE THROUGH ORGANIC AND ACQUISITIVE MEANS

GROUP

- Ensure a well-diversified order book over time, region, sector, margin and contract type from a significant pipeline of opportunities.
- Pursue targeted geographic and service offering diversification, where opportunities are presented.
- Optimise value potential from exposure to all phases of project life cycle phases, in particular operations and maintenance.
- Leverage strategic partnerships, based on best capacity, specialism, local understanding, as well as value system, safety and commercial alignment, according to specific project scope and requirements.
- Identify acquisitions in multinational platforms to sustain and diversify earnings growth, deepen capacity and specialism, and expand regionally.

ENERGY, RESOURCES & INFRASTRUCTURE

- Target acquisition in North America to expand capabilities and capacity and to diversify service offering to include specialised infrastructure.
- Expand service offering and market presence by leveraging synergies across the platform's geographic footprint.
- Target opportunities in the international LNG market with global clients.

MINING

- Pursue regional expansion, specifically into South American and West African mining markets with trusted clients and partners.
- Secure a greater proportion of total income from contract mining to counter market cyclicality.
- Pursue acquisitions to add new service offerings and sustain earnings growth.

POWER, INDUSTRIAL & WATER

- Grow operations and maintenance service offering.
- Focus on renewable energy project development and take minor equity stake in a portfolio of solar projects under development.
- Secure annuity-type income through operation and maintenance of wastewater treatment plants.
- Build funder relationships as a preferred contractor to unlock EPC project opportunities in sub-Saharan Africa.

MATERIAL ISSUE

MANAGE LIQUIDITY AND ALLOCATE CAPITAL FACILITIES EFFECTIVELY TO SUPPORT HIGHER GROWTH

GROUP

- Manage the short-term impact on capital availability and project risk cover of tighter debt capital and insurance markets.
  - Carefully allocate short-term liquidity facilities to manage escalating project funding requirements linked to growth in order book.
  - Secure client funding through upfront and milestone payments, different asset ownership models and centralised procurement to manage cashflow constraints in project finance.
- Settle longstanding claims and unwind uncertified revenue to improve liquidity.
- Conclude closure of business in the Middle East to reduce capital risk and ongoing costs.
- Preserve liquidity by closely managing impact on working capital at platform level due to:
  - Project underperformance.
  - Project delays and deferrals due to regional market conditions.
  - Upswings in activity as markets recover.
- Retain the discipline in managing capital and costs, and preserving financial stability, demonstrated in managing the COVID-19 crisis.
- Continue efforts to achieve targeted overhead costs through the cycle.
- Manage short-term capital constraints, while continuing to invest in long-term strategic direction, particularly through carefully selected, value-accretive acquisitions.

ENERGY, RESOURCES & INFRASTRUCTURE

- Recover uncertified revenues through settlement of claims.
- Manage overhead costs to achieve a sustainable cost base.

MINING

- Improve asset utilisation through real-time tracking of equipment and operating data.
- Implement platform-wide procurement initiatives to achieve savings through economies of scale.
- Minimise the risk of idle assets by alternative ownership models.

POWER, INDUSTRIAL & WATER

- Recover uncertified revenues through settlement of claims.
- Manage overhead costs.

CONTRACTOR OF CHOICE 02

CONTEXT

Short- to medium-term trends

- Increasing risk aversion and greater risk allocation to contractors from clients, elevating risk to value recognition of large projects.
- Supply chain and resourcing constraints due to COVID-19 restrictions, supply/demand imbalances and bottlenecks, geopolitical tensions or extreme weather events may continue to impact project delivery schedules and drive up costs.
- Intensifying scrutiny and obligations related to HSE from funders, clients and regulators; and escalating socioeconomic development expectations from local communities.
- Cost competitiveness, in tandem with increased ESG commitments, require the application of innovative digital solutions for productivity, control and oversight.

Longer-term trends

- Sustained excellence in all areas of project delivery, especially HSE, supports our competitiveness beyond pricing and builds strong client partnerships.
- Delivering world-class projects safely and efficiently, is contingent on our ability to attract and retain the best management and technical expertise in highly contested markets.
- Strategic joint-venture partners are essential to secure large and complex projects and to meet local contracting requirements, making it critical to align values, principles and standards.
- Digital acceleration (digitisation, automation, analytics and other innovative technologies) to improve value creation is critical to long-term differentiation.

MATERIAL ISSUE

DEEPEN *ENGINEERED EXCELLENCE* TO DRIVE DIFFERENTIATION, MITIGATE PROJECT RISK AND MAXIMISE VALUE RECOGNITION

GROUP

- Ensure consistently high standard of *Engineered Excellence* through leadership commitment, strong oversight and continuous improvement.
- Ensure stable and sustainable earnings growth and mitigate escalated project risk with the potential to undermine value recognition, by ensuring our platforms consistently deliver safe, well executed and profitable projects.
- Ensure strict adherence to systems, principles and practices of *Engineered Excellence* in commercial, project and ethics management, and hold management accountable for any deviations.
  - Mature project governance and management systems in place to manage the risks of commercial and operational challenges on large and complex projects.
  - Minimise integration risk associated with acquisitions by ensuring swift alignment with Group policies and standards.
  - Manage complexity of systems and culture among large joint-venture consortia and local contractors to ensure alignment in culture, values and management systems to manage execution risk.
- Strive for Zero Harm.
  - Increase projects across our portfolio delivered with Zero Harm.
  - Continue to focus on lead indicators to prevent safety incidents and break through plateau in safety improvement gains.
  - Continue to focus on high-impact interventions and programmes relevant for regional application, to manage critical and change risks (including those associated with demobilisation) and cultural factors affecting safety performance.
  - Continue to develop, enhance and share interventions to maintain world-class safety performance.
- Minimise project losses through adherence to the Group's project management systems and standards and respond swiftly to lessons learnt.
- Ensure discipline in:
  - Competitive and accurate pricing of projects, considering project specific risks and applying lessons learnt.
  - Concluding contracts on reasonable commercial terms, considering Group contracting principles.
  - Effective resourcing of projects.
  - Effective project and risk management to achieve outcomes in line with tender expectations.
- Leverage local capabilities and supply chain resilience of strong regional operations and ensure thorough contingency planning to manage constraints to project resourcing and skills mobility.
- Ensure responsiveness to client demands to differentiate service offerings, through measurable ESG credentials at project and corporate level, and the ability to manage local conditions, constraints and expectations.
  - Ensure the Group's projects meet and exceed expectations for safety and health; local contracting partnerships, employment and procurement; training and skills development; socioeconomic development of local communities; environmental mitigation of project delivery and long-term impact of plant through design engineering.
- Revise management KPIs to ensure adherence to Group commercial and ESG principles and standards.

ENERGY, RESOURCES & INFRASTRUCTURE

- Maintain world-class safety performance through effective safety leadership, personal accountability and developing employees.
- Continue to drive real-time reporting and innovative approaches to HSE leadership training.
- Maintain safety management system accreditation to retain access to federal government funded work in Australia.
- Continue to apply the MAP programme to drive improvements in safety.
- Deepen management teams and focus on project execution to ensure consistent project performances.
- Improve project delivery by aligning commercial and project management with project-specific tender plans.
- Ensure application of HSE standards and adoption of management systems in newly acquired businesses and joint ventures.

MINING

- Implement focused strategy to deepen *Engineered Excellence* in safety and risk management, productivity levels of the workforce and assets, and strategic procurement that leverages global purchasing power.
- Drive safety improvement through increased management involvement in safety and risk management on project sites.
- Embed the CRM and MAP programmes to improve critical risk management and proactive responses to safety challenges.
- Further reduce workface risk exposure to employees through mechanisation, automation and remote control.
- Leverage proven resilience of regional operating model to shield against the vulnerability of project team mobility and supply chain constraints.

POWER, INDUSTRIAL & WATER

- Improve safety performance and deepen safety culture maturity.
- Embed lead indicators such as near-miss reporting and hazard observations, with requirements incorporated into employee performance contracts.
- Ensure compliance with all Group contracting standards.
- Maintain operational and commercial discipline throughout tendering process and project delivery.
- Ensure effective resourcing of projects.

CONTRACTOR OF CHOICE 02 *continued*

MATERIAL ISSUE

ACCELERATE DIGITAL STRATEGY TO DRIVE ENTERPRISE AND PROJECT VALUE

GROUP

- Stay ahead of the technology curve to remain a contractor and employer of choice, and drive digital adoption among leaders, managers and employees.
- Allocate resources to accelerate implementation of digital strategies at platform level to enable better project design, safety, execution and reporting, to improve margins and market share.
- Accelerate Group-led digital strategy, including data protection and privacy controls and assurance processes; and maintain strong oversight of IT investment and cyber risk management.
  - Focus on efficient and integrated systems, digital matching, risk management and other administrative processes.
  - Collaborate with credible technology owners to provide innovative solutions for clients.
  - Implement mechanisms to keep abreast of technological developments within the industry.
- Accelerate technologically enabled operations by investing in and commercialising innovative and relevant technology.
  - Develop and implement specific digital applications for visibility and control, enterprise data, productivity of workforce and assets, and HSE management in project delivery.
  - Establish appropriate technology partnerships.

ENERGY, RESOURCES & INFRASTRUCTURE

- Accelerate digital strategy to ensure profitable project delivery outcomes.
- Adopt global technology standards, scalable applications and a management framework to meet the demands of a global EPC business.
- Continue to implement the digital strategy, including an integrated global technology and data platform, employing predictive analytics and robotic process automation.

MINING

- Accelerate digital strategy with focus on asset maintenance, operational effectiveness, and autonomous and remote operations.
- Support majority owned InSig Technologies in developing a digital platform for mining to improve efficiencies and margins and create competitive advantage.
- Progress applications for improved project control, and more accurate and efficient tendering (the mining equivalent of Building Information Modelling).
- Expand the use of virtual and augmented reality in training, constructability reviews and onsite troubleshooting.

POWER, INDUSTRIAL & WATER

- Implement digital applications to improve quality of safety reporting, and real-time recording of data to support a more proactive approach to safety management.
- Leverage breakthrough in commercialising Organica Water wastewater treatment technology to secure further PPP greenfield wastewater treatment plant opportunities.
- Accelerate digitalisation in core and project support systems.

EMPLOYER OF CHOICE 03

CONTEXT

Short- to medium-term trends

- COVID-19 has increased workforce health risk, with global indications of exacerbated mental health deterioration across various industries.
- Higher expectation from employees on health, safety and wellness (including mental health) support, long-term career paths and progression, and flexible workplace models.
- Critical supervisory and specialised skills in growth markets for our multinational platforms are a constraint to growth and excellent project delivery.
- Leadership team quality and depth is critical for strategic continuity and resilience requiring intense focus on leadership development and succession planning.
- Changing workplace models forcing companies to rethink ways of working and the role of the office, and to resolve work-from-home challenges to cybersecurity, engagement, learning and morale.

Longer-term trends

- Escalating expectations from a younger generation of leaders and skilled professionals of purposeful and sustainability-minded organisations.
- Digital enablement is fundamental to remaining an employer of choice as an expectation of a younger generation of leaders and professionals.
- Step-change in skills requirements – companies need to assess how to upskill and reskill and explore alternative talent sourcing options to meet the needs of the future organisation.

MATERIAL ISSUE

INTENSIFY LEADERSHIP DEVELOPMENT TO ENSURE SUCCESSION DEPTH AND CONTINUITY

GROUP

- Continue to realise our aspiration to be an employer of choice in all our markets to retain and attract key skills.
  - The Group's value proposition to employees centres on our Values of Integrity, Respect, Care, Accountability and Commitment.
- Place strong focus on leadership development and succession planning, diversity and inclusion to support the depth, calibre and commitment of Group and platform leadership teams.
  - Continue to align leadership succession to diversity objectives in all platforms and accelerate and support career progression of high-performing talent identified for future leadership roles.
  - Accelerate leadership development programmes, equipping potential successors with the competencies needed.
  - Align performance contracts with Group strategic objectives across platforms for middle management and above.
- Continue to deepen our value proposition and employee practices to attract, develop, support and reward competent and high-performing individuals from diverse backgrounds and to fully engage their innovation and creativity.
- Position the Group for a new generation of culturally diverse leaders and professionals who prioritise sustainability commitment, digital enablement, meaningful career opportunities and flexible workplace models, and where everyone feels valued and included.

ENERGY, RESOURCES & INFRASTRUCTURE

- Leverage EXECONNECT leadership programme for improved talent and career development of future leaders, and enhanced communication between executives and employees.
- Coach and mentor high-potential employees for future leadership roles.

MINING

- Deliver training and coaching programmes for individuals in leadership positions.
- Develop and mentor high-performing employees identified for succession through the performance management process and Talent Management programme.

POWER, INDUSTRIAL & WATER

- Align business processes to revised management structure, to better suit a smaller and more streamlined organisation.
- Embed performance management system, with KPIs aligned to the platform's business objectives and personal development plans, to support the new business model.
- Implement findings of talent review across senior and middle management which confirmed high-potential employees for participation in mentorship, leadership and management development programmes.

EMPLOYER OF CHOICE 03 *continued*

MATERIAL ISSUE

MAINTAIN COMPETITIVE EMPLOYEE VALUE PROPOSITION TO RETAIN AND ATTRACT CRITICAL SKILLS AND ENSURE FLEXIBLE PROJECT CAPACITY

GROUP

- Continue to prioritise the health and safety of our employees and their families and minimise the impact of COVID-19 on their livelihoods.
  - Assist employees to access vaccines.
  - Expand existing employee mental health and wellness support.
- Continue to implement best people practices across the Group.
  - Embrace international standards of social justice, decent work and human rights, while also aligning policies and procedures to the legislation and basic conditions of employment of the counties we operate in.
  - Provide career advancement through work experience, skills development and training, and coaching opportunities.
  - Offer structured performance management and development linked to market-related remuneration and incentive schemes.
  - Ensure good labour relations and constructive relationships with employee representatives to support fair wage agreements and minimise disruption to work schedules.
- Ensure responsible resourcing despite market and project cycles.
  - Retain core skills through continuous engagement.
  - Attract required skills timeously through effective people planning to mobilise projects on time and within budget.
  - Maintain a responsible approach to retrenchments when rightsizing operations during cyclical downturns and demobilising.
- Implement appropriate workplace models to support learning, motivation and culture in relation to operational structure and business needs.
- Manage the impact of digital change on productivity and skills redundancy.
  - Cybersecurity framework improved by strengthening security governance processes and technical defences.
  - Reskilling and upskilling initiatives forming part of the digitalisation strategy.

ENERGY, RESOURCES & INFRASTRUCTURE

- Continue to monitor feedback from wellbeing surveys to address physical and mental health concerns linked to COVID-19.
- Provide training and education to project supervisors and workforce on mental health education and suicide prevention.
- Embed global solution for workforce planning, recruitment and onboarding, performance management, learning and development, and career progression.
- Embed remote working and flexible working arrangements.
- Adopt a new approach in our graduate programme, offering local and international development opportunities, and covering disciplines key to successful project execution.

MINING

- Improve performance management through consultative performance contracting and development plans.
- Facilitate skills development and training at the platform's industry-leading training facilities.
- Minimise the risk of strikes and work stoppages by maintaining effective relationships with employees and union representatives.

POWER, INDUSTRIAL & WATER

- Continue to adjust shift systems and workforce arrangements as necessary on project operations to support COVID-19 social distancing and health protocols.
- Roll out peer educator training to wellness champions to equip them to engage effectively with project staff on wellness.
- Provide training and development interventions to maintain a high-performing core group of artisans.

CORPORATE CULTURE 04

CONTEXT

Short- to medium-term trends

- Relevance of ESG starkly illuminated as COVID-19 magnifies the fragility of socioeconomic and natural ecosystems, cementing the understanding that ESG has business value.
- Escalation in expectations from all stakeholders, particularly funders and clients, across all dimensions of ESG including safety, local socioeconomic development, ethical business, project and corporate governance, and climate change.
- ESG performance and reporting is expected to be transparent, measurable, standardised and aligned to international frameworks and associated commitments.
- Funding of fossil fuels projects increasingly a challenge, and exposure to reputational risks of 'dirty' commodities, especially coal, affecting ability to access equity and debt capital and insurance as finance flows are redirected to 'greener' commodities; although the Australian and South African economies still depend on coal, pressure will escalate to limit exposure.
- Emphasis on purpose-led organisations and escalating social expectations of the role of business in society not only in terms of ESG but also filling in where government is failing in dealing with systemic risk and solutions.
- Community expectations of companies leading to unrest in certain regions, exacerbated by impact of climate change on vulnerable communities.
- Intense competition for shareholder attention and funds requires competitive returns and ESG profile among a strong peer group of potential investments.

Longer-term trends

- Maintaining stakeholder trust given intensifying activism, public scrutiny and expectations of greater transparency and reporting is critical to the Group's long-term relevance.
- Values-driven culture, operationalised by *Engineered Excellence*, underpins our aspiration to maintain quality relationships with and relevance to all our stakeholders.
- All businesses and partners are expected to align to the Group's frameworks, standards and Values as minimum best practice, in tandem with local laws, regulations and contracting norms.
- Managing the impact of local dynamics on project delivery is imperative for the Group's reputation as a credible local operator and respected multinational.
- Being a responsible corporate citizen that responds to social needs is critical to the Group's social licence to operate in host countries and local communities.
- The Group Sustainability Framework sets clear expectations for our employees, business platforms and partners, and its application is well governed throughout the Group.

CORPORATE CULTURE 04 *continued*

MATERIAL ISSUE

CONSISTENT APPLICATION OF THE GROUP SUSTAINABILITY FRAMEWORK AND ASSOCIATED REPORTING STANDARDS

GROUP

- Independent assessments confirm the effectiveness of the Board as strong, independent, diverse and well-functioning, with a balance of tenure for stability and continuity.
  - Ensure that strategic decision-making is bound by clear, transparent and publicly available policy positions related to ESG.
  - Focus areas for improvement include ESG training.
  - Continued application of the Group's diversity policy in leadership appointments at Board and corporate office level.
- Continue to harmonise ESG imperatives with commercial opportunities through the systems, standards and practices defined in the Group Sustainability Framework.
  - Continue to align to the relevant international accountability frameworks and drive ESG performance to meet and exceed global peers and major multinational clients.
  - Continue to deliver improvements in ESG reporting in targeted areas, including supply chain, environmental and climate change, diversity and inclusion, communities and labour.
  - Ensure that our ESG performance is transparent, detailed, measurable and standardised; and improve measurement and disclosure of specific ESG imperatives in line with stakeholder expectations and global accountability frameworks, including enterprise value reporting, and TCFD, as well as alignment to the SDGs.
- Understand the impact of higher stakeholder requirements for ESG in terms of the Group's funding and insurance requirements.
- Uphold reputation for responsible and ethical conduct and ensure that platforms subscribe to ethical business principles, supported by policies, standards and procedures.
  - Ensure leadership and management lead by example, maintaining an ethical culture through open and ethical decision-making.
  - Comply with laws, standards and codes in all operations.
  - Senior management declaration on ethical behaviour every six months.
  - Conduct ongoing compliance and ethics training.
  - Maintain toll-free call line for the anonymous reporting of fraud, corruption or unethical behaviour.
- Instil Group culture frameworks, including Values, Code of Conduct and Group Sustainability Framework in acquired businesses.

ENERGY, RESOURCES & INFRASTRUCTURE

- Continue to develop senior management and key employees on ethical business practices.
- Explore more collaborative forms of contracting and alliances through industry forums, to meet public infrastructure delivery agency requirements.
- Gain differentiation through sustainability in design as a standard offering for significantly better asset, project and stakeholder outcomes.
- Leverage capabilities to play a meaningful role in emerging technologies such as waste-to-energy and green and blue hydrogen in APAC and the UK.

MINING

- Support clients in reducing their carbon footprints through digital technology that improves energy efficiency of fixed and mobile plant in underground use.
- Offer the use of battery powered equipment to clients.
- Actively engage suppliers to identify opportunities to reduce the carbon footprint of our supply chain.

POWER, INDUSTRIAL & WATER

- The market scope of the platform aligns with the global imperative to transition to a more sustainable environment.
- Assist clients in implementing their climate change response plans including solutions in renewable energy and water.

MATERIAL ISSUE

REMAIN RESPONSIVE TO LOCAL CIRCUMSTANCES AND SOCIOECONOMIC NEEDS

GROUP

- Accelerate diversity and localisation to remain competitive and relevant.
- Establish local partnerships that contribute to the socioeconomic development of host communities.
- Respond to local requirements and norms within the context of Group ambitions and ensure that initiatives are supportive of the needs and expectations of host communities.
- Effectively manage local factors pertinent to safety, work culture, labour and community relations, local procurement and community development.
- Invest in local communities through corporate social responsibility programmes.

ENERGY, RESOURCES & INFRASTRUCTURE

- Continue to implement the Gender Equality Plan with measurable targets.
- Further embed the Innovate Reconciliation Action Plan to create meaningful opportunities for Aboriginal and Torres Strait Islander peoples.
- Continue to review procurement and supply chain practices to ensure diversity and local participation.
- Develop community engagement plans for new projects to support project delivery and benefit local communities.
- Support organisations, communities and causes that improve the lives of host communities through the Clough Foundation.

MINING

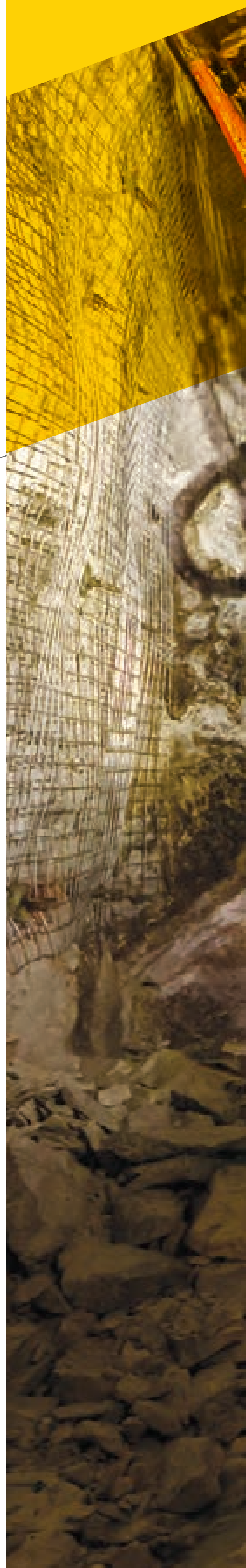
- Continue to implement diversity policies appropriate to regions of operation.
- Maintain Level 1 BBBEE score, including local employment and supplier development targets required by clients in South Africa.
- Develop further opportunities for the Boipelo joint venture with Amandla, a 51% black-owned mining contracting company in South Africa.
- Progress joint ventures with First Nations groupings in Canada, and other local partners in Australia, Indonesia, Mongolia, Peru and Chile in executing projects in those countries.
- Promote inclusivity through the diversity work group in the North American and Australian operations.

POWER, INDUSTRIAL & WATER

- Rebuild BBBEE credentials and meet diversity aspirations in line with the restructuring of the platform, to access opportunities in South Africa.
- Establish BBBEE partnerships in power maintenance, transmission and distribution and water in South Africa.
- Continue to work closely with clients, local community forums and leaders to manage economic and employment expectations.
- Develop local partnerships in East and West Africa to access new markets and sectors.

02

Leadership review




Murray & Rob

CHAIRMAN'S STATEMENT

Suresh Kana
Chairman

The Group's economic future is global and diverse, with strong prospects for meaningful growth. Murray & Roberts is well positioned to enable and optimise the capital investments that corporations, governments and institutions will need to undertake in order to support sustainable human development, as the world emerges from the COVID-19 crisis. Our strategic choices will be framed by our Purpose as we continue to pursue opportunities for growth and shareholder value creation.

OVERVIEW

Murray & Roberts is emerging from a decade that saw it navigating challenging economic conditions, ranging from the impact of the 2014 oil price crash to the current COVID-19 pandemic, as well as several complex legacy issues such as its exit from the Middle East. The growing prospects in the Group's international markets will largely determine the Group's future value for all stakeholders. However, these prospects contrast with dark times for our home country, where images of destruction, anger and desperation filled our streets just two months ago. It was a sombre moment for South Africa and sober reflection is needed on how we got to this point and how we move forward to create a vibrant, growing and inclusive economy.

As a multinational organisation, our exposure to the threat of local social instability is contained. This does not change the fact that our home is in South Africa, as is our allegiance to its fragile but remarkably resilient democratic project. Although our domestic operations are expected to contribute only a minority share of Group revenue in the medium term, mainly attributable to our South African mining business, better earnings from our domestic Power, Industrial & Water business platform remain a feature of our risk/return decisions.

At this worrying time, we take heart from communities of people, young and old, reporting out of their sense of duty to clean up the damage to public facilities and retail infrastructure on which many rely for prosperity. They remind us that South Africans are a resilient and peace-loving nation, and most are committed to restoration and redevelopment. A long period of discontent, due to weak governance and blatant misconduct have challenged our constitutional order, with its dual emphasis on human rights and the rule of law. We are relieved that it is holding firm.

However, restoring the legitimacy of our system of governance and the state that capacitates it, is now critical. As a country, we must accelerate the restructuring of the economy for equity and productivity and include many more people, especially the youth, into gainful economic participation; to address marginalisation and its risk to stability. This must start with far bolder and more enabling structural reform and far swifter and more capable implementation.

Now is the time to leverage the improved cooperation between business, government, labour, and civil society that we have seen during the COVID-19 crisis; to get our economy moving, strengthen our institutions of democratic governance and to harness the country's diverse strength. To position South Africa for viability and recovery, as a capable state and for competitive investment, will require decisive leadership to make the tough decisions and difficult trade-offs that can no longer be avoided.

PURPOSE-LED OPPORTUNITY

As our material issues show, strategic maturity is a primary value driver for the Group.

Our material issues can be found on **PG 30**.

In effect, strategic maturity is a measure of coherence – the degree to which our three business platforms align with the Group's Purpose, strategy and culture. As discussed in their report, our Group chief executive and financial director assert that the strategic maturity of our business platforms underpins credible expectations for more significant and sustainable earnings growth in the years ahead.

Group chief executive and financial director's report can be found on **PG 50**.

The Board shares our executive team's confidence. The size and quality of the Group's order book reflects positive prospects for our Energy, Resources & Infrastructure and Mining platforms. Although fixed capital investment cycles in their market sectors have been disrupted by COVID-19, the upswing in many commodity prices, which looks to be enduring, the emphasis on infrastructure-led economic recovery and the decarbonisation of the global economy, provide significant opportunities for the Group.

The need for significantly improved socioeconomic, environmental and governance outcomes are being factored into the capital allocation decisions of the world's institutions, governments, lenders and investors. It is gratifying to reflect on how well positioned the Group is to optimise such capital commitments. Our market focus includes sectors that more conscious capital investment will favour in advancing sustainable human development, as the world seeks to address severe socioeconomic and ecological imbalances.

Our Power, Industrial & Water platform, however, has suffered the consequence of years of under-investment in fixed capital formation in South Africa. Its viability remains largely in the hands of the public sector, if South Africa's economic recovery stimulus is to be channelled through state-owned enterprises and investment in public infrastructure projects. However, public private partnerships have been slow to launch and poor procurement practices continue to hamper progress. This is despite the well-documented weakness of the state power utility, Eskom, and its risk to economic development, as well as public sector sluggishness in embracing innovative private sector solutions to fix our failing water infrastructure.

After mandating executive management to assess the earnings potential of this platform according to various scenarios, the Board resolved to retain this business and endorsed the platform's medium-term business plan. This decision was based on indications of improving prospects in the South African power, water and energy sectors. The water sector continues to present limited opportunity, but the ever-increasing threat of water shortages should galvanise a more decisive and imminent response. We will review the platform's viability on an annual basis, cognisant of our duty to protect and grow shareholder value in return for the capital they entrust to us.

Our majority shareholder, ATON still owns approximately 44% of the issued ordinary shares in Murray & Roberts, which we believe limits trading liquidity of our shares. The Competition Commission recommended in July 2019 that the 2018/19 proposed acquisition be prohibited.

OUR MARKET FOCUS INCLUDES SECTORS THAT MORE CONSCIOUS CAPITAL INVESTMENT WILL FAVOUR IN ADVANCING SUSTAINABLE HUMAN DEVELOPMENT, AS THE WORLD SEEKS TO ADDRESS SEVERE SOCIOECONOMIC AND ECOLOGICAL IMBALANCES.

PURPOSE-LED VALUE CREATION

The Group's commitment to supporting the advancement of sustainable human development speaks to the relevance of our market scope and what we do. It also speaks to how we do it, which determines our relevance to our stakeholders.

Sustainable human development is at the centre of the Group's governance approach; our competitive differentiation in the execution of projects that are safe, efficient, and environmentally benign; our approach as an employer in all our markets; and how we behave as a corporate citizen with international and local responsibilities. As a multinational organisation we work in environments with diverse cultures, needs and expectations. Effectively managing local dynamics and partnering with local service providers improves project delivery and secures the Group's reputation as a credible global operator and respected multinational. The Group creates value not only for our employees, clients and owners, but also the local companies with whom we work and the communities in which we work.

Any assessment of value creation potential must also include an assessment of corporate culture, which ultimately determines strategic choices and outcomes. The Murray & Roberts culture is tangible; it is rooted in our Values and binds our operations to the philosophy of *Engineered Excellence*. The Group's Values, Statement of Business Principles and Code of Conduct guide employees when acting for and on behalf of the Group in the pursuit of our strategic and business objectives. We expect every one of our employees to act within this framework. These pillars are the reference point for our decisions on policy positions, capital allocation, business practices and contracting principles, as well as how we manage performance and set our priorities.

Accessing business opportunities, securing funding and attracting the best people, increasingly demand that our strategic choices serve ESG imperatives. The Group Sustainability Framework conceived and refined over many years, sets clear expectations and its application is tightly governed and mature in most parts of the Group.

We manage ESG with the same ambition as we do everything else: *Engineered Excellence*, with harm and risk reduction as a priority, and our Values at the centre of our decisions. Our safety record, our standing as a desirable employer, and our care for community wellbeing, are hallmarks of this Group that we are proud of. It is heartening that the next generation of professionals prioritise ESG when they select their employers.

A recent independent benchmark of the Group's ESG practices showed that we meet, and with some improvements to the measurement and disclosure of our practices, will exceed the global average in ESG performance for our sector. We also compare well to major multinationals within our client base. As international accountability frameworks for reporting are aligned and coalesce around a body of international standards for enterprise value sustainability reporting, we will continue to demonstrate that embracing ESG is very much a feature of who we are as a Group.

PURPOSE-LED RISK-TAKING

Decision-making on ESG matters is not always simple, but we take a considered and pragmatic view to weighing conflicting priorities. In the past year, we formally clarified our position on coal to the market. We will continue to participate in coal mining projects, but only in South Africa, with full cognisance of the increased institutional funding and reputational risk of doing so. Eskom's dependence on coal-fired power stations, and the South African and regional economies' reliance on Eskom, make it near impossible to completely withdraw from the local coal mining sector, without creating the potential for unacceptable socioeconomic harm.

Our decision about potential project opportunities in Mozambique illustrates another difficult trade-off. Violent insurgencies forced multinational energy companies to put vast investments on hold in that country's rich natural gas fields. Those companies were not blind to the risks when they elected to invest in Mozambique and they relied on the promise of good returns on long-term investments to offset the cost of managing those risks. The fact that they, even with all their resources, had to withdraw is chilling. We have chosen not to pursue the opportunities open to us in Mozambique, despite the region's desperate need for socioeconomic development. We simply cannot subject our employees to the risk of harm that cannot be effectively mitigated or managed.

The Board is cognisant that the unbridled pursuit of opportunities without due consideration of capacity constraints creates risks to project delivery that can be hard to manage. We are aware of the inherent risks of a significant order book, and the compounding risks of large, lump sum projects. To deliver to the standard of *Engineered Excellence* we set for ourselves, will demand leadership commitment, vigilance, and continuous improvement.

Murray & Roberts recognises that safety is a managed outcome and we will need to be more vigilant than ever to ensure the safety of our employees. As we reported in our previous integrated report, the single fatality which occurred this past year, on the first day of the financial year, was one too many. The Board is confident that the contributing factors have been thoroughly investigated and that appropriate measures have been taken. Even though the Group's lost time injury frequency rate remains industry leading, fatalities and injuries at work are avoidable and therefore unacceptable. We are comfortable that leadership will continue to invest their best efforts to ensure that Zero Harm to our employees, service providers and communities, even within often challenging project environments, becomes a reality.

We are pleased to report that the Group's exit from the Middle East is progressing with the sale of the Abu Dhabi and Dubai companies to a UAE-based investment company. Regulatory approval is a pre-requisite for the shares to be transferred to the purchaser. Considering the remaining project disputes in each of the two companies, the parties agreed that the consideration for sale would be a nominal amount.

Although the Group will retain certain potential contingent liabilities post the sale of these two companies – which will be appropriately managed – the proposed transaction will significantly reduce the capital required to maintain an office in the UAE.

PURPOSE-LED LEADERSHIP

Quality of leadership is the flywheel of strategic maturity, value creation and corporate culture. The Group has navigated tough times and managed to make significant strategic progress, testament to the depth, calibre and commitment of our Group and platform leadership teams. It is of critical importance to retain and attract high-calibre leaders and managers, to combine their skills into well-rounded management teams and to ensure succession depth. I am particularly pleased that our Group chief executive officer's term has been extended to August 2024 and that he will lead the Group as it capitalises on new and exciting business opportunities.

I would like to recognise the efforts of our management teams and employees in coping with the impact of the COVID-19 pandemic on our business – it is a business continuity test which I believe we have passed. But the worst impact of the pandemic – the loss of life – could not be entirely prevented. The Board extends our deepest condolences to the teams, families and friends of our 12 Murray & Roberts colleagues who lost their lives to the virus.

The global vaccination campaign has marked a significant turning point in the battle against COVID-19. It is our collective leadership responsibility to encourage all our employees to be vaccinated. Murray & Roberts and our clients facilitate access to the vaccine and we continue to encourage and educate employees on the benefits of being fully vaccinated.

Digital adoption has made a major and 'forced' leap forward across the world, however, the nature of our business does not allow the same level of workplace flexibility many other industries could employ. Many among our office-based employees recognised that those colleagues responsible for delivering projects did not have the option to work remotely and it was heartening to see how many of them, in solidarity with their colleagues, chose to return to their offices while observing all required protocols. We mitigated health risks in shared space with adherence to rigorous health protocols and regular communication to maintain operations. In the process, we learned to appreciate the irreplaceable value of interpersonal contact, which will inform our deliberations on the most appropriate workplace model for the future.

An independent assessment during the financial year has again confirmed the Board's effectiveness.

More detail on the Board assessment can be found on **PG 86**.

Noteworthy are that the Board is well constituted, with a suitable balance of relevant skillsets and diverse perspectives. The engagement required to overcome the past years' challenges strengthened the already strong relationship between the Board and our executive teams. This will serve Murray & Roberts well as we gear up for significantly stronger growth and value creation in the years ahead, which will be contingent on the management of our inherent project risks.

CONCLUSION

Murray & Roberts exists to engineer and construct infrastructure that improves the lives of people, beyond the duration of the project. Rarely before has the world been in greater need of infrastructure-led growth and sustainable human development than now. COVID-19 has devastated lives and economies around the world. Investment in infrastructure is a proven way to stimulate economic development that can multiply socioeconomic and environmental value throughout economies and across communities.

Our *New Strategic Future* plan defines the primary drivers of stakeholder value creation for the Group. We need to grow, remain competitive as a contractor and an employer and be known as trustworthy as we align to the global push towards sustainable human development. I am confident that the Group is in a strong position to achieve these aspirations, in answer to our Purpose and as a matter of relevance in the global context in which we are set to thrive.

On behalf of the Board, I convey our thanks to all our stakeholders, specifically our shareholders for their support, and to the Group's executive teams and employees for their extraordinary commitment to delivering excellence.

I AM CONFIDENT THAT THE GROUP IS IN A STRONG POSITION TO ACHIEVE ITS ASPIRATIONS, IN ANSWER TO OUR PURPOSE AND AS A MATTER OF RELEVANCE IN THE GLOBAL CONTEXT IN WHICH WE ARE SET TO THRIVE.

GROUP CHIEF EXECUTIVE'S AND FINANCIAL DIRECTOR'S REPORT

Henry Laas
Group chief executive

Daniël Grobler
Group financial director

Over the past decade, the Murray & Roberts leadership teams have shown their strength in navigating challenging economic conditions, while holding true to our long-term strategic direction. We have substantive reason, supported by our already strong order book, to believe that we are on the cusp of a multi-year period of strong earnings growth. This will give us the opportunity to make good on our promise to enhance value for shareholders who have stood by Murray & Roberts.

OVERVIEW

In the last decade, the resilience of engineering and construction firms the world over has been severely tested. For Murray & Roberts, in particular, two unforeseen global events have been pivotal in our strategic development. The oil price collapse in 2014 and the COVID-19 pandemic have had severe implications for capital allocation in our markets, and hence project opportunities for our three business platforms. While these events restricted the Group's earnings potential in different ways, they challenged us to stay agile and responsive.

Over this time, we have worked to reshape the Group into a multinational engineering and construction group, with a substantial global footprint. Limited investment in the South African economy over many years have spurred this shift. The threat of local social instability and its damaging effect on the economy and livelihoods, as witnessed a few months ago, has not been encouraging either. Over the next three years, we expect the majority of the Group's revenue to be derived from our two international business platforms, which have established credible positions in regions and sectors with sustainable growth prospects. Broadening the Group's market focus over the last few years has served us well in this regard.

The Group's international scope now includes market sectors with robust fixed capital investment fundamentals. These market sectors will benefit from substantial stimulus earmarked for infrastructure-led economic recovery, which also seeks to sustainably meet the needs of a growing and urbanising global population. The resources, industrial, energy, water and specialised infrastructure sectors present the best opportunities for growth, diversification and differentiation for our business platforms, as specialist contractors in their regions.

While the competitive differentiation of our business platforms is rooted in *Engineered Excellence*, so too does this philosophy define our approach at Group level. We have applied the same purpose-driven thinking to choose our target markets, design the appropriate organisational structure and define the specialist capabilities our platforms need to thrive when prospects improve. This is not to say this work is complete. We continue to seek opportunities for growth, either organically or through value accretive acquisitions, that will also diversify our earnings potential as well as our risk exposure.

The consistent implementation of our strategy over the past few years culminated in significant order book growth in the year under review. With a record order book of R60,7 billion and near orders of R11,1 billion, the Group is well positioned for strong growth in profitability in FY2022 and meaningful earnings growth in the medium term. These positive expectations reflect greater certainty in global economic recovery as vaccination in developed markets gains more ground, and the world seeks to decisively address the socioeconomic and environmental vulnerabilities highlighted by the COVID-19 pandemic.

The outcome of six years of focused strategic effort has brought the Group's business platforms closer to strategic maturity, as envisioned in our *New Strategic Future* plan. Murray & Roberts is today a purpose-built Group, ready to capitalise on improved prospects in our two international platforms: Energy, Resources & Infrastructure and Mining. Together, their potential and growth opportunities far outweigh the slower anticipated turnaround in the Power, Industrial & Water platform's market sectors in sub-Saharan Africa, even though the platform is well positioned competitively.

STRATEGIC PERFORMANCE

The cusp of opportunity

Our primary strength lies in the counterbalancing effect of our portfolio of strategically mature platforms that are individually robust – well-led, -diversified, -positioned and -governed. The Group thrives when our two international platforms perform well. Our Mining platform has been a consistently strong performer for several years, while previously, adverse market conditions and inconsistent project performances held the Energy, Resources & Infrastructure and Power, Industrial & Water platforms back.

Systemic risks are hard to foresee and complex to manage. The collapse of the oil price in November 2014 had a devastating effect on our previous Oil & Gas (now Energy, Resources & Infrastructure) platform. By the end of that year, the oil and gas market slumped into hibernation, which to a degree, persists to this day. The impact on this business as our most significant earnings contributor at that time was severe. The market collapse saw this platform's contribution significantly decreasing year after year and losses were recorded during the previous two financial years.

After five years of strategic repositioning to diversify away from its dependence on a single cyclical market (Australian LNG), the Energy, Resources & Infrastructure platform returned to profitability in the year. Its order book has reached a historic high, with significant levels of revenue already secured for FY2022 and FY2023, and an impressive pipeline of project opportunities. This supports our expectation of strong earnings growth over the next three years.

Energy, Resources & Infrastructure's order book reflects its thriving target markets, with Australia leading in infrastructure investment to accelerate the domestic economy. While the North American market is somewhat tentative, we are evaluating a potential acquisition that will further grow our earnings and expand the platform's capabilities and add relevant capacity. This acquisition will diversify our service offering in North America in a similar way to the Australian operations. We are optimistic that both the APAC region and the Americas will perform well over the next few years. Specific focus will be on ensuring the platform's ability to attract the necessary specialised and technical skills, which could be a potential constraint to growth.

To have our two international platforms contributing in a material way to Group earnings may well become a reality in the coming year. Energy, Resources & Infrastructure's favourable prospects will benefit the Group for the foreseeable future, adding to our Mining platform's consistent contribution to earnings. In the case of the latter, there are encouraging signs of near-term earnings growth potential as the commodity upturn gains momentum.

Analysts are forecasting that the recent recovery in commodity prices has longer-term structural support, raising hopes for a commodity super-cycle. Our view is that the super-cycle may be restricted to those commodities required to convert global energy to lower-emission energy sources. Copper, platinum and other platinum group metals, for example, are likely to see significant upside. Our Mining platform holds leading positions in most major regional underground mining markets in the western world. With these commodities well represented in its portfolio, it is strongly positioned to grow and benefit from escalating demand.

THE GROUP'S INTERNATIONAL SCOPE NOW INCLUDES MARKET SECTORS WITH ROBUST FIXED CAPITAL INVESTMENT FUNDAMENTALS. THESE MARKET SECTORS WILL BENEFIT FROM SUBSTANTIAL STIMULUS EARMARKED FOR INFRASTRUCTURE-LED ECONOMIC RECOVERY, WHICH ALSO SEEKS TO SUSTAINABLY MEET THE NEEDS OF A GROWING AND URBANISING GLOBAL POPULATION.

The Mining platform has done well to protect its order book from deterioration due to the impact of COVID-19 on capital investment decisions and the timing thereof, as well as the impact on project schedules and resourcing. This impact was most pronounced in North America and Mongolia, and the platform's regional business structure has provided some shield against the vulnerability of team mobility, supply chains and travel restrictions.

The encouraging outlook for global mining markets will support the platform's focus on growing its order book in the coming year, especially in the Americas. The current order book is reasonably solid and the near-term project pipeline is robust and growing. We see opportunity for accelerated organic earnings growth in the medium term and, given its high regional market shares, the platform will continue to pursue value accretive acquisitions to sustain and diversify its earnings growth. It is also considering regional expansion opportunities, specifically into South American mining markets.

The sub-Saharan Africa focused Power, Industrial & Water platform continues to face significant challenges to its viability and sustainability. Investment in relevant infrastructure in this region is limited and no projects of meaningful value were secured. Ongoing restructuring, in line with the expectation of lower revenue potential, has reduced the platform's resources to the minimum required to win work and steer the platform to its targeted earnings potential. Power, Industrial & Water's scope for growth and diversification, as a regional business, is more limited than the two international platforms.

Material prospects for Power, Industrial & Water remain thin, besides for its OptiPower Projects business, even though the platform is well-placed to respond to the urgent need for industrial and water infrastructure and for participation in South Africa's renewable energy drive. 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. We continue to believe this business is well positioned competitively in markets with long-term promise. We recognise this is an ambition we reiterate annually, and the platform's sustainability will be re-evaluated towards the end of the next financial year, considering its current loss-making position. Power, Industrial & Water will continue to focus on achieving stability and sustainability in the next three years, in line with its business plan.

Value recognition braced by *Engineered Excellence*

Evidence for strategic maturity must ultimately be found in the stability and sustainability of earnings growth from each of our platforms. Besides market activity, this is contingent on their ability to consistently deliver safe, well-executed and profitable projects.

Our business platforms are well equipped to provide services across the engineering and construction value chain in their regional markets. The insight this provides enables them to optimise capital investment in both the design and execution of projects. This equates to better project outcomes whose value extends long into the operating life of the client's asset and the lives of local communities and host countries.

Our culture, guided by our Values and operationalised by our philosophy of *Engineered Excellence*, reinforces these outcomes. We expect our platforms to apply well-developed policies, management systems, business principles and practices that enable them to differentiate their services beyond competitive pricing. This serves to protect project margins and value recognition from complex risks. The concentration of EPC lump-sum contracts in the Group's order book, and specifically in Energy, Resources & Infrastructure, reflects a shift in proportional risk sharing from clients to contractors. This makes it critical to ensure near-flawless project planning, contracting and delivery to optimise earnings potential from the Group's order book.

Project delivery carries inherent risk that increases as project size grows and as contracting models shift from cost-reimbursable arrangements to lump-sum. On large projects, multiple project events can have a compounding impact on progress and commercial positions, which are difficult to quantify and thus hard to agree with clients. Our project governance and management systems are built to manage such risks, and their rigour also extends to the selection of experienced and tested joint-venture partners for large projects. However, as we have seen in the past on large projects such as those we are undertaking in Energy, Resources & Infrastructure, commercial and operational challenges have the potential to collide to undermine value recognition.

WE EXPECT OUR PLATFORMS TO APPLY WELL-DEVELOPED POLICIES, MANAGEMENT SYSTEMS, BUSINESS PRINCIPLES AND PRACTICES THAT ENABLE THEM TO DIFFERENTIATE THEIR SERVICES BEYOND COMPETITIVE PRICING.

OUR APPROACH TO ETHICAL LEADERSHIP, CORPORATE CITIZENSHIP AND SUSTAINABILITY IS EMBEDDED IN OUR CULTURE OF *ENGINEERED EXCELLENCE*.

Given the execution risk associated with its substantial order book, the leadership team at Energy, Resources & Infrastructure is focused on disciplined tendering and project execution. The recently established regional platform structure creates more management capacity and a degree of autonomy, although this is balanced with a strict requirement to comply with platform management systems and protocols, which includes rigorous Group-aligned commercial and risk governance put in place over the last few years. These factors provide ample comfort that the platform can derive strong profit growth from its impressive order book.

In support of its commitment to drive growth and deepen *Engineered Excellence*, the Mining platform has clear objectives to optimise a range of business areas. These include improving risk assessment processes and higher-level controls in safety management; improving productivity through better and more accurate planning and execution; improving asset management, tracking and performance; and leveraging its global spending power through strategic centralised procurement. All of these will be served by improving management information, for more accurate performance management and reporting. The acceleration of its digital strategy will enable improved safety, accuracy of execution and potentially improved margins and greater market share.

Digital systems and solutions are inevitable business enablers. Murray & Roberts faces the uncertainty of rapid technological advancement to no lesser extent than any other business. We choose to embrace this as a manageable opportunity to remain a contractor and an employer of choice. Critically, our ability to compete depends on staying ahead of the technology curve, both in delivering our projects and attracting the brightest talent, especially among a younger generation of leaders and employees.

Digital opportunities to improve productivity, safety and efficiency at project level have been understood for some time. Our international platforms have several exciting initiatives underway to achieve these outcomes. However, unlocking technology's potential to contribute to sustained success is now of heightened priority, and is being overseen and coordinated out of the office of the Group financial director.

It is appropriate to assess the Group's capital position in the context of the material growth opportunities and the risks we have outlined. Murray & Roberts has demonstrated over many years an ability to manage short-term constraints while maintaining long-term focus in how we allocate capital. However, we will face a tightening liquidity environment in the next year, to deliver the projects in our record order book.

Globally, financial service institutions have intensified their lending and underwriting criteria, especially for the engineering and construction sector. Liquidity is, as a result, more restricted. It is becoming common for financial institutions to grant loans with the condition that subsidiaries are not allowed to pay dividends to foreign holding companies. Lenders' hardening stance at a platform level then inevitably spills over into cash constraints for the Group. However, this is a temporary challenge. The Energy, Resources & Infrastructure platform, as well as the mining business in Australia have delivered a much improved set of financial results that will allow them to renegotiate their facilities and to free up cash flow to the Group.

Ridership on the Gautrain is significantly down compared to pre-pandemic levels. The Gautrain system is operating with capacity restrictions and demand is expected to remain subdued until all COVID-19 lockdown restrictions have been lifted. These circumstances could limit the potential of dividend income from our investment in the Bombela Concession Company, although valuations are not currently impacted.

The Group's exit of the Middle East remains a priority, and a complex legal process to manage our potential contingent liabilities is still continuing.

The Group is in the process of disposing of the Abu Dhabi and Dubai companies. We expect this to be concluded by the end of September 2021. The proposed transaction will significantly reduce the legal fees and costs of maintaining an office in the UAE.

Sustainable advancement of human development

Integrating sustainability thinking in the way we conduct our business is not new to Murray & Roberts – it flows naturally from our Purpose and our culture. However, higher expectations and greater scrutiny from stakeholders demands that we operate within tighter ESG guidelines.

Our approach to ethical leadership, corporate citizenship and sustainability is embedded in our culture of *Engineered Excellence*. We define sustainability as the purposeful delivery of projects in a responsible manner, while at the same time respecting the needs and expectations of our stakeholders. These are critical success factors for our business to remain resilient and competitive throughout economic and social cycles.

Our Sustainability Management Framework provides an overarching approach to 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:

- Creating sustainable value for shareholders, clients, employees, partners and suppliers, as well as the communities in which we operate.
- Engaging with our stakeholders and taking their views and concerns into consideration when making strategic and operational decisions.
- Managing all our impacts (e.g. on people and environment) according to the principle of Zero Harm.
- Understanding and mitigating our operational risks and taking advantage of opportunities.
- Applying best practice corporate governance.

Harmonising ESG imperatives with commercial opportunities is not only an ethical obligation for the Group, but also a requirement on which clients and funders insist. It is becoming an important source of competitive differentiation.

The Group's safety performance compares to the best in the world in our different market sectors, but we have reached a stubborn plateau in improvement on our path to Zero Harm. This aspiration, however, is becoming more of an expectation and the possibility of Zero Harm is growing among our leaders, managers and people. In the past year, we saw an 80% improvement in the number of projects that were delivered with Zero Harm.

However, as we reported last year, we were deeply saddened by the death of our colleague, Wilfred Moleofi from OptiPower Projects, on the first day of the financial year. Whereas Zero Harm is a challenging aspiration considering project environments, fatalities are entirely unacceptable and preventable. Of particular risk to the Group in improving our safety record, is the integration of newly acquired businesses and joint-venture partners in ensuring swift alignment to the Group's health, safety and environmental standards and systems. Customary for the Group, a deep assessment of the contributing factors to the safety performance at OptiPower Projects, acquired during the previous financial year, was completed and management oversight and safety systems have been aligned to the Group's expectations.

We achieved much of our progress by focusing on high-impact interventions, such as managing critical risks, as well as risks associated with changes, and containing the risks associated with demobilisation. To reach our goal of Zero Harm, the Group will continue to ensure more comprehensive and consistent application of systems, such as the MAP programme, which have served us well in driving the maturity of our safety culture.

To date, the Group has reported approximately 1 200 employees who were infected with COVID-19, where 99% have recovered. Regrettably, 12 employees lost their lives due to COVID-19 related complications. Managing the impact on our people of COVID-19 has seen unprecedented collaboration across the Group in knowledge sharing, adapting to new ways of working and applying the Group's Value of Care. COVID-19 risk mitigation measures are now fully embedded in our health and safety management programme.

High-performing and engaged employees are the foundation of the Group. All our human resources processes are underpinned by our *Engineered Excellence* philosophy and align to best practice principles. When integrating new businesses into the Group, we ensure that our culture and people practices are uniformly applied. Ethical leadership, employee health and safety, and diversity, inclusion and localisation are strategic priorities that enable us to attract, retain and engage high-calibre and high-performing employees who live the Group's Values. Career advancement through experience on high-profile projects, skills development and training, and mentorship opportunities along with fostering a working environment that fosters open communication and collaboration, are also important aspects of our value proposition to employees, which support them in engaging their innovation and creativity.

Given the criticality of retaining and attracting high-calibre leaders and managers, we place intense focus on leadership development and succession. Every year, we conduct an annual leadership and succession review for top and senior management level (this also extends to the Board). Individuals are categorised according to their performance and potential, and successors are categorised based on their readiness (immediate, within a year, three years or more than five years). Emergency successors are identified to act in certain positions, while successors are being sourced or appointed. Succession plans are developed in line with our diversity and inclusion priorities.

A diverse workforce contributes to improved business performance and supports our social licence to operate. We want to provide workplaces where everyone feels valued and included, where strengths and differences are embraced and respected, and opportunities exist for all to collaborate, contribute and achieve their full potential. Guided by our Group diversity policy, all our businesses have diversity policies appropriate to their regions. Although we acknowledge much work is still to be done, the policy commits us to being aware and responsive to the specific diversity priorities of the many different countries and cultures in which we operate. Our diversity and inclusion interventions create awareness of unconscious biases as a fundamental means of changing behaviour. We actively monitor diversity and inclusion across the Group to ensure we operate as a relevant multicultural organisation. Business platform chief executives are responsible for setting and delivering against the diversity targets applicable to their operations.

FINANCIAL PERFORMANCE

The Group is recovering from the initial impact we experienced in FY2020 from the pandemic and related deferrals, closures, and restrictions, with continuing operations returning to profitability in the year under review. The Group's exposure to the natural resources, industrial, energy, water and infrastructure markets, and its strong order book from those markets, holds the potential for meaningful earnings growth in FY2022 and in the medium term.

Revenue from continuing operations increased to R21,9 billion (FY2020: R20,8 billion), of which 81% was generated from outside of South Africa. The Group reported strong growth in earnings before interest and tax from continuing operations to R540 million (FY2020: R17 million loss). Operating earnings were partly offset by an increased loss for discontinued operations, resulting predominantly from non-recurring extraordinary and non-cash losses, while the attributable loss reduced to R180 million (FY2020: R352 million loss).

The effective tax rate remains high at 73%, mainly due to withholding tax in foreign jurisdictions, as well as losses incurred in entities where future taxable earnings are uncertain. Consequently, no deferred tax assets could be recognised on these losses. It is expected that the tax rate will normalise at more acceptable levels in the near term.

The Group is pleased report a strong order book of R60,7 billion (FY2020: R54,2 billion), which includes several multi-year contracts. The project pipeline includes near orders of R11,1 billion (FY2020: R11,4 billion).

The Energy, Resources & Infrastructure platform strongly returned to profitability in the year. Revenue and operating profit within this platform increased to R11,4 billion (FY2020: R6,9 billion) and R227 million (FY2020: R454 million operating loss), respectively. The previous year's operating loss was due to pandemic-related impacts and two loss-making projects that are now completed. The platform was successful in securing a large and quality order book of R37,0 billion (FY2020: R34,4 billion), reflecting its thriving target markets, with Australia continuing to invest in resources and infrastructure development. Near orders were increased marginally to R1,1 billion (FY2020: R1,0 billion).

The Mining platform's order book is strong, and its near-term project pipeline is robust and growing. Revenue and operating profit decreased to R9,5 billion (FY2020: R12,0 billion) and R473 million (FY2020: R630 million), respectively. The decrease was due to the Americas having experienced a prolonged period of disruption due to the pandemic, which led to deferred investment decisions by mining companies. The order book increased to R23,2 billion (FY2020: R19,4 billion) and near orders were marginally lower at R9,7 billion (FY2020: R10,4 billion). The platform is very well positioned in the global underground mining market and is anticipating further order book growth, especially in the Americas.

Power, Industrial & Water is focused on creating a sustainable base over the next three years, delivering an acceptable return on investment for the Group. Revenue decreased to R1,0 billion (FY2020: R2,0 billion) and the platform recorded an operating loss of R175 million (FY2020: R44 million operating loss). The order book increased marginally to R0,5 billion (FY2020: R0,4 billion) and near orders are at R0,3 billion (FY2020: Nil). The increased loss was due to the platform's low revenue base relative to its overhead costs, exacerbated by the completion of several loss-making projects, largely due to pandemic impacts. No projects of any significant value were secured during the period.

The initial estimated impact of the pandemic on the Group's 50% investment in Bombela Concession Company was accounted for in FY2020. The business was successful with its business interruption insurance claim, capped at R285 million and the funds, on receipt, were used to reduce it's debt. The potential prolonged impact of the pandemic on this investment is assessed on an ongoing basis. A fair value adjustment profit of R209 million was reported for the period (FY2020: R119 million).

The Group recorded an operating loss from discontinued operations of R256 million (FY2020: R19 million profit), of which circa R120 million comprised a cash loss. The prior year included substantial exchange rate gains, while the current year losses were due to:

- Final impairment costs relating to the retained assets and liabilities of the South African Infrastructure & Building business that was sold in March 2017, comprising a R39 million write down in fair value, due to the pending sale of the Mooikloof residential development asset, as well as the settlement of all outstanding disputes against the Group at R107 million below the accounting value; and
- Middle East related costs comprising R17 million in fair value adjustments on the sale of the companies in Dubai and Abu Dhabi, and R93 million for legal and office costs and foreign exchange movements.

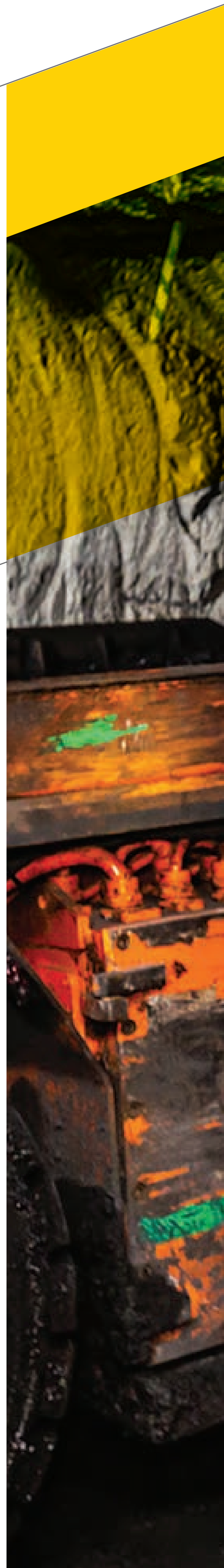
CONCLUSION

After a long period of adversity and market instability, it is deeply gratifying to look forward with confidence to a brighter future for the Murray & Roberts Group. Our strategic efforts, especially over the past five years, are starting to bear fruit and we have substantive cause for confidence in a multi-year period of strong earnings growth.

Our order book reflects pressing global development needs, as well as significant opportunities for the Group in international markets. Our challenge now is to deliver on both these imperatives. Even though the planets are aligning for Murray & Roberts, we know there is no room for complacency in delivering on our commitments to our people, clients, communities and shareholders.

OUR ORDER BOOK REFLECTS PRESSING GLOBAL DEVELOPMENT NEEDS AS WELL AS SIGNIFICANT OPPORTUNITIES FOR THE GROUP IN INTERNATIONAL MARKETS. OUR CHALLENGE NOW IS TO DELIVER ON BOTH THESE IMPERATIVES.

03 Business platform reviews

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ENERGY, RESOURCES & INFRASTRUCTURE

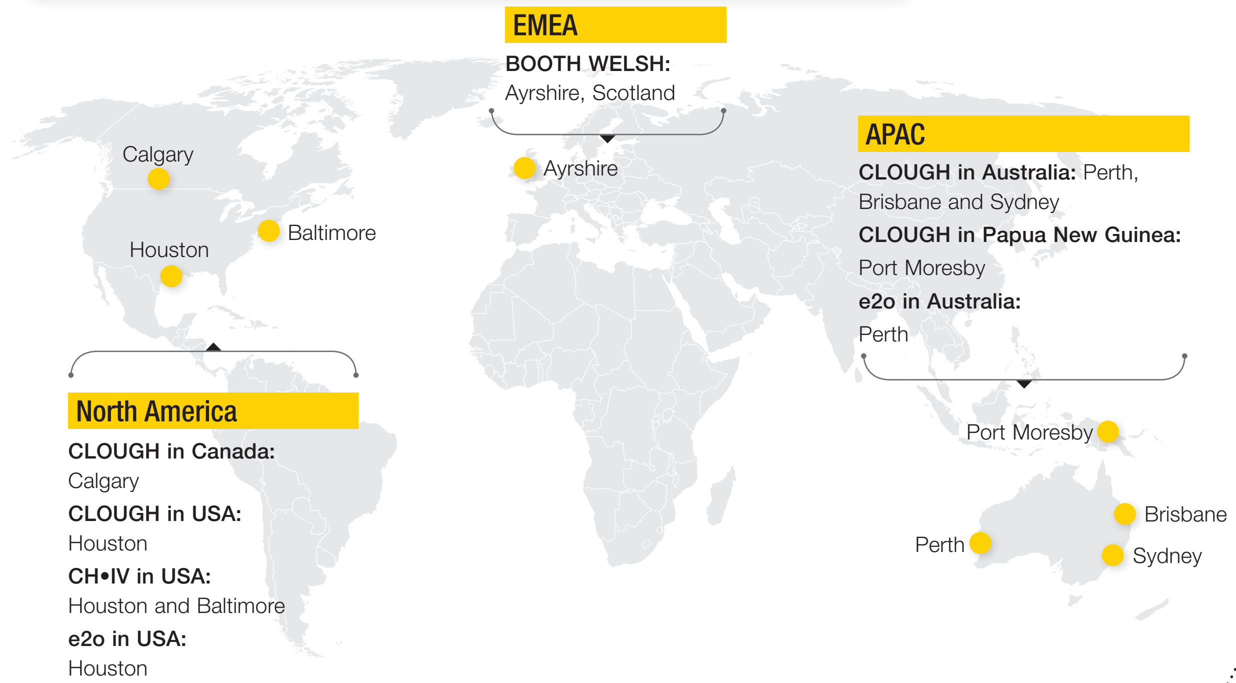
PETER BENNETT
Platform CEO

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



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 CO_2 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.

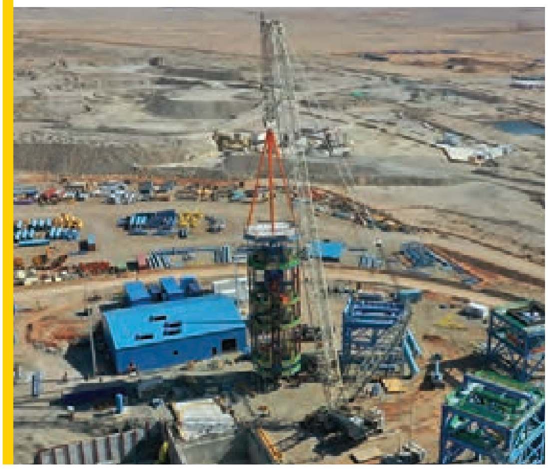
Construction activities continue to ramp-up and are well advanced with outside battery limits construction and pipe fabrication construction progressing as per schedule.

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 conveyer 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 CO_2 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.

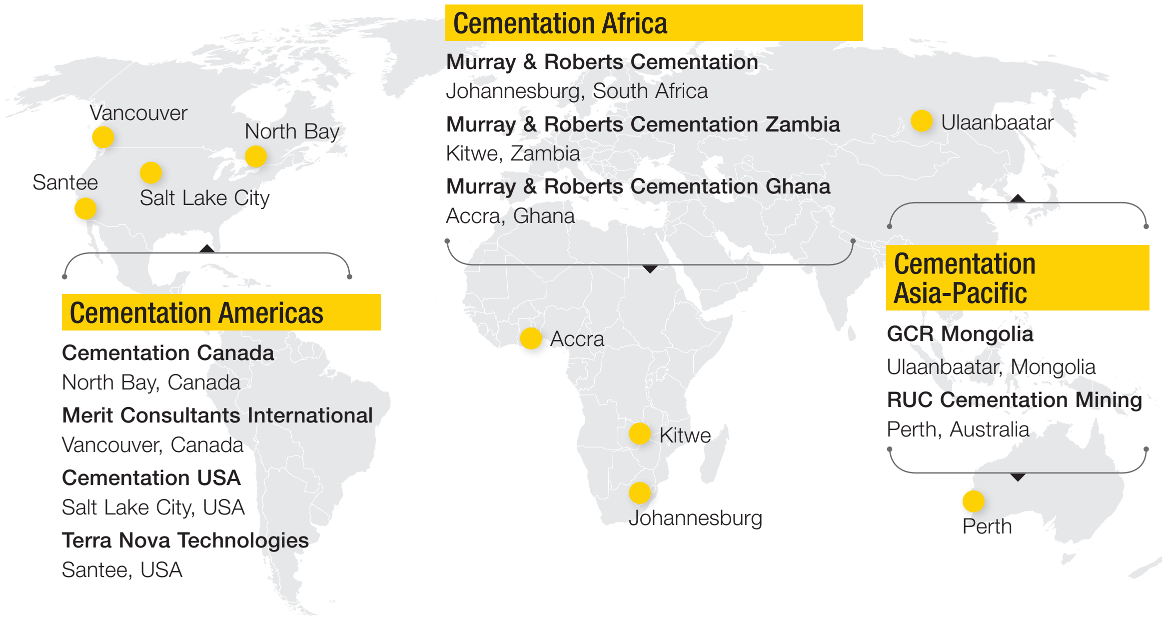
MINING

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.

OUR BUSINESSES



Cementation Americas

Cementation Canada
North Bay, Canada

Merit Consultants International
Vancouver, Canada

Cementation USA
Salt Lake City, USA

Terra Nova Technologies
Santee, USA

Cementation Africa

Murray & Roberts Cementation
Johannesburg, South Africa

Murray & Roberts Cementation Zambia
Kitwe, Zambia

Murray & Roberts Cementation Ghana
Accra, Ghana

Cementation Asia-Pacific

GCR Mongolia
Ulaanbaatar, Mongolia

RUC Cementation Mining
Perth, Australia

PERFORMANCE OVERVIEW

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

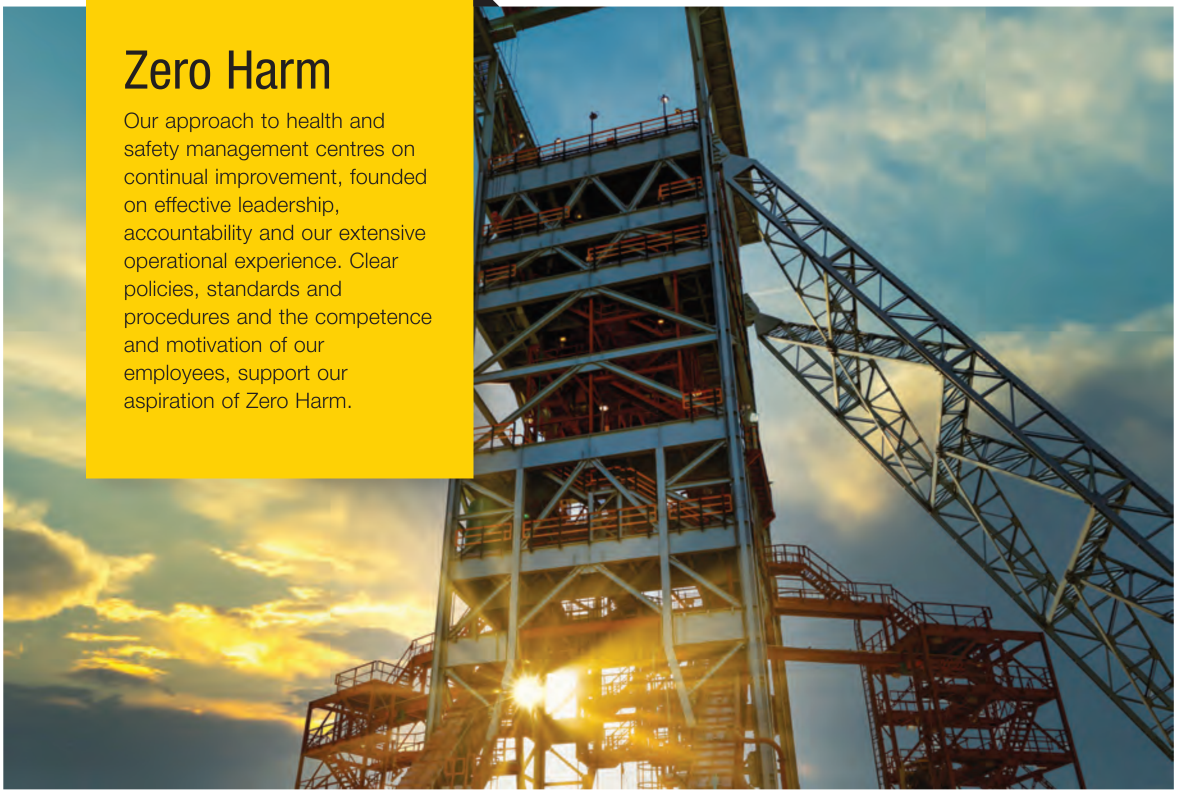
- Tracking equipment movements underground in real time;
- Monitoring fixed and mobile equipment operating data to improve performance and eliminate waste;
- Condition monitoring of major components on mobile and fixed equipment to support a predictive maintenance philosophy; and
- Improving maintenance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

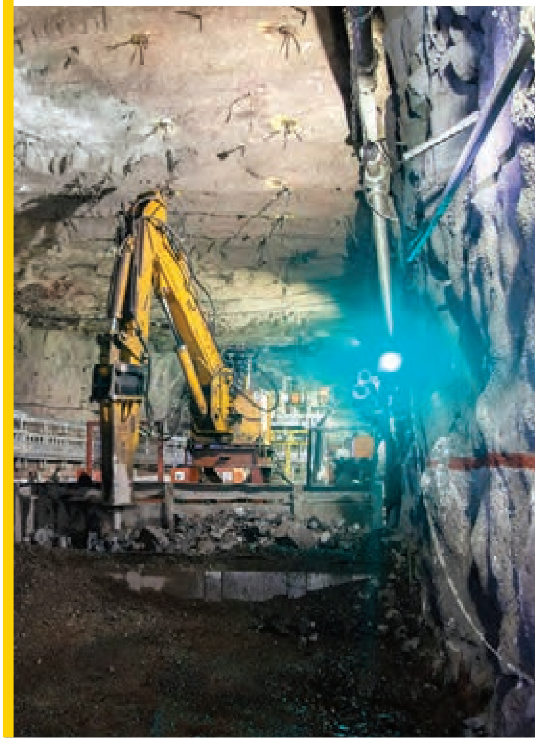
MURRAY & ROBERTS CEMENTATION

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.

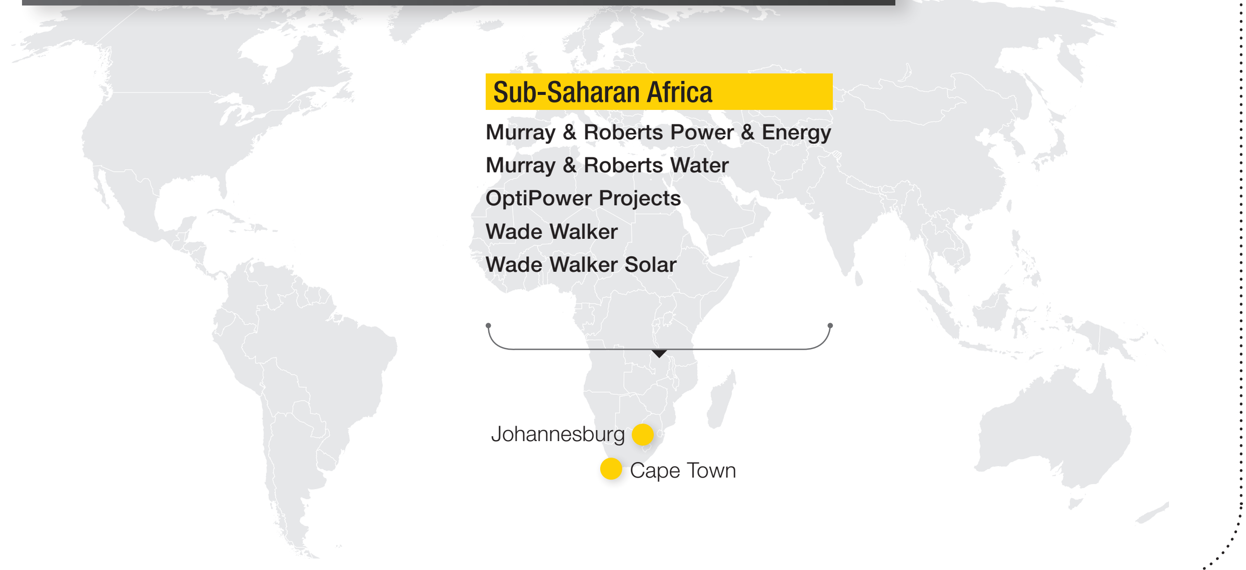
POWER, INDUSTRIAL & WATER

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 eThekwini 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 eThekwini 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 eThekwini 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 SO_2 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 metropoles 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: SO_2 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 SO_2 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.

04 Governance, risk and remuneration reports


Murray & Roberts

Governance overview

STATEMENT OF COMMITMENT

As the highest governing authority in the Group, the Board is accountable for ethical and effective leadership. Underpinned by a high standard of corporate governance, integrity and ethics are non-negotiable features of the Group's pursuit of its strategy, and its business conduct.

The Group's Values and the ethical principles set out in the Group's Code of Conduct, guide the decisions and actions of the Board and executive leadership. A well-developed governance structure, aligned with the principles and practices of King IV, is in place to ensure lines of oversight and reporting are defined and effective. The Board is confident that the Group's governance processes support ethical culture, good performance, effective control and legitimacy, as illustrated in this summary report.

The relationships and decision-making rights between governing bodies and business platforms are shown in the organisational framework on the facing page.

THE BOARD IS CONFIDENT THAT THE GROUP'S GOVERNANCE PROCESSES SUPPORT ETHICAL CULTURE, GOOD PERFORMANCE, EFFECTIVE CONTROL, AND LEGITIMACY.

STATEMENT OF COMPLIANCE

The Board subscribes to applicable laws and regulations in the jurisdictions in which the Group operates. The Board has embraced King IV and, as recommended, has provided a narrative-based report, referencing each of the King IV principles and an explanation of the practices employed to apply the principles.

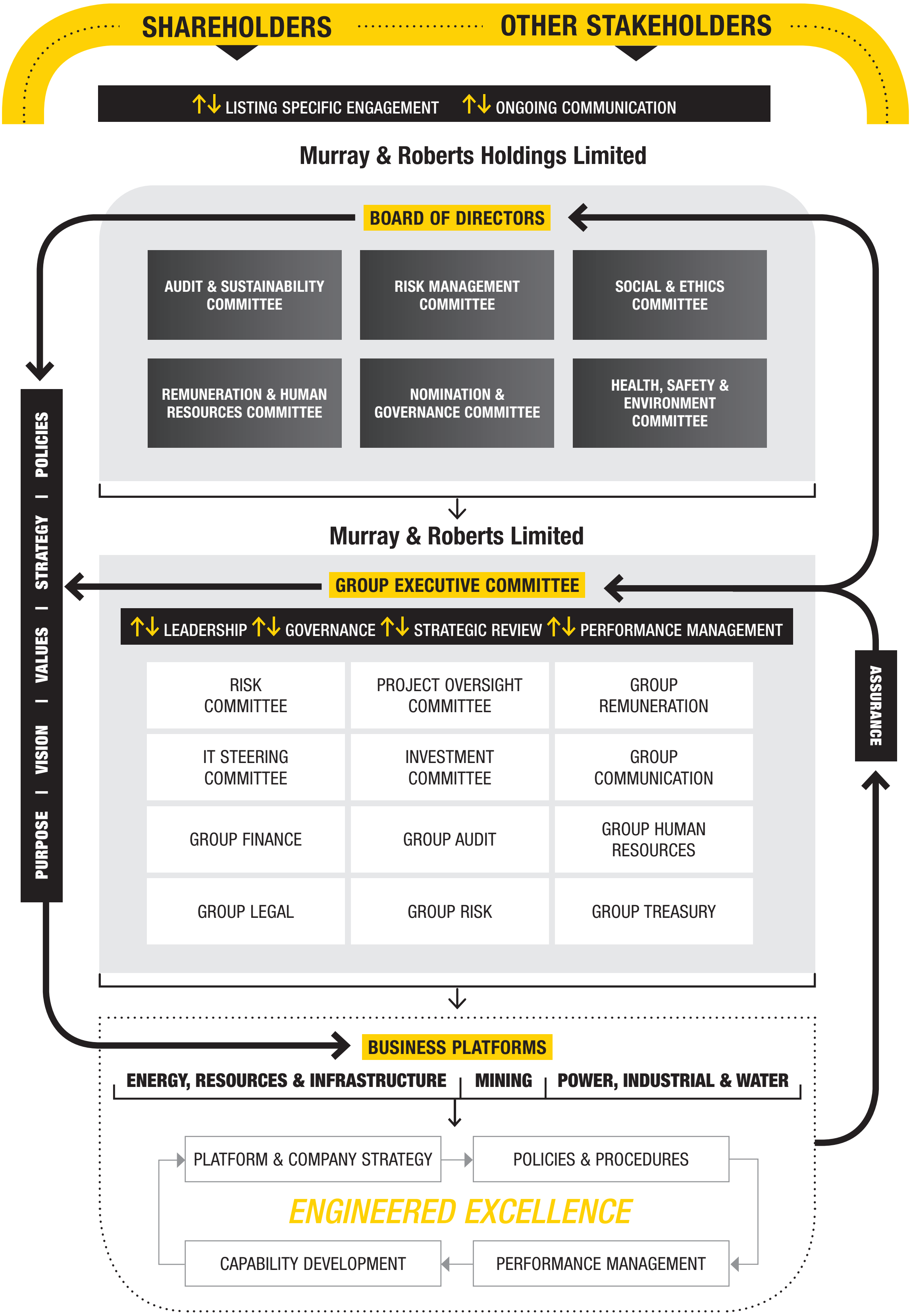
During FY2021, King IV was applied in its entirety. Murray & Roberts complied with the requirements of the Companies Act, 71 of 2008, the Companies Act Regulations and the Listings Requirements of the JSE Limited. The Company conforms to its Memorandum of Incorporation.

The Company has a capital structure where each share carries one voting right. There are no restrictions to the shareholders' rights to introduce a resolution at the AGM, subject to the requirements set out under Section 61 of the Companies Act. On receipt of a written demand delivered to the Company and submitted by holders in aggregate of at least 10% of the voting rights, the Board must call a shareholders meeting.

There are no anti-takeover measures in place and the Company is only able to issue shares on the express permission of the shareholders by means of an ordinary resolution. No resolution to approve the general issue of shares has been proposed since the 2010 AGM.

Read more in the full governance report **ONLINE**.

ORGANISATIONAL FRAMEWORK



ACHIEVING OUR GOVERNANCE OUTCOMES

The principles of King IV form the foundation of the Group's approach to governance. This supports the Group in meeting the following governance outcomes:

ETHICAL CULTURE

GOOD PERFORMANCE

EFFECTIVE CONTROL

LEGITIMACY

Value creating governance structures

The Board and executive leadership set the tone for an ethical culture, ensuring good governance and business practices.

The Board has the experience and expertise required to deliver the *New Strategic Future plan* supported by appropriate succession planning.

Executive leadership teams have the expertise to deliver specialised sector focus and to lead the Group in achieving its strategy.

The Group's engagement model and structure enables positive stakeholder relationships; enhancing its credibility.

The Group's philosophy of *Engineered Excellence* informs the Board and executive leadership's decision-making, planning and oversight.

The Group aspires to be a learning organisation and is committed to continuous improvement.

Value protecting activities

The Group's Code of Conduct supports ethically robust and defensible decision-making by the Board and executive leadership.

The Group's Purpose, Code of Conduct, Values and integrated management approach ensures the *New Strategic Future plan* is delivered within the appropriate risk appetite, supporting a prudent risk and return balance.

The Group's contracting principles and oversight processes are updated to reflect changes in the Group's risk profile and project delivery experience.

The Group's response to local and regional dynamics, as well as national objectives, minimise operational and project risks and support the Group's legitimacy.

The Group's governance frameworks and reporting structures ensure visibility and compliance across the platforms.

The Board is satisfied with the Group's application of King IV.

GROUP LEADERSHIP

The Board is responsible for corporate governance across the Group. It approves strategic direction, which addresses and integrates strategy, risk, performance and sustainability as interdependent elements of value creation.

The Board's competencies and deep collective experience are aligned to the Group's strategy and the macro- and socioeconomic realities of its markets.

The Board's current membership has been unchanged since 1 April 2020.

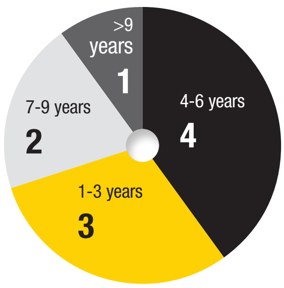
The Board considered the employment contract of the Group chief executive, Henry Laas, who is due to retire on 31 July 2022 when he reaches the normal retirement age of 63. After due consideration, the Board agreed to provide him with a fixed-term contract of 25 months to 31 August 2024.

He will be responsible for identifying and preparing two potential successors, with consideration of the Company's transformation requirements, for appointment to the position of Group chief executive. Progress in this regard will be reflected in his annual performance assessments, with particular focus on the 2023 and 2024 financial years.

The composition of the Board promotes a balance of authority, preventing any one director from exercising undue influence over decision-making while bringing diverse perspectives to Board deliberation.

The Board has ten directors:

Tenure



Strengthening diversity and transformation

A formal diversity policy sets the targets for gender and race diversity at Board level. These targets have been met as the Board comprises 60% black directors and 30% female directors.

black directors
60%

female directors
30%

BOARD EVALUATION

An external review of the effectiveness of the Board and individual directors was conducted during the year. An internal appraisal of the chairman was also performed, led by the lead independent director and discussed by the Board.

The feedback of the Board appraisal was positive with respect to the work of the Board. The Board is well functioning and professional.

Matters raised for consideration by the Board include:

- STRATEGY EXECUTION AND MANAGING ASSOCIATED RISKS
- GROUP CHIEF EXECUTIVE SUCCESSION
- PURPOSE AND SUSTAINABILITY
- THE WORLD OF WORK AFTER COVID-19

OUR GOVERNANCE OUTCOMES

ETHICAL CULTURE

The ethical principles set out in the Code of Conduct require individual directors to:

- Adhere to legal standards of conduct set out in the Companies Act.
- Exercise their fiduciary duties in the best interest of the Group.
- Take independent advice if needed to discharge their duties according to an agreed procedure.
- Disclose real or perceived conflicts to the Board and deal with them accordingly.
- Deal in securities only in accordance with the relevant policy.

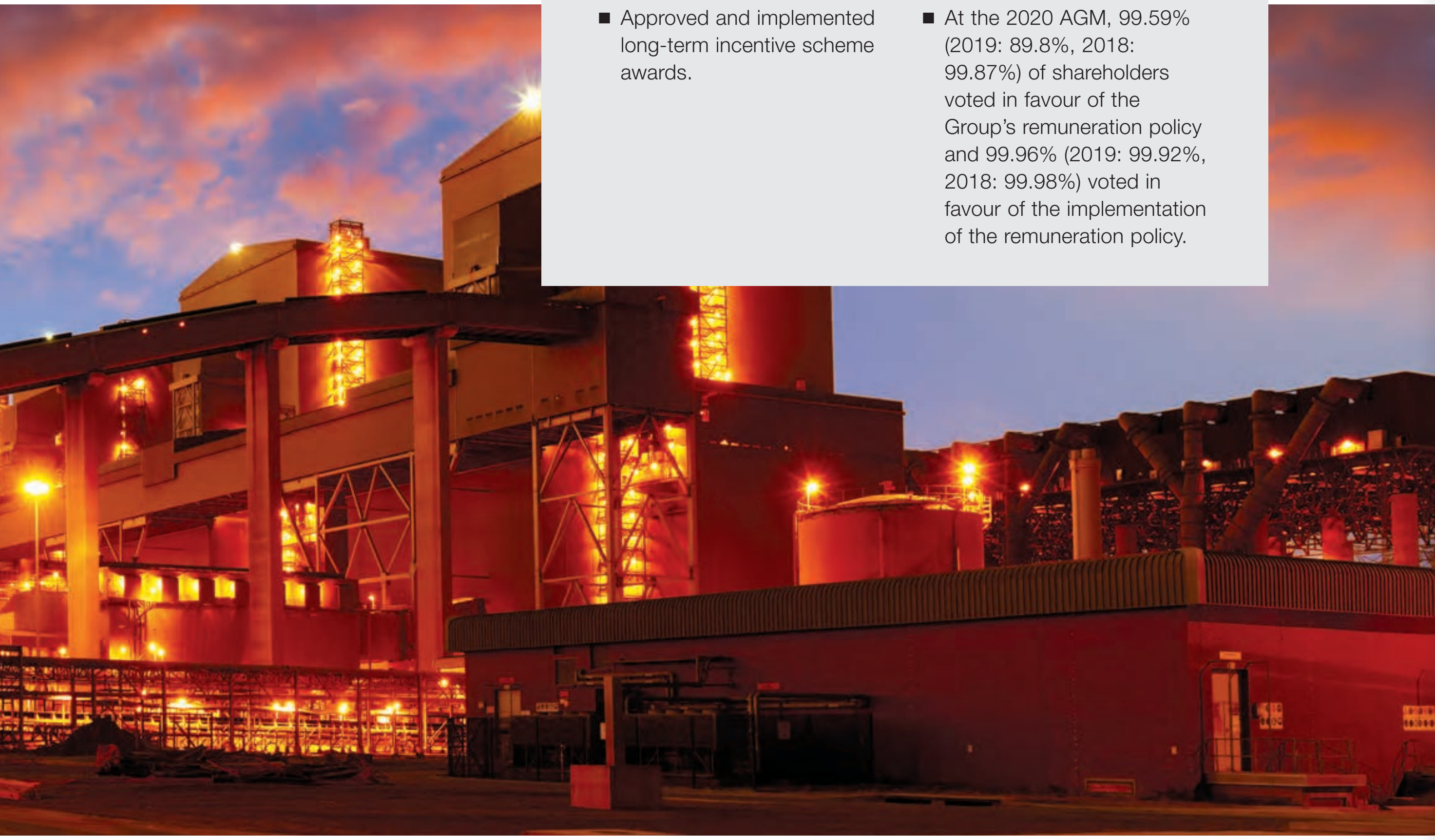
ACTIVITIES	OUTCOMES
Leadership and organisational ethics	
■ Reviewed compliance with laws, rules, codes and standards. ■ Approved revised Code of Conduct. ■ Ensures the Group subscribes to ethical business principles supported by policies, standards and procedures.	■ Instances of unethical behaviour are reported, investigated and addressed. ■ Reputation as a well-governed, ethical and responsible multinational organisation.
Independence assessment and conflicts of interest	
■ Initiated procedures to ensure conflicts of interest are addressed. ■ Performed an independent assessment of Board effectiveness. ■ Assessed and discussed identified conflicts of interest.	■ Ensures effective and ethical decision-making and sets the tone for an ethical Group culture.

The directors' share ownership, together with percentage holding, is disclosed in the Report of Directors **ONLINE**.

GOOD PERFORMANCE

The Board is responsible for corporate governance and approving the Group's strategic direction. All decisions, deliberations and actions are based on the Group's Values, which ultimately support the Group's resilience and ability to perform against strategy, and create long-term stakeholder value through strong stakeholder relationships.

ACTIVITIES	OUTCOMES
Strategy, performance and reporting	
■ Approved annual Group and business platform strategies and budgets. ■ Considered material tenders. ■ Conducted a review of policies and procedures ensuring effective implementation of strategy. ■ Considered the impact of COVID-19, primarily the effect on employees and business continuity.	■ Realising Purpose, Vision and Values through strategic delivery. ■ Reliable and transparent communication with stakeholders. ■ Tightened working capital management.
Board evaluation	
■ Reviewed compliance with laws, rules, codes and standards. ■ External assessment of Board performance during the year.	■ Appropriate oversight structures and processes in place ensuring effective performance of the Group within Board approved risk appetite. ■ Continued improvement in performance and effectiveness of the Board.
Remuneration	
■ Approved remuneration policy. ■ Approved and implemented long-term incentive scheme awards.	■ Fair, responsible and transparent remuneration. ■ At the 2020 AGM, 99.59% (2019: 89.8%, 2018: 99.87%) of shareholders voted in favour of the Group's remuneration policy and 99.96% (2019: 99.92%, 2018: 99.98%) voted in favour of the implementation of the remuneration policy.



EFFECTIVE CONTROL

A Board-approved charter sets out its accountability, responsibility and duty to the Group including requirements for its composition, meeting procedures, work plan and performance evaluation.

ACTIVITIES	OUTCOMES
Governance, risk management, systems of control and internal audit	
■ Reviewed and evaluated strategic risks and associated opportunities. ■ Approved the integrated assurance model comprising risk management, regulatory compliance, internal and external audit, and related Group Integrated Assurance Policy. ■ Updated and approved the Group Sustainability Framework.	■ Monitored the Group's positioning for strategic opportunities in relation to emerging trends. ■ Asserts control over how Group risks are mitigated with mechanisms ensuring compliance and effectiveness. ■ Governance framework embedded throughout the Group including in recently acquired businesses.
Succession planning	
■ Board review of succession planning for senior management, including the Group chief executive.	■ Formal succession plans aligned with transformation objectives for senior management.

LEGITIMACY

The Board provides strategic direction and approves policies and frameworks to ensure that economic, financial, social, environmental and ethical issues are addressed. The Board has established committees to assist in discharging its duties as set out in the approved committee mandates and terms of reference.

With the Board's strategic direction, the Group seeks to protect, enhance and invest in the wellbeing of the economy, society and the environment. The social & ethics committee ensures that the Group formulates collaborative responses to sustainability challenges. The remuneration & human resources committee ensures fair and responsible remuneration and reward practices aligned to performance and the Group's Values.

ACTIVITIES	OUTCOMES
Stakeholder relationships	
■ Communicated and engaged transparently, effectively and inclusively with all stakeholder groups. ■ All directors and designated partner of the external audit firm are available at the AGM to respond to shareholder queries.	■ Stakeholder engagement framework is proactively implemented by management. ■ Detailed discussion and review of client relationships. ■ Sound relationships with employees and organised labour, particularly relating to demobilisations in the Power, Industrial & Water platform.
Diversity and transformation	
■ The remuneration & human resources committee performs an annual assessment of succession, including strategies for transformation across the Group.	■ Licence to operate in chosen markets. ■ Achieved diversity targets at Board level. ■ Group diversity policy guides platforms and businesses in their responses to the diversity priorities of the countries and cultures in which they operate.

Risk management report

Taking and managing risk responsibly is central to value creation and the long-term resilience, relevance and sustainability of the Group. Our enterprise-wide Risk Management programme ensures that we effectively mitigate threats and create opportunities in line with our Values, strategy, and goals.

The Group's market sector, geographic and project life cycle diversification is instrumental in mitigating some of the risks we face, including the uncertainty brought by the COVID-19 pandemic. During the pandemic, the Group's strength and resilience enabled it to adapt and continue to operate, delivering services to its clients and contributing to socioeconomic recovery and community wellbeing where it operates.

The Board is ultimately responsible for risk management and provides strategic direction through policies and frameworks that ensure the effective management of all economic, financial, environmental, social and governance issues. The Board considers and approves the overall risk appetite for the Group, monitors risk exposure and sets risk tolerances, which are regularly reviewed and updated. In discharging its responsibility, the Board is supported by the risk and audit committees whose mandates include periodic reviews, guidance and objective challenge to management, and independent verification that risks and internal controls are effectively managed.

While risk management is a key accountability and performance criteria for all leaders, employees are responsible for identifying and managing risks within their work environment. This requires effective risk governance structures and a strong culture that we continue to develop and foster. Our risk governance includes risk committees at different levels in the organisation, and systems and procedures that guide all employees in the execution of their responsibilities.

The Group follows an integrated assurance approach in verifying that risks are effectively managed across all lines of defence. Risk Management, Regulatory Compliance, and Independent Assurance (internal and external audits) are the three pillars of the Group Integrated Assurance Framework, which aims to:

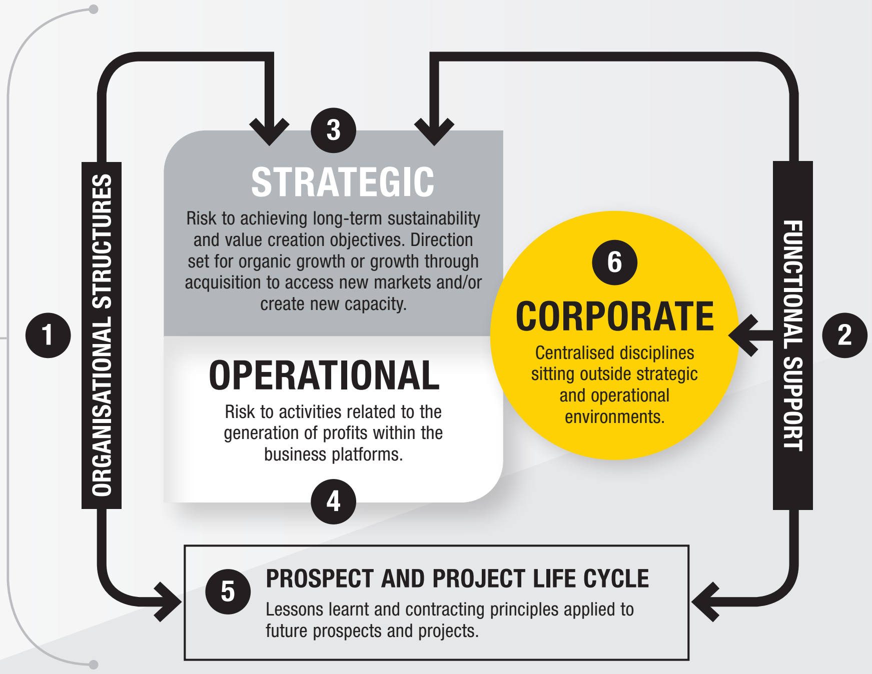
- Align strategy with risk tolerance;
- Improve and streamline decision-making, which improves the Group's risk profile;
- Promote the strategic and coordinated procurement of a quality order book, which contains a known and planned level of risk and an appropriate level of reward;
- Ensure reasonable commercial terms and conditions are contracted based on a predetermined set of acceptable contracting principles, together with the rational pursuit of commercial entitlement;
- Promote rigorous project reviews, and early responses to projects deviating from planned and tendered expectations;
- Promote continuous improvement through the institutionalisation and application of lessons learnt;
- Reduce operational surprises, improve predictability and build shareholder confidence;
- Build robust organisational risk structures and facilitate timeous interventions, to promote long-term sustainable growth; and
- Promote the efficient and proactive pursuit of opportunities.

The Group Risk Management Framework

The primary responsibility for managing risk lies with business line management. The risk management, regulatory compliance and internal audit functions advise on risk management approaches, methodologies, and systems. They also monitor the diligent execution of risk management at every level of the Group and report to various boards and committees on inherent and residual risk in each risk area.

The Group Risk Management Framework sets clear roles and responsibilities and provides management teams with a structured and coordinated approach to identify, assess, address, monitor, communicate and report the Group's risks and opportunities. Preventative and mitigative controls are implemented to reduce the likelihood and consequence of identified risks and manage potential impacts. However, there remains threats such as natural disasters and pandemics, where there is limited opportunity to effectively mitigate their impact. These threats are closely monitored and the Group has implemented business resilience plans to ensure sustainability of our operations.

The Group has defined four discrete risk environments, namely strategic, corporate, operational and projects, with organisational structures and functional support in place to guide and set direction.



1 ORGANISATIONAL STRUCTURES

In addition to the various Group operating board responsibilities, organisational structures have been created and tasked with risk governance, including the business platform risk committees, the Murray & Roberts Limited risk committee and the Murray & Roberts Limited project oversight committee.

2 FUNCTIONAL SUPPORT

Dedicated risk management support has been created at Group level and within businesses. This includes enterprise-wide risk leadership, risk management monitoring, risk-based auditing and operational and risk committees. The Group risk forum, comprising of risk managers from all businesses, facilitates learning and sharing, and adoption of consistent standards and practices across the Group.

3 STRATEGIC RISK MANAGEMENT

Strategic risk is evaluated as a hurdle to achieving the Group's long-term strategy. Management is tasked by the Board to implement and adapt the Group strategy, considering changes in the business environment and subject to the approved risk appetite and risk tolerance levels. Direction is set for organic and acquisitive growth to access new markets and create new capacity, and is also applied to acquisitions, disposals, new business development, and timely and necessary leadership intervention.

The corporate centre has the oversight role on these risks, which are periodically reviewed by the executive risk committee and reported to the Board. Reviews include consideration of emerging risks in the business environment and their potential impact to the Group.

4 OPERATIONAL RISK MANAGEMENT

Operational risk is a potential barrier to achieving planned profits within the Group's business platforms. Methodologies for identifying, evaluating, mitigating, monitoring and communicating risk are applied in the operational business environment. Three-year business plans, which take into account risks and opportunities, are developed and performance against these plans is reviewed on a quarterly basis.

Operational risk exposures typically relate to major incidents and infringement of laws such as competition, company, health and safety laws, as well as commercial, technical and logistical aspects of projects. Business platforms have governance structures and systems that ensure that these risks are effectively managed.

5 PROSPECT AND PROJECT LIFE CYCLE

Project risk is evaluated as a potential barrier to delivering contracted scope against cost, time and technical performance targets, while maintaining HSE performance. A Project Management Framework sets a minimum standard for project management while the Project Management Development programme ensures enhancement of project management skills across the Group. The Project Management Framework also provides internal audit with a consistent set of processes and controls against which project performance is tested. Project risk management activities include the Group risk tolerance filters, lessons learnt and contracting principles schedules, project reviews and project dashboards.

6 CORPORATE RISK MANAGEMENT

Corporate risk management relates to a range of portfolios within the corporate office, which includes risk management standards and procedures, regulatory compliance, integrated assurance, business continuity, tax, insurance, crisis communication and other ESG policies such as the Climate Change Position Statement, Code of Conduct, Statement of Business Principles, etc. The risk management committee has overall oversight, but due to the nature of the individual elements of ESG, other committees, including the social & ethics committee, deal with related matters.

RISK MANAGEMENT PRACTICES

We define risk appetite as the type and extent of risk the Group is willing to take in pursuit of its strategic objectives. Several factors are considered in determining the risk appetite in each risk category. The Risk Appetite Statement classifies the Group's appetite for each risk category as low, moderate, high, or extreme according to the following definitions:

LOW

The level of risk will not impede the Group's ability to achieve its strategic objectives.

MODERATE

The level of risk may delay or disrupt the achievement of its strategic objectives.

HIGH

The level of risk will impede its ability to achieve its strategic objectives.

EXTREME

The level of risk will significantly impede its ability to achieve its strategic objectives.

Where applicable, controls are in place to reduce the likelihood or alternatively mitigate the impact of risk events.

KEY RISK CATEGORIES

Key risks are those that have a financial, operational and reputational impact and include:

HEALTH, SAFETY & ENVIRONMENT: The Group has no appetite for health, safety and environment risk and strives for Zero Harm in the workplace. This is supported by the Group HSE Framework.

FINANCIAL: The Group has a moderate appetite for financial risk and is willing to accept risk to achieve its financial objectives. The risks are managed and mitigated to an acceptable level through several controls, with oversight from Group executive leadership.

LEGAL & COMPLIANCE: The Group strives for the highest standards of business integrity, ethics and governance. It has zero tolerance for unethical behaviour and has a Code of Conduct and a number of related procedures in place to address this risk. The Group also complies fully in all jurisdictions with regulated requirements to protect personal information and other regulations.

PROJECT PERFORMANCE: The Group is prepared to accept a moderate level of risk in the projects it undertakes to achieve its financial targets. A Project Management Framework, as well as contracting principles and past project lessons learnt schedules are in place and enforced to mitigate project delivery risk.

TECHNOLOGY: The Group has a moderate appetite for innovative technology and digitalisation solutions that could add value in meeting its strategic objectives. As the Group formalises and advances its digital strategy, an IT Security Framework is in place to manage the risk of cybercrime and data breaches.

Murray & Roberts contracts on projects which differ in complexity, scope and size. Project risk is the predominant source of risk for the Group. Critical to the preparation of tenders and effective project delivery is the application of three standards, which have been formulated and are regularly updated on the basis of past performance:

- Group Schedule of Contracting Principles;
- Group Schedule of Lessons Learnt; and
- Minimum Requirements for Contracts.

All bids submitted are tested against these standards to ensure that the identified risks are correctly addressed and past failures are not repeated.

Operational risk exposures typically relate to the infringement of laws, including competition, company, labour, health and safety and environment, as well as the commercial, technical and logistical aspects of a project. Each business platform has its own risk committee that oversees these risks and ensures that they are regularly reviewed and assessed, and effectively mitigated.

To reduce project risk as far as possible, the following procedures are followed:

- Competent and experienced executives oversee the preparation and submission of bids.
- An Opportunity Management System tracks and processes all opportunities, subjecting them to a series of risk filters to develop a risk profile. These filters are extracted from the Risk Tolerance Matrix, which is approved by the Board.
- Estimating tools used across the Group to prepare bids are proven and validated. The costing process is comprehensive and subject to rigorous internal reviews, including independent and peer reviews where necessary.
- Risks are identified based on experience and mitigated either through contractual terms or priced for and managed within budget.
- Critical bid requirements are (i) the exclusion and/or pricing of known risks, (ii) that projects must be cash positive, (iii) the prohibition of unacceptable risks and unusual contracting terms, and (iv) the inclusion of limits of liability in contracts.
- Where a lump-sum project is accepted, the design must be mature, the scope and/or specification clear and an efficient mechanism for change management and dispute resolution must form part of the contract.
- An allowance for contingencies (unforeseen or unplanned risks) is added to the bid price to cater for potential risks that cannot be priced and mitigated at bidding stage. These allowances are a hedge against risk, are utilised within the framework for which they are established and fall under the control of the project director. The project review committee oversees the use of contingency allowances.
- Generally known types of contracts such as FIDIC, NEC, JBCC, GCC are preferred, and specific attention is placed on special conditions. Bespoke contracts are negotiated based on the detailed guidance of internal and external legal counsel.
- Large and complex project bids are subject to independent review and approval by the Murray & Roberts Limited Board risk committee, which issues a mandate to the project negotiation team. Projects above US$300 million are escalated to the Board for approval. Any deviation from a mandate is referred to the relevant risk committee for a final decision.
- The Murray & Roberts Limited Board project oversight committee reviews large and complex projects to ensure performance is in line with the tendered terms and prevailing market conditions. The committee also reviews projects showing early signs of deviation from planned and tendered expectations. This helps to prevent distressed projects by identifying early signs of difficulty and ensuring that corrective actions and interventions are initiated.

Strategic and corporate risks are associated with the activities of the Group chief executive and executive committee and include:

- Organic and acquisitive growth;
- New markets and new capabilities;
- Accounting, taxation, banking/bonding and funds transfers etc; and
- Tracking leading indicators of emerging risks and their likely impact to the Group's long-term prospects.

The corporate office manages these risks, which are reviewed by the executive risk committee quarterly and reported to the boards of Murray & Roberts Limited and Murray & Roberts Holdings Limited.

A Group business continuity standard and associated procedures are in place and are embedded within each business platform. Internal audit provides assurance on these business continuity plans.

REGULATORY COMPLIANCE

Regulatory compliance is the second pillar of the Group Integrated Assurance Framework. The implementation of the Group Regulatory Compliance Framework focuses on the seamless integration of regulatory compliance (with risk management and internal audit) into business planning, execution and management. The regulatory compliance function provides focus on these risks in line with the Group Integrated Assurance Framework.

As a multinational organisation, regulatory compliance is complex. It is therefore imperative to ensure that the Group complies, across all jurisdictions, with legal and other requirements that could materially impact its performance and sustainability, whether from a financial, legal or reputational perspective. The Group employs a structured approach to evaluate potential compliance failures and ensures adequate responses to prevent and, where necessary, to mitigate any negative impact.
A regulatory compliance plan is set out in the Group's compliance standard and the social & ethics committee provides oversight through regular reviews of regulatory compliance reports provided by management.

INDEPENDENT ASSURANCE

Independent assurance, the third pillar of the Group Integrated Assurance Framework, consists of two complementary parts – internal and external audit. This function provides an independent and objective challenge to the levels of assurance provided by business operations, risk management and regulatory compliance.

The internal audit function is well resourced with experienced and skilled employees to carry out its mandate. In executing its mandate, internal audit applies a robust, risk-based approach to identify critical risk management controls that management relies on, and which must be tested and evaluated to provide the Board with the risk management and regulatory compliance assurance it requires to meet its governance objectives.

The development of the internal audit plan includes interactions with the Group risk and legal functions, with specific reference to their respective risk and compliance mitigation objectives, strategies and plans. The audit plan also assesses Group-wide corporate governance, financial controls and risk management procedures, as well as specific areas highlighted by the audit & sustainability committee, Group executive committee and by executive and operational management.

External audit provides independent assurance that the annual financial statements and the integrated report are free from material misstatements and errors and comply with IFRS requirements.

TOP RISKS

The top risks outlined in this section are those that could materially affect the Group's performance, future prospects and reputation.

STRATEGIC RISKS

Vulnerability to macroeconomic factors

Changes in the global economy have a direct impact on the markets in which the Group operates. Downside risks to the global economy and therefore to growth prospects in the Group's markets, include low commodity prices, geopolitical stability and its impact on trade and investments, impact of the COVID-19 pandemic, climate change and regulatory factors amongst others. These changes are likely to lead to fluctuations in the Group's order book and projected earnings.

MITIGATION

- Strategic focus on the natural resources sector, which is underpinned by positive long-term demand fundamentals.
- Broader strategic scope includes selected high-growth markets, geographies and sectors to mitigate the impact of adverse cycles in natural resources.
- Focus on client relationships and maintaining competitive advantages to secure negotiated contracts with reasonable terms and opportunities for early contractor involvement.
- Continue to diversify services across the project life cycle, which includes an emphasis on front-end engineering, and operations and maintenance.
- Invest in long-term investment opportunities that generate constant income at attractive rates of return, either as a project co-developer or operator.
- Establish joint ventures with local contractors to win work in geographies where this is a requirement.

Group liquidity

Although the Group remains in a strong cash position, outstanding claims and payments, potential future project losses and working capital demands may introduce liquidity stress and constrain the Group's ability to make value accretive acquisitions and meet growth targets.

MITIGATION

- Continue to ensure high-quality earnings through a diversified order book.
- Pursue claims through negotiation, mediation and/or arbitration and ensure the most beneficial outcome for the Group.
- Continue to manage overheads and improve project performance.
- Procure advance payments on projects and ensure that all projects remain cash positive or at least cash neutral.
- Vigorously drive *Engineered Excellence* to ensure project delivery that is differentiated by excellence.
- Secure payment guarantees to manage client credit risk, where relevant.

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OPERATIONAL RISKS

Health, safety and environmental exposures

Failure to manage our health, safety and environmental aspects could result in major incidents that may harm our reputation, people and prospects. Many clients require that we meet certain safety criteria to be eligible to bid on contracts and some of the contracts provide for safety performance penalties. Unsafe work conditions and lack of environmental stewardship have a potential to affect our ability to attract and retain talent.

Although the Group has made significant progress in managing safety risk, anything more than Zero Harm remains a concern and continues to receive diligent and proactive attention across the Group.

MITIGATION

- The Group HSE Framework guides operations and ensures a consistent approach in improving health, safety and environment performance.
- The Zero Harm Through Effective Leadership programme ensures sustainable improvement in health and safety.
- The MAP and CRM programmes have been rolled out across all operations to proactively manage material HSE issues and prevent major incidents.
- Programmes aimed at protecting and improving employee health and wellness are in place across all operations, including COVID-19 risk management plans.
- The Environmental Management Framework, which incorporates a number of critical standards and is implemented to regulate important environmental issues such as energy efficiency, carbon emissions, waste and water, is in place across the Group's operations.
- The Climate Change Position Statement commits the Group to play a meaningful role in efforts aimed at mitigating the impact of climate change and ensures a consistent approach.

Project delivery risks

Some of the Group's projects are technically complex with long durations that increase risk exposures during execution. These risks, together with risks beyond our direct control, may result in failure to meet contractual cost or schedule commitments and other performance parameters, potentially leading to material loss of project earnings. Client preference for higher risk lump sum and hybrid-type contracts, especially in market sectors serviced by the Energy, Resources & Infrastructure, and the Power, Industrial & Water platforms, continues. As a result of this trend, 61% of the Group's order book comprises lump sum contracts.

Middle East project losses have been accounted for in previous years. These projects have been delivered and the risk will close-out upon completion of the sale of entities.

MITIGATION

- Strong oversight processes are in place to mitigate the risk associated with an increasing proportion of lump sum contracts in the Group's order book.
- Independent reviews are conducted early on projects to ensure early identification and remedy of potential issues. Comprehensive project assurance and performance management tools are applied within the business platforms, based on the experience gained from past project losses. The focus is on obtaining assurance of compliance with project management systems.
- Project Critical Control Executive Dashboards apply across the Group to provide executives with early insight into performance indicators on projects under their control.
- Management, including at Group level, timeously reviews underperforming projects to revisit and revise recovery plans and programmes. Clients are engaged to find common cause around the recovery plans.
- The oversight committee continues to review underperforming projects and provides timeous intervention aimed at driving improvements in project performance.

Business impact of the COVID-19 pandemic

The COVID-19 pandemic has had, and could continue to have, a material impact on our business operations and financial performance. The outbreak of the disease and the implementation of response measures have created uncertainty and economic disruption which have impacted, and may continue to impact, our employees, operations and financial performance. Impacts include restrictions on the movement of people and the shutdown of certain economic sectors which resulted in manufacturing and supply chain disruptions, travel bans, deferral of new project awards, operational disruptions and project delays.

MITIGATION

- Implemented business resilience measures and strict health protocols to protect employees, business partners and communities. Globally, increased emphasis on, and adoption of vaccinations, is expected to provide a turning point in the fight against the pandemic.
- Commercial entitlement is being pursued where applicable.
- Contracting principles have been updated to include reasonable terms to manage similar risk exposures.

Cybersecurity

The potential for disruption or damage to the business caused by the failure of IT systems and cyber breaches or attacks are real threats. Various privacy and security laws require us to protect sensitive and confidential information from unauthorised disclosure. The increase in frequency and sophistication of cybercrime incidents highlights the importance of implementing and maintaining robust cybersecurity frameworks.

MITIGATION

- An IT Security Framework is in place and is independently tested.
- The Group's IT security framework was further improved by strengthening the security governance processes and technical defences. These include implementing:
  - Latest technology firewalls with strict rules to manage access and web applications;
  - Protection of external facing sites to ensure encryption and that email, servers and other endpoints are secured;
  - Cybersecurity training, including simulated phishing tests;
  - A cybersecurity standard which prescribes a minimum set of controls required to provide system and data security.
- The Group has a vulnerability management standard that provides guidance on identification of controls that need to be in place to manage vulnerability within the IT environment.
- Backup solutions to recover from system failures or breaches are in place.
- Insurance cover for cybercrime related losses is in place.

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REMUNERATION REPORT

The report outlines our remuneration policy, provides context for the remuneration considerations and presents an implementation report on the remuneration outcomes based on our policy. The Group's total remuneration consists of fixed (guaranteed pay) and variable (short-term and long-term incentives) components.

The remuneration committee contracted the services of Bowmans Reward Advisory Services for independent external advice and PwC verified the extent to which the performance conditions of incentive schemes were met. During the year, the remuneration committee considered the following key matters:

- Approval of increases to guaranteed pay;
- Approval of executive director and prescribed officer guaranteed pay increases for FY2022;
- Performance testing and approval of short-term incentive (STI) payments in respect of FY2021;
- Performance testing and approval of vesting of the 2018 long-term incentive (LTI) awards;
- Approval of the 2021 LTI awards and underlying performance conditions;
- Review and recommendation of non-executive director fees for FY2022, excluding recommendation on their own fees; and
- Review and approval of the Group's remuneration report for inclusion in the FY2021 integrated report.

The STI incentivises performance against financial (70%) and non-financial (30%) targets set for each financial year. The financial targets set at the beginning of FY2021 were derived from the budget for the year on conclusion of a comprehensive bottom-up budgeting process, which took into account the Group's order book and prevailing market conditions. The financial KPIs for FY2021 were similar to those of the previous year. The earnings before interest and tax (EBIT) target decreased to R619 million in FY2021, from R906 million in FY2020 and the diluted HEPS for continuing operations target decreased to 37 cents, from 97 cents. The actual financial results were lower than the targets for FY2021 due to the impact of the global COVID-19 pandemic and stringent measures implemented by governments to curtail the spread of the virus. Performance measured against the EBIT, headline earnings per share (HEPS), cash and return targets translated into the financial component for STI performance outcomes, as detailed in this report. The non-financial targets are equally weighted and measured on leadership, relationship, operational performance and risk management. Refer to the FY2021 STI Performance Outcomes on page 114 for more detail on financial and non-financial performance relative to the targets set.

The financial targets for the year were stretching considering the trading environment. The impact of COVID-19 was more extensive than assumed at the time of setting the financial targets for the year, and thus made it very difficult for the scheme participants to achieve the financial targets for the year. The impact also extended to the LTI scheme measures.

Executive directors and prescribed officers' remuneration:

Average guaranteed pay

Increases of 3,88% were implemented with effect from 1 July 2021, similar to the increases awarded to salaried staff across the Group, which were largely in line with South African inflation.

THE FINANCIAL TARGETS FOR THE YEAR WERE STRETCHING CONSIDERING THE TRADING ENVIRONMENT. THE IMPACT OF COVID-19 WAS MORE EXTENSIVE THAN ASSUMED AT THE TIME OF SETTING THE FINANCIAL TARGETS FOR THE YEAR, AND THUS MADE IT VERY DIFFICULT FOR THE SCHEME PARTICIPANTS TO ACHIEVE THE FINANCIAL TARGETS FOR THE YEAR.

STI award

An award equating to 36,7% of the maximum value possible in terms of this scheme has been awarded for FY2021. Operating profit was R540 million, measured as EBIT for continuing operations and was above threshold but below target. Return on invested capital employed (ROICE) at 4% was below threshold. Positive free cash flow (FCF) of R2 392 million was also above threshold but below target. The net positive cash position of R685 million (post IFRS 16) was commendable considering COVID-19, and the cash position did meet the stretch performance target to attract STI for this performance measure. This STI outcome is reflective of the Group's financial performance relative to the financial targets and the performance against individual non-financial targets that were set at the beginning of the year.

LTI vesting

The performance period for the 2018 Forfeitable Share Plan (FSP) LTI award ended on 30 June 2021. Based on performance over the three-year performance period, 50% of the 2018 FSP award vested in 2021. 50% of the award was based on EBIT margin performance and 50% on the cash conversion ratio of EBITDA into cash. The EBIT margin performance over the performance period was below threshold, hence no shares vested for this performance measure. The cash conversion ratio of EBITDA into cash was above target, at 110%. Consequently, 100% of the shares vested for this performance measure. As from September 2015, in terms of the revised remuneration policy adopted in that year for each performance measure, only 30% of the award will vest at threshold performance and 100% at target performance.

Given the changes introduced to the remuneration policy in 2015 and subsequent shareholder support for this policy, as well as the policy's general alignment with King IV, no policy changes were introduced during the year. The Group's remuneration policy and implementation report respectively received the support of 99,59% and 99,96% of shareholders who voted at the AGM in November 2020. We believe our remuneration policy is aligned to best practice and that its application is not only fair to participants but also encourages a performance culture in the Group that will lead to sustained shareholder value creation.

As required by the Companies Act and King IV, the following resolutions will be tabled for shareholder voting at the AGM on 2 December 2021, details of which can be found in the AGM notice:

- Binding vote on non-executive directors' fees;
- Advisory vote on the remuneration policy; and
- Advisory vote on the implementation report.

I would like to thank my fellow remuneration committee members for their contribution and support. I am satisfied that the remuneration committee discharged its obligations in a responsible and professional manner.

RALPH HAVENSTEIN
Chairman

REMUNERATION POLICY OVERVIEW

Introduction

The remuneration report has been prepared by the remuneration committee in line with the principles outlined in King IV and has been approved by the Board. The report covers executive director, prescribed officer and non-executive director remuneration. The remuneration report outlines the remuneration policy that guides the remuneration committee's decisions, and the remuneration outcome from the application of the remuneration policy during FY2021.

Remuneration policy principles

Murray & Roberts believes that employees should be paid fair, competitive and appropriately structured remuneration in the best interests of shareholders. It also recognises that its remuneration philosophy has a direct effect on the behaviour of employees and that it must support delivery of the Group's business strategy. The remuneration policy continues to be driven by the principles of developing a performance culture and motivating and retaining key and critical talent.

The Murray & Roberts remuneration policy is aligned to the Group strategy, which aims to deliver shareholder value through growth in profitability and cash flows. This strategy focuses the Group on the resources, industrial, energy, water and specialised infrastructure market sectors, the diversification of the Group's business model, the delivery of project, commercial management and safety excellence, enhanced performance and diversity of the Group's employees.

Murray & Roberts' remuneration policy applies to all businesses in the Group to ensure consistency and fairness in remuneration. Some flexibility, however, is allowed to acknowledge differences across businesses with varying market conditions, and external benchmarking per business platform.

Remuneration policy for executive directors and prescribed officers

To give effect to the general remuneration philosophy that executive directors, prescribed officers and salaried employees should be paid fair, competitive and appropriately structured remuneration in the best interests of the Group and shareholders, the following broad principles are applied:

- Total remuneration consists of fixed and variable components, with emphasis on variable pay at senior levels to encourage performance and shareholder value creation;
- Remuneration structures support the development of a performance culture and achievement of the Group's business strategy;
- Remuneration components are set at a competitive level to motivate key talent and to attract and retain the services of high-calibre employees;
- The STI plan aligns the interests of executives with those of shareholders in the short term, as performance incentives are subject to Company key financial performance and individual non-financial key performance indicators; and
- The LTI plan rewards achievement of financial performance measures supporting long-term shareholder value creation.

Components of remuneration

The remuneration committee ensures that the mix of remuneration components supports the Group's strategic objectives. Murray & Roberts has the following remuneration components:

- Guaranteed pay (consisting of salary, benefits and retirement fund contributions);
- Short-term incentives; and
- Long-term incentives.

The Group seeks to position guaranteed pay at the median against appropriate benchmarks; however, for total remuneration the policy is to position at the 75th percentile for executives, senior management and key talent and critical skills, where the 75th percentile is achieved at between "on-target" and "stretch" performance. This policy supports the underlying principle of paying for performance and the focus on variable pay.

The table on the following pages summarises the key components of executive directors' and prescribed officers' remuneration, the link to strategy, how each component operates and the maximum opportunity for each element.

Summary of remuneration components and link to strategy

GUARANTEED PAY

is a fixed component, which reflects individual contribution and market value for respective roles, with internal and external equity being cornerstones for setting guaranteed pay.

OPERATION

- Positioned at market median (per job grade taking into consideration the size and complexity of the role). The remuneration committee considers the impact of any guaranteed pay increase on the total remuneration package.
- Paid monthly in cash net of allocations to retirement fund, insured benefits and medical aid.
- Guaranteed pay (and other elements of the remuneration package) is paid in different currencies as appropriate to reflect the geographic location of the executive.
- Reviewed annually, taking account of Group performance, individual performance, changes in responsibility, levels of increase in the market and levels of increase for the broader employee base.
- Benchmarking is performed relative to peer companies listed on the JSE for executive directors and for prescribed officers. The Energy, Resources & Infrastructure platform CEO is benchmarked against an appropriate peer group of Australian companies.

MAXIMUM OPPORTUNITY

- There is no prescribed maximum annual increase. However, increases will normally be in line with the general level of increase in the market against which the executive's salary is benchmarked.
- On occasions a larger increase may be awarded to recognise, for example, development in role or change in responsibility.

BENEFITS

are provided at competitive levels to attract and retain suitably qualified and experienced executives.

OPERATION

- Benefits such as travel allowances, insurance policies relating to death-in-service and disability benefits and medical aid are included in guaranteed pay.

MAXIMUM OPPORTUNITY

- There are no prescribed maximum values. However, reference is made to market practice and benchmarks.
- Company contributions for disability and death benefits in South Africa are based on pensionable salary. The contribution rates are reviewed annually.

RETIREMENT FUND

contributions are made to provide competitive post-employment income to attract and retain suitably qualified and experienced executives.

OPERATION

- Executives in South Africa contribute to the Sanlam Umbrella Pension Fund, which is a defined contribution pension fund.
- In Australia, contributions are made, as part of guaranteed pay, to a superannuation fund structured as a defined contribution fund.

MAXIMUM OPPORTUNITY

- Maximum company contributions are set according to local retirement fund rules.

SHORT-TERM INCENTIVES

drive Group and team financial performance, as well as individual performance for non-financial measures, to deliver sustained shareholder value. It also provides alignment with shareholders through a deferred component.

OPERATION

- The STI scheme is designed to be self-funding. Bonus projections for on-target performance are used to ensure affordability. Financial measures such as EBIT are used to calculate the bonus provision and actual profit reported is net of a bonus provisions accrual.
- Awards are based on annual performance against a balanced scorecard of metrics as determined by the remuneration committee from time to time.
- The Group chief executive, Group financial director and business platform CEOs have a 70% weighting in favour of financial targets, while other prescribed officers have a 60% weighting. For the 70% financial target weighting for business platform CEOs, 50% is linked to their platform financial targets and 20% to Group financial targets.
- Individual performance is also assessed against suitable non-financial targets related to leadership, relationship, operational and risk (including safety) targets.
- 70% of the award is delivered in cash and 30% in deferred forfeitable shares or cash under the LTI schemes, which vests equally over three years, subject only to continued employment.
- Financial performance targets are measured against audited annual financial performance, net of bonus accruals. Individual non-financial performance targets are based on a formal performance and development evaluation conducted by the executive's direct manager and by the committee and Board chairman for the Group chief executive.

MAXIMUM OPPORTUNITY

- The STI disbursement is based on incentive qualification levels as a percentage of guaranteed pay, which is a function of job grade and performance against agreed financial and/or individual targets as per the individual's performance contract, and applied on a sliding scale between threshold, target and stretch performance.
- Performance below threshold attracts no STI payment for the specific component, where the threshold for financial targets is 80% of target.
- The STI disbursement is capped at stretch performance or 120% of target.
- The maximum STI disbursement as a percentage of guaranteed pay is 200% for the Group chief executive, 150% for the Group financial director and between 100% and 150% for prescribed officers depending on their job grade.
- Clawback provisions, as described on page 110, apply to STI awards made from August 2015.

LONG-TERM INCENTIVES

provide general alignment between the executives and shareholders of the Group. They also motivate and reward executives who have contributed to the Group's value creation over the long term and support the retention and attraction of executives.

OPERATION

- Murray & Roberts operated the following LTI schemes in FY2021: the FSP introduced in October 2012, the Letsema Vulindlela Black Executives Trust (Vulindlela), which was established in December 2005 as part of the Group's BBBEE shareholding structure and the Long-Term Cash Settled Incentive Plan (LTCSIP) which was introduced in 2017 as a LTI scheme for executives operating outside South Africa.

FORFEITABLE SHARE PLAN (FSP)

- Forfeitable Murray & Roberts shares are awarded subject to continued employment and achievement of challenging performance conditions measured over a three-year performance period, which are set by the remuneration committee before each grant.
- Cliff vesting occurs at the end of the three-year period.
- Settlement of the forfeitable shares can be by way of an acquisition of the required number of shares on the market or the use of shares held in treasury account or an issue of shares. The remuneration committee has the ability to cash-settle awards, if necessary, in exceptional circumstances.
- In very specific circumstances, and on an ad-hoc basis, where it is necessary to retain critical talent, the remuneration committee may make awards only subject to continued employment with no performance conditions. These awards are aimed at retention and do not form part of the annual awards.

LONG-TERM CASH-SETTLED INCENTIVE PLAN (LTCSIP)

- A cash-settled LTI is awarded to senior executives operating outside South Africa, subject to continued employment and achievement of challenging performance conditions measured over a three-year performance period, which are set by the remuneration committee before each grant. The performance conditions mirror those used under the FSP.
- Cliff vesting occurs at the end of the three-year period.
- In very specific circumstances, and on an ad-hoc basis, where it is necessary to retain critical talent, the remuneration committee may make awards only subject to continued employment with no performance conditions. These awards are aimed at retention and do not form part of the annual awards.

LETSEMA VULINDLELA BLACK EXECUTIVES TRUST

- The beneficiaries of Vulindlela are black (African, Coloured and Indian) South African citizens who are employed on a permanent basis within the Group as top, senior and middle managers. Black prescribed officers have several outstanding allocations under Vulindlela and have been allocated forfeitable shares under the FSP since November 2012.
- In terms of the Trust deed, this Trust is to be terminated on 31 December 2022. As the awards are subject to a five-year lock-in period, a final allocation was made in November 2016. High-potential middle management employees qualify for an award under the FSP.

EXECUTIVE SHARE OWNERSHIP

aims to better align the interests of executives with those of shareholders by encouraging executives to build a meaningful shareholding in the Group.

OPERATION

- Executive share ownership is encouraged through the part deferral of STIs into forfeitable shares, where 30% of the STIs are deferred into forfeitable shares under the FSP.
- In a bid to encourage executives to hold more shares, the Group chief executive is encouraged to build a shareholding, in "unfettered" shares, equivalent to at least 100% of guaranteed pay, other executive directors equivalent to 75% of guaranteed pay, and prescribed officers equivalent to 50% of guaranteed pay over a period of not more than five years.
- Executives are encouraged to retain at least 50% of any vested shares after meeting necessary tax obligations under the LTI schemes.

MAXIMUM OPPORTUNITY

- Not applicable.

Choice of performance measures

The table below and alongside shows the performance measures set for FY2021, which will also be applied in FY2022.

The weightings presented below are for the executive directors. Targets are set every year following a bottom-up business planning process, taking account of strategic goals and the prevailing market conditions.

STI performance measures

METRIC	WEIGHTING FOR GROUP CHIEF EXECUTIVE AND FINANCIAL DIRECTOR	RATIONALE
FINANCIAL PERFORMANCE MEASURES		
Continuing EBIT	**20%**	A key indicator of the underlying profit performance of the Group, encouraging performance in terms of both revenues and cost control.
Continuing diluted HEPS	**20%**	A key indicator of the value add for shareholders.
Net cash	**10%**	A key indicator of the Group's liquidity and ability to meet its debt requirements.
Free cash flow	**10%**	A key indicator of the Group's ability to generate cash after providing for maintaining or expanding its asset base. FCF is an indication of the ability of the Group to pursue opportunities that enhance shareholder value.
ROICE	**10%**	A key indicator of the effective use of shareholder capital.

STI performance measures *continued*

METRIC	WEIGHTING FOR GROUP CHIEF EXECUTIVE AND FINANCIAL DIRECTOR	RATIONALE
INDIVIDUAL PERFORMANCE MEASURES		
Leadership	**7,5%**	A key indicator of the extent to which strategy implementation, transformation & diversity and leadership succession & development objectives are achieved.
Relationship	**7,5%**	A key indicator of the extent to which stakeholder engagement and employee relations objectives are achieved.
Operational	**7,5%**	A key indicator of the extent to which governance, commercial management and project performance objectives are achieved.
Risk	**7,5%**	A key indicator of the extent to which health, wellness and safety, risk management and environmental objectives are achieved.

LTI performance measures

FSP performance measures over a three-year vesting period

FOR AWARDS MADE FROM SEPTEMBER 2018

METRIC AND WEIGHTING	RATIONALE	VESTING
EBIT margin (earnings before interest and tax for continuing operations divided by revenue from continuing operations) **50%**	A key indicator of the underlying profit performance of the Group, encouraging performance in terms of both revenues and cost control.	30% vests for threshold performance and 100% vests for target performance, where threshold performance is 3% EBIT margin and target performance is 5% EBIT margin. Linear vesting will be applied between these points.
Conversion ratio of EBITDA into cash (operating cash flow plus dividends received divided by earnings before interest, tax, depreciation and amortisation) **50%**	A key indicator of the ability of the Group to convert profits into cash, which requires good working capital management.	30% vests for threshold performance and 100% vests for target performance, where threshold performance is 60% conversion ratio and target performance is 80% conversion ratio. Linear vesting will be applied between these points.

Clawback of incentives

For STI and LTI awards made from August 2015, the remuneration committee introduced clawback provisions, where the committee may reduce or clawback STI and LTI awards in the following circumstances:

- The participant acting fraudulently, dishonestly or with malice, or being in material breach of their obligations to the Group; or
- Where Murray & Roberts becomes aware of a material misstatement or omission in the financial statements of a Group company or the Group.

These clawback provisions apply whether or not awards are made in the form of cash or equity, and whether or not the equity has vested.

Differences in remuneration policy for executives compared to other employees

There are differences in the structure of the remuneration policy for the executive directors, prescribed officers and other salaried employees, which are necessary to reflect the different levels of responsibility and market practices. The key difference is the increased emphasis on incentives or variable performance-related pay in senior roles. Lower maximum variable incentive pay limits, as a percentage of guaranteed pay, apply for roles below executive level, driven by market benchmarks and the relative impact of the role. Only the most senior executives in the Group participate in the FSP and LTCSIP schemes, where these plans are targeted at those individuals who have the greatest responsibility for Group performance. As Murray & Roberts believes that all employees should be aligned with key business drivers, participation in the STI also includes middle management, junior management and general employees, subject to the meeting of individual performance targets.

Executive directors' and prescribed officers' employment contracts and policy on termination of employment

Executive directors and prescribed officers do not have fixed-term contracts, but are subject to notice periods of three months. The employment contracts include pay in lieu of notice provisions, which may be invoked at the discretion of the Group. Normal retirement of executive directors and senior management is at age 63, however, this is subject to specific legislation in the countries in which Murray & Roberts operates. The Group chief executive's performance contract has been extended to 31 August 2024, when he will retire at age 65.

At 30 June 2021, there was no material liability to the Group with respect to the termination of employment of any executive director or prescribed officer. The contracts of employment do not include provisions entitling the individual to a specified payment on termination of employment or on a change of control of Murray & Roberts, other than as stipulated in the LTI schemes. The only provision in the contract of employment for executive directors and prescribed officers (other than the Energy, Resources & Infrastructure platform CEO) relating to a payment on termination of employment is that, where termination occurs during the first year of employment, any payment to which the individual is entitled by law will be limited to a maximum of 25% of annual total fixed cost of employment (TFCE).

Any LTI entitlements awarded to an executive director or prescribed officer under the Group's LTI schemes will be determined based on the relevant plan rules. Employees terminating employment due to resignation or dismissal on grounds of misconduct, poor performance or dishonest or fraudulent conduct or due to absconding, will forfeit all unvested LTI awards and deferred STI into LTI awards. Employees terminating employment due to death, retirement, retrenchment, ill health, disability, injury or the sale of the employer company will be classified as good leavers and a portion of the LTI awards and deferred STI into LTI awards will vest on the date of termination of employment. This portion will reflect the number of months served since the award date, to the date of termination of employment over the total number of months in the vesting period and the extent to which the performance conditions imposed have been met. The remainder of the awards will lapse.

No agreements have been entered into with the executive directors or prescribed officers regarding restraint of trade, other than the Energy, Resources & Infrastructure platform CEO, who has a non-competition clause in his contract of employment.

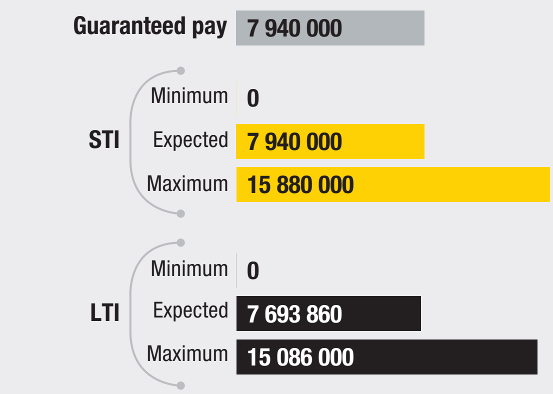
Retention schemes

There are currently no retention schemes in place for executive directors or prescribed officers.

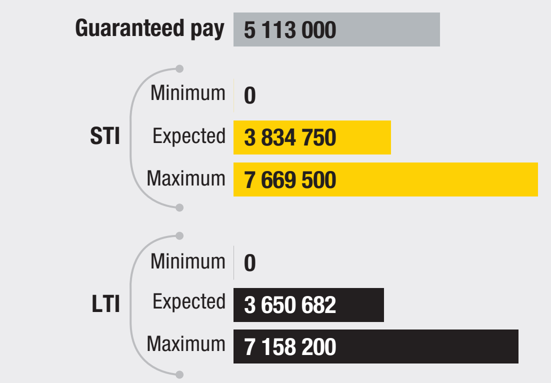
TOTAL REMUNERATION SCENARIOS AT DIFFERENT PERFORMANCE LEVELS

The charts below illustrate the total potential remuneration for the executive directors.

Group chief executive (R million)



Group chief financial director (R million)



Assumptions:

Minimum = guaranteed pay only (salary, benefits and retirement fund contributions).

Expected = on-target STI allocation and expected value (50%) of LTI award.

Maximum = stretch STI allocation and face value of LTI award.

Guaranteed pay levels (on which other elements of the package are calculated) are based on those applying on 1 July 2021.

Remuneration policy for non-executive directors

Components of remuneration

Non-executive directors receive a fee for their contribution to the Board and its committees of which they are members. This fee structure reflects the skill and experience brought to the Group by each non-executive director, responsibilities undertaken, the time commitment involved and the importance of attendance and contribution to Board and committee meetings. The fee structure is reviewed annually.

Fees are benchmarked against companies listed on the JSE which are of a similar size and nature, in terms of market capitalisation and sector. This includes companies in the construction, mining and industrial sectors. It is the Group's policy to align fees to the upper quartile of the benchmark, in alignment with the total remuneration policy for executives and in order to ensure that suitably qualified and experienced non-executive directors are attracted to the Group.

Remuneration governance

The remuneration committee assists the Board to fulfil its corporate governance supervision responsibilities and to align the remuneration policy with the Group's business strategy. The key focus in this regard is to attract, retain, motivate and reward directors, senior executives and employees through the payment of fair, competitive and appropriately structured remuneration, in the best interests of the Group and shareholders. The committee operates under terms of reference reviewed and approved annually by the Board.

Membership

Ralph Havenstein chairs the remuneration & human resources committee. Ntombi Langa-Royds, Suresh Kana and Alex Maditsi serve as members of the committee. The Group chief executive and Group financial director attend meetings in an ex officio capacity. The executives who attend meetings in an ex officio capacity do not participate in any discussions or decisions pertaining to their own remuneration. Expert advice is sought from time-to-time.

Terms of reference

The chairman of the committee reports to the Board on the committee's deliberations and decisions. The committee assists the Board by submitting reports and recommendations on the Group's employment framework and policies, and remuneration philosophy.

The committee is responsible for considering and approving proposals regarding guaranteed pay, benefits, short-term incentives, long-term incentives and related matters pertaining to executive directors of the Group, prescribed officers, all managing directors of the Group's businesses and other senior Group executives. It also considers and approves the remuneration and benefits paid to general employees. It oversees Group pension, provident and other benefit plans.

IMPLEMENTATION REPORT

The implementation report details the outcomes of the approved remuneration policy detailed in the previous section.

Single total figure of remuneration

The table below includes the total remuneration for the reported financial year and the previous financial year. The table includes guaranteed pay, the short-term incentive (excluding the 30% deferred STI) paid and the long-term incentives that will vest due to performance in the financial year (including the 30% deferred STI award).

Single total figure of remuneration for period to 30 June 2021

PAYMENT IN RAND (R'000)

EMPLOYEE	Guaranteed pay		STI		LTI		Other		Total remuneration	
NAME	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Da Costa, M	**4 711**	4 530	**1 560**	571	**2 086**	245	**–**	–	**8 357**	5 346
Grobler, Daniël	**4 940**	4 750	**2 003**	1 341	**2 727**	1 081	**–**	–	**9 670**	7 172
Harrison, Steve	**3 796**	3 589	**330**	–	**1 295**	316	**–**	–	**5 421**	3 905
Henstock, Ian	**4 493**	4 320	**2 180**	1 638	**–**	–	**73**	73	**6 746**	6 031
Laas, Henry	**7 675**	7 380	**4 150**	2 970	**5 766**	2 353	**118**	392	**17 709**	13 095
Mdluli, Thokozani	**3 536**	3 400	**939**	633	**1 267**	478	**–**	–	**5 742**	4 511

PAYMENT IN AU$ (AU$'000)

EMPLOYEE	Guaranteed pay		STI		LTI		Other		Total remuneration	
NAME	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Bennett, Peter	**907**	955	**575**	–	**696**	242	**–**	–	**2 178**	1 197

The single total figure of remuneration is calculated as set out below.

	2021	2020
GUARANTEED PAY	Guaranteed pay earned for the period including benefits and retirement fund contributions. The average remuneration adjustment for executive directors and prescribed officers for FY2021 (effective 1 July 2021) was 3,88% (FY2020: 4,0%). The total adjustment was aligned to the average Murray & Roberts increase awarded in March 2021 for other salaried employees of 3,30%.	Guaranteed pay earned for the period including benefits and retirement fund contributions. The average remuneration adjustment for executive directors and prescribed officers for FY2020 (effective 1 July 2020) was 4,0% (FY2019: 5,58%). The total adjustment was aligned to the average Murray & Roberts increase awarded in March 2020 for other salaried employees of 4,09%.
STI	STI awarded for FY2021 performance. 70% of the award is payable in cash in September 2021, and 30% deferred as an LTI award, which will vest one third each year from FY2022 to FY2024.	STI awarded for FY2020 performance. 70% of the award is payable in cash in September 2020, and 30% deferred as an LTI award, which will vest one third each year from FY2021 to FY2023.
LTI	The value of LTI awards under the 2018 FSP that vest in 2021, based on performance during the three-year period to 30 June 2021. The value of that award is based on a share price on 30 June 2021 of R10,35. 50% of the 2018 FSP awards lapsed due to the EBIT margin performance measure not being met. The cash conversion ratio of EBITDA into cash was above target, at 110%. Consequently 100% of the shares vested for this performance measure.	The value of LTI awards under the 2017 FSP that vest in 2020, based on performance during the three-year period to 30 June 2020. The value of that award is based on a share price on 30 June 2020 of R5,00. 75% of the 2017 FSP awards lapsed due to actual ROICE and TSR being below threshold. The FCF targets were met for which 25% of the 2017 FSP awards vested. The same performance conditions and vesting percentage apply to the Cash Settled Conditional Rights awarded to the Group chief executive in 2017 as well as the LTCSI award made to the ERI platform CEO in 2017.
OTHER	The benefit to Henry Laas consists of a fringe benefit on the use of a company vehicle. The benefit to Ian Henstock represents payment to him to secure private life cover.	The benefit to Henry Laas consists of a fringe benefit on the use of a company vehicle, as well as proceeds from a deferred compensation policy. The benefit to Ian Henstock represents payment to him to secure private life cover.

FY2021 STI performance outcomes

Financial performance is measured against KPIs, based on audited annual financial results, net of STI accruals. Non-financial individual performance KPIs are based on a formal performance assessment conducted by the Group chief executive for the executives, and by the remuneration committee and Board chairman for the Group chief executive.

Performance below threshold attracts no STI payment for the specific component of the STI below threshold, where threshold for financial targets is 80% of target.

Non-financial individual performance is assessed against suitable KPIs and is rated on a sliding scale from 1 to 5, where a score of 2 represents threshold performance, 3 on-target performance, 4 excellent performance and a score of 5 stretch performance.

Performance against the FY2021 Group targets are summarised below. The outcome represents the overall Group performance expressed as a percentage achievement against target for the specific financial KPI. Performance against non-financial KPIs is the average for executives out of a score of 5.

KPA	KPI	OUTCOME	COMMENTS
FINANCIAL			
WEIGHTING 70%	**Profitability – EBIT** (Weighting 20%)	87%	EBIT profit of R540 million achieved relative to target of R619 million for continuing operations.
	Profitability – diluted HEPS (Weighting 20%)	0%	Diluted HEPS from continuing operations of 16 cents achieved relative to target of 37 cents.
	Cash flow – net cash (Weighting 10%)	699% (capped at 120%)	Net positive cash of R685 million achieved relative to target of R98 million.
	Cash flow – free cash flow (Weighting 10%)	85%	Positive free cash flow of R2 392 million relative to target of R2 830 million.
	Returns (Weighting 10%)	0%	ROICE of 4% achieved relative to the weighted average cost of capital (WACC) plus 1,5% (on target) or 13,7%. Performance of less than WACC compared to target attracts no STI payment for the element.
LEADERSHIP			
WEIGHTING 7,5%	**Strategy implementation** **Transformation & diversity** **Leadership succession & development**	3.57 out of 5	New target markets resulted in strong order book growth. International expansion gained further momentum. Digital strategy defined for Energy, Resources & Infrastructure and Mining platforms. Exit from Middle East progressed well. BBBEE rating improved to level 1. Diversity and inclusion high on agenda of international businesses and good progress made. Performance management, talent review and succession planning effectively undertaken. Successors in place for all key roles. Leadership development and training impacted by COVID-19 but remains an area of focus.

KPA	KPI	OUTCOME	COMMENTS
RELATIONSHIPS			
WEIGHTING 7,5%	**Stakeholder engagement** **Employee relations**	**3.71** out of 5	Maintained good relationships with all key internal and external stakeholders. Members of the Analysts Investment Society voted Murray & Roberts as the leader in the communications and financial sector: Industrials. Effective Group communication maintained, especially on COVID-19 developments and Group impact. Generally, employees are well motivated, and relations are good.
OPERATIONAL			
WEIGHTING 7,5%	**Good governance** **Commercial management** **Project performance**	**3.0** out of 5	Group-wide compliance with good governance practices. King IV compliant. No pending legal action due to breach of legislation. All business management systems are functional, and ISO accredited. Group Sustainability Framework reviewed and realigned to emerging ESG imperatives. Initiatives supporting the resolution of claims on several projects are thorough, proactive, and ongoing. No material adverse outcomes on any claims. Working capital management resulted in strong inflow of cash. Project performance much improved, although losses incurred on some projects.
RISK			
WEIGHTING 7,5%	**Health, wellness & safety** **Risk management** **Environment**	**2.86** out of 5	Regrettably, a fatal incident occurred on the first day of financial year. LTIFR and TRCR targets not achieved, although performance still very good compared to industry peers. Risk management practices and internal audit are well-established disciplines and no material findings were reported. The Opportunity Management System, based on the Group's risk tolerance framework is working effectively and applied across all businesses. Environmental management in accordance with standards. No environmental incidents were reported.

THE STI BREAKDOWN FOR THE GROUP CHIEF EXECUTIVE FOR FY2021 IS SET OUT BELOW

	2021	2020
Financial	**3 050 775**	1 476 000
■ Diluted HEPS	**0**	0
■ EBIT	**1 036 125**	0
■ Net cash	**1 535 000**	1 476 000
■ Free cash flow	**479 650**	0
■ ROICE	**0**	0
Non-financial	**2 878 125**	2 767 500
■ Leadership	**863 437**	830 250
■ Relationships	**863 438**	830 250
■ Operational	**575 625**	553 500
■ Risk	**575 625**	553 500
Total*	**5 928 900**	4 243 500

** 30% deferred into the FSP.*

FY2021 LTI performance outcomes

Vesting of the 2018 FSP award

The three-year performance period for the 2018 FSP award ended on 30 June 2021. The 2018 FSP award comprised 3 865 763, with a total of 1 795 500 shares awarded to the executive directors and prescribed officers. 50% of the award was subject to an EBIT margin performance condition and 50% on the cash conversion ratio of EBITDA into cash. The EBIT margin performance over the performance period was below threshold, hence no shares vested for this performance measure. The cash conversion ratio of EBITDA into cash was 110%. Consequently, 100% of the shares vested for this performance measure.

The below-threshold performance in EBIT margin, and above target on the cash conversation ratio of EBITDA into cash, resulted in 50% of the 2018 FSP award being forfeited and these shares lapsed on 30 August 2021. The remaining 50% of the 2018 FSP award vested. The calculation of the vesting percentage of these awards were audited by the external auditors.

LTI award 2021

In terms of the FSP scheme rules, the aggregate number of shares at any one time which may be allocated under the Share Option Scheme and the FSP may not exceed 5,0% of the number of shares in issue. This represents 22 236 806 shares. As at 30 June 2021, there were no shares allocated under the Share Option Scheme and 21 048 299 shares under the FSP, which is less than the aggregate cap. This includes FSP awards under the STI deferral. It should be noted that these shares were not allocated by way of an issue of new shares and as such are not dilutive to shareholders.

This limit was set in 2012, when the share price was trading at higher levels and the subsequent reduction in the share price has led to an increase in the number of shares awarded to achieve the award value as per the remuneration policy.

As a result of the limit referred to above it was resolved to award cash-settled conditional rights on 1 September 2021, which will vest in 2024. A total number of 8 637 500 conditional rights were allocated, of which 3 323 500 conditional rights to the value of R33,9 million were allocated to the executive directors and prescribed officers. The allocation took job grade, individual performance and retention risk into consideration. The vesting of the 2021 cash-settled award is subject to meeting performance conditions for the three-year performance period from 1 July 2021 to 30 June 2024, as shown in the table below.

30% of the performance related award will vest at threshold and 100% at target, with no vesting for below-threshold performance. Linear vesting will apply between these points. The remuneration committee considers the performance targets to be stretching in the context of the Group's business strategy and the market conditions.

This cash-settled award is subject to the same vesting and performance conditions as previous awards issued under the FSP. It therefore does not result in a more favourable financial outcome compared to the FSP.

Once the outstanding awards under the September 2019 FSP award vest in September 2022, there will be sufficient headroom to make an allocation in 2022 under the FSP again.

Long-term cash-settled awards were made to executives operating outside South Africa in October 2021 under the LTCSIP. The October 2021 LTCSIP award is the annual allocation of awards to senior executives outside South Africa, including the Energy, Resources & Infrastructure platform CEO, and will vest in 2024. The allocation took job grade, individual performance and retention risk into consideration.

The vesting of these awards is subject to meeting the same performance conditions as set out below, over the three-year performance period from 1 July 2021 to 30 June 2024.

Thirty percent of the award will vest at threshold and 100% at target, with no vesting for below-threshold performance. Linear vesting will apply between these points.

The Energy, Resources & Infrastructure Platform CEO was awarded a cash-settled long-term incentive to the value of AU$957 000 on 1 October 2021 (October 2020: AU$910 800).

SEPTEMBER 2021 LTI AWARD PERFORMANCE CONDITIONS

CRITERIA	PERFORMANCE CONDITION	WEIGHTING	THRESHOLD	TARGET FOR MAXIMUM VESTING
EBIT margin	Earnings before interest and tax for continuing operations divided by revenue from continuing operations	50%	3%	**5%**
Conversion ratio of EBITDA into cash	Operating cash flow plus dividends received divided by earnings before interest, tax, depreciation and amortisation	50%	60%	**80%**

Outstanding long-term incentives

FSP AWARDS AND STI DEFERRED INTO FSP AWARDS

NAME	Date awarded	Opening balance	Number of shares allocated	Value at grant date (R'000)	Number settled in the year	Number forfeited in the year	Closing balance	Settlement date	Settlement value (R'000)	Estimated value (R'000)
Grobler, D	Sep 2017	405 000	–	–	(101 250)	(303 750)	**–**	Oct 2020	477	–
	Sep 2018	361 000	–	–	–	–	**361 000**	–	–	1 868
	Sep 2019	580 000	–	–	–	–	**580 000**	–	–	3 002
	Oct 2020	–	997 500	5 536	–	–	**997 500**	–	–	5 162
	STI 2017	18 318	–	–	(18 318)	–	**–**	–	86	–
	STI 2018	59 930	–	–	(29 965)	–	**29 965**	–	141	310
	STI 2019	100 098	–	–	(33 366)	–	**66 732**	–	157	691
	STI 2020	–	106 868	574	–	–	**106 868**	–	–	1 106
Harrison, S	Sep 2017	253 000	–	–	(63 250)	(189 750)	**–**	Oct 2020	298	–
	Sep 2018	223 000	–	–	–	–	**223 000**	–	–	1 154
	Sep 2019	350 000	–	–	–	–	**350 000**	–	–	1 811
	Oct 2020	–	493 000	2 736	–	–	**493 000**	–	–	2 551
	STI 2017	11 775	–	–	(11 775)	–	**–**	–	55	–
	STI 2018	34 089	–	–	(17 044)	–	**17 045**	–	80	176
	STI 2019	22 178	–	–	(7 392)	–	**14 786**	–	35	153
Laas, H	Sep 2018	770 500	–	–	–	–	**770 500**	–	–	3 987
	Sep 2019	1 072 500	–	–	–	–	**1 072 500**	–	–	5 550
	STI 2017	39 296	–	–	(39 296)	–	**–**	–	185	–
	STI 2018	115 356	–	–	(57 677)	–	**57 679**	–	310	597
	STI 2019	209 735	–	–	(69 911)	–	**139 824**	–	329	1 447
	STI 2020	–	236 837	1 273	–	–	**236 837**	–	–	2 451
Mdluli, T	Sep 2017	165 500	–	–	(41 375)	(124 125)	**–**	Oct 2020	195	–
	Sep 2018	167 000	–	–	–	–	**167 000**	–	–	864
	Sep 2019	267 000	–	–	–	–	**267 000**	–	–	1 382
	Oct 2020	–	459 000	2 547	–	–	**459 000**	–	–	2 375
	STI 2017	8 581	–	–	(8 581)	–	**–**	–	40	–
	STI 2018	21 022	–	–	(10 510)	–	**10 512**	–	50	109
	STI 2019	45 675	–	–	(15 225)	–	**30 450**	–	72	315
	STI 2020	–	50 476	271	–	–	**50 476**	–	–	522
Da Costa, M	Sep 2018	274 000	–	–	–	–	**274 000**	–	–	1 418
	Sep 2019	434 500	–	–	–	–	**434 500**	–	–	2 249
	Oct 2020	–	747 500	4 149	–	–	**747 500**	–	–	3 868
	STI 2019	87 993	–	–	(29 331)	–	**58 662**	–	138	607
	STI 2020	–	45 509	245	–	–	**45 509**	–	–	471
							8 061 845			

CASH-SETTLED CONDITIONAL RIGHTS

NAME	Date awarded	Opening balance	Number of rights allocated	Value at grant date (R'000)	Number settled in the year	Number forfeited in the year	Closing balance	Settlement date	Settlement value (R'000)	Estimated value (R'000)
Laas, H	Sep 2017	864 000	–	–	(216 000)	(648 000)	**–**	Oct 2020	1 017	–
	Sep 2019	150 000	–	–	–	–	**150 000**	–	–	776
	Oct 2020	–	2 103 500	11 674	–	–	**2 103 500**	–	–	10 886

LONG-TERM CASH-SETTLED INCENTIVE PLAN (LTCSIP)

NAME	Date awarded	Opening balance	Value at grant date (AU$'000)	Settled in the year (AU$'000)	Forfeited in the year (AU$'000)	**Closing balance**	Settlement date	Settlement value (AU$'000)	Estimated value (AU$'000)
Bennett, P	Oct 2017	880	–	(220)	(660)	**–**	Oct 2020	220	–
	Oct 2018	898	–	–	–	**898**	–	–	449
	Oct 2019	911	–	–	–	**911**	–	–	456
	Oct 2020	–	911	–	–	**911**	–	–	456

Executives receive dividend payments on the FSP and Conditional Rights allocations held from the award date.

For the FSP, Conditional Rights and the LTCSIP performance conditions, a vesting percentage of 50% is applied to calculate the estimated value.

LETSEMA VULINDLELA BLACK EXECUTIVES TRUST

NAME	Date awarded	Number of shares allocated	Strike price	Condition	Number forfeited in the year	**Closing balance**	Vesting date
Mdluli, T	24 Aug 2010	11 500	41,02	Standard	–	**11 500**	31 Dec 2021
	20 Apr 2011	10 000	25,16	Hurdle	–	**10 000**	31 Dec 2021
	30 Aug 2011	25 500	27,70	Standard	–	**25 500**	31 Dec 2021

Remuneration outcomes for non-executive directors

The remuneration policy for the non-executive directors set out in the remuneration policy report was applied in FY2021. The remuneration of non-executive directors for the year ended 30 June 2021 was:

NON-EXECUTIVE DIRECTORS' REMUNERATION

NAME	Directors' fees R'000	Non-attendance R'000	Special Board R'000	Committee fees R'000	Lead independent fee R'000	Chairman's fees R'000	**Total 2021 R'000**	Total 2020 R'000
JA Boggenpoel	351	–	230	293	–	–	**874**	324
R Havenstein	–	–	230	–	1 216	–	**1 446**	1 638
SP Kana	–	–	–	–	–	1 727	**1 727**	1 741
NB Langa-Royds	351	(12)	172	551	–	–	**1 062**	1 279
AK Maditsi	351	–	230	360	–	–	**941**	1 055
TE Mashilwane[1]	–	–	–	–	–	–	**–**	578
B Mawasha	351	–	230	240	–	–	**821**	255
XH Mkhwanazi[2]	–	–	–	–	–	–	**–**	336
DC Radley	351	–	172	443	–	–	**966**	1 146
CD Raphiri	351	–	230	408	–	–	**989**	352
Total	2 106	(12)	1 494	2 295	1 216	1 727	**8 826**	8 704

NAME	Directors' fees AU$'000	Non-attendance AU$'000	Special Board AU$'000	Committee fees AU$'000	Lead independent fee AU$'000	Chairman's fees AU$'000	**Total 2021 AU$'000**	Total 2020 AU$'000
KW Spence[3]	–	–	–	–	–	–	**–**	164

1. Resigned on 5 March 2020.
2. Deceased on 4 January 2020.
3. Resigned on 5 March 2020.

The remuneration of non-executive directors is submitted to shareholders at the AGM for approval in advance of such payment being made.

The chairman's fee includes attendance at committee meetings, excluding the Independent Board.

INDEPENDENT BOARD	**Committee fees 2021 R'000**	Committee fees 2020 R'000
R Havenstein	–	159
SP Kana	–	159
A Maditsi	–	78
DC Radley	–	78
Total	–	474

The Independent Board was disbanded on the lapsing of ATON's offer on 30 September 2019.

Fee proposal for 2022

In accordance with King IV, the remuneration committee reviews and recommends fee structures to the Board for approval (excluding recommendation on their own fees) before submitting recommendations for approval by shareholders at the AGM.

An inflation-linked increase to the non-executive director's fee is proposed for 2022.

The proposed fees (excluding VAT) are tabled below.

		Previous per annum	Proposed % increase	Proposed per annum
DIRECTORS FEES				
Chairman	Including director and committee fees[1]	R1 744 000	3,21%	R1 800 000
Lead independent director	Including director and relevant committee fees	R1 228 000	3,42%	R1 270 000
Director	Per annum[2,3,4]	R354 000	3,67%	R367 000
COMMITTEE FEES				
Audit & sustainability	Chairman	R326 500	3,22%	R337 000
	Member	R175 000	3,43%	R181 000
Health, safety & environment	Chairman	R237 000	3,38%	R245 000
	Member	R121 000	3,31%	R125 000
Nomination & governance	Member	R77 500	3,23%	R80 000
Remuneration & human resources	Chairman	R237 000	3,38%	R245 000
	Member	R121 000	3,31%	R125 000
Risk management	Chairman	R237 000	3,38%	R245 000
	Member	R121 000	3,31%	R125 000
Social & ethics	Chairman	R237 000	3,38%	R245 000
	Member	R121 000	3,31%	R125 000
AD HOC MEETINGS				
Board	Member	R58 000	3,45%	R60 000
Committee	Member	R29 500	3,39%	R30 500

2 FEE DEDUCTIONS

1. *Includes fees for chairing the nomination committee and attending all Board committees.*
2. *Calculated on the basis of four meetings per annum.*
3. *It is proposed that an adjustment deduction of R31 000 (2020: R30 000) per meeting be applied for non-attendance at a scheduled Board meeting.*
4. *It is also proposed that an adjustment deduction of R12 400 (2020: R12 000) per meeting be applied for non-attendance at a scheduled committee meeting.*

In terms of Section 66(8) of the Companies Act, shareholders are referred to special resolution 1 included in the loose insert of the printed report, regarding approval of the proposed non-executive director fee structure for FY2022.

05

Summarised financial results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RESPONSIBILITIES OF DIRECTORS FOR ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2021

The directors of Murray & Roberts Holdings Limited ("Company" or "Murray & Roberts") are responsible for the preparation of the annual financial statements that fairly present the state of affairs of the Company and Murray & Roberts Holdings Limited and its subsidiaries ("Group") at the end of the financial year and of the profit or loss and cash flows for that year in accordance with International Financial Reporting Standards ("IFRS") and per the requirements of the Companies Act No. 71 of 2008 ("Companies Act"). The directors of the Company are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information.

To enable directors to meet these responsibilities:

a) The Murray & Roberts Board of directors ("Board") and management set standards and management implement systems of internal controls, accounting and information systems; and

b) The audit & sustainability committee recommends Group accounting policies and monitors these accounting policies.

The directors are responsible for the systems of internal control. These systems are designed to provide reasonable, but not absolute assurance as to the reliability of the annual financial statements and to prevent and detect material misstatements and loss. The systems (including controls over the security over the Group and Company website and electronic distribution of annual reports and other financial information) are implemented and monitored by suitably trained personnel with appropriate segregation of authority and duties.

The directors believe, based on information and explanations from management, that the system of internal control is adequate for ensuring the:

- Reliability and integrity of financial and operating information
- Adequate safeguarding, verification and accountability of assets against unauthorised use or disposition
- Compliance of established systems with policies, procedures, laws and regulations

The internal audit function is led by the Group chief audit executive and comprises both internal employees and external resources when required. It serves management and the Board by performing an independent evaluation of the adequacy and effectiveness of risk management, internal controls, financial reporting mechanisms and records, information systems and operations, safeguarding of assets and adherence to laws and regulations.

The Group continues to address any control weaknesses which are identified, however, the Group's system of internal controls continues to provide a basis for the preparation of reliable annual financial statements in all material aspects.

The annual financial statements have been prepared in accordance with IFRS, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act and are based on appropriate accounting policies, supported by reasonable judgements. These accounting policies have been applied consistently compared to the prior year except for the adoption of new or revised accounting standards as set out in note 41 of the online annual financial statements. The annual financial statements have been compiled under the supervision of DF Grobler CA(SA), (Group financial director) and the annual financial statements available online have been audited in terms of Section 30(2) of the Companies Act of South Africa.

The directors are of the opinion that the Company and the Group have adequate resources to continue in operation for the foreseeable future based on forecasts and available cash resources and accordingly the annual financial statements have been prepared on a going concern basis.

It is the responsibility of the external auditors to express an opinion on the consolidated and separate financial statements. For their unmodified report to the shareholders of the Company and Group refer to the online annual financial statements.

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements of the Company and the Group for the year ended 30 June 2021 are available online and were approved by the Board of directors on 01 September 2021 and are signed on its behalf by:

SP Kana
Group chairman

HJ Laas
Group chief executive

DF Grobler
Group financial director

GROUP CHIEF EXECUTIVE AND GROUP FINANCIAL DIRECTOR RESPONSIBILITY STATEMENT ON INTERNAL FINANCIAL CONTROLS

for the year ended 30 June 2021

The directors, whose names are stated below, hereby confirm that:

(a) the annual financial statements available online, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;

(b) no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;

(c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer; and

(d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the audit committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors and have taken the necessary remedial action.

HJ Laas
Group chief executive

DF Grobler
Group financial director

CERTIFICATION BY COMPANY SECRETARY

for the year ended 30 June 2021

In terms of Section 88(2)(e) of the Companies Act No. 71 of 2008, as amended ("Companies Act"), I, L Kok, in my capacity as Group company secretary, confirm that, to the best of my knowledge and belief, for the year ended 30 June 2021, Murray & Roberts Holdings Limited has filed with the Companies and Intellectual Property Commission all such returns and notices as are required of a public company in terms of the Companies Act and that all such returns and notices appear to be true, correct and up to date.

L Kok
Group company secretary
01 September 2021

AUDIT & SUSTAINABILITY COMMITTEE REPORT

for the year ended 30 June 2021

The audit & sustainability committee ("Committee") assists the Board to fulfil its supervisory role to ensure the integrity of financial reporting in terms of accounting standards and the Listings Requirements of the Johannesburg Stock Exchange Limited ("JSE"). It does so by evaluating the findings of the internal and external auditors, remedial actions taken and the adequacy and effectiveness of the system of internal financial controls required to form the basis for the preparation of reliable financial statements.

The Committee chairman reports on Committee deliberations and decisions at the Board meeting immediately following each Committee meeting. The internal and external auditors have unrestricted access to the Committee chairman. The independence of the external auditor is regularly reviewed and non-audit related services are pre-approved and notified.

MEMBERSHIP

The Group chairman, Group chief executive, Group financial director, Group commercial executive, chief audit executive and the external auditors all attend meetings by invitation. The chairman and all members of the Committee also serve on the risk management committee. This ensures that overlapping responsibilities are appropriately addressed.

TERMS OF REFERENCE

The Committee's responsibilities include:

- Assisting the Board to fulfil its responsibility with regard to financial and auditing oversight including internal financial controls;
- Monitoring and reviewing the Group's accounting policies, disclosures and financial information issued to stakeholders;
- Making recommendations to the Board to ensure compliance with International Financial Reporting Standards ("IFRS");
- Discussing and agreeing the scope, nature and priority of the external and internal audits including the reviewing of the quality and effectiveness of the external audit process;
- Nominating an independent auditor for shareholder approval, terms of audit engagement, determining external auditor fees, the nature and extent of non-audit related services and pre-approving contracts for non-audit related services;
- Reviewing fraud and information technology risk as they relate to financial reporting;
- Receiving and dealing appropriately with any complaints relating to either accounting practices and internal audit or to the content or auditing of entities in the Group's annual financial statements or related matters;
- Reviewing the annual integrated report and recommending approval to the Board;
- Reviewing price sensitive information such as trading statements; and
- Performing functions required of an audit committee on behalf of subsidiaries incorporated in the Republic of South Africa.

STATUTORY DUTIES

In addition to the duties set out in the terms of reference, the Committee performed the required statutory functions in terms of Section 94(7) of the Companies Act of South Africa.

EFFECTIVENESS OF THE EXTERNAL AUDIT PROCESS

The Committee reviews the quality and effectiveness of the external audit process. In particular, the Committee considers the independence of the external auditor. In this regard, the Committee has established an approvals framework for the pre-approval of non-audit services to be rendered by the external auditor and reviews these fees on an ongoing basis.

PricewaterhouseCoopers Inc. ("PwC") served as external auditor for the financial year ended 30 June 2021. The designated auditor is JFM Kotzé. The Committee considers his tenure and that of other key audit partners within the Group in order to reduce familiarity threats to independence.

The Committee is satisfied that the external auditor is independent and has nominated PwC for re-election at the forthcoming annual general meeting of shareholders, with JFM Kotzé as the individual registered auditor. PwC and JFM Kotzé are properly accredited.

FINANCIAL DIRECTOR AND FINANCE FUNCTION

The Committee considered and satisfied itself of the appropriateness of the expertise, experience and performance of the Group financial director during the year. The Committee also considered and satisfied itself of the appropriateness of the expertise and adequacy of resources of the finance function as well as the experience of senior members of management responsible for the finance function.

INTERNAL AUDIT

The Group internal audit function was established to assist the Board and executive management with the achievement of their objectives and has remained a vital part of the Group's governance and combined assurance structures. Internal audit is an independent assurance provider on the adequacy and effectiveness of the Group's governance, risk management and control structures, systems and processes.

The centralised function operates in terms of a formal mandate, in conformance with the International Professional Practices Framework for Internal Audit. Internal audit assurance can only be reasonable and not absolute and does not supersede the Board's and management's responsibility for the ownership, design, implementation, monitoring and reporting of governance, risk management and internal controls.

The chief audit executive leads the internal audit function which covers the global operations and is resourced with both internal employees and external resources. It assists the Board and management in maintaining an effective internal control environment by evaluating those controls continuously, using a risk-based approach, to determine whether they are adequately designed, operating efficiently and effectively, and to recommend improvements. The internal audit assurance consists of independent evaluations of the adequacy and effectiveness of risk management, internal controls, financial reporting mechanisms and records, information systems and operations, safeguarding of assets (including fraud prevention) and adherence to laws and regulations. It includes a review of strategic risk mitigations, a risk-based review of major projects, key business processes and systems, the Group's sustainability information, IT governance and IT general controls. An integrated assurance model was applied to ensure a coordinated approach to all assurance activities, appropriate to address the significant risks facing the Group.

The annual plan is based on an assessment of risk areas internal audit and management identify, as well as focus areas highlighted by the Committee and management. The plan also considers work performed by other assurance providers in the Group. The annual audit plan is updated as appropriate to ensure it remains responsive to changes in the business. A comprehensive report on internal audit findings is presented to the audit committee quarterly. Follow-up audits are conducted in areas where major internal control weaknesses are found.

The internal audit activity has a quality assurance and improvement programme, and is subject to an independent external quality assurance review every five years.

The independence, organisational positioning, scope and nature of work of the internal audit function were evaluated by the Committee in June 2021 and determined to be appropriate and consistent with the internal audit strategy and mandate. The Committee approved internal audit's risk-based audit plan for financial year 2022. The internal audit function reports directly to the audit committee and their mandate in relation to the internal audit function is to:

- Approve the appointment and dismissal of the chief audit executive;
- Review and recommend to the Board for final approval, the internal audit charter including, inter alia, the purpose, authority and responsibility of the internal audit activity;
- Receive a summary report of the major findings of all assurance and special investigations internal audit and management's responses. Review and track management's action plans to address results of internal audit assignments;
- Review the expertise, resources and experience of the Group's internal audit function, and disclose the results of the review in the integrated report;
- Review and provide input on the internal audit function's strategic plan, objectives, performance measures, and outcomes;
- Review and approve the risk-based internal audit plan, and make recommendations concerning internal audit projects. Review the internal audit function's performance relative to its audit plan. Review the coordination between the internal and external auditors and the resourcing and standing within the Group of the internal audit function;
- Monitor and evaluate the performance of the chief audit executive and the internal audit function in terms of agreed goals and objectives in order to provide input to management related to evaluating and recording of the performance in the Group's performance management system;
- Recommend to management or the Remuneration Committee the appropriate compensation of the chief audit executive;
- Ensure that the internal audit activity has a quality assurance and improvement programme and that the results of these periodic assessments are presented to the Audit Committee on an exception basis;
- Ensure that the internal audit activity has an external quality assurance review every five years;
- Review the results of the independent external quality assurance review and monitor the implementation of the internal audit activity's action plans to address any recommendations;
- Advise the Board about any recommendations for the continuous improvement of the internal audit activity; and
- Ensure that the chief audit executive has unrestricted access to the chairman of the audit committee.

An internal audit charter, reviewed by the Committee and approved by the Board, formally defines the purpose, authority and responsibility of the internal audit function.

The charter gives the chief audit executive direct access to the Group chief executive, Group financial director, chairman of the audit committee and chairman of the Board.

INTERNAL FINANCIAL CONTROLS

With regards to the Responsibility Statement in terms of paragraph 3.84(K) of the Listings Requirements, the Committee noted:

- The Responsibility Statement submitted by the Group chief executive and the Group financial director in this regard. The Group chief executive, the Group financial director and the Internal Auditors, based on the audit scope, reviewed the controls with regards to internal financial reporting and presented the findings to the Committee. The evaluation of controls by the Group chief executive and the Group financial director included:
  - The identification and classification of risks, including the determination of materiality;
  - Testing the design and determining the implementation of controls to address high risk areas;
  - Utilising Internal Audit to test the operating effectiveness of controls to address the high-risk areas on an annual basis, and other risk areas on a rotational basis; and
  - Obtaining control declarations from divisional and subsidiary management on the operating effectiveness of all key controls at year end.

AUDIT & SUSTAINABILITY COMMITTEE REPORT *continued*

- That a formal combined assurance model is in place and is being reviewed annually by the Committee. Notwithstanding the output of the combined assurance model, board members form their own opinion on the integrity of the information and reports, and the degree to which an effective control environment has been achieved. Nothing came to the attention of the Committee that the combined assurance model is not effective in covering the Group's significant risks and material matters, including financial reporting controls.

Based on the above and the Group's system of internal control and risk management in 2021, which included the design implementation and effectiveness of internal financial controls, a reasonable basis is provided for the preparation of reliable annual financial statements in all material aspects.

AUDIT AND ADMINISTRATION

Financial leadership in Murray & Roberts caters for growth in the business, including ongoing employment and redeployment of senior financial executives. The Group financial director and lead external audit partner attend selected contract and subsidiary reviews throughout the year. Audit close-out meetings are held between external auditors and operational management at year end. A detailed audit summary memorandum is prepared for all Group operating entities and a consolidated report is presented to the Committee. There are agreed procedures for the Committee to seek professional independent advice at the Group's expense.

INTEGRATED REPORTING

During the year under review, external service providers were appointed to provide assurance on the sustainability information. The Committee recommended the Group's annual financial statements for Board approval and will recommend the annual integrated report for approval. It is satisfied that they comply with IFRS on a going concern basis following an assessment of solvency and liquidity requirements.

In preparation of the annual financial statements the Group has taken into consideration the feedback included in the Report Back on Proactive Monitoring of Financial Statements provided by the JSE.

ASSURANCE

Group assurance activities are embedded, sound and are continuously reviewed and where required redirected to ensure appropriate and effective coverage of the Group's operations, implementation of King IV™ principles and recommendations, and sustainability assurance.

The Group's commitment to continuous improvement in achieving acceptable levels of assurance is underscored by various policy frameworks that were developed and implemented, including a stakeholder management framework, regulatory compliance and information management frameworks. The Opportunity Management System was developed in-house and continues to be enhanced to highlight project risks entering the Group's environment.

The multi-year rolling internal audit plan is designed to provide assurance that the major risks and key processes are effectively mitigated and managed, to recommend improvements and track the implementation of audit recommendations.

The Group Integrated Assurance Framework governs and coordinates the overall approach to Group risk management. This entails understanding, identifying, reporting, managing and mitigating Group risk, and includes the process of independently auditing Group policies, plans, procedures, practices, systems, controls and activities to ensure that the Group achieves the level of operational efficiency and compliance required by the Board.

The efforts of the various internal and external assurance providers are coordinated to ensure coverage of agreed risk areas and to minimise duplication and eliminate gaps.

KEY AUDIT MATTERS

Key audit matters are those that, PwC, in their professional judgement, were of most significance in their audit of the consolidated financial statements of the current period:

- Estimation uncertainty involved in accounting for revenue from contracts with customers
- Recognition and recoverability of uncertified revenue balances
- Middle East accounting treatment

SIGNIFICANT AREAS OF JUDGEMENT

Further information on significant areas of judgement can be found in note 40 of the online annual financial statements.

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

In our opinion, the consolidated and separate financial statements present fairly, in all material respects the consolidated and separate financial position of the Company and its subsidiaries as at 30 June 2021 and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS and the requirements of the Companies Act. In preparation of the annual financial statements the Group and the Committee has taken into consideration the feedback included in the most recent Report Back on Proactive Monitoring of Financial Statements provided by the JSE. The Committee recommended the Group's and Company's annual financial statements to the Board for approval. It is satisfied that they comply with IFRS and that the financial statements be prepared on a going concern basis following an assessment of solvency and liquidity requirements.

On behalf of the Committee:

DC Radley
Audit & sustainability committee chair
01 September 2021

BASIS OF PREPARATION

The Group operates in the mining, energy, resources & infrastructure and power, industrial & water markets and as a result the revenue is not seasonal in nature but is influenced by the nature of the contracts that are currently in progress. Refer to the Business Platform Reviews for a more detailed report on the performance of the different operating platforms within the Group.

The summarised financial results contain the summarised consolidated financial statements derived from the Group's consolidated financial statements for the year ended 30 June 2021, which was approved by the Board of directors on 01 September 2021. The summarised consolidated financial statements are consistent in all material respects with those consolidated financial statements. These summarised consolidated financial statements comprise a consolidated statement of financial position at 30 June 2021, a consolidated statement of financial performance, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended. The complete set of consolidated financial statements was compiled under the supervision of DF Grobler CA(SA), Group financial director. The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the SAICA Financial Reporting Guides as issued by the Accounting Practises Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council.

The Group's consolidated financial statements for the year ended 30 June 2021 were audited by the auditor, PricewaterhouseCoopers Inc., on which an unmodified audit opinion was expressed on 01 September 2021.

The complete set of the consolidated financial statements together with the auditor's report is available in the online annual financial statements at www.murrob.com.

REPORT OF DIRECTORS

for the year ended 30 June 2021

NATURE OF BUSINESS

Murray & Roberts Holdings Limited is an investment holding company with interests in the mining, energy, resources & infrastructure and power, industrial & water markets.

The Company does not trade and its activities are undertaken through subsidiaries, joint arrangements and associates. Information regarding the Group's major subsidiaries and associate companies appears in Annexure 1 of the consolidated financial statements.

GROUP FINANCIAL RESULTS

Revenue from continuing operations increased to R21,9 billion (FY2020: R20,8 billion). The Group reported earnings before interest and tax from continuing operations of R540 million (FY2020: R17 million loss) and recorded an attributable loss of R180 million (FY2020: R352 million loss), representing a diluted loss per share of 45 cents (FY2020: 89 cents loss). A diluted headline loss per share of 14 cents was recorded (FY2020: 80 cents loss).

Full details of the financial position and results of the Group are set out in these consolidated and separate financial statements. The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The accounting policies have been applied consistently compared to the prior year.

GOING CONCERN AND COVID-19 IMPACT

The Group is recovering from the initial impact it experienced in FY2020 from the pandemic, and related deferrals, closures, and restrictions, with continuing operations returning to profitability in the current financial year. The Group is exposed to the natural resources, industrial, energy, water and infrastructure markets and has a strong order book in the current financial year.

The Group's international scope includes market sectors with robust fixed capital investment fundamentals.

The Energy, Resources & Infrastructure ("ERI") platform performance reflects the platform's target markets, with Australia continuing to invest in resources and infrastructure development. FY2021 saw significant awards with the order book reaching a record high. No significant COVID-19 impact was experienced in this platform in the current financial year.

The Mining platform did well with most mines returning to being fully functional in the current financial year. The Americas region experienced a prolonged period of disruption due to the pandemic, which led to high levels of commodity uncertainty and flagged investment decisions by the mining companies, but new awards are evidence of new mining investments. An increase in the demand for commodities is also being noted. The COVID-19 impact experienced in the current financial year was mainly in the Americas region where there were delays of new awards and new work being secured.

The Power, Industrial & Water ("PIW") platform continues to experience limited investment in the market and geographic region it operates in. Uncertain timing of potential project awards necessitated a further reduction of overhead costs in anticipation of lower revenue.

Bombela Concession Company Proprietary Limited ("BCC") operates the Gautrain system which is running with capacity restrictions and at all-time low ridership levels. Passenger demand is expected to remain subdued until the spread of the pandemic is curtailed. Current ridership is circa 10 500 passengers per day, compared to circa 55 000 passengers per day prior to COVID-19. The initial estimated impact of the pandemic on the Group's 50% investment in BCC was accounted for in FY2020. BCC was successful with its business interruption insurance claim, capped at R285 million (M&R share R142,5 million) and the funds upon receipt were used to reduce BCC's debt. The potential prolonged impact of the pandemic on this investment is assessed on an ongoing basis and the COVID-19 impact has been assessed by experts and management based on the best available information to date.

The Group continually monitors its financial position and liquidity structure and implements actions as and when required in order to ensure that the Group has adequate resources.

The Board is satisfied that the consolidated and separate financial statements comply with IFRS on a going concern basis following an assessment of solvency and liquidity requirements.

The directors are of the opinion that the Company and the Group have adequate resources to continue in operation for the foreseeable future based on forecasts and available cash resources and accordingly the annual financial statements have been prepared on a going concern basis.

UNCERTIFIED REVENUE

The Group's uncertified revenue increased to R1,3 billion (FY2020: R1,1 billion). The Group remains confident that revenue recognised as uncertified will be certified and paid once attendant commercial matters have been resolved.

SEGMENTAL DISCLOSURE

The Group operated under three strategic platforms in financial year 2021. An analysis of the Group's results reflects the results and financial position of each platform (refer to Annexure 3 of the online annual financial statements).

1 AUTHORISED AND ISSUED SHARE CAPITAL

Full details of the authorised and issued capital of the Company at 30 June 2021 are contained in note 11 of the online annual financial statements.

Particulars relating to the Vulindlela Trust are set out in note 12 of the online annual financial statements.

At 30 June 2021 the Vulindlela Trust held 10 624 366 (FY2020: 10 624 366) shares against the commitment of shares granted by the Vulindlela Trust totalling 5 065 382 (FY2020: 5 098 588) ordinary shares. The shares held by the Vulindlela Trust were purchased in the market and have not been issued by the Company.

The total number of ordinary shares that may be utilised for purposes of the Murray & Roberts Holdings Limited Employee Share Incentive Scheme ("Scheme") is limited to 5,0% (FY2020: 5,0%) of the total issued ordinary shares of the Company, currently 22 236 806 (FY2020: 22 236 806) ordinary shares. As no shares have been issued to date in connection with the Scheme, this limit remains unutilised.

In terms of the Forfeitable Share Plan ("FSP"), employees were allocated shares during the year by the remuneration committee totalling 10 665 135 shares (FY2020: 7 249 585). The shares held in escrow by the FSP on behalf of the beneficiaries were purchased on the market and have not been issued by the Company.

2 DIVIDEND

Every year, the Board of directors of the Company ("Board") considers an annual dividend, post year end. Dividends are subject to the Group's financial position and market conditions. Considering the Group's large and growing order book, and its impact on working capital requirements, the Board has resolved not to declare a dividend for the period under review.

3 DISCONTINUED OPERATIONS

Discontinued operations in the current year comprise the Middle East Operations, businesses included within the previous Southern Africa Infrastructure & Buildings Platform and the Genrec operations.

Infrastructure & Building Platform

In the current year, an investment in a Joint Venture (Forum SA Trading 284 Proprietary Limited), which holds an interest in an investment property in Mooikloof and falls into the previous Southern Africa Infrastructure & Buildings Platform, met the criteria to be classified as held for sale, in terms of IFRS 5: Non-current Assets Held for Sale and Discontinued Operations ("IFRS 5"). An impairment of R39 million has been recognised in the loss from discontinued operations in the current year, on classification of this investment as a non-current asset held for sale.

Middle East Operations

The Middle East Operations were classified as a discontinued operation in the 2020 financial year as a result of being abandoned, in terms of IFRS 5. Towards the end of the current financial year, the Group entered into discussions with a UAE-based investment company to dispose of its investments in Murray & Roberts Contractors (Abu Dhabi) LLC and Murray & Roberts Contractors (Middle East) LLC (part of its Middle East Operations). By 30 June 2021, the discussions had progressed to an advanced stage of negotiations and as a result thereof these companies met the criteria, in terms of IFRS 5, to be classified as a disposal group held for sale. Included in the current year loss from discontinued operations is an impairment of R96 million recognised on classification of this disposal group as held for sale, and a further R39 million foreign exchange rate loss.

4 SPECIAL RESOLUTION

During the year under review the following special resolutions were passed by shareholders:

1. Fees payable quarterly in arrears to non-executive directors
2. Financial assistance to related or inter-related companies

REPORT OF DIRECTORS *continued*

5 EVENTS AFTER THE REPORTING PERIOD

During July 2021, civil unrest and protest action occurred in many parts of South Africa. This was considered to be a non-adjusting event. There was no significant impact on results post year end.

During the current financial year, as documented in note 30.1 of the online annual financial statements, the Group's exit from the Middle East is progressing and it has entered a transaction process with a UAE-based investment company for the sale to it of the Abu Dhabi and Dubai companies. Regulatory approval is a pre-requisite for the shares to be transferred to the purchaser. The transaction is expected to be concluded by the end of September 2021. Considering the remaining project disputes in each of the two companies, the parties agreed that the consideration for sale would be a nominal amount. The post year end events as discussed above were not considered to be adjusting events and therefore the financial position and results of the Group were not deemed to be significantly affected.

The directors are not aware of any other matter or circumstance, other than noted above, arising since the end of the financial year not otherwise dealt with in the Group and Company annual financial statements which significantly affects the financial position at 30 June 2021 or the results of its operations or cash flows for the year then ended. Events that occurred after the reporting period were indicative of conditions that arose after the reporting period and did not have a material impact on the current financial year results.

6 INTEREST OF DIRECTORS

The directors of the Company held direct beneficial interests in 1 879 694 ordinary shares of the Company's issued ordinary shares (FY2020: 1 327 361). Details of the ordinary shares held per individual director are listed below and also set out in note 38 of the online annual financial statements.

BENEFICIAL	Direct	Indirect
30 June 2021		
DF Grobler	**375 456**	**2 142 065**
HJ Laas	**1 404 238**	**2 277 340**
DC Radley	**100 000**	**–**
30 June 2020		
DF Grobler	192 557	1 524 346
HJ Laas	1 034 804	2 207 387
DC Radley	100 000	–

At the date of this report, these interests remain unchanged.

7 DIRECTORS

At the date of this report, the directors of the Company were:

Independent non-executive

SP Kana (Chairman); JA Boggenpoel; R Havenstein; NB Langa-Royds; AK Maditsi; B Mawasha; DC Radley; CD Raphiri

Executive

HJ Laas (Group chief executive) and DF Grobler (Group financial director)

8 COMPANY SECRETARY

L Kok

The company secretary's business and postal addresses are:

Postal address
PO Box 1000, Bedfordview, 2008

Business address
Douglas Roberts Centre, 22 Skeen Boulevard Bedfordview, 2007

9 AUDITORS

PricewaterhouseCoopers Inc. served as external auditor for the financial year ended 30 June 2021. The designated auditor is JFM Kotzé.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2021

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2021	2020
ASSETS			
Non-current assets			
Property, plant and equipment	2	**3 548,2**	3 374,0
Goodwill	3	**1 102,2**	1 124,6
Other intangible assets	4	**400,2**	506,0
Investments in joint ventures & associates	5 & 34	**2,0**	76,4
Other investments	6	**1 435,3**	1 227,3
Deferred taxation assets	20	**609,4**	689,3
Net investment in lease		**2,9**	76,0
Receivables		**1,1**	19,9
Total non-current assets		**7 101,3**	7 093,5
Current assets			
Inventories	7	**406,6**	360,0
Amounts due from contract customers	8	**5 545,2**	6 039,1
Trade and other receivables	9	**2 054,1**	1 897,5
Net investment in lease		**66,5**	72,6
Taxation assets	33	**35,7**	20,9
Cash and cash equivalents	10	**3 697,3**	3 415,3
Total current assets		**11 805,4**	11 805,4
Assets classified as held for sale	30	**832,6**	–
Total assets		**19 739,3**	18 898,9
EQUITY AND LIABILITIES			
Stated capital	11	**2 559,5**	2 595,5
Reserves	13 & 14	**1 188,3**	1 620,5
Retained earnings		**1 212,8**	1 394,5
Equity attributable to owners of Murray & Roberts Holdings Limited		**4 960,6**	5 610,5
Non-controlling interests	15	**23,9**	8,2
Total equity		**4 984,5**	5 618,7
Non-current liabilities			
Long term loans	17	**786,2**	1 197,9
Retirement benefit obligations	18	**2,2**	13,5
Long term provisions	19	**45,2**	91,0
Deferred taxation liabilities	20	**110,4**	104,3
Payables		**95,6**	108,2
Total non-current liabilities		**1 039,6**	1 514,9
Current liabilities			
Amounts due to contract customers	8	**4 228,5**	3 543,2
Trade and other payables	22	**5 319,9**	4 273,9
Short term loans	23	**795,8**	1 213,1
Taxation liabilities	33	**126,1**	191,0
Provisions for obligations	24	**311,4**	238,8
Subcontractor liabilities	21	**729,9**	1 193,1
Bank overdrafts	10	**1 430,3**	1 111,3
Derivative financial instruments		**1,8**	0,9
Total current liabilities		**12 943,7**	11 765,3
Liabilities classified as held for sale	30	**771,5**	–
Total liabilities		**14 754,8**	13 280,2
Total equity and liabilities		**19 739,3**	18 898,9

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2021

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2021	2020
Continuing operations			
Revenue	25	**21 881,7**	20 837,7
Profit before interest, depreciation and amortisation		**1 422,8**	833,7
Depreciation		**(806,0)**	(759,0)
Amortisation of intangible assets		**(76,8)**	(91,6)
Profit/(loss) before interest and taxation	26	**540,0**	(16,9)
Interest expense	27	**(240,8)**	(301,4)
Interest income	28	**32,6**	80,3
Profit/(loss) before taxation		**331,8**	(238,0)
Taxation expense	29	**(243,2)**	(150,5)
Profit/(loss) after taxation		**88,6**	(388,5)
(Loss)/profit from equity accounted investments		**(0,6)**	1,9
Profit/(loss) for the year from continuing operations		**88,0**	(386,6)
(Loss)/profit from discontinued operations	30	**(254,5)**	15,6
Loss for the year		**(166,5)**	(371,0)
Attributable to:			
Owners of Murray & Roberts Holdings Limited		**(179,9)**	(351,6)
Non-controlling interests	15	**13,4**	(19,4)
		(166,5)	(371,0)

Basic and diluted loss per share were 46 cents (FY2020: 89 cents) and 45 cents (FY2020: 89 cents) respectively.

Continuing basic and diluted earnings per share were 19 cents (FY2020: 97 cents loss per share) and 18 cents (FY2020: 97 cents loss per share) respectively.

For further details refer to note 31 of the online annual financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2021

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2021	2020
Loss for the year		**(166,5)**	(371,0)
OTHER COMPREHENSIVE INCOME/(LOSS):			
Items that will not be reclassified subsequently to profit or loss:			
Effects of remeasurements on retirement benefit obligations	14	**6,9**	(2,7)
		6,9	(2,7)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations	13 & 15	**(436,8)**	598,5
		(436,8)	598,5
Other comprehensive (loss)/income for the year net of taxation		**(429,9)**	595,8
Total comprehensive (loss)/income		**(596,4)**	224,8
Total comprehensive (loss)/income attributable to:			
Owners of Murray & Roberts Holdings Limited		**(612,7)**	247,1
Non-controlling interests		**16,3**	(22,3)
		(596,4)	224,8

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2021

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Stated capital	Translation reserve	Other capital reserves	Retained earnings	**Attributable to owners of Murray & Roberts Holdings Limited**	Non-controlling interests	**Total equity**
Balance at 01 July 2019	2 593,7	955,5	70,6	1 973,3	**5 593,1**	34,1	**5 627,2**
Total comprehensive income/(loss) for the year	–	601,4	(2,7)	(351,6)	**247,1**	(22,3)	**224,8**
Treasury shares disposed	105,2	–	–	–	**105,2**	–	**105,2**
Treasury shares acquired	(136,5)	–	–	–	**(136,5)**	–	**(136,5)**
Utilisation of share-based payment reserve	33,1	–	(33,1)	–	**–**	–	**–**
Recognition of share-based payment	–	–	28,8	–	**28,8**	–	**28,8**
Dividends declared and paid	–	–	–	(227,2)	**(227,2)**	(3,6)	**(230,8)**
Balance at 30 June 2020	2 595,5	1 556,9	63,6	1 394,5	**5 610,5**	8,2	**5 618,7**
Total comprehensive (loss)/income for the year	–	(439,7)	6,9	(179,9)	**(612,7)**	16,3	**(596,4)**
Treasury shares disposed	20,9	–	–	–	**20,9**	–	**20,9**
Treasury shares acquired	(76,5)	–	–	–	**(76,5)**	–	**(76,5)**
Transfer from retained earnings	–	–	1,8	(1,8)	**–**	–	**–**
Utilisation of share-based payment reserve	19,6	–	(19,6)	–	**–**	–	**–**
Recognition of share-based payment	–	–	18,4	–	**18,4**	–	**18,4**
Acquisition of business	–	–	–	–	**–**	(0,6)	**(0,6)**
Balance at 30 June 2021	2 559,5	1 117,2	71,1	1 212,8	**4 960,6**	23,9	**4 984,5**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2021

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2021	2020
Cash flows from operating activities			
Receipts from customers		21 927,1	21 019,9
Payments to suppliers and employees		(19 049,5)	(21 072,4)
Cash generated by/(utilised from) operations	32	2 877,6	(52,5)
Interest received		35,4	85,4
Interest paid		(231,4)	(296,3)
Taxation paid	33	(287,5)	(272,6)
Taxation refund	33	27,7	8,6
Operating cash flow		2 421,8	(527,4)
Dividends paid to owners of Murray & Roberts Holdings Limited		–	(227,2)
Dividends paid to non-controlling interests		–	(3,6)
Net cash inflow/(outflow) from operating activities		2 421,8	(758,2)
Cash flows from investing activities			
Payment for acquisition of subsidiaries, net of cash acquired		(6,0)	(37,9)
Cash received from reclassification of joint venture to joint operation		–	86,7
Purchase of intangible assets other than goodwill	4	(35,4)	(20,9)
Purchase of property, plant and equipment	2	(1 154,0)	(654,2)
– Replacements		(45,8)	(112,7)
– Additions		(1 315,7)	(1 479,7)
– Acquisition of assets by means of a lease (non-cash)		207,5	938,2
Proceeds on disposal of intangible assets		0,3	4,6
Proceeds on disposal of property, plant and equipment		49,8	116,5
Proceeds on disposal of assets held for sale		–	20,9
Dividends received from the Bombela Concession Company	6	–	328,0
Other		1,3	0,7
Net cash outflow from investing activities		(1 144,0)	(155,6)
Cash flows from financing activities			
Net acquisition of treasury shares		(55,6)	(31,3)
– Acquisition of treasury shares		(76,5)	(136,5)
– Disposal of treasury shares		20,9	105,2
Net movement in borrowings	32	(798,3)	(685,1)
– Loans raised		614,1	698,9
– Loans repaid		(930,7)	(665,0)
– Leases repaid		(481,7)	(719,0)
Net cash outflow from financing activities		(853,9)	(716,4)
Total increase/(decrease) in net cash and cash equivalents		423,9	(1 630,2)
Net cash and cash equivalents at beginning of year		2 304,0	3 419,5
Effect of exchange rates		(436,5)	514,7
Net cash and cash equivalents at end of year^	10	2 291,4	2 304,0
^ Cash and cash equivalents balance comprises of:			
– Cash		*3 697,3*	*3 415,3*
– Reclassification to held for sale		*24,4*	*–*
– Overdraft		*(1 430,3)*	*(1 111,3)*

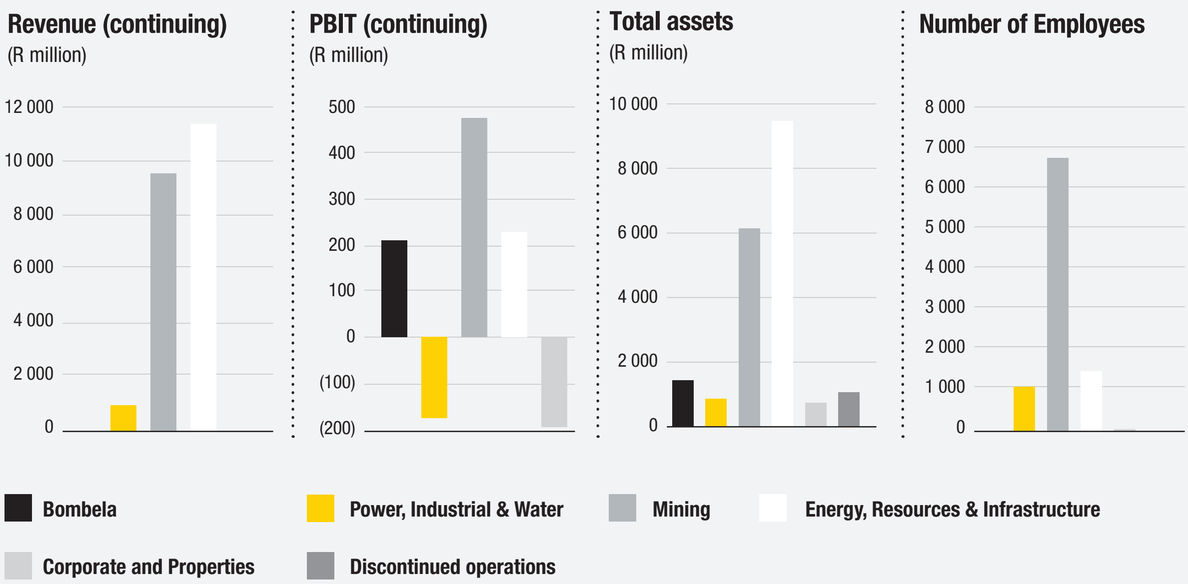
GROUP OVERVIEW | LEADERSHIP REVIEW | BUSINESS PLATFORM REVIEWS | GOVERNANCE, RISK AND REMUNERATION REPORTS | SUMMARISED FINANCIAL RESULTS | SHAREHOLDERS' INFORMATION

STATEMENT OF VALUE CREATED

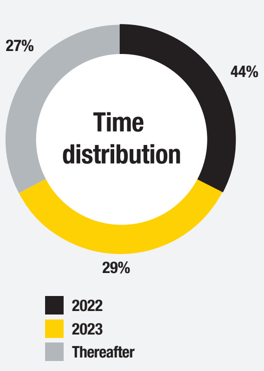
for the year ended 30 June 2021

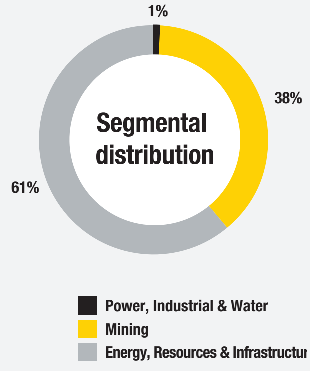
ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2021	%	2020	%
Revenue	21 881,7		20 837,7	
Less: Cost of materials, services and subcontractors	(9 885,8)		(8 294,4)	
Value created	11 995,9		12 543,3	
Distributed as follows:				
To employees				
Payroll costs	10 867,6	90,6	11 538,3	91,9
To providers of finance				
Net interest expense	208,2	1,7	221,1	1,8
To government				
Company taxation	217,2	1,8	284,9	2,3
To maintain and expand the Group				
Reserves available to ordinary shareholders	(179,9)		(351,6)	
Depreciation	806,0		759,0	
Amortisation	76,8		91,6	
	702,9	5,9	499,0	4,0
	11 995,9	100,0	12 543,3	100,0
Number of people[1]	9 393		9 049	
State and local taxes charged to the Group or collected on behalf of governments by the Group				
Company taxation	217,2		284,9	
Indirect taxation	937,0		992,5	
Employees' tax	1 378,0		1 298,9	
	2 532,2		2 576,3	

1 *People includes direct joint arrangement hires and third party contractors of 1 025 (FY2020: 2 170).*

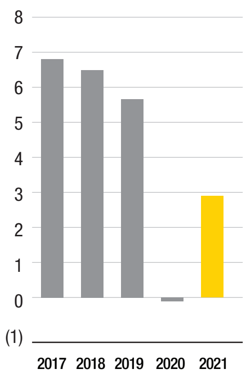


ORDER BOOK



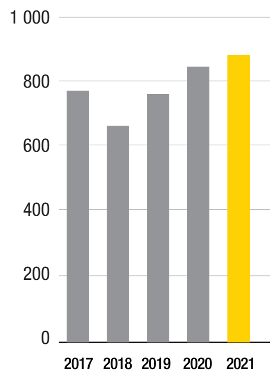


Return on average Total assets (%)



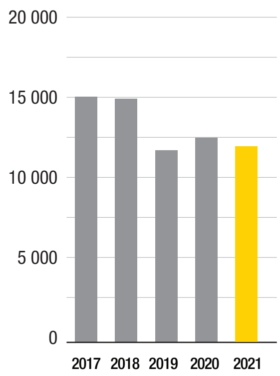
Productiviry of assets

(Assets per 1 000 turnover)



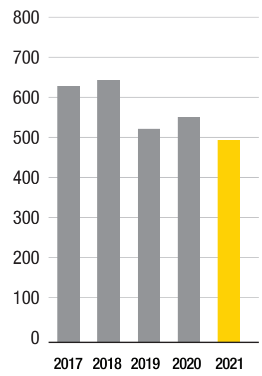
Creation of value

(R million)

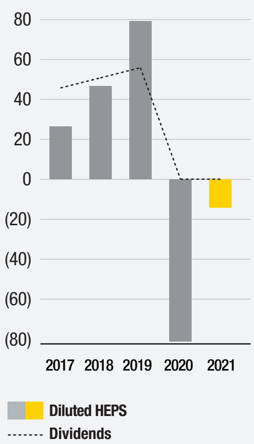


People productivity

(Value ratio)

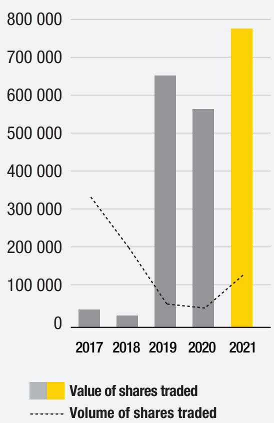


Diluted HEPS and Dividends per share (Cents)



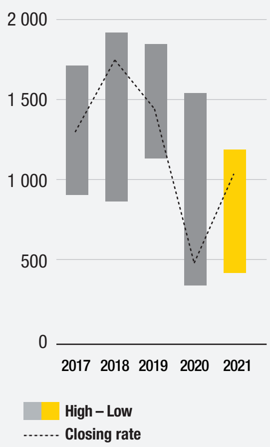
Value of shares traded

(R'000)



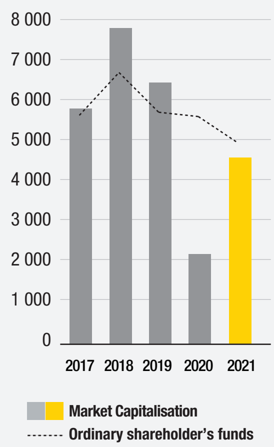
Share price movement

(Cents)



Market capitalisation

(R million)



TEN-YEAR FINANCIAL REVIEW

30 June 2021

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
SUMMARISED STATEMENTS OF FINANCIAL PERFORMANCE										
Revenue	**21 882**	20 838	20 113	21 379	20 789	24 445	23 073	28 680	27 496	23 750
Profit/(loss) before interest and taxation	**540**	(17)	847	898	1 055	1 343	1 036	1 397	2 054	(68)
Net interest expense	**(208)**	(221)	(56)	(42)	(36)	(62)	(61)	(53)	(119)	(252)
Profit/(loss) before taxation	**332**	(238)	791	856	1 019	1 281	975	1 344	1 935	(320)
Taxation expense	**(243)**	(151)	(297)	(298)	(167)	(295)	(187)	(483)	(619)	(174)
Profit/(loss) after taxation	**89**	(389)	494	558	852	986	788	861	1 316	(494)
(Loss)/profit from equity accounted investments	**(1)**	2	(4)	21	7	18	3	1	164	144
(Loss)/profit from discontinued operations	**(255)**	16	(144)	(311)	(821)	(214)	103	538	(10)	(242)
Non-controlling interests	**(13)**	19	(9)	(1)	10	(37)	(13)	(139)	(466)	(144)
(Loss)/profit attributable to owners of Murray & Roberts Holdings Limited	**(180)**	(352)	337	267	48	753	881	1 261	1 004	(736)
SUMMARISED STATEMENTS OF FINANCIAL POSITION										
Non-current assets	**5 390**	5 280	4 338	4 252	3 857	4 849	6 411	6 410	6 017	7 323
Current assets	**12 638**	11 805	10 672	9 033	9 154	11 870	11 160	12 488	17 365	14 042
Goodwill	**1 102**	1 125	958	616	607	642	636	486	488	437
Deferred taxation assets	**609**	689	422	385	585	604	596	427	657	634
Total assets	**19 739**	18 899	16 390	14 286	14 203	17 965	18 803	19 811	24 527	22 436
Equity attributable to owners of Murray & Roberts Holdings Limited	**4 961**	5 611	5 717	6 696	6 541	7 201	6 498	5 905	7 041	5 887
Non-controlling interests	**24**	8	34	48	64	63	25	27	1 657	1 215
Total equity	**4 985**	5 619	5 751	6 744	6 605	7 264	6 523	5 932	8 698	7 102
Non-current liabilities	**1 040**	1 515	1 423	505	665	1 117	2 526	1 908	1 958	1 596
Current liabilities	**13 714**	11 765	9 216	7 037	6 933	9 584	9 754	11 971	13 871	13 738
Total equity and liabilities	**19 739**	18 899	16 390	14 286	14 203	17 965	18 803	19 811	24 527	22 436

RATIOS AND STATISTICS

30 June 2021

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
EARNINGS										
(Loss)/earnings per share (cents)										
– Basic	**(46)**	(89)	85	67	12	189	218	310	247	(214)
– Diluted	**(45)**	(89)	83	66	12	182	213	305	245	(214)
Headline (loss)/earnings per share (cents)										
– Basic	**(14)**	(80)	80	47	27	158	212	221	188	(246)
– Diluted	**(14)**	(80)	78	46	26	153	207	217	186	(246)
Dividends per share (cents)	**–**	–	55	50	45	45	50	50	–	–
Dividend cover[1]	**–**	–	1,4	0,9	0,6	3,4	4,1	4,3	–	–
Interest cover	**2,2**	(0,1)	6,7	8,7	10,1	11,5	8,4	7,4	9,2	(0,2)
PROFITABILITY										
PBIT on revenue (%)	**2,5**	(0,1)	4,2	4,2	5,1	5,5	4,5	4,9	7,5	(0,3)
PBIT on average total assets (%)	**2,8**	(0,1)	5,5	6,3	6,6	7,3	5,4	6,3	8,7	(0,3)
Attributable (loss)/profit on average ordinary shareholders' funds (%)	**(3,4)**	(6,2)	5,4	4,0	0,7	11,0	14,2	19,5	15,5	17,1
PRODUCTIVITY										
Per R1 000 of revenue:										
Payroll cost (Rands)	**497**	554	525	645	630	535	591	470	448	476
Total average assets (Rands)	**883**	847	763	666	774	752	837	773	854	884
Value created (Rm)[2]	**12 033**	12 575	11 800	14 993	15 098	16 246	17 352	17 773	17 660	15 237
Value ratio[2]	**1,10**	1,09	1,11	1,07	1,05	1,11	1,13	1,16	1,20	1,05
FINANCE										
As a percentage of total equity										
Total interest bearing debt	**60**	63	29	7	9	14	23	42	23	31
Total liabilities	**296**	236	185	112	115	147	188	234	182	216
Current assets to current liabilities	**0,92**	1,00	1,16	1,28	1,32	1,24	1,14	1,04	1,25	1,02
Operating cash flow (Rm)	**2 422**	(527)	1 311	713	795	762	586	931	1 653	(2 318)
Operating cash flow per share (cents)	**544,5**	(118,6)	294,8	160,3	178,8	171,4	132	209	372	(521)
OTHER										
Weighted average ordinary shares in issue (millions)	**444,7**	444,7	444,7	444,7	444,7	444,7	444,7	444,7	444,7	382,7
Weighted average number of treasury shares (millions)	**51,1**	47,5	47,3	46,6	47,1	46,1	41,4	38,3	37,9	39,2
Number of employees – 30 June[2]	**9 393**	9 049	9 650	10 649	20 642	33 893	29 581	25 498	33 281	44 710

DEFINITIONS

Dividend cover	Diluted headline (loss)/earnings per share divided by dividend per share
PBIT	Profit/(loss) before interest and taxation
Interest cover	PBIT divided by interest expense
Value ratio	Value created as a multiple of payroll cost
Average	Arithmetic average between consecutive year ends

1 Based on total HEPS.

2 Includes continuing and discontinued operations.

SEGMENTAL ANALYSIS

30 June 2021

ALL AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Group 2021	Group 2020	Discontinued operations excluded from ongoing operations[1] 2021	Discontinued operations excluded from ongoing operations[1] 2020
SUMMARISED STATEMENT OF FINANCIAL PERFORMANCE				
Revenue	**21 882**	20 838	**35**	182
Profit/(loss) before interest and taxation	**540**	(17)	**(256)**	19
Net interest (expense)/income	**(208)**	(221)	**1**	4
Profit/(loss) before taxation	**332**	(238)	**(255)**	23
Taxation (expense)/credit	**(243)**	(151)	**–**	(7)
Profit/(loss) after taxation	**89**	(389)	**(255)**	16
(Loss)/profit from equity accounted investments	**(1)**	2	**–**	–
(Loss)/profit from discontinued operations	**(255)**	16	**–**	–
Non-controlling interests	**(13)**	19	**1**	16
(Loss)/profit attributable to holders of Murray & Roberts Holdings Limited	**(180)**	(352)	**(254)**	32
SUMMARISED STATEMENT OF FINANCIAL POSITION				
Non-current assets	**5 999**	5 969	**–**	–
Current assets[2]	**12 638**	11 805	**1 110**	1 571
Goodwill	**1 102**	1 125	**–**	–
Total assets	**19 739**	18 899	**1 110**	1 571
Ordinary shareholders' equity	**4 961**	5 611	**26**	78
Non-controlling interests	**24**	8	**–**	2
Total equity	**4 985**	5 619	**26**	80
Non-current liabilities	**1 039**	1 515	**5**	6
Current liabilities[2]	**13 715**	11 765	**1 079**	1 485
Total equity and liabilities	**19 739**	18 899	**1 110**	1 571
SUMMARISED STATEMENT OF CASH FLOWS				
Cash generated from/(utilised by) operations	**2 878**	(53)	**(258)**	(57)
Interest and taxation	**(456)**	(474)	**(66)**	(69)
Operating cash flow[3]	**2 422**	(527)	**(324)**	(126)

1 Mainly includes the Southern African Infrastructure & Building businesses, Genrec Engineering, Middle East and Gautrain.

2 Includes assets and liabilities classified as held for sale.

3 Includes inter-segmental transactions.

Bombela		Power, Industrial & Water		Mining		Energy, Resources & Infrastructure		Corporate and Properties	
2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
–	–	**978**	1 987	**9 536**	11 972	**11 365**	6 876	**3**	3
209	119	**(175)**	(44)	**473**	630	**227**	(454)	**(194)**	(268)
(26)	(34)	**(10)**	–	**(68)**	(94)	**(8)**	(12)	**(96)**	(81)
183	85	**(185)**	(44)	**405**	536	**219**	(466)	**(290)**	(349)
–	–	**4**	(3)	**(203)**	(246)	**(27)**	88	**(17)**	10
183	85	**(181)**	(47)	**202**	290	**192**	(378)	**(307)**	(339)
(1)	–	**–**	–	**–**	–	**–**	–	**–**	2
–	–	**–**	–	**–**	–	**–**	–	**–**	–
(4)	–	**–**	(4)	**(9)**	5	**–**	2	**–**	–
178	85	**(181)**	(51)	**193**	295	**192**	(376)	**(307)**	(337)
1 436	1 225	**70**	98	**2 133**	2 843	**1 879**	1 224	**481**	579
–	–	**742**	837	**3 663**	4 203	**7 057**	5 064	**66**	130
–	–	**52**	52	**354**	359	**696**	714	**–**	–
1 436	1 225	**864**	987	**6 150**	7 405	**9 632**	7 002	**547**	709
1 172	967	**216**	207	**3 183**	3 546	**1 561**	1 867	**(1 197)**	(1 054)
–	–	**37**	34	**14**	3	**(27)**	(31)	**–**	–
1 172	967	**253**	241	**3 197**	3 549	**1 534**	1 836	**(1 197)**	(1 054)
240	240	**17**	59	**583**	774	**70**	266	**124**	170
24	18	**594**	687	**2 370**	3 082	**8 028**	4 900	**1 620**	1 593
1 436	1 225	**864**	987	**6 150**	7 405	**9 632**	7 002	**547**	709
(4)	(2)	**(302)**	(463)	**1 083**	810	**2 209**	68	**150**	(409)
(17)	(27)	**4**	34	**(257)**	(314)	**10**	169	**(130)**	(267)
(21)	(29)	**(298)**	(429)	**826**	496	**2 219**	237	**20**	(676)

06

Shareholders' information

Venetia

ANALYSIS OF SHAREHOLDERS

FOR THE YEAR ENDED 30 JUNE 2021

Shareholder spread	Number of holders	% of total shareholders	Number of shares	% of issued capital
1—1,000 shares	6 165	74.38	**1 005 052**	0.23
1,001—10,000 shares	1 594	19.23	**5 625 490**	1.26
10,001—100,000 shares	429	5.18	**13 257 041**	2.98
100,001—1,000,000 shares	80	0.97	**26 234 282**	5.90
1,000,001 shares and above	21	0.24	**398 614 253**	89.63
Total	8 289	100.00	**444 736 118**	100.00
Category				
Unit Trusts / Mutual Funds	46	0.55	**58 273 410**	13.10
Pension Funds	44	0.53	**97 037 086**	21.82
Corporate holding	1	0.01	**120 102**	0.03
Private Investor	131	1.58	**213 956 748**	48.11
Insurance Companies	9	0.11	**3 081 134**	0.69
Custodians	10	0.12	**2 843 059**	0.64
Trading Position	10	0.12	**5 329 740**	1.20
Unclassified	6	0.07	**21 260 618**	4.78
Medical Aid Scheme	3	0.04	**162 112**	0.04
Black Economic Empowerment	3	0.04	**31 696 039**	7.13
Charity	1	0.01	**52 626**	0.01
Foreign Government	1	0.01	**530 242**	0.12
ESG	1	0.01	**47 980**	0.01
Exchange-Traded Fund	1	0.01	**471 144**	0.11
Hedge Fund	1	0.01	**873 438**	0.20
University	2	0.02	**67 934**	0.02
Other	8 019	96.76	**8 932 706**	1.99
Total	8 289	100.00	**444 736 118**	100.00

MAJOR SHAREHOLDERS HOLDING 5% OR MORE OF THE COMPANY'S ORDINARY SHARES	Number of shares	% of issued capital
ATON	**194 855 660**	43.81
Government Employees Pension Fund	**83 719 133**	18.82

FUND MANAGERS HOLDING 5% OR MORE OF THE COMPANY'S ORDINARY SHARES	Number of shares	% of issued capital
ATON	**194 855 660**	43.81
Public Investment Corporation	**85 768 344**	19.29
Ninety One SA	**38 638 667**	8.69

SHAREHOLDER SPREAD	Number of shareholders	% of shareholders	Number of shares	% of issued capital
Non-public*	14	0.17	**334 205 284**	75.15
Public	8 275	99.83	**110 530 834**	24.85
Total	8 289	100.00	**444 736 118**	100.00
Domestic			**209 545 213**	47.12
International			**235 190 905**	52.88
			444 736 118	100.00

* *Includes directors, employees and associates.*

SHAREHOLDERS' DIARY

Financial year-end	END-JUNE
Publication of annual integrated report	END-SEPTEMBER
Annual general meeting	DECEMBER
Publication of FY2022 half year results	MARCH 2022
Publication of FY2022 full year results	AUGUST 2022

For a comprehensive Shareholders' Diary, please visit the Investor's portal on www.murrob.com.

ADMINISTRATION AND CORPORATE OFFICE

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JSE Share Code: MUR
ISIN: ZAE000073441

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GLOSSARY OF TERMS

AI	Artificial Intelligence
AGM	Annual General Meeting
APAC	Asia-Pacific
ATON	ATON GmbH
BBBEE	Broad-based Black Economic Empowerment
BCC	Bombela Concessions Company
BCJV	Bombela Civils Joint Venture
BESS	Battery Energy Storage System
Board	The Board of Murray & Roberts Holdings Limited
BOC	Bombela Operating Company
Bpd	Barrel per Day
Brownfield	Existing, developed infrastructure on which expansion or redevelopment occurs
CEO	Chief executive officer
CFO	Chief financial officer
CAGR	Compound Annual Growth Rate
CAPEX	Capital Expenditure
Company	Murray & Roberts Holdings Limited
CPSP	Clough Phantom Share Plan
CSI	Corporate social investment
CSR	Corporate social responsibility
CRM	Critical Risk Management
Companies Act	Act 71 of 2008 (as amended)
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EE	Employment Equity
EMEA	Europe, Middle East & Africa
EPC	Engineering, Procurement and Construction
EPCM	Engineering, Procurement, Construction and Management
EPS	Earnings Per Share
ERI	Energy, Resources & Infrastructure
ESG	Environmental, Social and Governance
FCF	Free Cash Flow
FID	Final Investment Decision
FSP	Forfeitable Share Plan
FY2020	For the year ended 30 June 2020
FY2021	For the year ended 30 June 2021
GCR Mongolia	Joint venture between Clough, RUC Cementation Mining and Gobi Infrastructure Partners
Greenfield	New, undeveloped property where there is no need to work within the constraints of existing buildings or infrastructure
GRI	Global Reporting Initiative
Group	Murray & Roberts Holdings and its subsidiaries
HEPS	Headline Earnings per Share
HDSA	Historically Disadvantaged South Africans
HPH	High Potential Hazard
HPI	High Potential Incident
HSE	Health, Safety and Environment
IAS	Investment Analysts Society
IFRS	International Financial Reporting Standards
Independent Board	Independent Board constituted to respond to the offer by ATON
IIRC	International Integrated Reporting Council
IPP	Independent Power Producers
IRBA	Independent Regulatory Board for Auditors
JSE Limited	Johannesburg Stock Exchange
JV	Joint Venture
King IV	King IV Report on Corporate Governance™ for South Africa, 2016
KPI	Key Performance Indicator
KPA	Key Performance Area
LNG	Liquefied Natural Gas
LTI	Long-term incentives
LTI	Lost-time injury
LTIFR	Lost Time Injury Frequency Rate
LTCSIP	Long-Term Cash Settled Incentive Plan
Km	Kilometre
kV	kilovolt
m	metres
MAP/CRM	Major Incident Prevention/Critical Risk Management
M&A	Mergers & Acquisitions
MRPE	Murray & Roberts Power & Energy
MRW	Murray & Roberts Water
Mtpa	Million Metric Tonnes Per Annum
MW	Megawatt
Near Orders	Tenders where the Group is the preferred bidder and final award is subject to financial/commercial close
NPI	Non-process Infrastructure
OEM	Original Equipment Manufacturers
OHP	Ore Handling Plant
OMS	Opportunity Management System
O&M	Operations & Maintenance
Order Book	Confirmed and signed project orders
Order Book Pipeline	Tenders, budgets, feasibilities and prequalifications the Group is currently working on (excluding Near Orders). It also includes opportunities which are being tracked and are expected to come to the market in the next 36 months
PIW	Power, Industrial and Water
PV	Photovoltaic
PNG	Papua New Guinea
PPE	Property, Plant and Equipment
PPP	Public Private Partnership
RAP	Reconciliation Action Plan
REIPPP	Renewable Energy Independent Power Producer Procurement
RMIPP	Risk Mitigation Independent Power Producer
RMPP	Risk Mitigation Power Purchase
ROE	Return on Equity
ROICE	Return on Invested Capital Employed
RONA	Return on Net Assets
SADC	Southern African Development Community
SDG	Sustainable Development Goals
Share Option Scheme	Murray & Roberts Holdings Limited Employee Share Incentive Scheme
SME	Small to medium enterprises
SMPEI	Structural, Mechanical, Piping, Electrical, Instrumentation
STI	Short-term incentives
TBM	Tunnel Boring Machine
TCFD	Task Force on Climate-related Financial Disclosures
TFCE	Total Fixed Cost of Employment
TJ/day	Terajoule per day
TNT	Terra Nova Technologies
TRCR	Total Recordable Case Rate
TRIR	Total Recordable Incident Rate
TSR	Total Shareholder Return
VFL	Visible Felt Leadership
Vulindlela	Letsema Vulindlela Black Executives Trust
WACC	Weighted Average Cost of Capital

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DISCLAIMER

This report includes certain various “forward-looking statements” within the meaning of Section 27A of the US Securities Act 10 1933 and Section 21 E of the Securities Exchange Act of 1934 that reflect the current views or expectations of the Board with respect to future events and financial and operational performance. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements, including, without limitation, those concerning the Group’s strategy; the economic outlook for the industry; and the Group’s liquidity and capital resources and expenditure.

These forward-looking statements speak only as of the date of this report and are not based on historical facts, but rather reflect the Group’s current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as “believe”, “expect”, “anticipate”, “intend”, “should”, “planned”, “may”, “potential” or similar words and phrases. The Group undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this report or to reflect the occurrence of any unexpected events.

Neither the content of the Group’s website, nor any website accessible by hyperlinks on the Group’s website is incorporated in, or forms part of, this report.

Engineered Excellence is an operating philosophy of planning in detail for the outcomes we want to achieve. To embrace ***Engineered Excellence,*** we must apply rigour and discipline in everything we do and remove chance from the objectives we pursue.

Cover image

MURRAY & ROBERTS CEMENTATION

De Beers Venetia Mine, Limpopo Province, South Africa