

03

BUSINESS PLATFORM REVIEWS

Murray & Roberts Cementation, De Beers Venetia Underground Project, Limpopo, South Africa



ENERGY, RESOURCES & INFRASTRUCTURE

“Towards the end of 2019, the platform started seeing the benefits of a revised strategy to shift the business into a new phase of growth. In the year, this strategic shift delivered the strongest order book and near orders in our history.”



PETER BENNETT
Platform CEO

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 business in the industries it serves.

The platform provides its services in three main geographic regions; Australia – Asia Pacific, North America and Europe, Middle East and Africa. The platform is headquartered in Perth, Australia, and trades under the Clough brand.



Overview

Revenue advanced to R17,3 billion (FY2021: R11,4 billion), with operating profit growing to R406 million (FY2021: R227 million). We were successful in maintaining our strong order book at R37,3 billion (FY2021: R37,0 billion), and reported record near orders of R43,6 billion. This reflects our thriving target markets, particularly Australia, which continues to invest heavily in resources and infrastructure development.

The platform continued to grow its capabilities in transport infrastructure, emerging energies and power generation, transmission and storage. We secured a diverse portfolio of projects in APAC, ranging from asset services in Australia and PNG, to preferred contractor status to develop the Gowrie to Kagaru section of the Inland Rail project and the Perdaman urea plant.

In North America, to complement our business in the Gulf Coast region, we acquired JJ White Inc., a construction company based in Philadelphia. It specialises in industrial maintenance and related construction services across a full range of mechanical and electrical disciplines. This was another milestone in the execution of our strategic plan, set in 2017, to secure a permanent and diversified offering in the United States.

The lingering impacts of a record oil price crash and the global pandemic, added to recent geopolitical issues, affected our clients, partners and supply chains, and stifled project investments across North America. We were unable to secure sufficient projects to maintain revenues at current levels, with most awards being FEED developments. Although the market is recovering, with investments returning to the oil and gas sector, the pipeline of new work will not support meaningful revenue from the Gulf Coast business in the next 18 to 24 months. However, JJ White has a solid order book, and will generate good returns while the Gulf Coast market recovers.

In EMEA, through Booth Welsh, the platform endured the tail-end impacts of Brexit and COVID-19. It is pleasing to note that this business has secured a strong order book and our efforts in the waste-to-energy sector are gaining momentum in Western Europe.

Despite pandemic disruptions, the platform continues to demonstrate its ability to deliver high-risk projects without injuries. Our LTIFFR of 0.32 (FY2021: 0.16) was significantly better than the contracting Australian industry average. Our TRCR was 2.54 (FY2021: 3.07) due to safety challenges on a major project. The platform won the award for the best safety performance at platform level in the annual Group CE Safety Recognition Awards, for the third year in a row.

Opportunity

COVID-19, resulting low oil prices and a strong societal push towards a sustainable future have accelerated the global transition to cleaner energy. Industry has a major part to play in achieving global sustainability goals; from asset design, choice of materials and manufacturing methods, to asset construction, usage and decommissioning. Asset operators are also making net-zero emissions and energy transition commitments to align with sustainability expectations from clients, shareholders, funders and society at large.

As public and private institutions come to terms with the urgency, cost and benefits of the global energy transition, the reality is it can only be fully realised over the long term as evident with the recent spike in fossil fuel prices. A combination of renewable energy, energy storage and traditional generation energy sources are required in the interim.

The platform delivers critical projects in energy, resources and enabling infrastructure industries, which will support this transition from fossil fuels to renewable and cleaner sources of energy. Apart from supporting clients with their energy transition and net-zero expectations, we are able to support them in reconciling their ESG commitments with their profit expectations.

The resources market is expected to gain momentum in the near term, in step with the uptake of new and low emissions technologies. Australia's exports of commodities central to these technologies — lithium, nickel, and copper — continue to surge. Revenue from these commodities is expected to exceed current thermal coal revenue in the medium term, and the platform is well positioned to benefit from these developments.

The world after the pandemic will be characterised by accelerated technological advances and increased focus on energy transition, waste reduction and employee wellbeing. Shareholders, investors, lending institutions, clients, employees, partners and the wider community have a louder voice for global and collective action on social responsibility, diversity and inclusion, sustainability and the role of business in society. The platform shares this sense of urgency and has a deliberate ESG intention and programme to respond to these market drivers and expectations.

Strategy

Our strategy is 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. While our core capabilities remain unchanged, our services will be increasingly differentiated by our ESG commitment and by harnessing digital and analytics capabilities for improved safety and efficiency.

The corporate function supports the platform's growing needs and ensures that our regional businesses have the right governance systems, priorities and resources to deliver project excellence. Our strategic objectives aim to grow and entrench our competitive edge and ensure our projects are delivered profitably and sustainably.

The platform has identified six priorities:

- Maintain core capability with selective approach to project selection;
- Target growth markets to support energy transition, asset services and complex transport;
- Diversify revenue streams to reduce the impact of the cyclical nature of end markets;
- Excellence in project delivery to ensure safe, sustainable and profitable projects;
- Accelerate innovation to improve service and decision making; and
- Leadership in ESG for our employees, communities and environment.

In APAC, growth will be achieved by delivering our capability in key growth markets: power, power storage and transmission, complex critical infrastructure and renewable energies.

In North America, growth will be achieved initially through developing capability that targets power, power storage and transmission and renewable energies. We anticipate expanding into infrastructure in the longer term.

In EMEA, Booth Welsh will maintain its customer focus as the business delivers engineering, automation and project services.

Contractor of choice

Engineered Excellence

In line with the Group's leadership philosophy of *Engineered Excellence*, we plan and strive for excellence in everything that we do. This approach encompasses all aspects of project delivery, including commercial and health, safety and environmental management, governance, alignment with joint-venture partners and successful localisation.

The platform applies advanced technology, and our extensive engineering and construction experience, to deliver safe, sustainable, and profitable projects across a full suite of engineering services across the project life cycle, from concept and feasibility studies through to design, delivery, and long-term production operations and optimisation.

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 and provides opportunities for competitive advantage, growth and value creation.

The platform's digitalisation journey is focused on creating an adaptive company that uses innovation to provide engineering and construction solutions that benefit our clients, our business and the community; and to enable the consistent delivery of excellent and profitable projects.

We are currently focused on business transformation powered by technology and accelerated innovation. This spans a range of focus areas, including people and culture, change management, business transformation frameworks, data management, digital first approach and integrated systems of tools and processes.



Zero Harm

The evolution of our safety practices has improved outcomes across the platform. We continue to develop a workplace that is injury free through effective safety leadership, personal accountability and developing our employees.

During FY2022, the platform sustained an industry leading safety performance with eight projects currently in execution with zero LTIs and zero recordable cases. This was achieved while mobilising new projects in all our operating regions, managing COVID-19 health impacts across many jurisdictions and integrating a newly acquired business. We were able to accomplish this by adapting safety programmes, providing training through remote media technology, and maintaining leadership engagement to build a strong safety culture on our projects.

In response to COVID-19 limitations on travel and contact in our regional offices and on project sites, we accelerated the digitalisation of our HSE systems and leadership training. HSE data is now captured directly to support improved business reporting and analytics. Site supervisors can monitor and track safety performance and identify trends in behaviours and promptly intervene before incidents occur. We continue to develop HSE risk-based analytics, aimed at providing predictive measures of HSE performance.

The platform has also focused on 'safety in design', aimed at identifying critical risks early in the project and working with project designers and subject matter experts to eliminate or mitigate the risks. For example, on the Snowy 2.0 mega project, a key risk was the volume of heavy vehicle movements on public roads. Workshops to identify mitigation strategies were held and have been successfully applied, reducing the volume of movements by 65%.

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.

With our record order book requiring a substantial increase in our workforce in the coming 18 months, we reflected on our employee value proposition. This included a review of our reward and recognition initiatives. We also recognise that the current skills shortage will require a higher investment in people.

The platform has developed a structured succession plan for key leadership roles, supported by external coaching and mentoring sessions. In addition, several mentoring programmes were introduced, across different levels of seniority and functions, to support professional growth. Subsequent to year end, Brent Maas succeeded Richard Simons, who pursued a new role as a chief financial officer of a listed company in Australia.

The EXECconnect programme is a mentoring programme that pairs members of the executive committee with three employees for a six-month period. Since 2019, this programme has provided mentorship to more than 80 employees from various offices and project sites. In 2021, the platform also launched the Mentoring @ Clough programme with two groups currently enrolled, totalling over 120 employees.

We created the Pioneering Spirit Awards to recognise employees demonstrating exemplary work and commitment to our principles and the future of the platform. Launched in January 2022, we received over 120 nominations. Winners and finalists receive a monetary reward and public acknowledgement.

Diversity, equity and inclusion

Over the past 103 years, Clough has earned a reputation for being an employer of choice which we attribute to the strong culture within our business. We are proud to make a positive impact and enrich the lives of the communities in which we work.

Our approach to diversity and inclusion is promoted through improvements to our Diversity and Inclusion Policy, our gender-neutral parental leave guidelines, a revamped rewards and recognition programme, scholarships, intern and graduate programmes, Veteran's Employment Commitment, active participation with the CEO for Gender Equity and Champions for Change coalition, and a welcoming workplace for members of the LGBTQI+ community. Through these initiatives, the platform creates an environment where people can bring their 'true self' to work and achieve their full potential.

This year, Clough was granted a second Employer of Choice for Gender Equality citation by the Workplace Gender Equality Agency, a recognition that only a few organisations in the engineering and construction industry hold in Australia. This year, the platform was also recognised as an Endorsed Employer for all women by WORK180, an organisation that sets, reviews and drives global standards that deliver great workplaces for women.

Our focus on gender and cultural inclusiveness is critical to our commitment to be an employer of choice in the industry and significantly strengthens our employee value proposition.



Stakeholder trust

Localisation

We regularly review our procurement and supply chain practices to ensure diversity and local participation. The platform assists small and Indigenous-owned businesses by removing pre-qualification requirements for subcontractor work and materials supply.

We continue to close the gap between Indigenous and non-Indigenous communities through our Innovate Reconciliation Action Plan. We revised our supplier applications to identify and validate applications from Aboriginal and Torres Strait Islander businesses and more of our project teams and corporate offices are now supporting small and Indigenous businesses, with spend doubling in the year.

We are currently working with 22 Aboriginal businesses and plan to increase this. We have participated in and sponsored business forums in Perth and Brisbane, in addition to organising our own 'Meet the Buyer' event in Perth, where small businesses and Indigenous-owned businesses were introduced to decision makers and the process of becoming suppliers.

Ethical business practices

Senior management and key employees receive regular training on ethical business practices. Managers and employees who are preparing tenders, 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, and independent forensic consultants thoroughly investigate all cases reported and findings are actioned.

Stakeholder engagement

The platform collaborates with governments, industry bodies, non-profit organisations, suppliers, and several other businesses partners. Collaboration and engagement with stakeholder groups assist the platform to share best practice, achieve specific objectives, set goals and to build trust.

The platform launched a forum for students in year 11 and 12 with an interest in engineering, inviting them to experience a day in the life of an engineer and gain insight to the world of engineering. Through this forum, three scholarships were granted to students starting their careers in engineering.

Through the Clough Foundation, the platform has supported Indigenous education through apprenticeships and trainee programmes on project sites.

Prospects

The success of the platform's diversification strategy is reflected in a robust, high-quality order book and project pipeline, including complex and iconic projects in the infrastructure, resources and energy industries across the regions in which we operate.

We will continue diversifying our revenue streams to reduce the impact of cyclical project flows, accelerate innovation to improve our service and decision making, and pursue excellence in execution to deliver safe, sustainable and profitable projects.

The platform's order book and market prospects support our expectation of robust earnings growth over the next three years. Leadership is acutely aware of the working capital requirements associated with rapid growth and will remain focused on commercial astuteness and cash management.



Project delivery

Snowy Hydro: Snowy 2.0

Australia

The platform, as part of the Future Generation Joint Venture with WeBuild and Lane, is responsible for delivering the civil and electro-mechanical work for the Snowy 2.0 Project; this will link two existing Snowy Scheme dams and an underground power station with pumping capabilities through underground tunnels with depths up to one kilometre.

Snowy 2.0 will add 2 000MW of energy generation and provide 175 hours of energy storage for the national electricity market, enough to ensure the stability and reliability of the system during prolonged weather events, such as wind or solar droughts.

All three tunnel boring machines are now in operation, reaching an important milestone for the project.

- TBM Florence is 143m long and is a dual-mode Herrenknecht TBM with a cutterhead that is 11m in diameter. Its 15.4km journey commenced as it started tunnelling at Tantangara, one of the two reservoirs that will be part of the project's pumped-storage scheme in the Snowy Mountains in southern New South Wales.
- TBM Lady Eileen Hudson has already excavated over 2.3kms of the main access tunnel with its hard-rock, single-shield cutterhead. It is close to reaching the location where a huge cavern will be excavated for the power station, with six reversible Francis pump-turbines capable of generating 2 000MW of power.
- TBM Kirsten is well underway excavating the emergency, cable and ventilation tunnel. TBM Kirsten is the most innovative of the three TBMs, as it will be able to excavate at a 25 degree step incline uphill, a world first. After working on an incline to reach the future cavern destination, the hard-rock single-shield TBM will then go on an incline to bore the inclined pressure shaft.

Rio Tinto: Oyu Tolgoi

Mongolia

Clough, part of the GCR joint venture in Mongolia, has been executing three different contracts since March 2017 at the Oyu Tolgoi Mine, one of the world's largest known copper and gold deposits located in the South Gobi Desert in Mongolia.

The project scope includes the design, construction and commissioning of Shafts 3 and 4, as well as the underground materials handling system that includes civil, structural, architectural, mechanical, piping, electrical, instrumentation, control and communication works.

The project reached 8 million LTI-free workhours at the beginning of 2022, an outstanding achievement considering the remote location and the technical challenges of the project, along with the surface and underground conditions.

Next Wave Energy Partners: Project Traveler

Texas

The project is located near Houston in Texas, USA. This is a some 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.

Project Traveler recently achieved two million LTI-free workhours and is exceeding all expectations with performance metrics such as 98% weld acceptance rates.

Project delivery *continued*

Transgrid: Project EnergyConnect

Australia

ElectraNet and TransGrid are partnering to deliver an energy interconnector between the power grids of South Australia and New South Wales, with an added connection to Victoria.

Clough, in 50/50 joint venture with Spanish company Elecnor, is undertaking this high-voltage transmission line project and was awarded an additional scope of work for the EnergyConnect project during the year.

The project has set sustainability targets under a rating agreement with the Infrastructure Sustainability Council, the peak body for infrastructure sustainability in Australia and New Zealand.

Energy Australia: Tallawarra Gas Plant Stage B

Australia

The Tallawarra Gas Plant Stage B is a 300MW expansion of the existing Tallawarra A power station in New South Wales.

The platform, in consortium with General Electric, is currently delivering 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.

The project is progressing well with the arrival of the 370 tonne GE turbine to site.

Australia Department of Defence: Lombrum Naval Base

Papua New Guinea

The platform is progressing with the redevelopment of the Lombrum Naval Base in Papua New Guinea.

The scope of the Lombrum 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 and support of, as well as maintenance and repair services for, the Lombrum Naval Base, located in Manus Province.

The project is well underway with construction and milestones on target.

Mitsui: Waitsia Gas Project Stage 2

Australia

The Waitsia gas field is one of the largest gas fields discovered onshore in Australia and is forecast to bring significant economic benefits to the mid-west region during both construction and operation. 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 Waitsia gas field is located approximately 350km north of Perth and the project is well underway with construction and milestones on target.

Perdaman Industries: Urea Plant

Australia

Clough and Saipem, in 50/50 joint venture, reached agreement with Perdaman Industries for the development of Project Ceres, Perdaman Industries' urea plant on the Burrup Peninsula, on the coastline of Western Australia.

The contract value is around US\$2.7 billion, with risk and reward provisions providing flexibility to manage any potential further deterioration in market conditions.

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

The contract is subject to a Full Notice to Proceed to be issued by Perdaman Industries on, among other conditions, the securing of project financing.

Australian Rail Track Corporation: Inland Rail

Australia

The Australian Rail Track Corporation appointed Regionerate Rail, a consortium comprising Plenary Group, Clough, GS Engineering and Construction, WeBuild and Service Stream, as preferred contractor to develop the Gowrie to Kagaru section of the Inland Rail project.

The Gowrie to Kagaru section is approximately 128kms of new and upgraded rail track through the most geographically challenging section of the 1700km rail line between Brisbane and Melbourne. It will include a 6.2km tunnel through the Great Dividing Range, which will be the largest diameter freight tunnel in the southern hemisphere.

Main Roads Western Australia: Stephenson Avenue Extension

Australia

The platform, in alliance with Acciona, WSP and Main Roads Western Australia, was awarded the contract to deliver phase two of the Stephenson Avenue extension project. The scope of work involves extending Stephenson Avenue to Cedric Street and includes a new Mitchell Freeway Interchange and upgrades to the Stirling Bus Exchange.

The project team has now mobilised to site with earthworks underway and construction to commence in coming months.



MINING

“It was a year of consolidation for the platform, following the challenging COVID-19 induced downturn. With our order book recovering strongly, FY2023 signals a new period of growth in revenue and earnings that we believe is sustainable into the medium term.”



MIKE DA COSTA
Platform CEO

The platform is currently engaged on mining projects in Australia, Indonesia, Mongolia, Kazakhstan, South Africa, elsewhere in Sub-Saharan Africa, Canada, USA, Mexico and Chile. These include 18 vertical shaft sinking, equipping and rehabilitation projects, 13 decline shaft and mine lateral development projects, eight production mining projects, 32 support and construction projects and five major ore handling infrastructure construction projects. In addition, 30 raise drilling machines are deployed on projects around the world.



Overview

This year, our projects were less affected by COVID-19 as government restrictions began to ease and our business, as well as those of our clients, learned how to function more effectively in a pandemic impacted environment. We did, however, experience constraints to performance on some of our projects, especially those in Australia, Mongolia and Canada, which were disrupted due to people movement restrictions and supply chain interruptions.

In the first half of the year, the tentative approach to investment from major clients, particularly in North America, continued. Together with the mutually agreed termination of the Kalagadi contract in South Africa, this resulted in a deteriorating platform order book to December 2021. The order book started to recover during the second half, with several contract awards. Although too late to positively impact FY2022 revenue and earnings, this recovery, and a strong pipeline of near orders, will underpin growth in revenue and earnings for FY2023 and beyond.

For the Mining platform, FY2022 can best be described as a year of consolidation. Revenue grew to R11,8 billion (FY2021: R9,5 billion) and operating profit declined to R449 million (FY2021: R473 million). Earnings did not match revenue growth, as margins were eroded to some extent due to higher overheads. These were driven by business transformation costs during the year, as well as additional overhead resources carried in the Americas to support the order book recovery. The order book decreased to R21,9 billion (FY2021: R23,2 billion), although near orders increased significantly to R14,9 billion (FY2021: R9,7 billion).

In the Americas, our materials handling business, Terra Nova Technologies, continued to see challenging trading conditions. While its pipeline of prospective projects remained fairly robust, investment decisions and project awards were again delayed throughout the period. Although two significant project awards bucked this trend in the second half, it was too late to positively impact financial results. Performance for the mining businesses was generally good and the commencement of a major development project for Rio Tinto and a major shaft project for BHP during the second half of the year, initiated a strong recovery in revenue and earnings that will continue into FY2023.

In Australia, RUC Cementation Mining delivered an exceptional performance, with revenue and earnings significantly higher than the prior year. The project for Freeport in Indonesia has performed very well, with the team exceeding targets on a regular basis and delivering strong financial results. The shaft sinking project in Mongolia has eventually gained momentum with the easing of pandemic impacts, with both shafts now in the main sinking phase. The demand for vertical shaft sinking, drilling and construction has been steadily increasing in the Australian market and RUC has been successful in winning significant work in this sector. The business is currently engaged in the construction of two vertical haulage shafts and the sinking of two ventilation shafts in Australia. The raise boring fleet is currently fully utilised and delivering excellent financial results.

In South Africa, Murray & Roberts Cementation had a challenging year. Two significant contracts were terminated by mutual agreement during the year, affecting revenue and earnings. The residual value of these contracts were removed from the order book, reducing its value. However, the business

was successful in winning a significant production mining contract, as well as a large shaft sinking and development contract during the year. This, together with ongoing tendering, will support an improvement in earnings during FY2023.

In terms of our safety performance for the year, there has been a significant improvement in LTIFR to 0.76 (FY2021: 1.26). The TRCR, at 5.05, was also a good improvement on the prior year (FY2021: 6.63). The platform has achieved more than four 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 for the second consecutive year.

Opportunity

The price outlook for most major commodities remains strong in the medium term. This is expected to drive growth in mining investment with an emphasis on brownfields expansion, production optimisation and restarts. Prices for commodities required for decarbonisation are expected to escalate further in the medium term as demand increases. The growing imbalance between supply and demand will also necessitate further mining investment to increase supply of these commodities. These factors support a positive outlook for the Australian mining contracting market, forecast to grow at a CAGR of 2,4% over the next five years. Similar growth is expected in other major markets including North America and Latin America.

A large proportion of the platform's order book comprises projects in these 'future-facing' commodities, and our intention is to grow our exposure to these commodities and strengthen our relationships with related clients. But while decarbonisation will boost demand for some commodities, others, such as thermal coal, will be negatively impacted. We have decided not to pursue projects in thermal coal, other than in South Africa given its socioeconomic dependence on coal-fired power. We will therefore only mine thermal coal for clients who supply the national power utility, Eskom.

We continue to support our clients in reducing their carbon footprint, applying digital technology that improves the energy efficiency of our fixed assets and mobile mining plant. We actively engage our suppliers to identify collaborative opportunities to reduce the carbon footprint of our supply chain. We recently started our first underground project utilising a battery powered equipment fleet and are looking to expand the use of such equipment to other new projects.

Strategy

Within this fast-changing operating environment, the platform's vision is to be the global mining services partner of choice, recognised as a responsible, fully diversified service provider with the best skillset in the industry (designing, developing, constructing, and operating mines). This requires that we respond to key shifts in the global mining contracting market.

The prioritisation of ESG issues by various stakeholders is resulting in several shifts in the operating landscape. Mining operators are placing far more emphasis on limiting the negative impact of their operations on the surrounding environment and communities, and finding means to positively impact the areas where they operate. This has necessitated broadening their capital allocation to include investments in environmental and social development priorities.

Strong commodity prices and good profit margins are driving significant growth in the mining industry at present, and this is translating into a shortage of skilled and experienced people. Combined with the retirement of many skilled people from the industry, this requires intensified efforts to attract, train and develop young people in the industry.

Data connectivity in underground mines is accelerating and enabling the rapid adoption of digital technologies. These technologies present opportunity for productivity and safety improvement, but it also presents industry leaders with transformation and change management challenges.

To grow market share in this dynamic environment, we must adapt and change with the times. Until now, the platform has operated as three regional operating companies, with a high degree of independence; a model that has served us well. However, to take advantage of global opportunities and drive growth, we identified the need to establish the platform as a single global organisation, enabling more effective collaboration between the regional entities.

This consolidated global organisation, headquartered in Perth, will better enable the regional businesses with particular focus on:

- Uniting the regional entities under a common global brand;
- Establishing a new entity to provide a global funding structure to support the regional businesses, provide strategic global procurement services and establish a common asset management philosophy;
- Establishing centres of excellence that will drive innovation and global best practice;
- Leading the digital transformation strategy for the global business;
- Developing processes for talent acquisition and development on a global basis; and
- Developing customer relationships on a global level.

In pursuit of our vision, we aim to be:

- An agile, globally integrated business that continuously expands its core competencies and capabilities;
- An employer of choice, providing an exciting and valuable employment proposition worldwide (global reach, great working environment and innovative work practices);
- Recognised as a disruptor in the global natural resources sector, pioneering new technology and innovative solutions to drive sustainable improvements in performance and productivity; and
- A leader in stakeholder relationships and engagement, creating sustainable shared value through a commitment to positively impact the environments and communities in which we operate.

Our transformation spans three horizons:

HORIZON 1 (initial 18 months)

- Reorganise and restructure the business to drive greater collaboration with common systems, global metrics, shared resources, and centres of excellence.
- Increased focus on talent recognition, acquisition and retention, supported by a values-driven culture.
- Consolidate procurement, funding, and asset management to improve profitability, strengthen the balance sheet and position the platform for growth.
- Adopt a common global brand to improve client engagement and recognition, while leveraging current brand strengths.
- Establish technology priorities and fast track development and implementation of the Mining Information Model.
- Establish relationships with global stakeholders.

HORIZON 2 (2 – 5 years)

- Increase range and value of service offerings and expand geographic reach via mergers, acquisitions, and partnerships.
- Invest in building the organisation for the future, with greater emphasis on training and capability development.
- Develop a new alliance contracting model with clients to deliver shared value. Target Master Services Agreements, preferred commercial agreements and exclusivity.
- Build, develop and market disruptive technological solutions, including remote/autonomous operations. Enter into cooperation agreements with OEMs.

HORIZON 3 (5 – 10 years)

- Position the platform as a differentiated, integrated services solutions provider, with full cycle offering.
- Deploy advanced and differentiated end-to-end solutions. Penetrate owners' market, as owners 'core competencies' shift away from production mining.
- Develop a high performing, established global organisation, with proven track record of delivery and adding value. Ensure the Group culture of *Engineered Excellence* is well entrenched.
- Continue investing in the development of disruptive technological solutions and expansion into new markets.
- Ongoing and increased focus on sustainable development.

Contractor of choice

Engineered Excellence

Engineered Excellence defines our management approach at every level of the organisation. This leadership philosophy means 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.



Zero Harm

Our approach to health and safety management centres on continual improvement, founded on effective leadership, a clear understanding of the risks in our business, the controls required to mitigate those risks, 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 High Potential Hazards and High Potential Incidents 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 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 coaching and training.
- **Standards and safe work procedures** – we have developed comprehensive standards and procedures that are implemented at all our project sites.
- **Pre-work planning** – before any work commences, our teams are required to plan the work and ensure they understand what must 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, safely.
- **HPH and HPI 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 quality personal protective equipment, appropriate for the work they are doing.

Contractor of choice *continued*

Digitalisation

Our digital strategy, which is well underway, aligns our corporate and operational objectives by providing the digital tools and connectivity required to drive safety, productivity and value for our stakeholders.

We have made good progress with the development of applications to support the implementation of our digital strategy, within three themes:

Asset maintenance

A Computerised Maintenance Management System solution has been implemented at several Murray & Roberts Cementation sites. Through this initial implementation, we were able to obtain feedback for the development of future versions. Our team of developers are currently building the second version, which will include improved functionality.

Operational effectiveness

We have finalised the requirements for an executional control application and development has commenced. Scoping of the situational awareness application is currently in progress.

Autonomous and remote operations

Good progress has been made and several applications are currently being implemented on our projects, including:

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

We are developing a solution that integrates all our applications into an end-to-end enterprise system that will resemble a 6D Building Information Model once fully developed. We refer to this as our Mining Information Model. The development and integration of applications will be the focus of our digital teams over the next 18 months. The objectives for the development and implementation of the MIM are:

- Standardised business processes for tendering and project management;
- A business model and process that delivers a high level of auditability;
- A collaborative work environment that enables multi-disciplinary parallel workstreams;
- A modelling technique to quantify uncertainty during the tender phase for projects;
- A model that includes cost accounting, a bill of materials and inventory data that has the potential to deliver real-time cost account information and inventory management;
- Project relevant data, at all phases of the project life cycle (tendering, construction, execution and forecasting) that is integrated, resulting in rapid project evaluation and variance reporting;
- A meaningful, near real time and live underground mining Digital Twin, capable of running operational scenario modelling at any stage of execution; and
- Actual performance data feedback into MIM for continuous improvement of the execution and tendering phases.

Employer of choice

Best people practices

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 an established performance management system. Employees from middle management levels and above enter performance contracts and development plans with their managers at the start of each year – performance is assessed twice per year and linked to performance-based rewards.

Globally, there is a growing skills shortage in the mining sector. The current robust cycle of mining investment in Australia is causing an acute skills shortage. The recovery in mining activity in North America has also accelerated, leading to increased competition for skills in this region. In Sub-Saharan Africa, shaft sinking and mechanised mining skills are especially scarce, as investment in the region increases.

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 world-class training facility in South Africa has been recognised for its significant contribution to skills development in the region. During the past year, a similar training facility was opened in Kalgoorlie, Australia to focus mainly on the training of skills required to support the growing demand for shaft sinking opportunities in the Australian market. These 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 centre offers training for learnerships sponsored by the Mining Qualifications Authority.

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, equity 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 FY2022, maintaining a Level 1 BBBEE accreditation. This was achieved by ensuring that all major projects:

- Continue to transform the composition of the supervisory and management layers of project teams, by prioritising the development and recruitment of Black people;
- 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.

RUC Cementation Mining's international projects are largely recruited from local host communities.



Stakeholder trust

Localisation

We have a good record of recruiting and training people from local communities and providing opportunities for 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, to enable them to supply the necessary services required by ourselves or the mine owner.

In 2019, Murray & Roberts Cementation established the Boipelo joint venture with Amandla TM, a Black-owned mining contracting company. 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, South Africa.

Murray & Roberts Cementation has local partners in other countries in Africa and local opportunities are pursued in joint venture with them.

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. The company also operates in joint ventures with local partners in Mongolia and Kazakhstan.

Ethical business practices

Senior management and key employees receive regular training on ethical business practices. Twice per year, members of 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 facility that can be used to report incidents of fraud, corruption, or other unethical behaviour. The administrators refer complaints to management, which are thoroughly investigated, with appropriate action taken when required.

Stakeholder engagement

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

Prospects

The effects of the pandemic on the world are beginning to wane, and disruptions are now largely limited to constraints in global supply chains, which persist.

The global economic outlook is uncertain, with geopolitical instability and rising inflation weighing on global GDP growth prospects. However, commodity prices appear to be resilient, particularly for energy and future facing commodities. Large and medium sized mining companies generally have strong balance sheets and appear to be weathering the inflationary pressures – they continue to deliver healthy albeit lower margins than in the recent past. Together with the dire need for new production capacity within the mining industry, this should support growth in mining investment over the medium term and in the demand for our services.

While FY2022 was a year of consolidation following the challenging COVID-19 induced downturn, FY2023 signals the start to a period of growth in revenue and earnings, expected to continue into the medium term.



Project delivery

Glencore: Onaping Depth Shaft

Cementation Americas

The project scope involves the detailed design and construction of headworks, sinking plant, permanent hoisting plant, shaft furnishings and conveyances for a sub-vertical shaft with collar elevation at 1 150m below surface. The shaft is being equipped concurrently with sinking and work is well advanced with the shaft bench now approaching the first station, approximately 2 400m below the surface. The team has made good progress during the past year and will complete the remaining 250m of sinking, development of three shaft stations and construction of the ore loading and shaft bottom infrastructure over the next 18 months.

BHP: Jansen Mine

Cementation Americas

The project scope is for underground and shaft related work in the Della Valle production and service shaft and headframe conversion for the twin shaft accessed potash mine. The scope includes working in an Integrated Project Team, providing temporary engineering, direct, indirect and subcontractor labour and equipment, and materials to complete the equipping and construction works on the two shafts. The project commenced in June 2022 and is scheduled for completion in Q4 2024.

Lundin: Eagle Mine

Cementation Americas

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 consistently and safely delivers around 60 000 tonnes of ore per month, regularly meeting and exceeding the client's expectations.

Rio Tinto: Kennecott Utah Copper

Cementation Americas

The open pit mine at Bingham Canyon has been in operation since the early 1900s and is the largest operating open pit in the world. At the base of this open pit, Cementation has collared two portals and is driving an exploration ramp to another ore body and a dewatering tunnel to assist in extending the life and depth of the open pit. Both development projects are important to the long-term production of Bingham Canyon.

Project delivery *continued*

Newmont: Tanami Expansion Project

**RUC Cementation
Mining**

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. Notwithstanding pandemic related disruptions during the year, the team have made good progress. Surface construction is well advanced, and work in the shaft is set to begin early in the new financial year.

Rio Tinto: Oyu Tolgoi Mine

**RUC Cementation
Mining**

The scope of work is to construct the surface infrastructure, sinking and associated infrastructure for two large-diameter ventilation shafts. Following a lengthy period of care and maintenance due to COVID-19 imposed travel restrictions, work has resumed at both Shaft 3 and 4, with both shafts now in the main sinking phase. The crews are in the process of ramping up their sinking efficiencies and will reach steady state sinking rates soon.

Freeport: Operations

**RUC Cementation
Mining**

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 and safely exceeding monthly targets.

De Beers: Venetia Mine

**Murray & Roberts
Cementation**

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 vertical shafts has been completed. The production shaft has been commissioned and is now being used to service the underground development and construction taking place off the bottom of the shafts. Rock hoisting is through the temporary hoisting system in the service shaft. The decline ramp access system development has progressed to about 600m below the surface. The decline development team is currently focused on the development of production support infrastructure to enable start-up on the initial production levels.

Ivanhoe Mines: Ivanplats

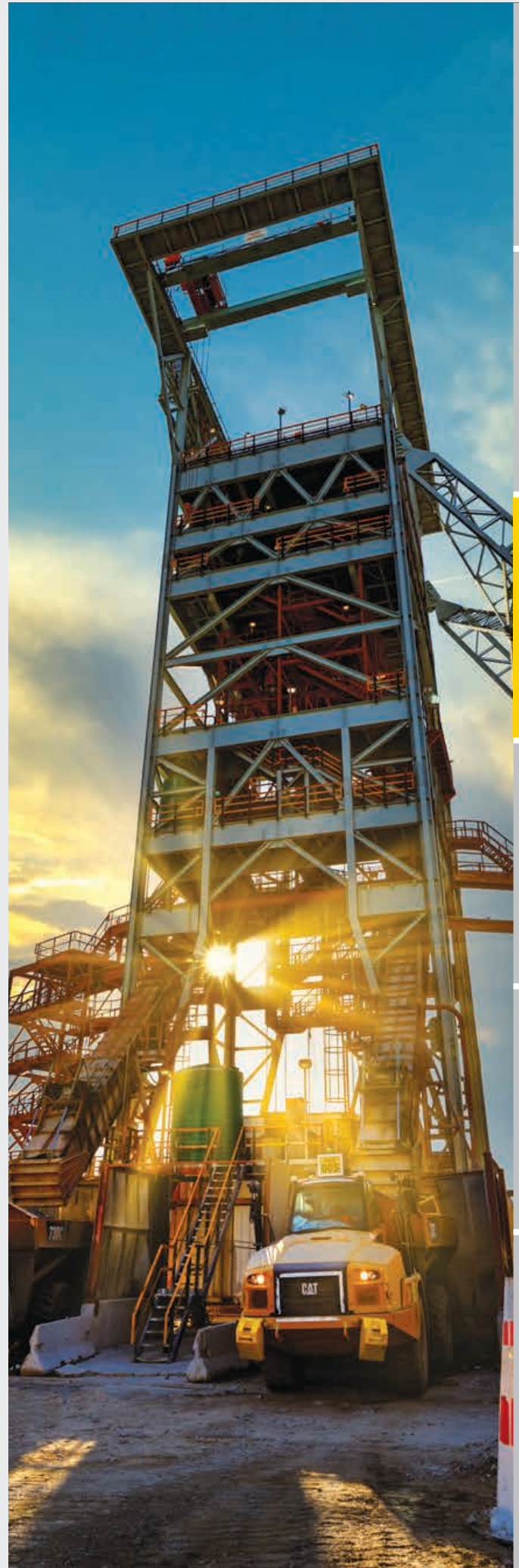
**Murray & Roberts
Cementation**

The scope includes ore reserve development on three levels from the recently completed service shaft, as well as raise boring a ventilation shaft and the centre core for sinking of the main shaft, to a depth of approximately 900m below surface. Contract negotiations are currently in progress for the remaining scope related to the sinking of the main shaft, which includes lining and equipping of the shaft, and construction of the underground ore handling infrastructure. The ore reserve development work commenced in May 2022 and site establishment is in progress for the raise bore holes.

Palabora Mining Company: Palabora Mine

**Murray & Roberts
Cementation**

The project scope is to sink a 1 000m vertical ventilation shaft. The shaft has advanced approximately 500m from the collar on the surface. COVID-19 related interruptions and poor ground conditions resulted in numerous delays during the year.



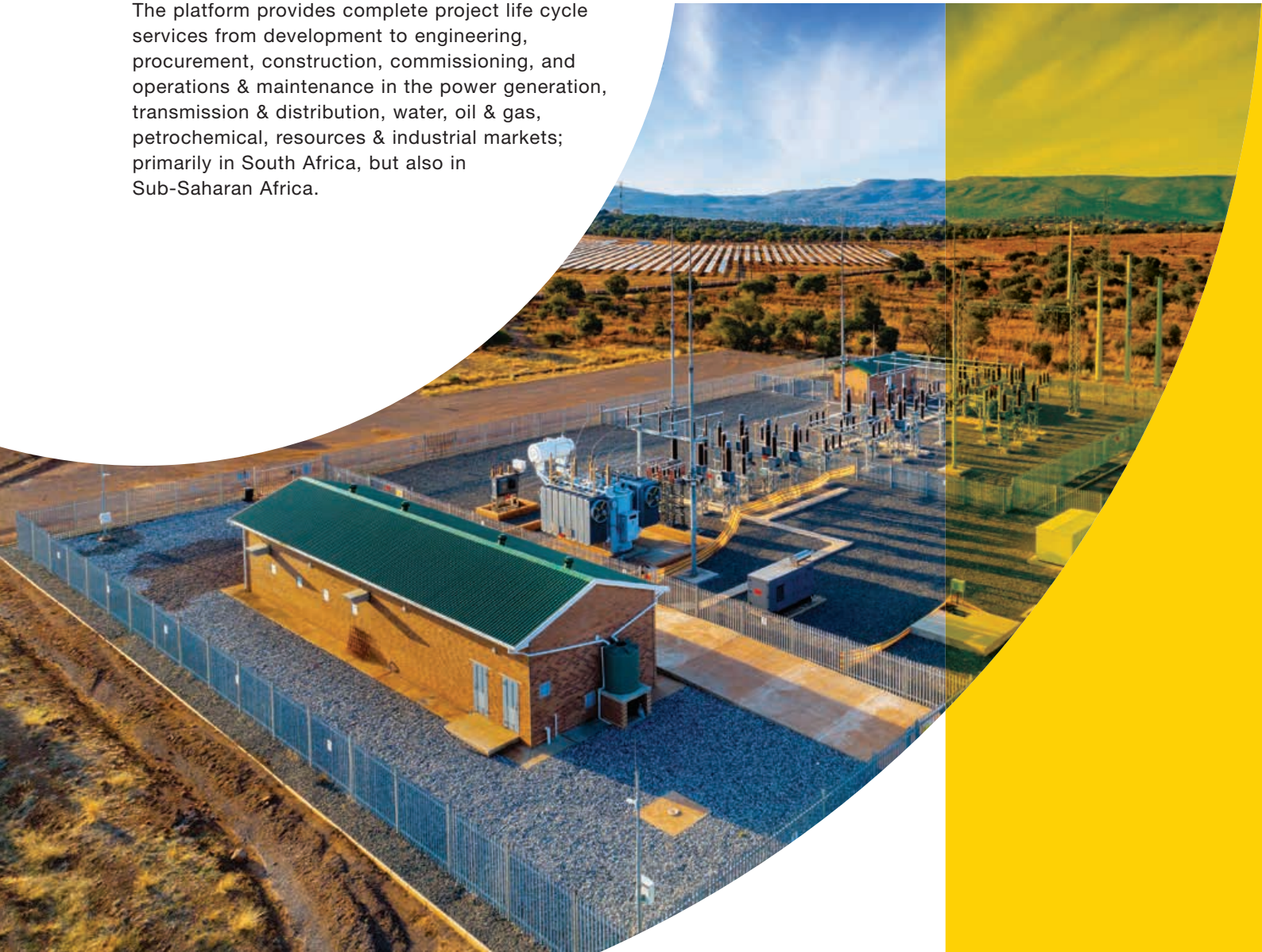
POWER, INDUSTRIAL & WATER

“The platform will focus on consolidation and growth over the next three years. For the past three years, activity in our markets was insufficient to support a sustainable business, but is showing positive signs of recovery. Specifically, the renewable energy and transmission & distribution sectors offer exciting opportunities for us.”



**STEVE
HARRISON**
Platform CEO

The platform provides complete project life cycle services from development to engineering, procurement, construction, commissioning, and operations & maintenance in the power generation, transmission & distribution, water, oil & gas, petrochemical, resources & industrial markets; primarily in South Africa, but also in Sub-Saharan Africa.



Overview

Due to macroeconomic factors, and the lingering impact of the pandemic, the platform recorded losses in FY2020 and FY2021. This required that we reorganise and refocus the business for a return to profitability in FY2023, and for sustainable revenue and earnings growth beyond that. OptiPower Projects, which provides services to the transmission and distribution market sector, and Wade Walker Solar, established in FY2021, present the best potential for growth.

The platform was awarded key projects late in the financial year, but far later than anticipated, resulting in small contributions to revenue and earnings for FY2022. These awards were in the renewable energy and transmission and distribution markets in South Africa, Eswatini and Botswana.

Murray & Roberts Power & Energy reported low revenue due to limited opportunity for structural, mechanical, piping, electrical and instrumentation construction services in the resources and industrial market. However, it continued to perform small packages of maintenance and outage works at Medupi and Kusile. In FY2023, this division will be repositioned as Murray & Roberts Projects and is referred to as such in this report. MRP will deliver the platform's EPC projects across various sectors, and will self-execute SMPEI work.

Reorganising the platform entailed discontinuing Aquamarine, and retaining Murray & Roberts Water, albeit with limited capacity. This decision was made on the expectation that strategic infrastructure projects in South Africa's water market should gain momentum beyond FY2023. During the year, the business relocated its Organica wastewater treatment demonstration plant from eThekweni Municipality to the V&A Waterfront in Cape Town, to supply water on a 10-year contract. This is significant as it will be the first commercialised application of the environmentally-friendly Organica technology in South Africa. A two-year delay in receiving a notice to proceed on the Athlone C Works wastewater project resulted in substantial price escalation, and the City of Cape Town was not willing to accept the extent of the price increase. The bid was consequently terminated by mutual agreement.

The platform also retained Wade Walker to pursue electrical and instrumentation opportunities, primarily in the renewable energy sector. The delay of investments and project awards in the renewable energy and transmission sectors did present challenges during the year, limiting revenue recognition. However, we are more confident that major investment in these sectors will be made in the short to medium term. Investment in processing plant expansions by platinum group metals producers also presents opportunity as an EPC contractor or specialist subcontractor in the sector.

On balance, we believe the platform is well positioned for a return to profitability in FY2023 and growth in subsequent years.

The decline in revenue and EBIT from FY2020 to FY2021 was mainly due to the completion of projects during the year and the late award of new projects.

Revenue decreased to R0,8 billion (FY2021: R1,0 billion) and the order book reduced to R0,4 billion (FY2021: R0,5 billion). Near orders increased significantly to R1,9 billion (FY2021: R0,3 billion). A reduced operating loss of R155 million (FY2021: R175 million loss) was recorded, with the platform's overhead costs and legal costs associated with legacy commercial matters not covered by lower revenue.

To address the financial constraints to order book growth, adequate upfront payments and favourable supplier payment terms are negotiated to reduce the strain on working capital requirements.

The platform's safety performance improved substantially following the integration of OptiPower Projects, acquired in FY2020. The LTIFR was 0.68 (FY2021: 1.01) and the TRCR 1.35 (FY2021: 3.71). Only one Lost Time Injury and one Medical Treatment Case were recorded during the year.

Opportunity

The platform's service offering, especially to the renewable energy market sectors, aligns with the global imperative for economies to transition to a more sustainable and environmentally friendly future.

The platform will continue to perform maintenance work on Eskom's ageing coal fleet, as these power stations remain critical to the South African economy. However, we will not pursue opportunities on coal power projects outside of South Africa and have made a fundamental shift towards renewable energy projects. The acquisition of minor equity stakes in a portfolio of solar projects under development, as well as the platform's progression to become a full EPC solution provider for utility-scale renewable projects, demonstrate this shift.

Apart from South Africa's deficit in electricity generation capacity and acceleration of renewable energy projects, the transmission & distribution infrastructure to support additional capacity and the locations of new generation hubs is constrained and requires major, urgent investment. This presents significant longer-term potential for OptiPower Projects, considering its capability in high and medium voltage transmission and distribution, as well as substation work. Tendering activity for projects in this sector is increasing and new project awards are expected in the near term.

The issuing of Requests for Proposals relating to South Africa's Integrated Resource Plan, specifically the RMIPP programme, Bid Window 5 and Bid Window 6 of the REIPPP programme, as well as other power generating technologies including gas, show the gathering momentum in our domestic market. However, these projects will need to achieve financial close before the build programmes can commence. Financial close has been difficult for IPPs due to higher-than-expected price escalations in commodities, logistics and fuel since the submission of initial proposals.

As these renewable projects reach financial close, we expect the EPC landscape in South Africa to change. The IPPs are predominantly international companies with entrenched relationships with international EPC players, but they will be required to meet local content obligations. With its Level 1 BBBEE accreditation and Construction Industry Development Board 9ME and 9EP ratings, Murray & Roberts is well positioned to participate in these projects as a local main EPC contractor, or as a local partner to international EPCs.

We expect the execution of Phase 1 of Eskom's Battery Energy Storage Programme, and procurement for Phase 2 of this programme, to commence shortly. The platform, through OptiPower Projects, is well positioned to participate in the HV balance of plant work on these projects.

The water sector in South Africa remains largely inactive and currently presents limited opportunity. The platform has, however, invested in positioning the business for new project developments in the sector that are expected to gain momentum in FY2023, including PPP programmes in metros and municipalities.

The mining sector is showing encouraging signs of near-term investment, which include expansion projects, as well as carbon offset and energy security programmes that require renewable energy projects. Some of these opportunities are already coming to market.

The petrochemical markets have been subdued since the start of the pandemic due to reduced demand. Although demand is

recovering, the refining market in South Africa is ailing, resulting in the downscaling or closure of refineries including SAPREF and PetroSA. As refineries close or downscale, increased storage capacity for import of refined product will be required to meet local demand. MRP, together with its strategic partners, are positioned to construct bulk fuel storage terminals on an EPC basis.

The oil and gas market in Sub-Saharan Africa is largely driven by international oil companies and the development of large production facilities has been limited over the past few years. The Mozambique LNG development is expected to restart at the end of the 2022 calendar year, and we will consider opportunities cautiously depending on the security situation.

Strategy

Our three-year strategy aims to ensure the viability of the platform as a sustainable business by reorganising and downsizing the business and initially targeting only short- to medium-term opportunities where there is a high level of confidence that these projects will be built. A revised management structure aligned to the adjusted platform strategy was implemented in FY2022. Business processes have been redesigned to better suit a smaller and more streamlined organisation.

KEY IMPERATIVES FOR CONSOLIDATION FY2023 TO FY2025

01

Successful delivery of new projects

- Increased project oversight
- Strong focus on project delivery, commercial management and maintaining high HSE standards
- Ensure projects deliver projected margins and expedite cash collection
- Ensure *Engineered Excellence* to secure scope growth and follow-on work

02

Close-out of legacy commercial matters

- Dedicated senior executive supported by legal and commercial resources

03

Organisational optimisation

- Appropriate structure with reduced overhead costs
- Capacitate organisation for successful project delivery
- Integrated systems across the platform with full visibility of operations and shared services

KEY IMPERATIVES FOR GROWTH FY2023 TO FY2025

01

Conversion of near-orders and key targets into project awards

- Strong client engagement
- Leverage Group facilitation

02

Focused business development

- Target pipeline opportunities
- Develop strategy to ensure invitation to bid on key targets
- Continue developing strategic relationships with business partners to achieve differentiation
- Leverage market knowledge and relationships to expand market reach

03

Early entry on strategic projects

- Change market perception of the platform as being mainly a SMPEI construction-only contractor, to that of a project developer and EPC contractor for strategically targeted regions, clients and projects
- Position platform as preferred local EPC partner to international developers and EPC contractors as an early entry strategy

For Murray & Roberts Water, the relocation of its Organica wastewater treatment demonstration plant to the V&A Waterfront in Cape Town will showcase the technology to a broader audience.

FY2023 TO FY2025 OPPORTUNITIES

Murray & Roberts Projects

- Eskom service contracts
- EPC contractor on selected renewable energy IPP developments
- Mining sector SMPEI projects
- Petroleum storage terminal developments

Murray & Roberts Water

- City of Cape Town drought resilience projects
- Wastewater PPP for eThekwin Municipality

OptiPower Projects

- REIPPP Round 5 IPP
- REIPPP Round 6 IPP
- Private sector renewable energy projects
- Eskom Battery Energy Storage Programme Phase 1 and Phase 2
- Eskom transmission lines
- Cross border transmission lines and substation

Wade Walker Solar

- Increase market share across the full value chain

The repositioning of MRP completes the strategic shift in focus to the renewable energy market sector, while still supporting traditional EPC and SMPEI construction services markets.

OptiPower Projects is well positioned to deliver projects in the South African transmission, distribution and substation sectors, which require significant investment. Eskom's transmission & distribution opportunities are substantial, but several transmission tenders were cancelled in FY2022. It is imperative that new transmission line developments and strengthening of existing infrastructure are expedited to realise the renewable energy projects envisaged in the IRP. Several high voltage transmission line tenders with Eskom will come to market in FY2023.

The finalisation and execution of the RMIPP programme, the Eskom and private BESS programmes, the REIPPP programme for Bid Window 5 and Bid Window 6, as well as private sector utility-scale power generation projects, 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. OptiPower Projects were successful in securing the Nseleni, Impala and Mtubatuba 132kV line from Eskom Distribution in FY2022.

Wade Walker Solar is developing a niche market position for smaller capacity clean energy solutions through the development, engineering, procurement and construction of rooftop and ground-mounted PV solar installations in SADC. We expect this business to grow in the future.

For Murray & Roberts Water, the relocation of its Organica wastewater treatment demonstration plant to the V&A Waterfront in Cape Town will showcase the technology to a broader audience. The Organica technology is being considered for two PPP opportunities, both greenfield wastewater treatment plants, being developed by the eThekwin Municipality.

The platform continues to develop its 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 to address this market need.

Contractor of choice

Engineered Excellence

Although our projects involve complex commercial arrangements, we engage proactively with prospective clients to explore alternative contracting models that are more suitable and equitable in dealing with the risks and costs associated with this complexity. Projects are executed in accordance with the Group project management assurance framework, and the executive team reviews project progress at regular review meetings.

The platform has the capacity to execute projects in a market that has seen significant loss of available and ready-to-mobilise resources – a clear competitive advantage. Together with our project experience, this has enabled us to expand our service offering into the rapidly growing renewable energy market, spanning power generation (wind and solar) to distribution and transmission.

All businesses in the platform have maintained their ISO 45001, ISO 9001 and ISO 14001 certifications. The platform also maintained the prestigious South African Institute of Welding ISO 3834 accreditation.

Digitalisation

The platform's digital strategy aims to refine and improve business systems, and implement operational information management and software tools that improve performance oversight and reduce administrative burdens.

The platform undertakes work that is traditionally low-tech and labour intensive, with limited automation. The opportunity to introduce digitalisation is in the evolution of project reporting systems and the application of current and reliable project data. However, project delivery remains heavily dependent on people to execute the work. Increasingly, we are using biometric reporting technologies, including the maintenance of employee databases, onboarding, management of time and attendance, safety behaviour and operational performance. This allows real-time analysis of the operational health of a project site.

Evolving our IT systems to manage logistics and the tracking of material and manufactured goods from fabrication to installation, also fundamental to the successful execution of a project, is another opportunity for digital improvement.



Zero Harm

The platform delivered a marked improvement in safety performance, with no level 4 and 5 incidents reported and one LTI during FY2022.

All projects are required to implement the Group's Major Accident Prevention programme to identify potential major hazards and develop appropriate preventative controls. MAP is entrenched across the platform. A key priority for FY2023 is to improve employees' understanding of HSE standards and processes given the platform's strategic repositioning to renewable energy projects. Training will cover the recent improvements to the MAP programme, including risks associated with renewable energy projects.

Recording and reporting of lead safety indicators have improved. The real value of such reporting is in identifying trends and opportunities for incident prevention.

The pandemic remains a risk and procedures, risk assessments, audits, screening and testing protocols are well entrenched. More than 500 vaccinations have been administered and uptake among project personnel increased following awareness campaigns.

Employer of choice

Best people practices

We strengthened the executive leadership team in FY2022 with the appointment of Dominique de la Roche as platform chief financial officer and Zelia Soares as human resources executive. Dominique is new to Murray & Roberts and is an experienced financial executive with a deep understanding of project businesses, and Zelia has been with the Group for many years and has proven herself as an exceptional leader in people management.

The platform's transition into the renewable energy market requires it to complement its existing skills base with employees that not only meet specific technical requirements, but also exhibit the right behaviours aligned with our values and high-performance culture.

As a projects business, the platform's headcount is dynamic and increases or decreases depending on workload. During FY2022, functional structures were strengthened with clear role definition. In the most recent employee survey, 80% of employees stated they were clear on what the platform wants to achieve, which points to a focused and engaged organisation. The platform achieved an overall rating of 3.4 out of 5 from employees, which is pleasing considering the extensive organisational change that occurred over the past two years.

A growing order book will require a growing organisation to deliver new projects, and this comes with the challenge of onboarding new employees properly, to ensure that our processes, performance expectations and culture are understood. All salaried employees are expected to complete online training on the Group's Code of Conduct and Statement of Business Principles, and managers are expected to coach their teams on deliverables.

Diversity, equity and inclusion

The reduction in headcount over the past two years has had a negative impact on our employment equity scores. Expected business growth will provide an opportunity to deliver on our commitment to ensuring diversity at all organisational levels. Aligned to the platform's three-year business plan, our employment equity plan specifies targets by function and project, and several Black professionals have been appointed in recent months.

Our leadership programmes focus on promoting diversity, equity and inclusion to ensure that every employee feels part of the team and is able and empowered to deliver their best.

During the year, the platform spent R1,4 million on supplier development, above a target of R0,9 million. We have undertaken various initiatives and are particularly pleased about our involvement with the following suppliers:

■ Sikhunyana Security Services

We provided rented office space in rural KwaMbonambi, KwaZulu-Natal, and procured furniture and electronics, to this developing supplier's offices.

■ BNN Electrical and Projects

We provided access to training on Operating Regulations of HV/MV systems via the South African Institute of Electrical Engineers to this 50% Black female-owned company, as they were initially only qualified to operate on low voltage systems.



Stakeholder trust

Localisation

Localisation is a strategic imperative. The platform is aligned with and cognisant of the need to engage and empower local communities through employment, training, and local spending. This is not without the challenge of managing community expectations, especially in advance of project commencement.

The platform engages with local SMEs and businesses, and works closely with clients, local community forums, and community leaders in this respect. We actively support social investment initiatives in the communities that host our projects.

Community engagement is an important aspect of our ESG framework, although it is becoming increasingly challenging in the South African environment. Each project is expected to develop a community strategy and implementation is measured as part of the project's performance criteria.

Ethical business practices

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

Stakeholder engagement

The Group's stakeholder engagement framework guides our relationships with clients, employees, the community, and other stakeholders. The platform is accountable for stakeholder inclusion in identifying, understanding, and responding to sustainability issues and concerns in its business environment.

Prospects

As the platform consolidates its market positions for growth over the next three years, we are confident that its near-term opportunities, specifically in the renewable energy (REIPPP and private users) sector, will enable the platform to return to profitability.

OptiPower Projects has the strongest pipeline, comprising opportunities for transmission line projects and high voltage substations. The business also provides electrical balance of plant services for utility-scale renewable energy (wind and solar) developments, battery energy storage systems and embedded power generation.

MRP is the platform's EPC integrator and maintenance, structural, mechanical and piping contractor. Mechanical maintenance and outages at Kusile and Medupi provide an ongoing opportunity, as do EPC integrator services for utility-scale solar PV projects, SMP construction work for mines and EPC services on fuel storage terminals.

The commissioning of the Organica wastewater treatment plant at the V&A Waterfront in Cape Town is the first commercialised use of the technology in South Africa, which is significant for Murray & Roberts Water. The City of Cape Town project pipeline remains mired in delays to implementation. Generally, PPPs are slow to mature, but there is clear visibility on the eThekweni Municipality's PPP wastewater treatment project for uMhloti and uMkhomaas, with enquiries expected to be issued to the market during the second quarter of FY2023.

Wade Walker Solar is targeting commercial and industrial solar PV (panels, inverters, batteries) solutions, in the 1MW to 10MW range. This new business is small, but has the potential to become a more meaningful contributor to platform earnings.

Wade Walker Solar provides an EPC service for roof and ground-mount facilities, and has concluded a supply chain JV agreement with Aarden Solar, which is expected to grow its market share. Wade Walker Solar is exploring a portfolio of EPC and Power Purchase Agreement opportunities with clients including Impala Platinum and Broll Properties.

Project delivery

JCM Power: Golmoti PV Solar Farm

OptiPower Projects

The Government of Malawi has recognised energy as a key driver for economic growth in its Growth and Development Strategy for 2017 to 2022.

InfraCo Africa co-developed the Golomoti Solar plant with JCM Power, a Canadian clean energy IPP, and OptiPower was awarded a contract to deliver the electrical balance of plant.

The 20MW solar plant incorporates highly efficient bifacial solar panels and a utility-scale 5MW/10MWh lithium-ion battery energy storage system, a first of its kind in Sub-Saharan Africa. This plant enables Golomoti to complement existing hydropower sources, reducing diesel consumption and easing integration of new solar power with Malawi's existing grid. Golomoti reached commercial operation in March 2022.

V&A Waterfront: Organica Wastewater Treatment Plant

Murray & Roberts
Water

As a premier tourist destination in South Africa, the V&A Waterfront applies green business practices and has implemented water saving initiatives as far back as 2008. These include reducing consumption of potable water by using borehole and greywater wherever possible. The Organica wastewater treatment facility makes use of environmentally friendly technology to provide the V&A Waterfront with a source of non-potable water.

Murray & Roberts Water will operate and maintain the facility for a 10-year period, supplying an annual average of 4 620m³ per month of treated effluent. The facility was commissioned for commercial operation during August 2022.

Eskom Medupi Power Station: Coal Mills Maintenance

Murray & Roberts
Projects

This project ensures the ongoing operation of the coal mills, an integral and critical part of the Medupi steam boilers. A structured and sequenced maintenance plan on a three-year rolling basis, with works regularly executed in parallel with the original equipment manufacturer, has ensured that redundancy and boiler operations are maintained, cementing a productive relationship with Eskom.

Murray & Roberts Cementation Training Academy: Hybrid Solar Facility with Battery Back-Up

Wade Walker Solar

The Murray & Roberts Cementation Training Academy at Bentley Park, Carltonville, installed a hybrid solution using solar energy for most of the Academy's requirements, with lithium batteries providing backup power to the sophisticated electrical training equipment during outages. Approximately 1400 solar panels generate 726kWh of power. The system reached commercial operation in April 2022.