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 FY2023;
- Performance testing and approval of short-term incentive (STI) payments in respect of FY2022;
- Performance testing and approval of vesting of the 2019 long-term incentive (LTI) awards;
- Approval of the 2022 LTI awards and underlying performance conditions;
- Review and recommendation of non-executive director fees for FY2023, excluding recommendation on their own fees; and
- Review and approval of the Group's remuneration report for inclusion in the FY2022 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 FY2022 were derived from the budget for the year on conclusion of a comprehensive bottom-up budgeting process, which considered the Group's order book and prevailing market conditions. The financial KPIs for FY2022 were similar to those of the previous year. The earnings before interest and tax (EBIT) target increased to R840 million in FY2022, from R619 million in FY2021 and the diluted headline earnings per share (HEPS) for continuing operations target also increased to 71 cents, from 37 cents. The actual financial results were lower than the targets for FY2022 due to the continued aftermath of the global COVID-19 pandemic, which resulted in slower progress on several projects under construction, and in the delay of new project awards. Performance measured against the EBIT, 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.

PG 106

Refer to the FY2022 STI Performance Outcomes on page 106 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 continued impact of COVID-19, more specifically in supply chain disruption, made it difficult for the scheme participants to achieve the financial targets for the year. The impact also extended to the LTI scheme measures.

The financial targets for the year were stretching, considering the trading environment. The continued impact of COVID-19, more specifically in supply chain disruption, made it difficult for the scheme participants to achieve the financial targets for the year.

Executive directors and prescribed officers' remuneration

Average guaranteed pay

Increases of 5,0% were implemented with effect from 1 July 2022, similar to the increases awarded to salaried staff across the Group. These increases were largely in line with South African inflation.

STI award

An award equating to 32,40% of the maximum value possible in terms of this scheme has been awarded for FY2022. Operating profit was R705 million, measured as EBIT for continuing operations and was above threshold but below target. Return on invested capital employed (ROICE) at 5,9% was below threshold. Negative free cash flow (FCF) of R293 million and the net debt position of R1 081 million (post IFRS 16) were also below threshold. 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.

OPERATING PROFIT WAS

R705 million

measured as EBIT for continuing operations and was above threshold but below target.

LTI vesting

The performance period for the 2019 Forfeitable Share Plan (FSP) LTI award ended on 30 June 2022. Based on performance over the three-year performance period, 15% of the 2019 FSP award vested in 2022. 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 equal to threshold, at 60%. Consequently, 30% 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 97,29% of shareholders who voted at the AGM in December 2021. 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 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 3 November 2022, 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 FY2022.

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.

PG 103 Clawback provisions, as described on page 103, 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 FY2022: 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 may approve cash-settled 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.
- As at 31 December 2021, the market value of the shares was below the adjusted amount due in respect of the majority of shares allocated. As a result these shares were forfeited in terms of the trust deed.

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 shows the performance measures set for FY2022, which will also be applied in FY2023.

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.
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

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

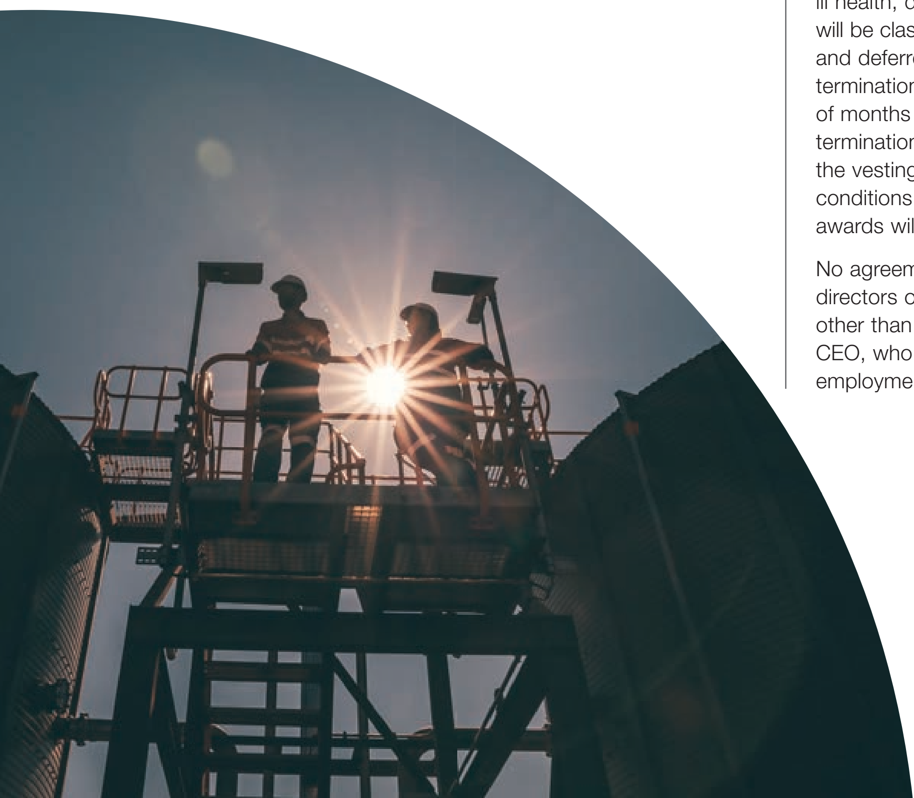
For STI and LTI awards made from August 2015, the remuneration committee introduced clawback provisions, where the committee may reduce or clawback STI and LTI awards in the following circumstances:

- 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 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. As reported last year, the Group chief executive's performance contract has been extended to 31 August 2024, when he will retire at age 65.

At 30 June 2022, 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.

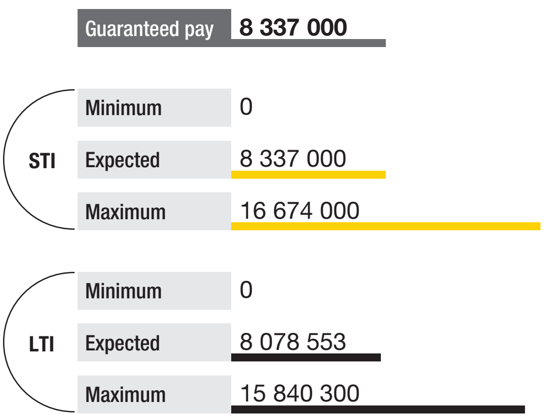
Retention schemes

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

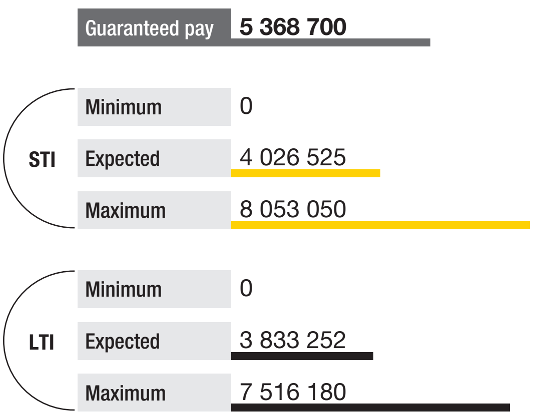
Total remuneration scenarios at different performance levels

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 2022.

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 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 2022

Payment in rand (R'000)

EMPLOYEE	Guaranteed pay		STI		LTI		Other		Total remuneration	
NAME	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Da Costa, M	**4 875**	4 711	**1 830**	1 560	**1 517**	2 086	**–**	–	**8 222**	8 357
Grobler, Daniël	**5 113**	4 940	**1 624**	2 003	**1 675**	2 727	**–**	–	**8 412**	9 670
Harrison, Steve	**3 796**	3 796	**462**	330	**789**	1 295	**–**	–	**5 047**	5 421
Henstock, Ian	**4 650**	4 493	**2 037**	2 180	**–**	–	**73**	73	**6 760**	6 746
Laas, Henry	**7 940**	7 675	**4 804**	4 150	**2 063**	5 766	**118**	118	**14 925**	17 709
Mdluli, Thokozani	**3 659**	3 536	**935**	939	**852**	1 267	**–**	–	**5 446**	5 742

Payment in AU$ (AU$'000)

EMPLOYEE	Guaranteed pay		STI		LTI		Other		Total remuneration	
NAME	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Bennett, Peter	**957**	907	**194**	575	**220**	696	**–**	–	**1 371**	2 178

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

2022	2021
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 FY2022 (effective 1 July 2022) was 5,0% (FY2021: 3,88%). The total adjustment was aligned to the average Murray & Roberts increase awarded in March 2022 for other salaried employees of 4,51%.	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%.
STI	
STI awarded for FY2022 performance. 70% of the award is payable in cash in September 2022, and 30% deferred as an LTI award, which will vest one third each year from FY2023 to FY2025.	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.
LTI	
The value of LTI awards under the 2019 FSP that vest in 2022, based on performance during the three-year period to 30 June 2022. The value of that award is based on a share price on 30 June 2022 of R11,25. 50% of the 2019 FSP awards lapsed due to the EBIT margin performance measure not being met. The cash conversion ratio of EBITDA into cash was equal to threshold, at 60%. Consequently, 30% of the shares vested for this performance measure.	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 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.
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. The benefit to Ian Henstock represents payment to him to secure private life cover.

FY2022 STI performance outcomes

Financial performance is measured against Key Performance Indicators (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 KPI's 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 FY2022 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 KPI's is the average for executives out of a score of 5.

KPA	KPI	Outcome	Comments
FINANCIAL			
Weighting 70%	**Profitability – EBIT** (Weighting 20%)	84%	EBIT profit of R705 million achieved relative to target of R840 million for continuing operations.
	Profitability – diluted HEPS (Weighting 20%)	82%	Diluted HEPS from continuing operations of 58 cents achieved relative to target of 71 cents.
	Cash flow – net cash (Weighting 10%)	0%	Net negative cash of R1 081 million achieved relative to target of negative R348 million.
	Cash flow – free cash flow (Weighting 10%)	0%	Negative Free cash flow of R293 million relative to target of R1 733 million.
	Returns (Weighting 10%)	0%	ROICE of 5,9% achieved relative to WACC of 14,3%. Performance of less than 80% of WACC compared to target attracts no STI payment for the element.
LEADERSHIP			
Weighting 7,5%	**Strategy implementation**	3.43 out of 5	Strategic direction maintained. Acquisition of JJ White in USA concluded and integrated with ERI platform. Mining platform far advanced with the establishment of a central Asset Company for procuring and managing of capital assets. Good progress with Implementation of digital strategies for ERI and Mining platforms.
	Transformation & diversity		In South Africa, achieved Level 1 BBBEE rating. Diversity, equity and inclusion policies established across the Group.
	Leadership succession & development		Performance management and succession planning effectively applied across the Group. New CFO for ERI platform, and 2 new MD's in Mining platform, internal appointments.

KPA	KPI	Outcome	Comments
RELATIONSHIPS			
Weighting 7,5%	**Stakeholder engagement**	**3.29** out of 5	Maintained good relationships with internal and external stakeholders. Public relations and investor relations continued to be well managed.
	Employee relations		Effective Group communication maintained to all employees. Group-wide employee satisfaction survey conducted with very good results.
OPERATIONAL			
Weighting 7,5%	**Good governance**	**3.14** out of 5	Group-wide compliance with good governance practices. No pending legal action due to breach of legislation. Significantly improved ESG rating.
	Commercial management		Effectively restructured debt in South Africa. Management of claims and commercial processes on several projects, including the exit from the Middle East, are thorough, proactive and ongoing.
	Project performance		Project performance much improved, although uncertified revenue increased due to project variations and pandemic induced impacts on projects, such as supply chain disruption.
RISK			
Weighting 7,5%	**Health, wellness & safety**	**3.29** out of 5	No fatalities suffered during the year. Outstanding LTIFR and TRCR results.
	Risk management		Risk management practices and internal audit are well-established disciplines and no material findings were reported.
	Environment		Environmental management in accordance with standards, and no material environmental incidents were reported.

The STI breakdown for the Group CE for FY2022 is set out below

	2022	2021
FINANCIAL (70%)	**1 826 200**	3 050 775
Diluted HEPS	**873 400**	0
EBIT	**952 800**	1 036 125
Net cash	**0**	1 535 000
Free cash flow	**0**	479 650
ROICE	**0**	0
NON-FINANCIAL (30%)	**2 977 500**	2 878 125
Leadership	**893 250**	863 437
Succession	**893 250**	863 437
Relationships	**397 000**	863 437
Operational	**397 000**	575 625
Risk	**397 000**	575 625
TOTAL	**4 803 700**	5 928 900*

*** 30% deferred into the FSP.***

FY2022 LTI performance outcomes

Vesting of the 2019 FSP award

The three-year performance period for the 2019 FSP award ended on 30 June 2022. The 2019 FSP award comprised 6 329 500, with a total of 2 704 000 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 60%. Consequently, 30% of the shares vested for this performance measure.

The below-threshold performance in EBIT margin and the cash conversion ratio of EBITDA into cash at threshold, resulted in 85% of the 2019 FSP award being forfeited and these shares lapsed on 29 August 2022. The remaining 15% of the 2019 FSP award vested. The calculation of the vesting percentage of these awards were audited by the external auditors.

LTI award 2022

An allocation of forfeitable shares was made on 1 September 2022 under the FSP. The 2022 FSP is the annual allocation of forfeitable shares to senior executives including the executive directors and prescribed officers and will vest in 2025. A total number of 7 006 000 forfeitable shares were allocated, of which 1 422 500 forfeitable shares to the value of R15,3 million were allocated to the executive directors and prescribed officers.

As the Group chief executive has reached normal retirement age, an award has not been made to him in 2022. A final award was made to him September 2021.

The allocation took job grade, individual performance, and retention risk into consideration. The vesting of the 2022 FSP award is subject to meeting performance conditions for the three-year performance period from 1 July 2022 to 30 June 2025, as shown in the table alongside.

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 market conditions.

The 2022 FSP award was settled through the use of shares that lapsed under the 2019 FSP, as well as shares bought on market, thereby not resulting in any dilution to shareholders.

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 2022, there were no shares allocated under the Share Option Scheme and 17 132 174 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.

Long-term cash-settled awards were made to executives operating outside South Africa in October 2022 under the LTCSIP. The October 2022 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 2025. 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 2022 to 30 June 2025.

30% 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$995 280 on 1 October 2022 (October 2021: AU$957 000).

The Mining platform CEO has relocated to Australia and was awarded a cash-settled long-term incentive to the value of AU$842 400 on 1 October 2022 (October 2021: received an FSP award).

September 2022 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 2018	361 000	–	–	180 500	180 500	**–**	Sep 2021	1 859	–
	Sep 2019	580 000	–	–	–	–	**580 000**		–	979
	Oct 2020	997 500	–	–	–	–	**997 500**		–	5 611
	STI 2018	29 965	–	–	29 965	–	**–**		309	–
	STI 2019	66 732	–	–	33 366	–	**33 366**		344	375
	STI 2020	106 868	–	–	35 622	–	**71 246**		367	802
	STI 2021	–	82 722	859	–	–	**82 722**		–	931
Harrison, S	Sep 2018	223 000	–	–	111 500	111 500	**–**	Sep 2021	1 148	–
	Sep 2019	350 000	–	–	–	–	**350 000**		–	591
	Oct 2020	493 000	–	–	–	–	**493 000**		–	2 773
	STI 2018	17 045	–	–	17 045	–	**–**		176	–
	STI 2019	14 786	–	–	7 392	–	**7 394**		76	83
	STI 2020	–	–	–	–	–	**–**		–	–
	STI 2021	–	13 608	141	–	–	**13 608**		–	153
Laas, H	Sep 2018	770 500	–	–	385 250	385 250	**–**	Sep 2021	3 968	–
	Sep 2019	1 072 500	–	–	–	–	**1 072 500**		–	1 810
	STI 2018	57 679	–	–	57 679	–	**–**		594	–
	STI 2019	139 824	–	–	69 912	–	**69 912**		720	787
	STI 2020	236 837	–	–	78 945	–	**157 892**		813	1 776
	STI 2021	–	171 370	1 779	–	–	**171 370**		–	1 928
Mdluli, T	Sep 2018	167 000	–	–	83 500	83 500	**–**	Sep 2021	860	–
	Sep 2019	267 000	–	–	–	–	**267 000**		–	451
	Oct 2020	459 000	–	–	–	–	**459 000**		–	2 582
	STI 2018	10 512	–	–	10 512	–	**–**		108	–
	STI 2019	30 450	–	–	15 225	–	**15 225**		157	171
	STI 2020	50 476	–	–	16 825	–	**33 651**		173	379
	STI 2021	–	38 779	402	–	–	**38 779**		–	436
Da Costa, M	Sep 2018	274 000	–	–	137 000	137 000	**–**	Sep 2021	1 411	–
	Sep 2019	434 500	–	–	–	–	**434 500**		–	733
	Oct 2020	747 500	–	–	–	–	**747 500**		–	4 205
	STI 2019	58 662	–	–	29 331	–	**29 331**		302	330
	STI 2020	45 509	–	–	15 169	–	**30 340**		156	341
	STI 2021	–	64 388	668	–	–	**64 388**		–	724

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 2019	150 000	–	–	–	–	**150 000**	–	–	253
Laas, H	Oct 2020	2 103 500	–	–	–	–	**2 103 500**	–	–	11 832
Laas, H	Sep 2021	–	1 477 500	15 087	–	–	**1 477 500**	–	–	8 311
Grobler, D	Sep 2021	–	701 000	7 157	–	–	**701 000**	–	–	3 943
Da Costa, M	Sep 2021	–	525 000	5 360	–	–	**525 000**	–	–	2 953
Harrison, S	Sep 2021	–	297 500	3 037	–	–	**297 500**	–	–	1 673
Mdluli, T	Sep 2021	–	322 500	3 293	–	–	**322 500**	–	–	1 814

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 2018	898	–	449	449	**–**	Oct 2021	449	–
	Oct 2019	911	–	–	–	**911**		–	137
	Oct 2020	911	–	–	–	**911**		–	456
	Oct 2021	–	957	–	–	**957**		–	479

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 15% has been applied for FY2022 and 50% is applied to calculate the estimated value for the remaining awards.

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 2022 R'000**	Total 2021 R'000
JA Boggenpoel	364	–	414	304	–	–	**1 082**	874
R Havenstein	–	–	414	–	1 260	–	**1 674**	1 446
SP Kana	–	–	–	–	–	1 786	**1 786**	1 727
NB Langa-Royds	364	–	414	570	–	–	**1 348**	1 062
AK Maditsi	364	–	414	372	–	–	**1 150**	941
B Mawasha	364	–	414	248	–	–	**1 026**	821
DC Radley	364	–	414	458	–	–	**1 236**	966
CD Raphiri	364	–	356	423	–	–	**1 143**	989
Total	2 184	–	2 840	2 375	1 260	1 786	**10 445**	8 826

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.

Fee proposal for 2023

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 2023. 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 800 000	5,00%	R1 890 000
Lead Independent Director	Including director and relevant committee fees	R1 270 000	5,00%	R1 333 500
Director	Per annum[2,3,4]	R367 000	5,04%	R385 500
COMMITTEE FEES				
Audit	Chairman	R337 000	5,04%	R354 000
	Member	R181 000	4,97%	R190 000
Health, safety & environment	Chairman	R245 000	4,90%	R257 000
	Member	R125 000	4,80%	R131 000
Nomination & governance	Member	R80 000	5,00%	R84 000
Remuneration & human resources	Chairman	R245 000	4,90%	R257 000
	Member	R125 000	4,80%	R131 000
Risk management	Chairman	R245 000	4,90%	R257 000
	Member	R125 000	4,80%	R131 000
Social & ethics	Chairman	R245 000	4,90%	R257 000
	Member	R125 000	4,80%	R131 000
AD HOC MEETINGS				
Board	Member	R60 000	5,00%	R63 000
Committee	Member	R30 500	4,92%	R32 000

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 R32 500 (2021: R31 000) per meeting be applied for non-attendance at a scheduled Board meeting.
4. It is also proposed that an adjustment deduction of R13 000 (2021: R12 400) 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 FY2023.