Murray & Roberts

ANNUAL INTEGRATED REPORT 2022

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SUPPLEMENTARY INFORMATION ONLINE

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

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PG 140 GLOSSARY/Acronyms and terms used in this report

About this report

Our integrated report for the year ended 30 June 2022 (FY2022) is aimed primarily at providers of financial capital, our employees, clients and business partners.

It presents the strategy, governance, performance and prospects of the Group, including our wholly owned business platforms, our joint ventures where we exercise significant influence and our investments. It covers the risks, opportunities and outcomes related to the global contracting environment, and to our relationships with stakeholders, that affect our ability to deliver on our strategy in the short term (denoting the coming reporting period), the medium term (the next three years equating to our rolling business planning cycle) and the longer term (beyond this planning horizon).

The Group is committed to continual improvement in its reporting as stakeholder disclosure expectations change. Specifically, we continue to deepen our ESG measurement and disclosure, in line with the reporting frameworks investors prefer.

ONLINE **The Group sustainability report provides detailed disclosure on our governance structures and performance, related to our material socioeconomic and environmental impacts.**

Value definition and materiality

Framed by our Purpose and our Vision (see PG 06), our *New Strategic Future* strategy defines the primary drivers of shareholder value for the Group, which guard both our resilience through market cycles and our relevance over the longer term in a dynamic global context:

- Achieving diversification of earnings potential and risk exposure across regions and market sectors with robust, long-term demand fundamentals – to secure **sustainable growth;**
- Deepening our differentiation as a contractor, employer and strategic partner, with increasing emphasis on ESG and digital solutions – to ensure **sustainable competitiveness;**
- Enhancing our relevance to our stakeholders, as a purpose-led, profitable, ethical and responsible multinational corporation aligned to the global advancement of **sustainable human development;**
- Ensuring the inculcation of the Group's governance system and culture (guided by our Values and operationalised by our philosophy of *Engineered Excellence*) – to guard **stakeholder trust.**

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

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

Integrated thinking

The Board committee structure has significant overlap in membership, and together with the Group's organisational, integrated assurance and sustainability frameworks, promote operational visibility and integrated decision-making through clearly defined policy, approval and assurance processes. The Group's governance frameworks align to King IV[1] requirements and oversight processes are regularly reviewed and adapted in line with changes in the Group's opportunity and risk profile. Continual improvement in the Group's standards, systems, best practices and reporting, in response to the operating environment and the needs of stakeholders, as well as performance outcomes, embed accountability for integrated thinking at every level of the Group.

PG 06 Purpose-led value creation

ONLINE Governance report

Process disclosures

The integrity of the integrated and sustainability reports is supported by a mature and effective process:

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

ONLINE Auditor's report
ONLINE Assurance statement
ONLINE Independent limited assurance report to the directors of Murray & Roberts Limited

1. King IV copyright: Copyright and trademarks are owned by the Institute of Directors in Southern Africa NPC and all of its rights are reserved.

Reporting frameworks

The information included in this integrated report is provided in accordance with IFRS, the South African Companies Act, 71 of 2008 (as amended), the JSE Listings Requirements and King IV. The Board is of the view that the integrated report applies the principles and content elements of the International Integrated Reporting Framework (2021) in all material respects; however, they are applied in a way that is meaningful to the Group, and consistent with how we communicate with and account to our stakeholders. Our sustainability report has been prepared in accordance with the GRI Sustainability Reporting Standards at a core application level and the Task Force on Climate-related Financial Disclosures.

PG 125 Summarised financial results

ONLINE King IV application register
ONLINE GRI Standards content index

Board responsibility statement

The Group audit committee is responsible for overseeing the preparation and presentation of the integrated report and ensuring its integrity. The committee believes that the integrated report addresses all the material issues that have a bearing on the Group's ability to create value over the short, medium and long term. The committee recommended it for Board approval, which was obtained on 31 August 2022.

FEEDBACK

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

PG 142 Important information on forward-looking statements

01 GROUP OVERVIEW

OptiPower Projects, Zeerust Solar, North West Province, South Africa

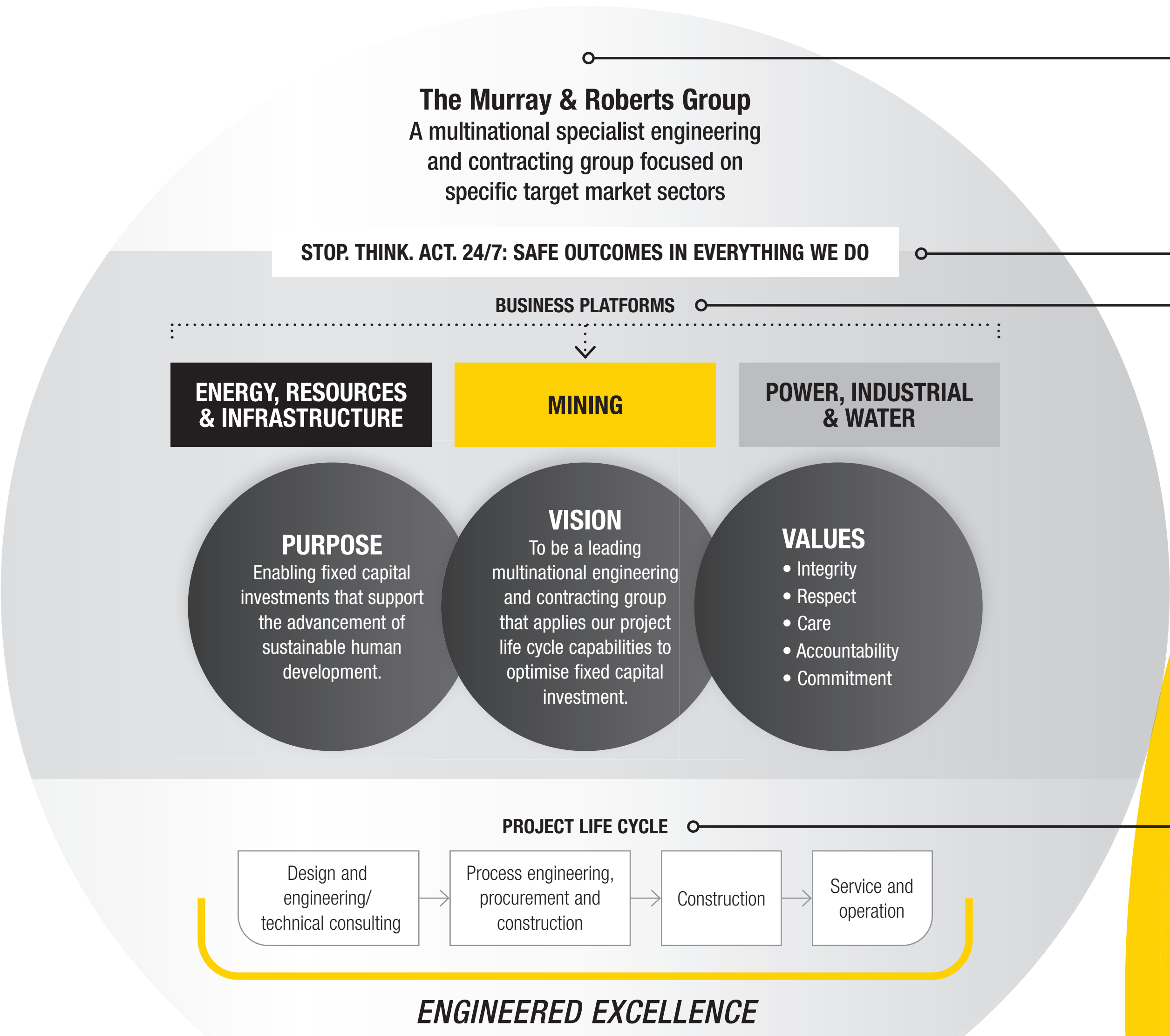
Purpose-led value creation

Murray & Roberts enables and optimises fixed capital formation that advances sustainable human development, on behalf of corporations, governments and institutions.

The Group's Purpose makes sustainable human development the circumference of our market focus. The projects we design, build, maintain and operate empower global communities by delivering the real economy fundamentals – metals and minerals, reliable electricity, transport infrastructure and potable water – on which the modern world depends.

Similarly defined by our Purpose, sustainable human development is central to our governance approach, our competitiveness as a contractor and employer of choice, and our reputation as an ethical corporate citizen with international and local responsibilities.

As the Group moves to realise compelling opportunities for growth, profitability and value creation, our strategic choices will continue to be motivated by our Vision, guided by our Values and led by our Purpose.



PG 48 Chairman's statement

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

Our **market focus spans sectors attracting accelerated capital investment** in sustainably meeting the needs of a growing and urbanising global population and addressing socioeconomic and environmental challenges.

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

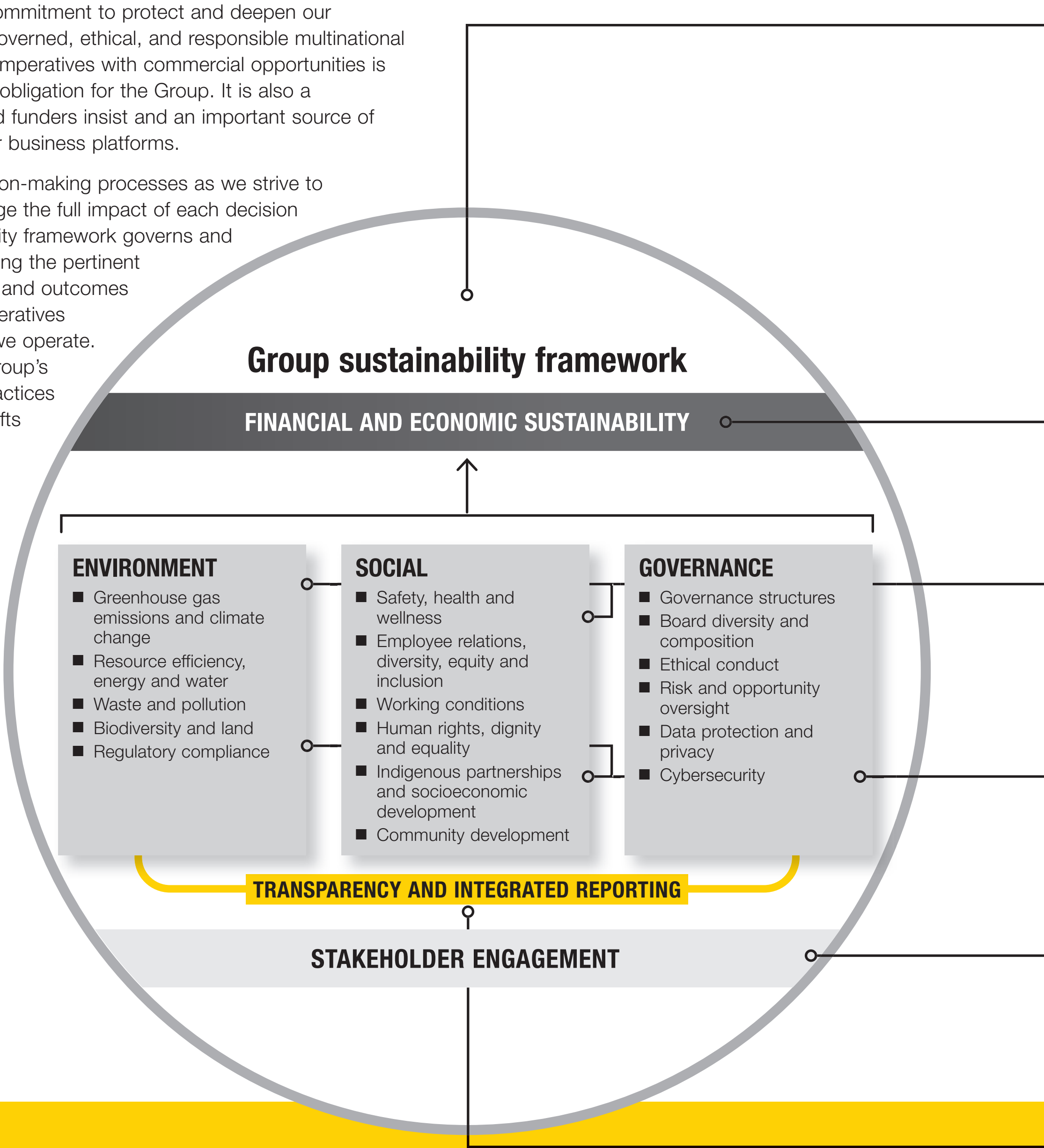
Our **business platforms are expected to align with Group culture,** which is guided by our Values and operationalised by our philosophy of *Engineered Excellence*. This alignment underpins our aspiration to be a contractor and employer of choice and to enhance stakeholder trust in the Group.

We **design and deliver projects across the engineering and construction value chain** that are financially viable, that deliver better outcomes for our clients, and that create lasting socioeconomic and environmental benefits for local communities and host countries.

Integrated thinking

Sustainability thinking is integrated in the way we execute our projects and conduct our business, and we operate under high expectations and stringent ESG guidelines. It informs our commitment to protect and deepen our reputation as a profitable, well-governed, ethical, and responsible multinational organisation. Harmonising ESG imperatives with commercial opportunities is seen by the Board as an ethical obligation for the Group. It is also a requirement on which clients and funders insist and an important source of competitive differentiation for our business platforms.

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



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

01

Financial

- Satisfied shareholders through value creation.
- Achievement of strategic objectives (per rolling three-year business planning cycle).

02

Leadership

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

03

Relationships

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

04

Operational

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

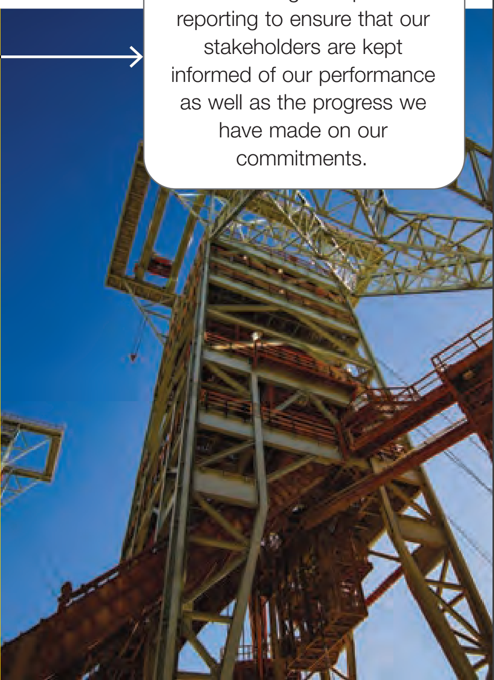
05

Risk

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

The Group sustainability framework sets out our commitment to achieve sustainable outcomes across our value chain by:

- Designing and delivering projects that are financially viable, with better outcomes for clients and lasting economic and environmental value for society, in return for maximum value recognition for the Group.
- Investing in our employees and maintaining a competitive value proposition to retain and attract critical skills, enabling us to embed sustainability into project delivery and operation.
- Applying high ethical standards and global best practice in corporate governance.
- Valuing the contribution of our stakeholders which we believe is fundamental to the long-term success of our business.
- Maintaining transparent reporting to ensure that our stakeholders are kept informed of our performance as well as the progress we have made on our commitments.



Group ESG rating

Following the FY2021 assessment by CEN-ESG, a United Kingdom-based ESG and disclosure specialist, the Group achieved an ESG disclosure score of 31.5 out of 100, comparing favourably with the average of 30.2 for the industrials sector. Selected peers and clients achieved an average of 38.7 points, providing a baseline for improvement. The Group conducted a review of its disclosure in FY2022 and achieved a significant upgrade in its rating to 39.4, a strong score in line with other companies who have a firm grip on a broad range of ESG issues, as assessed by CEN-ESG. The Group has made good progress in delivering on our annual ESG priorities, which include:

- Formulating and communicating our Sustainability Position Statement.
- Reviewing our Climate Change Position Statement to clarify our position on participating in fossil fuel projects.
- Enhancing our diversity, equity and inclusion, and corporate social responsibility policies and programmes.
- Publishing a Group supply chain standard incorporating ESG requirements.
- Improving the coverage of our Scope 3 emissions reporting.
- Enhancing the integration of ESG considerations in opportunity assessment and project execution.
- Closing gaps in our ESG disclosure.

As global expectations cohere into standardised international accountability frameworks, we will continue to strive for industry-leading ESG performance that demonstrates sustainability thinking as a feature of who we are as a Group.

Stakeholder engagement policy

Our reputation as a credible global operator and respected multinational rests on the value we create for our employees, clients and for local companies, host communities and countries in which we work. We value the insight of our stakeholders as fundamental to the long-term success of our business. We understand that their trust is earned through consistent decisions and actions that engender confidence in the Group's character and competence, and our reliability in meeting our commitments and obligations.

The COVID-19 pandemic accelerated several drivers of global change and highlighted weaknesses in society's response to sustainability challenges. As such, it has demanded introspection across all levels of society. For Murray & Roberts, this has meant conscientiously applying what we have learned from managing the impacts of the pandemic to improve our sustainability practices and to align them with our stakeholders' expectations.

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

The policy requires that we:

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

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

Delivering our *New Strategic Future*

Disciplined and agile implementation of our strategy over the last eight years has consolidated our long-term potential and ability to realise it.

Our *New Strategic Future* plan was designed to deepen our resilience to market cycles, by achieving diversification across geographies and capabilities; and to secure our long-term relevance by positioning our business platforms in market sectors and regions likely to attract elevated capital investment. We have achieved these aspirations while managing the risks and constraints of turbulent markets and a challenging global contracting environment.

While cyclicality is a typical feature of natural resources markets, the transition to a lower-carbon energy future and the substantial investment in infrastructure-led socioeconomic recovery and redevelopment, provide a long-term support to our growth potential. These structural trends are important drivers of our investment case.

A multinational engineering and contracting group…

Our platforms, with their respected contracting brands, are well positioned in market sectors and regions with the best opportunities for profitable growth and competitive differentiation.

…able to optimise value across the project life cycle…

As specialist contractors, our platforms are best placed to manage risk and maximise value recognition, while optimising client, local community and host country value.

…through our philosophy of Engineered Excellence…

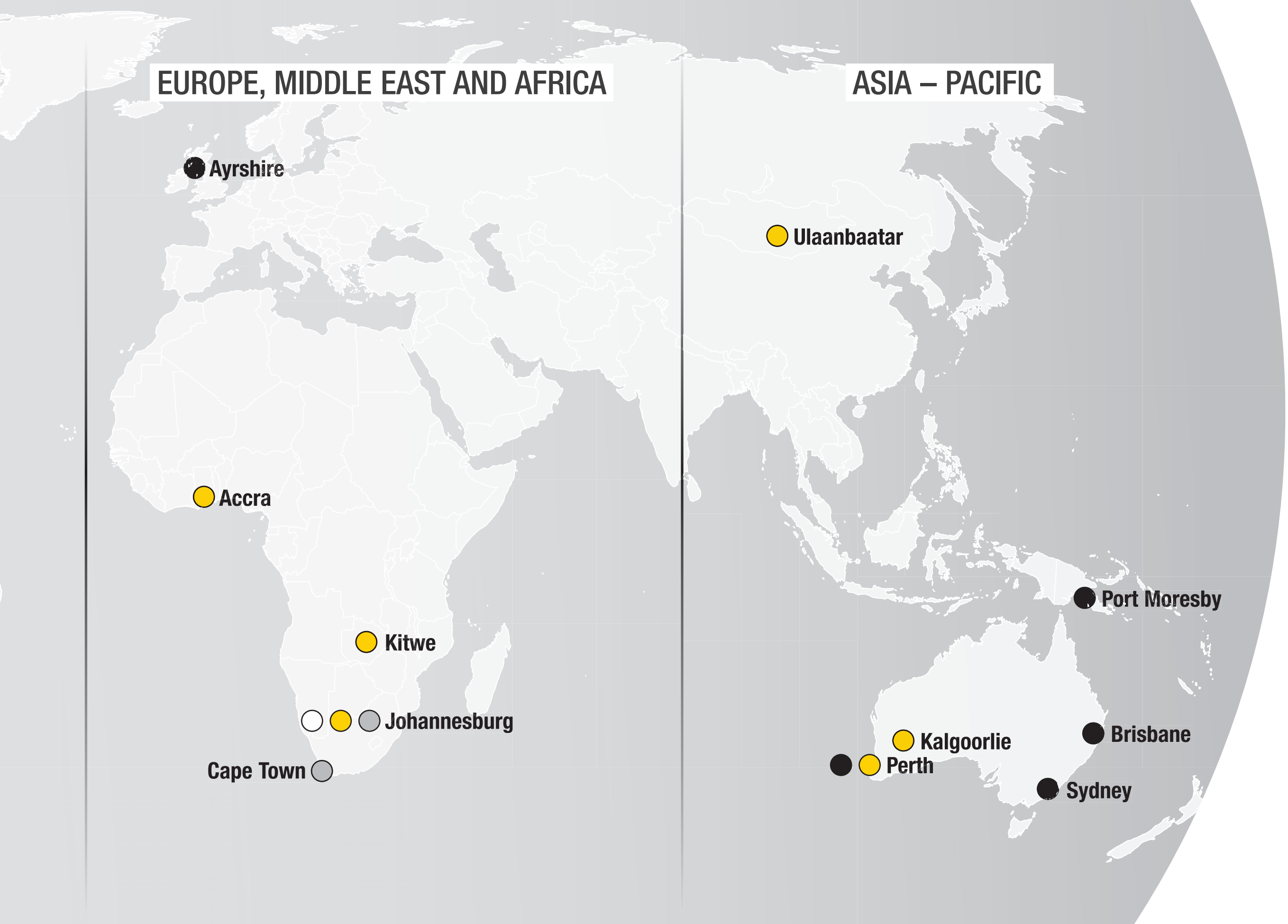
Mature policies, management systems, business principles and practices, and shared learning enable our platforms to deliver safe, efficient and profitable projects, responsibly.

…in market sectors with robust long-term demand drivers…

Demand for future-facing commodities, infrastructure-led socioeconomic redevelopment and the global energy transition are accelerating capital investment in our market sectors.

…to sustain earnings growth and shareholder value.

The Group's strategic position and strong prospects, diversified across sectors, markets and capabilities will deliver sustainable earnings growth in the years ahead.



Global scope and regional strength

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

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

ENERGY, RESOURCES & INFRASTRUCTURE

MINING

POWER, INDUSTRIAL & WATER

CORPORATE OFFICE

Our value creation process

Our Purpose and Vision place sustainability firmly at the centre of our value-creation strategy. The Group's business activities create economic value for shareholders, employees and wider society through the development of infrastructure that supports socioeconomic and human development. These investments contribute to wealth creation and better living standards, and support the social fabric and vitality of communities in which the Group operates.

Our inputs

RESOURCES AND RELATIONSHIPS ON WHICH WE DEPEND TO CREATE VALUE

FINANCIAL CAPITAL

- Quality order book.
- An intensified focus on cash management to preserve liquidity, fund working capital and invest in growth.
- Disciplined management of project execution to minimise losses and protect margins.
- Self-funding platforms and projects.

MANUFACTURED CAPITAL

- Focus on project excellence to maximise asset outcomes for clients, local communities and host countries.
- Proactively reduce 'idle' equipment between projects.

INTELLECTUAL CAPITAL

- Adoption, adherence, adaption and management of commercial and operational systems, procedures and culture pertaining to *Engineered Excellence*.
- Disciplined management of risk to achieve Zero Harm and provide safe and fair working conditions.
- Embedded sustainability framework focused on managing ESG and integrating considerations into decision-making.
- Integration and alignment of acquired businesses.
- Digital innovation for improved safety, efficiency, visibility and measurement across projects.
- Policies, procedures and systems for data protection and privacy.

HUMAN CAPITAL

- Effective, experienced leadership.
- Skilled and diverse workforce.
- Competitive employee value proposition to retain and attract scarce skills.
- Focused succession planning to ensure sufficient talent depth.
- Fit-for-purpose training and development programmes.
- Structured and mature performance management process.

SOCIAL AND RELATIONSHIP CAPITAL

- High ethical standards and global best practice in corporate governance.
- Sound relationships with stakeholders.
- Strong, recognised brands and reputation.
- Supply chain management that supports local communities.
- Ongoing investment in community development.
- Transparent reporting against global reporting frameworks.

NATURAL CAPITAL

- Growing service offering in renewable energy sector.
- New projects evaluated against climate change impacts.
- Collaboration with clients and suppliers to reduce carbon emissions.
- Focus on resource efficiency and sustainable procurement to minimise environmental impacts.
- Commitment to reduce carbon footprint.

PG 52 Group chief executive's and financial director's review

CONSTRAINTS	OPPORTUNITIES
■ Constraints to pricing and cost recovery in global contracting market. ■ Project deferrals and delays affect planning and funding. ■ Global supply chain disruptions impacting cash flows and margins. ■ Legacy issues and protracted project commercial close-outs that are complex and expensive to resolve. ■ Competitive differentiation through safety and productivity benefit requires greater investment in digital initiatives.	■ Expedite claims resolution and further entrench cost discipline. ■ Consistent commercial and operational excellence. ■ Access to funders focused on ESG credentials.
■ Global supply chain disruptions impacting availability of equipment. ■ Managing equipment productivity in weak markets. ■ Concentration risk on large projects.	■ Establish the mining platform as a single global organisation to transform and grow the businesses. ■ Innovations in equipment that enable safer and more efficient operations.
■ Inconsistent project performance. ■ Mobilising cross-border project resources.	■ Competitive differentiation as contractor and employer. ■ Embedding ESG principles into project delivery and operation. ■ Window of opportunity for digital differentiation. ■ Digital management systems at project and enterprise levels. ■ Group-led, consistent approach to strategic priorities including risk, safety, human capital and digital development.
■ Global skills shortages. ■ Attracting the specialised and technical skills needed to grow and deliver project excellence. ■ Competing for digital skills. ■ Skills shortage requires higher investment in people.	■ Giving employees access to world-class and complex project experience. ■ Digitising human capital data for better resource management. ■ Leverage training academies as differentiator.
■ Managing local workplace cultures for safety and productivity. ■ Community unrest putting project execution and employees at risk. ■ Permitting delays hindering project start up. ■ Slow pace of socioeconomic development in some countries.	■ Strong relationships with stakeholders support better quality local contracting partners, procurement and employment. ■ Strategic benefits of strong relationships with quality clients and partners. ■ Helping clients to achieve their ESG objectives.
■ Specialised engineering and construction services to sectors that are carbon and water intensive and vulnerable to climate change impact. ■ Climate change and energy related requirements increase costs. ■ Increased climate-related risk, such as unpredictable weather conditions including floods and storms, causing project disruptions. ■ Onerous operating licence conditions and environmental authorisations.	■ ESG credentials as a differentiator. ■ Positioned to support the transition needed to meet global carbon reduction targets. ■ Climate and energy requirements could provide opportunities in low-carbon economy for ESG focused contractor.

Our business activities

WE OPERATE ACROSS THE PROJECT LIFE CYCLE

PG 12 Value creation model inputs

1. Design and engineering/technical consulting
2. Process engineering, procurement and construction
3. Construction
4. Service and operation

ENERGY, RESOURCES & INFRASTRUCTURE

MARKET FOCUS **AMERICAS, ASIA, AUSTRALIA, EMEA**

Global capabilities: energy.

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

- Detailed engineering
- Procurement
- Construction
- Commissioning & maintenance

MINING

MARKET FOCUS **AFRICA, AMERICAS, ASIA, AUSTRALIA**

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

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

POWER, INDUSTRIAL & WATER

MARKET FOCUS **SUB-SAHARAN AFRICA**

Regional capabilities: power, industrial and water markets.

- Detailed engineering
- Procurement
- Construction
- Commissioning & maintenance

PG 60 Business platform reviews

Our outcomes

THE DIMENSIONS OF SUSTAINABLE STAKEHOLDER VALUE CREATION THAT GUARD OUR RESILIENCE AND RELEVANCE OVER THE LONG TERM

Building and acquiring leading positions in regions and market sectors with robust, long-term demand fundamentals, with sufficient diversification of earnings potential and risk exposure to secure **sustainable growth.**

Revenue (continuing)
R29,9 billion
2021: R21,9 billion
2020: R20,8 billion

Significant order book
R59,5 billion
2021: R60,7 billion
2020: R54,2 billion

EBIT (continuing)
R705 million
2021: R540 million
2020: (R17 million loss)

Deepening resilience and differentiation as a contractor, employer and partner as market dynamics and stakeholder expectations change, with increasing emphasis on ESG credentials and digital solutions to ensure **sustainable competitiveness.**

0
Fatalities

21
projects achieved zero recordable safety cases, in a portfolio of more than 100 projects

BBBEE
Level 1
in South Africa

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

GROUP ESG PERFORMANCE

Score of
39.4 out of **100**

Average industrials score of
38.2 out of **100**

PG 09 Group ESG rating

The quality and depth of Group and platform leadership, the inculcation of the Group's culture (guided by our Values and operationalised by our philosophy of *Engineered Excellence*), and our well-developed governance system and reporting processes, enable us to maintain and enhance **stakeholder trust both in the Group and in our industry.**

PG 30 Our material issues

A strategy for shareholder value creation

STRATEGIC THEMES

Strategic theme	Corporate actions	Key objectives	FY23	FY24	FY25
STRATEGY EXECUTION AND DELIVERY	Strategic focus	Ensure delivery of clear medium-term business plans across our platforms.	✓	✓	✓
		Support platforms in resolving potential project resourcing constraints to growth.	✓	✓	✓
		Expand existing operations into high-growth regions.	✓	✓	✓
		Close-out Middle East claims.	✓	O	O
	Mergers and acquisitions	Identify acquisitions to sustain and diversify earnings growth, deepen capacity and specialism, and support expansion in developed markets and higher-margin segments.	✓	✓	✓
OPERATIONAL PERFORMANCE	Performance management	Ensure accountability for the standards, systems, practices and reporting of *Engineered Excellence.*	✓	✓	✓
		Maintain excellence in project planning, contracting and delivery to manage heightened commercial and execution risk and optimise earnings potential.	✓	✓	✓
		Accelerate platform digital strategies to improve project design, safety, accuracy of execution and reporting, to improve margins and drive market share.	✓	✓	✓
		Achieve ROICE targets and earnings guidance.	✓	✓	✓
		Achieve target overhead costs through the cycle.	✓	✓	✓
OPTIMAL CAPITAL STRUCTURE	Balance sheet management	Manage short-term liquidity constraints as project activity ramps up.	✓	✓	O
		Target appropriate gearing level to support sustainable growth.	✓	✓	O
CASH RETURNS TO SHAREHOLDERS	Dividend policy	Resume annual dividend and supplement from time to time with a special dividend.	✓	✓	✓
SHAREHOLDERS	Shareholder engagement	Secure support from shareholders on strategy and value proposition.	✓	✓	✓
		Continuously improve ESG performance and reporting, to meet and exceed industry benchmarks.	✓	✓	✓

PG 52 Group chief executive's and financial director's report

✓ Applicable

O Not applicable

The alignment of our business platforms to the Group's Purpose, strategy and culture, underpins the stability and sustainability of the earnings growth we expect as we maintain, grow and execute our order book in vibrant market sectors.

Beyond market and regional diversification, and offering services across the project value chain, strategic maturity is a measure of our platforms' ability to consistently deliver safe, well executed and profitable projects. The Group's governance and management systems, and disciplined approach to managing complex risks and burgeoning opportunity, support our ability to recover and grow shareholder value in the coming years.

Risk drivers	ESG risks	Response	Link to material issues
STRATEGIC RISKS ■ Vulnerability to macroeconomic factors. ■ Group liquidity. ■ Capitalising on the recovery of energy markets. **PROJECT RISKS** ■ Uncertified revenues.	**1.** COVID-19 impacts, including economic disruption, operational and financial performance, and employee health and mental health challenges. **2.** Our specialised sectors are carbon and water intensive, vulnerable to climate change impacts.	**1.** COVID-19 responses and protocols fully integrated including non-pharmaceutical measures, and promotion of vaccination and mental health. **2.** Improving capability to deliver positive environmental impact projects; reducing our own impacts; managing physical risks of climate change in project delivery.	**01** Strategic maturity **02** Contractor of choice **03** Employer of choice
STRATEGIC RISKS ■ Vulnerability to macroeconomic factors. ■ Group liquidity. ■ Capitalising on the recovery of energy markets. **OPERATIONAL RISKS** ■ Health, safety and environmental exposures. ■ Community and industrial unrest. ■ Project delivery. **PROJECT RISKS** ■ Project losses. ■ Uncertified revenues.	**1.** Attracting and retaining specialised skills critical to platform growth and delivery of sustainable outcomes. **2.** Reputation, employee retention and eligibility to bid on particular contracts at risk if health, safety and environmental stewardship not managed effectively. **3.** Possible unrest and project disruption resulting from slow socioeconomic development; additionally, expectation for local stakeholder involvement in projects. **4.** Cybersecurity breaches and attacks and resulting disruption and damage. **5.** Unethical and/or unlawful conduct by employees or partners, or non-compliance with laws and regulations could result in fines, reducing revenues and profits, and negatively affect our reputation, impacting our ability to win contracts.	**1.** Safe, diverse, equitable, inclusive work environment; local recruitment; opportunity for advancement through experience, training and mentorship in line with Group sustainability practices. **2.** Continuous improvement of Group HSE framework, and alignment of acquired businesses and joint-venture partners to these standards. **3.** Creating value for employees, clients, owners and communities by partnering with local service providers, securing our reputational respect as a credible global operator. **4.** IT security framework in place and Group-wide cybersecurity training; continual monitoring of controls by vulnerability management programme; backup solutions for system failures or breaches. **5.** Consistent application of Code of Conduct; training for all new employees and regular refresher training; bi-annual unethical/ unlawful practices declarations; anonymous, independent whistle-blowing hotline.	**02** Contractor of choice **03** Employer of choice **04** Stakeholder trust
STRATEGIC RISKS ■ Group liquidity. **PROJECT RISKS** ■ Uncertified revenues.			**01** Strategic maturity
STRATEGIC RISKS ■ Group liquidity.			**01** Strategic maturity
STRATEGIC RISKS ■ Vulnerability to macroeconomic factors. ■ Group liquidity.			**01** Strategic maturity **04** Stakeholder trust

PG 88 Risk management report

ONLINE Sustainability report

PG 30 Our material issues

Engineered Excellence for strategic advantage

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

This leadership philosophy, together with our Values, defines our management approach at every level of the organisation. It is embedded within our businesses through various policies and management systems, including the Group sustainability framework, our HSE framework, the Group statement of business principles, contracting principles and lessons learned, and the Group ethics framework. These frameworks set clear expectations for our employees, platforms and business partners. Their application is tightly governed throughout the Group and regularly updated to respond to shifting realities in the global contracting environment.

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

Contractor of choice

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

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

PG 60 Business platform reviews

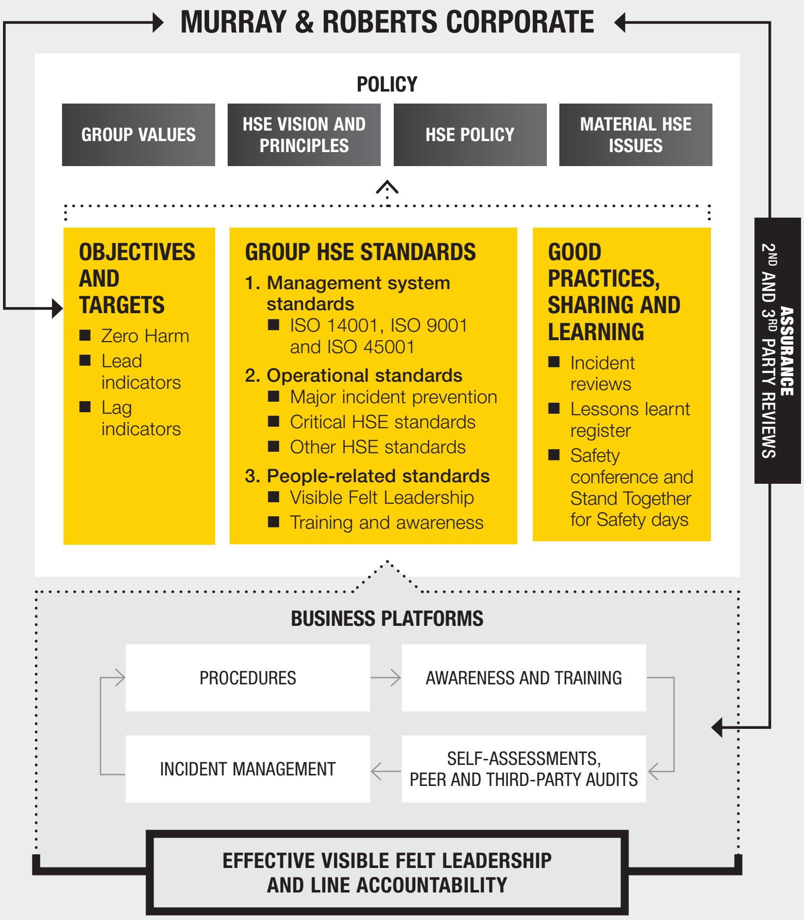
Health, safety and environment

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

The Group conducts its environmental management in accordance with our standards and a specific focus on achieving zero material environmental incidents.

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

Group HSE framework



Safety performance highlights

The Group recorded zero fatalities and achieved a lost time injury frequency rate of 0.58, slightly above our record performance of 0.52 achieved in FY2017, with our total recordable case rate improving from 5.14 in FY2021 to 3.86 in FY2022.

Our focus on proactive safety interventions over responsive actions in FY2022 resulted in positive trends across all lead indicators, including hazards observations, leadership engagements and compliance with the major incidents prevention programmes. With 21 projects achieving zero recordable cases, this result confirms the robustness of our HSE framework, which ensures consistent standards across the Group.

The assurance audits conducted on Group HSE standards revealed a good overall compliance with the HSE framework and continue to raise awareness and alignments on Group expectations.

ONLINE Sustainability report

PROJECTS DELIVERED WITH ZERO RECORDABLE CASES

21

OUT OF A PORTFOLIO OF MORE THAN 100 PROJECTS

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

OUR CLIMATE CHANGE POSITION STATEMENT COMMITS THE GROUP TO:

1. Continuing to monitor and reduce our carbon footprint.
2. Evaluating projects in terms of climate change impacts.
3. Ensuring that our projects comply with relevant environmental specifications, governmental authorisations, and local and international environmental and social standards.
4. Collaborating with clients and stakeholders in the supply chain to find innovative low-carbon solutions.
5. Growing our service offering in the renewable energy sector to mitigate climate change risks.

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

During the year, we continued the climate change scenario analysis in line with the TCFD framework, which we started last year, focused on the mining sector. The analysis identifies key climate change drivers, risks and opportunities that are anticipated to impact the mining sector and in turn our businesses. We also undertook a high-level assessment of biodiversity standards and reporting, and took initial steps to develop an emissions and water reduction pathway for the Group.

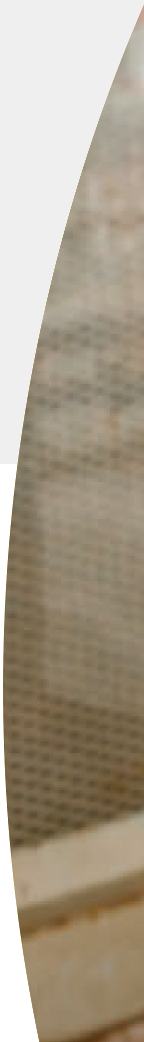
ONLINE Sustainability report

Environmental performance highlight

Improving emissions reporting

Murray & Roberts has a well-established carbon footprint baseline for Scope 1 and 2 emissions extending back to FY2015. Last year, we reported our Scope 3 emissions for the first time and this year we extended our Scope 3 emissions coverage to include upstream transportation and purchased capital goods.

ONLINE Sustainability report



Employer of choice

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

Our Values are central to the appointment and succession of leaders, who are ultimately responsible for implementing Group strategy and modelling Group culture. We prioritise employee health and safety; ethical leadership; effective communication and collaboration; learning, development and mentorship; diversity, equity and inclusion; and sustainable localisation as important aspects of our value proposition to employees. Excelling in all of these areas will enable us to attract, retain and engage high-calibre and high-performing employees who think innovatively and creatively, and live the Group's Values. As a multinational organisation, a diverse workforce contributes to improved business performance and supports our social licence to operate. The Group diversity, equity and inclusion policy guides our businesses in their responses to the diversity priorities of the countries and cultures in which they operate.

We are recognised for our ability to recruit locally, across the culturally diverse multinational regions in which we operate and provide effective training methods to instil the Group's high standards for safety and productivity.

Health performance highlight

COVID-19 health risk

Although the pandemic is abating, it continues to be a health risk among our employees. To date, the Group has reported approximately 1 200 employees infected with COVID-19, with 99% recovery. Regrettably, five of our employees succumbed to virus-related complications early in the financial year, bringing our cumulative number to 12 COVID-19 fatalities since the start of the pandemic.

Pandemic risk mitigation measures are embedded in our risk management programme. Our COVID-19 management includes non-pharmaceutical measures, and interventions to support vaccination and mental health. Our employee assistance programme showed an increase in COVID-19 related mental health support.

Murray & Roberts supports vaccination, and in collaboration with our clients and other stakeholders, we have achieved a vaccination rate of 95% across the Group.

ONLINE Sustainability report

EMPLOYEE ENGAGEMENT SCORE:

3.4 out of 5

(FY2020: 3.7)

GROUP TRAINING SPEND:

R130 million

(FY2021: R99 million)

AVOIDABLE TURNOVER:

11%

(FY2021: 11%)

The base for strong medium-term growth

Our significant, quality order book reflects the Group's strategic progress over the past eight years and the pressing global development needs driving considerable opportunities for sustainable earnings growth.

Murray & Roberts has demonstrated an ability to manage short-term constraints, while focusing on a long-term approach to the allocation of capital. The resilience of our business model and the competitive positions of our platforms in thriving and recovering market sectors, are reflected in a multi-year quality order book and a strong project pipeline.

In a tightening liquidity environment and with escalating project funding requirements, we are focused on effective liquidity and cost management and measured capital allocation, to enable us to withstand the short-term liquidity constraints to project execution and order book growth. Albeit off the low base set in FY2022, as the indirect effects of the COVID-19 crisis contained our earnings potential and cost inflation curbed our margins, we expect profit growth in FY2023 and meaningful earnings growth thereafter. This will enable us to restore shareholder value eroded over the last few years due to weak markets and the repurcussions of the pandemic.

REVENUE (continuing)

R29,9 billion

(FY2021: R21,9 billion)

NET DEBT

R1,1 billion

(FY2021: R0,7 billion cash, net of debt)

ATTRIBUTABLE PROFIT/LOSS

R135 million

(FY2021: R180 million loss)

EBIT (continuing)

R705 million

(FY2021: R540 million)

ORDER BOOK

R59,5 billion

(FY2021: R60,7 billion)

DILUTED CONTINUING HEADLINE EARNINGS PER SHARE

58 cents

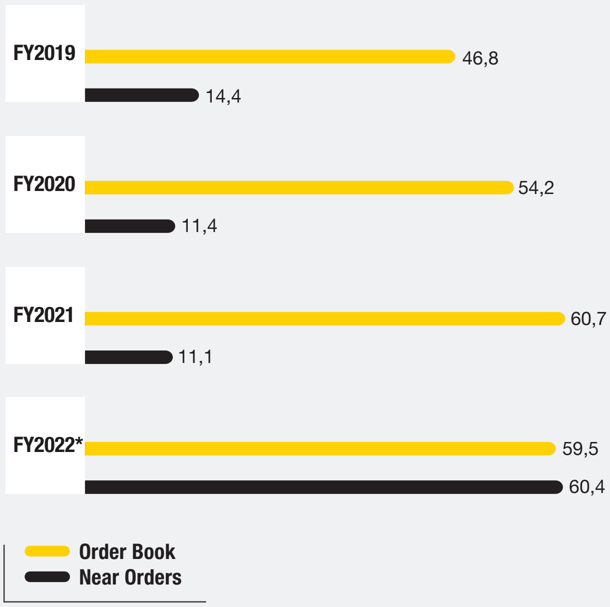
(FY2021: 16 cents loss)

PG 125 Summarised financial results

Order book analysis

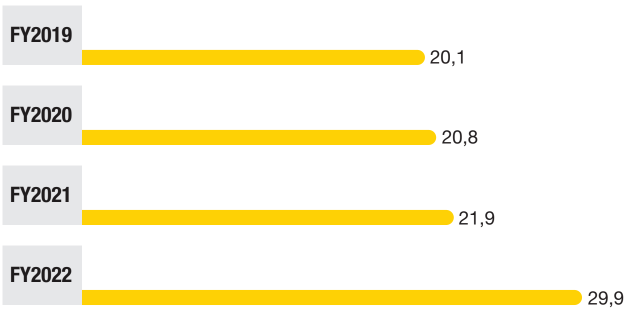
Our high-value quality order book is well diversified over time, region and contractual risk and shows an increasing proportion of orders extending beyond two years, offering stability to our earnings expectations. Our ability to maintain or grow the order book from current levels is, however, subject to downside. A weaker global economic recovery, due to geopolitical factors or a resurgence of COVID-19 variants, could lead to disruption, which could dampen investor confidence and impede the flow of large capital projects coming to market.

Order Book and Near Orders (R billion)

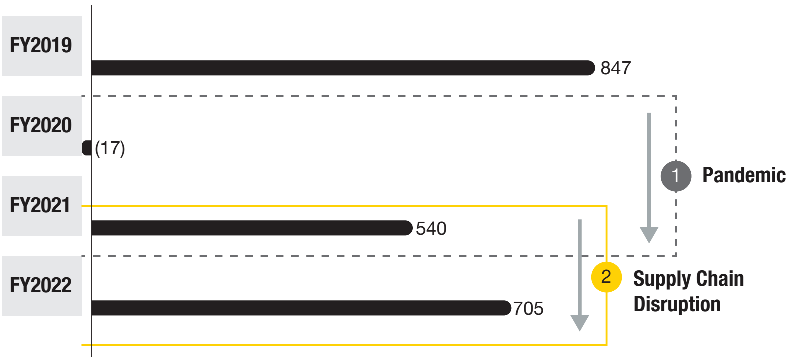


* *FY2022 near orders attributable to the Perdaman and Inland Rail Projects to the value of circa R40 billion.*

Revenue



EBIT



Order book time distribution

Platform	Order book % split: SADC	Order book % split: Int.	Order book Rbn: June 2022	Order book Rbn: June 2021	Order book Rbn FY time distribution: 2023	2024	>2024
Energy, Resources & Infrastructure		100%	37,2	37,0	18,6	10,3	8,3
Mining	45%	55%	21,9	23,2	10,8	4,8	6,3
Power, Industrial & Water	100%		0,4	0,5	0,4	–	–
Total	17%	83%	59,5	60,7	29,8	15,1	14,6

Near orders and pipeline (R billion)

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

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

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

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

Category	Date	Energy, Resources & Infrastructure	Mining	Power, Industrial & Water
Near orders	30 June 2019	8,7	5,2	0,5
Near orders	30 June 2020	1,0	10,4	0
Near orders	30 June 2021	1,1	9,7	0,3
Near orders	**30 June 2022**	43,6	14,9	1,9
Category 1	30 June 2019	158,2	36,7	5,5
Category 1	30 June 2020	66,4	45,1	9,8
Category 1	30 June 2021	44,7	33,0	6,4
Category 1	**30 June 2022**	8,3	21,4	9,1
Category 2	30 June 2019	12,7	48,4	12,1
Category 2	30 June 2020	52,3	39,0	32,2
Category 2	30 June 2021	35,7	24,0	35,0
Category 2	**30 June 2022**	39,1	48,1	44,0
Category 3	30 June 2019	238,3	32,7	23,2
Category 3	30 June 2020	390,7	60,8	18,3
Category 3	30 June 2021	535,8	35,1	13,0
Category 3	**30 June 2022**	697,2	35,0	13,3

ENERGY, RESOURCES & INFRASTRUCTURE

MINING

POWER, INDUSTRIAL & WATER

PLATFORM PROSPECTS

Energy, Resources & Infrastructure

The platform's high-quality order book and project pipeline, and thriving market sectors, support our expectation of robust earnings growth over the next three years. Leadership is aware of the working capital requirements associated with rapid growth and will remain focused on commercial astuteness and cash management.

Mining

Resilient commodity prices, particularly those required for the global energy transition, and the dire need for new production capacity, indicate growth in mining investment over the medium term. We expect growth in revenue and earnings for the platform in the medium term.

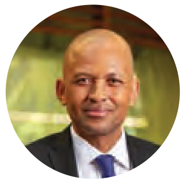
Power, Industrial & Water

As the platform consolidates its market position, we are confident that its near-term opportunities, specifically in the renewable energy and transmission & distribution sectors, will enable the platform to return to profitability in FY2023 and to deliver sustainable revenue and earnings growth beyond that.

Group leadership

Group board

Independent non-executive directors

	Suresh Kana CHAIRMAN	**Ralph Havenstein** LEAD INDEPENDENT	**Jesmane Boggenpoel**	**Ntombi Langa-Royds**	**Alex Maditsi**	**Billy Mawasha**
Appointed	**01 July 2015**	**01 August 2014**	**01 April 2020**	**01 June 2013** **Retiring at 2022 AGM**	**23 August 2017**	**05 March 2020** **Resigned 31 August 2022**
Tenure (Years)*	7.2	8.1	2.4	9.3	5.0	2.5
Responsibilities	Oversees Board governance and performance, and stakeholder engagement.	Addresses shareholders' concerns where regular channels fail to resolve concerns, or where the chairman may be conflicted.	Provide independent and objective judgement as well as to counsel, challenge and monitor the executive directors' delivery of strategy within the approval framework and risk appetite agreed by the Board.			
Skills & Expertise	Accounting, Finance, Strategic Leadership, Governance and Ethics.	Petrochemical and Mining, Chemical Engineering, Strategic Leadership.	Finance, Strategic Leadership, Governance, Investments.	Human Capital, Law, Leadership, Governance, Strategy, Remuneration.	Law, Commercial, Remuneration.	Mining, Automotive, Strategic Leadership, Investments, Project Delivery.
Committees	RHR NG	RM HSE RHR NG	A RM	SE RM RHR NG	RHR HSE SE	HSE SE
Qualifications	CA(SA), MCom	MSc (Chemical Engineering), BCom	CA(SA), MPA (Harvard)	BA Law (Lesotho), LLB (Lesotho)	BProc, LLB, LLM	BSc Eng (Electrical), AMP
Experience	Former territory senior partner for Pricewaterhouse Coopers Africa.	Former chief executive officer of Anglo American Platinum, former Sasol executive director.	Former deal executive for Brait Private equity, former Head of Business Engagement Africa, World Economic Forum, Managing Partner of private equity firm AIH Capital.	Former chief executive HR at Independent Newspapers, SABC, Nampak, Human Resources Executive.	Managing director of Copper Moon Trading, former operations, planning and legal director for Coca-Cola Southern and East Africa.	Chief executive officer of Kolobe Nala Investment Company, former Rio Tinto Country Head South Africa and managing director of Richards Bay Minerals.
Other Directorships	JSE Limited, Transaction Capital.	Reatile Group, Omnia Holdings, Implats.	EOH Holdings, ETG Input Holdings, SPUR.	Redefine Properties, Europe Assistance Worldwide Services (South Africa), Kumba Iron Ore.	Bidvest Group, African Rainbow Minerals, Famous Brands.	Metair Investments.
Last AGM Re-elected	**2020**	**2021**	**2020**	**2021**	**2020**	**2020**

* *As at 31 August 2022.*

COMMITTEES

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

				Executive directors		Group secretary
						
	Diane Radley	**Clifford Raphiri**	**Alexandra Muller**	**Henry Laas** GROUP CHIEF EXECUTIVE	**Daniël Grobler** GROUP FINANCIAL DIRECTOR	**Bert Kok** GROUP SECRETARY
	23 August 2017 **Retiring at 2022 AGM**	**05 March 2020**	**01 July 2022**	**Joined the Group in 2001. Appointed to the Board and as Group chief executive in 2011.**	**Joined the Group in 2010. Appointed to the Board and as Group financial director in 2017.**	**Joined the Group in 2011. Appointed Group secretary in 2014.**
	5.0	**2.5**	**0.2**	**11.4**	**5.4**	**8.7**
				Leads the design and delivery of Group strategy and performance, and reporting.	Leads the oversight of Group financial performance against aspirations, and reporting.	Ensures sound corporate governance and Board administration, including director induction and training.
	Accounting, Corporate Finance, Investment, Strategic Leadership.	Operations and Human Capital, Engineering, Risk Management, Strategic Leadership.	Accounting, Governance.	Mining and Engineering, Commercial Negotiations, Strategic Leadership.	Accounting, Commercial Negotiations, Strategic Leadership, Corporate Finance.	Corporate Governance, Company Secretarial, Administration.
	A RM	A RM	A SE HSE	HSE	n/a	n/a
	CA(SA), MBA, AMP (Harvard)	BSc Eng (Mechanical), MBA.	CA(SA)	BEng (Mining), MBA	CA(SA)	FCG (CS), FCIBM
	Former chief executive officer of Old Mutual Investment Group, former chief financial officer of Old Mutual SA.	Former executive director of SAB (Pty) Ltd, former Chairman of Adcock Ingram Holdings Ltd.	Former partner and head Governance, Risk, and Internal Audit practice at PwC for Financial Services clients.	Former chairman of Murray & Roberts Engineering SADC, former managing director of Murray & Roberts Cementation, various senior management and executive positions within the Group.	Former managing director of Murray & Roberts Cementation, various leadership functions within the Group.	More than 10 years as listed company secretary, former (2010) president of Chartered Secretaries of Southern Africa.
	Base Resources (ASX), Network International (LSE), Transaction Capital, DG Murray Trust, Redefine Properties.	Nampak, Energy Partners Holdings, Thesele Holdings, Talbot & Talbot Holdings.	AVI Limited, Infiniti Insurance Limited.	Group related	Group related	Group related
	2020	**2021**	**N/A**	**2021**	**2020**	**N/A**

Group Executive

COMMITTEE PARTICIPATION

HSE

Tenure:
6.8 years

Peter Bennett

PLATFORM CHIEF EXECUTIVE

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

- Booth Welsh
- CH•IV
- Clough Asia-Pacific
- Clough North America
- e2o

COMMITTEE PARTICIPATION

HSE

Tenure:
4.2 years

Mike da Costa

PLATFORM CHIEF EXECUTIVE

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

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

COMMITTEE PARTICIPATION

HSE

Tenure:
6 years

Steve Harrison

PLATFORM CHIEF EXECUTIVE

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

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

COMMITTEE PARTICIPATION

A

RHR

RM

SE

Tenure:
5.7 years

Daniël Grobler

GROUP FINANCIAL DIRECTOR

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

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

COMMITTEE PARTICIPATION

A

RM

SE

** Until 31 August 2022*

Tenure:
14.2 years

Ian Henstock

COMMERCIAL EXECUTIVE

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

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

COMMITTEE PARTICIPATION

HSE

RM

SE

Tenure:
9.2 years

Thokozani Mdluli

RISK AND HEALTH, SAFETY & ENVIRONMENT EXECUTIVE

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

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

COMMITTEE PARTICIPATION

RHR A

RM HSE

SE NG

Tenure:
15 years

Henry Laas

GROUP CHIEF EXECUTIVE

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

- Sustainable delivery of Group strategy and performance

COMMITTEES

A	Audit
RM	Risk management
HSE	Health, safety & environment
SE	Social & ethics
RHR	Remuneration & human resources
NG	Nomination & governance

Our material issues

Our Purpose and Vision frame the Group's definition of value.

OUR PURPOSE speaks to Murray & Roberts' role in sustainable human development, which defines our market scope and our approach to managing the business.

OUR VISION commits us to applying our capabilities to help our clients optimise their fixed capital spending and long-term asset outcomes in the service of human advancement.

Flowing from this positioning, our ***New Strategic Future*** plan aims to generate positive value for our clients, employees, shareholders and partners, and lasting socioeconomic benefit for our host countries and local communities, by achieving the following value outcomes:

- Establishing leading positions in market sectors and regions that offer sustainable earnings growth potential for acceptable risk.
- Differentiating ourselves as an employer, contractor and as a social partner in all our markets, through *Engineered Excellence.*
- Protecting our reputation for being a purposeful and responsible multinational organisation.
- Maintaining and enhancing stakeholder trust both in the Group and in our industry.

Determining materiality

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

The stability in the Group's material themes, and associated issues, reflect the consistency of our strategy over the last decade, even in the face of dramatic change in our operating context during the past two years. Nuanced changes from last year's material issues include an emphasis on resilience, given elevated business and contracting risk; on agility, to position our platforms for the best opportunities for differentiation and growth; and on stakeholder trust, as the currency that underpins all efforts to create sustainable value.

Insights drawn from the Group's annual strategic planning cycle for FY2023 to FY2025, were the primary input in determining our material issues and were workshopped by a forum that included the Group chief executive, financial director, commercial director and the investor relations executive. The material issues were tested against interviews with the executives in charge of risk and HSE, and leadership and succession, as well as with the chairman to incorporate Board insight.

The material themes and associated issues (set out alongside) were used in preparing the Group's integrated report and sustainability report, which provide a thorough discussion of, and pertinent performance data for, the issues. The material themes are contextualised by an overview of the material shifts in our operating environment and the expectations of our stakeholders. This includes an indication of the associated risks, constraints and opportunities that affect our ability to create and protect value, and which may erode value, if not mitigated and managed effectively. The related management priorities at Group and platform level show how we intend to deal with these factors.

VALUE DRIVERS

01 Strategic maturity

Key indicator: **SIZE AND QUALITY OF ORDER BOOK**

Manage financial constraints to order book growth.

Sustain size and quality of the order book.

Diversify earnings potential and risk exposure in line with longer-term trends.

02 Contractor of choice

Key indicator: **VALUE RECOGNITION VERSUS TENDER**

Deepen *Engineered Excellence* to drive differentiation, mitigate project risk and maximise value recognition.

Accelerate digital strategy to drive enterprise and project value.

03 Employer of choice

Key indicator: **EMPLOYEE SATISFACTION SURVEY**

Maintain a competitive employee value proposition.

Intensify leadership development to ensure succession depth and continuity.

04 Stakeholder trust

Key indicator: **INDEPENDENT ESG BENCHMARKING**

Consistent application of the Group sustainability framework and associated reporting standards.

Remain responsive to local circumstances and socioeconomic needs.

Value outcomes

SUSTAINABLE GROWTH

SUSTAINABLE COMPETITIVENESS

SUSTAINABLE HUMAN DEVELOPMENT

01 Strategic maturity

Context

Short- to medium-term trends

- Despite continued impact on the economy, companies and societies, the Group reported a strong order book and is well positioned to achieve sustainable earnings growth.
- Heightened geopolitical tensions have negatively impacted global trade and investments.
- Loadshedding, inflation and rising fuel prices due to the Russia-Ukraine conflict impacting supply chains and project costs.
- Global economic recovery gaining pace in parallel with the alleviation of COVID-19 severity, although COVID-19 variants could pose ongoing risk.
- Decline in PIW revenue and EBIT due to decline in revenue from existing operations, COVID-19 impacts and poor performance on some projects.
- Significant stimulus and capital commitments for infrastructure-led socioeconomic recovery and decarbonisation of the global economy, provide immediate opportunities for the Group.
- Economic recovery in Australia and North America relies heavily on investment in public and private infrastructure, with massive programmes earmarked for road, rail, terminals and near shore marine.
- Strong medium-term pipeline of opportunities in multinational energy, resources, infrastructure and mining sectors.
- Energy, mining and industrial majors seeking more environmentally benign options to fuel their operations and reduce their emissions footprint.
- Capital investment in the mining sector remains tentative, but confidence is growing in commodity demand and pricing upturn, albeit favouring 'future-facing' commodity types and disfavouring 'dirty' commodities, especially coal.
- Underinvestment over the past five years has eroded ore reserve positions of many mining companies; higher commodity prices should drive growth in capital investment over the next few years.
- Commodities upcycle is expected to support the appetite of majors for expansion projects and emerging mining companies for smaller greenfield developments.
- Uncertainty remains on timing and accuracy of capital investment forecasts given the competing priorities of mining companies, including increased dividend payments and ESG commitments.
- Weak macroeconomic conditions in South Africa related to socio-political factors, corruption and COVID-19, but structural reform provides potential for recovery.
- Hardening stance and tight criteria of debt providers and short term insurers in providing finance facilities, project bonding and underwriting of project risk is a potential growth constraint.
- Should economic growth gain pace in South Africa, the concomitant increase in revenue collection will ease public sector funding constraints, supporting infrastructure-led fixed capital formation and energy demand.
- Major investment in the power sector expected in the short to medium term in South Africa due to the removal of all power licensing caps; alongside mounting necessity and public pressure to invest in ageing and dysfunctional water infrastructure.
- PIW continue to support maintenance work on Eskom's ageing coal fleet as these power stations remain critical to South Africa's socioeconomic development.
- High growth potential in transmission and distribution in Sub-Saharan Africa (including South Africa) in the short to medium term.
- Eskom's restructuring and unbundling is progressing, and significant investment is earmarked for repair and maintenance of national grid and power stations, and for transmission & distribution and renewable energy.
- Reduction in financing for thermal energy, but baseload energy in South Africa will still be drawn from available resources (gas and coal).
- Commercial solar PV roof installations gaining momentum in South Africa, driven by ongoing power outages and rising electricity tariffs.
- Refining production in South Africa being reconsidered in favour of import storage terminals – with projects expected in the short to medium term.
- Evidence of increasing PPP activity in the water sector in South Africa, with implementation of municipal drought resilience and wastewater treatment strategies commencing in major metropoles.
- Strong commodity prices and good margins are expected to drive growth in the industry, placing pressure on availability of skilled and experienced people.
- Pressure on mining operators to invest in environmental and social priorities, eroding proportion of capital available for re-investment into production infrastructure.
- Acceleration of underground data connectivity is enabling rapid adoption of digital technologies in the underground mining environment.
- PIW safety performance improved after successful integration of the OptiPower Projects business.

Longer-term trends

- Long-term demand fundamentals remain strong, as the global population increases and urbanises.
- Accelerated energy transition to 'greener' fuels, including natural gas and nuclear.
- Certain minerals and commodities are set to benefit from the transition to a low-carbon economy, including natural gas and 'green metals'.
- Energy pressures in Europe, particularly Germany, suggest renewables alone cannot meet world's energy demands, notwithstanding advances in battery storage and new technologies (such as green hydrogen).
- Electrification rates of less than 25% in Sub-Saharan Africa provide significant transmission and distribution opportunities; but typical model requires EPC contractors to partner with funders.
- Significant drive and investment for carbon reduction and diversified energy mix (including renewables) in Africa through to 2040.
- Protection of domestic economies likely to drive government policies, investment decisions and shorter supply chains – regional strength adds resilience.
- COVID-19 has raised the importance of holistic risk assessment and disaster management to mitigate against future events.

MATERIAL ISSUE

Manage financial constraints associated with order book growth

GROUP

- Constrained bond market necessitates that we manage the short-term impact on capital availability:
  - Manage short-term liquidity facilities to support escalating project funding requirements.
  - Secure client funding through a combination of upfront and timeous milestone payments.
  - Centralise procurement to manage cash flow constraints in project finance.
  - Explore embedding preferential financing mechanisms and alternative ownership models into contracts.
  - Explore alternatives to cash retention with clients, for example offer cash bonds to clients, to avoid circumstances of undue retention.
- Settle longstanding claims and resolve uncertified revenue.
- Improve the management and collection of outstanding payments.
- Conclude closure of business in the Middle East.
- Preserve liquidity by closely managing impact on working capital at platform level due to:
  - Project underperformance.
  - Project delays and deferrals due to regional market conditions.
  - Upswings in activity as markets recover.
  - Not meeting tender productivities.
  - Proactively managing on-the-ground conditions of projects to mitigate the potential impact of community unrest, unplanned stoppages and/or pandemics.
- Retain the discipline demonstrated during COVID-19 in managing capital and costs.
- Adjust performance contracts to include specific targets relating to management of liquidity and cash preservation.
- Continue efforts to achieve targeted overhead costs through the cycle.
- Consider disposal of Group's 50% share in the Bombela Concession Company.

ENERGY, RESOURCES & INFRASTRUCTURE

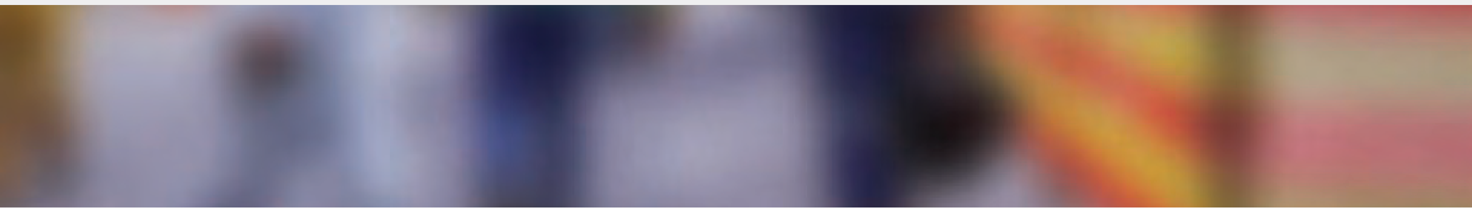
- Recover uncertified revenues through settlement of claims.
- Careful management of cash requirements.
- Vigilance to ensure timeous submission of claims.
- Manage overhead costs to achieve a sustainable cost base.
- In USA, restructure overheads to match reduced revenue from smaller projects.
- Target growth markets: energy transition, asset services and complex transport infrastructure.

MINING

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

POWER, INDUSTRIAL & WATER

- Recover uncertified revenues through settlement of claims.
- Continue to appropriately gear organisation to manage overhead costs.
- Ensure projects deliver projected gross profit and maximise cash collection.
- Manage working capital supporting a growing order book, commercial challenges, and settlement/resolution of claims through:
  - Ensuring adequate upfront payments; back-to-back supplier payment terms.
  - Ensuring commercial issues are dealt with at inception rather than at close out.
- Manage the increasing supply chain and interest rate/pricing challenges related to project delivery:
  - Emphasise neutral cash position expectation during tender negotiations.
  - Risk sharing approach regarding price fluctuation with transparency on a back-to-back basis with suppliers/subcontractors.



01 Strategic maturity *continued*

MATERIAL ISSUE

Sustain size and quality of order book

GROUP

- Leverage market positions of multinational platforms in high-growth market sectors to maximise earnings potential and return value to shareholders.
- Focus on selecting projects that align with the Group's Purpose, and with our ESG commitments.
- Continue to align platforms with the Group's Purpose, strategy and culture, to underpin sustainable earnings growth in the years ahead.
  - Leverage the Group's reputation and ability to optimise capital investment for clients, countries and communities by delivering fixed assets with improved ESG outcomes.
  - Leverage service offering across the engineering and construction value chain to optimise capital investment in both the design and execution of projects.
  - Balance Group oversight and control with regional accountability and autonomy, according to the Group's business model, to ensure disciplined and profitable growth.
- Support our platforms in securing the capacity (project finance, specialist and technical skills, and strategic partnerships) to maintain a quality order book and deliver project excellence.
- Ensure rigorous oversight of commercial and project management systems, to mitigate compounding risk of mega projects and higher proportion of lump sum contracts in order book (specifically in the Energy, Resources & Infrastructure platform).
- Support the Power, Industrial & Water platform in implementing its focused turnaround strategy to achieve sustainability and annually reassess risk/return of capital committed.
  - Expected to turn a profit within the 2023 financial year.
- Develop additional service offerings by leveraging Group geographic footprint and associated relationships.
- Continue to respond to longer-term market shifts to position platforms for resilient and sustainable growth.
- Consolidate procurement, funding and asset management to improve profitability, strengthen balance sheet and position the platforms for growth.

ENERGY, RESOURCES & INFRASTRUCTURE

- Leverage established governance and leadership structures to manage execution risk inherent in a record order book.
- Leverage credible positions in Australian power, infrastructure and resources sectors to secure further orders from a significant pipeline of opportunities.
- Harness EPC capabilities in the USA to secure work and longer-term opportunities including specialised infrastructure.
- Develop workforce, brownfield EPC and operations & maintenance services in APAC and North America.
- Grow delivery of our capabilities in power, power storage and transmission, complex critical infrastructure, and new/renewable energies for growth in APAC and North America, with a longer-term expansion into infrastructure for the latter.
- Maintain customer focus in the UK by delivering engineering, automation and project services.
- Ensure the ability to attract the necessary specialised and technical skills to resolve the potential constraint to growth.
- Utilise acquisition of JJ White Inc as a differentiator, providing opportunity for access to unionised projects in North America.
- Maintain excellence in project delivery to deliver safe, sustainable, and profitable projects.
- Accelerate innovation to improve service and decision-making.
- Develop leadership in ESG for our employees, community and environment.
- Manage platform's ability to provide required project bonding.

MINING

- Drive growth in mining activity with emphasis on brownfields expansion, product optimisation and restarts.
- Continue to grow proportion of 'future-facing' decarbonisation commodities in the order book.
- Continue active engagement with our suppliers to identify collaborative opportunities to reduce carbon footprint of our supply chain.
- Leverage leading positions in major regional underground mining markets to build the order book to more acceptable levels.
- Secure orders from strong near-term project pipeline.
- Optimise and innovate to grow market share and margins.
- Unite the regional entities under a common global brand, establishing a global funding structure to support the regional businesses, provide strategic global procurement services, and establish a common asset management philosophy.
- Establish centres of excellence that will drive global best practice across the regional entities.
- Lead the digital transformation strategy for the global business.
- Institute processes for acquiring and developing talent.
- Grow customer relationships.

POWER, INDUSTRIAL & WATER

- As appropriate, win contracts by intensifying client engagement and negotiation, and leveraging Murray & Roberts senior level facilitation.
- Intensify business development and proposals targets by:
  - Focusing on target pipeline opportunities.
  - Developing strategic local and international JV relationships as differentiator.
  - Using OptiPower Projects' transmission and distribution to enter new markets.
- Strategise early entry on projects:
  - Transition from SMPEI contractor to expanded role that includes EPC and project development.
  - Early entry strategies to secure 'preferred local EPC partner' status.
- Leverage competitive position to meet South Africa's urgent need for industrial and water infrastructure, and renewable energy.
- Optimise OptiPower Projects' track record to win work in transmission, distribution and substation sectors.
- Explore further opportunities in power plant repair and maintenance.
- Secure further opportunities in renewable energy, considering the removal of the self-generation cap.
- Explore small-scale solar PV installations and opportunities in booming solar market.
- Learn from challenges posed by acquisition of OptiPower Projects.
- Grow market share in resources and industrial sectors.
- Establish scale in water business by securing wastewater and industrial water treatment opportunities.

MATERIAL ISSUE

Diversify earnings potential and risk exposure in line with longer-term trends

GROUP

- Ensure a well-diversified order book (diversified in timeframe, region, sector and contract type).
- Optimise value potential from all phases of project life cycle, in particular operations and maintenance.
- Leverage strategic partnerships, according to specific project scope and requirements.
- Leverage competitive differentiation as a contractor and employer.

ENERGY, RESOURCES & INFRASTRUCTURE

- Expand service offering and market presence by leveraging synergies across the platform's geographic footprint.
- Target opportunities in the international LNG market.
- Integrate JJ White Inc into the platform and leverage new opportunities from their existing relationships.
- Diversify revenue streams to reduce the impact of the cyclical nature of markets.
- Target more projects offering cost-plus and alliance type contractual models.

MINING

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

POWER, INDUSTRIAL & WATER

- Grow operations and maintenance service offering.
- Focus on renewable energy project development and grow transmission service offering.
- Secure annuity-type income through operation and maintenance of wastewater treatment plants.
- Build funder relationships as a preferred contractor to unlock EPC project opportunities in Sub-Saharan Africa.

02 Contractor of choice

Context

Short- to medium-term trends

- Increased focus on adopting a common global brand, enhancing client engagement and recognition, leveraging current brand strengths.
- Establish relationships with key internal/external global stakeholders.
- Increasing risk aversion, with clients shifting more risk to contractors.
- Ability to secure new project bonding.
- Continued supply chain and resourcing constraints due to COVID-19 restrictions, supply/demand imbalances and bottlenecks. Resilience requires resolving these supply chain pressures.
- Geopolitical tensions or extreme weather events may continue to impact project delivery schedules and drive up costs.
- Intensifying scrutiny and obligations related to HSE from funders, clients and regulators; and escalating socioeconomic development expectations from local communities.
- Defining, developing and implementing HSE coaching for frontline leaders.
- Cost competitiveness, in tandem with increased ESG commitments, require the application of innovative digital solutions for productivity, control and oversight.

MATERIAL ISSUE

Deepen *Engineered Excellence* to drive differentiation, mitigate project risk and maximise value recognition

GROUP

- Firmly entrench the culture of *Engineered Excellence* by maintaining a consistently high-performing global organisation with a proven track record of delivering and adding value.
- Ensure consistently high standards of *Engineered Excellence* through leadership commitment, strong oversight and continuous improvement. Ensure stable and sustainable earnings growth and mitigate project risk by ensuring platforms consistently deliver safe, well executed and profitable projects.
- Embed ourselves as a differentiated, integrated services solutions provider with full service cycle offering:
  - Reorganise and restructure to drive greater collaboration with common systems, global metrics, shared resources and centres of excellence.
  - Target Master Services Agreements, preferred commercial agreements and exclusivity; develop a New Alliance model with customers to deliver shared value.
- Increase range and value of offerings and expand geographic reach via M&A and partnerships; continuously monitor and transact on new market opportunities. Ensure strict adherence to systems, principles and practices of *Engineered Excellence* in commercial, project and ethics management, and hold management accountable for deviations.
  - Mature project governance and management systems in place to manage the risks of commercial and operational challenges on large complex projects.
  - Minimise integration risk associated with acquisitions by ensuring swift alignment with Group culture, values, policies and standards.
  - Manage complexity of systems and culture among large joint-venture consortia and local contractors to ensure alignment in culture, values and management systems to manage execution risk.
- Strive for Zero Harm.
  - Increase Zero Harm projects across our portfolio.
  - Continue to focus on lead indicators to prevent safety incidents and break through plateau in safety improvement gains.
  - Continue to focus on high-impact interventions and programmes relevant for regional application, to improve management of risks, including those associated with demobilisation, and management of cultural factors affecting safety performance.
  - Continue to develop, enhance and share interventions to maintain world-class safety performance.
- Minimise project losses through adherence to the Group's project management systems and standards and respond swiftly to lessons learnt.
- Ensure discipline in:
  - Competitive and accurate pricing of projects, considering project specific risks and applying lessons learnt.
  - Concluding contracts on reasonable commercial terms, considering Group contracting principles.
  - Effective resourcing of projects.
  - Effective project and risk management to achieve outcomes in line with tender expectations.
- Leverage local capabilities and supply chain resilience of strong regional operations and ensure thorough contingency planning to manage constraints to project resourcing and skills mobility.
- Ensure responsiveness to client demands to differentiate service offerings, through measurable ESG credentials at project and corporate level, and the ability to manage local conditions, constraints and expectations.
  - Ensure the Group's projects meet and exceed expectations for safety and health; local contracting partnerships, employment and procurement; training and skills development; socioeconomic development of local communities; environmental mitigation of project delivery and long-term impact of projects.
- Integrate cascading responsibilities, with conduct and practices of management level employees being adopted by client-facing employees.
- Revise management KPIs to ensure adherence to Group commercial and ESG principles and standards.

Longer-term trends

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

ENERGY, RESOURCES & INFRASTRUCTURE

- Maintain safety performance through effective safety leadership, personal accountability and employee development.
- Mobilising new products, programmes and training that support safety.
- Continue to drive real-time reporting and innovative approaches to HSE leadership training.
- Implement HSE due diligence programme reinforcing the value of the HSE tools to manage associated risks.
- Maintain safety management system accreditation to retain access to federal government funded work in Australia.
- Continue to apply the major incident programme to drive improvements in safety.
- Deepen management teams and focus on project execution to ensure consistent project performance.
- Improve project delivery by aligning commercial and project management with project-specific tender plans.
- Ensure application of HSE standards and adoption of management systems in newly acquired businesses and joint ventures.
- Leverage project HSE systems for tunnelling, rail and high voltage transmission projects.
- Continue to drive *Engineered Excellence* through a sustainability and safety design mindset.

MINING

- Implement focused strategy to deepen *Engineered Excellence* in safety and risk management.
- Continue to drive safety improvement through increased management involvement.
- Further develop leadership visibility in the field.
- Continue to encourage increased reporting, recording, corrective actions and close-out for hazards and incidents.
- Embed the major incident prevention programmes to improve critical risk management and proactive responses to safety challenges.
- Entrench the major incident prevention programmes at management and supervisor level and roll out to operator level.
- Use lead indicator reporting to inform and further develop measures to prevent reoccurrences of high potential incidents.
- Further reduce workface risk exposure to employees through mechanisation, automation and remote control.
- Leverage proven resilience of regional operating model to shield against the vulnerability of project team mobility and supply chain constraints.
- Carefully manage the resurgence of shaft-sinking in Australia, especially in terms of available skills.
- Assess the opportunity to provide more service due to the capacity erosion (especially technical) within miners. Challenging given scarce skills and resources.
- Track critical control verification compliance at project sites and respond where compliance does not meet required standard.
- Continue deployment of advanced and differentiated end-to-end solutions with penetration into owners' market as core competencies shift away from production mining.

POWER, INDUSTRIAL & WATER

- Improve safety performance and deepen safety culture maturity.
- Utilise platform capacity to execute projects in a challenging market.
- Focus on renewable energy projects.
- Embed lead indicators such as near-miss reporting and hazard observations, with requirements incorporated into employee performance contracts.
- Ensure compliance with all Group contracting standards.
- Maintain operational and commercial discipline throughout tendering process and project delivery.
- Ensure effective resourcing of projects.
- Change platform HSE leadership with revised strategic and integrated approach to HSE management.
- Develop HSE resources matrix (job descriptions, skills required and register of deployment).
- Enhance auditing of HSE framework and standards implementation.
- Improve project site discipline in submitting complete, validated HSE data on time, and compiling relevant data analysis.
- Refresh and entrench major incident prevention programme, neuroleadership, hazard observations, critical controls and visible felt leadership reporting.
- Remain flexible and able to engage with prospective clients to explore alternative contracting and alliance models.
- Maintain our proven models of delivery.
- Expand our service offering in a market transitioning to renewable energy, allowing the platform to implement projects spanning from generation (wind and solar) to distribution and transmission, as well as our traditional mechanically led offering.

02 Contractor of choice *continued*

MATERIAL ISSUE

Accelerate digital strategy to drive enterprise and project value

GROUP

- Highlight the safety benefits of our innovations and technology that forecasts and proactively prevents incidents.
- Continue to invest in disruptive technological solutions as we expand into new markets.
- Stay ahead of the technology curve, supporting our reputation as contractor and employer of choice.
- Drive digital adoption among leaders, managers and employees.
- Develop a workplace culture that embraces the capabilities of new technology.
- Allocate resources to digital strategies at platform level to enable better project design, safety, execution and reporting.
- Accelerate Group-led digital strategy, including data protection, privacy controls, assurance processes, oversight of IT investment and cyber risk management.
  - Focus on efficient and integrated systems, digital matching, risk management and other administrative processes.
  - Collaborate with credible technology owners to provide innovative solutions for clients.
  - Implement mechanisms to keep abreast of technological developments within the industry.
- Accelerate technologically enabled operations by investing in and commercialising innovative and relevant technology.
  - Develop and implement specific digital applications for visibility and control, enterprise data, productivity of workforce and assets, and HSE management in project delivery.
  - Establish appropriate technology partnerships.
- Investigate the case for change: using digital as a competitive advantage.
  - Market share growth opportunity at risk due to insufficient leverage of global footprint/ capabilities.
  - Need for a single global brand and operating model to compete effectively, as current platform structure makes for fragmentation that undermines consolidated access to capital/ purchasing power.
- Replace manual process of tracking KPI performance with digital reporting, enabling better understanding of project challenges, areas of exposure, and ways to remedy them.
- Emphasise the use of real-time data as a differentiator for a collective approach to safety.

ENERGY, RESOURCES & INFRASTRUCTURE

- Accelerate digital strategy to assist in securing profitable project delivery outcomes.
- Further accelerate digitisation of the HSE system and leadership training.
- Adopt global technology standards, scalable applications and a management framework to meet the demands of a global EPC business.
- Continue to implement the digital strategy, including an integrated global technology and data platform, employing predictive analytics and robotic process automation.
- Utilise employees' innovation to create an adaptive company that provides engineering and construction solutions for the benefit of our clients, our business and the community.
- Transform as a technology powered business, with a focus on:
  - Change management.
  - Business transformation frameworks.
  - Data management.
  - Digital-first approach.
  - Integrated systems of tools and processes.

MINING

- Support majority owned InSig Technologies in developing a digital platform for mining.
- Establish technology priorities and fast track development and implementation of the Mining Information Model.
- Integrate digital strategy and disruptive technological solutions with focus on asset maintenance, operational effectiveness and autonomous and remote operations.
- Enter into cooperation agreements with select OEMs.
- Progress applications for improved project control, and more accurate and efficient tendering (the mining equivalent of Building Information Modelling).
- Expand the use of virtual and augmented reality in training, constructability reviews and onsite troubleshooting.
- Move forward with installation of fibre networks underground at major projects, establishing a real-time communication network.
- Configure an asset management and maintenance system that:
  - Ensures regular, comprehensive maintenance.
  - Ensures the scheduling, process and recording of statutory inspections.
- Implement real-time gas monitoring underground.
- Develop a control application that improves accuracy of execution, enabling supervisors to focus on safety and quality.
- Use operational awareness to show locations and track people, equipment and infrastructure, providing essential location information for operational and emergency purposes.

POWER, INDUSTRIAL & WATER

- Leverage breakthrough in commercialising Organica Water wastewater treatment technology to secure further PPP greenfield opportunities.
- Improve business systems and implement operational information management and software tools that reduce administrative burdens.
- Utilise opportunity to accelerate digitisation in project reporting systems with up-to-date, accurate data.
- Implement digital applications to improve safety reporting; real-time recording of data to support a more proactive approach to safety management.
- Continue using fundamental tracking of material and assets from fabrication to installation.
- Accelerate digitalisation in core and project support systems.
- Improve management of HSE data for trend analysis and awareness campaigns.

03 Employer of choice

Context

Short- to medium-term trends

- COVID fatigue has increased workforce health risk, with global indications of exacerbated mental health deterioration across various industries.
- Higher expectation from employees on health, safety and wellness (including mental health) support, long-term career paths and progression, and flexible workplace models.
- Lack of critical supervisory and specialised skills in growth markets is a constraint.
- Leadership team quality and depth are critical for strategic continuity and require focus on leadership development and succession planning.
- Turnover of workforce is adversely affecting skills retention and succession planning. Emphasis on instilling Group purpose for retention of staff.
- Changing workplace models forcing companies to rethink ways of working and the role of the office, and to resolve work-from-home challenges to cybersecurity, engagement, learning and morale.

Longer-term trends

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

MATERIAL ISSUE

Maintain a competitive employee value proposition

GROUP

- Continue to prioritise the health and wellness of our employees and their families and minimise the impact of COVID-19 on their livelihoods.
  - Assist employees to access vaccines. Voluntary reporting of vaccinations indicates that 95% of the Group's employees have been vaccinated.
  - Expand existing employee mental health and wellness support.
- Continue to implement best people practices across the Group.
  - Embrace international standards of social justice, decent work and human rights, while also aligning policies and procedures to the legislation and basic conditions of employment of the countries we operate in.
  - Provide career advancement through work experience, skills development and training, and coaching opportunities.
  - Offer structured performance management and development linked to market-related remuneration and incentive schemes.
  - Ensure good labour relations and constructive relationships with employee representatives to support fair wage agreements and minimise disruption to work schedules.
- Drive a Group culture of purpose.
  - Meaningful work with meaningful results, aligned with long-term sustainability.
- Ensure responsible resourcing despite market and project cycles.
  - Retain core skills through continuous engagement.
  - Attract required skills timeously through effective people planning to mobilise projects on time and within budget.
  - Maintain a responsible approach to retrenchments when rightsizing operations during cyclical downturns and demobilising.
  - Make smart diversity and inclusion hires and use onboarding to strengthen Group culture.
- Implement appropriate workplace models to support learning, motivation and culture in relation to operational structure and business needs.
  - Group training academies are a differentiator.
  - Digitise employee data for better resource management.
- Manage the impact of digital change on productivity and skills redundancy.
  - Reskilling and upskilling initiatives forming part of the digitalisation strategy.
  - Cybersecurity framework improved by strengthening security governance processes and technical defences.

ENERGY, RESOURCES & INFRASTRUCTURE

- Set an industry example through improvements we have made in our gender-neutral parental leave entitlements, including:
  - Increasing the amount of secondary caregiver leave.
  - Extending parental leave entitlements to all employee categories.
  - Extending leave to include surrogacy and stillbirth.
- Continue to monitor feedback from wellbeing surveys to address health concerns linked to COVID-19.
- Provide training and education to project supervisors and workforce on mental health education and suicide prevention.
- Embed global solution for workforce planning, recruitment and onboarding, performance management, learning and development, and career progression.
- Embed remote working and flexible working arrangements.
- Adopt a new approach in our graduate programme, offering local and international development opportunities, and covering disciplines key to successful project execution.
- Continue focus on gender and cultural inclusiveness in employee value propositions.

MINING

- Improve performance management through consultative performance contracting and development plans.
- Facilitate skills development and training at the platform's industry-leading training facilities.
- Minimise the risk of strikes and work stoppages by maintaining effective relationships with employees and union representatives.
- Continue to transform the composition of the supervisory and management layers of project teams by prioritising the development and recruitment of Black people.
- Continue recruitment and training of people from local communities.

POWER, INDUSTRIAL & WATER

- Roll out peer educator training to wellness champions to equip them to engage effectively with project staff on wellness.
- Provide training and development interventions to maintain a high-performing core group of artisans.
- Ensure our culture and expectations are understood by new hires.
- Use onboarding of new talent as an opportunity to address commitment to ensure a diverse workforce at all levels.
- Roll out three-year employment equity plan by function and project (in alignment with the three-year business plan).
- Focus on appreciation of diversity, equity and inclusion across the platform through leadership programmes.

03 Employer of choice *continued*

MATERIAL ISSUE

Intensify leadership development to ensure succession depth and continuity

GROUP

- Continue to realise our aspiration to be an employer of choice in all our markets.
  - The Group's value proposition to employees centres on our Values of Integrity, Respect, Care, Accountability and Commitment.
- Improve leadership development and succession planning, diversity and inclusion to support the depth, calibre and commitment of Group and platform leadership teams. Currently succession planning processes are taking too long and are an unnecessary drain on financial resources.
  - Continue to align leadership succession to diversity objectives in all platforms and accelerate and support career progression of high-performing talent identified for future leadership roles.
  - Accelerate leadership development programmes, equipping potential successors with the competencies needed.
  - Align performance contracts with Group strategic objectives across platforms for middle management and above.
- Continue to deepen our employee value proposition and practices with a focus on talent recognition, acquisition and retention, supporting and rewarding competent and high-performing individuals from diverse backgrounds.
- Build the organisation for the future through training and capability development.
- Position the Group for a new generation of culturally diverse leaders and professionals who prioritise sustainability, digital enablement, meaningful career opportunities and flexible workplace models, and where everyone feels valued and included.
  - Commitment to selecting greener projects will aid in attracting employees with skills and motivation to enable positive environmental impact.

ENERGY, RESOURCES & INFRASTRUCTURE

- Leverage EXECconnect leadership programme for improved talent and career development of future leaders, and enhanced communication between executives and employees.
- Coach and mentor high-potential employees for future leadership roles.
- Utilise the structured succession plan for key leadership roles, supported by external coaching and mentoring sessions, and continue running mentoring programmes to support professional growth and succession.

MINING

- Continue to deliver training and coaching programmes for individuals in leadership positions.
- Cater for platform and client's needs through training.
- Leverage the platform's strong training and development ethos, such as its world-class training facility in South Africa which has been recognised for its significant contribution to skills development in the region.
  - Drive this ethos in the new training facility now established in Kalgoorie, focused on shaft sinking skills to meet demand in the Australian market.
- Continue to leverage good success rate in the training academy, introducing new people into the industry and refreshing skills base.
- Develop and mentor high-performing employees identified for succession through the performance management process and Talent Management programme.

POWER, INDUSTRIAL & WATER

- Build workforce with a focus on attracting people with the right skills that meet technical requirements, support a high-performance culture, and who exhibit behaviours that align with our Values.
- Further enable leaders to coach their teams on what and how targets are delivered.
- Renew effort in translating and cascading the platform strategy into meaningful performance targets.
- Align business processes to revised management structure, to better suit a smaller and more streamlined organisation.
- Embed performance management system, with KPIs aligned to the platform's business objectives and personal development plans.
- Implement findings of talent review across senior and middle management, which confirms high-potential employees for participation in mentorship, leadership and management development programmes.

04 Stakeholder trust

Context

Short- to medium-term trends

- Improving ESG performance reporting to meet expectations of transparency, measurability, standardisation and alignment to international frameworks and associated commitments.
- Relevance of ESG starkly illuminated by the pandemic, magnifying the fragility of socioeconomic and natural ecosystems, cementing the understanding that ESG has business value.
- Escalation in expectations from all stakeholders, particularly funders and clients, across all dimensions of ESG including safety, local socioeconomic development, ethical business, project and corporate governance, and climate change.
- Funding of fossil fuel projects increasingly a challenge, and exposure to reputational risks of 'dirty' commodities, especially coal, affecting ability to access equity; with finance flows redirected to 'greener' commodities; although the Australian and South African economies still depend on coal, pressure will escalate to limit exposure.
  - Labour Party election win in Australia has resulted in a new commitment to reducing coal usage and investing in greener energy infrastructure.
- Emphasis on purpose-led organisations and escalating social expectations of the role of business in society not only in terms of ESG, but also filling in where government is failing in dealing with systemic risk and solutions.
- Community expectations of companies leading to unrest in certain regions, exacerbated by the impact of climate change on vulnerable communities.
- Intense competition for shareholder attention and funds requires competitive returns and ESG profile among a strong peer group of potential investments.
- Responsible production (resource efficiency, and responsible waste and pollution management).

Longer-term trends

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

04 Stakeholder trust *continued*

MATERIAL ISSUE

Consistent application of the Group sustainability framework and associated reporting standards

GROUP

- Continue to harmonise ESG imperatives with commercial opportunities, as defined in the Group sustainability framework.
  - Continue to align to the relevant international accountability frameworks and drive ESG performance to best global peers and meet the expectations of major multinational clients.
  - Continue to deliver improvements in ESG reporting in targeted areas, including supply chain, environmental and climate change, diversity, equity and inclusion, communities and labour.
  - Ensure that ESG performance is transparent, detailed, measurable and standardised; and improve measurement and disclosure of specific ESG imperatives in line with stakeholder expectations and global accountability frameworks, including enterprise value reporting and Task Force on Climate-Related Financial Disclosures, as well as alignment to the Sustainable Development Goals.
- Independent assessments confirm the effectiveness of the Board as strong, independent, diverse and well-functioning, with a balance of tenure for stability and continuity.
  - Ensure that strategic decision-making is bound by clear, transparent and publicly available policy positions related to ESG.
  - Focus areas for improvement include ESG training.
  - Continued application of the Group's diversity policy in leadership appointments at Board and corporate office level.
- Understand the impact of higher stakeholder requirements for ESG in terms of the Group's funding and insurance requirements.
- Uphold reputation for responsible and ethical conduct and ensure that platforms subscribe to ethical business principles, supported by policies, standards and procedures.
  - Ensure leadership and management lead by example, maintaining an ethical culture through open and ethical decision-making.
  - Comply with laws, standards and codes in all operations.
  - Senior management declaration on ethical behaviour every six months.
  - Conduct ongoing compliance and ethics training.
  - Maintain toll-free whistle-blower line for the anonymous reporting of fraud, corruption or unethical behaviour, as well as educate employees to report any unethical behaviour.
- Support our relationships with our clients, employees and other stakeholders through the Group's embedded engagement model.
- Drive our commitment to values-led and ethical conduct as the foundation of our intention to be recognised as a trusted partner to our stakeholders, wherever we work in the world.
- Instil Group culture frameworks, including Values, Code of Conduct and Group sustainability framework in acquired businesses.

ENERGY, RESOURCES & INFRASTRUCTURE

- Continue to develop senior management and key employees on ethical business practices.
- Explore more collaborative forms of contracting and alliances through industry forums, to meet public infrastructure delivery agency requirements.
- Gain differentiation through sustainability in design as a standard offering for significantly better asset, project and stakeholder outcomes.
- Continue support of the infrastructure industry transition in APAC.
- Leverage capabilities to play a meaningful role in emerging technologies such as waste-to-energy and green and blue hydrogen in APAC and the UK.
- Support our clients with their energy transition and net-zero expectations.
- Drive opportunities that stem from our specialist expertise in complex energy, resources and critical infrastructure.
- Develop a strategy to integrate ESG commitments into the bottom line.

MINING

- Support clients in reducing their carbon footprint through digital technology that improves energy efficiency of fixed and mobile plant in underground use.
- Offer the use of battery powered equipment to clients.
- Actively engage suppliers to promote opportunities that reduce the carbon footprint of our supply chain.
- Keep pace with the shifts in the operating landscape brought about through the prioritisation of ESG.

POWER, INDUSTRIAL & WATER

- Ensure the platform's market scope aligns with the global imperative to transition to a more sustainable environment.
- Assist clients in implementing their climate change response plans, including solutions in renewable energy and water.
- Continue to hold the platform accountable for using the stakeholder engagement framework to respond to sustainability issues.

MATERIAL ISSUE

Remain responsive to local circumstances and socioeconomic needs

GROUP

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

ENERGY, RESOURCES & INFRASTRUCTURE

- Continue to implement the Gender Equity Plan with measurable targets.
- Further embed the Innovate Reconciliation Action Plan to create meaningful opportunities for Aboriginal and Torres Strait Islander peoples.
- Continue to review procurement and supply chain practices to ensure diversity and local participation.
- Develop community engagement plans for new projects to support project delivery and benefit local communities.
- Support organisations, communities and causes that improve the lives of host communities through the Clough Foundation.
- Drive diversification to broaden the thinking and capabilities of the Group.
- Set industry standards through our:
  - Scholarships, internship and graduate programmes.
  - Diversity and Inclusion policy.
  - Gender neutral parental leave entitlements.
  - Revamped Rewards and Recognition Programme.
  - Participation with the CEO for Gender Equity and Champions for Change coalition.
  - Promote workplace inclusivity.

MINING

- Continue to implement diversity policies appropriate to regions of operation.
- Maintain Level 1 BBBEE score, including local employment and supplier development targets required by clients in South Africa.
- Further develop opportunities for the Boipelo joint venture with Amandla TM, a 51% Black-owned mining contracting company in South Africa.
- Progress joint ventures with First Nations groupings in Canada, and other local partners in Australia, Indonesia, Mongolia, Kazakhstan and Peru.
- Promote inclusivity through the diversity work group in the North American and Australian operations.
- Ensure local suppliers are selected to participate in supplier development programmes and procurement contracts.
- Continue to localise supply chains and identify local businesses able to supply goods and services to our projects.
- Continue to build the capacity of local suppliers.

POWER, INDUSTRIAL & WATER

- Rebuild BBBEE credentials and meet diversity aspirations in line with the restructuring of the platform.
- Establish BBBEE partnerships in power (maintenance, transmission, and distribution) and water in South Africa.
- Continue to work closely with clients, local community forums to manage economic and employment expectations, and support social investment for host communities.
- Develop local partnerships in East and West Africa to access new markets and sectors.
- Remain aligned with and cognisant of the need to engage and empower local communities with respect to employment, training and local spend, both at tender and implementation stages.

02 LEADERSHIP REVIEW

Clough APAC, Snowy Hydro, Snowy 2.0, New South Wales, Australia

Chairman's statement

Overview

In the last year, the Group proved its resilience, navigating tough conditions in a challenging global contracting environment. These conditions, most of which can still be attributed to pandemic-related disruption and uncertainty, were such that we were unable to reap the financial rewards of the Group's strong strategic position and prospects across our global footprint.

However, the strategic maturity of our business platforms and the work that has been done to enhance their competitiveness give us confidence that we can still expect sustainable earnings growth in the years ahead.

It is worth restating what we mean by strategic maturity: diversification of opportunity and risk across market sectors and geographic regions; exposure to a blend of margins across all segments of the engineering and contracting value chain; and business platform brands recognised as specialist contractors in the natural resource and infrastructure market sectors. This has never been more urgent as the challenges around climate change mount, and systemic ailments such as unequal distribution of wealth and resources, income loss, poverty and hunger escalate.

Within this context, the competitive differentiation of our business platforms is grounded in the Group's leadership philosophy of *Engineered Excellence*. This philosophy commits us to continual improvement in our ability to deliver safe, efficient and environmentally benign project outcomes. Further, we ensure that our projects create lasting socioeconomic value for host communities, in line with the Group's Purpose and Vision to enable fixed capital investments that support the advancement of sustainable human development.

SURESH KANA
Chairman

"The Group continues to deepen its resilience and differentiation as a contractor, employer and partner as market dynamics and stakeholder expectations change, with increasing emphasis on ESG credentials and digital solutions to ensure sustainable competitiveness."

Purpose-led opportunity

We affirm our statement from last year's report: that the size and quality of the Group's order book reflects positive prospects for the Energy, Resources & Infrastructure platform; that over the next ten years, increasing demand for 'green metals' will reflect in order book growth for the Mining platform; and that an infrastructure-led economic recovery and the decarbonisation of the global economy will offer significant opportunities for the Group. Given geopolitical ructions in Europe and high energy prices, large investment in natural gas should also benefit the Group. The Power, Industrial & Water platform continues to face challenging market conditions; however, confidence is starting to build that the renewable energy sector in South Africa will provide opportunity for this business to return to profitability.

Our strong order book indicates the potential in our markets, as does the scale of the appetite for global infrastructure investment. According to the Global Infrastructure Hub 2022 (a G20 initiative): "The United States is the highest ranked country for the financial markets. It has transparent procurement processes, supported by highly liquid financial markets that encourages investment in infrastructure." Further, "Australia's strong credit rating and transparent public procurement processes provide favourable conditions for investment in infrastructure projects." It also notes that, excluding mining, current infrastructure investment in the United States stands at $8,5 trillion, at $1,5 trillion in Australia and $1,2 trillion in Canada.

These are attractive markets for our multinational platforms, not only because they offer a reduced risk profile in terms of governance and access to financing, but also for the extent of public-private investment expected over the next decade.

Current investment trends suggest South Africa should spend $289 billion on socioeconomic infrastructure (excluding mining) over the medium term, which is still $152 billion short of the investment required. This still bodes well for the Power, Industrial & Water platform, currently operating in a tough and constrained South African market.

South Africa's intention to invest in large infrastructure projects has become stymied by a complex sociopolitical environment, resulting in a worrying shortfall and policy inertia. The Power, Industrial & Water platform has suffered from underinvestment in capital formation over many years and its viability is heavily dependent on the public sector. Two years ago, the Board endorsed the executive team's medium-term plan for the platform. The Board is satisfied that this plan is being implemented with required urgency, and that the platform's reduced losses in FY2022 suggests a return to profitability in the near term. This will be underpinned by investment in South Africa's renewable energy programme. We will continue taking a pragmatic view of our risk profile in Sub-Saharan Africa, and domestic projects will be justified on the same risk considerations we apply to our international projects.

The key to unlocking infrastructure growth in South Africa is more effective public-private partnerships. We are committed to partnering with government in bringing efficiencies, new sources of funding, innovation, and engineering excellence to infrastructure development. We understand that trust is the lifeblood of successful PPPs and will continue to demonstrate that we are a trusted infrastructure development partner with the requisite sustainability credentials.

In terms of environmental, social and governance expectations, the Group is well positioned: we are a low carbon emitter with a small environmental footprint, and many of our projects are dedicated to the transition away from fossil fuels, toward renewable energy. We comply with local procurement legislation within our jurisdictions, and support local contracting partners. Our safety record puts us well ahead of our peers and many of our clients, and our governance structures and processes are well established and of a very high standard.

Given the growth in socially responsible investing, it is worth presenting a clearer picture of the value we add across non-financial capitals: social and relationship capital, natural capital, human capital, and intellectual capital. While the Board is comfortable with the detail presented in our integrated and sustainability reports, there is an opportunity to develop and extend the measures that demonstrate how we fulfil our purpose-led commitment to sustainable human development.

The arena of global accountability standards is complicated and in flux, as the guiding frameworks are consolidated. The Group is committed to fulfilling the letter of, and the spirit behind, important accountability frameworks. These include the IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and the Exposure Draft IFRS S2 Climate-related Disclosures (Climate Exposure Draft), which builds upon the recommendations of the Task Force on Climate-Related Financial Disclosures and incorporates industry-based disclosure requirements derived from SASB Standards. Both of these are under the auspices of the International Sustainability Standards Board.

Purpose-led leadership

Our ability to create value for stakeholders pivots on industry professionals who develop our infrastructure projects – these projects are monuments that will serve society for decades to come. These monumental, and in some cases iconic projects, deliver potable water, reliable electricity, commodities, transport infrastructure and other 'real economy' utilities that enable the modern world.

We place a strong emphasis on leadership development and continue to create a merit-based professional environment. Our value proposition to employees is underpinned by offering talented professionals the opportunity to be part of a leading multinational engineering and contracting group, delivering some of the world's largest and most exciting infrastructure projects.

Individual excellence and self-improvement is the main currency of our human capital policies, by which we encourage and promote those, who aspire and align to our philosophy of *Engineered Excellence*. We are in a battle for scarce talent; it is incumbent on us to attract, manage and reward our employees in a way that makes the Group an aspirational destination for talent.

Given the nature of our projects and where we operate, in particular, the Asia-Pacific region, North America, and in Africa, we honour the traditional custodians of the land on which we work. Through our commitment to diversity, equity and inclusion we train and, where possible, employ people from our host communities. We also uplift these communities through our supply chain, procurement and localisation policies.

We have the necessary frameworks and governance processes to ensure Board oversight of ESG and sustainability risk. The Group sustainability framework aligns the business to the ESG expectations of our stakeholders. We are also served by a well-formulated Group health, safety & environment framework, environmental management framework and Climate Change Position Statement. These frameworks, and other key commitment collateral, provide context and guidance for our engagements with executive teams. We are satisfied that our governance oversight processes and protocols continue to function well, ensuring risk remains within an acceptable band of tolerance.

Protecting financial liquidity and managing global skills shortages are our main risk concerns. The impact of COVID-19 related disruption on project progress and liquidity has necessitated an even greater emphasis on cash management, which is reflected in our performance management expectations for the coming year.

Our exit from the Middle East is progressing and our potential risks there have been contained, to the extent possible. In last year's report, we mentioned ATON, and our concern that their 44% ownership of issued ordinary shares is limiting share trading liquidity. The Board recognises that although we have not yet achieved any strategic benefit from their significant shareholding, our interests are ultimately aligned in terms of protecting shareholder value and pursuing growth opportunities.

ONLINE Governance report

"Our value proposition to employees is underpinned by offering talented professionals the opportunity to be part of a leading multinational engineering and contracting group that delivers some of the world's largest and most exciting infrastructure projects."

Purpose-led value creation

Through the implementation of our *New Strategic Future* plan, the Group has made progress in each of the dimensions of stakeholder value creation that guard both our resilience and our relevance in a dynamic, complex global context:

- Our platforms are building and acquiring leading positions in geographic regions and market sectors with robust, long-term demand fundamentals, with sufficient diversification of earnings potential and risk exposure to secure sustainable growth, underpinned by the quality and depth of Group and platform leadership;
- The Group continues to deepen its differentiation as a contractor, employer and partner as market dynamics and stakeholder expectations change, with increasing emphasis on ESG credentials and digital solutions to ensure sustainable competitiveness; and
- Our relevance to our stakeholders, both as a trusted commercial and social partner, and as a purpose-led, profitable, ethical, and responsible multinational organisation, is aligned to global goals and commitments in the advancement of sustainable human development.

The inculcation of the Group's culture (guided by our Values and operationalised by our philosophy of *Engineered Excellence*), and our well-developed governance system and processes, support our achievement of these strategic priorities, to maintain and enhance stakeholder trust both in the Group and in our industry.

Closing and appreciation

The Board is pleased with what the Group has achieved, despite the consequences of the devastating COVID-19 pandemic. The Group's significant order book and pipeline of opportunities are cause for a positive albeit guarded outlook, and reasonable confidence that the Group will create value for our shareholders in the coming years.

We commend and thank the executive team for their diligence in aligning day-to-day decisions to the objectives of our long-term strategic direction. We value them for their sound management, as they continue to advance the Group's credibility and capacity for excellence. My thanks are due also to my fellow Board members for their considered oversight in ensuring that the Group remains resilient to prevailing challenges, and relevant to the advancement of sustainable human development.

I would also like to extend my thanks and appreciation to outgoing Board members Ntombi Langa-Royds, Diane Radley and Billy Mawasha.

Group chief executive's and financial director's report

Over several years of market instability, Murray & Roberts has demonstrated an ability to deliver on its long-term strategy. Our leadership philosophy of *Engineered Excellence* – keeping a firm hand on what we can control – has characterised our response to market volatility and built resilience to withstand challenging global market conditions, and secured the relevance of our business platforms in markets with long-term promise.

HENRY LAAS
Group chief executive

DANIËL GROBLER
Group financial director

Our multi-year, strong order book and project pipeline speak to the extensive transformation that Murray & Roberts has undergone to become a multinational engineering and contracting group, with business platforms that are well positioned as specialist contractors in developed markets, offering services across the full project life cycle.

As the world emerges from the effects of the COVID-19 pandemic, the emphasis on infrastructure-led economic growth and the decarbonisation of the global economy hold significant long-term opportunity for the Group. The commodity super cycle, concentrated on 'future-facing' metals, is gaining momentum and, albeit varying by region, our markets are showing signs of uplift; even as geopolitical tensions add to the lingering effects of the pandemic to disrupt project delivery and inhibit capital investment certainty.

"Our multi-year, strong order book and project pipeline speaks to the extensive transformation that Murray & Roberts has undergone to become a multinational engineering and contracting group."

We recognise that our shareholders are anxious to see a stronger recovery of the value lost to COVID-19, which continue to hamstring the translation of our good prospects into commensurate earnings growth. Whereas our expectation last year that the Group was on the cusp of strong and sustainable earnings growth over the medium term remains valid and achievable, our timing expectation proved too ambitious due to the impacts of the pandemic on project delivery and hence our financial position.

Financial performance

The Group is pleased to report strong growth in revenue and in earnings in the period under review, notwithstanding the continued impact on the business from the pandemic and the conflict in Ukraine. Specific areas of impact include disruption in supply chains, changes to project schedules, associated deferral of milestone payments and escalating inflation, resulting in difficult commercial environments. The Group is proactively managing these challenges.

Revenue from continuing operations increased to R29,9 billion (FY2021: R21,9 billion). The Group reported strong growth in earnings before interest and tax from continuing operations of R705 million (FY2021: R540 million). Market conditions impacted the Group's profitability, resulting in a 2,4% operating margin, below the targeted range of between 3% to 5%.

The Group is pleased with the continued strength of its order book at R59,5 billion (FY2021: R60,7 billion), and with near orders increasing significantly to R60,4 billion (FY2021: R11,1 billion), mainly attributable to the Inland Rail and Perdaman projects in the Energy, Resources & Infrastructure platform, with a combined value of circa R40 billion.

Delivery of the Group's order book and the associated business growth increased the levels of working capital required. In addition, certain project milestone payments were delayed as the projects progressed slower than planned, due to the continuing disruption caused by the pandemic on supply chains. This, together with escalating inflation, negatively impacted cash generation during the year and the Group reported a net debt position of R1,1 billion (FY2021: R0,7 billion cash net of debt).

The Group is well progressed in addressing the increasing working capital levels to support its growth trajectory. Options include establishing longer term debt facilities and the potential disposal of its 50% shareholding in the Bombela Concession Company.

The effective tax rate reduced to 51% (FY2021: 73%). The high tax rate is mainly due to withholding taxes in foreign jurisdictions, as well as losses incurred in entities where future taxable earnings are uncertain, and no deferred tax assets could thus be recognised on these losses. The Group expects that the tax rate will continue to revert to more acceptable levels in the medium term.

The Energy, Resources & Infrastructure platform delivered a strong operating profit and order book for the current year and is expected to contribute significantly over the next three years. Revenue and operating profit respectively increased significantly to R17,3 billion (FY2021: R11,4 billion) and R406 million (FY2021: R227 million). The substantial order book was maintained at R37,2 billion (FY2021: R37,0 billion). Near orders increased significantly to R43,6 billion (FY2021: R1,1 billion), attributable to the inclusion of the Inland Rail and Perdaman projects. Securing these two large projects remain subject to financial close and the platform's ability to provide the required bonding.

The Mining platform had strong revenue growth, but marginal decrease in earnings. Revenue increased to R11,8 billion (FY2021: R9,5 billion) and operating profit reduced marginally to R449 million (FY2021: R473 million), as the prior year included upside from the close-out of certain commercial matters. The order book reduced to R21,9 billion (FY2021: R23,2 billion), although near orders increased significantly to R14,9 billion (FY2021: R9,7 billion). The platform is established in most of the world's key growth areas for metals and minerals extraction and production. In the short term, it will benefit from investment driven by robust commodity prices and in the longer-term, by increasing demand for "future-facing" metals and minerals.

Power, Industrial & Water continued to face challenging market conditions due to a lack of investment in the region and the delay of project awards in South Africa's renewable energy and transmission & distribution sectors. Increasing investment in utility-scale renewable energy projects is expected to enable the platform to return to profitability in the near term. Revenue was lower at R0,8 billion (FY2021: R1,0 billion) and the platform recorded a reduced operating loss of R155 million (FY2021: R175 million operating loss). The order book decreased to R0,4 billion (FY2021: R0,5 billion) and near orders increased significantly to R1,9 billion (FY2021: R0,3 billion).

The Group recorded a fair value profit adjustment of R193 million (FY2021: R209 million) on its 50% shareholding in the Bombela Concession Company, that holds the concession for Gautrain. In August 2022, Gautrain ridership was circa 26 000 passengers per day, compared to circa 20 000 passengers per day as reported in March 2022. The work-from-home model adopted during the pandemic still retained by various employers and a constrained international travel sector, continue to impact ridership numbers.

The Group recorded a reduced operating loss from discontinued operations of R113 million (FY2021: R256 million loss).

Strategic performance

Since the inception of our *New Strategic Future* plan, the Group has shifted investor exposure away from a declining South African construction sector to a global engineering and contracting environment, in which we operate with trusted brands in developed markets focused on natural resources and specialised infrastructure.

In this operating environment, liquidity has tightened since the start of COVID-19, and in the last year has been more pronounced than we anticipated. With their own cash resources constricted, it is proving difficult to negotiate with clients for reasonable compensation of unforeseen project delays and cost inflation related to COVID-19, or other factors such as the conflict in Ukraine. This difficulty extends to securing our entitlements where factors outside our control delayed project milestones and consequently the receipt of milestone payments. Mobilising project resources has also been a challenge, either due to supply chain disruption and bottlenecks or travel restrictions, affecting progress on projects, the basis on which we earn revenue.

As the impacts of the pandemic fade, we expect ongoing geopolitical tensions, inflation, and uncertainty about global growth to influence our business. Delivery of our order book in the current environment, and the associated business growth, will require increased levels of working capital. Liquidity is thus our most serious focus area, with skills shortages and price inflation close seconds. We have adapted our contracting principles and cash flow reporting to ensure that liquidity is more closely managed, especially at project level, and that we close out commercial issues on our large and complex projects more efficiently to bank our entitlements.

In addition, the transfer of project risks from clients to contractors – risks that are difficult to mitigate and even more difficult to price – and the increasing resistance to compensate for unforeseen events, such as escalating cost inflation, continue to be a feature of the global contracting environment. The pressure points brought about by the COVID-19 pandemic exposed weaknesses in the commercial arrangements between clients and contractors which govern highly complex infrastructure projects. In many respects, these contracting models or commercial arrangements are no longer fit-for-purpose in the prevailing business environment.

Furthermore, the value of 'real economy' project delivery companies is being underestimated by financiers averse to emerging risks and contracting realities and their importance in providing and servicing the critical infrastructure that drives sustainable human development, at a time when it is most needed. There is a trend with financial institutions, globally, to significantly reduce the bonding facilities they extend to engineering and contracting companies. Without sufficient bonding capacity, we are unable to provide the required bonding for major infrastructure projects, exacerbating the financial constraint to growing our order book.

We do, however, expect these pressures to ease, as demand for the services of engineering and contracting companies starts to exceed available capacity. There are early signs of an emergence of contracting models that allocate risk and cost more equitably and that motivate for early contractor involvement, which helps ensure that project design mitigates risk and optimises asset outcomes. However, such constructive terms are confined to instances where we have strong, longstanding client relationships or our capabilities as a specialist contractor are unmatched.

Ultimately, it is trust between parties and counterparties that underpins even-handed and effective contracting – for our part, we will continue to build trust the best way we know how: through *Engineered Excellence* in its application to contracting and commercial risk management, and in the delivery of safe, well-executed projects.

In a contracting environment, managing risk is critical to securing tendered margin. We must ensure we are bidding on the right projects, with the right partners and for the right clients. The principles and processes that govern how we manage bid opportunities, through to project delivery and close-out, should provide us and our shareholders assurance that undue risk is avoided, and acceptable risk is properly mitigated without unduly restricting growth potential.

We capture all opportunities to tender for projects in a central Opportunity Management System, from which we apply our tried and tested process for assessing tender opportunities. The system ensures, considering the Group's risk tolerance framework, that the appropriate Group authority (be it the managing director of the operating company, the relevant platform CEO, Group executive committee, or Board) ultimately approves the tender mandate. With year-on-year project losses

"As the world emerges from the effects of the COVID-19 pandemic, the emphasis on infrastructure-led economic growth and the decarbonisation of the global economy hold significant long-term opportunity for the Group."

down 75%, the system is working well to support the continual improvement of project risk management across the Group. Our executive committee intervenes in projects showing early signs of distress.

We have established formal structures to ensure consistency across the Group around important functions such as health, safety and environment, human resources and risk management. Our HSE forum is an opportunity for executives to discuss key initiatives and to ensure executive oversight on important HSE metrics. Similarly, the risk forum aligns our approach to risk and ensures focus on potential risk areas that threaten the Group. Our HR forum provides oversight and guidance on human resources challenges and is also focused on the key issues of remuneration and succession.

The Group continues to find clear differentiation in our safety record, which reflects our aspiration to deliver projects with Zero Harm. The Group reported zero fatalities during the year. The Group's HSE framework and related safety standards along with independent expert advice, provide the framework for a consistent approach to the management of safety risk across the Group. Our aspiration for Zero Harm and focus on proactive interventions continues to deliver improvements in our safety performance with 21 projects, in a portfolio of more than 100 projects across the Group, achieving zero recordable cases. High potential incidents, most of which were injury free, increased to 13 from seven in FY2021, coinciding with increased activities in the ERI and Mining platforms. All incidents were reviewed by the executive committee and targeted improvement interventions were implemented by both platforms.

Opportunities for growth

Notwithstanding challenges in the industry, our strong order book of some R60 billion and near orders of the same value, includes high-profile multinational projects, key to meeting the delivery of countries' energy and infrastructure needs. Our two multinational platforms, ERI and Mining account for more than 85% of the order book and are poised to benefit from an upcycle in infrastructure spend, with investments pledged during the pandemic, and in support of a green economy, entering the pipeline. This is particularly exciting for ERI, with Mining set to benefit from growing demand for 'green metals', such as copper, nickel, and zinc.

With natural gas considered a low-carbon transition fuel, we expect new investment in both natural gas and LNG projects. The conflict in Ukraine (regions to which our projects are not exposed) will inevitably shift interest to more stable regions for energy supply, reinforcing our presence in North America and Australia, which have significant gas reserves. We expect that the pipeline of opportunities in the Gulf Coast will return to previous high levels in the medium term.

ERI has strong growth potential for the Group in the short term, with Mining well-positioned for steady growth over the medium to long term. PIW currently faces challenging market conditions; however, our confidence is building that the renewable energy sector in South Africa will provide sufficient opportunity to support the platform's return to profitability.

ERI delivers on strategy

In 2019, ERI started to reap the benefits of its strategic reorientation and in 2022 it culminated in a record order book. Given that ERI operates mainly in mature markets, it has also been necessary to position the business to support its clients in their transition to net zero.

Although the core capability of this platform remains unchanged, focus has intensified on ESG and on harnessing digital and analytics capabilities to improve its competitiveness. This fits well with ERI's specialist offering of delivering complex energy, resources, and infrastructure projects.

As ERI is key to our strategy in terms of securing multi-year, high-value projects, it must be equipped with the appropriate digital capabilities. Focus areas in its digital transformation journey include people and culture, change management, business transformation frameworks, data management, and integrated systems.

In Australia, ERI was awarded 'preferred contractor' status for the Gowrie to Kagaru section of the Inland Rail project and for the Perdaman urea project, both long-term projects with a combined value of some R40 billion, that could benefit the Group for several years. These near orders remain subject to financial close and the platform's ability to provide the required bonding.

In the United States, the acquisition of JJ White Inc extends our market penetration in the world's most important developed market and helps us diversify our project capabilities into the industrial maintenance and construction services sectors. JJ White's strong order book will help ease the strain of a delayed recovery in the Gulf Coast market. In the United Kingdom, Booth Welsh has secured a strong order book and, given our ESG commitments, we are pleased that they are seeing success in the waste-to-energy space.

Mining repositions for growth

The Mining platform, with an order book in excess of R20 billion, and a presence in most of the world's key growth areas for metals and minerals production, represents short-term opportunity driven by commodity prices; and medium- to long-term opportunity driven by increasing demand for 'future-facing' metals and minerals, and its ability to compete globally with major mining service providers.

Platform leadership has identified the need to better position the platform for growth by becoming a more integrated business. The integrated Mining platform will be headquartered in Perth, Australia, and from there will unite the three regional entities (Cementation Americas, Murray & Roberts Cementation and Cementation Asia-Pacific) under a common brand to fully leverage its scale, global presence, and reputation as a contractor of choice.

The platforms digital strategy is well underway with applications for asset maintenance, and autonomous and remote applications under development.

In the year, the Mining platform's order book was held back by slower investment from major clients in North America, mainly due to the after-effects of the pandemic, and the consensual early termination of the Kalagadi contract in South Africa. During the second half of the year, the platform secured a slew of contracts, putting it on the front foot once again. The bounce-back came too late to reflect in FY2022's revenue and earnings, but this will flow through in the new financial year.

Furthermore, decarbonisation is creating unprecedented opportunity for the business. Within this frame, as the global environmentalist movement becomes increasingly active in slowing coal mining investment, Murray & Roberts decided to limit its involvement in the thermal coal industry to South Africa, which needs its coal-fired power stations to sustain socioeconomic development in the region.

PIW positioned for renewable energy opportunities

PIW continued to face challenging market conditions due to lack of investment in its regions and the delay of project awards in South Africa's renewable energy and transmission & distribution sectors. Although its financial standing has improved, the platform is still loss-making; however, increasing investment in utility-scale renewable energy projects is expected to enable the platform to return to profitability in the near term. Late awards during the financial year include overhead transmission lines in South Africa and Sub-Saharan Africa and various works as part of South Africa's Renewable Energy Independent Power Producer Purchase Programme.

Murray & Roberts Power & Energy has been renamed Murray & Roberts Projects and is the platform's integrator of EPC projects across market sectors. This business has several short- to medium-term projects in its pipeline.

Notwithstanding South Africa's public investment challenges, we are confident the water market will gain momentum. During the year, Murray & Roberts Water transferred its Organica wastewater treatment demonstration plant from eThekwini Municipality to the V&A Waterfront in Cape Town, to deliver water under a 10-year supply contract. This is significant as it will be the first commercialised application of the environmentally friendly Organica technology in South Africa. The eThekwini Municipality has embarked on a PPP programme for two wastewater treatment plants and the platform's water business will respond to the Request for Proposal, which is expected towards the end of 2022.

South Africa's constrained transmission and distribution infrastructure requires urgent investment to support additional capacity and we are optimistic that Eskom's R130 billion project pipeline for its transmission division will come to fruition. This presents significant longer-term potential for OptiPower Projects, given its specialised capability in high and medium voltage transmission and distribution lines, as well as substation infrastructure. Tendering activity for projects in this sector is increasing and new project awards are expected in the near term.

Wade Walker Solar, which services the commercial and industrial photovoltaic solar sector, has successfully completed several small projects during the year and is positioned to grow its current portfolio of projects in FY2023.

"South Africa's constrained transmission and distribution infrastructure requires urgent investment to support additional capacity and we are optimistic that Eskom's R130 billion project pipeline for its transmission division will come to fruition."

Conclusion

Over the next three years, we expect most of the Group's revenue and earnings to continue to be generated by the two international business platforms, ERI and Mining. Both platforms are well established in geographic regions and market sectors with sustainable growth prospects. South Africa's renewable energy sector is expected to provide opportunity for the PIW platform to return to profitability in the near term.

Our strategic efforts, especially over the past five years, have culminated in a quality order book and strong project pipeline and the Group is well positioned to enable the capital investments needed to undertake to support sustainable human development, especially in the wake of the global COVID-19 pandemic.

We are confident that strong and sustainable earnings growth for the Group over the medium term is achievable.

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 LTIFR 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 Kristen 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 conveyer will transport the urea directly to the Pilbara Ports Authority for shipping to local and offshore markets, with 50 to 100 shiploads expected per year.

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.

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.

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.

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

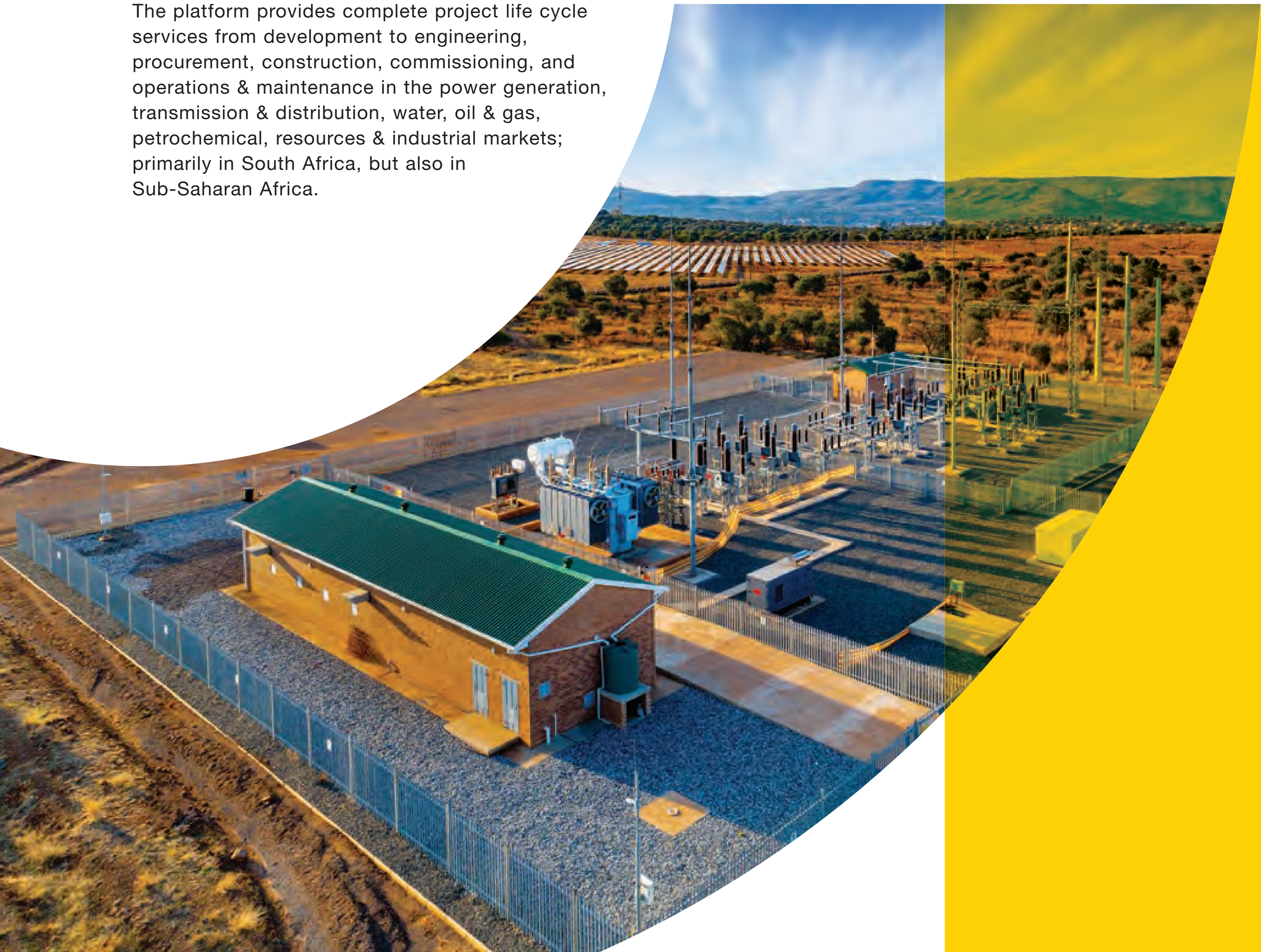
The project scope is to sink a 1 000m vertical ventilation shaft. The shaft has advanced approximately 500m from the collar on the surface. COVID-19 related interruptions and poor ground conditions resulted in numerous delays during the year.

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 eThekwini 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 eThekwini 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 eThekwini 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.

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.

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.

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 eThekwini 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 620m^3 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.

04 RISK AND REMUNERATION REPORTS

Murray & Roberts Cementation, Arnot Mine, Mpumalanga, South Africa

Risk management report

As a global engineering and contracting group, risk is an inherent feature of our business. The global economy continues to experience periods of uncertainty driven by various factors ranging from the pandemic, geopolitical tensions, climate change and supply chain disruption to rising inflation. In FY2022, the Group continued to trade under these challenging and dynamic conditions. Our market sector, geographic and project life cycle diversification, and diligent risk management have been instrumental in mitigating the impact of some of the risks we face.

Established by the Board, our enterprise-wide risk management framework guides us in mitigating threats to our business and exploiting business opportunities. The Board approves the Group's risk appetite and risk tolerance, and monitors risk exposures which are regularly reviewed and updated. It has established clear governance structures for managing risk and opportunities across the organisation, thereby ensuring that it receives appropriate attention. The Board is supported by the risk and audit committees whose mandates include periodic reviews, guidance and objective challenge to management, and independent verification that risks and internal controls are effectively managed.

During the year, sustainable development continued to feature prominently on the global agenda with many stakeholders calling for visible action on environment, social and governance issues. We continued to align our business priorities with these developments, with an increased focus on ESG in our risk reviews and improvement actions. The ultimate custodianship of ESG lies with the Board which receives regular updates from management on ESG risks, opportunities, and performance.

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

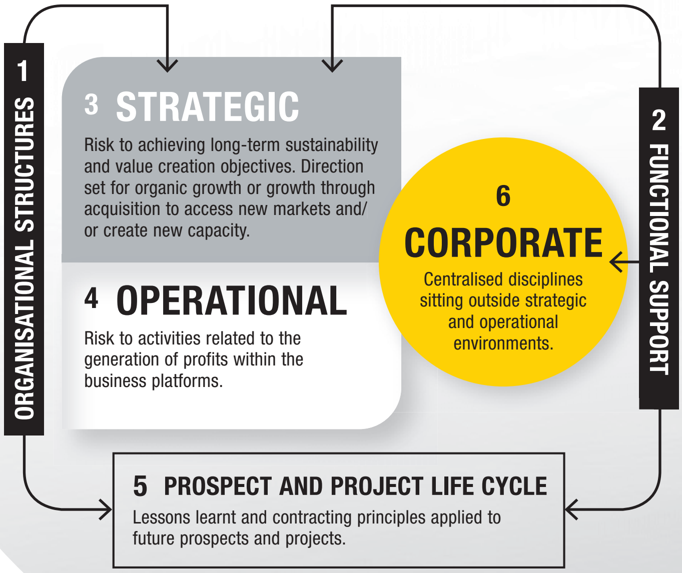
- Align strategy with risk tolerance;
- Improve and streamline decision-making, which improves the Group's risk profile;
- Promote the strategic and coordinated procurement of a quality order book, which contains a known and planned level of risk and an appropriate level of reward;
- Ensure reasonable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

During the year, sustainable development continued to feature prominently on the global agenda with many stakeholders calling for visible action on ESG issues.

The Group risk management framework

The Group risk management framework sets clear roles and responsibilities and provides management teams with a structured and coordinated approach to identify, assess, address, monitor, communicate and report the Group's risks and opportunities. We implement preventative and mitigative controls to reduce the likelihood and consequence of identified risks and manage potential impacts. However, there remain threats, especially those that are largely beyond our control, such as natural disasters and pandemics, where there is limited opportunity to effectively mitigate their impact. We closely monitor all threats and where possible, have implemented business resilience plans to ensure sustainability of our operations.

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



1 ORGANISATIONAL STRUCTURES

To facilitate effective risk management, organisational structures have been established and tasked with risk governance at various levels within the organisation. In addition to Board committees, the Murray & Roberts Limited risk committee is tasked with risk governance at executive management level.

2 FUNCTIONAL SUPPORT

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

3 STRATEGIC RISK MANAGEMENT

Strategic risk is evaluated as a hurdle to achieving the Group's long-term strategy. Management is tasked by the Board to develop, implement and adapt the Group strategy, considering changes in the business environment and subject to the approved risk appetite and risk tolerance levels. Direction is set for organic and acquisitive growth to access new markets and create new capacity. The corporate centre has the oversight role on these risks, which are periodically reviewed by the executive risk committee and reported to the Board. Reviews include consideration of emerging risks in the business environment and their potential impact on the Group.

4 OPERATIONAL RISK MANAGEMENT

Operational risk is a potential barrier to achieving our business plans. Methodologies for identifying, evaluating, mitigating, monitoring, and communicating risk are applied in the operational business environment. Three-year business plans, which consider threats and opportunities, are developed and performance against these plans is reviewed on a quarterly basis. Operational risk exposures typically relate to major incidents and infringement of laws such as competition, company, and health and safety laws, as well as the commercial, technical and logistical aspects of projects. Business platforms have governance structures and systems that ensure that these risks are effectively managed.

5 PROJECT RISK MANAGEMENT

Project risk is evaluated as a potential barrier to delivering contracted scope against cost, time, and technical performance targets, while maintaining industry leading ESG performance. Critical to the preparation of tenders and effective project delivery is the application of three standards, which have been formulated considering past project experience and lessons learnt. These standards are regularly updated to include new learnings:

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

All bids submitted are tested against these standards to ensure that risks are appropriately addressed, and past failures are not repeated.

A project management framework sets the standard for project management and provides internal audit with a consistent set of processes and controls against which the delivery of projects is tested.

6 CORPORATE RISK MANAGEMENT

Corporate risk management relates to a range of portfolios and activities within the corporate office, including risk management standards and procedures, regulatory compliance, integrated assurance, business continuity, tax, insurance, crisis communication and other ESG policies, such as the Climate Change Position Statement, Code of Conduct and Statement of Business Principles. Oversight of the three main elements of ESG lies with the relevant Board committees.

Risk management process

The ultimate responsibility for risk lies with the Board, which sets the overall risk appetite for the Group, monitors overall risk exposure and evaluates internal controls. The Group's top risks are regularly monitored and managed in accordance with the business priorities. A competent risk management function is in place to guide and support management in managing risk across the organisation.

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

LOW

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

MODERATE

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

HIGH

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

EXTREME

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

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

Key risk categories

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

Health, safety & environment:

The Group has no appetite for health, safety and environment risk and strives for Zero Harm in the workplace. This is supported by the Group HSE framework.

Financial:

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

Legal and compliance:

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

Project performance:

The Group is prepared to accept a moderate level of risk in the projects it undertakes, to achieve its financial targets. A project management framework, as well as contracting principles and past project lessons learnt schedules are in place and used to mitigate project delivery risk.

Technology:

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

Strategic risks

Strategic risks relate to our purpose and long-term goals and are managed by the Board and executive committee. Strategic risks include:

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

The Group chief executive and executive committee manage these risks, which are reviewed by the executive risk committee on a quarterly basis and reported to the boards of MRL and MRH.

Operational risks

Project risk is a significant source of operational risk due to the varying complexity, scope, and size of projects we undertake. We have well established processes to manage risks from the early stages of opportunity management, which includes tendering, through the project execution phase, and finally project completion and handover. This includes diligent application of our risk procedures and past experiences to better identify, understand, prioritise and manage project risks.

Project Risk Management

OPPORTUNITY MANAGEMENT			PROJECT EXECUTION		
PRE-TENDER	**TENDER**	**AWARD**	**INITIATE**	**DELIVER**	**CLOSE-OUT**
All opportunities across the Group are captured in the central Opportunity Management System	Risk tolerance filters in OMS; contract value, location, contract law, revenue basis, project type, scope of work, client, consultant, and partner	If tender awarded, the final contract commercial terms are negotiated within the set mandate provided by the relevant approval authority ■ Purple – MRH ■ Red – MRL ■ Amber – Platform CEO ■ Green – Operating company MD	Formal handover from bid team to project team (key bid considerations: scope, tender allowables, programme, milestones, commercial terms, assumptions, and planned risk mitigation)	Monthly operating company project performance reviews ■ HSE performance, financial/cost accounting, schedule, and operational performance, commercial claims, and forecasts to complete	Residual exposures relating to final accounts and claims, bonds, warrantees and patent and latent defects, are formally closed
Decision to bid – approval authority lies with operating company managing director	Prospect risk rating (Purple, Red, Amber, Green) determines authority level for tender approval and mandate	Any deviation requires a revised mandate from the relevant approval authority	"Know your contract" training for the implementation team	Independent in-platform reviews at 20% completion of projects	
Bid considerations include: ■ Group's Contracting Principles ■ Group's Lessons Learnt Schedule ■ Minimum Requirements for Contracts	Risk assessments at tender stage used to identify, develop, and price mitigation plans and allocate project contingencies		Project team presents readiness presentation at the start of the project	Additional executive interventions initiated for projects showing signs of distress	
If decided to tender, the opportunity is progressed through the OMS	Independent tender reviews of EPC contracts: (internal & external)			Quarterly platform and Corporate Office project oversight reviews	
	MRL Risk Committee Review for Red & Purple prospects				
Risk governance structure: MRH, Risk & Audit committees, MRL Board (Executive Committee) and business platforms' executive committees and operating companies.			Taking and managing risk responsibly is central to value creation and the long-term resilience, relevance, and sustainability of the Group.		

Regulatory compliance

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

As a multinational organisation, we are exposed to extensive legislation in various jurisdictions with varying degrees of complexity. A competent regulatory compliance function is in place to guide businesses towards ensuring that the Group complies, across all jurisdictions, with legal and other requirements that could materially impact its performance and sustainability, whether from a financial, legal or reputational perspective.

The Group employs a structured approach to evaluate potential compliance failures and ensures adequate responses to prevent and, where necessary, mitigate any negative impact. A regulatory compliance plan is set out in the Group's compliance standard, and the Board's social & ethics committee provides oversight through regular reviews of regulatory compliance reports provided by management.

Independent assurance

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

The internal audit function, which reports directly to the audit committee, is well resourced with experienced and skilled employees to carry out its mandate. Its role is to support the Group by providing an independent and systematic approach to evaluating and improving the effectiveness of risk management, internal controls, and corporate governance processes. In executing its mandate, internal audit applies a risk-based approach to identify critical risk management controls that management relies on, and which must be tested and evaluated to provide the Board with the risk management and regulatory compliance assurance it requires to meet its governance objectives.

The audit committee considers and approves the risk based internal audit plan and is regularly updated on audits performed, findings and improvement actions. The development of the internal audit plan includes interactions with the Group risk and legal functions, with specific reference to their respective risk and compliance mitigation objectives and plans. The audit plan also assesses Group wide corporate governance, financial controls, and risk management procedures, as well as specific areas highlighted by the audit committee, Group executive committee and by executive and operational management.

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

Top risks

The top risks that could materially affect our business are summarised in this section.

STRATEGIC RISK

1 Vulnerability to macroeconomic factors

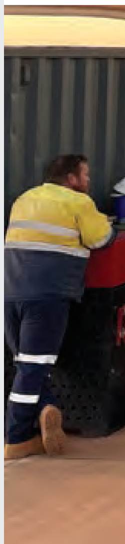
Changes in the global economy have a direct impact on the markets in which the Group operates. Downside risks to the global economy, and therefore to growth prospects in the Group's markets, include low commodity prices, geopolitics and its impact on trade and investments, inflation and increased interest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

Potential impact

- Lower demand for the Group's services resulting in reduced earnings
- Increased competition
- Increased resource costs
- Liquidity constraints
- Credit risk/rating

Mitigation

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



OPERATIONAL RISK

STRATEGIC RISK

2 Group liquidity

Outstanding payments of claims, project variations and certificated work, project losses and working capital demands may introduce liquidity stress and constrain the Group's ability to meet its liquidity requirements, or to meet its growth targets.

Potential impact

- Negative impact on growth
- Inability to meet financial commitments
- Breach of banking covenants
- Increased cost of borrowing
- Inability to raise facilities with financial institutions

Mitigation

- Ensure quality earnings through a diversified order book.
- Minimise overhead cost.
- Cost discipline and achievement of greater operational efficiency/project performance.
- Securing advance payments on projects and ensuring that projects remain cash positive.
- Vigorous application of *Engineered Excellence* philosophy to ensure project delivery that is differentiated by excellence.
- Securing payment guarantees to manage client credit risk, where relevant.
- Settlement of outstanding claims on projects.
- Restructuring of debt facilities.
- Selling of non-strategic assets.

OPERATIONAL RISK

ESG RISK

3 Health, safety and environmental exposures

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

Potential impact

- Loss of life and injuries to personnel and third parties
- Operational disruption
- Financial loss
- Reputational damage

Mitigation

- Continuous evolution and diligent application of the Group HSE Framework.
- People centric leadership and streamlined systems and processes.
- Diligent application of the critical risk management programme.
- Ensuring compliance of HSE processes through regular reviews and audits, and training interventions to improve effectiveness.
- Implementation of the climate change action plan.

Top risks
continued

OPERATIONAL RISK

4 Project delivery risks

Some of the Group's projects are technically complex with long durations that increase risk exposures during execution. This, together with increasing client preference for fixed price contracts, subject us to risks associated with project delays for reasons beyond our control, cost inflation and scope variations for which the financial impact may either not be compensated at all by clients, or compensation may be late, resulting in material financial impact on the business.

Potential impact

- Project schedule and cost overruns
- Penalties
- Loss of profit/earnings
- Reputational damage and inability to win new work
- Reduced cash flow resulting in liquidity challenges
- Erosion of shareholder value

Mitigation

- Strong oversight processes to mitigate the risk associated with an increasing proportion of fixed-price contracts in the Group's order book.
- Early independent reviews on project status to ensure early identification and remedy of potential issues.
- Comprehensive project assurance and performance management tools applied within the business platforms, based on the experience gained from past project losses.
- Project executive dashboards to provide executive management with oversight of key performance indicators on projects.
- Timeous management review, including at Group level, of underperforming projects to revisit and revise recovery plans and programmes.

OPERATIONAL RISK

ESG RISK

5 Covid-19 pandemic

Impacts of the COVID-19 pandemic continue to create uncertainty in our operating environment with some of the consequences becoming clearer as it evolves. The pandemic, together with other global developments have exacerbated risks associated with global supply chain disruption, such as material supply shortages and delayed logistics, hyperinflation, rising interest rates and labour shortages, amongst others. A new variant could compound these challenges.

Potential impact

- Health impacts to workforce
- Operational disruptions
- Shortage of construction materials
- Price escalations
- Clients not paying costs under Force Majeure conditions
- Financial loss
- Liquidity constraints

Mitigation

- Business resilience measures and strict health protocols to protect employees, business partners and communities.
- Vaccination programmes.
- Pursuing commercial entitlement where applicable.
- Strategic procurement and securing early commitments with suppliers and subcontractors.
- Updated contracting principles to include reasonable terms to manage risk exposures.

OPERATIONAL RISK

ESG RISK

6 Cybersecurity

A cybersecurity breach or incident may significantly disrupt our business and/or breach data privacy, business sensitive information and other protected information in terms of various privacy and security laws.

Potential impact

- Operational disruption
- Breach of data privacy and/or sensitive data/information
- Claims and/or penalties against the Group
- Financial loss
- Reputational damage

Mitigation

- An established and independently tested IT security framework.
- Application of a cybersecurity standard which prescribes a minimum set of controls required to provide system and data security.
- Training programmes to raise awareness of cybersecurity threats and latest trends.
- A vulnerability management programme in place to ensure proactive identification and management of vulnerabilities within the IT environment.
- Backup solutions to recover from system failures or breaches.

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

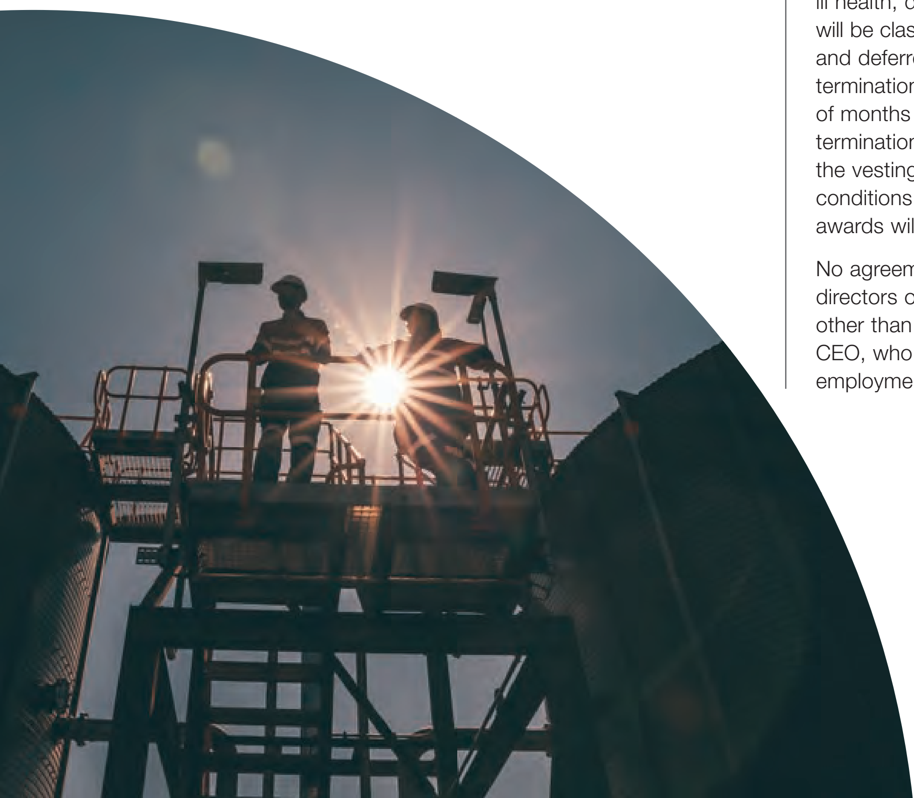
For STI and LTI awards made from August 2015, the remuneration committee introduced clawback provisions, where the committee may reduce or clawback STI and LTI awards in the following circumstances:

- 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)

	Guaranteed pay	8 337 000
STI	Minimum	0
STI	Expected	8 337 000
STI	Maximum	16 674 000
LTI	Minimum	0
LTI	Expected	8 078 553
LTI	Maximum	15 840 300

Group chief financial director (R million)

	Guaranteed pay	5 368 700
STI	Minimum	0
STI	Expected	4 026 525
STI	Maximum	8 053 050
LTI	Minimum	0
LTI	Expected	3 833 252
LTI	Maximum	7 516 180

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.

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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.

05 SUMMARISED FINANCIAL RESULTS

Murray & Roberts Projects, Kusile Power Station, Mpumalanga, South Africa

Responsibilities of directors for annual financial statements

for the year ended 30 June 2022

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

To enable directors to meet these responsibilities:

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

b) The Audit Committee recommends Group accounting policies and monitors these accounting policies.

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

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

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

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

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

The annual financial statements have been prepared in accordance with IFRS, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act and are based on appropriate accounting policies, supported by reasonable judgements. These accounting policies have been applied consistently compared to the prior year except for the adoption of new or revised accounting standards as set out in note 42 of the online annual financial statements. The annual financial statements have been compiled under the supervision of DF Grobler CA(SA), (Group financial director) and the financial statements available online have been audited in terms of Section 30(2) of the Companies Act of South Africa.

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

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

Approval of annual financial statements

The annual financial statements of the Company and the Group for the year ended 30 June 2022 are available online and were approved by the Board of directors on 31 August 2022 and are signed on its behalf by:

SP Kana
Group chairman

HJ Laas
Group chief executive

DF Grobler
Group financial director

Group chief executive and Group financial director responsibility statement on internal financial controls

for the year ended 30 June 2022

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

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

(b) to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;

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

(d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;

(e) where we are not satisfied, we have disclosed to the audit committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies; and

(f) we are not aware of any fraud involving directors.

HJ Laas
Group chief executive

DF Grobler
Group financial director

Certification by company secretary

for the year ended 30 June 2022

In terms of section 88(2)(e) of the Companies Act No. 71 of 2008, as amended ("Companies Act"), I, L Kok, in my capacity as Group company secretary, confirm that, to the best of my knowledge and belief, for the year ended 30 June 2022, Murray & Roberts Holdings Limited has filed with the Companies and Intellectual Property Commission all such returns and notices as are required of a public company in terms of the Companies Act and that all such returns and notices appear to be true, correct and up to date.

L Kok
Group company secretary
31 August 2022

Audit Committee Report

for the year ended 30 June 2022

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

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

Membership

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

Terms of reference

The Committee's responsibilities include:

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

Statutory duties

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

Effectiveness of the external audit process

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

PricewaterhouseCoopers Inc. ("PwC") served as external auditor for the financial year ended 30 June 2022. The designated auditor is JFM Kotzé. The Committee considers his tenure and that of other key audit partners within the Group in order to reduce familiarity threats to independence.

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

Financial director and finance function

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

Internal audit

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

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

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

The annual plan is based on an assessment of risk areas that internal audit and management identify, as well as focus areas highlighted by the Committee and management. The plan also considers work performed by other assurance providers in the Group. The annual audit plan is updated as appropriate to ensure it remains responsive to emerging risks and changes in the business. A comprehensive report on internal audit findings is presented to the audit committee quarterly. Follow-up audits are conducted in areas where major internal control weaknesses are found. The internal audit activity has a quality assurance and improvement programme, and is subject to an independent external quality assurance review every five years.

The independence, organisational positioning, scope and nature of work of the internal audit function were evaluated by the Committee in June 2022 and determined to be appropriate and consistent with the internal audit strategy and mandate. The Committee approved internal audit's risk-based audit plan for financial year 2023, having discussed the scope of work and its relationship to the Group's risks. The Committee met quarterly with the chief audit executive, in the absence of management. Furthermore, the chair of the Committee held regular one-to-one meetings with chief audit executive. This enables further evaluation of the work performed.

The internal audit function reports directly to the audit committee and their mandate in relation to the internal audit function is to:

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

An internal audit charter, reviewed by the Committee and approved by the Board, formally defines the purpose, authority and responsibility of the internal audit function. The charter gives the chief audit executive direct access to the Group chief executive, Group financial director, chairman of the Audit Committee and chairman of the Board.

Internal financial controls

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

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

Based on the above and the Group's system of internal control and risk management in FY2022, which included the design implementation and effectiveness of internal financial controls, a reasonable basis is provided for the preparation of reliable annual financial statements in all material aspects.

Audit and administration

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

Integrated reporting

The Committee recommended the Group's annual financial statements for Board approval and will recommend the annual integrated report for approval. It is satisfied that they comply with IFRS on a going concern basis following an assessment of solvency and liquidity requirements. During the year under review, external service providers were appointed to provide assurance on selected sustainability information. During June 2022, a separate sustainability committee was formed, which will now be responsible for the approval of the sustainability report.

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

Assurance

Group assurance activities are embedded, sound and are continuously reviewed and where required redirected to ensure appropriate and effective coverage of the Group's operations, implementation of King IV™ principles and recommendations, and sustainability assurance. The Group's commitment to continuous improvement in achieving acceptable levels of assurance is underscored by various policy frameworks that were developed and implemented, including a stakeholder management framework, regulatory compliance and information management frameworks. The Opportunity Management System was developed in-house and continues to be enhanced to highlight project risks entering the Group's environment.

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

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

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

A formal combined assurance model is in place and is being reviewed annually by the Committee. Notwithstanding the output of the combined assurance model, board members form their own opinion on the integrity of the information and reports, and the degree to which an effective control environment has been achieved.

The Committee is satisfied that the Group has optimised the assurance coverage obtained from management, and internal and external assurance providers. The Committee is also satisfied that the various external assurances that are obtained and related systems and procedures are effective in achieving the following objectives:

- Enabling an effective internal control environment
- Supporting the integrity of information used for internal decision-making by management, the board and its committees
- Supporting the integrity of external reports
- Minimising assurance fatigue

Proactive monitoring

The Committee oversaw the JSE proactive monitoring review, as Murray & Roberts was chosen for review in FY21. No material issues were raised and the JSE issued a closing letter wherein all responses provided by management on concerns raised were found to be satisfactory with recommendations made for future disclosures.

Key audit matters

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

- Estimation uncertainty involved in accounting for revenue from contracts with customers
- Recognition and recoverability of uncertified revenue balances
- Liquidity and working capital management

Significant areas of judgement

The Committee assists the Board by performing an oversight role over financial reporting, which includes assessing the appropriateness of significant estimates and judgements specifically covered by the key audit matters and those disclosed in note 41 and note 43 of the online annual financial statements.

Consolidated and separate financial statements

In our opinion, the consolidated and separate financial statements present fairly, in all material respects the consolidated and separate financial position of the Company and its subsidiaries as at 30 June 2022 and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS and the requirements of the Companies Act. In preparation of the annual financial statements the Group and the Committee has taken into consideration the feedback included in the most recent Report Back on Proactive Monitoring of Financial Statements provided by the JSE. The Committee recommended the Group's and Company's annual financial statements to the Board for approval. It is satisfied that they comply with IFRS and that the financial statements have been prepared on a going concern basis following an assessment of solvency and liquidity requirements.

On behalf of the Committee:

DC Radley
Audit committee chair
31 August 2022

Basis of preparation

The Group operates in the construction, engineering and mining environment and as a result the revenue is not seasonal in nature but is influenced by the nature of the contracts that are currently in progress. Refer to the Business Platform Reviews for a more detailed report on the performance of the different operating platforms within the Group.

The summarised consolidated financial statements have been derived from the Group's consolidated financial statements for the year ended 30 June 2022, which was approved by the Board of directors on 31 August 2022. The summarised consolidated financial statements are consistent in all material respects with those consolidated financial statements. These summarised consolidated financial statements comprise a consolidated statement of financial position at 30 June 2022, a consolidated statement of financial performance, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended. The complete set of consolidated financial statements was compiled under the supervision of DF Grobler CA(SA), Group financial director.

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the SAICA Financial Reporting Guides as issued by the Accounting Practises Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council.

The Group's consolidated financial statements for the year ended 30 June 2022 were audited by the auditor, PricewaterhouseCoopers Inc., on which an unmodified audit opinion was expressed on 31 August 2022.

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

Report of directors

for the year ended 30 June 2022

Nature of business

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

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

Group financial results

Revenue from continuing operations increased to R29,9 billion (FY2021: R21,9 billion). The Group reported profit before interest and tax from continuing operations of R705 million (FY2021: R540 million) and recorded attributable earnings of R135 million (FY2021: R180 million loss), representing a diluted earnings per share of 33 cents (FY2021: 45 cents loss). A diluted headline earnings per share of 31 cents was recorded (FY2021: 14 cents loss).

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

Going concern

The Group experienced strong growth in revenue and in earnings in the year under review. However, the Group's liquidity came under pressure due to the impacts of the residual but ongoing effects of the pandemic and the effects of the conflict in Ukraine. Specific areas of impact include, amongst others, the disruption in supply chains, delays to project schedules and the associated deferral of milestone payments, as well as the effects of unplanned price escalations caused by higher levels of global inflation, which all add to an already difficult commercial environment. The Group is proactively managing all of these challenges.

In the Energy, Resources & Infrastructure ("ERI") platform, several large projects are currently underway and although there is no loss-making project in the portfolio, the impact from supply chain disruption and price escalations was most evident. The unprecedented challenges prevalent in today's commercial environment have placed increasing pressure on the Group's working capital requirements. However, project plans and cash flows are regularly reviewed and updated to ensure potential risks are identified and appropriately mitigated. The platform's order book and market prospects support the expectation of robust earnings growth over the next three years. Management is acutely aware of the working capital requirements associated with rapid growth, as well as compounding external influences, and will remain focused on cash generation and management.

As a mature business, the mining platform does not experience the same level of demands on working capital.

During the year, the Power, Industrial & Water platform continued to face challenging market conditions due to a lack of public sector-led investment in the region and the delay of project awards in South Africa's renewable energy and transmission and distribution sectors. The platform continues to retain capacity in anticipation of growth in the renewable energy sector.

Robust cash flow forecasts for each platform to the end of the 2023 financial year have been stress-tested for key judgements and estimates relating to cash flows including restrictions on the transferring of funds between statutory entities and territories.

Based on these robust cash flow forecasts, the Group has taken the following considerations into account in addressing its liquidity needs for working capital purposes and the impact on assessing going concern:

- Subsequent to year end and as documented in note 40 of the online annual financial statements, the Group signed a term sheet with a consortium of lenders in order to restructure the South African overdraft facilities. The longstop date of the term sheet for completion of the restructure is expected to be mid-September 2022. The current overdraft facilities of R1,675 billion (of which R1,506 billion was drawn at year end) are to be restructured into a term loan facility of R1,35 billion and short term overdraft facility of R0,65 billion, totalling a combined facility of R2 billion. The term loan facility is repayable in three instalments, being R0,1 billion on 15 March 2023, R0,1 billion on 15 September 2023 and R1,15 billion on termination date, 18 months after the effective date.
- At year end, the Group had direct local banking facilities (including asset-based finance) in place of R3,1 billion, with R0,5 billion of unutilised facilities. The direct foreign banking facilities (including asset-based finance) in place were R3 billion with R2,3 billion of unutilised facilities. The indirect local banking facilities in place were R3,8 billion with R1,7 billion of unutilised facilities. The indirect foreign banking facilities in place were R9,5 billion with R3,2 billion of unutilised facilities. Some of these facilities have limited availability for group-wide use due to dividend distribution and intra-group limitations.
- The Group's order book of R59,5 billion (FY2021: R60,7 billion), includes high-profile, multi-year projects.
- The Group is considering disposing of its 50% shareholding in BCC.
- The Group could sell circa 26 million shares, previously acquired for various Company share schemes, in the open market.
- The ERI platform is in discussions for potential working capital facilities.

Taking into account the above, the Group continually monitors its financial position and liquidity structure and implements actions as and when necessary in order to ensure that the Group has adequate working capital resources. The Board is satisfied that the consolidated and separate financial statements comply with IFRS on a going concern basis, following a detailed and robust assessment of solvency and liquidity requirements.

The Board are of the opinion that the Company and the Group have adequate working capital resources to continue in operation for the foreseeable future based on 18-month forecasts, and available cash resources, and accordingly the annual financial statements have been prepared on a going concern basis.

Uncertified revenue

The Group has a significant order book and recorded growth from delivering multiple projects around the world, including several mega projects. These projects are being delivered during unprecedented times during which the Group's entire project portfolio, and that of its competitors, is exposed to the impacts of a global pandemic. Consequently, it is to be expected that there should be many commercial issues with clients that require resolution, and this is reflected in the Group's uncertified revenue which increased to R2,9 billion (FY2021: R1,3 billion), of which R1,7 billion which has been recognised against milestone payments (included in overclaims and advances). The increase is attributable mainly to the Energy, Resources & Infrastructure platform which predominantly contracts on a fixed price, lump sum commercial basis.

The recognition of uncertified revenue is common practice for engineering and contracting companies and the Group is confident that revenue recognised as uncertified, will be certified and paid once attendant commercial matters have been resolved.

Segmental disclosure

The Group operated under three strategic platforms in financial year 2022. An analysis of the Group's results reflects the financial position and performance of each platform (refer to Annexure 3 of the consolidated financial statements).

1 Authorised and issued share capital

Full details of the authorised and issued capital of the Company at 30 June 2022 are contained in note 11 of the online annual financial statements.

Particulars relating to the Letsema Vulindlela Black Executives Trust ("Vulindlela Trust") are set out in note 12 of the online annual financial statements.

As at 31 December 2021, the market value of the shares were 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. The market value of the share price exceeded the adjusted amount due in respect of three awards made to beneficiaries. In these instances, beneficiaries elected to receive the benefit in cash which was subsequently paid to them. The remaining assets in the Trust, after employer loan amounts were settled, were transferred to Murray & Roberts Letsema Khanyisa Proprietary Limited, and the Letsema Khanyisa Black Employee Benefits Trust.

At 30 June 2022, the Vulindlela Trust held zero shares (FY2021: 10 624 366 shares) against the commitment of shares granted by the Vulindlela Trust totalling zero ordinary shares (FY2021: 5 065 382).

The total number of ordinary shares that may be utilised for purposes of the Murray & Roberts Holdings Limited Employee Share Incentive Scheme ("Scheme") is limited to 5,0% (FY2021: 5,0%) of the total issued ordinary shares of the Company, currently 22 236 806 (FY2021: 22 236 806) ordinary shares. As no shares have been issued to date in connection with the Scheme, this limit remains unutilised.

In terms of the Forfeitable Share Plan ("FSP"), employees were allocated shares during the year by the remuneration committee totalling 450 954 shares (FY2021: 10 665 135). The shares held in escrow by the FSP on behalf of the beneficiaries were purchased on the market and have not been issued by the Company.

2 Dividend

The board of directors of the Company ("Board") considers a dividend on an annual basis. Dividends are subject to the Group's financial position and market conditions. Considering the Group's significant order book, its expected growth trajectory and future working capital requirements, the Board has resolved not to declare a dividend for the year under review.

3 Subsidiaries and investments

Acquisitions

JJ White Inc.

On 20 October 2021, Clough Limited acquired a 100% shareholding in JJ White Inc. in Philadelphia, USA.
JJ White is a 100 year old business that was privately owned by Jim White IV (directly and via two family trusts). JJ White is actively operating in 11 states and licenced in 22 states. JJ White's primary economic environment in which the entity operates is the USA and it has therefore determined the USD as their functional currency. Their core business encompasses petrochemical facility maintenance and support services, general contracting and infrastructure construction.
JJ White is a 100% union operated business. This was a key attraction for Clough as it allows us to broaden our sphere of operations across the US to the union labour, northern states that our Houston based non-union business cannot access. The consideration for this

acquisition was R346 million (subject to working capital true up at close as per Stock Purchase Agreement). The JJ White acquisition creates significant potential for growth in the North America market by substantially increasing the size of the addressable market to which Clough's enlarged business can now access.

4 Discontinued operations

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

Middle East Operations

The Middle East Operations were classified as a discontinued operation in the 2020 financial year as a result of being abandoned, as defined in terms of IFRS 5. Towards the end of the prior financial year, the Group entered into discussions with a UAE-based investment company to dispose of its investments in Murray & Roberts Contractors (Abu Dhabi) LLC and Murray & Roberts Contractors (Middle East) LLC (which together constitute a significant part of its Middle East Operations). By 30 June 2021, the discussions had progressed to an advanced stage of negotiations and as a result thereof these companies met the criteria, in terms of IFRS 5, to be classified as a disposal group held for sale.

A sale and purchase agreement (SPA) for the companies in question has been concluded and the transfer of shares to the UAE-based investment company is pending regulatory approval. The SPA longstop date has been extended to 15 September 2022 due to delays in achieving regulatory approval. The Middle East Operations continue to meet the criteria to be classified as a disposal group held for sale in terms of IFRS 5, even though the one-year period has been exceeded as the delay in sale is due to circumstances beyond the Group's control. The Group remains committed to its plan to dispose of the shares to the UAE-based investment company. Included in the current period loss from discontinued operations are operating costs incurred in the Middle East amounting to R62 million.

5 Special resolution

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

1. Fees payable quarterly in arrears to non-executive directors

6 Events after the reporting period

On 19 August 2022 the Group signed a term sheet with a consortium of lenders in order to restructure the South African overdraft facilities. The longstop date of the term sheet for completion of the restructure is expected to be mid-September 2022. The current overdraft facilities of R1,675 billion are to be restructured into a term loan facility of R1,35 billion and short term revolving facilities of R0,65 billion totalling a combined facility of R2 billion. The term loan facility is repayable in 3 instalments, R0,1 billion on 15 March 2023, R0,1 billion on 15 September 2023 and R1,15 billion on termination date, 18 months after the effective date. This was considered to be a non-adjusting event.

The directors are not aware of any other matter or circumstance, other than noted above, arising since the end of the financial year not otherwise dealt within the Group and Company annual financial statements which significantly affects the financial position at 30 June 2022 or the results of its operations or cash flows for the year then ended. Events that occurred after the reporting period were indicative of conditions that arose after the reporting period and did not have a material impact on the current financial year results.

7 Interest of directors

The directors of the Company held direct beneficial interests in 2 342 338 ordinary shares of the Company's issued ordinary shares (FY2021: 1 879 694). Details of the ordinary shares held per individual director are listed below and also set out in note 39 of the online annual financial statements.

Beneficial	Direct	Indirect
30 June 2022		
DF Grobler	375 456	1 764 834
HJ Laas	1 816 882	1 471 675
DC Radley	150 000	–
30 June 2021		
DF Grobler	375 456	2 142 065
HJ Laas	1 404 238	2 277 340
DC Radley	100 000	–

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

8 Directors

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

Independent non-executive

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

^ *Resigned 31 August 2022*
* *Appointed 1 July 2022*

Executive

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

9 Company secretary

L Kok

The company secretary's business and postal addresses are:

Postal address
PO Box 1000, Bedfordview, 2008

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

10 Auditors

PricewaterhouseCoopers Inc. served as external auditor for the financial year ended 30 June 2022. The designated auditor is JFM Kotzé.

Consolidated statement of financial position

as at 30 June 2022

All amounts are expressed in millions of Rands	Notes	2022	2021
ASSETS			
Non-current assets			
Property, plant and equipment	2	4 397,4	3 548,2
Goodwill	3	1 371,7	1 102,2
Other intangible assets	4	650,1	400,2
Investments in joint ventures & associates	5 & 35	1,7	2,0
Other investments	6	1 443,8	1 435,3
Deferred taxation assets	20	562,6	609,4
Net investment in lease		1,3	2,9
Receivables		2,1	1,1
Total non-current assets		8 430,7	7 101,3
Current assets			
Inventories	7	494,8	406,6
Amounts due from contracts customers	8	6 292,4	5 545,2
Trade and other receivables	9	1 768,5	2 054,1
Net investment in lease		1,6	66,5
Taxation assets	33	47,0	35,7
Cash and cash equivalents	10	2 255,8	3 697,3
Total current assets		10 860,1	11 805,4
Assets classified as held for sale	30	1 011,9	832,6
Total assets		20 302,7	19 739,3
EQUITY AND LIABILITIES			
Stated capital	11	2 684,8	2 559,5
Reserves	13 & 14	1 658,8	1 188,3
Retained earnings		1 318,9	1 212,8
Equity attributable to owners of Murray & Roberts Holdings Limited		5 662,5	4 960,6
Non-controlling interests	15	50,8	23,9
Total equity		5 713,3	4 984,5
Non-current liabilities			
Long term loans	17	1 192,6	786,2
Retirement benefit obligations	18	–	2,2
Long term provisions	19	24,7	45,2
Deferred taxation liabilities	20	89,4	110,4
Payables		82,9	95,6
Total non-current liabilities		1 389,6	1 039,6
Current liabilities			
Amounts due to contract customers	8	2 514,2	4 228,5
Trade and other payables	22	5 891,8	5 319,9
Short term loans	23	623,1	795,8
Taxation liabilities	33	186,5	126,1
Provisions for obligations	24	214,3	311,4
Subcontractor liabilities	21	1 399,3	729,9
Bank overdrafts	10	1 525,8	1 430,3
Derivative financial instruments		–	1,8
Total current liabilities		12 355,0	12 943,7
Liabilities classified as held for sale	30	844,8	771,5
Total liabilities		14 589,4	14 754,8
Total equity and liabilities		20 302,7	19 739,3

Consolidated statement of financial performance

for the year ended 30 June 2022

All amounts are expressed in millions of Rands	Notes	2022	2021
Continuing operations			
Revenue	25	**29 868,6**	21 881,7
Profit before interest, tax, depreciation and amortisation		**1 806,2**	1 422,8
Depreciation		**(1 004,4)**	(806,0)
Amortisation of intangible assets		**(96,9)**	(76,8)
Profit before interest and taxation	26	**704,9**	540,0
Interest expense	27	**(223,7)**	(240,8)
Interest income	28	**22,7**	32,6
Profit before taxation		**503,9**	331,8
Taxation expense	29	**(257,7)**	(243,2)
Profit after taxation		**246,2**	88,6
Loss from equity accounted investments		**(0,3)**	(0,6)
Profit for the year from continuing operations		**245,9**	88,0
Loss from discontinued operations	30	**(112,8)**	(254,5)
Profit/(loss) for the year		**133,1**	(166,5)
Attributable to:			
Owners of Murray & Roberts Holdings Limited		**134,8**	(179,9)
Non-controlling interests	15	**(1,7)**	13,4
		133,1	(166,5)

Basic and diluted earnings per share were 34 cents (FY2021: 46 cents loss per share) and 33 cents (FY2021: 45 cents loss per share) respectively.

Continuing basic and diluted earnings per share were 62 cents (FY2021: 19 cents) and 61 cents (FY2021: 18 cents) respectively.

For further details refer to note 31.

Consolidated statement of comprehensive income

for the year ended 30 June 2022

All amounts are expressed in millions of Rands	Notes	2022	2021
Profit/(loss) for the year		133,1	(166,5)
Other comprehensive income/(loss):			
Items that will not be reclassified subsequently to profit or loss:			
Effects of remeasurements on retirement benefit obligations	14	–	6,9
		–	6,9
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations	13 & 15	483,1	(436,8)
		483,1	(436,8)
Other comprehensive income/(loss) for the year net of taxation		483,1	(429,9)
Total comprehensive income/(loss) for the year		616,2	(596,4)
Total comprehensive income/(loss) attributable to:			
Owners of Murray & Roberts Holdings Limited		618,0	(612,7)
Non-controlling interests		(1,8)	16,3
		616,2	(596,4)

Consolidated statement of changes in equity

for the year ended 30 June 2022

All amounts are expressed in millions of Rands	Stated capital	Translation reserve	Other capital reserves	Retained earnings	Attributable to owners of Murray & Roberts Holdings Limited	Non-controlling interests	Total equity
Balance at 01 July 2020	2 595,5	1 556,9	63,6	1 394,5	**5 610,5**	8,2	**5 618,7**
Total comprehensive (loss)/income for the year	–	(439,7)	6,9	(179,9)	**(612,7)**	16,3	**(596,4)**
Treasury shares disposed	20,9	–	–	–	**20,9**	–	**20,9**
Treasury shares acquired	(76,5)	–	–	–	**(76,5)**	–	**(76,5)**
Transfer from retained earnings	–	–	1,8	(1,8)	**–**	–	**–**
Utilisation of share-based payment reserve	19,6	–	(19,6)	–	**–**	–	**–**
Recognition of share-based payment	–	–	18,4	–	**18,4**	–	**18,4**
Acquisition of business	–	–	–	–	**–**	(0,6)	**(0,6)**
Balance at 01 July 2021	2 559,5	1 117,2	71,1	1 212,8	**4 960,6**	23,9	**4 984,5**
Total comprehensive income/(loss) for the year	–	483,2	–	134,8	**618,0**	(1,8)	**616,2**
Treasury shares disposed	94,3	–	–	–	**94,3**	–	**94,3**
Treasury shares acquired	(5,6)	–	–	–	**(5,6)**	–	**(5,6)**
Utilisation of share-based payment reserve	36,6	–	(36,6)	–	**–**	–	**–**
Recognition of share-based payment	–	–	23,9	–	**23,9**	–	**23,9**
Increase in shareholding of subsidiary	–	–	–	(28,7)	**(28,7)**	28,7	**–**
Balance at 30 June 2022	2 684,8	1 600,4	58,4	1 318,9	**5 662,5**	50,8	**5 713,3**

Consolidated statement of cash flows

for the year ended 30 June 2022

All amounts are expressed in millions of Rands	Notes	2022	2021
Cash flows from operating activities			
Receipts from customers		29 621,2	21 927,1
Payments to suppliers and employees		(29 366,7)	(19 049,5)
Cash generated by operations	32	254,5	2 877,6
Interest received		23,4	35,4
Interest paid		(223,4)	(231,4)
Taxation paid	33	(253,1)	(287,5)
Taxation refund	33	23,5	27,7
Net cash (outflow)/inflow from operating activities		(175,1)	2 421,8
Cash flows from investing activities			
Payment for acquisition of subsidiaries, net of cash acquired		(288,3)	(6,0)
Purchase of intangible assets other than goodwill	4	(113,1)	(35,4)
Purchase of property, plant and equipment	2	(883,5)	(1 154,0)
– Replacements		(96,7)	(45,8)
– Additions		(1 703,1)	(1 315,7)
– Acquisition of assets by means of a lease (non-cash)		916,3	207,5
Proceeds on disposal of intangible assets		9,2	0,3
Proceeds on disposal of property, plant and equipment		81,5	49,8
Proceeds on disposal of assets held for sale		3,1	–
Dividends received from the Bombela Concession Company	6	185,0	–
Other		(3,0)	1,3
Net cash outflow from investing activities		(1 009,1)	(1 144,0)
Cash flows from financing activities			
Net disposal/(acquisition) of treasury shares		88,7	(55,6)
– Acquisition of treasury shares		(5,6)	(76,5)
– Disposal of treasury shares		94,3	20,9
Net movement in borrowings	32	(630,7)	(798,3)
– Loans raised		634,9	614,1
– Loans repaid		(844,8)	(930,7)
– Leases repaid		(420,8)	(481,7)
Net cash outflow from financing activities		(542,0)	(853,9)
Total (decrease)/increase in net cash and cash equivalents		(1 726,2)	423,9
Net cash and cash equivalents at beginning of year		2 291,4	2 304,0
Effect of exchange rates		177,5	(436,5)
Net cash and cash equivalents at end of year^	10	742,7	2 291,4
^ Cash and cash equivalents balance comprises of:			
– Cash		2 255,8	3 697,3
– Reclassification to held for sale		12,7	24,4
– Overdraft		(1 525,8)	(1 430,3)

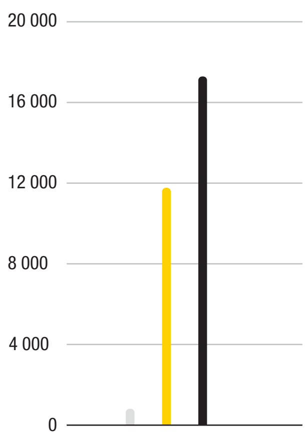
Statement of value created

for the year ended 30 June 2022

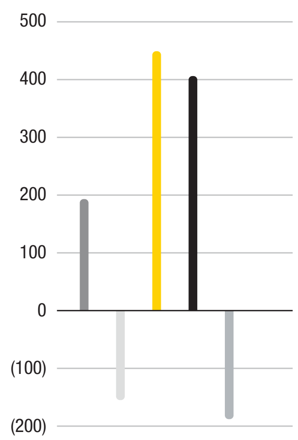
All amounts expressed in millions of Rands	2022	%	2021	%
Revenue	29 868,6		21 881,7	
Less: Cost of materials, services and subcontractors	(15 214,2)		(9 885,8)	
Value created	14 654,4		11 995,9	
Distributed as follows:				
To employees				
Payroll costs	12 950,9	88,4	10 867,6	90,6
To providers of finance				
Net interest expense	201,0	1,4	208,2	1,7
To government				
Company taxation	266,4	1,8	217,2	1,8
To maintain and expand the Group				
Reserves available to ordinary shareholders	134,8		(179,9)	
Depreciation	1 004,4		806,0	
Amortisation	96,9		76,8	
	1 236,1	8,4	702,9	5,9
	14 654,4	100,0	11 995,9	100,0
Number of people[1]	8 394		9 393	
State and local taxes charged to the Group or collected on behalf of governments by the Group				
Company taxation	266,4		217,2	
Indirect taxation	812,2		937,0	
Employees' tax	1 257,2		1 378,0	
	2 335,8		2 532,2	

1 People includes direct joint arrangement hires and third party contractors of 1 583 (FY2021: 1 025).

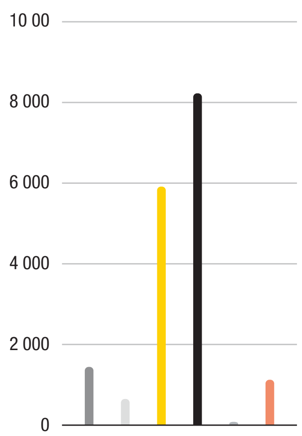
Revenue
(R million)



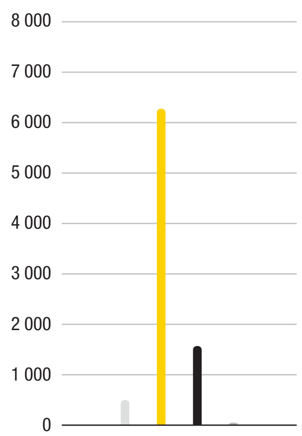
PBIT
(R million)



Total assets
(R million)

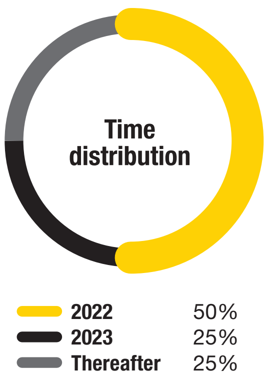


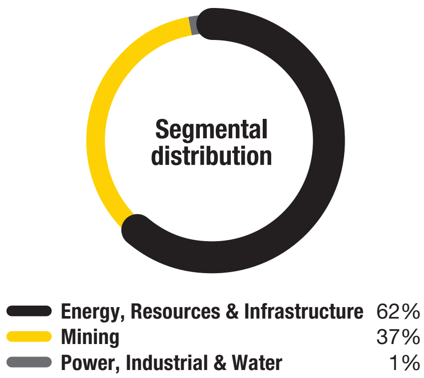
Number of employees



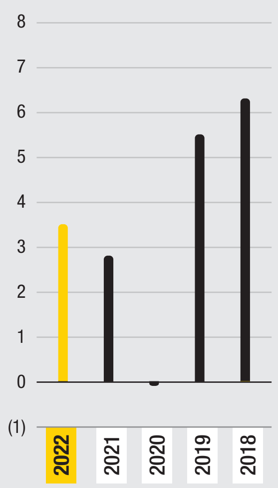
Bombela
Mining
Energy, Resources & Infrastructure
Power, Industrial & Water
Corporate and properties
Discontinued operations

Order book

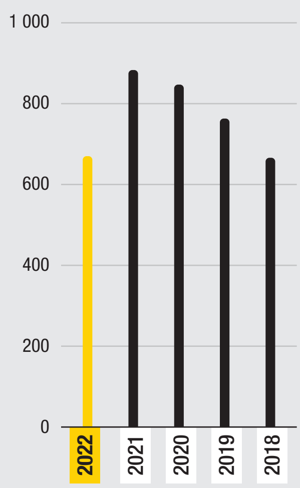




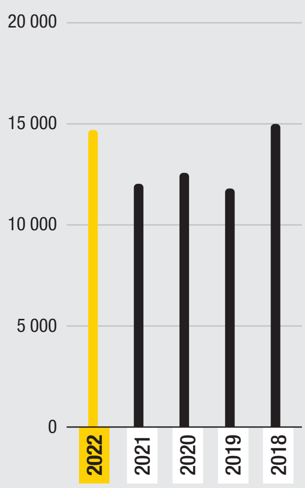
Return on average Total assets (%)



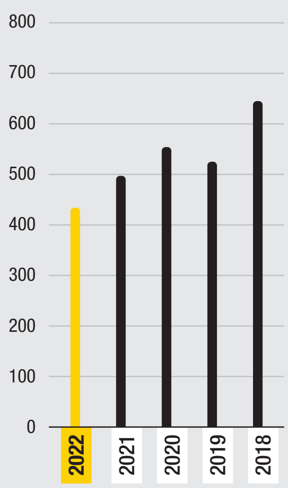
Productivity of assets
(Assets per 1 000 turnover)



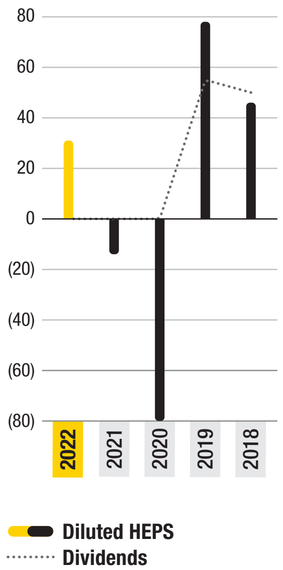
Creation of value
(R million)



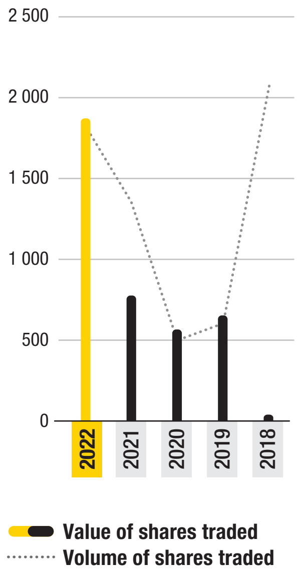
People productivity
(Value ratio)



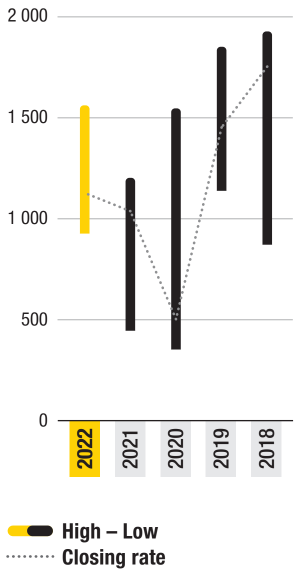
Diluted HEPS and dividends per share (Cents)



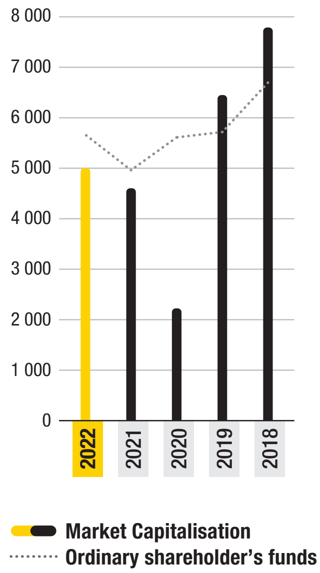
Value of shares traded
(R million)



Share price movement
(Cents)



Market capitalisation
(R million)



Ten-year financial review

for the year ended 30 June 2022

All amounts are expressed in millions of Rands	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Summarised statements of financial performance										
Revenue	**29 869**	21 882	20 838	20 113	21 379	20 789	24 445	23 073	28 680	27 496
Profit/(loss) before interest and taxation	**705**	540	(17)	847	898	1 055	1 343	1 036	1 397	2 054
Net interest expense	**(201)**	(208)	(221)	(56)	(42)	(36)	(62)	(61)	(53)	(119)
Profit/(loss) before taxation	**504**	332	(238)	791	856	1 019	1 281	975	1 344	1 935
Taxation expense	**(258)**	(243)	(151)	(297)	(298)	(167)	(295)	(187)	(483)	(619)
Profit/(loss) after taxation	**246**	89	(389)	494	558	852	986	788	861	1 316
(Loss)/profit from equity accounted investments	**–**	(1)	2	(4)	21	7	18	3	1	164
(Loss)/profit from discontinued operations	**(113)**	(255)	16	(144)	(311)	(821)	(214)	103	538	(10)
Non-controlling interests	**2**	(13)	19	(9)	(1)	10	(37)	(13)	(139)	(466)
Profit/(loss) attributable to owners of Murray & Roberts Holdings Limited	**135**	(180)	(352)	337	267	48	753	881	1 261	1 004
Summarised statements of financial position										
Non-current assets	**6 496**	5 390	5 280	4 338	4 252	3 857	4 849	6 411	6 410	6 017
Current assets	**11 872**	12 638	11 805	10 672	9 033	9 154	11 870	11 160	12 488	17 365
Goodwill	**1 372**	1 102	1 125	958	616	607	642	636	486	488
Deferred taxation assets	**563**	609	689	422	385	585	604	596	427	657
Total assets	**20 303**	19 739	18 899	16 390	14 286	14 203	17 965	18 803	19 811	24 527
Equity attributable to owners of Murray & Roberts Holdings Limited	**5 662**	4 961	5 611	5 717	6 696	6 541	7 201	6 498	5 905	7 041
Non-controlling interests	**51**	24	8	34	48	64	63	25	27	1 657
Total equity	**5 713**	4 985	5 619	5 751	6 744	6 605	7 264	6 523	5 932	8 698
Non-current liabilities	**1 390**	1 040	1 515	1 423	505	665	1 117	2 526	1 908	1 958
Current liabilities	**13 200**	13 714	11 765	9 216	7 037	6 933	9 584	9 754	11 971	13 871
Total equity and liabilities	**20 303**	19 739	18 899	16 390	14 286	14 203	17 965	18 803	19 811	24 527

Ratios and statistics

for the year ended 30 June 2022

All amounts are expressed in millions of Rands	**2022**	2021	2020	2019	2018	2017	2016	2015	2014	2013
EARNINGS										
Earnings/(loss) per share (cents)										
– Basic	**34**	(46)	(89)	85	67	12	189	218	310	247
– Diluted	**33**	(45)	(89)	83	66	12	182	213	305	245
Headline earnings/(loss) per share (cents)										
– Basic	**31**	(14)	(80)	80	47	27	158	212	221	188
– Diluted	**31**	(14)	(80)	78	46	26	153	207	217	186
Dividends per share (cents)	**–**	–	–	55	50	45	45	50	50	–
Dividend cover[2]	**–**	–	–	1,4	0,9	0,6	3,4	4,1	4,3	–
Interest cover	**3,2**	2,2	(0,1)	6,7	8,7	10,1	11,5	8,4	7,4	9,2
PROFITABILITY										
PBIT on revenue (%)	**2,4**	2,5	(0,1)	4,2	4,2	5,1	5,5	4,5	4,9	7,5
PBIT on average total assets (%)	**3,5**	2,8	(0,1)	5,5	6,3	6,6	7,3	5,4	6,3	8,7
Attributable profit/(loss) on average ordinary shareholders' funds (%)	**2,5**	(3,4)	(6,2)	5,4	4,0	0,7	11,0	14,2	19,5	15,5
PRODUCTIVITY										
Per R1 000 of revenue:										
Payroll cost (Rands)	**434**	497	554	525	645	630	535	591	470	448
Total average assets (Rands)	**670**	883	847	763	666	774	752	837	773	854
Value created (Rm)[3]	**14 697**	12 033	12 575	11 800	14 993	15 098	16 246	17 352	17 773	17 660
Value ratio[3]	**1,13**	1,10	1,09	1,11	1,07	1,05	1,11	1,13	1,16	1,20
FINANCE										
As a percentage of total equity										
Total interest bearing debt	**58**	60	63	29	7	9	14	23	42	23
Total liabilities	**255**	296	236	185	112	115	147	188	234	182
Current assets to current liabilities	**0,90**	0,92	1,00	1,16	1,28	1,32	1,24	1,14	1,04	1,25
Operating cash flow (Rm)	**(175)**	2 422	(527)	1 311	713	795	762	586	931	1 653
Operating cash flow per share (cents)	**(39,4)**	544,5	(118,6)	294,8	160,3	178,8	171,4	132	209	372
OTHER										
Weighted average ordinary shares in issue (millions)	**444,7**	444,7	444,7	444,7	444,7	444,7	444,7	444,7	444,7	444,7
Weighted average number of treasury shares (millions)	**46,6**	51,1	47,5	47,3	46,6	47,1	46,1	41,4	38,3	37,9
Number of employees – 30 June[3]	**8 394**	9 393	9 049	9 650	10 649	20 642	33 893	29 581	25 498	33 281

Definitions

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

1 Based on total HEPS.

2 Includes continuing and discountinued operations.

Segmental analysis

for the year ended 30 June 2022

All amounts are expressed in millions of Rands	GROUP 2022	GROUP 2021	Discontinued operations excluded from ongoing operations[1] 2022	Discontinued operations excluded from ongoing operations[1] 2021
Summarised statement of financial performance				
Revenue	29 869	21 882	–	35
Profit/(loss) before interest and taxation	705	540	(113)	(256)
Net interest (expense)/income	(201)	(208)	–	1
Profit/(loss) before taxation	504	332	(113)	(255)
Taxation (expense)/credit	(258)	(243)	–	–
Profit/(loss) after taxation	246	89	(113)	(255)
(Loss)/profit from equity accounted investments	–	(1)	–	–
(Loss)/profit from discontinued operations	(113)	(255)	–	–
Non-controlling interests	2	(13)	–	1
Profit/(loss) attributable to holders of Murray & Roberts Holdings Limited	135	(180)	(113)	(254)
Summarised statement of financial position				
Non-current assets	7 059	5 999	–	–
Current assets[2]	11 872	12 638	1 164	1 110
Goodwill	1 372	1 102	–	–
Total assets	20 303	19 739	1 164	1 110
Ordinary shareholders' equity	5 662	4 961	121	26
Non-controlling interests	51	24	–	–
Total equity	5 713	4 985	121	26
Non-current liabilities	1 390	1 039	–	5
Current liabilities[2]	13 200	13 715	1 043	1 079
Total equity and liabilities	20 303	19 739	1 164	1 110
Summarised statement of cash flows				
Cash generated from/(utilised by) operations	255	2 878	(261)	(258)
Interest and taxation	(430)	(456)	–	(66)
Operating cash flow	(175)	2 422	(261)	(324)

1 Mainly includes the Southern African Infrastructure & Building businesses, Genrec Engineering, Middle East and Gautrain.
2 Includes assets and liabilities classified as held for sale.

BOMBELA		POWER, INDUSTRIAL & WATER		MINING		ENERGY, RESOURCES & INFRASTRUCTURE		CORPORATE AND PROPERTIES	
2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
–	–	**810**	978	**11 769**	9 536	**17 286**	11 365	**4**	3
193	209	**(155)**	(175)	**449**	473	**406**	227	**(188)**	(194)
(13)	(26)	**(13)**	(10)	**(61)**	(68)	**(3)**	(8)	**(111)**	(96)
180	183	**(168)**	(185)	**388**	405	**403**	219	**(299)**	(290)
–	–	**(8)**	4	**(143)**	(203)	**(141)**	(27)	**34**	(17)
180	183	**(176)**	(181)	**245**	202	**262**	192	**(265)**	(307)
–	(1)	**–**	–	**–**	–	**–**	–	**–**	–
–	–	**–**	–	**–**	–	**–**	–	**–**	–
–	(4)	**(1)**	–	**3**	(9)	**–**	–	**–**	–
180	178	**(177)**	(181)	**248**	193	**262**	192	**(265)**	(307)
1 444	1 436	**59**	70	**2 187**	2 133	**2 785**	1 879	**584**	481
–	–	**571**	742	**4 388**	3 663	**5 676**	7 057	**73**	66
–	–	**52**	52	**414**	354	**906**	696	**–**	–
1 444	1 436	**682**	864	**6 989**	6 150	**9 367**	9 632	**657**	547
1 230	1 172	**37**	216	**3 394**	3 183	**2 123**	1 561	**(1 243)**	(1 197)
–	–	**39**	37	**12**	14	**–**	(27)	**–**	–
1 230	1 172	**76**	253	**3 406**	3 197	**2 123**	1 534	**(1 243)**	(1 197)
192	240	**9**	17	**678**	583	**323**	70	**188**	124
22	24	**597**	594	**2 905**	2 370	**6 921**	8 028	**1 712**	1 620
1 444	1 436	**682**	864	**6 989**	6 150	**9 367**	9 632	**657**	547
(2)	(4)	**(14)**	(302)	**982**	1 083	**(306)**	2 209	**(144)**	150
(12)	(17)	**(5)**	4	**(261)**	(257)	**16**	10	**(168)**	(130)
(14)	(21)	**(19)**	(298)	**721**	826	**(290)**	2 219	**(312)**	20

06 SHAREHOLDERS' INFORMATION

Murray & Roberts Water, Organica Wastewater Treatment Plant, South Africa

Analysis of shareholders

for the year ended 30 June 2022

SHAREHOLDER SPREAD	Number of shareholders	%	Number of shares	%
1 – 1 000 shares	8 767	78,11	1 210 539	0,27
1 001 – 10 000 shares	1 823	16,24	6 630 271	1,49
10 001 – 100 000 shares	485	4,32	15 482 705	3,48
100 001 –1 000 000 shares	117	1,04	34 592 869	7,78
Over 1 000 000 shares	32	0,29	386 819 734	86,98
Total	11 224	100,00	444 736 118	100,00
Category				
Black Economic Empowerment	2	0,02	25 763 915	5,79
Charity	3	0,03	147 626	0,03
Corporate Holding	1	0,01	194 855 660	43,81
Custodians	17	0,15	639 200	0,14
ESG	3	0,03	285 089	0,06
Exchange-Traded Fund	9	0,08	1 229 536	0,28
Foreign Government	1	0,01	219 784	0,05
Hedge Fund	3	0,03	5 915 912	1,33
Insurance Companies	4	0,04	1 499 750	0,34
Medical Aid Scheme	1	0,01	76 238	0,02
Other	10 803	96,24	17 170 295	3,86
Pension Fund	79	0,70	66 189 038	14,88
Private Investors	179	1,59	33 528 029	7,54
Trading Positions	15	0,13	3 388 048	0,76
Unclassified	2	0,02	8	0,00
Unit Trusts/Mutual Funds	100	0,89	93 649 486	21,07
University	2	0,02	178 504	0,04
Total	11 224	100,00	444 736 118	100,00

BENEFICIAL SHAREHOLDERS HOLDING 5% OR MORE OF THE COMPANY'S ORDINARY SHARES	Number of shares	%
ATON	194 855 660	43,81
Government Employees Pension Fund	44 538 929	10,01
Total	239 394 589	53,82

FUND MANAGERS HOLDING 5% OR MORE OF THE COMPANY'S ORDINARY SHARES	Number of shares	% of issued capital
ATON GmbH	194 855 660	43,81
Public Investment Corporation	45 236 306	10,17
Ninety One SA	40 026 240	9,00
Total	280 118 206	62,98

SHAREHOLDER SPREAD	Number of shareholders	%	Number of shares	%
Non-public	13	0,12	286 529 292	64,43
Public	11 211	99,88	158 206 826	35,57
Total	11 224	100,00	444 736 118	100,00
Domestic			226 996 582	51,04
International			217 739 536	48,96
Total			444 736 118	100,00

Shareholders' diary

FINANCIAL YEAR END	END-JUNE
PUBLICATION OF ANNUAL INTEGRATED REPORT	END-SEPTEMBER
ANNUAL GENERAL MEETING	NOVEMBER
PUBLICATION OF FY2023 HALF YEAR RESULTS	MARCH 2023
PUBLICATION OF FY2023 FULL YEAR RESULTS	AUGUST 2023

Administration and corporate office

Company Registration Number: 1948/029826/06
JSE Share Code: MUR
ISIN: ZAE000073441

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Glossary of terms

AGM	Annual General Meeting
APAC	Asia-Pacific
ATON	ATON GmbH
BBBEE	Broad-based Black Economic Empowerment
BCC	Bombela Concessions Company
BESS	Battery Energy Storage System
Board	The Board of Murray & Roberts Holdings Limited
Brownfield	Existing, developed infrastructure on which expansion or redevelopment occurs
CEO	Chief executive officer
CFO	Chief financial officer
CAGR	Compound Annual Growth Rate
Company	Murray & Roberts Holdings Limited
CRM	Critical Risk Management
Companies Act	Act 71 of 2008 (as amended)
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EMEA	Europe, Middle East & Africa
EPC	Engineering, Procurement and Construction
EPCM	Engineering, Procurement, Construction and Management
EPS	Earnings Per Share
ERI	Energy, Resources & Infrastructure
ESG	Environmental, Social and Governance
FCF	Free Cash Flow
FEED	Front End Engineering Design
FSP	Forfeitable Share Plan
FY2020	For the year ended 30 June 2020
FY2021	For the year ended 30 June 2021
FY2022	For the year ended 30 June 2022
GCR Mongolia	Joint venture between Clough, RUC Cementation Mining and Gobi Infrastructure Partners
Greenfield	New, undeveloped property where there is no need to work within the constraints of existing buildings or infrastructure
GRI	Global Reporting Initiative
Group	Murray & Roberts Holdings and its subsidiaries
HEPS	Headline Earnings per Share
HPH	High Potential Hazard
HPI	High Potential Incident
HSE	Health, Safety and Environment
HV	High Voltage
IFRS	International Financial Reporting Standards
IPP	Independent Power Producers
IT	Information Technology
JSE	Limited Johannesburg Stock Exchange
King IV™	King IV Report on Corporate Governance™ for South Africa, 2016
KPI	Key Performance Indicator
KPA	Key Performance Area
LNG	Liquefied Natural Gas
LTI	Long-term incentives
LTI	Lost-time injury
LTIFR	Lost Time Injury Frequency Rate
LTCSIP	Long-Term Cash Settled Incentive Plan
Km	Kilometre
kV	kilovolt
m	metres
MAP/CRM	Major Incident Prevention/Critical Risk Management
MD	Managing director
M&A	Mergers & Acquisitions
MIM	Mining Information Model
MRH	Murray & Roberts Holdings Limited
MRL	Murray & Roberts Limited
MRP	Murray & Roberts Projects
MRPE	Murray & Roberts Power & Energy
MRW	Murray & Roberts Water
MW	Megawatt
Near Orders	Tenders where the Group is the preferred bidder and final award is subject to financial/ commercial close
O&M	Operations and Maintenance
OEM	Original Equipment Manufacturers
OMS	Opportunity Management System
Order Book	Confirmed and signed project orders
Order Book Pipeline	Tenders, budgets, feasibilities and prequalifications the Group is currently working on (excluding Near Orders). It also includes opportunities which are being tracked and are expected to come to the market in the next 36 months
PIW	Power, Industrial & Water
PNG	Papua New Guinea
PPP	Public Private Partnership
PV	Photovoltaic
REIPPP	Renewable Energy Independent Power Producer Programme
RMIPP	Risk Mitigation Independent Power Producer
ROICE	Return on Invested Capital Employed
SADC	Southern African Development Community
SMPEI	Structural, Mechanical, Piping, Electrical, Instrumentation
STI	Short-term incentives
TBM	Tunnel Boring Machine
TCFD	Task Force on Climate-related Financial Disclosures
TFCE	Total Fixed Cost of Employment
TRCR	Total Recordable Case Rate
TRIR	Total Recordable Incident Rate
USA	United States of America
Vulindlela Letsema	Vulindlela Black Executives Trust
WACC	Weighted Average Cost of Capital

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Disclaimer

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

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

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STUDIO 5

Engineered Excellence is a leadership philosophy of planning in detail for the outcomes we want to achieve. ***Engineered Excellence*** means we apply rigour and discipline in everything we do and remove chance from the objectives we pursue.

Murray & Roberts

Cover image

CLOUGH NORTH AMERICA

Project Traveler, Alkycate Production Facility, Texas, United States