

CORPORATE GOVERNANCE

STATEMENT OF COMPLIANCE

The Board of Murray & Roberts (Board) is committed to the principles of the Code of Corporate Practices and Conduct (Code) as set out in the King Report on Corporate Governance for South Africa 2002 (King II). In supporting the Code, the Board recognises the need to conduct the business of the Group with openness, integrity and accountability. A corporate governance framework has been in operation in the Group for many years and is reviewed from time to time and updated where appropriate. The Board is of the opinion that Murray & Roberts substantially complies with the Code.

BOARD OF DIRECTORS

At the date of this annual report, Murray & Roberts has a unitary Board with 14 directors, 10 of whom are independent non-executive and four executive.

The Board is responsible for the strategic direction of the Group and is governed by a charter that sets out the framework of its accountability, responsibility and duty to the company. An annual review of the charter was undertaken on 25 April 2007 and the Board renewed its commitment to corporate governance best practice above the minimum requirements set by the Code.

The Board conducts its business in the best interest of the company and ensures that the Group performs in the best interests of its broader stakeholder group, including present and future investors in the Group and in its products and services, its business partners and employees and the societies in which it operates.

In order to address its accountability and responsibility, the Board:

- monitors that the Group complies with all relevant laws, regulations and codes of business practice and that it communicates with all relevant stakeholders (internal and external) openly and promptly and with substance prevailing over form
- defines levels of materiality, reserving specific powers to itself and delegating other matters by written authority to executive management
- gives direction to the Group in all matters and approves the strategic plan developed by management in the context of the board charter

- monitors implementation of the strategic plan by management
- monitors performance through the various board committees established to assist in the discharge of its duties
- monitors the key risk areas and key performance areas of the Group and identifies the non-financial aspects relevant to the Group and its business
- considers its size, diversity and demographic make-up
- determines the policy and processes to ensure the integrity of:
 - risk management and internal controls
 - executive and general remuneration
 - external and internal communications
 - director selection, orientation and evaluation

Directors adhere to a Code of Conduct, which incorporates agreed standards of accepted behaviour, guidance in decision making, promotes integration & co-ordination and reaffirms the directors' commitment to the Group.

During the past year, non-executive directors were paid an annual retainer of R100 000 each with a deduction for non-attendance of R10 000 per meeting. Five scheduled and two special meetings were held during the year. Directors were paid R20 000 per special board meeting. At the annual general meeting on Tuesday, 30 October 2007, it is proposed that shareholders approve a revised remuneration structure where non-executive directors are paid a fixed annual fee of R110 000. The deduction for non-attendance and ad hoc fee for special board meetings remain unchanged.

The proposal is based on a minimum of five scheduled meetings a year and takes into account additional committee workload.

A full review of directors' fees will be undertaken during the year ahead.

BOARD MEETINGS

The Board meets at least five times a year in formal meetings. In addition, the directors meet ahead of the scheduled meeting at which the Group's budget and

business plan are examined in the context of the approved strategy. At this meeting, senior executives in the Group engage with the directors in a broad conversation on implementation of the Group's strategy.

The Board has adopted a policy to visit key operations on an annual basis. All directors are kept informed between meetings of major developments affecting the Group.

The record of attendance by each director at the board meetings held during the year under review is reflected in the tables on page 72 of this report.

CHANGES TO THE BOARD

SJ Macozoma resigned as a non-executive director at the previous AGM held on 25 October 2006. SF Linford resigned as company secretary in November 2006 and was replaced by Y Karodia. N Jorek resigned as an executive director of the Group, effective 29 August 2007, and SP Sibisi was appointed a non-executive director, effective 7 September 2007.

CHAIRMAN AND GROUP CHIEF EXECUTIVE

The role of chairman and group chief executive are separate and they operate under separate mandates issued by the Board that clearly differentiate the division of responsibilities within the company ensuring a balance of power and authority.

The chairman, who is a non-executive director, presides over the Board, providing it with effective and directed leadership and ensuring that all relevant information and facts are placed before the Board for decision.

The group chief executive is charged with the responsibility of the ongoing operations of the Group. He develops the Group's long term strategy and recommends the business plan and budgets to the Board for consideration.

The group chief executive and the chairperson are appointed by the Board. The Board is responsible for the annual appraisal of the chairperson, who in turn is responsible for the annual appraisal of the chief executive.

The remuneration & human resources committee assesses the remuneration of the Board, chairperson and group chief executive, and the nomination committee is responsible for the succession planning of the Board.

BOARD COMMITTEES

The Board has established and mandated a number of committees to perform work on its behalf in various key areas affecting the business of the Group.

These committees are:

- executive
- audit
- health, safety & environment
- nomination
- remuneration & human resources
- risk

The Board and each committee give attention to both new and existing matters of governance and compliance within their respective mandates. A statement from the chairman of the Board and chairman of each committee is included in this report.

Each committee operates according to terms of reference approved by the Board which are reviewed annually. With the exception of the executive committee, all other committees are chaired by independent non-executive directors of the Board.

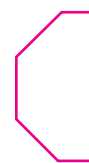
The independent and non-executive directors complement the executive directors through the diverse range of skills and experience they bring from their involvement in other businesses and sectors. They bring independent perspectives on corporate governance and general strategy to the Board as a whole.

The record of attendance by each member of the respective committees for the year under review is reflected in the tables on page 73 of this report.

INTERNATIONAL ADVISORY BOARD

The Board has reconsidered the mandate of the international advisory board (IAB). It has established that the IAB no longer fulfils its required mandate and agreed that it be disbanded.

Key members of the IAB will be retained as advisors to the Board and group chief executive.



CORPORATE GOVERNANCE REPORT CONTINUED

SELECTION OF DIRECTORS

The Board has approved a policy on the criteria for the selection of directors and the nomination and evaluation processes to be followed.

INDEPENDENT ADVICE

All directors are entitled to seek professional independent advice at the Group's expense.

BOARD EFFECTIVENESS

An appraisal of the effectiveness of the Board was conducted internally by the nomination committee during August 2007. The appraisal was benchmarked against the strategic requirements of Murray & Roberts to ensure the capacity to deliver these requirements and strengthen the diversity and sector expertise of directors. The appraisal was positive. The appraisal next year will be conducted externally.

ORIENTATION PROGRAM

It has been the practice of the Group to ensure that non-executive directors appointed to the Board engage in a comprehensive induction process to familiarise themselves with the Group. The process includes visits to key operations in the company and extensive discussions with group leaders.

COMPANY SECRETARY

All directors have access to the advice and services of the company secretary who is responsible for ensuring the proper administration of the board and corporate governance procedures. The company secretary provides guidance to the directors on their responsibilities within the prevailing regulatory and statutory environment and the manner in which such responsibilities should be discharged.

EXECUTIVE COMMITTEE

The directors of Murray & Roberts Limited and Murray & Roberts International Limited serve as the executive committee of the Board. They are chaired by the group chief executive and group financial director, respectively. The directors support the group chief executive in his responsibility to:

- implement the strategies and policies of the Group
- manage the business and affairs of the Group
- prioritise the allocation of capital, technical know-how and human resources
- establish best management practices and functional standards
- approve and monitor the appointment of senior management
- fulfil any activity or power delegated to the executive committee by the Board that conforms to the company's articles of association

RISK MANAGEMENT, SYSTEMS OF CONTROL AND INTERNAL AUDIT

The Board promotes the rational engagement of risk in return for commensurate reward and is responsible for ensuring that risk management, including related systems of internal control, are formalised throughout the Group. These systems of risk management, internal control and internal auditing aim to promote the efficient management of operations, protection of the Group's assets, legislative compliance, business continuity, reliable reporting and the interests of all stakeholders. Details of the Group's risk management status are set out on page 70 of this report.

SHARE DEALINGS

The Group has an insider trading policy that requires directors and officers who could be expected to have access to price sensitive information, to be precluded from dealing in the Group's shares as well as the shares of Clough for a period of approximately two months prior to the release of the Group's interim results and a period of three months prior to the release of the annual results.

To ensure that dealings are not carried out at a time when other price sensitive information may be known, directors and officers must at all times obtain permission from the chairman or group chief executive before dealing in the shares of the Group. Approved dealings in the Group's shares by directors are disclosed to the JSE and published on the Stock Exchange News Services (SENS). All approved dealings are reported in arrears to the regular meetings of the Board.

AUDIT COMMITTEE

The audit committee operates under an approved charter to assist the Board to fulfil its corporate governance supervision responsibilities relating to accurate financial reporting and adequate financial systems and controls. It does so by evaluating the findings of external audits, actions taken and the appropriateness and adequacy of the systems of internal financial and operational controls.

The committee reviews accounting policies and financial information issued to stakeholders and recommends the appointment of external auditors and their remuneration.

The chairman of the audit committee reports to the Board on the committee's deliberations and decisions. The external auditors have unrestricted access to the committee. The independence of the external auditors is regularly reviewed and all non-audit related services are approved and reported upon.

MEMBERSHIP

MJ Shaw served as chairman of the committee and IN Mkhize and AA Routledge as members during the year under review, all of whom are independent non-executive directors and financially literate.

The group chairman, group chief executive, group financial director, group corporate services executive and external auditors, all attend meetings by invitation.

The committee met twice during the year under review.

TERMS OF REFERENCE

The committee's activities include:

- monitoring the Group's accounting policies, disclosures and making recommendations to the Board to ensure compliance with International Financial Reporting Standards
- discussing and agreeing on the scope, nature and priority of the audit
- reviewing the external auditor's reports
- recommending and reviewing the annual responsibility statement of directors.
- reviewing the Group's annual financial statements and the Group's results and making recommendations to

the Board for publication in the interim and preliminary reports and the annual report

The committee's terms of reference were reviewed and approved by the Board on 25 April 2007.

AUDIT AND ADMINISTRATION

Financial leadership within Murray & Roberts continues to be strengthened with the appointment of a number of senior financial executives.

Under the leadership of the group corporate services executive, a group internal audit function has been created to advance risk based internal audit throughout the Group.

The audit committee chairman, group financial director and lead external audit partner attend major contract reviews at half year and full year end. Audit close out meetings are held between external auditors and operational management at year end. A detailed audit summary memorandum is prepared for all operating entities and a consolidated document presented to the audit committee.

Martin Shaw
Chairman



RISK COMMITTEE

The risk committee assists the Board with oversight of the development and implementation of the group risk framework.

MEMBERSHIP

RT Vice served as chairman of the committee and IN Mkhize and MJ Shaw as members during the year under review. Subsequent to the year end, SP Sibisi was appointed a member of the committee. The group chief executive, group financial director, group corporate services executive and group risk manager attend meetings *ex officio*. The committee met three times during the year under review and its terms of reference were reviewed and approved by the Board on 25 April 2007.

GROUP RISK FRAMEWORK

The group risk framework seeks to regulate the entry of risk into Murray & Roberts and systematically manage threats, while exploiting opportunities to contribute towards performance.

Murray & Roberts Holdings has a system of delegated authority which governs decisions affecting acquisitions and disinvestments, asset investments and contracts.

A risk committee of the Murray & Roberts Limited Board (MRL) acts as custodian of the group risk appetite, reviews group level risk and interrogates key decisions prior to board approval. A risk committee has been established to support the Murray & Roberts International Board.

RISK MANAGEMENT

Risk management entails assigning ownership, developing mitigation plans, resource allocation, implementation, periodic review and formal communication. The software application, KnowRisk, is being implemented to support the risk management process and the management of operational, project and HSE risk knowledge bases.

INTERNAL AUDIT

The Group has adopted a risk based approach to internal audit, aimed at testing the integrity of controls managing significant exposure. The existing internal audit structure includes a group audit manager, dedicated operational resources, peer review at operational level and management review at board, exco or project meetings. Self assessment is inherent in half year and year end procedures and there is ad hoc high level peer review by experienced corporate executives. Approximately two

thirds of companies within the Group are ISO 9001 accredited, with established quality management procedures, quality assurance, control functions and regular audits of procedural compliance.

GROUP INSURANCE

Murray & Roberts has a group insurance program covering RSA-based asset and liability risks. For risks outside South Africa there is a difference in cover provision within the program.

CLAIMS AND LITIGATIONS

A schedule of active claims and disputes, both for and against Murray & Roberts, is maintained. Group legal counsel, commercial executives in the operations, and external legal and commercial consultants manage the Group's contractual risk.

BONDS AND GUARANTEES

Opportunity authorisation in the opportunity management system sets a process discipline ahead of the issuing of bonds and guarantees, which is integrated with the treasury management system utilised for guarantee administration.

FORENSICS

"Ask Brian" on the Interchange and the CE Discussion Forum on the website promote transparent direct communication with the group chief executive. Tip-offs Anonymous, an independent hotline service provider, supports reporting of workplace dishonesty. The Group employs a firm of forensic consultants and investigators that reports directly to the group chief executive.

GLOBAL ENGAGEMENT

Murray & Roberts is a member of the World Economic Forum (WEF), with the group chief executive serving as an engineering and construction governor.

The Group is a founding member of the Engineering & Construction Risk Institute, an association of global engineering and construction companies, formed by the World Economic Forum, which aims to institutionalise sound risk management practice in the Industry.

Murray & Roberts is a signatory to the United Nations Global Compact on Transparency and Crime and actively participates in the WEF Partnership Against Crime Initiative.

Royden Vice
Chairman

REMUNERATION & HUMAN RESOURCES COMMITTEE

The remuneration & human resources committee has been delegated by the board to align the Group's remuneration philosophy with its business strategy to attract, retain, motivate and reward directors, senior executives and staff by the payment of fair, competitive and appropriately structured remuneration in the best interests of shareholders.

MEMBERSHIP

The committee comprises the chairman and four independent non-executive directors. The group chief executive and group financial director attend meetings in an *ex officio* capacity. JJM van Zyl served as chairman of the committee during the year. RC Andersen, NM Magau, AA Routledge and RT Vice served as members. SJ Macozoma resigned as a member on 25 October 2006.

The committee met four times during the year.

TERMS OF REFERENCE

The terms of reference of the committee were reviewed and approved by the Board on 25 April 2007.

The chairman of the committee reports to the Board on the committee's deliberations and decisions. The committee assists the Board by regularly submitting reports and recommendations regarding the Murray & Roberts employment framework and policies. The committee is responsible for considering and approving proposals regarding the remuneration, benefits, share options and related matters of executive directors of the Group, including the group chief executive, all managing directors of the Group's operating entities and senior corporate executives. The functions, role and mandate of the group chief executive are considered by the committee and his performance is assessed. Succession planning is also considered.

An independent advisor has been appointed to review the Group's remuneration policies and practices.

DIRECTOR AND EXECUTIVE REMUNERATION

The Group employs the services of an independent consultant to advise on the profiling and appropriate remuneration levels of executive directors and senior executives and reviews the Group's remuneration policies and practices.

The remuneration packages of executive directors and senior executives include performance related remuneration, which is determined in terms of incentive schemes operated at group and operating entity level.

These schemes have been designed and implemented with assistance from independent remuneration consultants, to competitively reward those directors and executives who have contributed to the Group's sustainable earnings growth and value creation. The remuneration of executive directors for the year ended 30 June 2007 is set out in note 45 to the consolidated financial statements.

Directors do not have fixed term contracts, but executive directors are subject to notice periods of between one and twelve months. There is no material liability to the Group with respect to the contract of any director. Normal retirement of executive directors is at age 63, while non-executive directors are required to retire at age 70.

Non-executive directors receive a fee for their contribution to the Board and board committees of which they are members. The level of fees for service as directors, additional fees for service on board committees, fees paid to international advisors and the chairman's fee are reviewed annually. The committee recommends fee structures to the Board following research into trends in directors' remuneration for ultimate approval by shareholders at the AGM.

Remuneration details of non-executive directors for the year ended 30 June 2007 are set out in note 45 to the consolidated statements and the background to a proposed fee increase is included on page 66.

RETIREMENT AND OTHER BENEFIT PLANS

A number of defined contribution retirement funds operate within the Group in South Africa. These are registered as pension or provident funds and are accordingly governed by the Pension Funds Act. Although these funds are privately administered, the majority of funds are incorporated in outsourced umbrella schemes.

The assets of the funds are independently controlled by boards of trustees which include representatives elected by the members. Further details on retirement and other benefit plans are provided in note 44 to the consolidated financial statements.

In terms of the Pension Fund Surplus Appointment regulations, the Registrar of Pension Funds has formally recorded a nil surplus scheme submission for both the Murray & Roberts Retirement Fund and Murray & Roberts Provident Fund.

Boetie van Zyl

Chairman

NOMINATION COMMITTEE

The nomination committee ensures that the structure, size, composition and effectiveness of the Board and board committees are maintained at levels that are appropriate in the context of the Group's complexity and strategy. It does so by regularly evaluating the Board's performance, undertaking performance appraisals of the chairman and directors, evaluating the effectiveness of board committees and making recommendations to the Board.

The committee comprises the chairman of the Board and two independent non-executive directors. The chairman of the committee is appointed by the Board.

RC Andersen served as chairman of the committee and SE Funde and JJM van Zyl continued as members during the year. The committee met twice during the period under review and its terms of reference were reviewed and approved by the Board on 25 April 2007.

A review of the operations and structure of the Board was undertaken in August 2007. The review was

benchmarked against the strategic requirements of Murray & Roberts and the need to ensure the capacity to deliver these requirements and strengthen the diversity and sector expertise of directors. The outcome of the review was a proposal recommending changes to the non-executive and executive composition of the Board to be phased in over the next two years. This includes the scheduled retirement of two non-executive directors in 2008 when they reach the mandatory retirement age. Shareholders will be requested to confirm the appointment of Dr Sibusiso Sibisi as a new non-executive director at the AGM on 30 October 2007.

Succession planning, taking into account the strategy of the Group and future retirements from the Board, was also addressed.

Roy Andersen

Chairman

Record of attendance at directors' meetings for the 2007 financial year

		Scheduled					Special ³	
		30 Aug 2006	29 Nov 2006	28 Feb 2007	25 April 2007	27 June 2007	26 July 2006	14 May 2007
RC Andersen	Independent Chairman	✓	✓	✓	✓	✓	✓	✓
BC Bruce	Chief Executive	✓	✓	✓	✓	✓	✓	✓
SJ Flanagan	Executive	✓	✓	✓	✓	✓	✓	✓
SE Funde	Independent	✓	✓	✓	X	✓	X	✓
N Jorek ²	Executive	✓	✓	✓	✓	✓	✓	X
SJ Macozoma ¹	Independent	✓	–	–	–	–	✓	–
NM Magau	Independent	✓	✓	✓	✓	✓	✓	✓
JM McMahon	Independent	✓	✓	✓	✓	✓	✓	✓
IN Mkhize	Independent	✓	✓	✓	✓	✓	✓	X
RW Rees	Executive	✓	✓	✓	✓	✓	✓	✓
AA Routledge	Independent	✓	✓	✓	✓	✓	✓	✓
MJ Shaw	Independent	✓	✓	✓	X	✓	✓	✓
KE Smith	Executive	✓	✓	✓	✓	✓	✓	✓
JJM van Zyl	Independent	✓	✓	✓	✓	✓	X	✓
RT Vice	Independent	✓	✓	✓	✓	✓	✓	✓

¹ Resigned 25 October 2006.

² Resigned 29 August 2007.

³ Special meetings called at short notice often result in some directors being unavailable.

RECORD OF ATTENDANCE

Record of attendance at board committee meetings for the 2007 financial year

Audit committee	28 August 2006	26 February 2007
Name of member		
MJ Shaw (Chairman)	✓	✓
IN Mkhize	✓	✓
AA Routledge	✓	✓

Risk committee	29 August 2006	26 February 2007	25 June 2007
Name of member			
RT Vice (Chairman)	✓	✓	✓
IN Mkhize	✓	✓	✓
MJ Shaw	✓	✓	✓

Remuneration & human resources committee	28 August 2006	27 February 2007	05 March ³ 2007	25 June 2007
Name of member				
JJM van Zyl (Chairman)	✓	✓	✓	✓
RC Andersen	✓	✓	✓	✓
SJ Macozoma ¹	X	-	-	-
NM Magau	✓	✓	✓	✓
AA Routledge	✓	✓	X	✓
RT Vice	✓	✓	✓	✓

Nomination committee	29 August 2006	27 February 2007
Name of member		
RC Andersen (Chairman)	✓	✓
SE Funde	✓	✓
JJM van Zyl	✓	✓

Health, safety & environment committee	29 August 2006	06 December 2006	27 February 2007	24 April 2007
Name of member				
JM McMahon (Chairman)	✓	✓	✓	✓
BC Bruce	✓	✓	✓	✓
SE Funde	✓	X	✓	X
NM Magau	X	X	✓	✓

¹ Resigned 25 October 2006.

³ Special meetings called at short notice often result in some directors being unavailable.

HEALTH, SAFETY & ENVIRONMENT COMMITTEE

The health, safety and environment (HSE) committee assists the Board to fulfil its corporate governance and supervision responsibilities relating to the integration of sound HSE management into all aspects of the Group's business activity.

The committee evaluates global best practice in HSE management, the actions taken and the appropriateness and adequacy of policies and procedures. It reviews statistical information issued to stakeholders and guides the Board relating to HSE policy, strategy, leadership and the management of HSE risks.

The committee consists of three non-executive directors and the group chief executive and is chaired by JM McMahon, an independent director. Other independent members of the committee are SE Funde and NM Magau. The group executive directors and the executives responsible for corporate services and HSE management, attend meetings by invitation. The committee met formally four times during the year.

TERMS OF REFERENCE

The committee's responsibilities include:

- reviewing and monitoring the framework, strategy, policies and standards for HSE management
- monitoring substantive national and international regulatory and technical developments and practice in HSE management
- reviewing compliance by the company, its contractors and associates with policy, guidelines and appropriate local and international standards and relevant local laws in HSE matters
- monitoring effective risk assessment processes, medical surveillance requirements and accident investigation systems
- reviewing and recommending to the Board for approval an HSE management system consistent with international best practice

The committee's terms of reference are reviewed annually and were approved on 25 April 2007.

SAFETY

Fatal accidents

The committee regrets the eleven fatal accidents recorded during the year and extends its sympathies to the bereaved. All the incidents occurred on the Group's South African sites, and the number is higher than the ten deaths in the previous year.

There has been a significant increase in the number of employees under the care of Murray & Roberts management, and this has contributed to a decrease in the fatal injury frequency rate (FIFR) to 0,06 per million

hours worked. In spite of this decrease, serious accidents on our worksites remain a concern and further measures will be implemented to achieve the Group's commitment to zero disabling incident.

Proactive prevention strategies are being developed, aimed at instituting mitigation strategies in high risk incident areas. Independent accident investigations have been commissioned for all serious accidents to ensure that the underlying causes are revealed and correct control measures put in place to ensure that certain repeat accidents do not occur.

Lost time injury frequency rate

The Group's consolidated lost time injury frequency rate (LTIFR) was 3,01 for the year. This is a decrease of 35% from the previous period and is in line with the short term target of less than 3. This target was bettered in two quarters during the year.

Developments

The committee reviewed and monitored the progress of the Stop.Think campaign. This group-wide awareness campaign engaged executive and middle management and all employees by means of industrial theatre aligned to the common goal of collectively striving for zero disabling incident. Employees were introduced to the initial concepts of behaviour based safety and various coaching techniques.

The committee approved the Stop.Think Bill of Rights, which was implemented to empower employees to act and work safely, to coach and be coached, to embrace safety measures afforded to them and to assume responsibility for their own safety and that of other people around them.

The Stop.Think campaign will continue the task of developing a Murray & Roberts health, safety and environmental culture and will be extended to feature more creative solutions to health and environmental issues.

Traditional HSE systems and measures complement Stop.Think and are continually updated and further embedded. This follows the fundamental review conducted in 2006 and the preparation of the group HSE framework which was adopted in August 2006 and implemented at all Murray & Roberts operating companies. The Group adopted a more rigorous reporting protocol of key HSE performance indicators (lead and lag). More focus was placed on occupational health and environmental issues to gain an insight to the exposures faced in these areas.

Achievements

Despite some disappointments, there have been significant HSE achievements this year (based on major efforts at operational level), including:

- Murray & Roberts Middle East achieved 32 million lost time injury free hours worked on the Dubai airport contract
- Two major internal programs were launched to provide certified (UNISA and National Qualifications Authority provisionally approved) HSE skills training
- All operating entities significantly increased the reporting of HSE issues in accordance with the group framework
- There was a better understanding of health and environmental exposures
- The total number of injuries incurred by the Group continued to decrease, despite the increased hours worked
- A 35% decrease in the group LTIFR to 3,01, with 12 operating companies able to maintain or reduce their LTIFR for the year
- The successful roll out of the Stop.Think campaign to 17 500 employees

HEALTH

Occupational health

A greater focus on occupational health issues was developed during the year in accordance with the group HSE framework. Health risk models and key performance indicators were instituted to better understand health exposures faced by our employees. The process has achieved satisfactory progress this year with group operating companies identifying and recording key performance indicator information and significant occupational and societal health risks. A more strategic focus on interpreting health information and mitigating these risks will be developed in the year ahead. This is to be carried out with the aid of the Stop.Think campaign, management awareness, and specific training programmes.

Currently, 26% of group operating entities are certified for OHSAS 18001. Further work to get all operations certified will be carried out in the new financial year.

Societal health

Societal health issues remain prevalent within our operating companies and a group HIV/Aids policy was developed during the year. The policy provides an overall management framework for existing individual workplace policies and will be implemented in the first quarter of the new financial year. Pre-employment and exit medical examinations are conducted on all project sites, with annual examinations carried out at fixed facility operations. These examinations have highlighted large numbers of TB, alcohol abuse, and HIV/Aids cases where voluntary testing has been conducted. Counselling for these societal issues is provided.

Malaria remains a significant threat for a number of companies operating beyond South African borders. This risk has increased with the acquisition of Wade Walker which operates from a number of project sites in Ghana, Zambia and DRC. Ongoing awareness and training programs are facilitated by client intervention at these sites in order to mitigate the spread of the disease.

Environment

The principle of zero disabling incident was expanded to include the impact of Murray & Roberts activities on the environment, with key performance areas and indicators applied to each entity. This process is consistent with the approach to health and safety management, and is aligned to the group risk framework.

No fines or penalties for major environmental incidents were recorded in the year. The Group experienced several other claims in respect of environmental dust and noise pollution. These occurrences are largely restricted to our fixed facility sites and are treated seriously. Programmes are ongoing to ensure that communication with the public and affected stakeholders is clear and consistent, and capital expenditure plans have been approved to reduce all emissions to acceptable levels.

The Group has recently undertaken to measure its carbon footprint from all activities. This entails setting up a climate change strategy and framework that is consistent with the group ambition to achieve a sustainable state of zero disabling incident from all activities undertaken by Murray & Roberts operations.

The initial phase will be conducted in the first half of the new financial year and will determine where the greatest carbon impacts are located in the Group and establish the overall carbon footprint. The footprint for the current and previous financial years will be established. The basis of recording and reporting information will be in accordance with the Greenhouse Gas Protocol prepared by the World Business Council for Sustainable Development.

Thereafter performance measures and realistic improvement targets will be set. Future developments include expanding system boundaries to include scope 3 (indirect) emissions, process and product modifications to low carbon alternatives, benign design solutions, and clean development mechanism projects.

Michael McMahon

Chairman

