

Corporate Governance

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Corporate Governance Statement

Publication of the King Report on Corporate Governance for South Africa 2002 ("King Report") and the collapse of global companies that failed to abide by sound corporate practices have reinforced the message that good governance is essential for success in today's commercial environment. As a result, directors and boards are required to adopt sound principles of corporate governance.

The principles of openness, integrity and accountability are the core of Murray & Roberts' commitment to its stakeholders. This past year has seen the introduction of a number of initiatives in the area of corporate governance that have served to strengthen that commitment.

A corporate governance framework has been in operation in the Group for many years and is constantly reviewed to comply with latest developments in corporate governance practice in South Africa.

The Board of Murray & Roberts Holdings Limited ("Board") has mandated the Group's commitment to the Code of Corporate Practices and Conduct embodied within the King Report.

The Board is of the opinion that the Group substantially complies with the Code as well as with the listings requirements of the JSE Securities Exchange South Africa ("JSE").

Board of Directors

This past year has seen the departure from the Board of a number of directors who had provided leadership and guidance to the Group. David Brink, who had served Murray & Roberts in numerous capacities during his long tenure resigned on 31 December 2003 and was replaced as chairman by Roy Andersen on 1 January 2004. Having reached the mandatory retirement age, Peter Joubert and Brigalia Bam tendered their resignations on 30 June 2004, while Allen Morgan resigned on 26 July 2004 to avoid a conflict of interest. An independent evaluation of the Board and its overall effectiveness was commissioned by the chairman and now serves as the basis upon which nominations to the Board are made.

In addition, 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. 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.

The Board comprised three executive directors and eight independent non-executive directors including the chairman at 30 June 2004. On 8 September 2004 two additional independent non-executive directors and one executive director were appointed. Biographic details of the directors and their categorisation are included in this report on page 13. The Board is considered to be independent.

Board Charter

The Board is governed by a charter that sets out the framework of accountability, responsibility and duty of the Board to the company. According to the charter:

It is the duty and responsibility of the Board to serve as the focal point of the corporate governance system and to be accountable and responsible to the shareholders of the company for the performance and affairs of the company.

The Board also has a duty to ensure that the company conducts its business in the best interest of the company and that in the discharge of its duty, the interests of the broader stakeholder group, that includes present and future investors in the company and in its products and services, its business partners and employees and the societies in which it operates, are taken into account. In order to address its accountability and responsibility, the Board shall:

- > monitor that the company 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;
- > define levels of materiality, reserving specific powers to itself and delegating other matters by written authority to executive management;
- > give direction to the company in all matters and approve the strategic plan developed by management in the context of this charter;
- > monitor implementation of the strategic plan by management;
- > monitor performance through the various Board committees established to assist it in the discharge of its duties;
- > monitor the key risk areas and key performance areas of the company and identify the non-financial aspects relevant to the company and its business;
- > consider its size, diversity and demographic make-up;
- > determine the policy and processes to ensure the integrity of:
 - risk management and internal controls
 - executive and general remuneration
 - external and internal communications, and
 - director selection, orientation and evaluation

The Board undertakes an annual review of the charter at its April meeting and is committed to corporate governance best practice above the minimum requirements set by the King Report.

Meetings

The Board meets at least five times a year in formal meetings. In addition, the directors meet informally ahead of the 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. All directors are kept informed between meetings of major developments affecting the Group.

The record of attendance by each director at the nine meetings for the year under review is reflected in the tables on page 32 of this report.

Board Effectiveness

Chairman of the Board, Roy Andersen has pursued a rigorous review and examination of the Group's corporate governance framework. A Board evaluation was conducted by an outside consultant to assess the strengths and weaknesses of the leadership team and to make recommendations in areas which may require improvement.

The Board conducts its work through the following committees:

- > executive
- > audit & risk management
- > remuneration & human resources
- > nomination
- > health, safety, environment & corporate social involvement

Each committee operates according to terms of reference approved by the Board and reviewed annually. The directors of Murray & Roberts Limited serve as the executive committee of the Board with responsibility for overseeing the management and operations of the Group. 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 33 of this report.

Chairman and chief executive

Both the chairman and group chief executive function according to mandates issued by the Board which clearly differentiates the division of responsibilities within the company ensuring a balance of power and authority. The chairman presides over the Board, providing 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 day-to-day ongoing operations of the company. He develops the Group's long-term strategy and recommends the business plan and budgets to the Board for consideration.

The Board appoints the group chief executive and ensures that succession is planned through the nomination committee.

Effective Control and Leadership

Under the direction and guidance of the chairman and the Board, the group chief executive has unobstructed control in managing the operations of the Group. He is assisted by the directors of Murray & Roberts Limited, who serve as the Group's executive committee. The mandate of the committee is:

To assist the group chief executive in acting for the Board in managing the business of the Group when the Board is not in session. The committee assists the group chief executive to guide and control the overall direction of the business of the Group and acts as a medium of communication and co-ordination between business units, group companies and the Board. In addition, the committee is responsible for:

- > implementing strategies and policies of the company;
- > managing the business and affairs of the company;
- > prioritising the allocation of capital and technical and human resources;
- > establishing best management practices and functional standards;
- > making senior management appointments and monitoring the performance of senior management;
- > any activity or power delegated to the executive committee by the Board that is in conformity with the company's articles of association.

The committee is also mandated to ensure that regular detailed reports are submitted to the Board on each of the businesses in which the company is invested or has an interest.

International advisory board

In line with its new strategy of Globalising Murray & Roberts, and given the complexity of the international environment, the Board has elected to establish an advisory board the purpose of which is to assist the Board with its oversight responsibilities in respect of the international activities of the company. The advisory board will have no statutory or delegated powers to bind the company. It will be composed of prominent individuals in the global arena or from the engineering & construction industry. Although the advisory board will operate under the direction of the Board, its mandate in part will be to advise the Board in the following areas:

- > regional, geo-political and legislative dynamics
- > industry specific dynamics
- > partnerships
- > finance and banking
- > competitive and competitor dynamics

The terms of reference for the advisory board will be reviewed annually by the Board.

Role and function of company secretary

It is the responsibility of the company secretary to provide leadership, guidance and advice to the Board and the Group on matters of corporate governance.

The company secretary is responsible to the Board through the chairman and as an employee is responsible to the group chief executive in terms of an employment contract.

All the directors have access to the advice and services of the company secretary whose appointment is in accordance with the Companies Act, and who is responsible for ensuring the proper administration of 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.

For personal reasons, Elsabè Marx resigned as company secretary on 31 July 2004. Millard Arnold, legal counsel and group commerce director of Murray & Roberts Limited, has been named as acting secretary until a new company secretary is appointed. The Companies Act mandates that the vacancy of a company secretary must be filled within 90 days. It is anticipated that a new company secretary will be in place within that timeframe.

Independent advice to directors

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

Term of office of directors

The articles of association require that non-executive directors are elected for a three-year period. One-third of non-executive directors are required to retire by rotation at each annual general meeting of the company. Retiring directors are those with the longest service since their last election.

Any appointment of a director by the Board must be confirmed at the first annual general meeting after such appointment.

A brief curriculum vitae of each director standing for re-election at the annual general meeting is shown on page 87 of this report.

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.

Orientation programme

While it has been the practice to ensure that non-executive directors appointed to the Board engage in a comprehensive induction process to familiarise themselves with the Group, the Board recognises that a more formal induction programme is required. The process includes

visits to key operations in the company of group executives and includes extensive discussions with group leadership. A continuing education programme will also be instituted under the direction of the chairman and implemented by the company secretary.

Plans for the year ahead

Although substantial progress has been made, the Board will continue its exploration of adopting a code of ethics and to establish policies for crisis management, government and regulatory compliances and procedures for directors to procure independent professional advice.

Risk management, internal control and internal audit

The Board is responsible for ensuring that risk management, including related systems of internal control, are formalised in the Group. Details of the Group's risk management status are set out on page 31 of this report.

Risk management is a regular Board item.

Executive commitment, as well as the appointment of a Murray & Roberts executive director responsible for risk and a group risk officer, demonstrates the Board's commitment to good corporate governance and risk management. An important objective is to derive benefit from the management of risks and related opportunities by leveraging the organisational knowledge base.

Share dealings

The Group has an insider trading policy that requires directors and specified named 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 its listed associate company 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 named 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 Service (SENS). All approved dealings are reported in arrears to the regular meetings of the Board.



Martin Shaw

Audit & Risk Management Committee

The audit & risk management committee ("committee") assists the Board to fulfil its corporate governance supervision responsibilities relating to accurate financial reporting and adequate systems, controls and risk management processes. It does so by evaluating the findings of external audits, the actions taken and the appropriateness and adequacy of the systems of internal financial and operational control. It reviews accounting policies and financial information issued to stakeholders and recommends the appointment of external auditors.

The Board is provided with regular reports on the committee's activities. The external auditors have unrestricted access to the chairperson of the committee. The independence of the external auditors is regularly reviewed and all non-audit related services are reported upon in terms of an agreed policy.

Membership

The committee must consist of at least three non-executive directors and must be chaired by an independent director. During the year under review, MJ Shaw replaced PG Joubert as chairman of the committee. PG Joubert remained as a committee member until his retirement from the Board on 30 June 2004. AA Routledge and AJ Morgan remained on the committee throughout the year under review. AJ Morgan resigned with effect from 26 July 2004 and will be replaced in due course.

All of the committee members are independent directors and are financially literate. The chairman, group chief executive, group financial director and the Murray & Roberts Limited executive director responsible for risk management, as well as the external auditors, attend all meetings by invitation.

Terms of Reference

The committee's main activities include:

- > Monitoring the Group's accounting policies and making recommendations to the Board to ensure compliance with generally accepted accounting practice;
- > Reviewing the external auditors' reports for the interim review and full year audit;
- > 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 report and the annual report;
- > Reviewing and recommending to the Board for approval, the Group's statement on the maintenance of a sound system of risk management and internal control.

The committee's terms of reference are reviewed annually. The updated terms of reference were approved by the Board on 25 August 2004.

The committee met formally four times during the year.

Audit and Remuneration

Financial and administrative management in Murray & Roberts has been strengthened further during the reporting period.

To complement the internal audit processes in place at Murray & Roberts, the managing directors of operating entities, on behalf of the operating company boards, address a representation on internal controls to the group chief executive and group financial director. Any specific weaknesses must be identified and suggested actions reported.

As at 30 June 2004 the Group restated the measurement of its headlease agreements and other discontinued property activities and the reclassification of concession investments in terms of AC133. The committee has reviewed the restatement and is satisfied with the integrity of the principles applied. Full disclosure is made in note 29 of the annual financial statements. The Share Trust has been consolidated for the first time as at 30 June 2004.

Risk Management

The Group's existing controls and risk management processes are subject to ongoing review and adaptation to the extent necessary for compliance with the highest standards and to deliver improved value from its operating businesses. In particular, the committee recognises the impact of changes in legislation on the business environments in the various countries in which the Group operates. Significant developments in regulatory, accounting and auditing standards that are shaping the scope of financial reporting are also recognised.

Murray & Roberts has adopted a system of internal control that is designed to manage rather than eliminate the risk of failure to achieve the Group's business objectives. The system can provide reasonable, but not absolute, assurance against material misstatement or loss.

During the year, TW Rensen, an executive director of Murray & Roberts Limited, was appointed as the corporate executive responsible for risk management, including internal audit and insurance to further develop, enhance and co-ordinate the Group's risk management. This process is ongoing.

There is regular and two-way communication between the group chief executive and the risk management function. In addition, the Group employs a firm of forensic consultants and investigators that report directly to the group chief executive. A summary report by the forensic investigators is presented on a monthly basis.

Martin Shaw
Chairman

Nomination Committee



Roy Andersen

The Nomination Committee ("committee") aims to ensure 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 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 at least two other non-executive directors. The chairman of the committee is appointed by the Board.

On 30 June 2004, PG Joubert retired as chairman of the committee and was succeeded by RC Andersen. Messrs SE Funde and JJM van Zyl continued as members of the committee. The committee met formally three times during the period.

An independent review of the effectiveness of the Board, the directors and the chairman was undertaken and completed in July 2004. The outcome of the review was generally favourable.

Specific matters that received attention from the nomination committee during the year included recommendations to the Board concerning executive and non-executive director appointments to be implemented during the first quarter of the new financial year. Recommendations were also made to the Board regarding changes to the membership of Board committees as a result of the retirement of DC Brink, PG Joubert and BN Bam. 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 2004 financial year

Name of director	Category of director	27 Aug	17 Sept	9 Dec	28 Jan	25 Feb	21 Apr	9 Jun	22 Jun	23 Jun
		2003	2003	2003	2004	2004	2004	2004	2004	2004
		Special		Special		Special		Business Plan Briefing		
DC Brink*	Non-executive chairman	✓	✓	✓	N/A	N/A	N/A	N/A	N/A	N/A
RC Andersen**	Independent chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓
BN Bam***	Independent	✓	✓	✓	✓	✓	✓	X	✓	✓
BC Bruce	Executive	✓	✓	✓	✓	✓	✓	✓	✓	✓
WP Esterhuysen	Independent	✓	X	✓	✓	✓	✓	X	✓	X
SE Funde	Independent	✓	X	✓	X	✓	X	X	✓	✓
PG Joubert***	Independent	✓	✓	✓	✓	✓	✓	X	✓	✓
SJ Macozoma	Independent	✓	X	✓	X	X	✓	X	X	✓
AJ Morgan	Independent	✓	✓	✓	✓	✓	✓	✓	✓	✓
RW Rees	Executive	✓	✓	✓	✓	✓	✓	✓	✓	✓
AA Routledge	Independent	✓	✓	✓	✓	✓	X	✓	✓	✓
MJ Shaw	Independent	✓	X	✓	✓	✓	✓	✓	✓	✓
KE Smith	Executive	✓	✓	✓	✓	✓	✓	✓	✓	✓
JJM van Zyl	Independent	✓	X	✓	✓	✓	✓	✓	✓	✓

N/A = Not applicable * Retired 31 December 2003 ** Appointed chairman 1 January 2004 *** Retired 30 June 2004

Attendance

Record of attendance by members of committees for the 2004 financial year

Audit & risk management committee

Name of member	26 August	24 February	15 April	21 June
	2003	2004	2004	2004
MJ Shaw (chairman)	✓	✓	✓	✓
PG Joubert	✓	✓	X	✓
AJ Morgan	✓	✓	✓	✓
AA Routledge	✓	✓	X	✓

Remuneration & human resources committee

Name of member	27 August	24 February	22 June
	2003	2004	2004
JJM van Zyl (chairman)		✓	✓
RC Andersen		✓	✓
DC Brink		✓	N/A
PG Joubert		✓	✓
SJ Macozoma		X	✓
BC Bruce		✓	✓
AA Routledge		N/A	✓

N/A = Not applicable

Nomination committee

Name of member	29 July	24 February	22 June
	2003	2004	2004
RC Andersen (chairman)	N/A	✓	✓
SE Funde	X	✓	✓
PG Joubert	✓	✓	✓
JJM van Zyl	✓	✓	✓

N/A = Not applicable

Health, safety, environment & corporate social involvement committee

Name of member	21 June
	2004
AJ Morgan	✓
BN Bam	✓
WP Esterhuysen	✓
SE Funde	X
BC Bruce	✓
KE Smith	✓

Remuneration & Human Resources Committee



Boetie van Zyl

The Group's remuneration philosophy is aligned 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. The remuneration & human resources committee ("committee") met three times during the year to monitor the achievement of these objectives.

Membership

The committee comprises the chairman, at least two other non-executive directors and the group chief executive. DC Brink retired as chairman of the committee in December 2003. BC Bruce, PG Joubert, SJ Macozoma and JJM van Zyl served as members. JJM van Zyl was appointed chairman in February 2004. Messrs RC Andersen and AA Routledge were appointed as members of the committee during the year. On 8 September 2004 Dr NM Magau was appointed as a member. The group financial director and group human capital executive attend all meetings in an ex officio capacity.

Terms of Reference

The terms of reference of the committee are reviewed annually. These were reviewed and approved by the Board on 22 June 2004 and again on 25 August 2004.

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 offer independent review of the Group's remuneration policies and practices.

Director Remuneration

The Group employed the services of an independent remuneration consultant to advise on the profiling and appropriate remuneration levels of executive directors and senior executives.

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 the 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 2004 is set out in note 32 to the consolidated financial statements.

Service Contracts

Directors do not have fixed-term contracts, but executive directors are subject to notice periods of twelve months. Normal retirement of executive directors is at age 63, while non-executive directors are required to retire at age 70, unless decided otherwise by the Board at its sole discretion.

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

Remuneration details of non-executive directors for the year ended 30 June 2004 are set out in note 32 to the consolidated financial statements.

Retirement and Other

Benefit Funds

The retirement funds operated by the Group in South Africa are registered as pension or provident funds and are accordingly governed by the Pension Funds Act 24 of 1956. In South Africa, the Group operated three privately administered defined contribution retirement plans: Murray & Roberts Retirement Fund, RSH Retirement Fund and the Murray & Roberts Provident Fund.

Membership comprises mainly salaried employees. The assets of the funds are independently controlled by boards of trustees which include representatives elected by the members. The funds vest to the members who on exit, are entitled to the funds which have accrued to them. The Group also participates in the Investment Solutions Pension Fund, an umbrella fund for its executives who are also members of the Murray & Roberts Retirement Fund. The Group does not have any defined benefit pension schemes in South Africa. Further details on retirement and other benefit funds are provided in note 31 to the consolidated financial statements.

The Group has submitted a nil surplus scheme to the Financial Services Board in terms of the primary group retirement fund, the Murray & Roberts Retirement Fund. The Group is finalising the remainder of the investigations into the impact of this legislation. Indications are that this legislation will not have any negative or significant financial impact on the Group.

Boetie van Zyl
Chairman

Health, Safety, Environment & Corporate Social Involvement Committee



The health, safety, environment & corporate social involvement (HSEC) committee ("committee") met once during the year under the chairmanship of AJ Morgan. The committee developed its terms of reference for submission to and approval by the Board. It also established a mandate for appointment of the group HSEC executive.

Allen Morgan resigned as a director in July 2004 and has been succeeded as chairman of the committee by Michael McMahon with effect from 8 September 2004. Vanida Lennon joined the Group on 1 September 2004 as group HSE executive. In addition to the independent non-executive chairman, BN Bam, BC Bruce, WP Esterhuysen, SE Funde and KE Smith served as members.

The Murray & Roberts sustainability strategy is founded on transparency, adherence to legislation and continuous development. Common reporting systems, performance measurement, benchmarking, internal and external reviews and education underpin the Group's commitment to sustainable development.

The terms of reference of the committee are informed by the requirements of the King Report. The key objective of the committee is to ensure that the governance architecture of the organisation is conducive to promoting effective implementation of the principles of sustainable development.

Socially Responsible Investment Index

Murray & Roberts has been selected for the JSE's Socially Responsible Investment (SRI) Index. All of the companies in the FTSE/JSE All Share Index were invited to participate. Seventy-four listed companies participated of which fifty-one met the criteria. The SRI measures a company's policies, performance and reporting against three pillars of sustainability practice. These are environmental, social and economic, with corporate governance as the foundation.

Performance against each of the pillars is measured across a range of indicators, based on the extent to which the indicated practice is adopted and implemented. The JSE intends as a minimum to conduct annual reviews of compliance with the JSE SRI.

Health & Safety

Our people are at the heart of all that we do. Murray & Roberts continues to prioritise and assess its approach to health & safety. The group's composite year-on-year disabling injury frequency rate (DIFR)

is not readily comparable across all clusters. We are reviewing our measurement philosophy to ensure consistent reporting in the future.

As reported in last year's annual report, the zero harm initiative, which includes the incident cause analysis methodology (ICAM) as applied to the BHP Billiton Mozal 2 and Hillside 3 aluminium expansion projects, yielded good results. These two projects were successfully completed by February 2004. There were no fatalities and the lost time injury frequency rate (LTIFR) was finalised at 1,04 in more than 17 million man-hours at Mozal and at 0,66 in nine million man-hours at Hillside.

The RB720 mill expansion project for Anglo American's Mondi Kraft has also embraced the principles of zero harm. The LTIFR to date is 0,9 in almost 3,5 million man-hours. Unfortunately, a fatal incident occurred in June 2004 when a Johnson Crane employee fell two metres while dismantling a crane. He suffered head trauma, resulting in death.

Murray & Roberts Construction suffered a fatality on Robben Island in January 2004 when an employee entered a restricted area during a crane lift. He became trapped by the load and suffered severe body trauma, resulting in death.

All incidents are investigated and action plans are developed to prevent possible recurrence.

The Group is committed to zero harm for its employees and to the environments in which it works. Safety strategy is continuously improved in support of the zero harm initiative and executive accountability remains core to its success.

HIV/Aids

The sustainability of our human resource capability in South Africa and the SADC region is challenged by the scourge of HIV/Aids. A comprehensive policy is under development, recognising the diversity of the Group and its multi-cultural characteristic, that will co-ordinate the collective efforts of our operations in managing the treatment, support and consequences of the impact of the disease.

Support is integral to people suffering from HIV/Aids. Murray & Roberts has established an HIV/Aids Peer Educators programme that draws on the support and engagement of fellow employees who have been trained to create greater awareness and provide counselling.

Environment

All of the group's business activities impact the external environment in one form or the other. Environmental impact assessments have increasingly become integral to our business planning and operating processes. The Group adheres to the environmental record of decision requirements for all projects undertaken internally.

The Group has invested almost R5 million to encapsulate or replace asbestos cladding at various concrete products and foundry plants. This work will be completed by October 2004.

Air pollution in foundry plants has reduced significantly with the installation of dust extraction bag filter systems at all plants. Murray & Roberts Foundries has invested R12,2 million on environmental and health & safety projects.

There has been good progress in the year on the implementation of an environmental management system.

Murray & Roberts RUC and Murray & Roberts Construction achieved triple ISO accreditation (9001, 14001 and 18001) during the year under review. Genrec achieved the same in 2002 and underwent its annual external assessment during the year.

The Murray & Roberts SNC-Lavalin joint venture achieved ISO triple-accreditation for the aluminium expansion projects and this is being extended throughout Murray & Roberts Engineering Solutions.

The Murray & Roberts Chair of Environmental Education at Rhodes University continues to make significant contributions to national policy, environmental education throughout SADC and national curriculum development. The chair has been sponsored by Murray & Roberts for the past eleven years, during which five doctorate and 56 master degrees have been conferred. Ten SADC students have applied for entry to the 2004 master's intake.

Corporate Social Involvement (CSI)

Murray & Roberts focuses its CSI investment on development initiatives aligned with its business profile, supporting mathematics, science and technology education, early childhood development, environmental education and the development of women.

The Group seeks opportunities for partnership with other corporate and development funding institutions. Direct CSI expenditure for the financial year was R5,7million. Key initiatives include:

Murray & Roberts Chair of Applied Mechanics

Over the past six years, the Group has supported the Chair of Applied Mechanics at the School of Mechanical, Industrial and Aeronautical Engineering at the University of the Witwatersrand. First year engineering enrolment has increased by more than 30% over the past

few years. The Group has reviewed its strategy and will establish the Chair of Manufacturing at the University of the Witwatersrand.

Murray & Roberts "Building Africa" interactive exhibition

The popular "Building Africa" interactive exhibitions at various MTN ScienCentres are sponsored by Murray & Roberts. The Group has funded a third exhibit at Sci-Bono Discovery Centre in Newtown, Johannesburg. The Gauteng Department of Education will sponsor Gauteng schools attending the exhibition.

Jack Cheetham Memorial Award

This is the Group's premier event held in partnership with the National Olympic Committee of South Africa (NOCSA) and the Sowetan. The award targets sports development projects, focusing on individuals or teams that have the potential to be national and Olympic champions. The 2003 award went to Canoeing South Africa, an affiliate of NOCSA.

Des Baker Award for students of architecture

This award is designed to stimulate an interest in constructability and buildability and to create a better understanding between architects and building contractors. The theme for the 2004 award was "Housing for vulnerable people".

Continuous Improvement

The Murray & Roberts goal is to integrate principles of sustainability into every aspect of the business planning process, strategy and operations.

Murray & Roberts will develop quantitative and qualitative HSEC reporting systems as a prerequisite for performance management, disclosure and transparency. The Group's unwavering focus on health & safety is underpinned by consistent reporting methodologies and accountability directives. The JSE SRI Index provides a sound basis for the development of relevant measures to assess the extent of continuous improvement in the business.

Allen Morgan
Chairman


$$e=mc^2$$

Meeting the Challenges

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