

Risk committee



Royden Vice, *chairman*

During the year under review, the function of audit and risk were separated and a risk committee was established in February 2006. The first meeting was held in May.

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

Membership

Membership of the committee comprises three independent non-executive directors, IN Mkhize, MJ Shaw and RT Vice, the chairman. The group chief executive, group financial director and group corporate services executive attend meetings by invitation.

Group risk framework

The group risk framework was approved by the Board on 28 February 2005 and deals with:

- decision making in the context of new business development and work procurement opportunities
- management of risk at group, operational and project levels
- the group risk appetite
- the review of group level risk exposure, including performance bonding and disputes and litigation
- corporate and operational risk management capacity, including the Murray & Roberts risk committee, group risk, operational risk co-ordinators and dedicated risk managers
- risk financing, which includes the group insurance programme and alternative risk transfer
- risk based auditing
- forensic investigation

The group risk framework seeks to control the entry of risk into Murray & Roberts and systematically manage threats, while exploiting opportunities to contribute towards performance. The executive committee is responsible for implementing the group risk framework, supported by designated operational staff.

The risk management committee, a committee of the Murray & Roberts Limited Board, was formed during the year to act as custodian of the group risk appetite, review group level risk and interrogate key decisions prior to Murray & Roberts Limited board and Murray & Roberts Holdings Limited approval. The committee met six times during the year under review.

Group insurance

Murray & Roberts has a group insurance programme covering RSA-based asset and liability risks. For risks outside South

Africa there is a difference in cover provision within the programme, which is dependent on legislative requirements and availability of cover in the particular territory.

Group risk appetite and opportunity management

Procurement of work is the primary medium through which risk enters the Group. The group risk appetite sets the operational environment for risk. Prospects are filtered against criteria such as value, country, legal system and scope, reflecting their status as green, amber or red and indicating the level of authorisation required.

The opportunity management system, based on the group risk appetite, has been developed in-house to support the evaluation and approval of project opportunities, introducing a process of discipline ahead of the issue of performance bonds and guarantees.

Risk management

Risk assessments are conducted as part of business planning and bid preparation. 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.

Engineering & Construction Risk Institute

Murray & Roberts 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.

Royden Vice
Chairman