



**Sustainability report
2019**



Contents

01	Providing a better life
02	About this report
03	Message from the safety, health and environmental committee
04	Independent assurance report
08	Aveng strategy
12	Safety and health
18	Environment
23	People management
30	Diversity and inclusion
35	Corporate social investment

Navigating this report:



This icon indicates where further information or supplementary reports can be found **online**.



This icon indicates where further information on a matter can be found elsewhere **in this report**.



OUR VALUES

We do not compromise on, and hold each other accountable for:

SAFETY AND CARE

"Home Without Harm Everyone Everyday".
We care for the health and wellbeing of our people, the communities we work in and for our environment.

HONESTY AND INTEGRITY

We do what is right — consistently and transparently.

CUSTOMER FOCUS

We build relationships by engaging, listening, understanding, collaborating and delivering on our promises with excellence.

WORKING TOGETHER

We are team players who are committed to the Aveng purpose, vision and values. We respect, cooperate and collaborate with each other, tapping into our rich diversity.

PERFORMANCE EXCELLENCE

We are clear about the desired results and what we need to do to get there. We deliver with excellence as we strive to create ever improving value to our shareholders.

Providing a better life

Our focus in 2019 was to ensure Aveng's longer-term sustainability in order to provide a better life for our employees, communities and other stakeholders.

A stable platform for growth

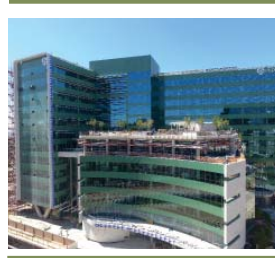


R493 million rights issue, early redemption of R2 billion convertible bond and renegotiation of bank debt reduced Aveng's debt and stabilised the balance sheet, improving the Group's longer-term sustainability.



Aveng Integrated Report at www.aveng.co.za

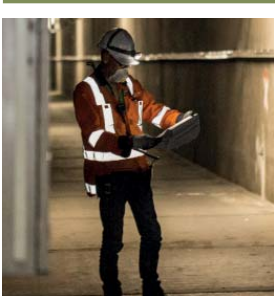
A responsible disposal process



Disposal of non-core businesses as going concerns reduced debt, preserved jobs and contributed to **transformation** of construction and manufacturing sectors in South Africa.

► Aveng Group strategy, page 8

Safety and health



We regret to report that Aveng did not achieve its primary goal of "Home Without Harm Everyone Everyday" as the lives of two employees were lost on our work sites.

- Mr Daniel Mathule, a labour hire worker, lost his life in a road accident at the N1 Ventersburg road project
- Mr Ousseni Sore, a dump truck operator, was fatally injured at Moolmans' Taparko site in Burkina Faso.

Our lost-time and recordable injury rates declined and the identification and management of health risks improved.

► Safety and health report, page 12

Diversity and inclusion



- We achieved level 2 BBBEE contributor status
- Black representation in our middle management increased to 41,21% (2018: 40,3%)
- Aveng spent R3,4 billion with black-owned suppliers (20% with black women-owned suppliers)
- McConnell Dowell embedded a diversity and inclusion policy across its operations

► Diversity and inclusion report, page 30

Investment in our people and communities



- Moolmans enrolled 6 894 students on a range of learning and development programmes
- McConnell Dowell provided in excess of 33 000 hours of employee training
- We invested R12,8 million in education-focused socio-economic development

► People management and CSI reports, pages 23 and 35

Environmental stewardship



- No major environmental Incidents (2018: 0)
- Electricity use, diesel and water consumption decreased
- Our businesses focused on improving water and energy efficiency, and reducing waste

► Environment report, page 18

About this report

Aveng recognises that it needs to be financially stable and socially and environmentally responsible to create value for its stakeholders. This 2019 sustainability report provides information to our stakeholders on the Group's sustainability performance.

Boundary and scope

The report covers the sustainability performance of the Group's operations across most of the geographies it operated in with the exception of operations located in Zambia, Zimbabwe and Mauritius during the financial period 1 July 2018 to 30 June 2019. Relevant developments between 1 July 2019 and the date of publication are included. Any limitations to this boundary are indicated where applicable.

Our sustainability reporting process is guided by the principles and requirements of the International Integrated Reporting <IR> Framework, the King IV Report on Corporate Governance™* (King IV), the JSE Listings Requirements, the Aveng Safety, Health and Environment (SHE), Human Resource and Transformation policies and frameworks, the Global Reporting Initiative (GRI), the Greenhouse Gas (GHG) protocol, the BBBEE codes of good practice and the Construction Sector Charter.

Reporting approach

Aveng applies the principle of materiality to determine the content of its reporting and defines materiality as matters that substantially affect the Group's ability to create and sustain value over the short, medium and long term. We endeavour to harmonise our financial, social and environmental goals and to report on our sustainability performance. We have focused on areas that have influenced our ability to create value and have included information on the effect of our business activities on our stakeholders.



Aveng Integrated Report, www.aveng.co.za

In this sustainability report Aveng demonstrates how it is executing its strategy to become an international infrastructure, resources and mining group. A key element of the strategic plan implemented in 2018 was to create a sustainable financial platform for future growth. This involved the identification of McConnell Dowell and Moolmans as core operations and the disposal of businesses identified as non-core operations as going concerns.

The disposal process-imposed challenges typical of a business in transition on our sustainability reporting during the year under review. This is reflected throughout the report, particularly in areas such as performance improvement against objectives and the setting of future objectives.

Governance

Sustainability forms part of the Board's roles and responsibilities. The Aveng Board and its safety, health and environmental (SHE) committee and social, ethics and transformation (SET) committee review quarterly reports prepared by the operations on their performance against key performance indicators (KPIs) and the implementation of preventative or corrective measures.

Assurance and comparability

No significant changes have been made in the scope, boundary or measurement methods applied in this report. There have been no restatements to comparatives unless otherwise stated in the relevant sections.

Pursuant to the Group's commitment to transparency and effective communication, Aveng has provided disclosures in this report in line with best practice and internationally accepted standards, where possible. Certain sustainability information has been correctly extracted from or referenced to the Aveng integrated report.

Ernst & Young has undertaken a limited assurance engagement for the selected KPIs and related disclosures included in this report for the year ended 30 June 2019. The limited assurance engagement was conducted in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) Assurance Engagements other than Audits or Reviews of Historical Financial Information and in accordance with ISAE 3410 Assurance Engagements on Greenhouse Gas Statements, issued by the International Auditing and Assurance Standards Board.

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About this report continued

Stay informed



The report is complemented by our online information and resources at www.aveng.co.za

Feedback

We welcome feedback on our sustainability report to ensure that we continue to disclose information that is pertinent. Please refer queries or suggestions to info@avenggroup.com

Board responsibility and approval

The Board, assisted by its audit and risk committee and other board committees, is ultimately responsible for overseeing the integrity of the sustainability report. The Board has applied its collective mind to the preparation and presentation of the sustainability report and concluded that it is presented in accordance with the Group's material matters and management approach to improving alignment with King IV, the GRI, the GHG protocol, the Sustainable Development Goals and BBBEE codes of good practice reporting guidelines.

The sustainability report was approved by the Board on 30 October 2019 and signed on its behalf by:

EK Diack
Executive chairman

SJ Flanagan
Group chief executive officer

Message from the safety, health and environmental committee

Given the fundamental changes underway in Aveng, maintaining focus on the Group's key sustainability goals has been particularly challenging for some of the Group's operations.

Two employees regrettably lost their lives on our work sites during the year, and while the lost-time injury rate improved incrementally, the Group fell short of its primary goal of "Home Without Harm Everyone Everyday". Specific interventions were made, directed towards addressing the risks associated with these unfortunate events.

On a number of sites, the combined commitment of management, supervisors and employees resulted in improved safety, health and environmental outcomes. Key to these successes were leadership, adherence to non-negotiable lifesaving and cardinal rules, improved teamwork and swift correction of conditions or actions that presented risk. At systems level, important features of the Group's approach to safety, health and environment remained risk-based responses to the hazards encountered, assigned accountability for risk and incident management, and effectively engaging contractors.

Attention to the wellbeing and welfare of all of Aveng's people was crucial to the implementation of the Group's transition strategy. This enabled the Group to retain key staff in its core businesses as well as in the businesses which were, or which are, in the process of being sold. This allowed the Group to dispose of its non-core businesses as going concerns.

During 2019, the Group continued to invest in a development programme which entails identifying rural companies, emerging entrepreneurs and start-ups and preparing them to participate in its supply chain. By focusing on supplier development, Aveng contributed to employment opportunities, thereby supporting the development of a more inclusive economy.

During this critical period of change, new structures and systems were set up which have supported safe passage through the strategic transition to date. Focused engagement between leadership and employees will nonetheless remain critical to endeavours to create safe work environments as changes are still under way.

May Hermanus
Chairman of SHE committee



Independent assurance report

Independent limited assurance report for selected key performance indicators reported in Aveng Limited's sustainability report for the year ended 30 June 2019

To the directors of Aveng Limited

Our conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the selected sustainability information and related disclosures identified in the subject matter paragraph below, as presented in the Aveng Limited (Aveng) sustainability report for the year ended 30 June 2019 (the report) is not prepared, in all material respects, in accordance with Aveng management's internally developed measurement and reporting criteria applied to prepare that information.

Ernst & Young Inc. (EY) has undertaken a limited assurance engagement for the selected KPIs and related disclosures described below as reported in the Aveng Limited sustainability report for the year ended 30 June 2019.

This engagement was conducted by a multidisciplinary team including environmental and assurance specialists with relevant experience in sustainability reporting.

Subject matter

Our limited assurance engagement was performed for the selected KPIs listed below and related disclosures as presented in the report.

Selected KPIs	Coverage	Criteria
1. Carbon emissions: scope 1 – Diesel purchased	Group	
2. Carbon emissions: scope 2 – Electricity purchased	Group	
3. Total reportable injury frequency rate (TRIFR)	Group	Per the FY2017 published criteria
4. Lost-time injury frequency rate (LTIFR)	Group	
5. Number of confirmed cases related to noise induced hearing loss (NIHL)	Group	

These selected KPIs and related disclosures, prepared and presented in accordance with management's internally defined measurement and reporting criteria (management's criteria), are marked with an (LA) on the relevant pages of the report where they appear.

Management's criteria for these selected KPIs and related disclosures are available on Aveng's website: www.aveng.co.za.

The scope of our work was limited to the selected KPIs presented in the report and did not include coverage of data sets or information unrelated to the data and information underlying the selected KPIs and related disclosures; nor did it include information reported outside of the report, comparisons against historical data or management's forward looking statements.

Directors' responsibilities

You are responsible for selection, preparation and presentation of the selected KPIs and related disclosures in accordance with the criteria that management has specified as the basis for reporting that information, and for ensuring those criteria are made available to the report users (disclosed on the Aveng website).

You are also responsible for the identification of stakeholders, stakeholder information requirements, material issues and commitments with respect to sustainability performance; for selection of appropriate criteria as the basis for reporting those selected KPIs and related disclosures; and for the design, implementation and maintenance of effective internal controls sufficient to enable preparation and presentation of the selected KPIs and related disclosures in the report free from material misstatement whether due to fraud or error.

Inherent limitations

Inherent limitations of assurance engagements include use of judgement and selective testing of data, which means that it is possible that fraud, error or non-compliance may occur and not be detected in the course of performing the engagement.

Independent assurance report continued

Accordingly, there is some risk that a material misstatement may remain undetected. Further, our limited assurance engagement is not designed to detect fraud or error that is immaterial.

Carbon emissions quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

There are additional inherent risks associated with assurance engagements performed for non-financial information given the characteristics of the subject matter and associated with the compilation of source data using definitions and methods for determining, calculating, and estimating such information that are developed internally by management.

The absence of a significant body of established practice on which to draw, allows for the selection of different but acceptable measurement techniques, which can result in materially different measurements and can impact comparability. The precision of different measurement techniques may also vary. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgements. In particular, where the information relies on factors derived by independent third parties, our assurance work has not included examination of the derivation of those factors and other third-party information.

Our independence and quality control

We have complied with the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants as well as the *Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors*, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

In accordance with International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Service Engagements*, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibility is to perform our limited assurance engagement to express our conclusion on whether anything has come to our attention that causes us to believe that the selected KPIs and related disclosures, as presented in the report are not prepared, in all material respects, in accordance with management's criteria for those KPIs.

We have performed our limited assurance engagement in accordance with the terms of reference for this engagement agreed with Aveng, including performing the engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information* and ISAE 3410 *Assurance Engagements on Greenhouse Gas Statements*, issued by the International Auditing and Assurance Standards Board. This Standard requires that we plan and perform our engagement to obtain limited assurance about whether the selected KPIs and related disclosures as presented in the report are free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3000 (Revised) and ISAE 3410, involves assessing the suitability in the circumstances of Aveng's use of the criteria specified as the basis of preparation used for the selected KPIs and related disclosures presented in the report, assessing the risks of material misstatement thereof, whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the selected KPIs and related disclosures in the report.

Independent assurance report continued

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgement and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, we completed the following procedures as part of the work we performed as the basis for our assurance statement:

- ▶ Reviewed Aveng's activities, processes and documents at group-level that support the assertions and claims made in the report, including in respect of the selected KPIs and related disclosures;
- ▶ Interviewed management and senior executives to obtain an understanding of the following matters as relevant to Aveng's external reporting on material sustainability issues:
 - Governance and accountability arrangements for reporting the selected KPIs and related disclosures, including adoption of governance practices aligned to the King IV Code Principles and recommended practices for ensuring the integrity of external reports;
 - Governance oversight of management's process to identify Aveng's material sustainability issues, and to establish performance targets for Aveng's material sustainability issues and monitor progress made to achieving those targets;
 - Management's processes for reporting progress on Aveng's sustainability issues to Aveng's Board and internal assurance applied, including for the selected KPIs and related disclosures;
 - The basis of preparation used for reporting the selected KPIs and related disclosures, including criteria, and reporting definitions applied; and
 - The control environment, information systems and relevant control activities applied to compiling information from relevant data sources for reporting the selected KPIs and related disclosures, and for monitoring the integrity of the information presented in the report (but not for the purpose of evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness);
- ▶ Inspected supporting documentation on a sample basis to corroborate the statements of management and senior executives in our interviews;
- ▶ Performed analytical procedures to evaluate the relevant data generation and reporting processes against management's criteria;
- ▶ Evaluated the reasonableness and appropriateness of significant estimates and judgements made by the directors in the preparation of the selected KPIs and related disclosures;
- ▶ Evaluated whether the selected KPIs and related disclosures as presented in the report are consistent with our overall knowledge and experience of sustainability management and performance at Aveng.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance obtained in our limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the selected KPIs and related disclosures presented in the report have been prepared, in all material respects, in accordance with management's criteria for those KPIs and related disclosures.

Independent assurance report continued

Other matters

Information relating to prior reporting periods has not been subject to assurance procedures. Our independent limited assurance report does not extend to any disclosures or assertions relating to future performance plans and/or strategies disclosed in the report.

The maintenance and integrity of Aveng's website is the responsibility of Aveng's management. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to the selected KPIs and related disclosures, the report or to our independent limited assurance report that may have occurred since the initial date of presentation on Aveng's website.

Restriction of use and liability

Our work has been undertaken to enable us to express a limited assurance conclusion on the matters stated above in our independent limited assurance report provided to the directors of Aveng in accordance with the terms of our engagement, and for no other purpose. Our report is intended solely for the directors of Aveng and should not be used by any other parties.

To the fullest extent permitted by the law, we do not accept or assume liability to any party other than the directors of Aveng, for our work, for this independent limited assurance report, or for the conclusion we have reached. We agree to the publication of this assurance report in Aveng Limited's sustainability report for the year ended 30 June 2019, provided it is clearly understood by recipients of the report that they enjoy such receipt for information only and that we accept no duty of care to them whatsoever in respect of this independent limited assurance report.

Ernst & Young Inc.

Ernst & Young Inc.

Director: Allister Carshagen

Registered Auditor

Chartered Accountant (SA)

102 Rivonia Road
Sandton
2196

30 October 2019

Aveng strategy

Aveng's long-term strategy is to become an international infrastructure, resources and mining group operating in selected fast-growing markets and capitalising on the expertise and experience of our core businesses.

A strategic review and action plan implemented in 2018 enabled the Group to address material short-term risks while continuing to execute its long-term strategy.

The perfect storm

- Complexity of multiple business units
- High debt burden
- Operational and financial underperformance
- Unsustainable capital structure
- Weak share price – significantly below net asset value
- A stagnant SA economy, limited infrastructure investment to stimulate growth

Stability

1

Capital restructure

2

Non-core asset disposal

3

Core operational performance

OUR PURPOSE

Our strategy is underpinned by our purpose of **Providing a better life** and our **values**:

1

Safety and care

2

Honesty and integrity

During this process, we are transitioning to a robust and sustainable business underpinned by a common purpose and values, and capable of achieving its strategic objectives.

Our strategy is responsive to our stakeholders and to risks and opportunities in our operating environments.

We believe that our strategy remains valid – it has enabled us to weather the storm of an industry in turmoil – and we will continue to fulfil each strategic commitment we make. With every milestone we pass, we build a foundation for sustainable value creation. **This is our strategic journey:**

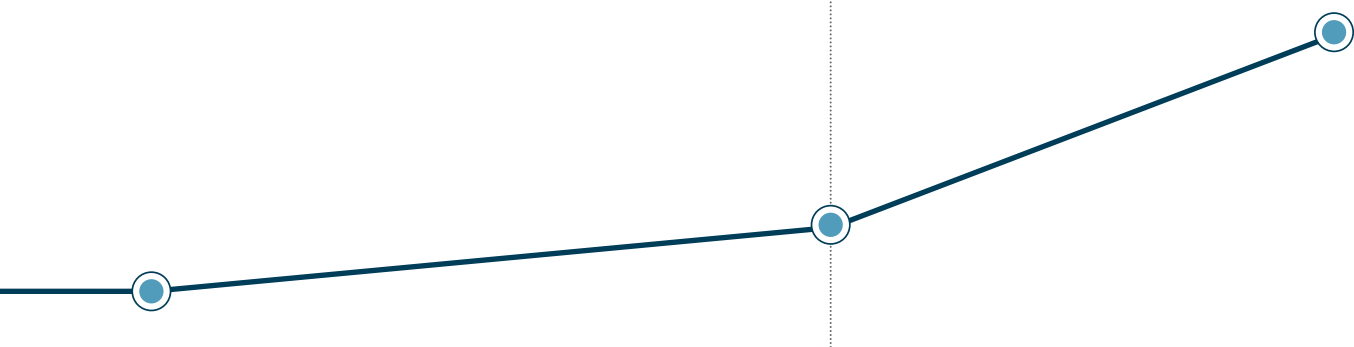
Consistent performance

- Optimised capital structure
- Non-core asset disposal completed
- McConnell Dowell profitable, capitalising on market growth
- Moolmans profitable, restoring presence in Africa and beyond

Sustainable profitability



- Core operations achieving long-term growth potential
- Aveng delivering acceptable returns



3

Customer focus

4

Working together

5

Performance excellence

Aveng strategy continued

Progress achieved in implementing the strategy is summarised in the timeline below and on the opposite page:

2017

- Write-down of R5,1 billion in uncertified revenue triggered by under-recovery of QCLNG claims
- Board and executive management changes
- McConnell Dowell restructured under new management
- Aveng Capital Partners infrastructure investments sold to empowerment group Royal Bafokeng Holdings for R860 million

2018

- R493 million raised in rights offer
- Early redemption of R2 billion convertible bond
- Additional R400 million in bank debt secured
- Accuracy of cash flow forecasting improved
- Jet Park and Vanderbijlpark properties sold for R254 million



Announced sale of Aveng Infraset to 100% black-owned Colossal Africa Consortium, for R180 million

Repaid R200 million bank debt

2019

February

May

Aveng Rail sold to 100% black-owned Mathupha Capital for R133 million

June

Aveng Water sold to 100% black-owned Infinity Partners for R85 million

July

Announced sales:

- Dynamic Fluid Control to 100% black-owned Copaflo Fluid Control, for R114 million
- Duraset Alrode to Videx for R50 million
- Rand Roads to Ultra Asphalt for R37,5 million
- Ground Engineering (GEL) to GEL's management and another shareholder for R7,5 million

August

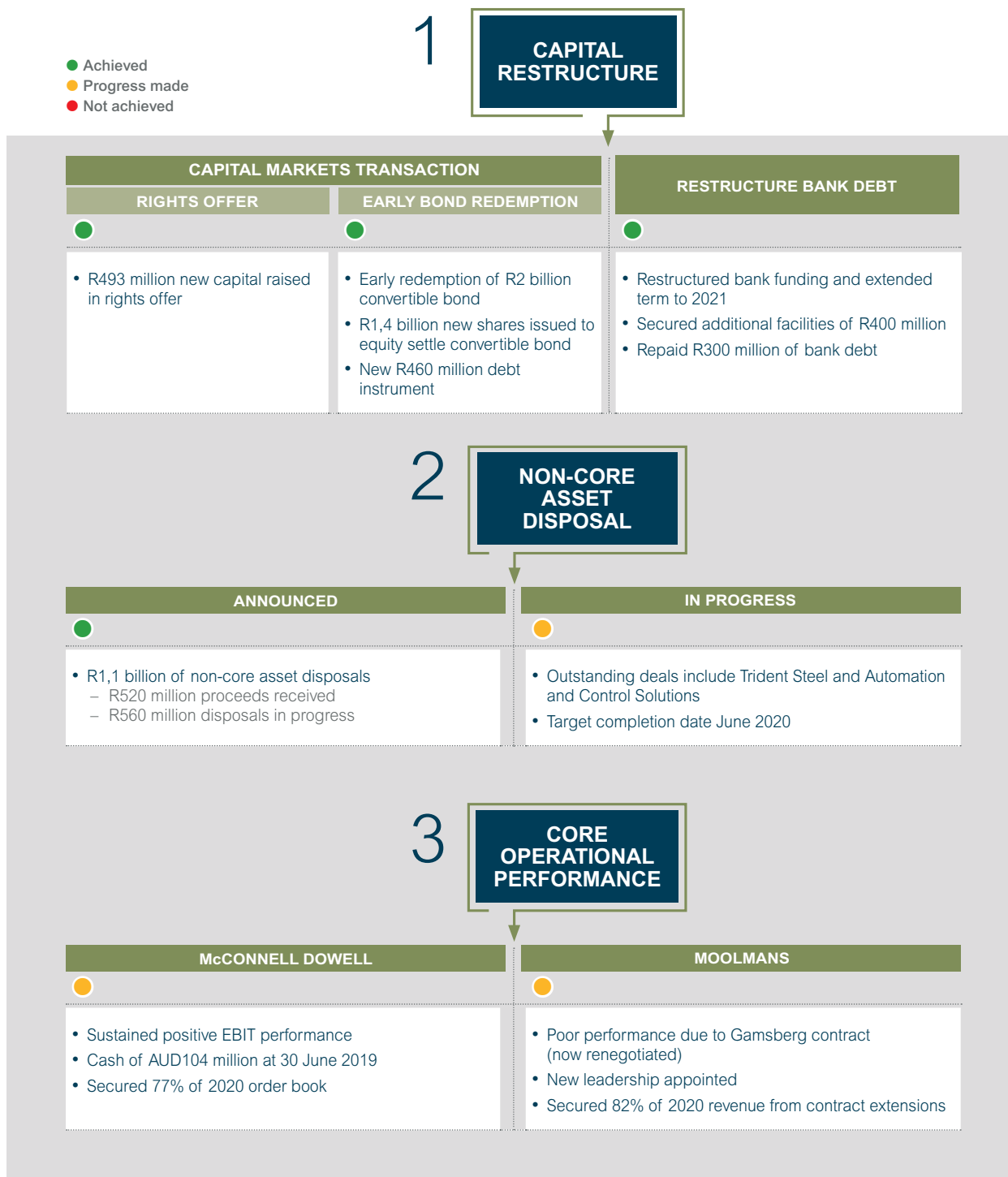
- Announced sale of Building and Civil Engineering to 100% black-owned Laula Consortium for R100 million
- Repaid R100 million bank debt
- Renegotiated bank debt

October

- Announced sale of Mechanical and Electrical to Laula Consortium for R72 million

OUR STRATEGY

To be an international infrastructure, resources and mining group operating in selected fast-growing markets



Safety and health

Securing the safety and health of our employees, contractors and other stakeholders at our workplaces is fundamental to managing our businesses. The Group identifies the safety and health risks associated with its projects and work processes, and implements and monitors the measures taken to reduce these risks.



Safety and health

LIVING OUR VALUES

We give effect to our commitment to the safety and health of our people and the communities we work in by taking systematic and practical steps to eliminate and minimise direct or indirect potential for harm. Health remains a core enabler of the safety culture driven across the workplace. Our employee wellness programme and the use of external providers of comprehensive preventative care and counselling services (ICAS in South Africa and Converge in McConnell Dowell) support our approach to health management. Commitment to consistent leadership engagement with employees, collaboration and accountability for safety and health across our operations enable our journey towards achieving our goal of “Home Without Harm Everyone Everyday”.

Non-negotiable lifesaving and cardinal rules, reporting of at-risk conditions or behaviour, and appropriate risk-based responses to incidents are key to our management systems and keep us focused on maintaining safe working environments. These rules and practices have supported safe passage through Aveng’s strategic transition, including the disposal of non-core businesses as going concerns. Engagement between leadership and employees remains critical during this period of change and the operations continue to implement initiatives to address risk exposures specific to their operating environments.

OUR APPROACH TO SAFETY AND HEALTH MANAGEMENT

The safety and health programmes and procedures of our operations are guided by the Group’s Safety, Health and Environment (SHE) policy and frameworks and comply with applicable

health and safety regulations. Aveng’s SHE policies and guidelines require the implementation of safety and health management systems and development of a culture of safety.

Regular meetings between the human resources and SHE management teams ensure that the impact of health on safety is fully understood and managed. This includes reviews of absenteeism rates, incapacity and ill-health cases to understand and act on the root causes. Aveng engages with its occupational health service providers to ensure that they meet legal requirements and the Group’s standards to create a proactive risk-based medical surveillance programme.

KEY FOCUS AREAS

Aveng’s key safety and health focus areas were:

- ▶ leadership engagement through the practice of visible felt leadership in the workplace;
- ▶ risk-based approach to reducing injuries by directing efforts to eliminating or minimising the most serious and/or widespread risks;
- ▶ subcontractor management to ensure uniform practices and standards on site; and
- ▶ compliance with legal requirements.

STAKEHOLDER ENGAGEMENT

Aveng identifies its main safety and health-related stakeholders and engages openly and continuously with them through various formal and informal methods. Our key safety and health stakeholders are employees, clients, subcontractors, other suppliers and regulators.

Operational management engages regularly with employees and subcontractors at the Group’s work places and project sites. Safety is

an important element of contractual arrangements for projects and routine engagement with clients. The Group complies with regulatory requirements and engages directly with regulators, industry associations and clients on matters that have a direct impact on our operations. An example is our engagement with SANRAL and SAFCEC about construction employees’ exposure to safety risk on road projects.



Aveng Integrated Report at www.aveng.co.za

2019 SAFETY PERFORMANCE

Aveng recorded a 27% reduction in man-hours as a result of a decrease in the number of projects undertaken in weak operating environments. The impact of lower man-hours was evident in the reduced number of at-risk conditions and behaviours recorded in the current year. With the reduction in man-hours the performance of some of the safety indicators below remained stable:

- ▶ Regrettably the lives of two employees on our work sites were lost, one of whom was under direct Aveng supervision (2018: 1);
- ▶ Lost-time injury frequency rate (LTIFR) 0,20^{LA} (2018: 0,21) (9% of all recorded injuries were LTIs);
- ▶ Total recordable injury frequency rate (TRIFR) 0,75^{LA} (2018: 0,91) (34% of all recorded injuries were TRIs);
- ▶ Resilience in at-risk conditions and behaviours (near-miss) reporting with 27 208 at-risk conditions and behaviours reported, of which 99% were addressed; (2018: 68 417; 95% addressed)
- ▶ More than 95% of Aveng operations achieved OHSAS 18001 certification (by headcount); and
- ▶ Leadership visits conducted by managing directors and their direct reports amounted to 1 038 visits (2018: 1 412), representing 89% of planned visits.

Safety and health continued

2019 SAFETY PERFORMANCE

Performance area – Safety	2019 actual performance	2019 improvement objectives	2018	2017	2016	2015
Lives lost under Aveng supervision	2	0	1	2	0	4
AIFR	2,11	3,28	2,43	3,28	2,7	3,5
LTIFR	0,20^{LA}	0,18	0,21	0,30	0,22	0,24
TRIFR	0,75^{LA}	0,82	0,91	1,10	–	–
Number of safety leadership visits by senior management*	1 038	999	1 412	928	729	903
% operations with OHSAS 18001 certification (by headcount)	>95	90	>95	>95	>90	70

^{LA} This item was the subject of the limited assurance engagement performed by EY (refer to assurance report on pages 4 to 7).

Aveng's overall safety performance was satisfactory, given factors such as operational challenges, lower man-hours, and disruption caused by the disposal of non-core businesses. The Group's ongoing commitment to a safe work culture is demonstrated by its continued focus on visible leadership, safety initiatives, subcontractor management and reporting at project site level.

Business units and project sites improved engagement through suggestion platforms and team-monitoring of at-risk conditions and behaviours by employees. Specific initiatives to improve safety resulted in industry recognition and continued sharing of lessons learnt across the Group.

Employee lives lost

Grinaker-LTA regrettably reported one fatality at its N1 Ventersburg road project. A fatal incident occurred on 23 November 2018 when Daniel Mathule, a labour hire worker for a V-drain and kerb subcontractor, was struck by a public motorcycle while crossing the N1 highway. Grinaker-LTA strengthened its SHE practices and management engaged regularly with staff to maintain sound safety behaviour and morale during the disposal process.

On 28 March 2019, Mr Ousseni Sore, a dump truck operator at Moolmans' Taparko site in Burkina Faso and a client employee were fatally injured while

busy with operations on site. Moolmans increased senior management engagement with site employees to raise the levels of awareness of risk controls in all mining and maintenance activities and share lessons learnt from incident investigations.

Aveng extends its sincere condolences and sympathy to the families and colleagues of the deceased. Counselling was arranged for the families and colleagues of the deceased. The Group remains committed to safety and actions within its control to avert such tragedies. Efforts to address road safety risks include increasing safety controls on road crossing and enhancing employee vigilance during work activities inside a road closure or in close proximity to public vehicles.

Key performance indicators – LTIFR and TRIFR

Safety initiatives implemented by the business units contributed to improvements in LTIFR and TRIFR performance. The initiatives addressed the following themes:

- ▶ Visible leadership engagement – focusing on employee engagement, lessons learnt and closing-out findings
- ▶ Subcontractor management
- ▶ Adherence to lifesaving rules
- ▶ Self-audits and improved close-out rates
- ▶ Road safety
- ▶ Fatigue management

Core operations

McConnell Dowell

McConnell Dowell continued to focus on lead indicator initiatives to increase hazard awareness, subcontractor engagement, hazard reporting and an improvement in safety culture across all business units. LTIFR improved to 0,03 (2018: 0,11), reflecting an industry leading safety performance. Performance highlights include recognising eight months LTI-free operations, and successfully launching the CodeSafe platform and the Permit to Work programme.

McConnell Dowell's health, safety, environment and quality (HSEQ) database, CMO, provides access to group HSEQ data trends and internal HSEQ auditing, allowing automatic tracking and monitoring of action close-out. A SharePoint platform allows greater search functionality and easier collaboration and access to Group documents.

Moolmans

Moolmans improved its overall safety performance, with an LTIFR of 0,22 (2018: 0,23) and a TRIFR of 0,77 (2018: 0,84).

A strong focus on creating safe working environments included increased employee engagement by senior management on site, higher levels of awareness among employees of risk controls in all mining and maintenance activities and sharing of lessons learnt from incident investigations.

Safety and health continued

Moolmans' SHEQ integrated management system (IMS) is being embedded into all mining and maintenance activities. The SHEQ IMS was accredited in terms of ISO 14001:2015, ISO 9001:2015 and OHSACT 18001: 2007.

Reporting and learning culture

Aveng's approach to safety and health management is actioned through clear commitments, plans, engaged management, monitoring and review. This enables effective and informed decision-making across the Group's operations.

To achieve continuous improvement in SHE performance, the Group monitors and reviews SHE key performance indicators (KPIs) that are aligned with the SHE strategy. This allows efficient trending and analysis that informs improvement initiatives.

Aveng operations increased their focus on visible leadership engagement, with management ensuring the close-out of incident investigation findings and implementing lessons learnt from incidents. The risk-based medical protocol remains a key element of

monitoring and implementing health management. The application of the risk-based approach requires operations to review their SHE material risks and the effectiveness of controls.

Managing transport safety risks

The following initiatives were implemented to improve transport-related safety at our sites:

- ▶ Ongoing risk reviews and initiatives to address high risk activities;
- ▶ Monitoring enforcement of strict standards and training by logistics service providers; and
- ▶ Implementation of the "Step up to safe production" campaign.

2019 HEALTH PERFORMANCE

Performance area – Health	2019	Benchmark	2018	2017	2016	2015
Occupational health examinations	9 861	N/A	13 890	18 850	20 915	25 592
Ill-health profile (outcome of medical testing)*	8,11	30*	7,29	7,13	10,9	6,81
HIV counselling and testing (HCT)** employees	2 136		4 062	2 588	2 104	3 068
Noise-induced hearing loss (NIHL)	1* ^{LA}	18%*** 458 600	25	8	25	48
Employee wellness engagement rate (%)	13,1	19,5	9,30	10,4	10,8	9,3

^{LA} This item was the subject of the limited assurance engagement performed by EY (refer to assurance report on pages 4 to 7).

* Number of employees who have restrictions and limitations compared to medical testing conducted. One case was verified by EY for confirmed and paid NIHL; two additional cases have been registered and monitored as part of the operations management programme.

** Volunteer training and testing for HIV/TB and wellness screening results obtained for South African operations only. While testing is conducted across South African borders, the results are not easily accessible; McConnell Dowell operations do not routinely conduct HIV tests, unless requested by the client or country in which operations occur.

*** The World Health Organisation (WHO) estimates that 18% of adult-onset hearing losses in the 20 southern most countries in Africa might be due to NIHL in the workplace (Nelson et al., 2005b).

The Group conducted 9 861 occupational health examinations (2018: 19 126). The decrease was due to lower levels of operational activity. There were no serious medical evacuations since 2016.

Occupational disease management

Reducing NIHL remained a key focus area of the operations during the period under review. Following the review of policies and identification of baseline cases in 2018, these cases were

investigated for potential claims in 2019. While significant progress was made in closing out the baseline cases, the recovery of historic records has been challenging to ensure complete close-out of the potential liabilities. The risk of NIHL is addressed relative to the potential exposure in each operating group. While several of our operations are managed by our clients' clinics, it remains an important focus area for Aveng to ensure that it manages its own employees' health data.

Communicable and non-communicable disease management

The management of communicable diseases (such as malaria, HIV and TB) and non-communicable diseases (such as hypertension and diabetes) remains a focus for Aveng. The proactive management of programmes to assist with the identification and management of communicable and non-communicable diseases is of particular concern to Aveng, given the range and uniqueness of the

Safety and health continued

environmental and socio-economic conditions encountered in the locations in which the Group operates.

It is estimated that 37,9 million people globally are living with HIV. The estimated HIV prevalence rate in South Africa is approximately 13,5% of the population. The total number of people living with HIV is estimated at approximately 7,97 million in 2019. For adults aged between 15 and 49 years, an estimated 19% of the population is HIV positive. Aveng ensures proactive support by providing HIV counselling as part of the medical surveillance programme, with the option to test for all employees.

A total of 2 136 (2018: 4 062) employees received HIV counselling in 2019, of whom 27 (2018: 81) tested positive, resulting in a prevalence rate of 1,26% (2018: 2%).

The number of deaths from non-communicable diseases (NCDs) has

been rising globally, and NCDs are currently among the leading causes of death in many countries. The mortality profile in the African region is currently dominated by communicable, maternal, nutritional and perinatal conditions. However, changes are taking place and the WHO has projected that by 2030, NCDs will be the biggest cause of death in this region. Aveng's ill-health profile increased from 7,29% to 8,11% in 2019, and the management of our ill-health profile and management plans for the identified ill health cases are part of operational improvement objectives.

Employee wellbeing programme

Aveng appreciates the personal and organisational value of employee health and wellbeing and invests in an employee wellbeing programme (EWP) to support all employees' physical, mental and emotional health.

Independently managed EWPs are provided to employees in the operations in South Africa (ICAS) and Australia

(Converge). The EWP is a 24-hour service that is available to employees and their families who receive responsive and proactive support to assist them to function optimally at work and at home. In particular, the EWP assists employees to recognise fatigue and the potential for distraction at work so that they know when it is necessary to rest.

The EWP engagement rate increased to 13,1% (2018: 9,3%) for South African operations, exceeding the 6% target but below the industry standard of 19,5% (based on the ICAS benchmark). ICAS provided a valuable support system to employees of non-core operations. For Australian operations, the engagement rate was 3,55% (2018: 9,4%).

McConnell Dowell focuses on employee wellbeing and mental health, with an emphasis on work-life balance, flexibility and mental health support systems.

Strategy in action



Grinaker-LTA

Aveng Grinaker-LTA's Building business implemented a "Step up to safe production" campaign to reinforce its safety culture. The campaign addresses unique safe work conditions required by each project, such as road safety at road projects and fatigue at high-rise building projects. Grinaker LTA's other businesses also implemented safety initiatives specific to their operations. These all contributed to a decrease in total recordable injuries.

- Building South's Aquarelle apartments project won 1st place in the Regional MBA Safety competition in category E – R40 000 to R100 000 million project.

McConnell Dowell

McConnell Dowell implemented several SHE initiatives and applied best practice to strengthen SHE performance.

- Achieved eight months LTI-free safety performance
- Won the Rio Tinto 2018 Chief Executive Safety Award for the Amrun Chith Export Facility – this is a global award for all Rio Tinto projects
- Southeast Asia business unit won three awards – Silver WSH (Workplace Safety and Health Council) Performance Award and two SHARP (Safety and Health Achievement Recognition Programme) awards from the Ministry of Manpower, Singapore.

Moolmans

Several Moolmans' projects recorded significant safety milestones.

- The Klipbankfontein mine achieved 2,1 million LTI-free man-hours (852 days)
- Union mine achieved 416 LTI-free days
- Platreef mine achieved 407 LTI-free days
- Engineering workshops achieved 1,3 million LTI-free man-hours (1 114 days).



Safety and health continued

LOOKING AHEAD

2020 key focus areas	Desired outcomes/actions
Strengthen the learning culture	▶ Share and adopt lessons learnt through case studies from significant incidents ▶ Improve quality of incident investigation reports and assessment of control effectiveness
Entrench continuous improvement in safety performance to achieve 10% improvement in average two-year injury rates	▶ Review risks, assess effectiveness of controls and implement improved controls and standard operating procedures relative to work environments ▶ Improve focus on high-consequence activities to achieve zero loss of life
Improve management of subcontractor and service provider safety	▶ Invest in software to enable both the pre-qualification and on-the-job auditing of subcontractors ▶ Improve subcontractor management, induction, training initiatives and consistent application of lifesaving rules
Reinforce fatigue management in EWP	▶ Increase engagement rates across core businesses ▶ Develop fatigue management plans for operations
Review medical records and close out any occupational disease-related responsibilities, particularly in the businesses due for sale	▶ List health data (exposure) per employee on a master database per operation ▶ Develop action plan with new owners
Manage communicable and non-communicable diseases	▶ Develop management plan for employees with ill-health profiles to manage safety risk

Environment

Aveng is committed to sound environmental stewardship that minimises our impact on the environments in which we work. We apply management systems and specific measures to avoid and mitigate environmental risk and continuously improve our environmental management.



Environment

LIVING OUR VALUES

We recognise the impact that our operations may have on the natural environments we work in and we take reasonable and practical steps in line with leading practice to avoid or minimise direct or indirect potential for environmental harm.

OUR APPROACH TO ENVIRONMENT MANAGEMENT

Each Aveng operation manages its environmental programmes and procedures according to the guidelines of the Group's SHE policy and frameworks. The operations are expected to manage their businesses responsibly, take account of best practice and comply with environmental regulations across their diverse operating environments. McConnell Dowell is a member of the UN Global Compact and an active contributor to the Infrastructure Sustainability Council of Australia.

Environmental initiatives driven by the operations include awareness, information sharing and application of lessons learnt in the management of environmental impact matters relevant to each operational area. Internal communications delivered through toolbox talks (informal meetings focused on SHE topics related to specific jobs, workplace hazards and impacts as well as safe work procedures) and the application of a risk-based approach reinforce environmental management compliance.

Aveng operations maintain environmental management systems to identify, manage and effectively respond to foreseeable environmental risks and opportunities. The operations conducted certification gap analyses and prepared for the transition to the revised ISO 14001: 2015. All operating groups successfully maintained certification. Environmental performance is measured against Aveng's sustainability KPIs, which are linked to the Group's environmental framework. There is a structured process to improve data collection,

monitoring and reporting on the sustainability KPIs.

STAKEHOLDER ENGAGEMENT

Aveng identifies its main environmental stakeholders and engages openly and continuously with them through various formal and informal methods. Our environmental stakeholders are employees, communities, regulators, clients, subcontractors, suppliers and investors.

Operational management engages regularly with employees at the Group's workplaces and project sites. Environmental management is an important element of contractual arrangements for projects and routine engagement with clients. The Group complies with regulatory requirements and engages directly with regulators and clients on matters that have a direct impact on our operations.



Aveng Integrated Report at www.aveng.com

KEY FOCUS AREAS

- ▶ Strengthening environmental stewardship through awareness and training
- ▶ Implementing improvement initiatives with an emphasis on reduction of waste to landfill and water preservation and treatment
- ▶ Sharing knowledge and adopting best practice to demonstrate accountability for environmental management
- ▶ Assessing and reinvigorating sustainability pillars and objectives for each operating group
- ▶ Setting measurable targets and objectives and implementing monitoring plans against operation specific impact areas
- ▶ Reduction of carbon footprint.

2019 PERFORMANCE

No major environmental incidents were recorded (2018: zero). These are defined as work-related events or incidents that result in actual irreversible environmental harm or damage to the environment. Risk and severity rating structures are used as guidance in determining the significance of an incident.

In total, 136 (2018: 231) minor environmental incidents were reported. The nature of most of the minor incidents in the South African operations relate predominantly to hydrocarbon spillages which are consistent with Aveng's business scope and industry profile. Minor incidents recorded by McConnell Dowell operations include the impact of small fires and spillages on land and flora, and some surface water discharges as a result of cementations run-off.

Monitoring and trend analysis of environmental incidents identified some of the causes of incidents across operations as mechanical leakages or failures and spillages during operational activities like offloading and decanting of product.

Compliance notices and data

Aveng operations monitor environmental compliance requirements as part of the SHE management systems; businesses ensure observations are addressed and recommendations received are implemented as part of continuous improvement.

Commitment to environmental stewardship and stakeholder engagement remain key focus areas for Aveng operations during the strategic transition and non-core business disposal process.

Groundwater monitoring and management plans were developed and implemented for four sites identified for remediation, as outlined by the National Environmental Management Waste Act. Aveng engaged with the relevant authorities and an independent environmental consultant, to ensure the remediation process addresses legislative and other requirements identified. Reports demonstrating positive remediation results were prepared and submitted to the relevant parties. Aveng will continue to manage this process and engage with authorities to ensure successful closure of groundwater contamination concerns for the identified sites.

Environment continued

The environmental framework is aligned with, and supports, legislative compliance relevant to the various businesses' operational streams.

Performance area	2019	2018	2017	2016	2015
Major environmental incidents	0	0	0	2	4
Operations (by headcount) with ISO 14001 certification of EMS (%)	>90	>90	>90	>90	70
Carbon emissions (tCO ₂ e) total	67 904 ^{LA}	111 761	99 632	179 199	247 296

^{LA} This item was the subject of the limited assurance engagement performed by EY (refer to assurance report on pages 4 to 7).

The operations are encouraged to report near-miss and minor environmental incidents, to monitor trends and develop efficient control measures.

The operations focused on improving environmental awareness, implementing sustainability initiatives and training, and preparing for the transition to ISO 14001:2015.

Carbon emissions (tCO₂e)

Performance area	2019	2018	2017	2016	2015
Direct carbon dioxide (CO ₂) – scope 1 (from combustion of diesel procured)	33 780 ^{LA}	70 838	56 571	123 549	184 626
Direct carbon dioxide (CO ₂) – scope 2 (from purchased electricity)	34 124 ^{LA}	40 923	43 061	55 650	62 670
Carbon emissions (tonnes) total (tCO ₂ e)	67 904 ^{LA}	111 761	99 632	179 199	247 296

^{LA} This item was the subject of the limited assurance engagement performed by EY (refer to assurance report on pages 4 to 7).

South African operations – emission factors

- ▶ Department for Environment Food and Rural Affairs (DEFRA) (2018) emission factors were used to calculate scope 1 emissions (2,68779)
- ▶ Eskom (2018) emission factors were used for purchased electricity (0,97)

McConnell Dowell – emission factors

Scope 1

- ▶ Department of the Environment and Energy, National Greenhouse Accounts Factors – August 2019 (for Australian projects)
- ▶ World Resources Institute (2015). GHG Protocol tool for stationary combustion. Version 4.1. (for non-Australian projects)
- ▶ World Resources Institute (2015). GHG Protocol tool for mobile combustion. Version 2.6. (for non-Australian projects)

Scope 2

- ▶ Department of the Environment and Energy, National Greenhouse Accounts Factors – August 2019 (for Australian projects)
- ▶ International Energy Agency – Emission Factors 2017 World Data Set (for non-Australian projects)

State or territory	Emission factor kg CO ₂ e / kWh
New South Wales and Australian Capital Territory	0,81
Victoria	1,02
Queensland	0,81
South Australia	0,44
South West Interconnected System (SWIS) in Western Australia	0,69
North Western Interconnected System (NWIS) in Western Australia	0,59
Darwin Katherine Interconnected System (DKIS) in the Northern Territory	0,55
Tasmania	0,15
Northern Territory	0,63

Sources: National Greenhouse and Energy Reporting (Measurement) Determination 2008 (Schedule 1) and Department of the Environment and Energy.

Aveng operations implemented initiatives to improve efficiencies of energy and water usage in response to their carbon and water footprints. Reduction in the Group's project activity during the economic downturn also contributed to the movement in trends for the overall emission results.

Aveng recorded a reduction across its energy and water consumption for the reporting period. Diesel consumption was recorded at 12 571kl resulting in a 53% decrease, which equated to 33 780tCO₂e (2018: 70 838tCO₂e). McConnell Dowell's consumption

Environment continued

accounted for almost 50% of the Group's total consumption, consistent with its industry profile and an increase in project activity. Moolmans' diesel usage continued to reduce as a result of wet contracts, where the client supplies all diesel required for operational activities.

Aveng's electricity consumption reduced by 20% from 43 054 886kWh to 35 787 187kWh, which equates to 34 124tCO₂e (2018: 40 923tCO₂e). Trident Steel and Manufacturing remained the highest consumers of electricity in line with industry profiling, accounting for 71% of the Group's overall electricity consumption. Aveng operations maintained their commitment to environmental stewardship with improvement initiatives to reduce the direct impact of operational activities on the environment.

The Group's water consumption was 733 557kℓ, resulting in a 22% decrease from 940 260kℓ, a trend in line with reduced project activity and the implementation of initiatives to improve water treatment and usage. McConnell Dowell, the highest consumer of water, reduced its water consumption by 22% through innovative water treatment solutions, which also led to significant on-site cost savings and improved sustainable environmental performance.

Operating group environmental performance

	Emission diesel		Emission electricity		Water purchased
	kℓ	tCO ₂ e	kWh	tCO ₂ e	kℓ
McConnell Dowell	6 252	16 803	5 371 277	4 620	422 195
Grinaker-LTA	4 704	12 640	1 987 204	1 928	134 587
Moolmans	13	34	648 840	629	5 441
Manufacturing	1 152	3 095	12 544 305	12 168	126 198
Trident Steel	425	1 141	13 002 893	12 613	45 137
Corporate	25	67	2 232 668	2 166	58 685
Group (total)	12 571	33 780^{LA}	35 787 187	34 124^{LA}	733 557

^{LA} This item was the subject of the limited assurance engagement performed by EY (refer to assurance report on pages 4 to 7).

Operations use mainly municipal water and continue to monitor and improve data collation. They actively engage with authorities and stakeholders where possible to improve monitoring, reporting and implementation of water reuse initiatives.

Aveng operations continue to monitor and improve environmental improvement objectives and reduction initiatives, demonstrating commitment to sound environmental stewardship.

Strategy in action



The following innovative initiatives introduced by Aveng operations demonstrate increasing attention to environmental stewardship.

McConnell Dowell

Waste Reduction

Northern Gas Pipeline (NGP), a 622km steel gas pipeline across the Northern Territory and Queensland in Australia, used dehydration units in remote camps which reduced waste transported offsite, reduced greenhouse gas emissions through lower diesel consumption and improved safety by reducing travel. The NGP project achieved 100% reduction in the transport of organic waste offsite and a significant reduction in diesel consumption by the waste contractor, along with reduced travel times in an isolated area of the Northern Territory. McConnell Dowell was awarded the 2018 Australian Pipelines and Gas Association (APGA) environmental award for this environmental initiative.

Environment continued

Water treatment

The Western Program Alliance (WPA) Level Crossings Upgrade in Melbourne, Australia, is spread across four project sites.

At the Kororoit Creek Road site, soil and groundwater contamination with low concentrations of per- and polyfluoroalkyl substances (PFAS) was identified early in the pre-construction phase. The WPA team engaged early with the regulator and gained approval for the reuse of PFAS impacted material onsite, which was a first in Victoria. McConnell Dowell took these lessons learnt and delivered discussion papers to the broader programme alliances to assist the industry in managing PFAS-impacted material.

This initiative allowed onsite management, treatment and reuse of PFAS contaminated water in lieu of truck transportation and treatment offsite. The project intercepted over 300 000 litres of contaminated water and saved cost by treating it onsite. This approach removed the need for 35 truck movements and the risk of associated environmental incidents.

A waste water purification and recycling system was designed to remove cementations impurities from contaminated water generated on site and purify it for reuse onsite.

Manufacturing

Waste reduction

Automation & Control Solutions (ACS) continued to implement a waste recycling programme to reduce waste to landfill.

ACS also identified alternative chemicals utilised for cleaning valves as an initiative to reduce hazardous waste and exposure to employees. A further initiative in 2020 will be to introduce chemical baths to allow for reuse of chemicals with the objective of further reducing hazardous waste to landfill.

Monthly monitoring indicated a steady reduction in the amount of waste generated by Aveng ACS from six 6 m³ waste skips to landfill monthly to an average of two plastic bags of general waste.

LOOKING AHEAD

2020 key focus areas	Desired outcomes/actions
Continue to improve capturing, recording and reporting of environmental KPIs	▶ Baseline data sets for carbon, energy, waste and water that will enable the setting of achievable reduction targets ▶ Improve data quality ▶ Quarterly assurance on environmental data ▶ Improve monitoring and compliance systems
Maintain ISO 14001:2010 certification coverage of operations	▶ A comprehensive, structured and systematic approach to environmental management for continuous performance improvement ▶ Ensure core operations maintain ISO 14001 certification
Improve learning and awareness	▶ Reinforce sound environmental stewardship ▶ Develop improvement initiatives ▶ Increase accountability ▶ Minimise harm and maximise conservation

People management

Given that our people implement our strategy and are central to the achievement of sustainable growth, managing our people well is a key imperative. As Aveng transitions to an international infrastructure, resources and mining group, the capability and performance of our core businesses and those which are due for sale receive and require continued attention. The focus on people management centred on stabilising and improving performance, addressing employee concerns, appropriately recognising and rewarding key and critical employees responsible for implementing our strategy and striving towards diversity and inclusion in our core businesses.

LEVEL
CROSSING
REMOVAL
AUTHORITY

People management

LIVING OUR VALUES

We endeavour to provide a better life for our employees by instilling a culture that promotes and recognises performance excellence. By retaining committed and capable teams aligned to our values and strategic objectives, we enable a better future for our business and, in turn, for our people.

OUR APPROACH TO PEOPLE MANAGEMENT

Central to Aveng's people management is ensuring that the Group has the right capabilities in the right place to stabilise and grow its two core businesses. We also remain focused on managing our non-core businesses and positioning them for sale in a responsible manner that enables as many of our employees as possible to transition with the businesses to new owners.

KEY FOCUS AREAS

Given that 2019 was a period of "business unusual" for Aveng, the key focus included:

- ▶ strengthening our core businesses' capability and structure;
- ▶ identifying, developing and entrenching a culture based on the Group's purpose, mission, values and behaviours, conducive to sustainable long-term business performance;
- ▶ responsible disposal of non-core businesses;
- ▶ maintaining and developing strong executive and operational management teams;
- ▶ striving for diversity in the workplace, both in terms of localisation initiatives internationally and gender equality;
- ▶ addressing and correcting non-performance;
- ▶ redefining the role of the corporate office;
- ▶ cascading succession and capability reviews deeper into the management layers of core businesses to assess performance, potential and talent;
- ▶ tailored reward and recognition programmes focusing on specific shorter-term targets to incentivise performance in line with our revised strategy; and
- ▶ striving to achieve our employment equity objectives.



Remuneration report, Aveng integrated report,
www.aveng.co.za

STAKEHOLDER ENGAGEMENT

Aveng has identified its main people management stakeholders as employees, organised labour, managers and regulators. We engage continuously with them through various formal and informal methods, as detailed in the table below.

Stakeholder	Issue	Impact on the business if not addressed	2019 actions
Employees Australasia • Salaried 416 • Project staff 801 • Waged 719 Southern Africa and other • Salaried 2 532 • Waged 7 076	Alignment of employees in core businesses with the revised Aveng strategy, organisational culture and values	• Sub-optimal performance and failure to meet targets • Talent loss • Labour disruption • Misaligned organisation	• Driving performance in core businesses • Defining and entrenching the culture and behaviours aligned to our values
Organised labour • NUM, NUMSA, UASA, AMCU and Solidarity (South Africa) • AWU and CFMEU (Australia)	Quality/consistency of engagement with unionised and non-unionised labour	• Tough labour relations environment • Increased potential for discontent and disruptive actions	• Ongoing engagement with employees and organised labour
Managers	Ownership and accountability for performance Effective succession planning to ensure business continuity	• Sub-optimal business performance and failure to meet performance objectives	• Appointed new Group CEO • Management commitment to strategic objectives • Redefined corporate office role and structure • Cascaded capability, succession, performance and talent reviews deeper into core businesses • Ongoing capacity development in core businesses • Address underperformance • Redefined short-term incentives
Labour regulatory bodies	Compliance with legislation	• Reputational and/or financial risk	• Ongoing reviews to ensure compliance with applicable legislation/codes and adopting of leading practice

People management continued

EMPLOYEE PERFORMANCE

Talent and succession planning

Retention of key and critical talent is vital to business continuity and achievement of longer-term business objectives. Despite difficulties in attracting and retaining talent under conditions of far-reaching change, continued implementation of our integrated succession planning and capability building interventions enabled us to retain talent where required.

Aveng continued to invest in talent retention by appointing high-performing internal talent into more senior positions and strengthening the management teams in our core businesses. Where talent was not readily available, strategic external appointments were made to ensure business continuity.

There were several interventions to develop managers, including coaching, leadership development programmes, internal promotions and intergroup special assignments or projects.

The Aveng Board was instrumental in ensuring succession continuity at senior levels and implementing appropriate remuneration and recognition strategies to retain and reward employees through this critical phase of our strategy.

Performance management

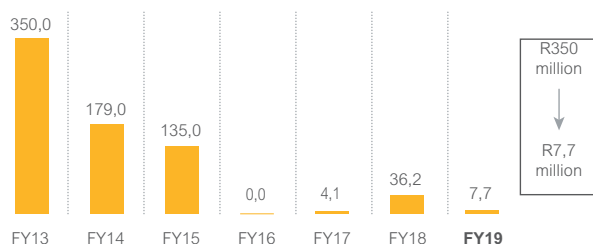
In line with the implementation of the Group strategy to dispose of non-core assets and improve operational performance of core businesses, performance management centred around the achievement of specific short and medium-term targets. Management was held accountable and appropriately rewarded for the achievement of specific KPIs aligned to their contribution to the strategic plan.

Aveng integrated report, www.aveng.co.za

Employee relations

From 2013 to 2019 Aveng experienced a decline in costs related to strike actions from R350 million to R7,7 million. This improvement is attributed to the Group's ongoing engagement with employees and unions, during tough economic conditions and changes in strategy. The graph below details the significant reduction in costs associated with strike action.

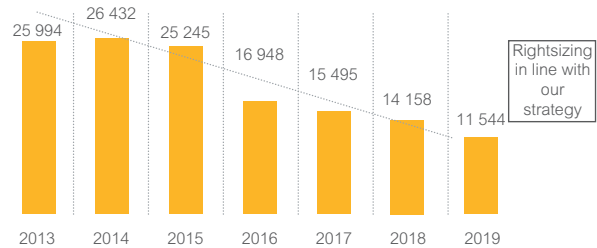
Cost impact as a result of strike action (Rm net operating earnings loss)



The employee relations climate within McConnell Dowell remained stable, with no notable incidents.

The following graph indicates the headcount movement since December 2013.

Aveng total headcount: 2013 to 2019



Senior appointments

Key senior appointments were made during 2019 in line with the organisation's strategy and to fill vacancies. These included a new Group CEO, managing director and financial director for Moolmans, chief operating officer for Grinaker-LTA, general manager New Business and Strategy (New Zealand) and general manager New Business and Strategy (Built Environs) at McConnell Dowell.

Learning and development

Learning and development remains critical to the success of our business. Both technical and non-technical training interventions contributed significantly to the development of our employees, the communities in which we operate and our commitments to BBBEE.

Despite a tough economic climate, business units across Aveng implemented targeted learning and development interventions to grow and develop internal and future talent in line with their skills development plans. The section below details the significant investment and commitment to training across all Aveng operations.

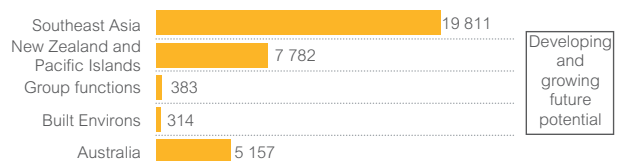
Core operations

McConnell Dowell

McConnell Dowell continued to invest in training, development and learning interventions as it builds a high-performing organisation.

Training Hours

Training completed (hours) 1 July 2018 to 30 June 2019



People management continued

E-Learning

Since myHR e-learning was launched across McConnell Dowell in 2018, over 5 400 courses in corporate induction, health, safety, environment and quality onboarding, compliance and professional development were completed by employees.

Graduate recruitment

A total of 16 graduates were engaged during the 2019 intake, 10 in Australia and six in New Zealand.

With some local differences, both the Australian and New Zealand Graduate Development Programmes offer rotation through various parts of the business, mentorship from a McConnell Dowell leader and in Australia, professional development through Engineers Australia.

The 2020 graduate intake is being finalised following a successful 2019 campaign.

McConnell Dowell provides a range of training and development opportunities:

- ▶ Care Factor Training (AU): A cognitive two-day behavioural safety programme for up to 20 employees
- ▶ Project Manager forums (AU): Quarterly training and development sessions for project managers with external facilitators
- ▶ Frontline Manager Training (AU): A frontline management course to develop supervisors and managers into first line managers
- ▶ Safety Critical Roles (NZ): A new intake of 17 Certificate of Competence ticket applicants were enrolled for the 12 to 18 month programme
- ▶ SiteSafe Supervisors (NZ): 50 supervisors completed the Site Safe Supervisor course since October 2018. This course promotes safety performance.



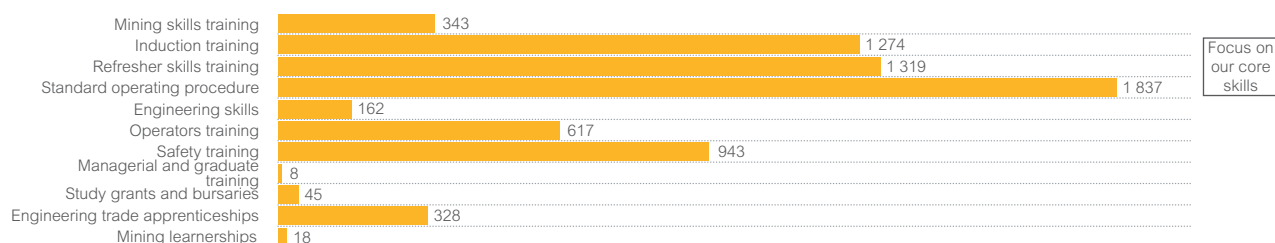
- ▶ Safety Leadership Forum (NZ): 61 people attended Safety Leadership and Contractor Management forums in Auckland and Christchurch. The forums equip safety leaders to build a strong safety culture within McConnell Dowell.

Moolmans

Training, development and upskilling of employees is a key strategic imperative for Moolmans. The business continues to invest in the development of core skills in various disciplines and multiple trades, mainly trade learnership programmes in engineering, plant and mining and trained 6 894 people in 2019.

Moolmans focused on mandatory training in compliance, induction and safety and continued to invest in management development interventions to strengthen current and future leadership capability.

Moolmans' training interventions in 2019



Moolmans strives for inclusion of all stakeholders in development opportunities, particularly in the communities where we operate.

Gender: 11% of the apprentices are female

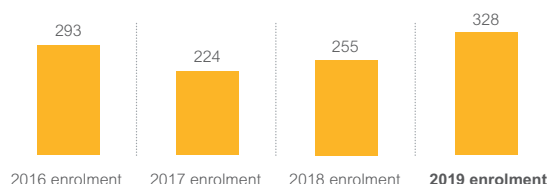
Historically disadvantaged South Africans (HDSA): 94%

Plant and engineering training

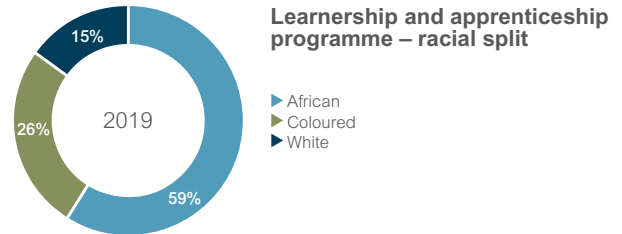
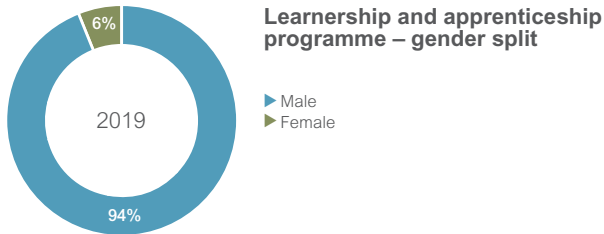
Plant and engineering training is critical to Moolmans. The Moolmans Engineering Training Centre is well equipped and accredited to offer engineering skills and trade programmes. The centre's accreditation is reviewed and certified regularly as required by the South African Training Authority (SAQA) and its associated sector regulatory compliance authorities.

The training centre currently provides certified training in the essential engineering trades of earthmoving equipment mechanics, auto electrical, fitting, millwrights and electrical.

Learnership and apprenticeship total enrolment trend



People management continued



Moolmans' internally trained and certified learnership and apprenticeship candidates achieved over 95% skills absorption. An example of the success of our apprenticeship programmes is the appointment of a female auto electrical apprentice who obtained her N4 qualification.

Other initiatives:

Mining and operator skills training

In line with our competency, risk management and safety-based training approach, Moolmans leverages the latest available technology to execute skills training essentials.

- Earthmoving equipment operator simulator training on dump trucks and face shovel equipment



Simulated training environments used for the upskilling of earthmoving equipment operators in our open-cut mining operations.



- Underground mining and sinking operator training using actual mining equipment such as rock drills, a grab and loaders



Loader and rock drill operators at Platreef Shaft Sinking project after successful completion of training on the drilling and sweeping mining activities.

People management continued

Non-core operations

Trident Steel

Apprenticeship Training

In all, 20 HDSA apprentices were enrolled for millwrights and boilermaker apprenticeships. Among them was the first African female apprentice at Aveng Trident Steel.

Gender: 95% of the apprentices are male and 5% are female	HDSA: 100%	Type of apprentices: 25% are internal and 75% are external
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Learnerships

- Four learnerships were provided to upskill employees from previously disadvantaged groups, (employees and unemployed individuals)
- National Certificate: Engineering, Manufacturing and related activities NQF 1: Six male and five female learners completed the programme in October 2018. All were HDSA
- National Certificate: Production Technology NQF 2:
 - Ten males and one female from unemployed HDSA groups are completing the programme. Learners work in various departments across Trident Steel and attend classes once a week on work premises.

Grinaker-LTA

Grinaker-LTA continues to invest in mandatory skills development programmes and management and leadership development interventions.

Professional Registration Mentorship programme

Overall, 32 employees are completing the Structured ECSA professional registration mentorship programme in the following disciplines.

Discipline	All	HDSA %	Females %
Civil engineering	19	63	37
Mechanical engineering	7	100	–
Electrical engineering	1	100	–
Chemical/process engineering	5	40	20
Total	32	69	25

Two employees (one white male and one black female) successfully registered with ECSA as professionals during 2019, with six employees (one white female, five black males) awaiting feedback on the status of their application for professional registration.



National Certificate: Business Administration Services NQF 4

A total of 11 females and one male from HDSA groups participated in the programme. A total of 10 completed their NQF 3 level and commenced to NQF 4. Of these, 11 are people with disabilities.

Gender: 51% of the learners are female	HDSA: 100%	Employment status: 66% were unemployed
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TUT Academic Advisory Committee

Grinaker-LTA was invited to represent the industry on the Tshwane University of Technology Academic Advisory Committee.

People management continued

Aveng Manufacturing

The following learning and development interventions took place across Aveng Manufacturing operations.

Infraset's Manufacturing and Assembly Operation Learnership NQF4

Twelve employees enrolled in the Manufacturing and Assembly Operations training programme at the Brakpan factory and completed the NQF level 4 programme.



Infraset's Frontline Leadership Development

Infraset continued to invest in future leadership potential with six HDSA employees graduating from the Frontline Leadership Development programme.

Duraset's Manufacturing and Assembly Operation Learnership NQF4

The Duraset Manufacturing and Assembly Operations Learnership Class of 2017 graduated.

Gender: 67% of the learners are female	HDSA: 100%	Employment status: 50% were unemployed youth
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DFC Technical Training and Graduate Development programmes

DFC enrolled learners on fitter apprenticeship and business administration learnership programmes. Graduate-in-training was provided to two candidates, one of whom was absorbed into the business.

ACS apprenticeship programme

Ten apprentices were enrolled in a control and instrumentation apprenticeship.

Gender: 80% of the learners are female	HDSA: 90%	Employment status: 30% were absorbed into the business
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Diversity and inclusion

Diversity and inclusion across the Aveng Group includes our South African transformation imperatives as well as our multi-country diversity and inclusivity initiatives across McConnell Dowell operations.

LOOKING AHEAD

2020 key focus areas	Desired outcomes/actions
Continue entrenching the Aveng values, mission and purpose	► An entrenched culture of high performance, accountability and teamwork cascaded to the lowest levels of the organisation
Leadership capability development	► Development of existing and new leaders to close leadership gaps
Retention of critical talent	► Ensure retention of critical talent in key positions ► Ensure improvement of business performance ► Develop incentive scheme in line with the Aveng strategy
Manage performance	► Ensure employees achieve agreed objectives through a fully entrenched performance management system and culture
Implement appropriate reward and recognition schemes	► Engaged employees ► Retention of key and critical employees

Diversity and inclusion

Diversity and inclusion across Aveng includes our South African transformation imperatives and our multi-country diversity and inclusivity initiatives across McConnell Dowell operations.



Diversity and inclusion

Our approach to transformation in South Africa

Aveng is committed to transformation beyond compliance

Aveng consistently reviews its transformation performance outcomes against the belief that transformation should not be measured by the achievement of targets on the scorecard, but rather by the greater economic and social impact that the Group can achieve, while leveraging the results for strategic advantage.

In line with its transition strategy, Aveng continued to focus on transformation objectives within core businesses. In non-core businesses, transformation was managed and tracked in line with a responsible strategy to dispose of non-core businesses as going concerns.

Aveng's commitment to transformation is premised on the notion that it is "the right thing to do". We remain resolute in our compliance with the spirit and intent of the principles of broad-based black economic empowerment (BBBEE).

Aveng currently measures its transformation progress against the revised Construction Charter. Despite difficult operating conditions, the Group maintained level 2 BBBEE certification. In future, Aveng will measure the transformation performance of its core business, Moolmans, against the generic BBBEE codes of good practice.

KEY FOCUS AREAS

Against this backdrop, the key issues that formed part of our transformation strategy included:

- ▶ Improved BBBEE awareness, performance and compliance in line with our transition strategy
- ▶ Assisting non-core businesses when sold to transition to their own BBBEE scorecards
- ▶ Increased emphasis in core businesses on transformation objectives and the implementation of localisation initiatives in our areas of operation
- ▶ Nurturing relationships with key stakeholders, including local communities, suppliers, exempt micro enterprises (EMEs) and qualifying small enterprises (QSEs)
- ▶ Opportunities to enhance procurement spend with black-owned and black women-owned emerging businesses in line with our overall procurement strategy to leverage opportunities across South African operations, mainly within mining operations in the Northern Cape and construction activities in Gauteng
- ▶ Striving towards the achievement of our employment equity objectives.

Transformation monitoring and performance

The ongoing monitoring and evaluation of Aveng's transformation strategy remains a core function of our internal workplace committees governed by the Board's social, ethics and transformation committee. These committees ensure alignment with the Group's strategy, operational implementation, compliance requirements and long-term goals.

Aveng is a level 2 BBBEE contributor

Despite challenging economic conditions, the Group continued to invest in:

- ▶ appropriate training interventions to capacitate employees and strengthen a culture of learning and continuous improvement; and
- ▶ the up-skilling and development of identified empowered suppliers to participate as part of the Aveng preferential procurement strategy.

BBBEE

Aveng's disposal strategy and the need for ongoing restructuring of our operations in weak operating environments resulted in a reduction in the Group's headcount. Since December 2013, the headcount decreased by 14 450 across all employment categories. Despite this, Aveng continued to focus on developing and growing key talent, partnering with preferred suppliers and investing in the communities in which we operate. This is evident in the Group's ability to maintain a level 2 BBBEE rating, with positive progress made in preferential procurement and supplier development.



Detailed information on our BBBEE scorecard is available at www.aveng.co.za

Equity in the workplace

Aveng subscribes to and promotes a culture of diversity and inclusion, where everyone is treated fairly, equally and without discrimination. During the year under review, representation of historically disadvantaged South Africans (HDSA) at middle and junior management levels increased further year on year, indicating continued progress in building a strong internal pipeline of HDSA talent. Despite a tough economic environment, we achieved some progress in employment equity and gender diversity. Further work is required within our senior management layers and our female representation to ensure we continue to strive towards a more equitable and diverse workplace.

Skills development

Aveng recognises that skills development, especially of HDSA and female employees, is critical to diversity within our business, and to developing a succession pipeline of talent. While Aveng complies with relevant training and skills development legislation, its investment in people goes beyond compliance.

A total amount of R47 478 452 (2018: R23 140 584) has been invested in training and development within Moolmans and in excess of 32 000 hours of training was delivered to employees in McConnell Dowell.

The development and upskilling of employees across Aveng, especially in our key skills categories, is fundamental to ensuring a high-performing organisation. The Group focused on leadership development interventions for key supervisory middle and first-line managers.

Diversity and inclusion continued

Aveng supports broader skills development initiatives through structured internships, apprenticeships and learnerships in several fields, including business administration, engineering and construction, which are offered within Aveng. These programmes mainly develop technical skills that prepare participants for absorption into the workplace, through first-time employment and promotion opportunities.

Moolmans skills development and learning initiatives

Training, development and upskilling of employees is a key

strategic imperative for Moolmans. The business continues to invest in the development of core skills in various disciplines and multiple trades, mainly trade learnership programmes in engineering, plant and mining. Examples of certified trade learnership programmes in Moolmans include auto electrician, earthmoving equipment mechanics, fitters and millwrights. Moolmans strives for inclusion of all stakeholders in development opportunities, particularly in the communities where we operate.

Invested	Trained	HDSA	Female
R47 478 452 in training and development (2018: R23 140 584)	6 894 people trained in various skills programmes to develop future technical skills and improve management capability	93% of the total number trained	12% of the total number trained



Moolmans' certified learnership and apprenticeship programmes resulted in an excess of 95% skills absorption within Moolmans and the broader industry. An example is the appointment of the first female auto electrical apprentice who obtained her N4 qualification.



► Additional information on learning and development is available in the People management report on page 23.

Enterprise and supplier development

In line with Aveng's strategy to link procurement practices with our BBBEE goals and targets, including that of procuring within our geographic areas of operation, we continued to make significant progress to upskill and develop our supplier base. We scored 29,06 out of a possible 38 points for enterprise and supplier development (ESD) (2018: 40,42 out of 44 generic codes). Our spend with black-owned suppliers was R3,37 billion, of which R657 million was spent with black women-owned suppliers. Black women-owned suppliers are a key focus with over 20% of the beneficiaries of our supplier development programme being black women-owned enterprises and more than 20% of our supplier development contributions accruing to these beneficiaries. The bulk of these beneficiaries are in Gauteng followed by the Western Cape.

Diversity and inclusion continued

We expect to retain a high level of compliance during the October 2019 audit with a continued focus on exempt micro enterprises (EMEs) and qualifying small enterprises (QSEs) as well as black-owned and black women-owned companies in all our procurement activities. Key focus areas within the Group's ESD strategy include:

- ▶ Increased due diligence of BBBEE requirements at all levels of procurement activity with ongoing monitoring and reporting
- ▶ Reduced spending on poorly empowered or non-empowered suppliers
- ▶ Increased accountability for procurement throughout the Group
- ▶ Greater rigour in confirming black ownership status
- ▶ Ongoing entry into strategic supply contracts with empowered suppliers
- ▶ Increased focus on expenditure with suppliers based in rural and underdeveloped areas where we operate.

To maintain and grow long-term sustainability for emerging black-owned and black women-owned enterprises, Aveng has 37 beneficiaries in its ESD programme. Aveng conducts countrywide networking interventions to identify emerging businesses and facilitate access to the Group's procurement spend. We believe enterprise development initiatives improve our preferential procurement performance and have therefore continued to conduct a development programme which identifies rural based companies, emerging entrepreneurs, and start-ups and prepares them to participate in our procurement activities.

Socio-economic development

Due to significant skills shortages in construction, engineering and manufacturing-related technical disciplines, Aveng focuses its corporate social investment (CSI) programmes on exemplary secondary school level mathematics and science programmes in marginalised, poor communities. The LEAP Aveng funded school in Diepsloot, Gauteng benefits 210 learners in grades 10, 11 and 12, while the Aveng supported Kutlwanong maths and science centre in Jane Furse, Limpopo, provides tuition to 480 learners from 22 feeder schools, and a teacher training programme.

By doing so, Aveng has played an active role in building a generation of skilled individuals who can be productively employed in the sectors in which we operate.

Aveng's CSI efforts are facilitated through the Aveng Community Investment Trust which provides an independent structure for governance, financial accountability, monitoring and reporting. In 2019, the Trust invested R12,8 million in educational related CSI initiatives. Since its inception, the Trust has had a sustainable impact in the delivery of mathematics and science tuition, artisan training and the building of infrastructure facilities for schools and communities.

A strategic review was undertaken in 2019 to align the CSI strategy with the Group's transition into an international infrastructure, resources and mining group. The Aveng Community Investment Trust will focus on advancing the socio-economic wellbeing of the mining communities in which Moolmans operates. The location of projects will be determined by the operational footprint while the nature and character of the projects will be based on consultation with, and participation by, communities.

▶ Corporate social investment report on page 36.

McConnell Dowell's approach to diversity and inclusion

McConnell Dowell recognises its talented and diverse workforce as a key competitive advantage. Business success reflects the quality and skill of its employees. McConnell Dowell actively embraces a culture and workplace that is diverse and reflective of the communities in which it operates.

Following the introduction of McConnell Dowell's Diversity & Inclusion policy in 2018, significant progress has been made in diversifying the workforce and developing a consistently inclusive culture. In 2019 key communications, people initiatives and training were translated into Thai and Bahasa Indonesian, with further initiatives deployed in Maori, Mandarin and other local languages. This practice will be mandated for all key communications in 2020 and beyond. Localisation efforts for key management roles are continuing with a local-first philosophy in all areas of operation, with a particular focus on Southeast Asia.

Representation of women in senior leadership positions has improved. In 2020, a gender equality plan will be implemented to bridge gaps in gender inequality. The plan will encompass leadership accountability, gender composition, gender pay equity, flexible practices, talent pipeline, manager and leadership capability, and a gender inclusive culture.

Diversity and inclusion continued

LOOKING AHEAD

2020 focus areas	Desired outcomes/actions
Moolmans to be measured against the BBBEE revised codes of good practice	▶ Continue with progress towards Moolmans' achievement of compliance under the revised codes of good practice through ongoing implementation of localised programmes and activities within our regions
Enhance current efforts to improve opportunities for gender and race equity	▶ Focus on recruiting according to employment equity plans to achieve black and female representation targets in Moolmans ▶ Continue to advance gender representation through workplace transformation committees ▶ Increase and retain black and female employees in senior and technical roles ▶ Appoint women and local/nationals into key senior roles across McConnell Dowell
Skills development	▶ Continue to implement employee development in core businesses to benefit Aveng in the short, medium and long-term ▶ Focus on recruitment and skills development interventions in line with current and future needs ▶ Implement relevant programmes e.g. mentorship, leadership programmes and technical training initiatives to close skills gaps as identified through performance management and on-the-job assessments ▶ Continue to provide development programmes for identified future successors and emerging talent
Enterprise and supplier development	▶ Continue to develop identified emerging suppliers ▶ Increase focus on developing black and black women-owned emerging businesses ▶ Increase access to procurement activities for youth, disabled, rural and women-owned enterprises in core South African operations
Socio-economic development (SED)	▶ Regularly engage with internal and external stakeholders to identify new opportunities to develop businesses and individuals within the communities in which we operate
Localisation and advancement of indigenous people and driving gender equality	▶ Develop a strategy to achieve the advancement of indigenous people within McConnell Dowell operations in line with the diversity and inclusion strategy.

Corporate social investment

Aveng is committed to enhancing the socio-economic wellbeing of the communities in which it operates and ensuring sustainable positive social impact.



Corporate social investment

LIVING OUR VALUES

We exercise our duty of care for the communities we work in by taking reasonable and practical steps to minimise direct or indirect potential for harm and by investing in socio-economic projects that enhance their wellbeing and create sustainable value.

OUR APPROACH TO CORPORATE SOCIAL INVESTMENT

Since its inception in 2005, the Aveng Community Investment Trust has been actively involved in fostering mathematics and science excellence among South African learners in poor communities. There has also been a strong focus on artisan and skills development and the construction of African inspired green school and community infrastructure.

Aveng commits a minimum 1% of net profit after tax to the Aveng Community Investment Trust. This is funded centrally by the corporate office. Although Aveng was not profitable in 2018, due to difficult trading conditions in recent years which negatively impacted available CSI funding, the Group nonetheless exceeded the legislated expenditure requirements for BBBEE scorecard ratings during 2019.

2019 PERFORMANCE

Current South African flagship projects

Aveng's two current flagship projects, the LEAP school in Diepsloot, Gauteng and the Kutlwanong maths and science centre in Jane Furse, Limpopo, are both best-in-class programmes, and are benchmarks of excellence in their respective communities.

Trust expenditure

Aveng continued to financially support its two CSI flagship projects, as follows:

	2019 R	2018 R	2017 R
Kutlwanong Rebone Centre and LEAP 4 school	5 820 244	9 758 553	7 201 536
LEAP 4 building project	7 030 330	8 064 018	1 966 913
Total	12 850 574	17 822 571	9 168 449

Costs related to the management and administration of the trust are included in the flagship projects.

Leap 4 Science and Maths School: The LEAP school opened in 2011. The school has 225 learners in grades 10, 11 and 12 and has been fully supported by Aveng from inception. The school has been the top performer in the Diepsloot area for the past four years.

The Kutlwanong maths and science centre: This centre provides tuition to 321 learners from 20 feeder schools and a teacher training programme in 2019. It remains one of the top performing Kutlwanong maths and science centres in South Africa.

In addition to these two flagship projects, Aveng has been the major sponsor of a **new school building for LEAP** in Diepsloot. Aveng committed R8 million to the project. Further to this, Aveng operating entities Grinaker-LTA provided equipment and containers, Moolmans raised over R200 000 for the project, and Infraset and Steeledale donated key materials. Co-sponsors of the new school building include Afrisam, Brickor, Total South Africa, Truworths and the Roy McAlpine Foundation.

The construction of the school should be completed before the end of 2019. Land was secured and construction began in July 2017.

The school building combines conventional building techniques with rammed earth methodology and honours green building principles and authentic indigenous South African design. The rammed earth building approach has been used for its economics, environmentally-friendly methodology and strong enabling of community participation, in the building process. Teachers and learners were involved in the design of the building. The construction of the school saw 29 unemployed community members receive accredited building training.

Corporate social investment continued

Highlights of key Aveng Community Investment Trust projects

Project	LEAP 4 school	Kutlwanong Centre	LEAP new school building
Beneficiaries	225 grades 10 to 12 learners in 2019 (2018: 22 wrote matric)	321 grades 11 and 12 learners (2018: 151 wrote matric)	LEAP 4 school
Matric results	• A 100% pass rate • 16 Bachelor passes and six diploma passes • 18 distinctions with one in Accounting, six in Life Orientation, five in History, two in English first additional languages, one in Physical Science, one in Sepedi Home Language and two in Life Science • 13 learners out of 19 who wrote Mathematics (68.4%) passed • 12 learners out of 12 learners passed Physical Science (100%)	• A 100% pass rate, with five learners among the top achievers in Limpopo • 124 (82%) Bachelor passes • 36 distinctions in Mathematics • Scores between 90% and 99% in Mathematics • Subject average for Mathematics – 68% • 59 distinctions in Physical Science • 27 learners scored between 90% and 99% in Physical Science, with five scoring 100% • Subject average for Physical Science – 74%	• Completed 12 classrooms, admin block, IT, library and community hall • 24 unemployed community members employed and given accredited training • Project completion set for end 2019 after some delays earlier in the year

McConnell Dowell approach to CSI

McConnell Dowell's code of conduct encourages communication and consultation with local communities and engagement with relevant community stakeholders to identify and address their concerns and expectations.

McConnell Dowell is sensitive to the diverse cultures, languages and religious beliefs of the communities in which it works and it incorporates community relations plans in project planning processes. These include recording and tracking of the management of community concerns. Where appropriate, McConnell Dowell may sponsor relevant community initiatives and employee volunteer programmes.

Strategy in Action

McConnell Dowell: Providing a better life for communities impacted by projects

In partnership with Spiecapag and Jemena, the client, McConnell Dowell, achieved a positive social impact on the communities surrounding the Northern Gas Pipeline Project in Australia.

The project, a 480km steel gas pipeline, was constructed in remote areas of the Northern Territory and Queensland and relied on collaboration between multiple stakeholders to operate effectively. These included local indigenous and traditional groups who experienced high levels of unemployment.

Over several years of planning and execution, the social responsibility programme achieved outstanding results in providing a better life for the people of the Barkly Region in the Northern Territory and Mount Isa in Queensland. These included:

- ▶ 1 100 jobs created, 75% of which were filled by local people; 25% of these jobs went to Indigenous Australians
- ▶ Training and skills development provided to local community members
- ▶ More than AUD43 million spent on local contracts in Northern Territory and AUD110 million in Queensland
- ▶ More than AUD18 million spent with indigenous businesses and organisations.

Corporate social investment continued

LOOKING AHEAD

Impact beyond the Trust's flagship projects

Revised CSI strategy

A strategic review was undertaken in 2019 to align Aveng's CSI strategy with the Group's transformation into an international infrastructure, resources and mining group.

The Aveng Community Investment Trust will focus on advancing the socio-economic wellbeing of the mining communities in which Moolmans operates. The location of projects will be determined by the operational footprint, while the nature and character of the projects will be based on consultation with, and participation by, communities.

This CSI investment is intended to impact meaningfully and positively on mining communities during and beyond Moolmans' contract terms. This new strategy will be effected from January 2020. There will be a movement away from centre-led to an operationally led CSI by Moolmans.

Aveng will exit from its current two flagship educational projects from 2020. As part of its responsible exit strategy, Aveng is assisting LEAP and Kutlwanong to secure funding to ensure that they remain sustainable.

KEY FOCUS AREAS

The key focus of the new strategy will be to promote employment creation and advance the socio-economic welfare of mining communities in which Aveng operates, through skills development, enterprise development and community development.

Aveng CSI investment has been reviewed and will:

- ▶ be aligned with Aveng's business and socio-economic development objectives;
- ▶ be based on community consultation and participation;
- ▶ build and strengthen client relationships and partnerships, and foster joint business and socio-economic development ventures;
- ▶ positively impact on communities in which Aveng operates, during and beyond contract terms;
- ▶ respond to industry and country socio-economic development challenges to help broader social development agenda; and
- ▶ support a spirit of sound corporate citizenship and volunteering.



www.aveng.co.za