



Over 125 years Aveng has evolved
in character, capability and reach.

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AVENG GROUP
Leaders in infrastructure development
CELEBRATING 125 YEARS • 1889 - 2014

Sustainability Overview


Boundary and scope of report

Aveng recognises that it needs financial stability and sustainability to succeed in creating value for its stakeholders.

Reporting philosophy and approach

This sustainability overview provides our stakeholders with a view of the Aveng Group's sustainability focus areas, impacts and management thereof, as well as performance for the financial year 1 July 2013 to 30 June 2014 (2014).

Our last sustainability overview was included as a section in the 2013 integrated report and is available as a separate downloadable document on our website. As part of our evolving approach to corporate reporting, we have streamlined the 2014 integrated report pursuant to the recommendations contained in the King Code of Governance Principles for South Africa 2009 (Principle 9.1) and in line with application of the principles and elements contained in the International Integrated Reporting Council's (IIRC) International Integrated Reporting Framework.

For the 2014 financial year, a suite of reports has been made available to stakeholders. This suite of reports has been identified and explained in the table on page 3 for ease of reference. As Aveng improves its data systems (currently a commitment on the SHE roadmap) and embeds appropriate responses to group sustainability risks and opportunities into core business processes and management, further reflection of the Group's integrated thinking will be evident in its integrated reporting. 

The 2014 sustainability overview builds on Aveng's last report of 30 June 2013. There have been no significant changes in boundaries or scope during the reporting period. Where any restatements or changes in measurement methods have taken place, these are described in the relevant report section. The boundary of this report is the Aveng Group as portrayed on page 4 and where there are instances where reporting extends to other entities or groups of entities outside of the Aveng Group, this is disclosed in the relevant section. Any limitations to this boundary, for whatever reason, are indicated as such where applicable. For instance, the reporting boundary of the environmental performance information disclosed represents approximately 70% coverage across all operating groups

representing the operations that currently have systems in place that generate this information.

Sustainability in one form or the other touches every aspect of our business and is therefore critical to our success. We are transparent about our commitments, standards and performance requirements and report annually on our progress through our sustainability report overview which follows, set out in the sections outlined below:

- Safety (pages 7 to 10)
- Health and wellness (pages 11 to 15)
- Environment (pages 16 to 22)
- Human resources (pages 22 to 31)
- Transformation (pages 32 to 36)
- Corporate social investment (pages 37 to 40)

We have provided insight into the context of each area as to the focus areas, and identified and correlated relevant stakeholder concerns and risks with actions Aveng has and is in the process of executing across the Group. A review of performance against targets (where applicable) and prior periods has been provided at a group level and, where deemed necessary, has been unpacked down to operating group level.

 *Further safety, environment and human resource information is provided in the individual operating group reports which are contained in the 2014 integrated report at www.aveng-integrated-report-2014.*

Aveng is not aligned to one single sustainability reporting framework but rather draws on multiple frameworks and guidelines. Our aim is to further enhance our sustainability reporting guided by our ongoing reporting improvement process as well as reporting best practice. Our sustainability information has been prepared in accordance with our internally developed guidelines, which are available on request from Aveng.

Boundary and scope of report continued

Governance

Sustainability forms part of the Board's roles and responsibilities.

The primary activities during the year under review for the social, ethics and transformation committee as well as the safety, health and environmental committee were as follows:

– The social, ethics and transformation committee


The social, ethics and transformation committee added to its transformation and ethics mandate and directed significant focus on stakeholder engagement. A stakeholder engagement structure was formalised across the Group with clear roles and responsibilities. This creates a platform for building relationships and taking advantage of business opportunities as they arise.

Further, if contractual challenges are experienced, individuals have already been identified to engage with the relevant people and resolve the issues.

On a positive note, the committee managed the key initiatives for celebrating the Group's 125th anniversary, including a publication and 'good news' messages that were effective in building the reputation of the Aveng Group.

– The safety, health and environmental committee

In the year under review, visible safety leadership improved significantly and transport safety initiatives gained traction in all operating groups. Fatigue management courses were conducted and were highly successful. The safety, health and environmental committee agreed, together with management, to speed up the baseline environmental legal compliance review and, using a risk-based approach, focused on the areas presenting the greatest risk to the Group. The necessary assurances are being obtained from the operating groups, and if help is needed for an operating group to complete its baseline, this is being provided. A penalty specific to the safety KPI impacts the bonus of all operating group managing directors, linking remuneration as an impetus to better results. An integrated safety, health and environmental policy will be approved by the Board.


 Refer to www.financialresults.co.za/2014/aveng-integrated-report-2014/corporate-governance for the full corporate governance report.

The Aveng safety, health and environment (SHE) forum, which is chaired by the group SHE manager and comprises of all operating group SHE executives, reviews performance, launches new initiatives and ensures that good practice and lessons are shared across the Group. In 2014, the SHE forum updated the Group's SHE strategy, strengthening the behavioural based approach to safety, implementing a more robust management of public risks, and improving occupational health and environmental arrangements.

This report was approved for release on 22 September 2014.

Assurance

The King Code advocates that sustainability reporting and disclosure should be independently assured. The ultimate aim of governance is assurance: comfort that the Group complies with relevant legislation and good practice (compliance); confidence that there are no material control breakdowns (internal and external assurance); assurance that risks are managed (risk management); and a positive assertion that the organisation is operating with integrity and fairness (ethics management). This assurance is further contextualised against the Group's material issues to ensure that a combined assurance approach is adopted.

 Refer to www.financialresults.co.za/2014/aveng-integrated-report-2014/corporate-governance for full corporate governance report.

As part of the audit committee's responsibilities, it reviewed and recommended the approval of an appropriate external assurance provider in respect of the material elements of the sustainability report. KPMG Services Proprietary Limited was appointed during the 2014 financial year and has assured selected performance information included in this report. The scope of the assurance, selected performance information and independent assurance report  can be found on pages 5 and 6 of this report.

Boundary and scope of report continued

Suite of reports and interaction between reports

The 2014 sustainability overview complements the 2014 integrated report by providing more detailed disclosures on Aveng's sustainability performance. Certain topics, such as the organisational overview and business model, stakeholder engagement and risk management, as well as group strategy are disclosed in the 2014 integrated report. Throughout the sustainability overview, we provide references to where further detail can be obtained from the suite of reports.

	Sustainability overview	Integrated report	Group annual financial statements	Corporate governance	Remuneration
Contents	<ul style="list-style-type: none"> – Safety – Health and wellness – Environment – Human resources – Transformation – Corporate social investment – Independent assurance report on selected sustainability information 	Concise communication focused on Aveng's material issues, performance and outlook for sustained value creation.	<ul style="list-style-type: none"> – Audit committee report – Directors' report – Report of the independent auditors – Full consolidated annual financial statements 	<ul style="list-style-type: none"> – Full corporate governance report – King III compliance register 	<ul style="list-style-type: none"> – Remuneration policy (for shareholders' approval) – Remuneration report
Relationship of information between suite of reports	Key elements of the above information have been incorporated into the group performance and operational reviews of the integrated report.	Relevant cross references to more comprehensive information across the suite of reports.	A summarised set of financial statements has been extracted from the full statutory financial statements and included in the integrated report.	An abridged version of the full corporate governance report has been included in the integrated report.	Remuneration policy and report is contained as one of the sections within the integrated report.
Frameworks and guidelines applied	<ul style="list-style-type: none"> – Aveng Group HSE and HR policies and frameworks – Carbon Disclosure Project (CDP) – B-BBEE Codes of Good Practice – Mining Charter – Construction Sector Charter 	<ul style="list-style-type: none"> – The King Code of Governance for South Africa (2009) (King III) – IIRC International Integrated Reporting Framework V1.0 	<ul style="list-style-type: none"> – International Financial Reporting Standards (IFRS) – Companies Act 71 of 2008 (Companies Act) – JSE Listings Requirements 	<ul style="list-style-type: none"> – King III – Companies Act – JSE Listings Requirements 	<ul style="list-style-type: none"> – Aveng Group remuneration policy – King III – Companies Act
Assurance	– Limited assurance on selected metrics	The Board, assisted by the audit committee and other sub-committees oversee the integrated reporting process	<ul style="list-style-type: none"> – External audit opinions – Internal audit – Internal controls – Management and governance oversight 	<ul style="list-style-type: none"> – Internal audit – Annual board assessments 	<ul style="list-style-type: none"> – Internal controls – Management and governance oversight

Icon key



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



This icon indicates where further information or supplementary reports can be found online: www.aveng.co.za

We welcome any feedback on our suite of reports to ensure that we continue to disclose information that is pertinent. For any questions or suggestions please contact info@avengroup.com.

Online integrated report

For quick access on your mobile to the Aveng website scan this QR code.



Boundary and scope of report continued



Independent assurance report on selected sustainability information

To the directors of Aveng Limited (Aveng)

We have undertaken a limited assurance engagement on selected sustainability information, as described below, and presented in the Aveng 2014 Sustainability Overview for the year ended 30 June 2014 (the report). Our engagement was conducted by a multidisciplinary team of health, safety, environmental and assurance specialists with extensive experience in sustainability reporting.

Subject matter

We are required to provide limited assurance on the following key performance indicators, prepared in accordance with Aveng's internally developed guidelines, marked with ^(A) on the relevant pages in the report.

KPI	Unit	Boundary	Page reference
Safety – All injury frequency rate	Rate	Aveng Group as defined on page 4	7 and 8
Occupational health – New cases of noise-induced hearing loss (NIHL) submitted for compensation	Number	Aveng Group as defined on page 4	13
Environment – Carbon emissions: Diesel (Scope 1) and electricity (Scope 2)	tCO ₂ e	Boundary as defined on pages 1 and 17	20
CSI – Total CSI payments made to the four flagship projects	ZAR	South Africa	38 and 39

Directors' responsibilities

The directors are responsible for the selection, preparation and presentation of the sustainability information in accordance with Aveng's internally developed guidelines. This responsibility includes the identification of stakeholders and stakeholder requirements, material issues, for commitments with respect to sustainability performance and for the design, implementation and maintenance of internal control relevant to the preparation of the report that is free from material misstatement, whether due to fraud or error.

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, 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, KPMG Services Proprietary Limited maintains 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

Our responsibility is to express limited assurance conclusions on the selected sustainability information based on the procedures we have performed and the evidence we have obtained. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform our engagement to obtain limited assurance about whether the selected sustainability information is free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3000 involves assessing the suitability in the circumstances of Aveng's use of its internally developed guidelines as the basis of preparation for the selected sustainability information, assessing the risks of material misstatement of the selected sustainability information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the selected sustainability information. 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, in performing the procedures listed above we:

- interviewed management and executives at group level to obtain an understanding of the internal control environment, data reporting and consolidation process, risk assessment process and information systems relevant to the sustainability reporting process;
- assessed the reasonableness and appropriateness of significant estimates and judgements made by directors in preparation of the key performance indicators;
- tested the processes and systems at operational level which generate, collate, aggregate, monitor and report selected sustainability information by:
 - interviewing safety health and environment executives at Aveng Mining, Aveng Grinaker-LTA, Aveng Manufacturing, Aveng Moolmans, Aveng Steel, and

Independent Assurance Report on selected sustainability information continued

McConnell Dowell, as well as key personnel and / or stakeholders, to confirm definitions and boundaries for selected performance information, and to gather information on the data collection and report preparation processes;

- evaluating internal data management controls based on system walkthroughs;
 - inspecting selected internally and externally generated documents and records; and
 - recalculating the key performance indicators.
- undertook site visits to Aveng Manufacturing Infraset (Brakpan), DEA head office building (Pretoria), Wesizwe mine (Rustenburg), Aveng Trident Steel (Roodekop), and Sishen mine (Northern Cape); and
- evaluated whether the selected sustainability information presented in the report is 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 a 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 Aveng's selected sustainability information has been prepared, in all material respects, in accordance with its internally developed guidelines.

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 set out in the subject matter paragraph for the year ended 30 June 2014 is not prepared, in all material respects, in accordance with Aveng's internally developed guidelines.

Other matters

No assurance procedures were performed on the previous sustainability report. The information relating to the prior reporting periods has not been subject to assurance procedures.

Our 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 management. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to either the information in the report or our independent assurance report that may have occurred since the initial date of presentation on the Aveng website.

Restriction of Liability

Our work has been undertaken to enable us to express a limited assurance conclusion on the selected sustainability information to the directors of Aveng in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than Aveng, for our work, for this report, or for the conclusion we have reached.

KPMG Services Proprietary Limited



Per PD Naidoo
Director
Johannesburg

22 September 2014

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Parktown
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2193

Safety

Safety is a core value of the Aveng Group and integral to the way the Group conducts its business. Aveng has a structured risk-based approach to safety management and is continuously improving the culture of safety across all of its operations as it recognises that it can only achieve the safety vision of 'Home Without Harm, Everyone Everyday' if each employee adopts it as a personal value and if leaders visibly demonstrate their commitment to safety. The Aveng DNA enables and supports this process.

The Group's safety policy is clearly communicated and well established at the operating groups, all of which implement an annual safety plan aligned to the group policy as well as their own specific requirements. More than 95% of the operating groups' operations (by revenue) are OHSAS 18001 certified. The Group's culture of near-miss reporting and visible leadership has remained strong over the period under review. All operating groups implemented risk-based audit and inspection programmes to monitor the implementation of operational controls for high-consequence activities, and compliance to legal and client requirements on sites and premises.

Key focus areas

Aveng has identified key safety focus areas across its diverse range of businesses. These focus areas are prioritised in the

operating groups' safety management programmes. They include:

- Developing a learning culture
- Managing transport risks on public roads
- Managing subcontractor safety
- Ensuring senior leadership engagement with the workforce
- Managing high-consequence activities.

Aveng reports on safety key performance indicators informed by the Global Reporting Initiative (GRI G3 guidelines) and its internally developed standards.

 For more information on the safety policy go to www.aveng.co.za/group/safety.

2014 salient features

- 33% decrease in number of fatalities to four
- 15% decrease in all injury frequency rate to 3,8^(A)
- Resilience in near-miss reporting with 28 553 reports of which approximately 88% were addressed
- More than 95% of operations (by revenue) OHSAS 18001 certified
- 801 leadership visits by managing directors and their direct reports.

Performance area	2014 Target	2014	2013	2012
<i>Number of fatalities</i>	0	4	6	12
<i>All injury frequency rate (AIFR)</i>	<4,1	3,8 ^(A)	4,5	4,7
<i>Lost-time injury frequency rate (LTIFR)</i>	<0,21	0,22	0,24	0,24
<i>Number of safety leadership visits by senior management</i>	825	801	995	446
<i>% operations (by revenue) with OHSAS 18001 certification</i>	>95	>95	>95	95

Safety impacts and management

Aveng has identified its main safety stakeholders as employees, clients and the authorities responsible for ensuring compliance with safety regulations. Their key safety concerns and the requirements and actions taken to address them, are reported in the table below:

Stakeholder	Concern	Impact on business	Actions
<i>Employees</i>	<ul style="list-style-type: none"> – Safe workplace – No injuries to workers 	<ul style="list-style-type: none"> – Reduced productivity – Low worker morale 	<ul style="list-style-type: none"> – Safety policies, systems and procedures to minimise risks, which are reviewed by management and external verification bodies – Each operating group has an experienced safety professional who can provide advice and support and undertake regular reviews – Encouraging a reporting and learning culture – Compliance reviews and audits undertaken
<i>Clients</i>	<ul style="list-style-type: none"> – Injury-free operations on projects 	<ul style="list-style-type: none"> – Reputational damage 	
<i>Authorities</i>	<ul style="list-style-type: none"> – Compliance with legislation – High accident rates in the construction industry 	<ul style="list-style-type: none"> – Work stoppages – Potential criminal prosecutions 	

^(A) Limited assurance provided on this indicator (refer to assurance report on pages 5 and 6).

Safety continued

Safety performance

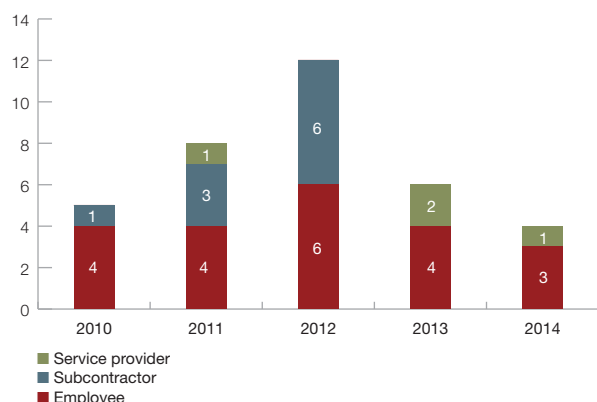
Fatalities

Despite overall improvements in safety trends including a reduction in fatalities, Aveng did not meet the key safety objective of zero fatalities for the period under review. The Group regrets the four fatalities within its operations. The table below provides details of the incidents:

Operating group	Project name/area/discipline	Geography	Worker type/description
<i>McConnell Dowell</i>	Leone Village Bridge replacement	Leone Village, American Samoa	Employee – electrocution
<i>Aveng Grinaker-LTA</i>	Civil engineering	Bethlehem, South Africa	Employee – burnt by hot bitumen
<i>Aveng Grinaker-LTA</i>	Soshanguve Giant Stadium	Soshanguve, South Africa	Service provider – vehicle interaction
<i>Aveng Grinaker-LTA</i>	Plant and assets	N17 highway, South Africa	Employee – vehicle interaction

All the fatalities were thoroughly investigated and key learnings were shared across the Group. Even a single fatality is unacceptable and the Group continues to strive towards achieving fatality-free operations.

Fatality trend within Aveng over the last five years



All work-related fatalities involving employees, subcontractors and service providers at Aveng-controlled operations are included, even if the fatality occurred on a public road.

The management of subcontractors and service providers is an important focus area for Aveng. We recognise the role we play in continuing to improve and promote safe behaviour among our subcontractors and service providers.

It is pleasing to report zero fatalities involving subcontractors for the second consecutive year and a decrease in the number of fatalities involving service providers to one (2013: two).

AIFR

The Group recognises that trends in lost-time injuries are not an accurate reflection of safety performance and has therefore continued reporting on the more holistic indicator, the all injury frequency rate (AIFR). This indicator includes all types of injuries ranging from first aid to fatalities. In 2014, our AIFR performance of 3,8^(A) per 200 000 hours worked improved by 15% (2013: 4,5). While we continue to see year-on-year improvement in the reporting culture, we recognise that reporting thresholds for total injuries, in particular first aid injuries, will continue to improve with the improving reporting culture across our operations. AIFR is principally an indicator in highlighting broad personal injury trends, and the four work-related fatalities suffered in 2014 remind us that lower injury rates alone will not prevent fatalities.

^(A) Limited assurance provided on this indicator (refer to assurance report on pages 5 and 6).

Aveng AIFR trend (per 200 000 hours)

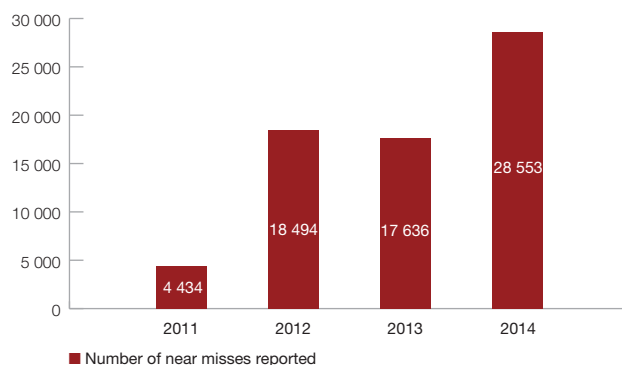


Reporting and learning culture

Each operating group within Aveng has a near-miss programme as a foundation towards a resilient reporting and learning culture. The Group believes that near-misses provide an opportunity to analyse the incident and identify causes and emerging trends before an accident occurs, take corrective action and communicate emerging trends and lessons to embed a learning safety culture.

During 2014, the near-miss reporting culture continued to show signs of resilience with 28 553 near-misses reported across the Group's operations. Approximately 88% of reported near-miss incidents were addressed. Near-miss incidents are addressed at the site or premises where they occurred as this ensures responsibility and ownership remains where it belongs at the site level.

Aveng near-miss report trend



Safety continued

Ensuring senior leadership engagement with the workforce

Aveng recognises that improving the safety culture and safety performance requires more than robust safety management systems. As a result, the Group adopted a range of safety leadership approaches to embed a culture of safety. These aim to demonstrate visibly the commitment of the most senior management to safety, to show leadership and to engage all employees. By adopting this inclusive approach for employees and subcontractors, Aveng aims to make safe working practices and behaviours the norm at all operations.

To demonstrate that safety starts at the top, managing directors and their direct reports in all operating groups visit sites regularly. Visible safety leadership visits are a key performance indicator for managing directors who are expected to review significant incidents related to high-consequence activities as they occur and ensure that lessons learned are implemented within their operating groups. During the year under review 97% of planned leadership visits by operating group managing directors and their direct reports were completed.

Aveng senior management leadership visit trend



Safety management systems

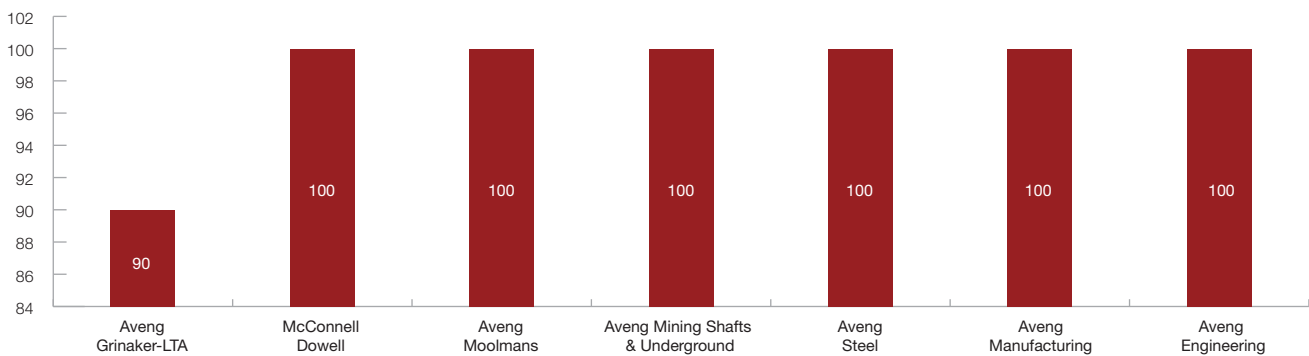
All of our operating groups are required to have systems in place to identify, manage and effectively respond to foreseeable safety risks. More than 95% (by revenue) of our operating groups' safety management systems comply with externally verified health and safety standards, including:

- AS/NZS 4801:2801 Occupational health and safety management systems (Australia)
- BS OHSAS 18001:2007 Occupational health and safety management systems

The following divisions or units within Aveng do not have OHSAS 18001 certification:

- Aveng Grinaker-LTA plant division
- REHM-Grinaker

% OHSAS 18001 certified (by revenue)



Safety continued

Managing transport safety risks

Road safety remains an ongoing and significant concern to the Group. Several initiatives were undertaken to manage the risks associated with transport on public roads:

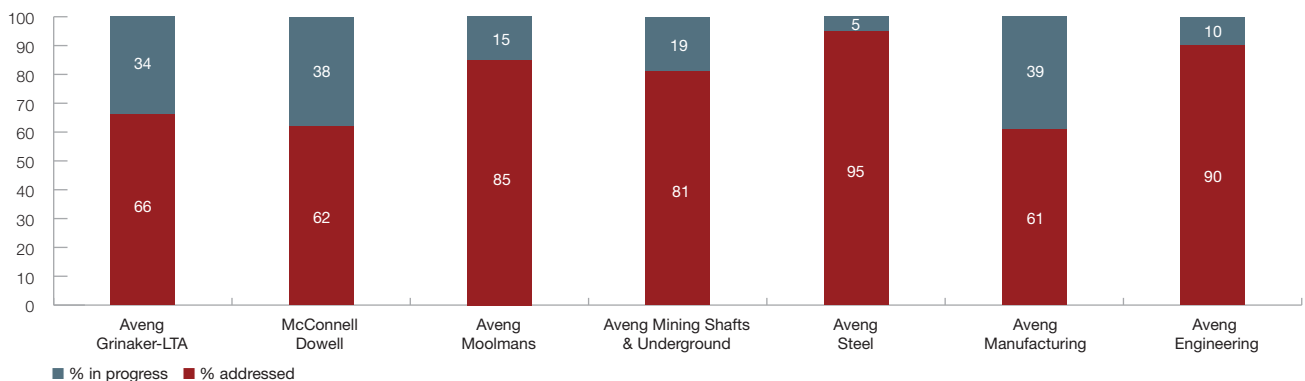
- Established a transport safety work group (TSWG) which met several times during the period under review. The TSWG is primarily being used to workshop directives and standards and share best practices and lessons from operations. The working group consists of operational transport and safety personnel.
- Introduced in-vehicle monitoring systems (IVMS) on vehicles on a risk-based approach, to the extent that approximately 70% of Aveng-owned vehicles now have such a system installed. Improved focus on analysing driver behaviour trends emerging from the IVMS reports. Particular success has been obtained with the installation of IVMS in 245 Aveng Grinaker-LTA vehicles. A 60% drop in incidents was noted for vehicles with telematics installed.
- Reviewed and updated minimum requirements for managing work-related road safety.
- Initiated a transport and driver safety week before the December 2013 shutdown emphasising the importance of driver and vehicle safety.

Managing high-consequence activities

The Group continued to increase its focus on the key safety risks arising from high-consequence activities across its operations. Operating groups reviewed and updated the minimum rules and standards that are related to high-consequence activities relevant to their operations, and which detail the steps required to identify, assess and control the key safety risks. The most common high-consequence activities across the operating groups are operating vehicle and mobile equipment, explosives and blasting, hazardous materials, isolation and permit to work, working at height, manual handling and lifting operations. Risk-based audits, inspections and planned task observations continue to focus on the effectiveness of critical controls for these high-consequence activities.

During the period under review, 933 audits were completed across the Group's operations and 78% of the findings from the audits were addressed.

Status of audit findings per operating group (%)



Looking ahead

Focus areas for the year ahead	Desired outcomes
<i>Continued focus on developing a resilient reporting and learning culture</i>	10% or greater improvement in the average two-year all injury frequency rate
<i>Continued focus on demonstrating visible leadership in safety</i>	More than 80% of planned leadership visits completed by senior management
<i>Continued management of subcontractor and service provider safety</i>	Zero fatalities involving subcontractors and service providers
<i>Continued management of high-consequence activities</i>	Zero fatalities involving employees, subcontractors and service providers
<i>Continued management of transport risks on public roads</i>	Zero fatalities involving employees on public roads

Health and wellness

The Aveng Group recognises that to sustain and grow its business, it must protect employees from occupational health hazards and provide a health and wellness network of support for its employees, and where practicable, for their dependants. Aligned to our principles that all occupational diseases are preventable and that health and wellness are core enablers for safety, this requires a strong focus on disease prevention, health promotion and access to health services. Thus, our health and wellness strategy and management approach is to effectively partner with our stakeholders, particularly employees, to ensure personal and organisational health as core enablers for safety and ultimately, improved productivity.

The Aveng Group health and wellness framework is communicated to the operating groups, all of which implement an annual health and wellness plan with targets aligned to the Group's strategic objectives as well as their own specific requirements. Aveng recorded substantial advances in its integrated approach to the management of the three strategic health and wellness pillars of HIV/AIDS and TB, occupational

health and employee wellness, across the Group during the year under review. The health and wellness programmes are at varying stages of implementation across the South African operations and in the rest of Africa and Australia.

Key focus areas

Aveng has identified a set of key health and wellness focus areas across its businesses. These are prioritised in each operating group's health and wellness management programme. They include:

- Developing effective partnerships with preferred service providers for occupational health and wellness
- Sustaining high rates of employee engagement in the employee wellbeing programme (EWP)
- Increasing opportunities for screening HIV, TB and other non-communicable diseases
- Building health and wellness competencies across the operating groups through effective communication.

 For more information on the health and wellness policy and framework, go to www.aveng.co.za/group/health-and-wellness.

2014 salient features

Performance area	Target	2014	2013
<i>HIV counselling and testing (HCT)* employees</i>	No target	4 301	6 031
<i>HIV counselling and testing (HCT)* community</i>	No target	0	2 854
<i>Occupational health examinations</i>	No target	29 739	25 713
<i>Employee wellbeing programme engagement rate</i>	>6%	9,3%	11%
<i>Group substance abuse policy and procedure</i>	End 2014	Completed	–

* HIV counselling and testing and wellness screening results have been obtained only for South African operations. While testing is being conducted across SA borders the results are not easily accessible; Australian operations do not conduct HIV tests in any of the countries in which they operate.

Health and wellness continued

Health and wellness impacts and management

Aveng has identified its key health and wellness stakeholders as employees, health and wellness service providers, clients, industry bodies and associations and the authorities that govern the Group's compliance with occupational health regulations. The Group continues to strengthen the internal multidisciplinary team approach to integrate health and wellness into core business practices and nurtures relations with external stakeholders to create lasting partnerships.

Stakeholder	Issue	Impact on the business	Actions
<i>Employees</i>	<ul style="list-style-type: none"> — Healthy workplace — No injuries and illnesses to workers — Address the burden of HIV/AIDS/TB management — Address the burden of non-communicable diseases 	<ul style="list-style-type: none"> — Reduced productivity through absenteeism and presenteeism — Low staff morale — Work stoppages 	<ul style="list-style-type: none"> — Conduct health risk assessments of occupational environment to include living areas, transport and medical service capabilities — Conduct health risk assessments of communities in which we operate — Enhance occupational health programme — Improve the engagement rates for the EWP — Encourage an environment of health and wellness screening to know one's health status — Encourage a health and wellness reporting and learning culture among employees and managers — Partner with local health clinics, academic institutions, associations and NGOs
<i>Clients</i>	<ul style="list-style-type: none"> — Optimal health and wellness performance at operations on projects and client sites 	<ul style="list-style-type: none"> — Work stoppages — Financial and reputational impacts 	<ul style="list-style-type: none"> — Develop, implement, monitor and evaluate effective health and wellness plans — Implement an integrated approach to health, wellness and safety on projects involving all suppliers and service providers on client sites — Introduce the Aveng health and wellness strategy to clients — Acquire records of medical surveillance from client service providers
<i>Authorities</i>	<ul style="list-style-type: none"> — Compliance with health legislation — Relatively unknown, undocumented burden of occupational and non-occupational illness 	<ul style="list-style-type: none"> — Potential fines for non-compliance — Reputational risk — Unbudgeted health and wellness costs 	<ul style="list-style-type: none"> — Regular legal compliance audits to include on-site and mobile clinics and service provider health facilities — Partner with external service providers, NGOs and funders to offer occupational health services, wellness screening and HIV testing opportunities — Document the outcomes from initiatives
<i>Service providers</i>	<ul style="list-style-type: none"> — Compliance with health legislation — Efficient fitness to work processes to ensure appropriate placement and maintenance of employees in the occupational environment 	<ul style="list-style-type: none"> — Sub-optimal quality assurance — Legal compliance risk — Reduced productivity — Increased costs 	<ul style="list-style-type: none"> — Design the optimal business delivery model that meets the needs of all operating groups — Contract and partner with service providers — Monitor, evaluate and regularly review health and wellness service providers — Incorporate health risk assessments early in project lifecycle — Develop group occupational health standard
<i>Industry bodies, associations, e.g. SAFCEC, SABCOHA</i>	<ul style="list-style-type: none"> — Scarce resources in occupational health and wellness, hence partnering with key stakeholders is critical 	<ul style="list-style-type: none"> — Poor competency levels at the operating groups — Poorly resourced health and wellness structures 	<ul style="list-style-type: none"> — Maintain a standard akin to leaders in infrastructure development — Maintain corporate memberships — Active participation and representation on industry bodies to develop and review standards

Health and wellness continued

Health and wellness performance

The following initiatives were undertaken in the 2014 financial year as part of the Group’s programme to manage the health and wellness focus areas and challenges.

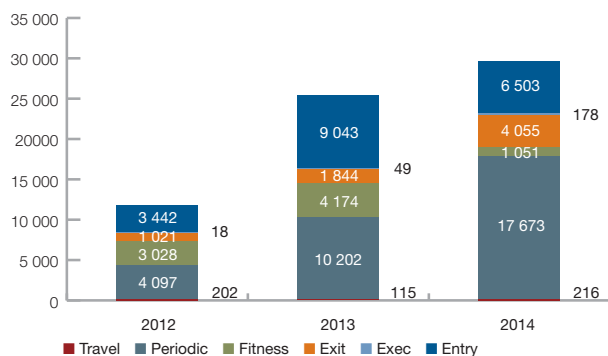
Occupational health

The Group recognises that in order to manage the effects of work on the health of employees and to manage employee health impacts on work, it has to develop a robust occupational health programme. A more thorough risk-based approach and an improved understanding of fitness to perform work, is informing the occupational health profile for the Group. Aveng operating groups are developing risk-based medical surveillance (RBMS) programmes to account for the inherently hazardous nature of work in construction, mining and manufacturing.

RBMS examinations comprise initial, periodic, exit and fitness to work (disability, incapacity, transfer) medical assessments, and go beyond statutory obligations to include comprehensive travel risk assessments and executive medical examinations. These examinations are conducted at client sites (mining and engineering), on-site clinics (manufacturing and steel) and at mobile clinics (manufacturing and construction). Outcomes (fitness categories) from these medical surveillance examinations are closely monitored and interventions implemented to ensure employees are correctly placed.

The Group conducted 29 739 occupational health examinations in 2014, illustrating substantial improvement in medical surveillance reporting (2013: 25 713; 2012: 14 270). This is attributed to significant effort by all operating groups to build internal capacity, share best practices and learnings and enhance partnerships with service providers.

Occupational health medicals comparison



Comparison of all Medical Surveillance Examinations 2012 to 2014

Noise-induced hearing loss

Noise-induced hearing loss (NIHL) continues to be the most commonly reported occupational disease in the construction, steel and mining divisions. Aveng continues to monitor lead and lag indicators to guide hearing conservation initiatives, from engineering out noise at source to protecting employees from excessive noise exposure. The approach to a hearing conservation programme is that any employee exposed to noise above the noise rating limit of 85 decibels (dBA) in the workplace shall undergo medical surveillance, including audiogram tests conducted throughout the individual’s work life. The aim of audiometric testing is the early identification of an individual’s susceptibility to the effect of noise and to identify those employees who do not meet the inherent hearing requirements of the job.

In the current year 35^(A) NIHL cases were submitted for compensation, comprising 30 cases from Aveng Mining Shafts & Underground and five cases from the steel operating sites.

At our mining operations, the hearing conservation programmes align to the client’s specifications and industry initiatives to identify and demonstrate leading practices. These initiatives focus on both the human behavioural and technical aspects as well as procuring equipment that is less noisy.

Substance abuse management

Recognising that substance (drugs and alcohol) abuse has an impact on the workplace, families and communities, the Group has reviewed existing operating group policies and developed a group policy and approach to substance abuse in the workplace. This policy is aligned to group disciplinary procedures and best practices, and regulates the misuse and abuse of alcohol and drugs by employees on and off company premises, and where it may impact adversely on the company, the employee or the employee’s ability to perform duties. In 2014, 3 578 drug tests were performed, the majority of tests being conducted in construction, mining and steel divisions as part of the enhanced risk-based approach. Overall 4,8% were confirmed positive. Those employees who test positive are referred to the employee wellbeing programme or to a service provider of choice for further support, rehabilitation and reintegration into the workplace.

^(A) Limited assurance provided on this indicator (refer to assurance report on pages 5 and 6).

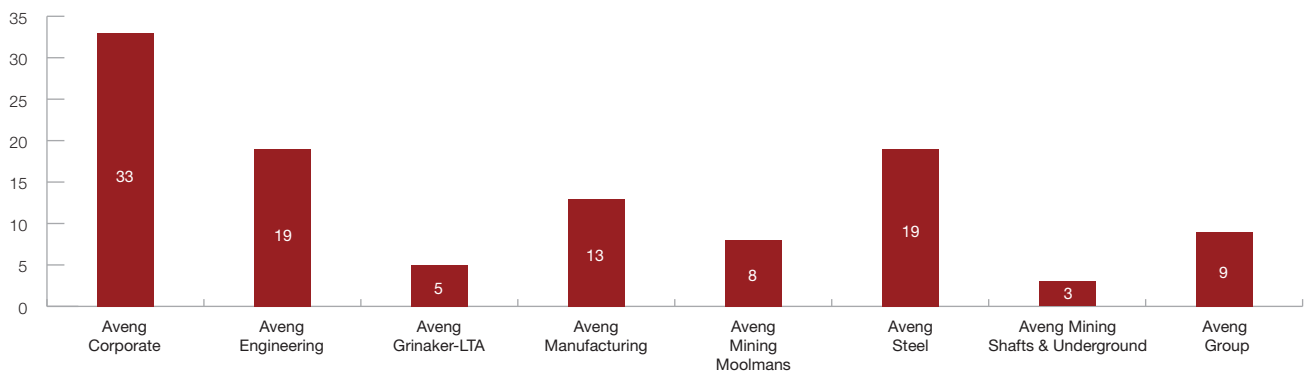
Health and wellness continued

Employee wellbeing programme

Employee wellbeing and the early identification and resolution of personal life stressors, such as stress and financial problems, are key elements of the Aveng employee wellbeing programme (EWP). Now in its third year of implementation within South Africa and across our borders, the EWP has matured, illustrating consistent return on investment, focusing on enabling managers, employees and family members to restore

themselves to their optimal functioning within an organisational and personal framework. Within this context, Aveng continued to ensure that elements of behavioural risk management are incorporated into EWP interventions. The overall engagement rate, which includes uptake of all services provided, such as on-site post-trauma debriefing and counselling, face-to-face consultations, substance abuse awareness sessions, and manager referrals amounted to 9,3% (2013: 11%), having exceeded the target of 6%.

EWP engagement rates for South African operations (%)



Health and wellness screening opportunities

The unique socio-economic conditions and demographic trends of work in Africa increase the risk of the Aveng workforce contracting HIV and TB, along with other communicable and non-communicable diseases. In the 2013 financial year the Group made a commitment to provide more opportunities for HIV counselling and testing (HCT) as well as symptom screening for TB and cardiovascular risk indicators such as glucose, cholesterol, body mass index and blood pressure. Aveng achieved this objective by conducting wellness days and targeted campaigns, bringing the overall cumulative workforce tested for HIV in the southern African region to 47% (2013: 32%). While this indicator does not take into account the high turnover of employees, it is an improvement from a zero base starting three years ago, that demonstrates proactive case finding. Outcomes from all these interventions, confirm the existence of the burden of communicable and non-communicable diseases on employees, employers and society at large.

Lessons learnt from the successful 'Lead the way, know your status campaign' in 2013, encouraged our construction and mining operating groups to once again partner with district health clinics, NGOs, SABCOHA and funding organisations such as the United States President's Emergency Plan for Aids Relief (PEPFAR). In 2014, the campaign targeted provinces with high HIV prevalence rates (Mpumalanga, Limpopo and North West), and was aligned to the government's national strategic plan for HIV, AIDS, sexually transmitted diseases and TB. The campaign comprised proactive and intensive case finding which allows early identification of HIV-positive and negative individuals in the workforce, as well as identifying risk factors for cardiovascular disease. In addition, employees who tested

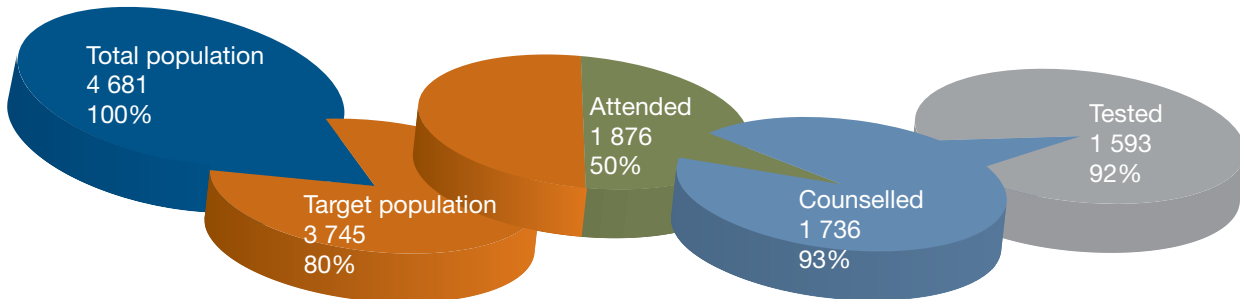
HIV-positive were offered a screening CD4 test and follow-up counselling and referral.



For more information on the 'Lead the way know your status' campaign go to Aveng SABCOHA case study at www.sabcoha.org/wp-content/uploads/2013/10/case_study.pdf.

Health and wellness continued

Results of the 2014 HIV and wellness screening in Mpumalanga, Limpopo and North West Provinces are illustrated in the figure below.



Building capacity through effective communication

The Aveng Group recognises that the safety, health and wellness strategy must be easy to understand among its demographically diverse workforce and management at all levels. This year the Group won the prestigious Gold Quill Award for its Siyanda campaign sponsored by Aveng Grinaker-LTA. Over the last two years, communication tools in the form of comic books and posters, on high-priority topics in safety,

health and wellness, have been effectively rolled out at our operating sites. These materials have been well embraced because they translate complex and technical issues, such as lessons learned from health and safety incidents, into an easy-to-understand format. Translation into various languages – English, Afrikaans, Tswana, Zulu, Xhosa, Sotho and Portuguese – ensures that language and cultural barriers are transcended, thereby empowering employees and families.

Looking ahead

Focus areas for the year ahead	Desired outcomes
<i>Enhance contracting opportunities for occupational health</i>	<ul style="list-style-type: none"> – Business operational efficiencies through decreased usage of multiple service providers – Introduce health information management system – More streamlined absenteeism and incapacity management
<i>Introduce the Aveng occupational health standard to ensure alignment to required legislation, regulations and international standards</i>	<ul style="list-style-type: none"> – Introduce occupational hygiene programmes – Create the evidence base for occupational risk exposure profiles – Establish the linkage between occupational exposures and outcomes
<i>Continue to sustain high engagement of employees and dependants within the employee wellbeing programme (greater than or equal to 6%)</i>	<ul style="list-style-type: none"> – Early identification and management of troubled employees – More engaged employees at all levels – Higher productivity
<i>Continue to improve fatigue management programmes through effectively addressing the health and wellness aspects of individual fitness</i>	<ul style="list-style-type: none"> – More executives, managers, supervisors and drivers trained on fatigue management – Higher levels of awareness among employees on nutrition, sleep and substance abuse
<i>Continue to increase opportunities to screen for HIV, TB and other chronic diseases</i>	<ul style="list-style-type: none"> – Enhanced individual and group health profile – Increased employee awareness and ownership of individual health
<i>Analyse the emerging health profiles from HIV and wellness screening to determine impact on the business</i>	<ul style="list-style-type: none"> – Determine most appropriate and customised interventions – Evidence-based integration of health into core business practices
<i>Continue to build competencies at the operating groups</i>	<ul style="list-style-type: none"> – Ownership at operating group level with enhanced and customised programmes – Group health and wellness forum as a best practice, sharing platform

Environment

The Aveng Group recognises the impact its activities and operations have on the environment and is in the process of improving its environmental management and performance. Some of the material impacts include consumption of non-renewable resources (fossil fuels), energy consumption, air pollution (greenhouse gas emissions and dust fallout), soil and land contamination, waste, consumption of renewable resources (water and trees), contamination of surface and ground water, historical contamination, and noise pollution.

The Group's environmental policy and framework, which guides the management of environmental impacts, is informed by the environmental gap analysis completed in 2012 and ongoing stakeholder engagement and regulatory developments. The policy and framework documents have been adopted by the operating groups.

In spite of the diverse nature of its operations and projects, Aveng has identified a set of common environmental key focus areas which are prioritised in the environmental management programmes of the operating groups. The programmes include developing and implementing carbon, energy, waste management and water optimisation plans; establishing input materials and resource optimisation initiatives; increasing human resource competencies in environmental management; and improving compliance with environmental legislation in areas of operation.

The environmental key performance indicators reported by Aveng are informed by the Global Reporting Initiative (GRI G3 guidelines) and the Greenhouse Gas (GHG) Protocol.

 For more information on the environmental policy and framework, go to www.aveng.co.za/group/environment.

Environmental key focus areas – progress made to date

Key focus areas and initiatives	2010 to 2013	2014
<i>Environmental gap analysis</i>	<ul style="list-style-type: none"> – Completed – Commenced implementing recommendations 	Continued to implement recommendations
<i>Group environmental framework and policy</i>	<ul style="list-style-type: none"> – Approved by the Board – Rollout concluded 	Implementation commenced
<i>ISO 14001 certification</i>	<ul style="list-style-type: none"> – 79% by turnover certified in previous years – 75% by turnover certified 	75% by turnover certified
<i>Carbon Disclosure Project</i>	<ul style="list-style-type: none"> – Non-public response submitted (scored 46%) 2010 – First public response (CDLI score 66%) 2011 – Continued to publicly respond (CDLI score 81%) 2012 – Continued to publicly respond (CDLI score 79%) 2013 	Submitted
<i>Water Disclosure Project</i>	First non-public response submitted	Completed
<i>Formal first group carbon footprint</i>	In progress	Completed
<i>Energy-efficiency programme</i>	Commenced and continue to monitor and report energy usage	In progress, albeit at a slow pace and at various stages throughout the Group
<i>Environmental key performance indicators (KPIs) reporting protocol</i>	<ul style="list-style-type: none"> – KPIs were formulated – Operating groups continue to report to Group 	Operating groups improve their reporting of KPIs

Environment continued

2014 salient features

Performance area	2014 Target	2014	2013
<i>Improve collection and monitoring of environmental data</i>	Scope of coverage >60% across all operating groups	>70% scope of coverage	>60% scope of coverage
<i>Make a public disclosure to the CDP 2013</i>	Public disclosure submitted for CDP	Completed	Completed
<i>Submit our first non-public water disclosure response</i>	Non-public disclosure submitted for CDP water	Completed	Completed
<i>Conduct environmental legal compliance audits (20% sample size)</i>	Improve levels of compliance with environmental legislation	Completed	Completed
<i>Build environmental resource capacity</i>	To support strategic environmental journey	In progress	In progress

Environmental impacts and management

Stakeholders' main environmental concerns, as well as opportunities and actions taken to respond to them, are reported in the table below:

Stakeholder	Concern / opportunity and applicability	Impact on the business	Actions	Progress
<i>Authorities</i>				
<i>Department of Environmental Affairs (DEA)</i>	Compliance with environmental regulations – all SA-based operating groups	<ul style="list-style-type: none"> – Potential penalties for non-compliance – Reputational damage 	<ul style="list-style-type: none"> – Capture and report carbon emissions – Submit a pollution prevention plan for approval by the DEA – Improve collection and monitoring of environmental data – municipal water consumption, general hazardous waste, fuel consumption and carbon emissions – Conduct environmental legal compliance audits (30% of fixed factories in 2013) – Build human resource competencies in environmental management 	<ul style="list-style-type: none"> – Ongoing – To be implemented when regulations are in effect – Ongoing. Operating groups have improved from 2013 >60% to >70% – Completed – Ongoing
	Declaration of temporary asphalt plants as a controlled emitter and establishment of emission standards (NEMA: AQA 2004) – Aveng Grinaker-LTA	<ul style="list-style-type: none"> – Shutdown of temporary asphalt plant in event of failure to submit six-monthly emissions report to air quality officers 	<ul style="list-style-type: none"> – Measure emissions and submit six-monthly report to air quality officers – Ensure that temporary asphalt plants comply with emission limits and requirements 	<ul style="list-style-type: none"> – To commence at end of 2014 calendar year – Ongoing
	Declaration of small boiler as a controlled emitter and establishment of emission standards (NEMA: AQA 2004) – Aveng Manufacturing	<p>Increased administrative and financial processes in terms of:</p> <ul style="list-style-type: none"> – Additional CAPEX may be required to comply with new stricter emission standards requirements, including possibly modifying or retrofitting existing boilers to ensure they do not exceed new emission limits – Submit at least one report to the relevant air quality officer every six months 	<ul style="list-style-type: none"> – Measure the current emissions from boilers in the Group and formulate and implement compliance plan – Compile requisite air quality reports 	<ul style="list-style-type: none"> – Measuring commenced at affected operating groups – First report to be submitted at the end of the second quarter of 2015

Environment continued

Stakeholder	Concern / opportunity and applicability	Impact on the business	Actions	Progress
<i>Authorities continued</i>				
	Draft national pollution prevention plans and declaration of greenhouse gasses as priority pollutants (NEMA: AQA 2004) – all SA-based operating groups	<ul style="list-style-type: none"> – Prepare and submit to the authorities for approval, and implement pollution prevention plans in for substance declared a priority air pollutant – Financial penalties 	<ul style="list-style-type: none"> – Measure, monitor and report emissions annually – Once promulgated, formulate and implement pollution prevention plans 	<ul style="list-style-type: none"> – Currently studying the proposed declaration – Not yet commenced – Commenced formulating comments for submission to the published draft declaration
	Implementation of part 8 of chapter 4 of the NEMA: Waste Act 2008): Dealing with contaminated land – all SA-based operating groups	<ul style="list-style-type: none"> – Positive impact in long term as value of Group's land will improve – Negative financial impact due to initial upfront costs as group-wide contaminated land management strategy formulated and implemented 	<ul style="list-style-type: none"> – Develop and implement Aveng contaminated land management strategy, including identification and notification of contamination; consequences of identification and notification of contaminated land; and transfer of contaminated land 	<ul style="list-style-type: none"> – A number of operating groups have begun undertaking phase 1 assessment to determine presence of historical contamination
<i>Australia</i>	Registering annual energy consumption under Energy Efficiencies Opportunities (EEO) Act – McConnell Dowell	<ul style="list-style-type: none"> – Positive impact in long term as value of Group's land will improve – Since the Act was repealed, identified potential penalties for non-compliance fell away 	<ul style="list-style-type: none"> – Commenced recording and reporting of energy consumption and able to successfully register under the EEO Act 	<ul style="list-style-type: none"> – Nothing further to report although the operating groups will continue measuring annual energy consumption
	Annual mandatory reporting of greenhouse gas emissions under the National Greenhouse and Energy Reporting Act 2007	<ul style="list-style-type: none"> – The operating group is required to register and report if they exceed the greenhouse gas emission, energy production or consumption thresholds within a given financial year – Stakeholders (investors and customers) will have direct access to information not previously accessible enabling consideration of this information when making investment or purchasing decisions 	<ul style="list-style-type: none"> – Measure and report annually on energy production or consumption thresholds within a financial year 	<ul style="list-style-type: none"> – Ongoing
<i>South African National Treasury</i>	Impending carbon tax – all SA-based operating groups	<ul style="list-style-type: none"> – Negative financial impact on profitability 	<ul style="list-style-type: none"> – Conducted carbon footprint assessment to determine the potential financial impact of carbon tax 	<ul style="list-style-type: none"> – The Group has since redefined its reporting boundary and control to ensure more focused reporting processes. A new carbon footprint in line with the new approach and controls will be undertaken before the implementation of carbon tax
<i>Department of Energy (DOE)</i>	Energy efficiency tax rebates Income Tax Act, 1962 section 12L – all SA-based operating groups	<ul style="list-style-type: none"> – Positive financial impact 	<ul style="list-style-type: none"> – Conduct energy-efficiency assessments – Scale up energy-efficiency improvement measures to benefit from tax deductions (in progress) 	<ul style="list-style-type: none"> – In progress, albeit at various stages in the Group

Environment continued

Stakeholder	Concern / opportunity and applicability	Impact on the business	Actions	Progress
<i>Communities and interested and affected parties</i>				
Pretoria west community N12 motorists	Complaints due to outputs from Aveng operations – Aveng Manufacturing and Aveng Grinaker-LTA	– Negative perceptions about Aveng operations (dust, noise, waste management practices, unpleasant odours)	– Develop complaints management procedure which has improved relations with communities	– Developed, being rolled out to other business units – The operating groups made progress in addressing communities' concerns and continue to engage them regularly
Kuils River community (Infrasat)				
Boksburg business community				
<i>Clients</i>				
	ISO 14001 certification – all operating groups	– Effective environmental management (positive) – Lifecycle analysis (negative)	– Maintain current certification while increasing certification of uncertified operations (75% by turnover certified in 2013)	– Ongoing, while establishing new environmental management systems at operations without ISO 14001 certification
	Green building – all operating groups, particularly Aveng Grinaker-LTA and McConnell Dowell	– Enhances environmental reputation – Positive financial impact as clients can claim energy-efficiency tax rebates for their buildings	– Increase green building offering	– Ongoing. Aveng Grinaker-LTA has constructed three Green Star-rated SA design buildings
<i>Investors and JSE</i>				
Investors	Carbon Disclosure Project (CDP) – public disclosure of management of climate change risks and opportunities – all operations	– Investor perception	– Continue to submit annual responses to CDP	– Ongoing annually
	Water Disclosure Project – non-public disclosure of management of water-related climate change risks and opportunities – All operations	– Investor perception	– Continue to submit annual responses to CDP water (completed in 2013)	– Ongoing annually
JSE	SRI – all operations	– Investor perception	– Respond to SRI questionnaires	– Ongoing annually

Environmental performance

As part of addressing its key environmental impacts, the Aveng Group measures and monitors performance indicators (municipal water consumption, general and hazardous waste, and carbon emissions) to identify trends and develop responsive objectives and targets. To this end, Aveng continuously refines and improves measurement methods and coverage throughout the Group as part of the five-year strategy which includes establishing a group-wide information and data management system. During the year under review, the Group updated its KPI definitions from an operational to a financial measurement approach in which information is derived from procurement source data such as utility bills. This amendment excludes

natural capital consumed during operations procured directly by a client and not through Aveng. The amendment has been applied prospectively with no comparative restatements to the 2013 and 2012 disclosed amounts in this regard.

Most of the Group's environmental KPIs are reported based on a scope of coverage of more than 60% of its operations and has been improving steadily in recent years. Notably, as part of the Group's continuous improvement in this area, Aveng undertook an assessment as part of its carbon footprint submission which resulted in an increase in 2013 carbon emissions, compared to those reported in the 2013 integrated report as a result of improved scope of coverage.

Environment continued

Carbon emissions

Aveng Group	Unit	Actual 2014	Actual 2013	Actual 2012
Carbon emissions (tonnes)	tCO ₂ e	^(A) 297 592**	675 013*	583 665
Direct carbon dioxide (CO ₂) – Scope 1 (from combustion of diesel procured)	tCO ₂ e	229 713**	567 669*	438 567
Direct carbon dioxide (CO ₂) – Scope 2 (from purchased electricity)	tCO ₂ e	67 879**	107 344*	145 098

^(A) Limited assurance provided on this indicator (refer to assurance report on pages 5 and 6).

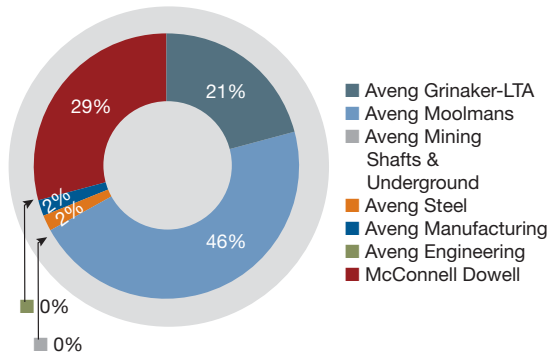
Aveng Group emissions (CO₂e tonnes) 2014

- DEFRA (2013) emission factors were used to calculate Scope 1 emissions.
- Australian National Greenhouse Accounts (July 2012) emission factors were used to calculate Australian-based McConnell Dowell's emissions.
- Eskom (2013) emissions factor were used for purchased electricity.

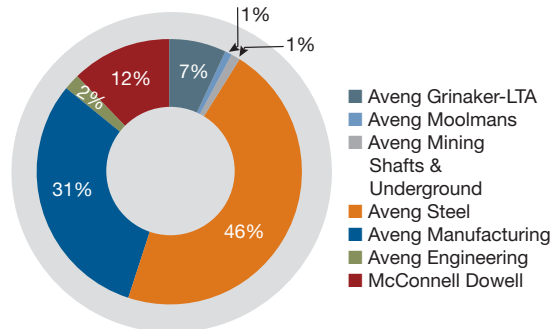
* 2013 data restated due to increased group coverage from previously reported amounts.

** In 2014, the Group reported carbon emissions significantly less than the two previous financial years. This is mainly as a result of the Group's adjustment in reporting approach in which information is now derived from procurement sources such as utility bills. The change was part of the continuous improvement process aimed at improving data quality and integrity with increased scope of coverage.

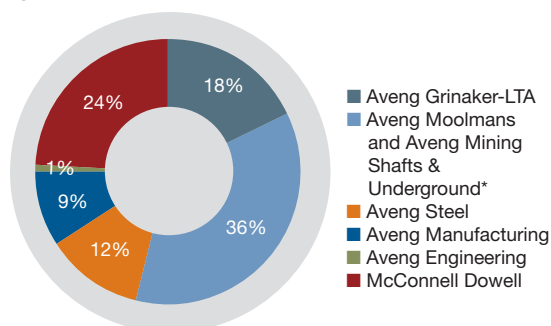
2014 Scope 1 emissions from combustion of diesel procured by operating group as a % of total



2014 Scope 2 emissions from purchased electricity by operating group as a % of total



2014 Scope 1 and 2 emissions per operating group as a % of total



* Aveng Mining Shafts & Underground makes up less than 1% for combined scope 1 and 2, and has been added to Aveng Moolmans.

The Group's 2014 emissions profile has remained constant, with Scope 1 emissions from combustion of diesel procured consistently forming majority emissions.

The Group's continuous improvement in its environmental reporting process this financial year resulted in a 56% decrease in carbon emissions compared to 2013. As stated earlier, this significant amendment is mainly attributed to the change to a financial reporting approach (where sources of quantities are derived from invoices and bills, a more accurate source of data). Aveng Mining continues to be the Group's significant emitter of carbon emissions, accounting for 46% of emissions from combustion of diesel as a result of its carbon intensive activities.

Aveng Steel accounts for 46% of the Group's Scope 2 emissions (from purchased electricity) followed by Aveng Manufacturing as a result of its energy intensive manufacturing activities.

Various business units have commenced assessments of their energy usage, while others, through the National Business Initiative (NBI), are taking part in the funded Private Sector Energy Efficiency Project with the aim of realising some tangible benefits, including reduction in energy consumption and costs, development and implementation of energy management and carbon emission reduction strategies, and enhancement of reputation with key stakeholders.

Aveng's CDP score in 2013 declined by 2% to 79%, due to more stringent scoring methodologies in CDP 2013. The Group is focusing on improving its 2014 score.

For additional information, visit CDP at www.cdproject.net.

Environment continued

Water

Municipal water consumed (kℓ)

	2014	2013	2012
Municipal water consumed (kℓ)	561 078	875 483	11 685 673*

*Includes clients' water consumption at eMalahleni Water Treatment Plant

Averg mainly uses municipality supplied water for its operations. Due to its dynamic and complex nature, it has a wide variety of intensive water uses, including dust suppression which forms the bulk of water use in manufacturing and mining operations. In construction, water is used as input material and for potable use. Aveng consumed 561 078 kℓ of municipal water in 2014, a 35% decrease compared to 2013 as a result of the amended reporting approach.

Notwithstanding, the operating groups continue to improve their water data capturing and reporting at many of their sites, particularly those in remote areas.

The Group submitted its first non-public CDP South Africa Water response in 2013.

Waste

Waste generated and disposed:

	2014 kt	2013 kt	2012 kt
General waste	224 101	125 507	106 880
Hazardous waste	29 737	71 518	0
Total waste	253 839	197 025	106 880

A total of 253 839 kilotonnes of waste consisting of both general and hazardous waste were disposed of in 2014, representing a 20% increase compared to 2013. The increase is largely attributed to the efforts by the operating groups to improve their waste reporting processes. General waste forms a significant portion of total waste disposed, where general and hazardous wastes constitute 88% and 12% respectively.

The Group generates a wide range of waste streams. For example, a significant portion of the general waste comprises domestic and municipal waste, as well as waste tyres, whereas hazardous waste mainly comprises used oil, grease, contaminated PPE, electronic waste, contaminated sludge and steel scrap.

Some operations have begun to recycle waste and are continually increasing their recycling efforts as more waste is being reused on sites and manufacturing facilities.

Most operating groups continue to experience challenges in data capturing, monitoring and reporting for energy, water and waste. These range from not having separate meters or accounting systems set up to codify reporting for environmental indicators, to insufficient administrative capability at site or project level. Steps are being taken to improve recording, monitoring and reporting of environmental data.

Legal compliance audits

For the first time in 2013, independent environmental legal compliance assessments were conducted at 30% of Aveng's fixed premises in South Africa with the aim of obtaining an indication of levels of environmental compliance in the Group. The independent assessment of compliance continued in 2014 at an operational level. The operations are assessed against applicable environmental legislation in their host countries.

Significant environmental incidents

	2014	2013	2012
Significant environmental incidents reported	5	Not yet reported	Not yet reported

Part of the Group's journey towards a world class environmental culture is managing environmental incidents. Five significant environmental incidents were reported internally in 2014 by the operating groups.

Only one incident was reportable to the authorities in Australia where an undetermined amount of water from Alan Wood Pond and Dewatering Water Treatment Plant was discharged into Oakley Creek stream/dam resulting in the death of eels (short-fin and endangered long-fin eels) and fish. Remediation measures were undertaken and investigation conducted.

The majority of the incidents were spillages at Aveng Grinaker-LTA. All of the incidents were adequately addressed and closed off. Significant strides are made by the operating groups to improve their reporting, management and prevention of environmental incidents.

Environment continued

ISO 14001 certification

ISO 14001 certified operating groups maintained their certification in 2014. However, the difficult economic climate resulted in uncertified operating groups postponing their certification plans.

Operating group	Certification status	Comments
<i>McConnell Dowell</i>	100% certified	–
<i>Aveng Grinaker-LTA</i>	90% certified	Excluding REHM-Grinaker (Mauritius)
<i>Aveng Moolmans</i>	0%	Environmental Management System is currently being established
<i>Aveng Mining Shafts & Underground</i>	100% certified	–
<i>Aveng Steel</i>	Aveng Trident Steel: 100%	Aveng Steel Fabrication: awaiting outcome Aveng Steeledale: 12%
<i>Aveng Manufacturing</i>	10% (DFC certified)	EMS is currently being established. Stage 1 certification audits were conducted.
<i>Aveng Engineering</i>	0%	–

Looking ahead

Focus areas for the year ahead	Desired outcomes
<i>Continue to improve capturing, recording and reporting of environmental key performance indicators</i>	To establish baseline data sets for carbon, energy, waste and water for the Group that will enable the setting of achievable reduction targets
<i>Identify, prioritise and implement interventions to reduce emissions and energy intensity measures.</i>	To increase energy and emissions efficiency at operations
<i>Continue with energy-efficiency audits at fixed facilities</i>	To help operations identify and develop bespoke energy-efficient programmes
<i>Continue to increase ISO 14001:2004 certification coverage of operations</i>	To ensure that a comprehensive, structured and systematic approach to environmental management is in place for continuous improvement in environmental performance
<i>Continue to improve carbon management and performance to improve Carbon Disclosure Project score in 2015</i>	To publicly declare and demonstrate management of climate change risks and opportunities at operations
<i>Continue responding to Water Disclosure Project in 2015</i>	To publicly declare and demonstrate Aveng's approach and efforts towards managing water related risks and impacts at the operations

Human resources

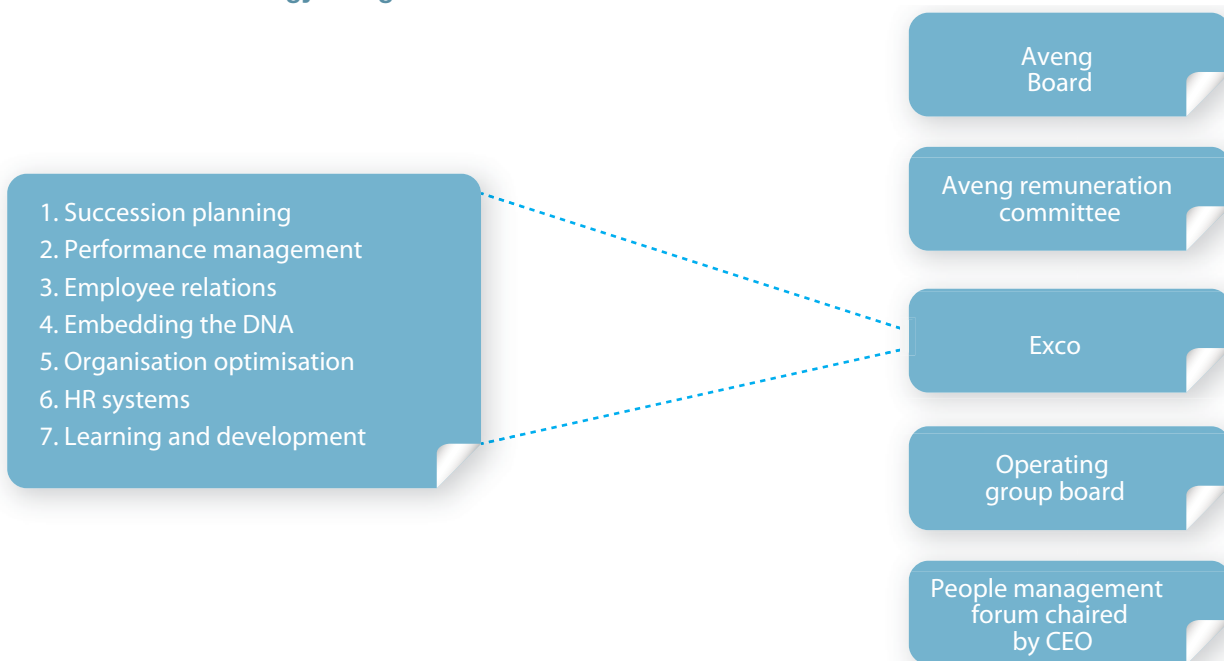
The strategic focus of the human resources function within Aveng is to facilitate and ensure effective and compliant processes to attract, develop, performance manage and retain talented employees. Aveng applies a number of key strategic levers to maximise the potential and output of each of its employees. Effective and continuous engagement with employees ensures that there is a clear alignment between the Group's organisational objectives and the outputs required of employees to meet these objectives. The development of a

high-performance culture is enabled by the Aveng DNA which is discussed in this report.

The ongoing theme in managing our human resources has been effective and continuous engagement with our people by ensuring there is a clear line of sight between organisational objectives and the outputs required of each employee to meet these objectives.

The graphic below illustrates the structures in place to measure and monitor the implementation of the human resources strategy:

Human resources strategy and governance structure



Key focus areas:

The human resources function, in partnership with line management, has identified a set of key focus areas across the Group's businesses. These are prioritised in the operating groups' human resource management programmes. They include:

- An effective talent management and succession planning process for all key and critical positions
- Implementation of an effective performance management system and process, including clear communication of performance targets and consequence management
- Effective management of employee relations within the organisation
- Optimising overheads and simplifying the operating model
- Successful implementation of human resource information systems
- Targeted and focused training and development interventions
- Embedding the Aveng DNA.

Human resources continued

2014 salient features

Performance area	Target	2014	2013
Integrated talent management and succession planning model	– Top talent identified	****	***
	– Mission critical and key management positions identified	****	**
	– Employees identified, trained and developed to move into key and mission critical positions as they become vacant	***	*
Measuring and managing performance	– Formal, standardised performance contracts in place for all middle and senior managers	***	**
	– Individual development plans in place	***	**
Employee relations strategy	– Informed, engaged and committed employees, reduction in propensity for strikes	***	**
Organisational optimisation	– A high-performing workforce with role clarity and ownership at all levels	***	**
HR systems capability	– An integrated HR information system providing accurate reports	****	***
Targeted training and development	– Integrated training interventions focused on the requirements identified through succession plans, performance management assessments and talent management requirements	***	**
Embedding our DNA	– DNA enablers and disenablers fully understood and embedded into the Aveng culture	***	**

*Not implemented **Implementation commenced ***Implemented with further work required ****Fully implemented

 For additional information go to www.financialresults.co.za/2014/aveng-integrated-report-2014/human-resources.

Human resource impacts and management

Aveng has identified its main human resource stakeholders and continuously engages with them through various formal and informal methods of engagement. The key concerns or requirements, and actions taken to address them, are reported in the table below:

Stakeholder	Issue	Impact on the business if not addressed	Actions
Employees	<ul style="list-style-type: none"> – Alignment of employees to the strategy of the organisation – Communication gap 	<ul style="list-style-type: none"> – Could result in sub-optimal performance and failure to meet targets – Labour disruption – Misalignment to strategy 	<ul style="list-style-type: none"> – Regular employee engagement sessions – Formal performance contracts in place for all middle and senior management – Regular performance reviews and poor performers managed – Training and developmental opportunities to enable employees to realise their full potential
Organised labour	<ul style="list-style-type: none"> – Quality of engagement with unions 	<ul style="list-style-type: none"> – Labour disruption – Low productivity 	<ul style="list-style-type: none"> – Employee relations strategy developed and being implemented – Regular engagement both formally and informally with organised labour
Managers	<ul style="list-style-type: none"> – Ownership and accountability for performance in area of responsibility – Effective succession planning to ensure business continuity 	<ul style="list-style-type: none"> – Sub-optimal performance and failure to achieve targets – If succession planning is not effectively managed there will be an impact on organisational performance in key and critical positions 	<ul style="list-style-type: none"> – Succession audit completed to ensure sufficient cover in key and critical positions (to assess bench strength) – Cascading of performance contracts across all levels from senior management down to junior management – Leadership engagement sessions, to align managers to the goals of the organisation – Assessment centres to assess the capability of key and critical talent, with targeted training and development interventions to close identified gaps

Human resources continued

Stakeholder	Issue	Impact on the business if not addressed	Actions
<i>Service providers</i>	<ul style="list-style-type: none"> Alignment of service providers to the organisation's strategy, employment conditions, DNA and values 	<ul style="list-style-type: none"> Could result in sub-optimal performance and failure to meet targets Standards not maintained and costly Non-compliance to legislation 	<ul style="list-style-type: none"> Audit of current service providers completed to assess compliance with applicable legislation Actions identified to align service providers to the strategy, values and DNA of the organisation Shared services function established in some disciplines
<i>Department of Labour</i>	<ul style="list-style-type: none"> Compliance with legislation 	<ul style="list-style-type: none"> Reputational risk Financial risk 	<ul style="list-style-type: none"> Timeous submission of statutory reports and plans Ongoing engagement with relevant officials within the Department of Labour

Human resources performance

The performance and developments in each focus area are discussed below:

Talent and succession planning

Effective talent and succession planning interventions and strategies are fundamental to ensure an effective and high-performing organisation. Key elements include assessing the current skills capability within the organisation to identify internal successors; filling key and critical positions either through the identification of internal successors or through targeted recruitment interventions; and growing future leadership talent through targeted training interventions or development programmes.

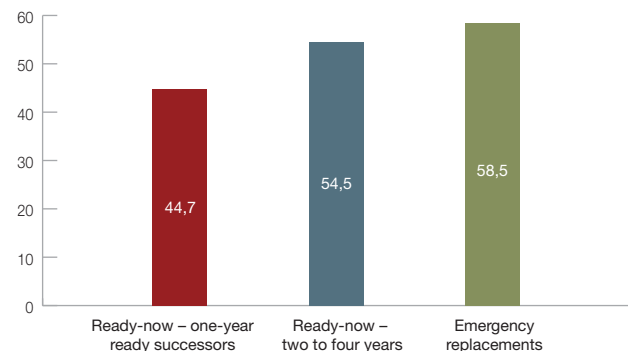
During the period under review a comprehensive succession audit was completed across the Group's senior and middle management positions, focusing on the current availability of successors¹, ready later successors², emergency replacements³, and emerging talent⁴.

The audit also focused on the overall succession bench strength, as well as bench strength of black and female talent within the organisation.

The audit findings highlighted the following strengths and weaknesses in the Group's talent and succession profile:

- 58,5% of key and critical positions have emergency cover.
- There is a 44,7% ready-now and ready-within-one-year cover in critical and key roles.
- There is 54,5% cover for key and critical roles, within a two to four-year window. Retention in this category remains critical.

Bench strength total (% coverage out of 275 critical positions)



- Current bench strength is predominantly male dominated.
- 35% availability of equity candidates in key and critical positions demonstrates the need for a greater focus in appointing and developing historically disadvantaged South African talent (HDSA).

¹ Employees able to fill key and critical positions immediately.

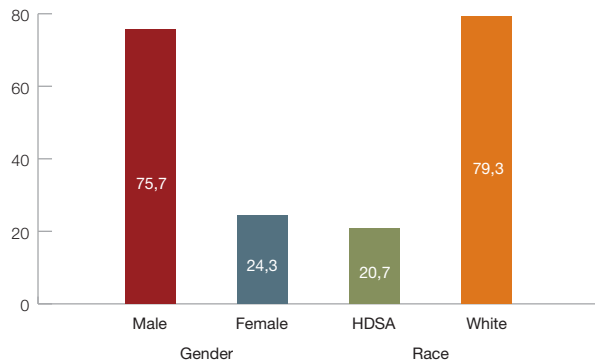
² Employees with potential to fill key and critical positions into the future.

³ Employees who are able to fill key and critical positions for a short while but are not natural successors for the position.

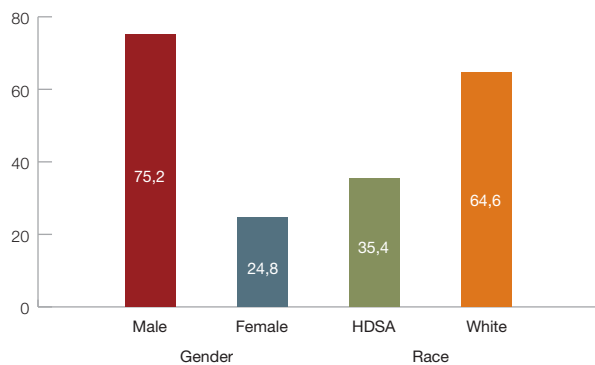
⁴ Young up-and-coming talent within the organisation.

Human resources *continued*

Bench strength: Gender and race
(%) out of 227 employees of 275 positions



Pipeline: Gender and race
(%) out of 206 employees of 275 positions



Following the in-depth succession review, a talent management and succession planning work stream was established. The work stream completed a review of Aveng’s systems and processes and the findings have been implemented. The implementation includes practical systems, processes and guides to enable managers to more effectively manage their own talent pools and future talent pipelines.

In order to address some of the capability gaps which had been identified in the 2013 successions review, a number of key operational appointments were made during the period under review. These included, among others, experienced commercial, financial, construction and operational executives at Aveng Grinaker-LTA, and financial, engineering and operations executives at Aveng Manufacturing and Aveng Mining Shafts & Underground. Further to this, key senior leadership appointments were made, including the managing directors for Aveng Grinaker-LTA and Aveng Steeledale. In McConnell Dowell, two State (Regional) managers were appointed and a commercial executive and an executive director for operations positions were created.

Performance management

The key elements of performance management include the setting of effective KPIs and ongoing employee performance management. A performance management work stream has been established to focus on upskilling line managers to more effectively manage performance. The success of this process depends on the cascading of KPIs across all levels within Aveng, measurement and monitoring of performance and linking rewards and consequences to performance.

A key KPI for executives and managers, which is directly linked to their performance assessment, is the percentage of performance assessments done in their area of control and the effective monitoring and assessment of performance.

Human resources practitioners and line managers have been trained to effectively implement the various stages of the 2015 performance cycle. Metrics are in place to measure the progress of line managers and this will be reviewed at quarterly operating group board meetings.

McConnell Dowell has rolled out training on how to set key objectives using the SMART principles (specific, measurable, attainable, realistic and timely). In addition, training in the use of McConnell Dowell’s 3P (people, performance, process) system has been rolled out so that employees can electronically record and report on the setting of key objectives, identification of development plans and recording of performance results. The operations in Singapore and Thailand converted from a paper-based system to 3P in 2014.

Employee relations

Although industry strikes have continued to negatively impact the business, there has been a R162 million reduction in the cost impact when compared to the prior year. This is attributed to fewer national strikes and strikes at client sites, and a focus on improving employee relations in alignment with the overall employee relations strategy through:

- Upskilling of line managers to improve employee engagement
- Regular communication/engagement with employees and organised labour
- Regular measurement and monitoring of training and engagement sessions.

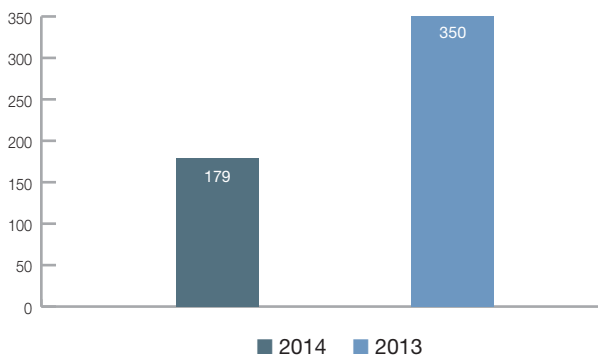
During the first half of 2014, there was a R140 million direct impact by industry labour strikes on the Group’s net operating earnings of which 69% impacted Aveng Grinaker-LTA and 31% the Aveng Steel cluster. During the second half of the financial year there was a R39 million direct impact by strikes on the Group’s net operating earnings as a result of industry labour unrest with 3% of the impact being at Aveng Grinaker-LTA, 46% in the Aveng Manufacturing Duraset business unit and

¹ Employees able to fill key and critical positions immediately.
² Employees with potential to fill key and critical positions into the future.
³ Employees who are able to fill key and critical positions but are not natural successors for the position.
⁴ Young up-and-coming talent within the organisation.

Human resources continued

51% in Aveng Mining Shafts & Underground which were particularly affected by the five-month platinum industry strike. This is, however, an improvement from the 2013 financial year, when industry strike action in the construction, mining and steel sectors resulted in a R350 million negative impact on the Aveng Group's net operating earnings.

Impact of labour disruption (R million)



The overall labour relations stability of the construction, mining, steel and motor industry sectors is critical to Aveng.

The tracking of employee and union engagement sessions and the management of strikes form part of internal reviews.

McConnell Dowell has introduced industrial relations (IR) audits to ensure compliance with its obligations under the applicable National and State Codes and guidelines in Australia. The audits have assisted various projects to tighten up on IR requirements on site.

Organisational optimisation

Against the background of challenging economic conditions, Aveng operating groups reviewed the overall effectiveness of their operations in 2014 in order to:

- improve operational performance, project execution and production
- ensure employees have a clear sense of direction with clear performance objectives and are motivated to deliver results
- improve processes, controls, oversight and governance
- increase the speed of decision-making and implementation
- improve efficiencies by:
 - aggressively driving down fixed costs
 - streamlining support functions
 - reducing duplication, ensuring role clarification and accountability between the corporate office, operating groups and business units
 - reducing wasteful expenditure
 - enforcing a culture of performance and consequence management.

The review targeted overhead and fixed operational costs. In some cases this may result in restructuring. The outcome and results of the overall optimisation review will be concluded during the first half of the 2015 financial year.

The human resources function across the Group has been intrinsically involved in supporting management in the execution of various optimisation processes.

HR systems capability

SAP Human Capital Management (HCM) project

Aveng's SAP HCM project, Project Vantage, is aimed at consolidating human resource information into a single source system as well as introducing a shared service centre that will focus on processing high-volume transactional work, allowing HR business partners at the various operating groups to provide more value-adding human resource support to the business. This system is being implemented across all South African operating groups, representing approximately 66% of the Aveng workforce. The implementation has been phased with all salaried employees migrated as of November 2013, and wage employees at the Aveng Steel cluster and Aveng Moolmans during February 2014. The planned rollout for the remainder of the wage employees will be phased in with Aveng Mining Shafts & Underground going live in July 2014, Aveng Grinaker-LTA in October 2014 and Aveng Manufacturing by November 2014. For the non-South African-based operating groups and expatriate employees not on SAP, systems are in place to import relevant human resource metrics which are then consolidated for group reporting through an integrated business intelligence reporting tool. The project remains on track from both a cost and timeline point of view and is already yielding positive results.

 For more information on Project Vantage refer to: www.aveng.co.za/group/ethics-transformation.

B-BBEE system implemented

In order to facilitate the planning, monitoring and reporting on broad-based black economic empowerment (B-BBEE) performance, Aveng has rolled out the Mpowered system to assist managers to assess, plan and manage their performance. This system will, for the first time, enable managers to have real time insight into their manpower structures and be better able to forecast and assess the impact of appointment and promotion decisions to achieve their employment equity objectives. Managers have been trained on the tool and are beginning to use it.

Learning and development

Targeted and focused learning and development interventions continued to be rolled out during the reporting period. The key focus was on the leadership development programmes for managers, the ongoing training and development of bursars, apprentices and graduates, and the skills training of operating resources.

Human resources continued

McConnell Dowell operations

McConnell Dowell exposes employees to a number of training interventions, focusing on safety, leadership/managerial, cultural awareness and management development training interventions.

Safety courses were conducted across McConnell Dowell work sites in Australia, Philippines, New Zealand, Singapore, Indonesia and the Middle East. Training included working at heights, general safety awareness and the safe use of hand and power tools.

Life skills training courses were also conducted to train and develop employees in problem-solving, project management, and English speaking classes in countries where English is not the first language.

During 2014, McConnell Dowell continued with its senior leadership programme in collaboration with the University of Melbourne. The last module for the class of 2013 was completed in November 2013, with 10 employees graduating. A key focus of this programme is to develop strategic and commercial leadership capability and expand participants' leadership knowledge and capabilities.

Since McConnell Dowell implemented its emerging leadership programme in 2008, nine training programmes have been completed and 180 employees have been trained. Of the 180 employees trained, 79% have been retained by McConnell Dowell. The success of the programme is not only measured by the retention rate of participants, but also through the improved performance of the individuals, with 55% of the participants having since assumed work roles with increased responsibilities. Further roll-out of this programme will take place in the next reporting period.

South African operations

Graduate development programme

There has been a revision of the graduate development programme, condensing the programme into a shorter period to strengthen focus and reduce operational disruption. The 2014 programme enrolled the largest intake with 42 graduates in attendance, comprising 34 engineering and eight commercial graduates. The 12-day programme addressed, among others, project management, safety, personal effectiveness and business-related topics.

Aveng leadership development programme – Leading in Aveng (LIA)

The LIA programme is a fully accredited leadership development programme for middle and senior managers. Successful graduates are accredited with a certified qualification in Advanced Organisational Leadership (NQF Level) upon completion.

In 2014, 66 employees completed the programme after presenting an action learning project-based assignment to a panel of Exco members and external assessors.

Supervisory development programme – Aveng Foundational Leadership Programme (AFLP)

The AFLP equips first-line supervisors with the necessary supervisory, leadership and behavioural skills to enable them to manage employees more effectively. The programme is designed to be rolled out by operating groups in line with their needs and timing, and has already been implemented at Aveng Trident Steel. It will be rolled out at Aveng Grinaker-LTA in the 2015 financial year and at the remaining operating groups once they have finalised their scheduling. On completion, attendees will receive a NQF Level 3 accreditation.

Technical training

Apprenticeships and learnerships

During 2014, there were 625 apprenticeships and learnerships in Aveng of which 86% are black and 11% are black females. A future measure of success will be the placement rate of apprentices and learnership graduates into suitable positions within the Aveng Group, particularly once the market conditions improve.

Aveng Grinaker-LTA welding school

A welding school was established in 2013 by Aveng Grinaker-LTA to train welding apprentices and upskill our semi-skilled workers and unemployed people from within the Vanderbijlpark and surrounding areas. During this reporting period, 36 apprentices were trained in this facility.

Aveng Grinaker-LTA is also partnering with Sasol to train welding apprentices at the school as part of a corporate social investment initiative. This initiative is focused on upskilling unemployed youth from the local Vanderbijlpark community. Negotiations are currently underway to finalise a second intake from the community for the next financial year.

Furthermore, a welding upskilling programme was implemented during this reporting period with 24 unemployed individuals from the Limpopo region being trained.

In May 2014, a satellite campus of the welding school was launched at the Kusile power station project to upskill semi-skilled welders, pipe fitters and riggers. This programme is run over a period of approximately six weeks and identified groups of semi-skilled workers are trained in welding, pipefitting and rigging. Nine technicians have also been scheduled to develop their welding skills. Qualified artisans are currently being trained on the job by expatriate Thai welders as part of a skills transfer initiative.

Human resources continued

Optimisation of artisan training academies

Within South Africa, the Aveng Group currently has four artisan training facilities located in Gauteng and KwaZulu-Natal. A process is currently underway to assess the utilisation of the facilities in order to maximise their usage by the operating groups, and potentially for other companies or clients within South Africa.

Aveng Grinaker-LTA construction academy

The construction academy was established in 2006 with the objective of training and upskilling shutter hands, concrete hands, steel fixers, tilers, bricklayers, plasterers and construction supervisors in construction and building-related skills. The construction academy is accredited with the Construction CETA and is also an accredited trade test centre.

During the year under review trainers from the construction academy delivered construction management and operator training to Mozambican employees working on the Nacala rail project.

Surface mining training

During this reporting period, Aveng Moolmans invested significantly in training employees in a range of technical and safety-related training programmes, as well as mining learnerships, with 80% of all employees exposed to training interventions which include the operation of mobile equipment, legal liability training, safety in the workplace and environmental legal liability.

Aveng Moolmans also provides a learnership programme for rock breaking surface excavating, and motor mechanic apprenticeships. During 2014 learnerships were awarded for rock breaking surface excavating, as well as apprenticeships with specific emphasis on diesel-mechanics.

Aveng Mining Shafts & Underground apprenticeship training

The Aveng Mining Shafts & Underground training centre is a recognised and accredited training centre in South Africa and an accredited trade test centre. It offers apprenticeships and learnerships accredited by MERSETA and it is currently in the process of extending its accreditation in 17 qualifications and seven skills programmes through the Mining Qualifications Authority (MQA) to competitively position itself prominently as a key training provider in the mining sector.

The centre was established in 2005 with only five apprentices. Significant numbers of apprentices have since been trained over the past nine years across various trades, including electro mechanics, fitting, mechanical earthmoving, millwright, rigging and boilermaking.

The centre currently provides apprenticeship training to internal operating groups within Aveng, and to external customers.

Bursaries

The Group currently provides internal and external bursaries to 316 recipients of which 65% are black and 23% are black females.

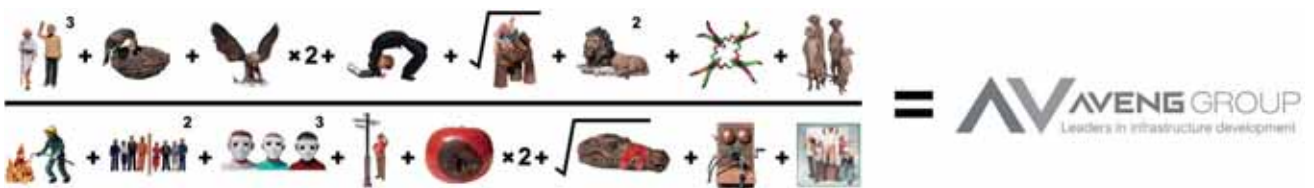
The bursaries cover various disciplines with 77% in engineering and the rest split between commercial and mining.



Human resources continued

Embedding the Aveng DNA

The Aveng DNA was launched in 2011 and rolled out to all operating groups. The DNA defines our aspirational culture, values and desired behaviour and is the underlying foundation for all our people management key focus areas. In 2013 a survey was initiated to assess employees' views of workplace behaviours displayed in comparison to the desired culture. There was a 59% employee participation in the survey which targeted middle and senior management. This survey results, as shown in graphic below, highlighted the need for stable leadership, performance and teamwork. The results also indicated that our managers felt that the Group was improving in empowering people, was adapting to change, and was more customer focused and safety conscious. The various operating groups are working through their own specific results and a group-wide survey is scheduled for November 2014 to assess progress in this regard.



Human resources continued

Looking ahead

Following the appointment of the new Aveng CEO, the following key human resources priorities were identified during an executive strategy session in April:

- Addressing our cultural imperatives
- Skills development
- Entrenching performance management
- Organisation optimisation to reduce costs and complexity and clarify the operating model.

Each of the priorities has been assigned to a champion within the executive team and these priorities now form part of the overall HR strategy.

Focus areas for year ahead	Desired outcomes
<i>Entrench performance management model in the organisation</i>	<ul style="list-style-type: none"> – Enhanced operational and financial performance – Poor performance managed and addressed effectively – Metrics to measure progress of line managers' implementation of performance model
<i>Implement talent management model in the organisation</i>	<ul style="list-style-type: none"> – Increase the succession pipeline – Targeted recruitment interventions to attract the best available skills – Development plans in place to ensure identified successors progress to a ready-now status – Ensure alignment to employment equity objectives
<i>Revitalise employee relations capability</i>	<ul style="list-style-type: none"> – No labour unrest surprises due to regular, effective engagement sessions with employees and organised labour – A reduction in controllable strike action – Improved productivity
<i>Full implementation of the SAP HCM organisation and shared services</i>	<ul style="list-style-type: none"> – SAP HCM fully implemented by November 2014 – Shared services centre for all South African salaried and wages employees, covering payroll, recruitment (sourcing) and benefits administration implemented – Measurement and management of key human resources metrics
<i>Learning and development</i>	<ul style="list-style-type: none"> – Improve skills throughout the Aveng Group – Ongoing supervisory and management development – Optimisation of skills training facilities and capabilities
<i>Embed the Aveng DNA</i>	<ul style="list-style-type: none"> – Effective and stable leadership – High-performing organisation culture – Breakdown of silos, enhanced collaboration

Transformation

The Aveng Group, being a South African anchored business, is committed to the transformation of South African businesses to be more inclusive and to better reflect the demographics of our country. Our commitment is premised on our belief that it is the right thing to do. During the 2014 financial year, Aveng achieved a level 3 broad-based black economic empowerment (B-BBEE) contributor score based on 2013 performance. The Group has implemented the necessary interventions with the intention of improving its overall rating in the next reporting period to a level 2.

As part of this commitment, transformation awareness sessions were conducted throughout the Group to ensure management is alert to the changes in the various transformation-related pieces of legislation and mindful and supportive of the programmes that are being implemented. Line management alignment and ownership is critical to the transformation process.

Implementing the 'empowering our people' enabler while leveraging the 'unrealised potential of our people' in our DNA will underpin our transformation drive.



Key focus areas

Aveng has identified key transformation focus areas across its diverse range of businesses. Embedded within each operating group's transformation management programme is the structure to:

- achieve transformation targets by complying with Construction Charter targets and ensuring alignment with the revised B-BBEE codes of good practice
- increase B-BBEE scorecard rating by complying with the employment equity national economic active population targets and equity and management control targets
- increase, retain and develop young black professionals into more senior managerial ranks
- embed the Aveng DNA within the business to create a conducive cultural climate for business transformation
- enhance and foster strategic relationships with key stakeholders.

2014 salient features

The performance of Aveng (Africa) for the period under review (2013) compared to the prior period (2012) per scorecard element is outlined below. The decline in the overall rating from a level 2 to a level 3 was a result of the escalation of threshold targets in the Construction Charter for management control, employment equity and skills development. This was compounded by the tough market conditions in South Africa which resulted in job losses and a recruitment freeze in most of our businesses. However, the necessary interventions have been implemented with a view to achieving a level 2 rating in the next (2014) review period.

Broad-based black economic empowerment scorecard 2013 (1 July 2012 – 30 June 2013¹)

Scorecard elements	Construction Sector Charter targets	Aveng (Africa) 2012	Aveng (Africa) 2013	Comparison indicator
Ownership	25	24	24	↔
Management control	10	8,16	7,46	↓
Employment equity	10	5,19	3,59	↓
Skills development	15	10,26	9,24	↓
Preferential procurement	20	18,55	18,31	↔
Enterprise development	15	15	15	↔
Social-economic development	5	5	5	↔
Total	100	86,15	82,35	↓
Rating	1	2	3	↓

 For a copy of the Aveng B-BBEE certificate go to: www.aveng.co.za/group/bbbee/certificates.

¹ Headcount and ownership at time of verification during October 2013.

↔ constant
↓ decline

Transformation continued

Transformation impacts and management

Aveng has identified its main transformation stakeholders as employees, clients and the authorities that govern the Group's compliance with employment equity and B-BBEE legislations. Their key concerns or requirements, and actions Aveng has taken to address them, are outlined below:

Stakeholder	Issue	Impact on the business	Actions
<i>Department of Trade and Industry and Construction Sector Charter Council</i>	Compliance with B-BBEE codes of good practice and Construction Charter targets	Non-compliance exposes the Group to: <ul style="list-style-type: none"> — Misalignment with Group's commitment to transformation — Risk of loss of current and future business opportunities — Ineffective organisational transformation and a lower scorecard rating — Threats to association and licence to trade with others 	<ul style="list-style-type: none"> — A compliance review of the revised B-BBEE codes and the Construction Charter has been undertaken to determine gaps and implement corrective actions — Integrated sustainable transformation and B-BBEE programmes have been developed to drive transformation — A B-BBEE software management system has been procured to enable managers to forecast, monitor and measure compliance with the Construction Charter targets and revised B-BBEE codes — A transformation and B-BBEE compliance framework has been developed, with a project plan and targets overseen by group Exco
<i>Department of Labour</i>	Compliance with employment equity (EE) statutory requirements including EE regulations and EE codes of good practice	<ul style="list-style-type: none"> — Misalignment with Group's commitment to transformation — Non-compliance exposes the Group to contravention penalties including substantial fines as well as reputational damage 	<ul style="list-style-type: none"> — A compliance review was undertaken to determine the workforce's demographics profile and trends — An employment equity framework has been developed and implemented which serves as an EE guideline for transformation champions — Employment equity audits are conducted quarterly to evaluate compliance to governance processes — Employment equity quarterly reports are compiled and submitted to monitor progress against annual numerical targets
<i>Employees</i>	Appropriate consultation with employees on transformation-related matters	Lack of proper consultation with employees exposes the Group to: <ul style="list-style-type: none"> — An unstable workforce — High labour turnover — A loss of critical and scarce skills due to a non-conducive environment — Lack of alignment 	<ul style="list-style-type: none"> — Employee consultative forums have been established to serve as employee engagement structures to disseminate information to employees and get feedback from them — Employment equity and skills development committees have been reviewed and meetings are conducted monthly or quarterly to monitor staff movement, training and development against the EE plan and annual numerical targets per operating group
<i>Organised labour</i>	Quality of engagement with unionised labour	Lack of proper consultation with unions exposes the Group to potential labour disruption	<ul style="list-style-type: none"> — Shop steward councils and union and management forums have been reviewed to encourage employee-employer partnerships and active participation of the various employee forums created under the auspices of the Labour Relations Act

Transformation continued

Transformation performance

The drop in the B-BBEE rating from level 2 in 2012 to level 3 in 2013 was mostly due to the five to seven-year escalated Construction Charter compliance targets that came into effect on 6 June 2013, with significantly higher employment equity targets, at a time when the organisation was down-scaling its operations due to the tough business environment in South Africa. The company is, however, confident of achieving a level 2 rating status at the next verification in September 2014.

Aveng Trident Steel was amalgamated into Aveng (Africa) Limited on 1 March 2014, and the rating review on Aveng (Africa) going forward will be done on the combined entity.

During the period, a review was undertaken to ascertain the Group's compliance with the provisions of the Employment Equity Act and the revised B-BBEE codes of good practice. This helped to identify employment equity barriers and formulate strategies and corrective actions. As a result, a group-wide programme has been developed with the necessary structures, processes and management oversight to facilitate sustainable achievement of the Group's transformation objectives.

The integrated sustainable transformation and B-BBEE programme is being rolled out over an 18-month period. This programme comprises developing the B-BBEE management structure framework, an operational governance protocol, knowledge and skills transfer to targeted key employees as well as the implementation of the Mpowered monitoring and planning tool. It has been designed to achieve the following outcomes:

- A management team knowledgeable on the subject of transformation and B-BBEE
- Realistic short, medium and long term B-BBEE targets and the capacity to monitor progress against the set targets
- Sound enabling structures in terms of the transformation compliance framework and operational governance
- Empowered employees who are capable of influencing the B-BBEE score and ultimately the performance of the Group by means of knowledge transfer and skills acquisition.

To enable the programme, a B-BBEE toolkit and IT management system to monitor and measure B-BBEE compliance against the Construction Charter targets and revised B-BBEE codes has been implemented.

The Aveng Empowerment Trust

The Aveng Empowerment Trust, whose beneficiaries are current and retired employees, was established in 2004 as part of the Qakazana empowerment vehicle and has successfully realised value of R301 million.

The Aveng Empowerment Trust raised an external funding loan of R242 million against its Qakazana shares in 2011 and the proceeds from this facility were distributed to the eligible employees as part of an early realisation mechanism. The Aveng Limited shares allocated to the Aveng Empowerment

Trust at 30 June 2014, on maturity of the BEE arrangement, will be used to discharge its loan obligation of R301 million on 15 February 2015.

A tracing agent was appointed by the Trustees to identify former eligible employees or their dependants to ensure that they received their benefits. These tracing activities came to an end on 30 June 2014 as the vast majority of beneficiaries had been identified. As a consequence, the Trust is in the process of being wound-up. The necessary provisions were recognised in order to cater for beneficiaries who remained untraceable at 30 June 2014. These provisions will be utilised to pay the rightful beneficiaries as and when traced.

Performance against the scorecard elements was reviewed as follows:

Ownership

The Aveng empowerment transaction, which was the first to be concluded in our sector, has been very successful in achieving broad-based empowerment, having delivered just under R1 billion value to its various beneficiaries.

Aveng's ownership performance over the past year remains unchanged.

Aveng (Africa) (Pty) Limited qualifies as a 50% black-owned supplier which positions Aveng in a very competitive position with customers making procurement decisions.

Employment equity and management control

The representation of previously disadvantaged South Africans in senior and middle management is significantly low when measured against the Construction Charter's five to seven-year stretched targets. 21% of executives and senior management are from previously disadvantaged groups which include women. At middle management, representation of previously disadvantaged South Africans was 32% and at junior management it was an impressive 52% (exceeding junior management representation in terms of national demographics). This high representation of previously disadvantaged South Africans in the junior management category augurs well for the future as they constitute a strong talent pool from which to source middle and senior management candidates in the future. More focus will be dedicated to addressing these gaps going forward.

Employment of people with disabilities also continues to be challenging particularly taking into account the nature of the industries in which we operate.

An employment equity performance review against the past five year employment equity plans for the operating groups was concluded to identify workforce demographic profile distribution trends, challenges encountered and affirmative measures that needed to be implemented to achieve the employment equity numerical goals for the Group. New employment equity plans have been developed for the next five years.

Transformation continued

Aveng (Africa) workforce profile (30 June 2013)

Occupational levels	Designated								Foreign nationals		Total
	Male				Female				Male	Female	
	African	Coloured	Indian	White	African	Coloured	Indian	White			
<i>Top management</i>	4	3	0	10	3	0	0	0	1	0	21
<i>Senior management</i>	17	5	14	157	13	1	4	8	8	1	228
<i>Professionals, specialists, mid-management</i>	183	74	83	810	45	4	18	99	85	1	1 402
<i>Technical, junior management, supervisors</i>	1 025	195	64	1 131	161	50	34	314	180	12	3 166
<i>Semi-skilled and discretionary decision-making</i>	4 129	311	37	299	425	61	106	221	610	14	6 213
<i>Unskilled and defined decision-making</i>	4 156	127	4	75	469	33	1	12	713	4	5 594
Total permanent	9 514	715	202	2 482	1 116	149	163	654	1 597	32	16 624
<i>Non-permanent employees</i>	897	34	4	33	132	6	8	22	12	4	1 152
<i>Disabled</i>	12	—	—	9	9	—	—	1	—	—	31
Total	10 423	749	206	2 524	1 257	155	171	677	1 609	36	17 807


There was a slight decrease in the management control element due to the resignation of the female managing director of the Aveng Water division. Her departure impacted the management control points because of the adjusted recognition for gender calculation. The organisation has since undergone a restructuring and we are confident that this regression will be reversed going forward.

Skills development

Skills development performance declined as a result of various factors including generally reduced training in the tough market conditions, as well as challenges in capturing and reporting of training particularly on remote sites. However, additional learning and development interventions have been implemented, such as the youth incentive scheme, internships and in-service training for engineering P1 and P2 trainees which have positively impacted this element's performance.

The Group is focused on realising the significant opportunity inherent in this element. The skills development focus for the next financial year is to build on the work done in previous years with specific focus on graduate development, leadership development, and technical skills development. Heightened emphasis will be placed on the development of black professional candidates in South African operations. Further to the above, the development of key and critical skills in the organisation is a key success factor to ensure the business

meets its operational demands. This will be driven through the alignment to both the employment equity plan as well as various succession plans throughout the organisation.

 For additional performance reporting on skills development, refer to the human resources report on pages 27 to 29.

Preferential procurement and enterprise development

The coordination of enterprise development, preferential procurement and social development from the corporate centre paid dividends as it enabled the businesses to pool their resources on specific high impact interventions such as the SMME day events across the three main provinces (Gauteng, Cape Town and Durban). This helped to secure maximum points in enterprise development.

Preferential procurement

Current internal measurements against the requirements of the Construction Charter indicate that the Group is on track with its programme and is currently achieving all available points. This pattern is expected to continue through the 2014 calendar year. All executive management teams as well as 169 senior procurement decision-makers have been trained on the new B-BBEE codes. Procurement managers have been tasked with ensuring that all major suppliers to the Group transform their own companies in order to minimise the risk to the Group's own preferential procurement initiatives.

Transformation continued

Enterprise development

The Group’s enterprise development initiatives are highly regarded with centre-led procurement offering training in areas such as business communication, management, leadership and continuous improvement, to name a few. The Group is on track with its new enterprise supplier development programme and has contracted with a minimum of 50 enterprise development beneficiaries and 92 supplier development beneficiaries for the next three years.

Constant measuring and reporting, as well as placing the accountability at the business unit managing director level, ensures that transformation of the Group’s procurement activities continues to receive focused attention.

Socio-economic development (SED)

The Aveng Community Investment Trust has delivered substantial value to poor communities over the years. The Group has constantly achieved maximum SED points based on the performance of its flagship projects. The Aveng Community Trust which invests and manages these projects on behalf of the Group, supports SED qualifying community investment projects as per the B-BBEE codes. Education and skills development remain the key focus areas for social upliftment within the communities in which the business operates. The after-school support to grades 10, 11 and 12 learners from disadvantaged schools, with a particular focus on maths and science subjects, produced encouraging results last year, with

students at the Kutlwanong centre in Limpopo achieving an average 65% pass rates in mathematics. Students at the Aveng sponsored Leap school in Diepsloot will write matric exams at the end of 2014. There will be more effective and efficient management of SED projects at the operating group level to meet business contractual obligations. An SED strategy that is group and operating group-specific to implement sustainable SED projects will be developed and a greater collaboration on SED projects between operating groups will be strengthened.

The Aveng Community Investment Trust has been the beneficiary of 8 586 507 Aveng shares which creates a sustainable fund for future community investment initiatives.

i For additional detailed information about the flagship projects, go to corporate social investment report on pages 37 to 40.

A key focus going forward is to leverage the spend and sustain the benefits by integrating these programmes with the company’s other skills development programmes such as the bursar programme, skills training at our welding school and other training academies.

i For further information refer to the human resources report on pages 28 and 29.

Looking ahead

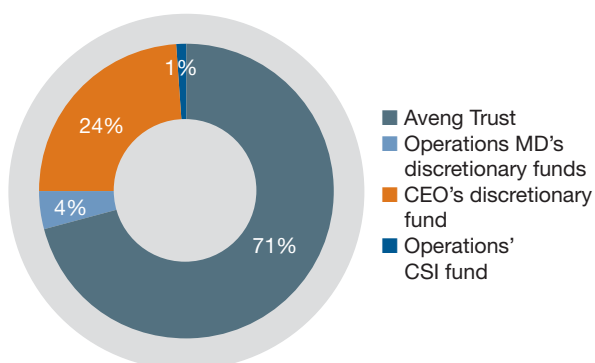
Focus areas for the year ahead	Desired outcomes
<i>Understanding, alignment and implementation of revised B-BBEE codes, and Construction Charter</i>	<ul style="list-style-type: none"> – An integrated sustainable transformation programme to educate and train management and transformation champions about the value and impact of these transformation scorecard targets – Develop transformation strategy and implementation plan
<i>Increased internal organisational transformation targets for employment equity</i>	<ul style="list-style-type: none"> – An increased level of black participation at management levels through accelerated development of black professionals into more senior management roles – Increased employment for people with disabilities, particularly in office environments through learner exposure programmes, learnerships and internships – Improvement in recruitment by engaging in methods involving career fairs and open days as well as in leveraging the Group’s various education-focused CSI initiatives
<i>Socio-economic development (SED)</i>	<ul style="list-style-type: none"> – Effective and efficient management of SED projects at operating group level to meet business contractual obligations – Develop an SED strategy that is group and operating group-specific to implement sustainable SED projects – Greater collaboration on SED projects between operating groups
<i>Valuing diversity</i>	<ul style="list-style-type: none"> – Diversity management training and programmes to promote an understanding of inter-cultural and racial dynamics to create a conducive and accommodating working environment for all employees while embedding the Aveng DNA

Corporate social investment

The Aveng Group supports the development of the communities in which it operates and has for many years committed a portion of its earnings to corporate social investment (CSI). The Aveng Community Investment Trust supports four flagship projects, two of which are fully funded on an ongoing basis: the LEAP 4 School in Diepsloot and the Kutlwanong Centre based in Limpopo. Both focus on maths and science development. An additional two projects receive funding when required and available and their focus is on skills training. They are the Community Building Project and the Artisan Training Institute (ATI). Funding is provided one project at a time with the construction of a facility, or artisan training of a tranche of learners.

The Trust was established in 2005 following the empowerment transaction entered into by the Aveng Group. Aveng allocates 1% of headline earnings to 75% of CSI funding to the Aveng Community Investment Trust and the remaining 25% to the operating groups to disburse as deemed appropriate. The operating groups have always tended to spend well over the allocated 25%, responding to the needs of the communities in which they operate.

Aveng CSI Trust funding model



1% of the Group's headline earnings of the previous year is allocated to CSI

The construction industry has experienced some tough trading conditions which impacted the results of the Group and constrained cash positions, and the disbursement of funds in terms of the funding model described earlier was not sufficient to fund all of the projects that the Group supports through the CSI Trust, during the 2014 financial year. To ensure that key projects could still be supported, the Trust received R10 622 579 in the form of a loan from Aveng, to fund the total CSI Trust expenditure for the year. The company has loaned the Trust R14 272 579 over the past two years to meet its funding requirements.

In June 2014, the Trust received 8,6 million shares in Aveng Limited as a result of the maturity of the BEE transaction. The scheme has been successful and the Trust now has a material capital base and intends to use the income stream to ramp up CSI initiatives on a sustainable basis. The Trustees will formulate a strategy on how to allocate future dividend income.

A matter that has received a lot of attention in 2014 is promulgation of the revised B-BBEE codes of good practice and their implications for CSI initiatives and the growing demand by clients for CSI in communities associated with their projects. The balance between ensuring that social investment meets both the socio-economic requirements of the B-BBEE scorecard and the CSI requirements of clients, as provided for in their contracts with Aveng, as well as Aveng's overall commitment to leaving a lasting legacy, are matters of strategic importance to the company and are currently receiving attention in the review of the funding strategy going forward.

Corporate social investment continued

Key focus areas

Aveng has identified the need to strengthen the alignment of CSI to its business objectives as a key focus area. The operating groups prioritise this focus area in their CSI management programmes by:

- supporting CSI projects in skills development for the industry and maths and science education at secondary school level

- ensuring that social investment activities meet the requirements for socio-economic development
- ensuring that the social investments of the operating groups meet their client's contractual requirements.

For more information on the Aveng Group's CSI approach and investments, go to www.aveng.co.za/csi-trust.

2014 CSI expenditure

Operating group	2014	2013	2012
Aveng Community Investment Trust and head office	R11 305 029*	R12 454 363	R6 925 650
Aveng Grinaker-LTA	R1 976 747	R138 591	R547 015
Aveng Moolmans**	R1 340 555	R1 110 163	R383 873
Aveng Steel	R890 254	R594 825	R549 617
Aveng Mining Shafts & Underground	R534 579	R259 262	N/A
Aveng Manufacturing	R315 797	R495 698	R563 396
McConnell Dowell***	R4 288 398	R4 096 316	R2 951 489
Total	R20 651 359	R19 149 218	R11 921 040

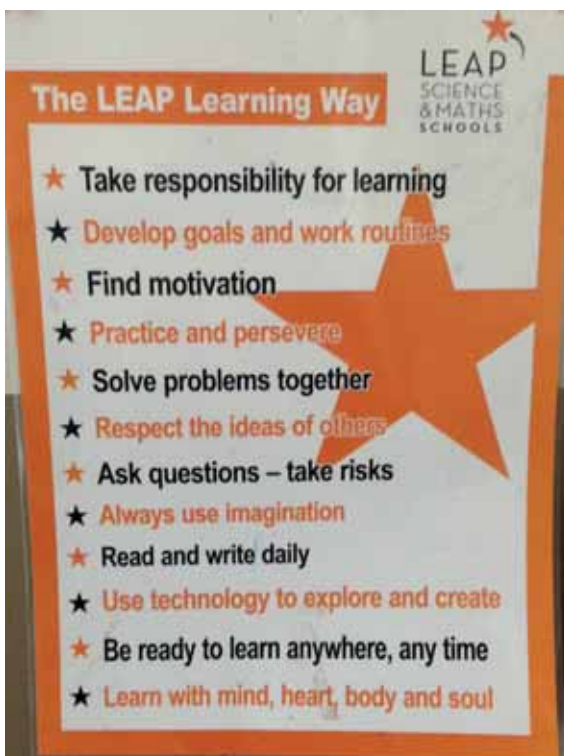
Note: The figures particularly for 2012 cannot be fully correlated with 2013 and 2014 figures due to business restructuring.

* This amount includes the rand value that goes directly to flagship projects of R10 023 804 ^(A), a donation to Business Against Crime of R350 000, monitoring and evaluation costs of R228 285, and CSI administration and other costs of R702 940.

** Includes initiatives in Ghana, Namibia, Mali and Guinea.

*** Initiatives in Australia.

^(A) Limited assurance provided on this indicator (refer to assurance report on pages 5 and 6).



Corporate social investment continued

CSI impacts and management

Aveng has identified its main CSI stakeholders as CSI projects and beneficiaries, clients, the authorities that govern the Group's compliance with B-BBEE regulations and the trustees. Their key concerns or requirements, and actions taken to address them, are reported in the table below:

Stakeholder	Issue	Impact on the business	Actions
<i>CSI projects and beneficiaries</i>	<ul style="list-style-type: none"> – Funding constraints 	<ul style="list-style-type: none"> – Lower positive impact on communities – B-BBEE rating – Potential threat to securing of work – Investment not delivering sustainable empowerment – Reputational risk 	<ul style="list-style-type: none"> – Improved collaboration with operating groups so that all funding is aligned to focus areas – Making best use of 'in kind' and 'in time' contributions to support cash investments into projects – Ensuring funding is invested in projects that qualify as SED
<i>Clients</i>	<ul style="list-style-type: none"> – CSI contractual obligations at business projects level 	<ul style="list-style-type: none"> – Fines for not meeting the contractual obligations – Potential threat of losing business from clients – Risk of reputational damage by clients and communities where we operate 	<ul style="list-style-type: none"> – Improved planning by operating groups to identify contractual obligations in advance, and budget for projects to meet these requirements – Greater collaboration between the Trust and operating groups in order to leverage off their efforts and investments – Create alignment between the Trust and business needs
<i>Authorities</i>	<ul style="list-style-type: none"> – Compliance with socio-economic development (SED) requirement of revised B-BBEE codes 	<ul style="list-style-type: none"> – Risk of losing SED points for B-BBEE scorecard rating – Reputational damage leading to loss of government contracts for not contributing to sustainable SED and community upliftment of host communities 	<ul style="list-style-type: none"> – Improved planning, systems and processes across the Group to ensure compliance

CSI performance

Focus areas and projects

The Trust invested R10 023 804^(A) in two of its four flagship projects – LEAP Science and Maths School in Diepsloot, Gauteng and the Kutlwanong After School Centre in the Nebo district of rural Limpopo. Both projects function in the Trust's focus area of maths and science education at secondary school level. Due to limited funding received by the Trust, a decision was taken not to make new investments in the other two flagship projects: the Community Building Projects and the Artisan Training Institute, both of which do not depend on the Trust for their continued operation, and run on a project-by-project basis. The Trust continues to monitor and evaluate progress of previous investments made in these projects, maintains the relationship and will look to reinvest when further funding becomes available.

Project	Investment amount for 2014	Beneficiaries	Performance
Kutlwanong Nebo District, Limpopo	R4 023 804	450 grade 10, 11 and 12 learners	<ul style="list-style-type: none"> – Results for 105 matriculants at the centre: – In 2013, the national pass rate for maths was 59,1%, and for physical science the national average was 67,4% – The Kutlwanong average for maths and physical science was 65% for both subjects – 65 learners achieved above 80% for both maths and physical science – 82% achieved above 50% for these subjects – 99% passed overall
LEAP 4 School Diepsloot, Gauteng	R6 000 000	143 grade 8 to 12 learners	<ul style="list-style-type: none"> – The school has worked hard to attract high-calibre teachers, providing additional support in maths and science – LEAP 4's first matriculants will write matric exams at the end of 2014
R10 023 804^(A)			

^(A) Limited assurance provided on this indicator (refer to assurance report on pages 5 and 6).

Corporate social investment continued

Project review, monitoring and evaluation

The Aveng Community Trust mandated an independent project review and evaluation of its four flagship projects in 2014. The key recommendations from the review included the need for the development of a standardised and more detailed monitoring and evaluation framework for the projects which has since been implemented.

The independent project review and evaluation assessed each of the four flagship projects according to the following criteria:

- **Impact:** What change occurred as a result of the programme or project?
- **Sustainability:** Will the results last once the project is over?
- **Effectiveness:** To what extent were the objectives achieved or are likely to be achieved?
- **Relevance:** Is the intervention meeting the needs of the target groups and beneficiaries?
- **Efficiency:** Could less have been spent, in terms of resources, while achieving the same results or better?
- **Alignment to Aveng strategy:** Is the project well aligned to the strategy of Aveng?

The consolidated rating according to the above criteria for all four projects is outlined in the table below (0 is low; 5 is high):

Project	Impact	Sustainability	Effectiveness	Relevance	Efficiency	Alignment to Aveng objectives
Artisan Training Institute	4	4	5	4	4	5
Community building	3	3	5	2	5	5
LEAP	4	3	5	5	3	5
Kutlwanong	4	4	5	5	5	5

The key recommendations of the review are reflected below:

Project name	Focus area	Impact	Total project cost to date	Funding recommendation
Artisan Training Institute	Skills development	High	R5 498 441	Continue funding with minor adjustments
Community Building Project	Skills development	Medium	R8 443 301	Continue funding with minor adjustments
Kutlwanong	Education	High	R4 190 405	Continue funding with minor adjustments
Science and Mathematics School	Education	Medium	R19 350 000	Continue funding with minor adjustments

These findings have for the most part been encouraging. While the Trust was not in a financial position to provide further grants to the Artisan Training Institute and the Community Building Project this year, the intention is to maintain relationships with both organisations.

Adjustments to each of the projects primarily include increasing the visibility of the Aveng Group at each of the projects, and enhancing impact through increased exposure to all learnership and bursary opportunities at the Aveng Group. The Trust has accepted these as valuable recommendations and is looking to make the suggested changes over the course of the year.

Looking ahead

Focus areas for the year ahead	Progress and plans
<p>Greater alignment of CSI to the business objectives of the Group by:</p> <ul style="list-style-type: none"> – Ensuring CSI activities meet socio-economic development (SED) requirements as per the B-BBEE codes of good practice – Ensuring operating groups use budgeted CSI funds to meet the contractual obligations of clients and invest strategically in areas of operation 	SED working committee established with representation across the Group to ensure improved planning, budgeting and reporting for CSI within operating groups.
Improved monitoring and reporting mechanisms for social investments across the Group	An online standardised system for reporting all CSI activity and donations has been implemented to monitor and report all social investment activities across the Group.
Greater collaboration between operating groups and the Trust to maximise impact with limited funding available	SED working committee established to develop an integrated sustainable SED strategy and plan for the Group.
Increasing Aveng presence at flagship projects	Project visits and other areas for engagement will increase. Improved branding at projects.