

**Sustainability
Overview 2015**

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 Aveng's sustainability focus areas, impacts and management thereof, as well as performance for the financial year 1 July 2014 to 30 June 2015.

Our 2014 sustainability overview is available as a separate downloadable document on our website at <http://www.financialresults.co.za/2015/aveng-additional>. As part of our evolving approach to corporate reporting, we have streamlined the integrated report in line with the recommendations contained in the King Code of Governance Principles for South Africa 2009 (Principle 9.1) and the principles and elements contained in the International Integrated Reporting Council's (IIRC) International Integrated Reporting Framework.

For the 2015 financial year, a suite of reports has been made available to stakeholders, as 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 2015 sustainability overview builds on Aveng's prior report of 30 June 2014. 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 Group as portrayed on page 4 and in instances where reporting extends to other entities or groups of entities outside of the 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 that currently have systems in place to 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 that follows, set out in the sections outlined below:

- Safety (pages 7 to 10)
- Health and wellness (pages 11 to 15)
- Environment (pages 16 to 20)
- Human resources (pages 21 to 28)
- Transformation (pages 29 to 34)
- Corporate social investment (pages 35 to 38).

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

Further safety, environment and human resource information is provided in the operating group reports in the 2015 integrated report at <http://www.financialresults.co.za/2015/aveng-additional>.

Aveng is not aligned to one single sustainability reporting framework, but rather draws on multiple frameworks and guidelines, such as the Global Reporting Initiative (GRI), the Carbon Disclosure Project (CDP), the Greenhouse Gas (GHG) Protocol, the Water Disclosure Project (WDP), the JSE Socially Responsible Investment (SRI) Index and various other laws / requirements relevant to our operations relating to environmental and occupational health and safety matters. Our aim is to 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.

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:

— Social, ethics and transformation committee

The social, ethics and transformation committee provides independent oversight by reviewing actions of the Board through an ethical lens and being accountable for specific areas within its mandate. The committee proactively reviews management actions and efforts to comply with relevant legislation and charters and apply the principles of the King III Report, including the review and recommendation, for approval by the Board, of policies, strategies and plans for management implementation, to ensure that the Company and the Group comply with the industry charter scorecard.

— Safety, health and environmental committee

The SHE committee ensures that the Aveng priority of "Home without Harm, Everyone Everyday" is upheld. While the committee is satisfied that it complied with its charter, it recognises that more work needs to be done to prevent avoidable accidents. The committee has developed a work plan to assist it in discharging its functions and this work plan is reviewed annually. Functions include embedding safety management systems, enhancing visible leadership and high-consequence activity protocols, and continuing with the near-miss and significant incident management programmes.

Safety is the first item for discussion on all board and operating group management agendas.

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

Boundary and scope of report continued

In the year under review, visible safety leadership improved significantly and transport safety initiatives gained traction in all operating groups.

A penalty specific to the safety KPI impacts the bonus of all operating group managing directors, linking remuneration as an incentive to better results. An integrated safety, health and environment policy has been approved by the Board.

@ Refer to <http://www.financialresults.co.za/2015/aveng-additional> for the full corporate governance report.

The Aveng safety, health and environment (SHE) forum, which is chaired by the group SHE manager and comprises 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.

The sustainability overview was approved for release on 21 August 2015.

Assurance

The King Code of Governance 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).

@ Refer to <http://www.financialresults.co.za/2015/aveng-additional> for the 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 overview. Ernst & Young Inc. has assured selected performance information 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.*

Suite of reports and interaction between reports

The 2015 sustainability overview complements the 2015 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 2015 integrated report. Throughout the sustainability overview, we provide references to where further detail can be obtained from the suite of reports.

Boundary and scope of report continued

Aveg 2015 suite of reports

	Integrated report	Audited consolidated annual financial statements	Sustainability overview	Corporate governance	Annual general meeting documents
Contents	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 ■ Audited consolidated financial statements. 	<ul style="list-style-type: none"> ■ Safety ■ Health and wellness ■ Environment ■ Human resources ■ Transformation ■ Corporate social investment ■ Independent assurance report on selected sustainability information. 	<ul style="list-style-type: none"> ■ Full corporate governance report ■ King III compliance register. 	<ul style="list-style-type: none"> ■ Remuneration policy ■ Notice of annual general meeting ■ Explanatory notes: annual general meeting ■ Form of proxy ■ Notes to the form of proxy ■ Our code of business conduct ■ Shareholders' diary ■ Corporate information.
Relationship of information between suite of reports	Relevant cross-references to more comprehensive information across the suite of reports.	A summarised audited consolidated set of financial statements has been extracted from the audited consolidated financial statements and included in the integrated report as an appendix.	Key elements of the above information have been incorporated into the executive and operational reviews of the integrated report.	An abridged version of the full corporate governance report has been included in the integrated report.	This statutory information accompanies the integrated report and is posted to shareholders prior to the annual general meeting.
Frameworks and guidelines applied	<ul style="list-style-type: none"> ■ The King Code of Governance for South Africa (2009) (King III) ■ IIRC International Integrated Reporting Framework V1.0 ■ Companies Act 71 of 2008 (Companies Act) ■ JSE Listings Requirements. 	<ul style="list-style-type: none"> ■ International Financial Reporting Standards (IFRS) ■ Companies Act ■ JSE Listings Requirements. 	<ul style="list-style-type: none"> ■ Aveng safety, health and environment and human resource policies and frameworks ■ Carbon Disclosure Project (CDP) and Greenhouse Gas (GHG) protocol ■ JSE Socially Responsible Investment Index (SRI) ■ B-BBEE Codes of Good Practice ■ Construction Sector Charter. 	<ul style="list-style-type: none"> ■ King III ■ Companies Act ■ JSE Listings Requirements. 	<ul style="list-style-type: none"> ■ King III ■ Companies Act ■ JSE Listings Requirements.
Assurance	The Board, assisted by the audit committee and other sub-committees, oversees 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 ■ Limited assurance on selected metrics ■ BEE verification. 	<ul style="list-style-type: none"> ■ Internal audit ■ Annual board assessments. 	<ul style="list-style-type: none"> ■ Internal controls ■ Management and governance oversight.
Web link	http://www.financialresults.co.za/2015/aveng-additional				

Boundary and scope of report continued

Group organogram




Independent assurance report to the directors of Aveng Limited

for the year ended 30 June 2015

Scope of our engagement

We have completed our independent limited assurance engagement to enable us to express our limited assurance conclusion on whether the following disclosures and key performance indicators (specified KPIs) contained in the 2015 sustainability overview (the report) for the year ended 30 June 2015 have not been prepared, in all material respects, in accordance with management's sustainability criteria as described in the boundary and scope section on pages 1 to 4 of this report "management's sustainability criteria":

1. Number of employees by designation in top, senior, mid and junior management, as disclosed on page 32 in the report
2. Number of personnel trained on Group competition law, as disclosed on page 26 in the report
3. Scope 1 emissions: diesel consumption, as disclosed on page 17 in the report
4. Scope 2 emissions: purchased electricity, as disclosed on page 17 in the report
5. Injury frequency rates (all and lost time IFR), as disclosed on pages 7 and 8 in the report
6. Noise-induced hearing loss (NIHL), as disclosed on pages 11 and 13 in the report
7. Corporate social investment (CSI) trust spend (R), as disclosed on pages 36 and 37 in the report.

The specified KPIs noted above are indicated by the symbol  in the report.

Our responsibility in performing our independent limited assurance engagements is to Aveng Limited only, and in accordance with the terms of reference for this engagement including the release letter dated 17 August 2015 as agreed with them. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Aveng Limited, for our work, for this report, or for the conclusions we have reached.

Directors' responsibility

The directors are responsible for implementing a stakeholder engagement process to identify all relevant stakeholders, to identify key issues, to respond appropriately to key issues

identified, to determine those key performance indicators which may be relevant and material to the identified stakeholders, and to design and apply appropriate sustainability reporting policies. The directors are also responsible for the preparation and presentation of the report, the information and assessments contained in the report and for such internal control as the directors determine is necessary to ensure that the information and data reported meet the requirements of the relevant criteria, and contain all relevant disclosures that could materially affect any of the conclusions drawn.

The directors are also responsible for the preparation of the specified greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: a corporate accounting and reporting standard (GHG Protocol). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the specified greenhouse gas emissions that is free from material misstatement, whether due to fraud or error. The quantification of the specified carbon emissions is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Our independence and quality control

We have complied with the *Code of Professional Conduct for Registered Auditors* issued by the Independent Regulatory Board for Auditors (IRBA), 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, Ernst & Young Inc. 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.

Assurance provider's responsibility

Our responsibility is to express our assurance conclusions on the specified KPIs based on our independent

assurance engagements. Our independent assurance engagements were performed in accordance with the International Federation of Accountants' (IFAC's) International Standard on Assurance Engagements (ISAE) 3000 *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and the ISAE 3410 *Assurance Engagements on Greenhouse Gas Statements*. These standards require us to comply with ethical requirements and to plan and perform our engagements to obtain the assurance as required by the scope of our engagements, as expressed in this report.

Basis of work and limitations

The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the subject matter and the purpose of our engagement. In making these assessments, we have considered internal control relevant to the entity's preparation and presentation of the report and the information contained therein, in order to design procedures appropriate for gathering sufficient appropriate assurance evidence to determine that the information in the report is not materially misstated or misleading as set out in the summary of work performed below. Our assessment of relevant internal control is not for the purpose of expressing a conclusion on the effectiveness of the entity's internal controls.

We planned and performed our work to obtain all the information and explanations that we considered necessary to provide a basis for our assurance conclusions pertaining to the specified KPIs, expressed below.

Where a limited assurance conclusion is expressed, our evidence gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement.

Our report does not extend to providing assurance on any prior periods' information or any other information specifically excluded from the scope of the engagement.

Independent assurance report to the directors of Aveng Limited

for the year ended 30 June 2015 *continued*

Summary of work performed

Set out below is a summary of the procedures performed pertaining to the specified KPIs which were included in the scope of our assurance engagement. We:

- obtained an understanding of:
 - the entity and its environment
 - entity-level controls
 - the stakeholder engagement process
 - the selection and application of sustainability reporting policies
 - how management has applied the principle of materiality in preparing the report and the specified KPIs
 - the significant reporting processes, including how information is initiated, recorded, processed, reported and incorrect information is corrected, as well as the policies and procedures within the reporting processes.
- performed tests of controls as well as relied on testing conducted by internal audit to obtain sufficient appropriate assurance evidence as to the operating effectiveness of relevant controls
- made such enquiries of management, employees and those responsible for the preparation of the report and the specified KPIs, as we considered necessary
- performed testing at selected operating groups, namely: Aveng Corporate, Aveng Moolmans, and Aveng Grinaker-LTA
- inspected relevant supporting documentation and obtained such external confirmations and management representations as we considered necessary for the purposes of our engagement
- performed analytical procedures and limited tests of detail responsive to our risk assessment and the level of assurance required, including comparison of judgementally selected information to the underlying source documentation from which the information has been derived.

We believe that the evidence obtained as part of our assurance engagements is sufficient and appropriate to provide a basis for our findings and our assurance conclusion expressed below.

Conclusions

Based on the work performed and subject to the limitations described above, nothing has come to our attention that causes us to believe that the specified KPIs have not been prepared, in all material respects, in accordance with management's sustainability criteria for the year ended 30 June 2015.

Other matters

The maintenance and integrity of Aveng Limited's website is the responsibility of Aveng Limited's 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 assurance report that may have occurred since the initial date of presentation on Aveng Limited's website.

Ernst & Young Inc.

Ernst & Young Inc.

Director – Jeremy Grist

Registered Auditor

Chartered Accountant (SA)

102 Rivonia Road

Sandton

2148

17 August 2015

Safety

Safety remains a core value of Aveng and is 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. Aveng 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.

A combined safety, health and wellness, and environmental management policy, available at www.aveng.co.za, was adopted by Aveng during 2015 and has been clearly communicated to the operating groups, all of which implement an annual safety plan aligned with the group policy as well as their own specific requirements. Aveng’s safety approach is based on clear standards that are articulated in a safety framework. The standards define what each operating group must develop and implement into

its own supporting systems and operating procedures applicable to its operations. More than 70% of Aveng’s 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 have continued with a schedule of implementing risk-based audits and inspection programmes to monitor the implementation of operational controls for high-consequence activities, and compliance with legal and client requirements on sites and premises.

The Aveng Board and SHE committee enabled by the corporate SHE office provides policy direction, oversight and implementation of the SHE frameworks. This is enhanced through direct interactions between the operating group’s executive committees and Aveng independent non-executive directors and Aveng executives.

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:

- Strengthening Aveng’s learning culture
- Improving transport risk management on public roads
- Managing sub-contractor safety
- Ensuring senior leadership engagement with the workforce
- Managing high-consequence activities.

Aveng reports on safety key performance indicators informed by the externally developed guidelines and its internally developed standards.

2015 salient features

- Five lives were lost under Aveng supervision during 2015
- 9% decrease in all injury frequency rate to 3,5^(A)
- Resilience in near-miss reporting with 29 255 reports of which approximately 96% were addressed
- 70% of operations (by revenue) OHSAS 18001 certified
- 903 leadership visits by managing directors and their direct reports.

Performance area	2015 target	2015	2014	2013
<i>Lives lost under Aveng supervision</i>	0	5	4	6
<i>All injury frequency rate (AIFR)</i>	<3,8	3,5^(A)	3,8	4,5
<i>Lost-time injury frequency rate (LTIFR)</i>	<0,21	0,24^(A)	0,22	0,24
<i>Number of safety leadership visits by senior management</i>	950	903	801	995
<i>% operations (by revenue) with OHSAS 18001 certification</i>	>95	70	>95	>95

Safety impacts and management

Aveng has identified its main safety stakeholders as employees, clients, contractors 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 at executive level 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 performance

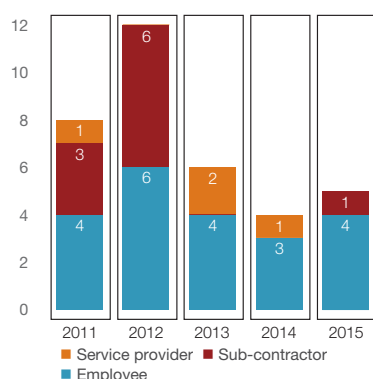
Employee and sub-contractor lives lost

Aveng did not meet the key safety objective of zero lives lost for the period under review and deeply regrets the loss of five lives that occurred in its operations. Aveng Mining reported five lives lost, of which Aveng Shafts & Underground, a business unit of Aveng Mining, reported four.

Lives lost under Aveng supervision

Aveng includes sub-contractor and supplier employees who are fatally injured while on our sites or under our supervision. The Group takes responsibility for all people on our sites regardless of whether they are our employees or not.

Lives lost under Aveng supervision



The Group extended condolences to the families, friends and colleagues of those employees and contractors who passed away while working on our projects. Trauma counselling was offered to the families and colleagues of the deceased.

Mr Warona Khutsafalo, a 26-year-old employee of Aveng Mining Moolmans working at its Phoenix Mine in Botswana project, was fatally injured on 20 September 2014 when he was struck by a falling rock. He is survived by his father and brother.

On 17 October 2014, Mr Sootho Phole, an employee of Aveng Mining Shafts & Underground working at the Wesizwe Mine near Rustenburg was fatally injured when he was struck by an object during a shaft-sinking operation. Mr Phole (35) is survived by his wife and two children.

A fatal incident occurred on 17 January 2015 at Aveng Mining Shafts & Underground Eland Platinum Mine project near Brits. Mr Marcello Matsinhe (36), a sub-contractor employee was fatally injured in an accident involving machinery. He is survived by his wife and two children.

A further loss of life occurred at the Wesizwe Mine on 9 April 2015. Mr Abilo Mondlane (47) fell from a height and is survived by his wife and two sons.

On 21 April 2015, Mr Alberto Muchanga (55) was fatally injured during a shaft equipping operation at Aveng Mining Shafts & Underground's Royal Bafokeng Styldrift Mine, Rustenburg. Mr Muchanga is survived by his wife and two sons.

Causes for the occurrence of these lives lost predominantly in the platinum mining sector have been investigated and safety improvement interventions implemented. Even a single loss of life is unacceptable and the Group continues to strive towards achieving no loss of life at operations.

Life lost under client supervision

On 10 May 2015 an employee of the Mechanical and Electrical business unit, Mr L Shikongo, who had been deployed to conduct maintenance work under a client's supervision, fell to his death when the handrail gave way while he was working nine metres above ground. Trauma counselling was provided to the mine employees and to Mr Shikongo's family. The mining client has recorded this incident as part of its safety performance statistics. The Namibian authorities' report on the incident, as well as that of the mine, are awaited.

Significant incidents

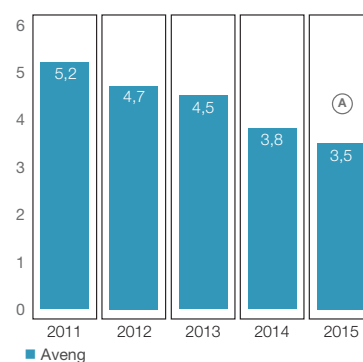
Life lost not work-related

On 17 April 2015 a sub-contractor's employee, Mr Lottering, passed away on site in Salt River. As he was working on the electrical installation at the time, it was initially believed that he could have had contact with an energised power source and so all the relevant authorities were informed accordingly. Subsequent investigations have found no evidence to confirm that there was electrical contact. Trauma counselling was provided to the site employees and the family of the deceased.

All injury frequency rate

The Group recognises that trends in lost-time injuries are not a complete reflection of safety performance and therefore reports on the more holistic indicator, the all injury frequency rate (AIFR). This indicator includes all types of injuries ranging from first aid to lives lost. In 2015, our AIFR performance of 3,5^(A) per 200 000 hours worked improved by 9% (2014: 3,8). AIFR is principally an indicator in highlighting broad personal injury trends, and the five lives lost in 2015 remind us that lower injury under Aveng supervision rates alone will not prevent loss of lives.

Aveng AIFR trend (per 200 000 hours)



Lost-time injury frequency rate

The Group recorded a lost-time injury frequency rate (LTIFR) of 0,24^(A) (2014: 0,22). The group LTIFR has shown a slight deterioration compared to 2014. The deterioration in the trend is largely attributed to Aveng Steel and the continued high number of LTIs experienced at Aveng Shafts & Underground. Senior management intervention at both Steel and Shafts & Underground is currently being implemented.

Reporting and learning culture

Each Aveng operating group 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 risks and identify causes and emerging trends before accidents occur, and to take corrective action and communicate emerging trends and lessons to embed a learning safety culture for preventative remediation.

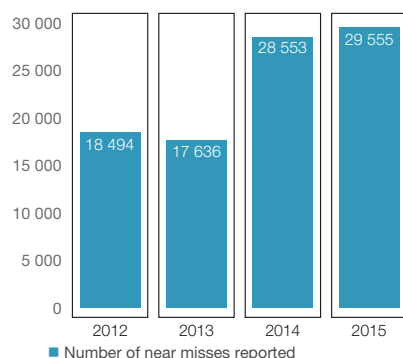
^(A)Limited assurance provided on this indicator (refer to assurance report on pages 5 and 6).



During 2015, the near-miss reporting culture continued to show signs of commitment with 29 255 near-misses reported across the Group's operations. Approximately 96% of reported near-misses were addressed. These are addressed at the site or premises where they occur as this ensures that responsibility and ownership remain where it belongs at the site level.

During the period under review, Aveng developed a framework for measuring the maturity of its safety, health and wellness, and environment culture. The intent is to use this framework on an ongoing basis to identify areas for improvement at operating groups and the Group as a whole. The framework was the basis for a culture maturity exercise undertaken at Aveng Grinaker-LTA during the second half of the 2015 financial year. The findings will guide strategic interventions in 2016.

Aveng near-miss report trend

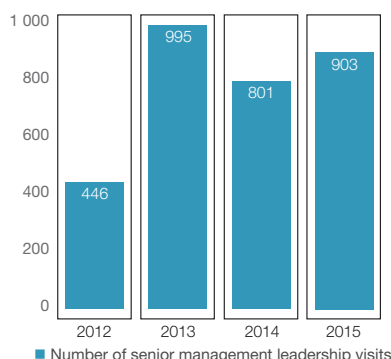


Ensuring senior leadership engagement with the workforce

Aveng recognises that improving the safety culture and safety performance requires more than robust safety management systems.

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 and senior managers 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, 95% 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. Approximately 70% (by revenue) of our operating groups' safety management systems comply with externally verified health and safety systems. This is a temporary reduction from 2014 due to a change in the certification body, and does not detract from the robust safety management systems in place. There are plans to conduct re-certification audits by end of December 2015. Standards complied to include:

- AS / NZS 4801:2001 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 Building Inland, Building Coastal, and Civil Engineering
- REHM-Grinaker.

Safety, health, environment and quality (SHEQ) information management tools were selected for both McConnell Dowell and Aveng Grinaker-LTA, and will be implemented throughout these operating groups during 2016.

Managing transport safety risks

The Group records and investigates incidents in which members of the public interface with company-related work activities such as road closures and maintenance. While these are recorded as road traffic incidents, investigations are conducted and actions implemented to

enhance the safety of workers and the public. There are ongoing discussions with SANRAL and SAFCEC on improving the support of traffic inspectorates during construction or maintenance work.

Road safety remains an ongoing and significant concern to the Group. Several initiatives initiated during 2014 have directly resulted in a reduction in vehicle-related accidents and no associated lives lost or serious harm to employees occurred during 2015. These initiatives have continued during 2015 with additional focus on using information acquired from in-vehicle monitoring systems to improve driver safety, improving safety features of vehicles, and training drivers in advanced driving skills. The successful management of transport safety risks has been devolved from a group level to an operating group level during the year.

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 vehicles and mobile equipment, explosives and blasting, hazardous materials, isolation and permit to work, working at heights, manual handling and lifting operations. Lives lost and significant incidents that have occurred during 2015 highlight the imperative to focus on these activities with renewed vigour during 2016. 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, 1 320 (2014: 933) planned audits were conducted across the Group's operations.

Looking ahead

Focus areas for the year ahead	Desired outcomes
<i>Continued focus on developing a resilient 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>	All planned leadership visits completed by senior management
<i>Continued management of sub-contractor and service provider safety</i>	Zero lives lost involving sub-contractors and service providers
<i>Continued management of high-consequence activities</i>	Zero lives lost involving employees, sub-contractors and service providers
<i>Continued management of transport risks on public roads</i>	Zero lives lost on public roads



Medupi power station site visit

Health and wellness

Aveng seeks to ensure that the highest practical standards of health and wellness behaviour and performance are adopted and achieved across Aveng. The Group's vision for the health and wellness of its employees is "Home Without Harm, Everyone Everyday". This vision is becoming entrenched through the continuous raising of awareness about health and wellness practices so that they become ingrained in our values.

The Aveng DNA supports this culture and provides a blueprint for how we conduct business, engage stakeholders and empower employees to ensure personal and organisational success.

Management is implementing the strategic pillars of the Aveng health and wellness framework, which flows from the integrated safety, health and wellness, and environment (SHE) policy, available at www.aveng.co.za, adopted in 2015 and implemented across all operating groups. Efforts to operationalise the health and wellness framework will continue to entrench an understanding of the effects of work on health and the impact of individual employee wellbeing on work.

Each Aveng operating group develops and manages its own health and wellness programmes and procedures within the Aveng health and wellness framework. Continued developments within the operating groups have included appointment of dedicated health and wellness managers, continued engagements at the health and wellness forum and Aveng SHE forum and ongoing strengthening of collaboration between HR and SHE at business unit project sites and fixed facilities. Regular reviews of the health and wellness strategy are undertaken within each sector to evaluate impact and return on investment.

The Group has reduced the number of occupational health service providers to a manageable 64, down from more than 200 as part of an ongoing review process on geographic and client base. A standard which outlined the minimum requirements for a risk based medical surveillance programme to be implemented by the occupational health service providers was developed and adopted. There was continued and

effective engagement between health and wellness officers and external service providers, in liaison with human resource managers, during the 2015 reporting period.

Key focus areas

As part of its journey to operationalise the health and wellness framework, Aveng prioritises the following areas of focus:

- Developing and implementing a risk-based occupational health programme that is linked to job profiles
- Improving the rates of employee engagements with the employee wellbeing programme (EWP) while enhancing the quality of service and the cross referral with the occupational health programme
- Creating opportunities for HIV / AIDS and TB counselling and testing
- Assessing the impacts of fatigue on employee attendance, productivity and significant incidents
- Conducting a feasibility study on the appropriate health information management platforms.

2015 salient features

Performance area	2015	2014	2013
HIV counselling and testing (HCT)* employees	3 068	4 301	6 031
HCT* community	0	0	2 854
Occupational health examinations	25 592	29 739	25 713
Noise-induced hearing loss (NIHL)	48 ^A	35	51
Employee wellbeing programme engagement rate	9,3%	9,3%	11%

* 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; McConnell Dowell operations do not conduct HIV tests in any of the countries in which they operate.

Health and wellness impacts and management

Understanding current healthcare provisions, costs and challenges in multiple service provider and sectoral environments will be addressed in the 2016 financial year through engagement with the relevant internal and external stakeholders. The key issues are:

- Insufficient data on health and wellness due to various sectoral agreements. For example, mining clients manage contractor employees as direct employees of the mine, including management of their medical records
- Implementation of occupational hygiene surveys is challenging in multidisciplinary environments. Addressing this challenge will assist in ensuring that the management of medical surveillance programmes is aligned with occupational exposure profiles, thus assisting the management of occupational illnesses and diseases

- Management of incapacity cases and tracking of absenteeism trends was limited in 2015. The implementation of the SAP Human Capital Management (HCM) IT solution is greatly assisting in managing this
- To address potential safety risk and adhere to health and wellness principles, the Group implemented a substance abuse programme and policy.

Aveng's approach to engagements with internal and external stakeholders is based on mutual trust and respect. Identifying the company's significant stakeholders and commitments made regarding health and wellness is vital. It is also important to understand the level of interaction required and enhance the direct relationships between Aveng and its stakeholders.

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

Health and wellness continued

Significant stakeholders, their key health and wellness concerns and the requirements and actions taken to address these, are reported in the table below:

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, including living areas, transport and medical service capabilities ■ Conduct health risk assessments of communities in which we operate ■ Enhance occupational health programme ■ Continued improvement of the engagement rates for the employee wellbeing programme (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 to balance costs and alignment with government requirements.
<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 for safe storage.
<i>Authorities</i>	<ul style="list-style-type: none"> ■ Compliance with health legislation ■ National statistics availability limited ■ 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 onsite 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 ■ Implement group occupational health standard, with minimum company requirements.
<i>Industry bodies, associations, e.g. SAFCEC, Master Builders, Chamber of Mines SABCOHA, etc.</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 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 performance

The following performance indicators were undertaken in the 2015 financial year as part of the Group's programme to manage 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 is necessary to develop a robust occupational health programme. As a consequence, the Group developed and implemented an occupational health standard to ensure that a more systematic and risk-based approach is applied at all operating groups.

Risk-based medical surveillance (RBMS) examinations comprise pre-employment, periodic, exit and fitness to work (disability, incapacity and 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 (Aveng Mining and Aveng Engineering), onsite clinics (Aveng Manufacturing and Aveng Steel) and at mobile clinics (Aveng Manufacturing and on construction sites). Outcomes (fitness categories) from these medical surveillance examinations are closely monitored and interventions implemented to ensure employees are correctly placed and where necessary, supported.

The Group conducted 25 592 occupational health examinations in 2015, a slight decrease from the previous year (2014: 29 739) due to lower employee uptake on projects. Nevertheless, the operating groups have improved reporting as per the RBMS programme. 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 to acquire results of examinations.

During the year 10 medical evacuations were conducted. This was mainly due to the number of health-related evacuations and cases of malaria on a construction-related project in Mozambique.

Noise-induced hearing loss

Noise-induced hearing loss (NIHL) continues to be the most commonly reported occupational disease in the construction, steel and mining operating groups. In 2015, 48^A NIHL cases were submitted for compensation, comprising mostly 16 cases at Aveng Mining Shafts & Underground, nine at Aveng Grinaker-LTA, 13 at Aveng Steel operating sites and 10 at Aveng Manufacturing.

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 employees who do not meet the inherent hearing requirements of the job.

More specifically at Aveng Mining operations, the hearing conservation programmes are aligned with client specifications and industry initiatives to identify and demonstrate leading practices. These initiatives focus on the human behavioural and technical aspects as well as procurement of less noisy equipment. Reducing NIHL risk will be a key focus area in 2016.

Substance abuse management

Recognising that substance (drugs and alcohol) abuse has an impact on the workplace, families and communities, a group policy and approach to substance abuse in the workplace has been developed and implemented. This policy is aligned with 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 this may adversely impact the company, employees' ability to perform duties. This programme enables self or managerial referral to the EWP if alcohol or other substance dependency is identified.

In 2015, 11 313 drug tests were performed, the majority in construction, mining and steel business units across the Group as part of the enhanced risk-based approach. Overall, 1,2% were confirmed positive which is a low outcome. A revised Aveng policy for substance abuse management was approved and distributed in 2014. This policy was followed by an awareness campaign supplemented by the EWP. Employees who test positive are referred to the EWP or a service provider of choice for further support, rehabilitation and reintegration into the workplace.

Aveng has adopted a policy of zero tolerance with regard to intoxication at the workplace. This is in line with legal and client requirements.

Employee wellbeing programme (EWP)

An independently managed EWP available within South African and Australian operations continues to provide employees and members of their households with responsive and proactive services to assist them to be the best they can be at work and at home, in the physical, mental, psychological and financial spheres of their lives. This integrated EWP mitigates risks associated with employee health and behaviour to enhance workplace wellness and productivity.

Employee wellbeing and the early identification and resolution of personal life stressors, such as stress and financial problems, are key elements of the Aveng EWP. Now in its fourth year of implementation within South African operations, the EWP has been renewed and continues to illustrate 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 onsite post-trauma debriefing and counselling, face-to-face consultations, substance abuse

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

Health and wellness continued

awareness sessions, and manager referrals amounted to 9,3% (2014: 9,3%) for South African operations, having exceeded the target of 6%. For McConnell Dowell operations the engagement rate is 9,4% (2014: 8%).

The unique socio-economic conditions and demographic trends of work in Africa increase the risk of the Aveng workforce contracting HIV and tuberculosis (TB), along with other communicable and non-communicable diseases, significantly increasing the burden on employees, employers and society at large.

The Group initiated an HIV counselling and testing (HCT) programme during 2012.

The cumulative HCT since inception, includes 40% of the total workforce, adjusted for employee turnover of 38% as demonstrated in the Aveng Demographic Review 2014. This is attributed mainly to Aveng Mining Shafts & Underground executing its HIV strategy in line with the intensified national HCT strategy, utilising one service provider and entering into public-private partnerships with key stakeholders such as NGOs and local health services.

Results from the HIV / AIDS impact assessment and chronic illness analysis (May 2015), depict an overall 10% (modelled estimate for South African operations) prevalence rate in the Group, which is below the national average of an estimated 30% for adults aged 15 to 49. A peak prevalence of 12,7% occurs among Aveng Moolmans employees but this is also within the prevalence norm for mining environments in South Africa.

It is estimated that approximately 31% of HIV-positive Aveng employees are co-infected with TB within South African operations. South Africa has a generalised HIV epidemic, which has stabilised over the last four years at a national prevalence of around 30%. This equates to an estimated 3% of the workforce who may be co-infected with HIV and TB. HIV infection fuels the TB epidemic, with more than 70% of patients co-infected with both. The highest prevalence of TB infection is among people aged 30 to 39 years who are living in townships and informal settlements.

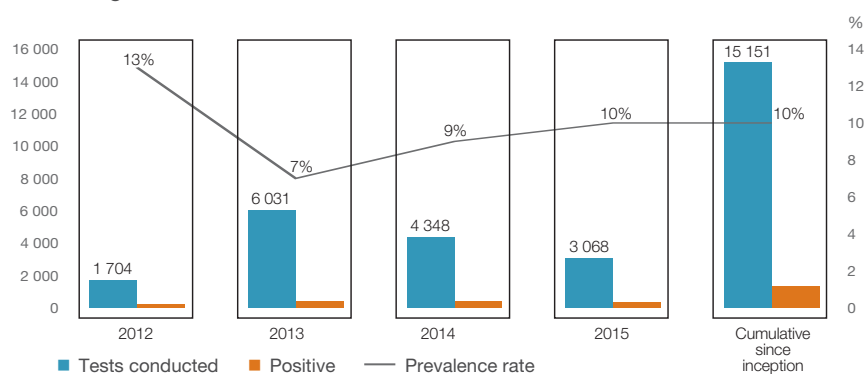
TB management is a growing imperative due to the rise in infections across South Africa and is also the case within South African operations of Aveng. The national prevalence rate as well as the pattern of

TB and HIV co-infection has also affected some of the Aveng operations. South Africa has one of the highest TB incidence rates in the world, with 993 people out of 100 000 living with the disease, according to the latest South Africa survey. A clear strategy for management of TB (both occupational and non-occupational) needs to be implemented for the 2016 financial year. Certain populations are at higher risk of TB infection and reinfection. These include children, people living with HIV, diabetics, smokers, alcohol and substance users, people who are malnourished or have silicosis, mobile, migrant and refugee populations and people living and working in poorly ventilated environments.

In future Aveng will review the incorporation of the following in its management system:

- TB case detection
- Preventative medication such as isoniazid to assist in prevention of co-infection
- Referral mechanisms between HIV and TB programmes
- Provision of information and education on TB in conjunction with HIV training
- Increased HIV interventions for those co-infected with TB.

HIV testing and outcome



Health and wellness continued

Looking ahead

Focus areas for the year ahead	Desired outcomes
<i>Enhance opportunities for occupational health</i>	<ul style="list-style-type: none"> ■ Refine and roll out the Aveng standard for medical surveillance to all operating groups. Use of approved occupational medical service providers with service level agreements in place to monitor efficiencies ■ Introduce a health information management system as part of the SHEQ information management system ■ Meet new legislative requirements within the construction sector. For South African operations employees to have a valid medical on personal file as required by the OHS Act Construction Regulations. The Group has adopted this standard worldwide ■ Better management of medical certificate of fitness with regard to limitation / restrictions and monitoring of chronic illness ■ More streamlined absenteeism and incapacity management ■ Management of emergency response plans.
<i>Monitor the implementation of the Aveng occupational health standard to ensure alignment with required legislation, regulations and international standards</i>	<ul style="list-style-type: none"> ■ Enhancement of occupational hygiene programmes ■ Create the evidence base for occupational risk exposure profiles ■ Establish the linkage between occupational exposures and outcomes ■ Understand the potential risk and opportunities related to human and environmental factors (manual handling, heat stress, malaria season in affected regions, etc.)
<i>Continue to sustain high engagement of employees and dependants within the EWP</i>	<ul style="list-style-type: none"> ■ Early identification and management of troubled employees ■ More engaged employees at all levels with EWP target >6% ■ Higher productivity.
<i>Continue to improve fatigue management programmes by effectively addressing the health and wellness aspects of individual fitness</i>	<ul style="list-style-type: none"> ■ Higher levels of awareness among employees on nutrition, sleep and substance abuse ■ Management of overtime, absenteeism and shift work ■ Develop and implement a group wide fatigue management guideline.
<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>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.
<i>Management of NIHL</i>	<ul style="list-style-type: none"> ■ Develop and implement operational group-specific hearing conservation programmes (HCP). The element of HCPs should include baseline audiograms, workplace noise level assessments, general awareness on noise exposures as well as implementation of engineering controls where feasible and compliance with personal protective equipment standards.

Environment

Aveng recognises potential impact its activities and operations have on the environment and continues to work tirelessly at improving its environmental management and performance.

As most Aveng operations are of a project, temporary nature and usually in remote locations, 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 systems set up to codify reporting for environmental indicators, to insufficient administrative capability at site or project level. Aveng Grinaker-LTA and McConnell Dowell have embarked on configuring a SHEQ information management system which will support environmental data collation.

The Group's integrated safety, health and wellness and environment (SHE) policy, available at www.aveng.co.za, provides guidelines for environmental management and practices at the operations. The environmental framework, together with the SHE policy, provides broad guidelines to ensure that the operating groups focus on the appropriate environmental key performance areas that have a significant potential impact on the environment including those which could have an influence on our social and legal licence to operate. The operating groups have adopted the environmental framework through the development and implementation of environmental management systems (EMS) that utilise the ISO 14001 standard as a framework. External verification and certification of the EMS remains an ongoing area of focus.

The environmental framework is available at www.aveng.co.za.

Key focus areas

In spite of the diverse nature of its operations and projects, Aveng has identified a set of common environmental key focus areas, some of which have been implemented, while others are work in progress. These programmes include developing and implementing carbon, energy and 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.

These focus areas are prioritised in the operating groups' environmental management programmes. They include:

- Improving accuracy and confidence levels of reporting systems with the aim of setting improvement goals
- Roll-out of energy-efficiency improvement programmes
- Improving Aveng's score for the Carbon Disclosure Project and the Water Disclosure Project which will demonstrate improved performance and progress in implementing the environmental framework

- Increasing the competence, capacity and capability of environmental managers.

Aveng reports on environmental key performance indicators informed by the externally developed guidelines and its internally developed standards.

2015 salient features

- Four major environmental incidents during 2015
- Two environmental notices. No fines issued
- All 78 major findings of the environmental legal compliance audits addressed
- Relatively low ISO 14001 certification status (70% by revenue)
- Non-public water disclosure report submitted
- Public carbon disclosure report submitted (score improved to 81 from 79 in 2014)
- Improved collection and monitoring of environmental data (scope of coverage >70% across all operating groups)
- Increased capacity of environmental management resources in the Group.

Performance area	2015	2014	2013
Major environmental incidents	4	5	No data
% operations (by revenue) with ISO 14001 Certification of EMS	70%	75%	<30%
Carbon emissions (tCO ₂ e) total	247 296	297 592	675 013

* As a result of the Group's adjustment in reporting approach in which information is now derived from more reliable procurement sources such as utility bills, the 2013 figure is not comparable to 2014 and 2015. The change was part of the continuous improvement process to improve data quality and integrity with increased scope of coverage.

Environment continued

Environmental impacts and management

Some of the key environmental impacts for the Group 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, contamination of surface and ground water, historical contamination and noise pollution.

Key stakeholders (internal and external) that have an interest or may be affected by Aveng operations include authorities responsible for environmental regulation, employees, clients, investors and communities. Their main environmental concerns, as well as opportunities and actions taken to respond to them, are reported in the table below:

Stakeholder	Concern / opportunity	Impact on the business	Action
<i>Employees</i>	Safe workplace that poses no risk to health and the environment	<ul style="list-style-type: none"> ■ Work stoppages ■ Low employee morale ■ Absenteeism due to ill health. 	<ul style="list-style-type: none"> ■ Implement an environmental management system ■ Conduct inspections and audits ■ Awareness training.
<i>Communities</i>	Direct and indirect environmental impacts	<ul style="list-style-type: none"> ■ Work stoppages ■ Community health and safety ■ Reputational damage. 	<ul style="list-style-type: none"> ■ Continuous communication / engagement with communities ■ Environmental assessments / audits to identify and mitigate risks.
<i>Authorities</i>	Compliance with relevant legislation and regulations	<ul style="list-style-type: none"> ■ Work stoppages ■ Reputational damage ■ Legal sanctions (notices / fines). 	<ul style="list-style-type: none"> ■ Compliance reviews ■ Measure, monitor and report against operating licence / authorisations.
<i>Clients</i>	Effective environmental management	<ul style="list-style-type: none"> ■ Work stoppages ■ Reputational damage ■ Penalties, and / loss of contract. 	<ul style="list-style-type: none"> ■ Comply with client environmental management plan and relevant legislation ■ Continuous communication / engagement with clients.
<i>Investors (JSE)</i>	Reputational damage Negative impact on investor relations	<ul style="list-style-type: none"> ■ Disinvestments or decision not to invest. 	<ul style="list-style-type: none"> ■ Continue submitting water and carbon disclosure information ■ Assessment against JSE and SRI requirements.

Environmental performance

Aveng continues to measure and monitor performance indicators (municipal water consumption, general and hazardous waste, and carbon emissions) to identify trends and improve responsive objectives and targets in the near future. 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. In the 2014 financial year, the Group changed its KPI definitions from an operational to a financial measurement approach in which information is derived from procurement source data such as utility bills.

Most of the Group's environmental KPIs are reported based on a scope of coverage of more than 70% of its operations.

Carbon emissions (tCO₂e)

Aveng	2015	2014	2013
<i>Direct carbon dioxide (CO₂) – Scope 1 (from combustion of diesel procured)</i>	184 626 ^(A)	229 713*	567 669
<i>Direct carbon dioxide (CO₂) – Scope 2 (from purchased electricity)</i>	62 670 ^(A)	67 879*	107 344
<i>Carbon emissions (tonnes) total</i>	247 296	297 592*	675 013

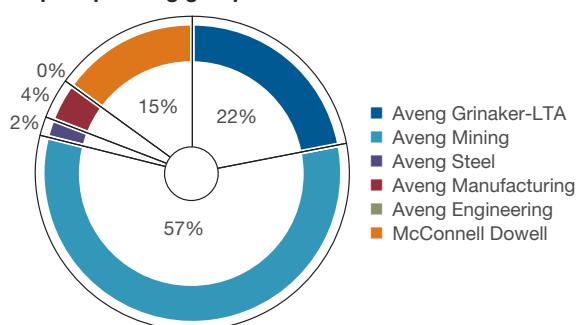
Notes

- DEFRA (2014) emission factors were used to calculate Scope 1 emissions.
 - Eskom (2014) emission factors were used for purchased electricity.
 - Australian National Greenhouse Accounts (July 2014) emission factors were used to calculate McConnell Dowell's emissions.
- * In 2014, the Group reported carbon emissions significantly less than 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. 2013 figures are not comparable to 2014 / 2015. The change was part of the continuous improvement process to improve data quality and integrity with increased scope of coverage.

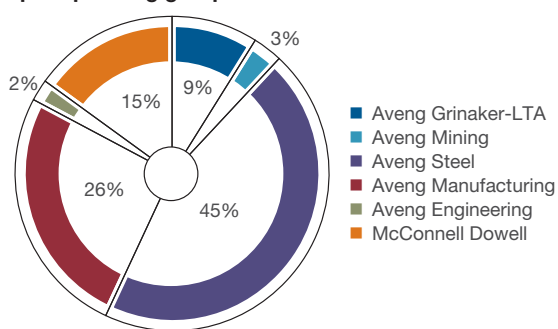
^(A)Limited assurance provided on this indicator (refer to assurance report on pages 5 and 6). 

Environment continued

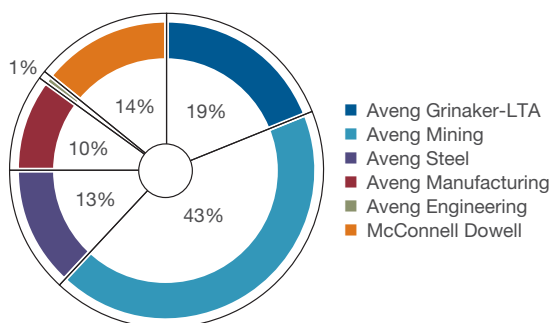
2015 Scope 1 emissions from diesel consumed per operating group as a % of total



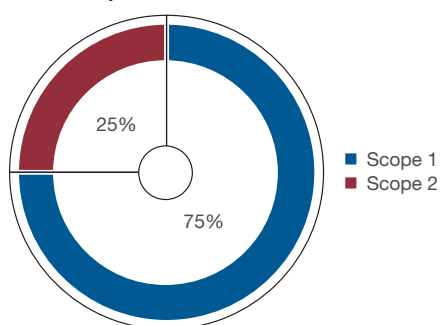
2015 Scope 2 emissions from electricity consumed per operating group as a of % total



2015 Scope 1 and 2 emissions per operating group as a % of total



2015 Scope 1 and 2 emissions



The Group's emissions profile during the 2015 financial year decreased with Scope 1 emissions from combustion of diesel procured consistently forming the majority of emissions.

The reduction in projects has caused a 17% decrease in the Group's carbon emissions in 2015. Aveng Mining continues to be the Group's significant contributor to carbon emissions, accounting for the bulk of emissions from combustion of diesel as a result of its energy-intensive activities. Aveng Steel accounts for 45% of the Group's Scope 2 emissions (from purchased electricity) followed by Aveng Manufacturing as a result of its energy-intensive manufacturing activities.

Due to financial constraints, there has been slow but steady progress in the completion of independent audits of energy efficiency at some of the fixed facilities. Once completed, the audit reports will enable operations to determine realistic energy reduction programmes. McConnell Dowell operations have implemented initiatives aimed at reducing energy consumption and have registered these efforts in terms of the Energy Efficient Opportunities Act. Aveng Grinaker-LTA (Rand Roads, Plant and Assets and Mechanical and Electrical) have either completed or commenced energy usage assessments, while Aveng Steeledale (Johannesburg Mesh and Meyerton Mesh) have commenced assessments of their energy usage.

The Group's disclosures to the Carbon Disclosure Project and the Water Disclosure Project have improved, in line with its efforts to manage environmental risks and opportunities. Aveng's 2014 Carbon Disclosure Project score increased to 81% in 2014 up from 79% in 2013.

Water

Municipal water consumed (kℓ)

	2015	2014	2013
	1 092 611	561 078	875 483

Aveng uses mainly 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 construction, manufacturing and mining operations. In construction, water is used as input material and for potable use. The Group's focus on improved reporting and actual consumption indicate a significant volume consumed during the reporting period. The Group consumed 1 092 611 kilolitres of water. Aveng Grinaker-LTA consumed slightly more than 50% of the total volume.

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

The Group prepared its first non-public disclosure report related to water in 2015, reflecting only the South African operations.

The Group utilises actual water volume consumed figures as per actual invoices. These are therefore auditable.

Environment continued

Waste (kt)

	2015	2014	2013
General waste	58 957	224 101	125 507
Hazardous waste	4 625	29 737	71 518
Total waste	63 582	253 839	197 025

A total of 63 582kt of waste, consisting of both general and hazardous waste were disposed of in 2015, representing a 74% decrease compared to 2014. The decrease is largely attributed to the operating groups improving their waste recycling and reuse efforts over and above improved reporting processes. The waste volumes have also been influenced by the reduced number and type of projects executed during the year. General waste continues to form a significant portion of total waste disposed, where general and hazardous wastes constitute 93% and 7% 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 comprises mainly used oil, grease, contaminated personal protective equipment (PPE), electronic waste, contaminated sludge and steel scrap.

Environmental incidents

Aveng aims to have all fixed sites and material contracts audited over a single three-year cycle. More than 95% of fixed and material sites had been audited by the end of the 2015 financial year. Operations are assessed against applicable environmental legislation in their host countries. All major findings have been addressed.

Additional focus areas included structured environmental awareness training on environmental law provisions and responsibilities for employees and senior managers.

Senior managers were formally nominated to assist the group CEO in ensuring Aveng continues to operate as a responsible citizen. The nomination letters were prepared in accordance with the provisions of the National Environmental Management Act (NEMA) for South African operations.

The NEMA-based appointment letters provide an obligation to the managers and employees of Aveng Africa to conduct environmentally responsible operations regardless of their location. While there are no separate environmental legal appointment letters specific to Australasia, the managers and employees in this region are similarly expected to uphold the Group's environmental performance standard, and project-specific environmental duties and responsibilities.

Number of significant environmental incidents reported

2015	2014	2013
4	5	No data

Part of the Group's journey towards a world-class environmental management culture is to effectively deal with environmental incidents. Four significant environmental incidents (all public complaints) were reported internally by the operating groups during the 2015 financial year. These include:

- REHM-Grinaker-LTA in Mauritius: Between July and September 2014, three separate incidents were raised by neighbours to a project site concerning vibrations in their houses during compaction and earthworks in Zone C and Zone F which are being built by REHM-Grinaker-LTA. Comprehensive and technical investigations were conducted. A photographic survey of existing cracks was carried out on houses. The insurance company has been informed and is managing the claim.
- Aveng Grinaker-LTA Rand Roads Boksburg East asphalt plant: A complaint was received from neighbours to the plant on 3 October 2014. The neighbour submitted a complaint directly to the authorities complaining about an odour and burning eyes. The authorities conducted an inspection and a formal investigation was carried out by the management of the plant. Operational

records indicated that the plant had not been operating at the time the odour was detected. All parties agreed that the circumstances related to the complaint were adequately investigated, and that the complaint was invalid, but has to be maintained in the incident register in accordance with the emissions licence requirements.

During the year, as part of the Group's environmental due diligence, a desktop review and analysis on 36 sites of the properties portfolio was performed. The outcomes indicated that 26 (72%) of the sites required deeper due diligence evaluation. These were categorised as Phase 1 assessments which are undertaken to identify potential or existing environmental contamination liabilities. On the basis of the results of these assessments, 12 sites (46%) required Phase 2, a more "intrusive" investigation which collects original samples of soil, ground water or building materials to analyse for quantitative values of various contaminants and inform liabilities. This small number of proposed Phase 2 assessments bears testimony to the Group's continuing implementation of environmental management and practices. The reports are expected during the first quarter of the 2016 financial year.

ISO 14001 certification

Aveng aims to have environmental management systems implemented in all fixed facilities and operating group operations, and for all to be ISO 14001 certified by the end of the 2016 financial year. Based on revenue, 70% of the operating groups were certified in 2015. Uncertified operating groups postponed their certification plans in 2015 due to adverse operating conditions. They will consider including certification in their future budgets.

Due to changing certification bodies, three of four Aveng Grinaker-LTA business units were not ISO 14001 certified in June 2015. For purposes of tendering the new certification body issued letters to confirm the existence of Aveng Grinaker-LTA's SHE management systems that were to be externally audited for recertification during July 2015. The Buildings business unit has been recommended for recertification by DEKRA.

Environment continued

Operating group	Certification status	Comments
<i>McConnell Dowell</i>	100% certified	EMS maintained through surveillance audits and will endeavour to demonstrate continual improvements.
<i>Aveng Grinaker-LTA</i>	25% certified	Recertification planned for Q1 of FY2016. REHM-Grinaker (Mauritius) excluded.
<i>Aveng Moolmans</i>	0%	Environmental management system is currently being established. Stage 1 audits have been concluded.
<i>Aveng Mining Shafts & Underground</i>	100% certified	EMS is being maintained. Surveillance audits conducted.
<i>Aveng Steel</i>	70% certified	Aveng Trident Steel (100%) and Aveng Steel Fabrication (100%) while Aveng Steeledale is at 12%.
<i>Aveng Manufacturing</i>	10%	EMS is currently being established. Stage 1 certification audits were conducted at Duraset, Infraset and DFC. ACS runs a certified EMS.
<i>Aveng Engineering</i>	0%	This operating group does not necessarily require certification but operates client infrastructure in accordance with the applicable environmental management systems.

Through the Construction and Engineering cluster, the Group was able to successfully bring two power assets online during the year. These are the Sishen Solar Plant in the Northern Cape and the Gouda Wind Farm in the Western Cape.



Sishen Solar Plant



Gouda Wind Farm

Looking ahead

Focus areas for the year ahead	Desired outcomes
<i>Continue to improve capturing, recording and reporting of environmental key performance indicators</i>	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>	Increase energy and emissions efficiency at operations.
<i>Continue with energy-efficiency audits at fixed facilities</i>	Assist operations to identify and develop bespoke energy-efficient programmes.
<i>Continue to increase ISO 14001:2004 certification coverage of operations</i>	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>	Publicly declare and demonstrate management of climate change risks and opportunities at operations.
<i>Continue responding to Water Disclosure Project in 2016 and improve on 2015 performance</i>	Publicly declare and demonstrate Aveng's approach and efforts towards managing water-related risks and impacts at the operations.

Human resources

Human resource management at Aveng seeks to facilitate effective processes to attract, develop, performance manage, reward and retain high-performing employees. We continue to engage with our managers and employees to ensure clear accountabilities and line of sight between organisational objectives and the outputs required of each employee to meet Aveng's overall strategic objectives.

Key focus areas

Aveng has reviewed and refined its human resources strategy to align it with the Group's revised business strategy in 2015. The human resources strategy focuses on ensuring that all interventions contribute to the *recover and stabilise* phase of the strategy. Key focus areas include:

- Continuing to strengthen leadership capability through the appointment and development of strong leaders across all our businesses
- Entrenching a high-performance culture aligned with our DNA through effective performance management and appropriate reward and recognition strategies
- Implementing our employee relations strategy with an immediate focus on interventions to mitigate the impact of labour disruption on our business
- Continuing to transform the workforce through our sourcing, development and succession management activities
- Embedding of HR systems and processes to ensure data integrity and accurate and efficient reporting on performance management, learning and development, succession planning and transformation monitoring
- Significantly improving our stakeholder engagement and communication interventions.

The table below details the progress made since the last report across specific key human resource activities:

2015 salient features

Performance area	Target	2015	2014	2013
<i>Implementing an integrated talent management and succession planning model</i>	<ul style="list-style-type: none"> ■ Top talent identified and developed ■ Mission critical and key management positions identified ■ Employees identified, trained and developed to move into key and mission critical positions as they become available. 	****	****	***
<i>Measuring and managing performance</i>	<ul style="list-style-type: none"> ■ Formal, standardised performance contracts in place for all middle and senior managers with improved quality of performance reviews ■ Individual development plans in place. 	****	***	**
<i>Employee relations strategy</i>	<ul style="list-style-type: none"> ■ Informed, engaged and committed employees ■ Reduction in propensity for unprocedural strikes. 	***	***	**
<i>Embedding our DNA</i>	<ul style="list-style-type: none"> ■ DNA enablers fully understood and embedded into the Aveng culture. 	***	***	***
<i>Optimising our organisation / flattening levels</i>	<ul style="list-style-type: none"> ■ A high-performing workforce with clearly understood roles and accountability at all levels. 	****	***	**
<i>HR systems capability</i>	<ul style="list-style-type: none"> ■ An integrated HR information system (SAP HCM) providing accurate people management information and a B-BBEE reporting and analysing tool (Mpowered B-BBEE toolkit) implemented. 	****	****	***
<i>Targeted training and development</i>	<ul style="list-style-type: none"> ■ Integrated training interventions focused on the development gaps identified through succession plans, performance management reviews and psychometric assessments. 	****	***	**

* Not implemented

** Not fully implemented

*** Implemented with further work required

**** Fully implemented

Human resources continued

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. Our progress during the 2015 financial year is detailed below:

Stakeholder	Issue	Impact on the business if not addressed	2015	2014
Employees <ul style="list-style-type: none"> 7 883 salaried 17 583 waged. 	<ul style="list-style-type: none"> Alignment of employees with the strategy of the organisation as well as the desired organisational culture (DNA) and values. 	<ul style="list-style-type: none"> Sub-optimal performance and failure to meet targets Labour disruption. 	<ul style="list-style-type: none"> Ongoing employee engagement at various levels Improved management induction programme Introduction of CEO roundtable sessions with senior and emerging talent groups Introduction of MD roundtable sessions per operating group cascaded to various levels. 	<ul style="list-style-type: none"> Regular employee engagement sessions Formal performance contracts in place for all middle management and above 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"> NUM, NUMSA, UASA, AMCU and Solidarity in South Africa AWU and CFMEU in Australia. 	<ul style="list-style-type: none"> Quality / consistency of engagement with unionised and non-unionised labour. 	<ul style="list-style-type: none"> Tough labour relations environment High propensity for labour disruption Proliferation of unions. 	<ul style="list-style-type: none"> Employee relations strategy implemented to win hearts and minds of employees Ongoing engagement with organised labour Best practices implemented. 	<ul style="list-style-type: none"> Employee relations strategy developed and being implemented Regular formal and informal engagement with organised labour. Shop steward councils and union and management forums are in place to encourage employee-employer partnerships and active participation of the employee forums created under the auspices of the Labour Relations Act.
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 business performance and failure to meet performance objectives. 	<ul style="list-style-type: none"> Performance contracts embedded in the organisation Consequence management implemented Leadership and potential indicator toolkit developed and employees in senior and middle management recruited and developed against the desired profile A robust succession planning model implemented and refined across all operating groups All senior managers formally assessed to determine capability to perform in current and future roles; implementing targeted training and development interventions to close identified gaps. 	<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 with 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	2015	2014
<i>Service providers</i>	<ul style="list-style-type: none"> Alignment of service providers with the Aveng 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 Dysfunctional, unsustainable relationships with suppliers Non-compliance to legislation. 	<ul style="list-style-type: none"> Ongoing engagement with service providers to ensure they are aligned with Aveng policy, values and required legislation Training workshops held for suppliers on Aveng procurement approach. 	<ul style="list-style-type: none"> Audit of current service providers completed to assess compliance with applicable legislation Actions identified to align service providers with the strategy, values and DNA of the organisation.
<i>Regulatory bodies relating to labour</i>	<ul style="list-style-type: none"> Compliance with legislation. 	<ul style="list-style-type: none"> Reputational and / or financial risk. 	<ul style="list-style-type: none"> Ongoing reviews to ensure compliance to applicable legislation. 	<ul style="list-style-type: none"> Timeous submission of statutory reports and plans Ongoing engagement with regulatory bodies relating to labour.

Human resources performance

Talent and succession planning

Effective talent and succession planning interventions and strategies ensure an effective and high-performance organisation. Key elements include assessing the current skills capability to identify internal successors; filling key and critical positions by identifying internal or external potential successors; and growing future talent through targeted training interventions or development programmes.

Significant progress has been made in maturing the Aveng succession planning process, with the main objective of driving performance and sustainability. During the period under review, the succession planning model was extended deeper into the organisation to focus on the key and critical roles that have a substantial impact on the performance of the business. This entailed an analysis of succession coverage in 415 business critical roles, compared to 275 roles during the previous reporting period. In formulating succession plans, management considered their transformation commitments to develop a pipeline of historically disadvantaged South African (HDSA) candidates as future successors for leadership positions. However, the bench strength of HDSA candidates remains weak and this

continues to be a key focus of recruitment and development activities.

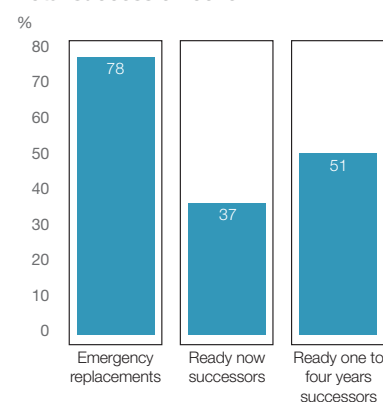
Operating groups reviewed their succession plans, including the succession risk at lower level key positions, with a particular focus on operations, commercial, project management and financial disciplines. There is generally sufficient emergency cover to mitigate the immediate risk of key talent loss. However, there remains a gap in the ready-now and ready-later (one to four years) categories. Where no internal successors were evident, risk mitigation processes are being implemented including proactively identifying potential candidates externally. Progress with the implementation of the succession review decisions is reviewed quarterly at the operating group people management meetings chaired by the group chief executive officer.

In order to strengthen the Group's capability and capacity, a number of key operational appointments were made during the period under review, including a managing director of Aveng Duraset and a general manager of Aveng Façades in Aveng Manufacturing, managing directors of the Mechanical and Electrical and the Coastal business units in Aveng Grinaker-LTA, McConnell Dowell commercial executive, head of Australian

operations, two regional managers in Australia, and the group commercial executive at the corporate office. Subsequent to year end a successor for the managing director of McConnell Dowell was announced.

Aveng Grinaker-LTA has invested significant time and effort in strengthening its management team while retaining their critical management competence. The performance drive and culture within Aveng Grinaker-LTA has started to show traction, especially given the current economic conditions.

Total succession cover



The graph above details total succession cover across 415 key and critical positions within Aveng. Many leaders in

Human resources continued

critical positions are fairly new in the Group which contributes to relatively low ready-now succession coverage (37%). Within the pipeline, an increase in ready-later succession coverage (51%) is evident. There has been a significant improvement in the calibre of leaders appointed into key positions given the rigour applied during the recruitment and assessment phase. Key successors have continued to undergo management assessments to ensure that they are capable of fulfilling future roles. Development plans ensure that competency gaps are effectively addressed.

Performance management

There has been considerable progress in the implementation of meaningful and targeted performance contracts down to supervisory levels.

Increased rigour has been applied to performance contracting at senior management levels and, where required, poor performing managers have been replaced with more experienced and capable managers.

Two hundred senior managers across the Group underwent capability assessments and relevant development plans have been implemented to address capability and performance shortfalls.

Operating group managing directors are accountable for performance management in their operations and progress in performance contracting and targeted development plans is tracked.

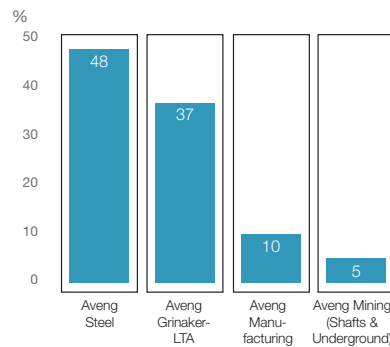
There is a close correlation between performance and reward.

@ Additional information is available in the remuneration report at <http://www.financialresults.co.za/2015/aveng-additional>.

Employee relations

Impact of labour disruption

2015 strike impact by operating group – Total R135 million



Although strikes have continued to impact the Group negatively, there has been a R44 million reduction in the overall cost impact compared to the prior year where strike impacts amounted to R179 million.

During 2015, strikes resulted in a R135 million negative impact on the Group's net operating earnings of which 48% was at Aveng Steel, 37% at Aveng Grinaker-LTA, 10% at Aveng Manufacturing and 5% at Aveng Shafts & Underground.

These strike impacts were predominantly due to internal and industry-related wage disputes.

Although there is a reducing trend in the financial impact of strikes over the last three years, overall stability in the construction, mining, steel and motor industry sectors is critical to labour stability.

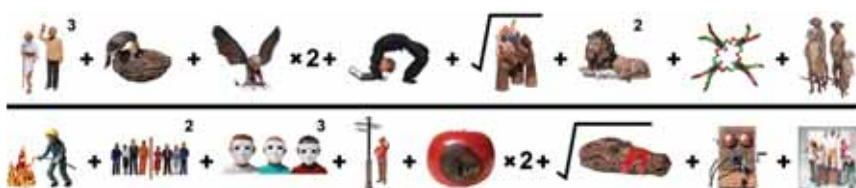
Tracking of employee and union engagements and assessment of the management of strike action forms part of internal review forums and is further tracked and monitored by the group executive director.

At Aveng Steel, the company had been engaged in protracted consultations with the representative trade union over an extended period of 11 months. These consultations had been in respect of changing outdated job descriptions to align them with current industry practice, with a view to improving efficiency of operations in a highly depressed steel market. The unproductive, lengthy consultation process, compounded by the deteriorating business environment, compelled the company to eventually offer the revised roles to employees as an alternative to retrenchment. Refusal by 733 affected employees to accept the revised roles, with no loss of pay, regrettably resulted in all 733 employees being retrenched. Alternative labour was subsequently employed over a three-week period into the revised positions with minimal productivity losses during the period.

The employee relations climate within McConnell Dowell is stable, with no notable incidents during this reporting period.

Embedding the Aveng DNA

The Aveng DNA was launched in 2011 and rolled out to all operating groups. In 2013, a group-wide culture survey was initiated to assess employees' views of workplace behaviours displayed in comparison to the desired culture. In 2015 a follow up survey was conducted to track progress.



Human resources continued

Operating groups have been conducting their own unwritten ground rules (UGR) surveys during the year as a means of determining the status of the enabling behaviours shaping the culture in line with the Aveng DNA.

Aveng Manufacturing has been one of the most successful operating groups in shifting the organisation culture to align with the Aveng DNA. It has regularly conducted UGR and DNA surveys and actioned the necessary interventions to address the outcomes. Progress with the implementation of the various interventions to entrench the DNA enablers while eradicating the disabling behaviours and attitudes has been reviewed at its operating group exco meetings. The Aveng Manufacturing leadership team identified the positive UGRs to be communicated throughout the business and monitored regularly to ensure implementation in alignment with the identified DNA elements. Business unit UGR champions were identified and trained to become facilitators in rolling out the UGR processes. The success of this cultural change drive is evident in the common UGR language that has been adopted throughout this operating group.

While Aveng Moolmans has not had a specific cultural change intervention, it traditionally has a very strong, performance-driven organisation culture aligned with the Aveng DNA. Following the decision to integrate Aveng Moolmans and Aveng Shafts & Underground into Aveng Mining, effort has been going into extending the successful Aveng Moolmans culture into the rest of Aveng Mining.

At Aveng Grinaker-LTA, the focus was more on raising awareness on diversity management as a first step towards creating a conducive working environment for all employees. A substantial number of the operating groups' management teams attended diversity management training sessions. In addition, the managing director held one-on-one sessions with the top 140 managers and key talent in the operating group as part of an employee engagement intervention as well as to align them with the desired and expected culture.

McConnell Dowell's annual employee opinion survey for 2015 was completed by 1 395 employees across the operating group. Yet again, an impressive engagement score of 72% was achieved. The key findings from this survey which are being actioned included, among others:

- Increase senior management visibility and improve transparency by providing consistent information to staff across all sites
- In the absence of pay increases, ensure that managers are communicating what they know about the salary review process directly with their employees
- Provide adequate opportunities for two-way communication with staff.

Organisational optimisation

The organisational optimisation review which commenced in the previous financial year targeted fixed overhead and operational costs. In some cases this necessitated restructuring and rightsizing across the Group which resulted in headcount reductions of 1 094 staff.

The outcome and results of the overall optimisation review were concluded and appropriate actions implemented. Substantial savings were made in the fixed cost base as a result of these initiatives. Over the last 18 months to date, 74% of the targeted saving has been translated into defined business cases. As at 30 June 2015, a banked gross overall saving of R452 million has been realised against the business case target of R472 million. Continued focus will remain in place to ensure a sustainable fixed cost base which is in line with the market.

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

SAP Human Capital Management (HCM) project

The South African SAP HCM project was successfully completed in March 2015. All South African-based operations are now functional on the SAP HCM platform.

Significant benefits have already been realised, including improved reporting and data accuracy, reduction in the number of payrolls from 144 to 31, improvement in controls on pay and leave administration, absenteeism management and the measurement and management of people information and trends. This has contributed to an overall improvement in controls, governance, and speed of decision-making.

Non-South African-based employees' information is consolidated via a business intelligence tool for group reporting and analytical purposes.

During 2015, McConnell Dowell implemented an HR management system to manage and consolidate all HR information across its operations to improve HR reporting and management of information. Reports from this system will be consolidated on the Group's business intelligence (BI) system for corporate reporting.

HR information and trend analysis is now available to line managers daily on the BI tool, allowing for informed people management decisions. Key metrics have also been developed in BI, reducing the time required to collate information across the Group.

Given that the majority of Aveng employees are now on SAP HCM, the performance management and succession planning modules are being enabled to manage performance and succession with an automated real-time system, enabling improved decision-making. Non-South African-based employees will be interfaced to allow for a consolidated group view on performance management and succession planning.

Learning and development South African operations

Targeted and focused learning and development interventions continued to be rolled out across the various Aveng operations during this reporting period. The key focus was on leadership development programmes for managers,

Human resources continued

the training and development of bursars, apprentices, learners and graduates, and technical and safety operational training linked to operating group-specific skills requirements.

270^(A) new employees received a mandatory competition law online training in the current financial year. Annual refresher training is scheduled for October 2015.

Technical training highlights

Aveng has one of the most extensive technical training offerings in South Africa. Various Aveng training academies offer accredited training, apprenticeship and learnership programmes, covering trades such as welding, fitters and turners, lifting equipment training, rock breaking, diesel mechanics, construction, etc. Technical training highlights include:

Aveng Grinaker-LTA welding school

The Vanderbijlpark welding school has achieved a commendable safety record since its inception in January 2013. To date, only one minor incident has been reported. The school is accredited by the Manufacturing Engineering and Related Services SETA (Merseta) for National Certificate (NQF level 2, 3 and 4) in Welding Application and Practice.

The school trains welding apprentices and upskills semi-skilled workers and unemployed people from Vanderbijlpark and surrounding areas. During the 2015 reporting period, 30 Sasol apprentices and 33 ASGISA learners attended training at this facility.

Aveng Grinaker-LTA civil engineering training centre

The centre was established in 2006 to address skills shortages in the Civil Engineering business unit. Since its inception, it has achieved substantive skills and social development impacts in a number of projects.

A total of 1 972 employees were trained in various lower-level technical skills during this reporting period. Temporary training facilities have been established at two project sites (Majuba and Shondoni) and training instructors have been seconded for the duration of the projects to improve skills development with minimal disruption to operations.

The training centre also delivers project-based training and development support as part of its commitment to client requirements.

Aveng Grinaker-LTA engineering professional registration

Aveng Grinaker-LTA currently has 34 employees being mentored towards professional registration with the Engineering Council of South Africa (ECSA). In line with changes to the Construction Regulations, all health and safety practitioners within the construction field will register with the South African Council for Project and Construction Management Professions (SACPCMP) before August 2015.

Aveng Manufacturing track welder and master programme

Aveng Rail implemented a track welder and track master programme to develop technical rail capability.

Aveng Mining accreditations retained

Aveng Moolmans retained its Surface Mobile Equipment and National Certificate in Rock Breaking accreditation with the Mining Qualification Authority (MQA) after an in-depth audit conducted by the MQA, DMR and union representatives. Aveng Moolmans also obtained accreditation status for generic supervisory management skills programmes, lifting equipment training, competency A and occupational health and safety skills programme.

Aveng Mining Moolmans technical training centre Northern Cape

A technical training centre in the Northern Cape was opened during 2015. Current Phase 1 and 2 apprentices attended their training at the Training Centre.

Aveng Mining Moolmans apprenticeship programme

179 unemployed earthmoving diesel equipment mechanic apprentices were enrolled for the programme. 12 qualified as earthmoving diesel equipment mechanics.

Aveng Mining Shafts & Underground MQA accreditation

Aveng Mining Shafts & Underground has successfully achieved accreditation with the MQA for rock breaker L2-3 learnership qualifications. Prospective clients view this accreditation as a criterion during discretionary grant applications and tender applications with prospective clients.

Technical training programmes

Apprenticeships

Aveng runs one of the largest artisan training programmes in South Africa. During the period under review, 451 apprenticeships were enrolled on programmes across Aveng. In alignment with Aveng's transformation commitments, of the 451 apprentices, 82% are black and 10% female. 40% are from Aveng Mining (Moolmans), 39% from Aveng Grinaker-LTA, 9% from Aveng Mining Shafts & Underground, 7% from Aveng Manufacturing, and 7% from Aveng Steel.



Mechanical and Electrical welding school

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

Human resources continued

Aveng continues to develop technical expertise through the provision of apprenticeships in technical trades. The upskilling of individuals in specific technical skills is critical to the various operations across Aveng. In addition, the provision of apprenticeship programmes addresses the critical skills that are required in the country beyond the immediate needs of Aveng.

Learnerships

165 learners are currently enrolled in learnership programmes across Aveng of whom 67% are black and 12% female. The main purpose is to develop pools of critical skills required by industry, while generating employment for historically disadvantaged individuals.

Aveng Mining (Moolmans) has the largest number of learners registered on learnership programmes in Aveng. Out of 61 learners, 49% are unemployed local community members. Aveng Manufacturing has also been instrumental in implementing learnerships within its manufacturing and assembly operations. A NQF level 4 programme to develop technical competencies within the manufacturing industry has been implemented. Nine participants graduated from the programme during this reporting period.

Graduate development and bursaries

Aveng runs one of the largest bursary programmes within its sector. There are 94 graduates across Aveng's South African operations of which 75% are black and 34% female. Aveng currently provides bursaries to 45 external students across various disciplines. Of the 45 bursars, 80% are black and 24% female.

The retention of graduates and the development of talent in the various disciplines is a key focus area. Detailed development plans, progress reports, regular line management interaction and structured mentoring towards professional registration are some of the steps taken to improve retention and build talent pipelines.

Post graduate funding programme

Aveng Grinaker-LTA has engaged with the University of Cape Town and

University of Stellenbosch to allow three of our employees to complete a Masters degree part-time over three years. Two employees have enrolled for the Masters in Construction Engineering and Management with the University of Stellenbosch and one employee is enrolled with the University of Cape Town for Civil Infrastructure Maintenance and Management.

Management development programmes

During the period under review, 318 employees have attended various managerial training programmes across Aveng of whom 65% are black and 43% female.

Aveng continually focuses on strengthening managerial capacity and capability across its operating businesses. To facilitate this, management development is now structured around targeted development interventions linked to specific development needs as identified through an assessment battery for senior managers.

Leading in Aveng programme

Aveng continued with its premier leadership development programme, Leading in Aveng this financial year. This is a fully accredited Advanced Diploma in Organisational Leadership (NQF level 7, 120 credits towards an honours degree) programme for first-line supervisors, middle managers and senior managers. 89 delegates from across all South African operating groups are participating in the 2015 programme.

Executive development programme

During 2015 an executive development programme was identified and will be added to the management development offering. The programme which will include high-impact local and overseas business school programmes which will be rolled out during the 2016 financial year to high-potential managers and executives identified during the group succession review process.



Additional information is available under skills development in the transformation report on pages 32 and 33.

Community investment

As an industry leader in infrastructure, Aveng continues to invest in upskilling and development in the communities within which it operates. During 2015, in addition to the employee training undertaken by Aveng, operating groups made significant contributions to community upliftment and the development of critical skills required within the industry.

Aveng Manufacturing

Aveng Rail provided bursaries to four students at the Majuba Rail Project from Standerton and adjacent areas. These bursars are undergoing a trainee track and welder training programme at a FET college at an investment value of R281 040 for the year.

Aveng Mining

Aveng Moolmans MQA training continued to focus on the initiation and implementation of community development projects in the Northern Cape. An amount of R1 606 500 was invested in 105 learners who attended MQA accredited training in machine operating (46), occupational health and safety (21) and training towards the attainment of blasting tickets (38).

Aveng Shafts & Underground made a significant investment, providing assistance to 10 learner miners at the Wesizwe operations at a cost of R1,4 million. Furthermore, support was provided to five graduates in Limpopo and Mpumalanga (R930 000), a bursar in the North West (R67 000) and 10 apprentices in the North West (R1,1 million). These community investment initiatives amounted to a total of R3,5 million.

Aveng Grinaker-LTA

Aveng Grinaker-LTA contributed towards a number of community development programmes, including:

- Four construction learnerships (R126 000)
- Accredited low level construction skills training for 493 unemployed individuals from the local communities at Shondoni, Platreef, R72 and Majuba projects. Skills training included shuttering, concreting, steel fixing, scaffolding, working at heights, gabions, guardrails and drainage. The total cost of the training was R1 416 962, with an average investment of R2 874 per person

Human resources continued

- Maths and science tutoring for five grade 11 students (R40 000 per year)
- Internships for 13 students to meet their qualification requirements (R242 000)
- Upskilling of 30 unemployed youth in partnership with Sasol at the Welding School (R2,2 million).

McConnell Dowell

Key training programmes

During this reporting period, 10 key managers attended the senior leadership programme which is run by the University of Melbourne. Part of the programme involved the participants working in two syndicate groups on two company strategic initiatives:

a) *Back to Basics*

The key objective of the Back to Basics initiative is to develop a practical guide for project managers similar to the *Stepping Up: Leadership at McConnell Dowell initiative*. This initiative has been developed around the following key themes:

- McConnell Dowell culture of performance
- Lean structures and accountability
- Project management excellence
- Governance and reporting
- Capability and diligence.

b) *Commercial Due Diligence*

The key objective of this initiative is to determine a more effective methodology for project commercial staff to work with senior project managers to ensure effective commercial management and technical due diligence. The initiative has been developed around data collected from 10 real life projects. After collecting and analysing this data, the team refined the outcome into five hot topics which were developed around the following key themes:

- Organisation and people
- Risk management and project reviews
- Cost management and project reporting
- Project handover and start-up
- Skills and training.

The syndicates presented their findings to the McConnell Dowell executive committee.

Graduate development

A review was undertaken of the current graduate programme, which has been running for the past six years across Australia. Due to the current format of the programme involving a high level of time

and cost investment, the review resulted in a decision to redesign the format of delivery of the graduate programme to provide:

- Cost savings
- Greater flexibility of access to training (e.g. elearning) for graduates across Australia
- A return on investment from the programme which is directly relevant to the business and is quantifiable.

The redesigned programme has been based on a number of factors including feedback from current graduates and engagement with several senior managers across the different business units. The programme will deliver a formal qualification of a Certificate IV in Project Management and is expected to improve attraction of graduates to McConnell Dowell, while having an industry-leading programme will further enhance retention and increase the skill capacity and knowledge of graduate engineers.

The new graduate programme delivery format will reduce the amount of face-to-face training and will include a modularised approach and leverage blended learning methods.

Looking ahead

Key HR focus areas for year ahead	Desired outcomes
<i>Continue to drive the transformation / localisation strategy</i>	<ul style="list-style-type: none"> ■ Achieve transformation / localisation strategies set at each operating group ■ Development targets met for key black talent identified as successors for critical positions ■ Localisation strategy implemented.
<i>Entrench the employee relations strategy to reduce / eliminate strike impact</i>	<ul style="list-style-type: none"> ■ Employee relations strategy rolled out across all operating groups ■ Significant reduction in internal strike action ■ Quarterly employee engagement sessions across the Group implemented.
<i>Continue to drive the Aveng DNA strategy</i>	<ul style="list-style-type: none"> ■ Action findings from the 2015 culture survey ■ Implement culture strategy ■ Focus on development of employees identified as ready now and ready in one year.
<i>Embed the succession planning model</i>	<ul style="list-style-type: none"> ■ Align recognition programme to ensure retention of critical talent ■ Grow the succession pipeline.
<i>Continue driving a high-performance culture</i>	<ul style="list-style-type: none"> ■ Drive the employee value proposition ■ Address repeat poor performance ■ Implement actions from employee roundtable sessions ■ Implement systems developed to engage and recognise employees.

Transformation

Aveng considers the socio-economic transformation of South African society a business imperative. In accordance with the Group's commitment to transformation and in anticipation of the promulgation of the Revised Codes of Good Practice, Aveng is implementing a comprehensive three-year plan which will enable the fulfilment of its transformation objectives.

Numerous workshops facilitated by a transformation expert have enabled each of the Aveng business units to develop their three-year comprehensive and sustainable transformation plans. These plans are based on the Revised Codes of Good Practice, and will be aligned with the revised Construction Sector Charter, once it has been approved and gazetted.

The implementation of the three-year transformation and B-BBEE strategy from November 2014, is underpinned by a robust operational governance protocol and knowledge and skills transfer to targeted key employees and external stakeholders.

The roll-out of the transformation strategy has been supported throughout Aveng by all decision-makers, influencers and operational management teams who were

trained between September 2014 and June 2015 in all elements of the Revised Codes of Good Practice and the specific transformation plans of each business unit.

Key focus areas

Aveng focused on regaining its level 2 rating during the year, and the Group is confident that it will retain its level 2 rating as measured against the existing Construction Charter. Preparation for the first management reviews and assurance against the Revised Codes of Good Practice is well under way. The Group will undergo its first BEE verification against either the Revised Codes of Good Practice or the New Construction Sector Charter in October 2016 where the Group expects to drop a minimum of 2 levels in line with the increased compliance targets of the revised codes.

The Group has identified these key transformation focus areas across its diverse range of South African businesses:

- Achieve set transformation targets by complying with the Revised Codes of Good Practice and ensuring alignment with the new Construction Sector Charter once gazetted

- Increase B-BBEE performance by complying with the management control targets as measured against the national economically active population
- Recruit, retain and develop young black professionals into more senior managerial ranks
- Continue support for socio-economic development initiatives and in particular mathematics and science education
- Enhance and foster strategic relationships with key stakeholders.

2015 salient features

The performance during the 2015 financial year against strategic objectives defined in the Aveng three-year transformation plan is discussed below.

The table shows the performance of Aveng (Africa) Limited against the various elements of the Construction Sector Charter. The decline in the company's performance in 2013 to a level 3 rating was as a result of the escalation in the Construction Charter's targets. The company, however, implemented the necessary interventions to ensure that it regained a level 2 contributor status within a year.

2014 broad-based black economic empowerment scorecard (1 July 2013 to 30 June 2014¹)

Scorecard elements	Construction sector targets	Aveng Africa 2012	Aveng Africa 2013	Aveng Africa 2014	Comparison to prior year
Ownership	25	24	24	24	↔
Management control	10	8,16	7,46	9,26	↑
Employment equity	10	5,19	3,59	3,95	↑
Skills development	15	10,26	9,24	10,78	↑
Preferential procurement	20	18,55	18,31	20	↑
Enterprise development	15	15	15	15	↔
Socio-economic development	5	5	5	5	↔
Total	100	86,15	82,35	87,99	↑
Rating	1	2	3	2	↑

↔ Constant
 ↑ Improvement

© For a copy of the Aveng B-BBEE certificate, go to: www.aveng.co.za/group/bbbee/certificates. The current certificate is valid until 16 October 2015.

¹ Headcount and ownership verified at time of verification during October 2014.

Transformation continued

Transformation impacts and management

Aveng has identified its main transformation stakeholders as employees, clients, suppliers and the authorities that govern the company's compliance with employment equity and B-BBEE legislation. Their key concerns or requirements, and the actions Aveng has taken to address them, are reported in the table 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"> ■ Ineffective organisational transformation and a lower scorecard rating ■ Threats to association and licence to trade with others. 	<ul style="list-style-type: none"> ■ Integrated sustainable transformation and B-BBEE strategic plans are being implemented to drive transformation management across the operating groups ■ A B-BBEE toolkit and IT management system was implemented in April 2014 to monitor and measure compliance with the Construction Charter targets and revised B-BBEE codes. A transformation and B-BBEE compliance framework is used by the operating groups as a reference guide ■ Execution of operating group strategies and plans is monitored monthly through the Group transformation working committees.
<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"> ■ Effect of market downturn and restructuring on EE targets and remediation ■ Risk of non-compliance and penalties. 	<ul style="list-style-type: none"> ■ Successive EE plans were developed and submitted to the Department of Labour for the next five years until 2019 ■ An EE framework was developed in line with the Codes of Good Practice in place and serves as an EE guideline for transformation champions and line management to effectively manage the process ■ The Group has implemented affirmative and recovery measures, underpinned by an aggressive skills development programme, aimed at ensuring increased compliance to achieve five year targets ■ Quarterly EE audits are conducted to monitor progress against annual numerical targets and governance processes.
<i>Suppliers</i>	Compliance with B-BBEE Codes of Good Practice and Construction Charter targets and retaining empowering supplier status	Decrease in preferential procurement scoring as suppliers will drop levels under the new codes. The lack of empowering supplier status will nullify spend with certain suppliers.	<ul style="list-style-type: none"> ■ Process to communicate with and train suppliers has commenced ■ High-risk suppliers have been identified and communicated to all business unit decision-makers ■ One-on-one interventions with high risk suppliers ■ Ongoing communications and interactions with suppliers.
<i>Employees</i>	Appropriate consultation with employees on transformation-related matters and employee development	Lack of proper engagement, consultation and development of 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 work environment ■ Ability to attract key skills. 	<ul style="list-style-type: none"> ■ Employee consultative forums are in place and used as part of the employee engagement structures to disseminate information to employees and get feedback from them ■ EE and skills development committees are in place 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 ■ Educational workshops, including diversity management, are presented regularly.

Examples of active engagement with key stakeholders:

- 16 days of training provided to 424 senior and line managers on the revised codes of good practice and in-depth training on enterprise and supplier development and preferential procurement
- Two-day workshop attended by 55 internal human capital practitioners on challenges faced by the Group, followed by six days of training (practitioners and line managers) on the Revised Codes of Good Practice with

in-depth training on the skills development, employment equity and socio-economic development

- 139 enterprise development beneficiaries received training on leadership, human capital, finance and contract law. Sub-contractor beneficiaries have received additional training on costing
- Nine communication interventions were carried out across the country to 474 strategic suppliers who were provided with an overview of the Group's transformation strategy and

the impact and challenges facing current suppliers

- Six in-depth training sessions were held for 225 high-risk suppliers on the requirements of the Revised Codes of Good Practice. A further 61 potential suppliers received training on the Group's tendering process and an overview of the procurement opportunities available within the Group for black owned, black woman owned and companies qualifying under the designated group of the Revised Codes of Good Practice.



Transformation conference in Midrand

Transformation monitoring and performance

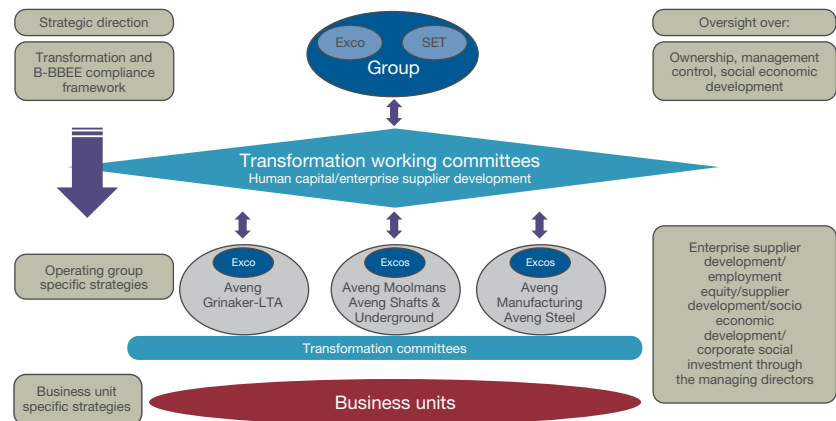
Over the past year, the Group has focused on improving the knowledge and insights of all key decision-makers within the organisation on the Revised Codes of Good Practice and their implications for all employee and supplier-related decisions.

Appropriate management structures have been implemented to drive the implementation of the requirements of the Revised Codes of Good Practice, notwithstanding the delays in aligning the Construction Charter with the Revised Codes and subsequent extension of the validity of the Construction Charter to October 2015.

These structures include an interim steering committee comprising B-BBEE element owners who were mandated by the group executive committee to coordinate Aveng's delivery against the targets of each element of the revised codes. Element owners chair transformation working committees and were mandated to ensure implementation of the requirements of the Revised Codes of Good Practice across South African operations. The steering committee has raised awareness of the meaning and intent of the revised codes throughout the operating groups' business units and ensured that each business unit compiles a comprehensive three-year transformation strategy. These strategies were approved by the Board and implemented in October 2014. The various transformation initiatives continue to be driven by transformation committees in the business units which

monitor progress against the milestones set in their strategies.

Governance structure



Aveng (Africa) regained its level 2 rating during the October 2014 audit cycle with notable improvements in the areas of management control, employment equity, skills development and preferential procurement. Furthermore, preparation for the Revised Codes of Good Practice has been substantially achieved.

Ownership

The Aveng Empowerment Trust distributed a total of R196 million to 11 280 eligible employee beneficiaries between December 2011 and 30 June 2015 as part of the realisation arrangement with the empowerment partners who decided to exercise their option to unwind the transaction in December 2011. Despite this transaction,

There is also a group working committee chaired by the group transformation executive, which meets every four to six weeks for business unit representatives to provide feedback on progress with the implementation of their plans.

Monthly updates are provided by the group transformation executive to the group executive committee chaired by the chief executive officer who in turn holds the operating group managing directors to account. The performance contracts of operating group managing directors include transformation targets as a KPI.

A quarterly report is provided to the social, ethics and transformation committee of the Board after which the chairman of the committee gives feedback to the Board on progress with the implementation of the transformation strategy.

the empowerment status of Aveng remains substantially the same. Both Tiso and the Aveng Community Investment Trust remain shareholders of Aveng Limited and only the Aveng Empowerment Trust disposed of its 2,5% share in Aveng Limited in order to settle the loan that was obtained to pay eligible employee beneficiaries. Aveng's empowered ownership status at the last audit was 90,47% black owned with 30,99% black women ownership.

Aveng Africa qualifies as a 50% black-owned supplier which positions the Group favourably with customers and clients who wish to benefit from black-owned preferential procurement points.

Transformation continued

Employment equity and management control

There has been a significant increase in employment equity (EE) points from 3,59 to 3,95 points for Aveng (Africa). Yet the representation of previously disadvantaged groups in senior, middle and junior management remains a challenge when measured against the Construction Charter's five to seven-year stretched targets. There was, however, an improved performance in the representation of executive and senior management from 30,16% to 37,24%. The representation of middle management also improved from 30,50% to 34,73% and junior management improved from 47,99% to an encouraging 54,85%.

Group transformation efforts, including focused recruitment practices, have

yielded results. The Revised Codes of Good Practice have set a more challenging target as the Codes are now aligned with national economically active population targets. Improvement is required in employment of people with disabilities, who have a current representation of 11,58% across Aveng Africa.

New successive EE plans have been developed and submitted to the Department of Labour for the next five years. The successive EE plans will be reported against year one of the 2015 / 2019 plans in October 2015. The recent restructuring activities of the Group will have a significant impact on the achievement of the annual EE targets for this reporting period, and the Group constantly reviews and monitors staff appointments, promotions and

terminations to ensure that employment equity gaps are addressed. A substantial number of operating groups' management teams have attended diversity management training sessions. The awareness sessions were also cascaded throughout the South African operations for employees at occupational levels below management. Quarterly compliance reviews will be conducted to measure progress against the annual numerical targets set out in the EE plans for the operating groups. Furthermore, workforce demographic profile distribution trends and affirmative measures implemented to achieve the EE numerical goals for the operating groups will be monitored and analysed to ensure that any barriers identified are addressed proactively.

Table 1: Aveng (Africa) workforce profile (2014*)

Occupational levels	Designated								Foreign nationals		Total
	Male				Female				Male	Female	
	African	Coloured	Indian	White	African	Coloured	Indian	White			
Top management	3	0	1	8	0	0	0	0	0	0	12 ^(A)
Senior management	16	5	15	175	10	2	6	12	9	1	251 ^(A)
Professionals, specialists, mid-management	213	87	85	818	53	4	16	105	24	2	1 407 ^(A)
Technical, junior management, supervisors	1 371	227	64	913	171	54	39	304	56	5	3 204 ^(A)
Semi-skilled and discretionary decision-making	5 946	376	33	238	591	71	20	209	179	5	7 668
Unskilled and defined decision-making	3 755	147	11	31	449	29	1	10	389	0	4 822
Total permanent	11 304	842	209	2 183	1 274	160	82	640	657	13	17 364
Non-permanent employees	1 195	96	14	48	154	9	6	21	1	1	1 545
TOTAL	12 499	938	223	2 231	1 428	169	88	661	658	14	18 909

* Summary of workforce profiles as submitted to Department of Labour in October 2014 in terms of Employment Equity Act.

Skills development

Skills development has increased slightly from 9,24% to 10,78% as a result of an increase from 43,57% to 56,05% of expenditure on black people in management categories. There has also been significant improvement in bursary expenditure on black students from 15,52% to 33,14%, with 25,32% dedicated to training disabled black learners. These initiatives yielded results

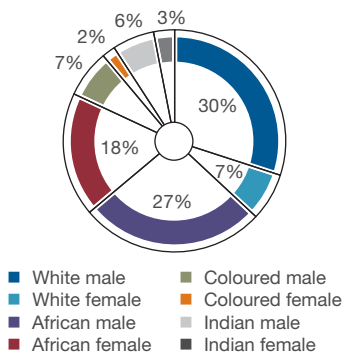
and we will remain focused on these areas.

Capacity building to strengthen the leadership pipeline in Aveng was one of the focus areas for this financial year. 52 employees were placed on the accredited Aveng leadership development programme. The increase in expenditure on skills development in the middle and senior management levels and the growth

in the overall number of black managers demonstrate the benefits gained from continuous implementation of this leadership programme. Furthermore, 24 employees have attended the foundational leadership programme for emerging leaders which serves as the feeder pipeline to the Aveng leadership development programme. As part of the continuous drive to strengthen the leadership pipeline, 89 employees have been enrolled on the programme.

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


Leading in Aveng programme



Aveng Grinaker-LTA had a new intake of 16 on its graduate development programme, all of whom have attained university technical qualifications, including degrees in civil engineering, quantity surveying, and construction and building science.

Further targeted training is undertaken in line with our B-BBEE commitments and training expenditure targets, including learnerships and apprenticeships. A total of 194 employees (61% of whom are black employees) were sponsored to further their studies through the study assistance programme.

During the 2016 financial year, we will maintain our focus on targeted training interventions to address shortages in core and critical skills and leadership skills to ensure that the business has appropriate skilled resources at all levels to manage and achieve business goals. Specific attention is being given to pre-employment skills feeder pipelines in learnerships, apprenticeships and internships, with emphasis on the development of black male and black female candidates.

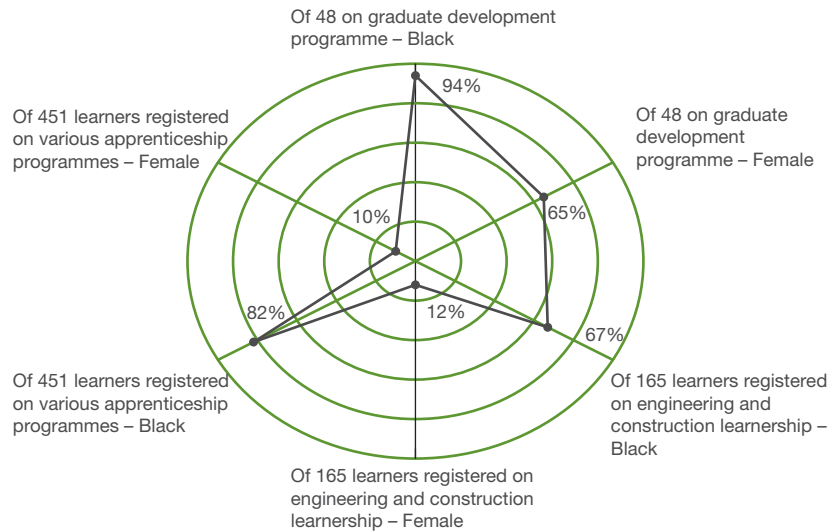
 Additional information on skills development is provided in the human resources report on pages 21 to 28.

Preferential procurement and enterprise development

Preferential procurement

Preferential procurement scored full points for the year under review. The Group's strategy to manage these elements at a corporate level has yielded the desired results and entrenched our desire to create opportunities for black-owned and

Black and female representation on learnerships, apprenticeships and study assistance



black woman-owned exempted micro-enterprises (EMEs) and qualifying small enterprises (QSEs). The Group expects to retain a high level of compliance during the October 2015 audit by:

- Centralising preferential procurement reporting and monitoring within centre-led procurement under a dedicated enterprise and supplier development manager, while ensuring greater accountability at business unit level for preferential procurement spend
- Increasing emphasis on empowered suppliers during the supplier due-diligence and take-on process
- Setting aside opportunities for companies from the designated groups, especially black-owned and black woman-owned EMEs and QSEs
- Increasing the responsibility of procurement officials throughout the Group, including KPI targets at all levels
- Creating an ESD unit within centre-led procurement to drive ongoing compliance
- Centralising scorecard review and management
- Reducing expenditure on poorly empowered or non-empowered suppliers at centre-led procurement and business unit levels
- Entering strategic supply contracts at a group level with highly empowered suppliers.

Compliance with the requirements of the Revised Codes of Good Practice will commence on 1 July 2015, and the Group has made substantial progress in preparing its employees and suppliers for the challenges that lie ahead.

Enhanced due-diligence processes in supplier selection have been communicated, with accountability being driven by business units to sites. Monitoring and reporting will continue to play a pivotal role in ensuring the Group retains a high degree of compliance to the Revised Codes and the new Construction Sector Charter. Stakeholder engagements, both internal and external, will be accelerated and high-risk suppliers monitored.

Enterprise development

The Group currently scores full points for this element, and expects to retain a high degree of compliance during the October 2015 audit. In addition to the initiatives mentioned above, this performance is driven by:

- Centralised training and development coordination for contracted beneficiaries
- Increased spending with contracted beneficiaries across the Group to foster the creation of sustainable black-owned and black woman-owned companies.

Transformation continued

Aveng has 149 beneficiaries with enterprise and supplier development contracts in compliance with the Revised Codes of Good Practice. The enterprise development contracts ensure that beneficiaries receive training and development to enable them to participate effectively in the Group's supply chain. The supplier development beneficiaries receive training and development and commercial contracts to support their ongoing sustainability. Training has been provided in management, leadership, finance, marketing, legal compliance, continuous improvement, human resources and costing. The Group intends to extend this opportunity to emerging businesses in rural areas and businesses owned by persons with disabilities. A number of enterprise development beneficiaries have been identified as potential fully fledged suppliers to the Group within six months. Job creation and sustainability are important outcomes of including start-up companies in the supply chain.

Emerging entrepreneurs who are not currently part of the Group's supply chain or development programme will continue to receive free training to prepare them for inclusion into our supply chain activities. The Group intends extending its training

and development to entrepreneurs in rural areas, and has commenced an internal awareness campaign to ensure that businesses owned by people with disabilities are given equal opportunities within our supply chain activities. Beneficiaries will continue to receive training and development provided both by internal experts and external service providers.

Socio-economic development

The Aveng Community Trust, which drives the Group's socio-economic development (SED) activities supports educational flagship projects that are SED qualifying organisations. We continue to achieve maximum points for this element of the scorecard due to the large investments in flagship projects even under difficult trading conditions. These flagship projects are:

- Kutwanong, an after-school centre which selects learners with potential and commitment to mathematics and science from a wide range of schools. The centre has produced consistently good results during the three years we have provided funding.
- The Leap School in Diepsloot which supports Grade 10, 11 and 12 learners, from disadvantaged academic and socio-economic backgrounds. The

school produced its first group of students who wrote the Matric exam last year. These initiatives serve as one of the pre-employment feeder channels to the Group's skills feeder pipelines. In future, SED activities will be aligned with skills development initiatives across the Group.

The Revised Codes require sustainable community upliftment programmes to be implemented to create sustainable livelihoods within the communities in which we operate.

A heightened emphasis will be on longer term capital projects with contractual obligations that will be beneficial to the surrounding communities where we operate, thereby better integrating and aligning the SED activities of Aveng with client requirements. The SED strategy is in the process of being reviewed to ensure that there is greater alignment between group and operating group SED projects and to enable greater collaboration between operating groups.

For additional detailed information about the flagship projects, refer to the corporate social investment section of the report, on pages 35 and 38.

Looking ahead

Focus areas for the year ahead	Desired outcomes
<i>Understanding, alignment and implementation of revised B-BBEE Codes, and Construction Sector Charter</i>	<ul style="list-style-type: none"> ■ Target high degree of compliance with the Revised Codes or the new charter, ensuring that priority elements and empowering supplier requirements are met ■ Increased internal training on all elements of the scorecard ■ Ensure increased transformation awareness and accountability at all levels of the Group through performance contracts or monthly and quarterly feedback sessions ■ Drive transformation initiatives and accountability within the Group through the working committees
<i>Increased internal organisational transformation targets for EE</i>	<ul style="list-style-type: none"> ■ Cascade EE targets to functional heads through performance management contracting process ■ Monitor and analyse workforce demographic profile distribution trends ■ Develop diversity management programmes to increase awareness on workplace diversity including people with disabilities ■ Improved focus on recruitment of people with disabilities across the operating groups
<i>Skills development</i>	<ul style="list-style-type: none"> ■ Increase focus on key black talent through continuous identification of current and future potential candidate feeder pipelines and skills development to assist in the achievement of numerical goals of the operating group's five-year EE plans
<i>Enterprise and supplier development</i>	<ul style="list-style-type: none"> ■ Focus on achieving full points for enterprise and supplier development ■ Ensure high-risk suppliers are aware of the Group's strategy and remain compliant with the new Codes by increasing supplier engagements and information sessions ■ Drive initiatives to identify and engage with companies from the designated groups
<i>Socio-economic development (SED)</i>	<ul style="list-style-type: none"> ■ Maintain focus on education and skills development programmes ■ Increase collaboration between Group and operating groups on SED activities

Corporate social investment

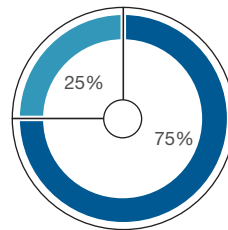
Consistent with its intention to leave a lasting legacy, Aveng is committed to making a deep and lasting impact in the communities in which it operates. Aveng is one of the biggest CSI investors in its sector. Initiatives aimed at addressing social challenges authenticate the Group's commitment to good corporate citizenship.

South Africa in particular, faces significant skills shortages, especially in construction, engineering and manufacturing-related technical disciplines. By investing corporate social investment (CSI) funds in sound educational and skills training initiatives, Aveng is working to break the cycle of poverty by developing a generation of skilled individuals who can be gainfully employed in infrastructure development.

Aveng supports the development of the communities in which it operates and has for many years committed a portion of its earnings to CSI through the Aveng Community Investment Trust. The trust currently supports two flagship projects which are fully funded on an ongoing basis: the LEAP 4 School in Diepsloot and the Kutlwano Maths and Science Centre based in Limpopo.

The trust was established in 2005 following the empowerment transaction entered into by Aveng. Aveng allocates 1% of headline earnings annually, of which 75% is allocated to the trust for CSI funding and the remaining 25% is disbursed to the operating groups to spend on relevant CSI initiatives in the respective areas in which they operate as they deem appropriate. The operating groups have always tended to spend well over the allocated 25%, as they respond to the needs of the communities in which they operate.

Aveng CSI trust funding model



- Aveng CSI trust
- Operating group CSI fund

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

Despite the tough trading conditions experienced in recent years which have negatively impacted funds available for CSI, Aveng has continued to support its two CSI flagship projects. In light of the reduced contributions to the trust as a result of the company's financial performance during the last few financial years, Aveng has provided loans totalling R26 132 350 to the trust to enable it to meet its financial commitments to these programmes.

As part of Aveng's previous BEE transaction which reached maturity at the end of the 2014 financial year, the trust received 8,6 million shares in Aveng Limited. With this capital base, the trust intends to invest it and to use realised returns to support CSI initiatives on a sustainable basis. The trustees will formulate a strategy on how to allocate future financial returns.

Over the years Aveng has been one of the leading socioeconomic development (SED) contributors in the sector.

A matter that has received much attention of late is the 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 socioeconomic requirements of the B-BBEE scorecard and the CSI requirements of clients, as provided for in their contracts with Aveng are matters of strategic importance to the company and are currently receiving attention in the review of the funding strategy going forward.

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:

- greater collaboration between operating groups and the trust to maximise impact with limited funding available
- ensuring operating groups use budgeted CSI funds to meet the contractual obligations of clients and invest strategically in areas of operation
- ensuring CSI activities meet SED requirements of the B-BBEE Codes of Good Practice
- ongoing monitoring and reporting mechanisms for social investments across Aveng
- increasing Aveng presence and participation at flagship projects.

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

Corporate social investment continued

CSI Trust expenditure

	2015	2014	2013
<i>Aveng Community Investment Trust</i>	R11 859 771*	R11 305 029	R12 454 363

* This amount includes the Rand value that goes directly to flagship projects of R11 468 132^(A), a donation to Business Against Crime of R350 000^(A), and administration and other costs of R41 639.

 Additional information on how Aveng has met its socioeconomic development requirements as per the B-BBEE Codes of Good Practice is available in the transformation report, on pages 29 to 34.

CSI impacts and management

Aveng has identified its main CSI stakeholders as CSI projects and beneficiaries, clients, the authorities that govern Aveng'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>	Funding constraints	<ul style="list-style-type: none"> ■ Lower positive impact on communities ■ B-BBEE rating ■ Potential threat to securing work ■ Investment not delivering sustainable empowerment ■ Reputational risk. 	<ul style="list-style-type: none"> ■ Improved collaboration with operating groups to align all funding 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>	CSI contractual obligations at business projects level	<ul style="list-style-type: none"> ■ Fines for not meeting contractual obligations ■ Potential threat of losing business from clients ■ Risk of reputational damage by clients and communities where Aveng operates. 	<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>	Compliance with SED requirements 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.

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

Corporate social investment continued

CSI performance

Focus areas and projects

The trust invested R11 468 132^(A) in its two 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.

LEAP is a model of crisis intervention in the education sector, having established six schools in disadvantaged areas across the country. The school offers learners rigorous academic intervention with a particular focus on maths, science and leadership skills. The ultimate goal is for learners to be able to achieve solid enough matric results to access the tertiary education of their choice. The Aveng trust has fully funded one of the LEAP schools (LEAP 4) in Diepsloot since inception.

Kutlwanong is a non-profit organisation that aims to improve performance of high school mathematics and science learners from disadvantaged areas. The project aims to facilitate the tertiary education entrance and successful bursary application of as many learners as possible. The organisation has centres across the country and has managed to achieve outstanding results. Kutlwanong Centre is performance driven and aims to produce at least 15 distinctions in grade 12; a minimum of 50% (D symbol); and a minimum overall pass rate of 70%. The centre has produced consistently outstanding results since it was launched in 2005. The Aveng trust fully funds one of its centres in the rural Nebo district of Limpopo, at which 480 learners benefit from the trust's support. The learners achieve averages of approximately 80% in either or both mathematics and science.

Operating Group CSI initiatives

McConnell Dowell

Total CSI expenditure was R2 588 177 (AUD272 790) for the financial year. The expenditure was distributed for the benefit of the KidsCan Charitable Trust, Salvation Army, Childrens Home and Needy, and Beacon. McConnell Dowell supported initiatives such as education of disadvantaged children, Melbourne '614' Soul in the City fundraiser, childrens home and food for needy families, No Dole programme for secondary schools, Melbourne '614' Outreach Food Van, community welfare centres and mobile food van feeding the homeless and disadvantaged.

Aveng-Grinaker-LTA

Aveng-Grinaker-LTA hosted its annual golf day in 2014 at which it raised funds in aid of the LEAP Foundation. LEAP invested the contribution in procuring iPads for its grade 12 learners at the Diepsloot facility.

Project	2015 investment	Beneficiaries	Performance
<i>LEAP 4 School Diepsloot, Gauteng</i>	R6 706 718	190 grade 8 to 12 learners	<ul style="list-style-type: none"> ■ Actively encouraged diversity among staff by recruiting talented teachers and professionals from African countries ■ Prioritised recruitment and development of young teachers and school leaders in the future leaders teacher training programme, especially those from disadvantaged backgrounds, to ensure that the standard of teaching and learning is improved upon in a way that can be replicated and scaled up ■ 2014 was the first year that LEAP 4 students wrote matric examinations. 40 students wrote the matric exams and 38 passed (95%), which can be considered a success when compared to the 73% pass rate nationally. 19 achieved bachelors degree passes (48%); and a further 33% achieved a diploma pass. This means that 81% of students have achieved the grades required for access to tertiary study at a university or technical college ■ A total of 31 students applied and received a provisional acceptance to university or technical college; many achieved more than one offer.
<i>Kutlwanong Nebo District, Limpopo</i>	R4 761 414	480 grades 10, 11 and 12 learners	<ul style="list-style-type: none"> ■ The teacher / learner ratio is within 32 learners per educator per class ■ Khulani was one of the centres that participated in the Maths Olympiad programme, which is recognised as one of the best vehicles to identify the most talented learners in the country ■ There has been consistency in learner attendance. The Department of Education has been supportive of the programme ■ 2014 saw the third tranche of matriculants from Kutlwanong, and the results are exceptional: <ul style="list-style-type: none"> – 99% science pass rate – 96% maths pass rate – 60% of the students achieved bachelors degree passes – 25% achieved diploma passes.
Total	R11 468 132 ^(A)		

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

Corporate social investment continued



Happy Valley Crèche

Looking ahead

Focus areas for the year ahead	Desired outcomes
<p>Greater alignment of CSI to the business objectives of Aveng by:</p> <ul style="list-style-type: none"> ensuring CSI activities meet SED requirements of 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. 	<p>SED working committee established with representation across Aveng to ensure improved planning, budgeting and reporting for CSI within operating groups</p>
<p>Improved monitoring and reporting mechanisms for social investments across the Group</p>	<p>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</p>
<p>Greater collaboration between operating groups and the trust to maximise impact with limited funding available</p>	<p>SED working committee established to develop an integrated sustainable SED strategy and plan for the Group</p>
<p>Increasing Aveng presence at flagship projects</p>	<p>Project visits and other areas for engagement will increase. Improved branding at projects.</p>

Business address and registered office

Aveng Park, 1 Jurgens Street,
Jetpark, Gauteng, 1620

PO Box 6062, Rivonia, Johannesburg,
Gauteng, 2128, South Africa

Telephone +27 (0)11 779 2800

Telefax +27 (0)11 784 5030



HOME WITHOUT HARM
EVERYONE EVERYDAY

www.aveng.co.za