



Providing a better life

SUSTAINABILITY REPORT 2020



# OUR VALUES

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

## SAFETY AND CARE

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



## HONESTY AND INTEGRITY

We do what is right – consistently and transparently.



## CUSTOMER FOCUS

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



## WORKING TOGETHER

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



## PERFORMANCE EXCELLENCE

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



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# About this report

Aveng seeks to create value for its stakeholders by maintaining financial stability and conducting its business activities in a responsible and ethical manner. This sustainability report provides information to our stakeholders on the Group's sustainability performance for the 2020 financial year.

## Boundary and scope

The report includes the Group's operations across most of the geographies it operated in with the exception of operations located in Zambia, Zimbabwe and Mauritius during the financial period 1 July 2019 to 30 June 2020. Relevant developments between 1 July 2020 and the date of publication are included. Any limitations to this boundary are indicated where applicable.

Our sustainability reporting process is guided by the principles and requirements of the International Integrated Reporting <IR> Framework, the King IV Report on Corporate Governance (King IV<sup>TM1</sup>), the Listings Requirements of the JSE Limited (JSE), the Aveng safety, health and environment, people management and diversity and inclusion policies and frameworks, the Global Reporting Initiative (GRI), the Greenhouse Gas (GHG) protocol and the BBBEE codes of good practice.

<sup>1</sup> Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all its rights are reserved.



### WELCOME TO THE AVENG 2020 SUSTAINABILITY REPORT


For more than 125 years, Aveng has evolved in character, capacity and reach and continues to make its mark across the globe. Over the years Aveng developed world-class expertise in steel, engineering, manufacturing, mining, concessions, public infrastructure and water treatment in a diverse range of sectoral and geographic markets. Now the Group is forging a new future as it responds to material changes in its traditional markets.

Our strategy is to be an international infrastructure, resources and contract mining group operating in selected markets and capitalising on the expertise and experience within our core businesses.



# Reporting approach

Aveng applies the principle of materiality to determine the content of its reporting and defines materiality as matters that substantially affect the Group’s ability to create and sustain value over the short, medium and long term. Through this process the Group considers relevant internal and external matters, including risks and opportunities, and stakeholder concerns, to identify the most important sustainability themes. We endeavour to report on sustainability matters that influence our ability to create value, including information about the effect of our business activities on our stakeholders.

 Materiality report, 2020 Aveng integrated report  
[www.aveng.co.za](http://www.aveng.co.za)

In this sustainability report Aveng seeks to demonstrate how the Group’s management of safety, health and environment (SHE), human capital and diversity and inclusion supports the implementation of its strategy to become an international infrastructure, resources and contract mining group. A key element of the strategy is to create a sustainable financial platform for future growth.

In establishing its responsibility measures, Aveng identified common areas of impact across its operational management systems and KPIs. These common areas include the following key topics under the theme of responsible corporate citizen:

## Sustainability pillar

### Economic



Focus area	Actions	Impact
<b>A stable platform for growth</b> <ul style="list-style-type: none"> <li>• Core business growth</li> <li>• Sustainable capital structure</li> </ul>	<ul style="list-style-type: none"> <li>• Improve operational performance</li> <li>• Responsible disposal of non-core assets</li> <li>• Post-balance sheet restructuring and recapitalising</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthen economic performance</li> <li>• Transfer viable entities to new owners</li> <li>• Sustainable capital structure</li> </ul>

### Social



Focus area	Actions	Impact
<b>Safety performance</b> <ul style="list-style-type: none"> <li>• Zero harm</li> <li>• Drive ownership of safety culture</li> </ul>	<ul style="list-style-type: none"> <li>• Improve focus on high-consequence activities</li> <li>• Strengthen visible leadership and behavioural engagement</li> </ul>	<ul style="list-style-type: none"> <li>• Reduce injury risk exposure</li> <li>• Improved visible leadership initiatives</li> </ul>
<b>People management</b> <ul style="list-style-type: none"> <li>• Leadership</li> <li>• Capability development</li> </ul>	<ul style="list-style-type: none"> <li>• Leadership training</li> <li>• Capability implementation plan</li> </ul>	<ul style="list-style-type: none"> <li>• Improve resource retention rate and people performance</li> </ul>
<b>Diversity and inclusion</b> <ul style="list-style-type: none"> <li>• Transformation and localisation</li> <li>• Advancement of indigenous people</li> </ul>	<ul style="list-style-type: none"> <li>• Comply with BBBEE codes of good practice</li> <li>• Improve inclusion and gender equality</li> <li>• Stakeholder engagement</li> </ul>	<ul style="list-style-type: none"> <li>• Build BBBEE best practice through improved procurement; measured transformation goals</li> </ul>

This involved the identification of McConnell Dowell and Moolmans as core operations and the disposal of businesses identified as non-core operations as going concerns.


Aveng reviewed its position as a responsible corporate citizen in 2020 and re-emphasised its commitment to ethical and responsible business practices across its operations. By maintaining management systems and aligning with best practice in the management of its sustainability matters, Aveng supported the continuation of both the core and non-core businesses during a challenging period of strategic repositioning, while responding to sustained economic weakness in South Africa and the impact of the coronavirus (COVID-19) pandemic.

Aveng has started a process of reviewing its sustainability goals with certain economic, environmental, social and governance themes and measurement areas with UN Sustainable Development Goals (SDG) and the Responsible Mining Index (RMI), these processes will be finalised in FY2021 allowing the core operations to set strategies and action plans aligned with the Group's strategy.



2020 performance	GRI Standard (requirement)	SDG – aligned	Responsible Mining Index
<ul style="list-style-type: none"> <li>McConnell Dowell positioned to fulfil growth strategy</li> <li>Moolmans returned to profitability</li> <li>Majority of non-core businesses sold as going concern</li> </ul>	<ul style="list-style-type: none"> <li>GRI – 200</li> </ul>	 	<ul style="list-style-type: none"> <li>A-Economic Development</li> </ul>



2020 performance	GRI Standard (requirement)	SDG – aligned	Responsible Mining Index
<ul style="list-style-type: none"> <li>Zero fatalities, during the reporting period</li> <li>Safety indicators remained stable, despite COVID-19</li> </ul>	<ul style="list-style-type: none"> <li>GRI – 400</li> </ul>		<ul style="list-style-type: none"> <li>A-Economic Development</li> <li>E-Working Conditions</li> </ul>
<ul style="list-style-type: none"> <li>Strong leadership teams in core businesses</li> <li>KPI-aligned performance management</li> </ul>	<ul style="list-style-type: none"> <li>GRI – 400</li> </ul>	  	<ul style="list-style-type: none"> <li>D-Community Wellbeing</li> <li>E-Working Conditions</li> </ul>
<ul style="list-style-type: none"> <li>BBBEE level 3</li> <li>McConnell Dowell focused on inclusion of indigenous communities and strengthened gender equity in graduation programme</li> </ul>	<ul style="list-style-type: none"> <li>GRI – 400</li> </ul>	   	<ul style="list-style-type: none"> <li>D-Community Wellbeing</li> <li>E-Working Conditions</li> </ul>

# Reporting approach continued

## Sustainability pillar

### Environment



#### Focus area

#### Environmental stewardship Carbon footprint reduction

- Identify and align responsible measures
- Develop improvement initiatives by impact area/s

#### Actions

- Minimise waste and set reduction target
- Improve awareness
- Integrated waste management plan
- Improve reuse and recycle of waste
- Minimise waste to landfill

#### Impact

- Reduce waste production
- Promote recycling and reuse

### Governance



#### Focus area

#### An ethical, responsible, values-driven organisation

- Commitment to King IV
- Compliance with laws, regulations and codes of best practice
- Strategic direction

#### Actions

- Ethical behaviour based on Code of Business Conduct
- Accountable, effective Board
- Fulfilment of strategic plan

#### Impact

- Strengthen King IV – alignment with governance

These responsibility measures are considered in parallel to the SDGs that best resonate with Aveng operations' environmental impact areas.

In this report we use SDG and RMI icons to identify the areas we are exploring alignment on but have not yet subjected to formal assessment.

## Governance

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



Refer to the integrated report for more information.  
[www.aveng.co.za](http://www.aveng.co.za)

## Assurance and comparability

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

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

Ernst & Young Inc. (EY) has undertaken a limited assurance engagement for the selected KPIs and related disclosures included in this report for the year ended 30 June 2020. The limited assurance engagement was conducted in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) Assurance Engagements other than Audits or Reviews of Historical Financial Information and in accordance with ISAE 3410 Assurance Engagements on Greenhouse Gas Statements, issued by the International Auditing and Assurance Standards Board.



2020 performance	GRI Standard (requirement)	SDG – aligned	Responsible Mining Index
<ul style="list-style-type: none"> <li>Zero major incidents</li> </ul>	<ul style="list-style-type: none"> <li>GRI – 300</li> </ul>		<ul style="list-style-type: none"> <li>F-Environmental Responsibility</li> </ul>



2020 performance	GRI Standard (requirement)	SDG – aligned	Responsible Mining Index
<ul style="list-style-type: none"> <li>New appointments supported Board effectiveness and diversity</li> <li>Strategic focus maintained business resilience</li> </ul>	<ul style="list-style-type: none"> <li>GRI – 102</li> </ul>		<ul style="list-style-type: none"> <li>B-Business Conduct</li> </ul>

## Stay informed

The report is complemented by our online information and resources at [www.aveng.co.za](http://www.aveng.co.za).

## Feedback

We welcome feedback on our sustainability report to ensure that we continue to disclose information that is pertinent.



Please refer queries or suggestions to [info@avenggroup.com](mailto:info@avenggroup.com).

# Board responsibility and approval

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

The sustainability report was approved by the Board on 11 December 2020 and signed on its behalf by:



**PA Hourquebie**  
*Independent non-executive chair*



**SJ Flanagan**  
*Group chief executive officer*



**MA Hermanus**  
*Lead independent director*



**AH Macartney**  
*Group financial director*



# Independent assurance report

## Independent Limited Assurance Report for Selected sustainability performance information reported in Aveng Limited's sustainability report for the year ended on 30 June 2020

### To the Directors of Aveng Limited

#### Our Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the selected sustainability performance information and related disclosures set out in our report below, as presented in Aveng Limited's (Aveng) Sustainability Report for the year ended on 30 June 2020 (the Report) is not prepared, in all material respects, in accordance with Aveng management's measurement and reporting criteria (Reporting Criteria) specified for reporting that information.

This conclusion is to be read in the context of what we say in the remainder of our assurance report.

#### Scope of Work

The scope of our work was limited to performing our assurance engagement for the selected sustainability performance information and related disclosures set out below, as presented in the Report (Selected Information).

Our scope does not include coverage of data sets or information unrelated to the data and information underlying the Selected Information, information reported outside of the Report, and information relating to prior periods or comparisons against historical data.

Selected Information, reported at Group level	Reporting Criteria
Carbon Emissions: Scope 1 – Diesel purchased	Aveng's published Reporting Criteria (see Appendix A)
Carbon Emissions: Scope 2 – Electricity purchased	
Total Reportable Injury Frequency Rate (TRIFR)	
Lost Time Injury Frequency Rate (LTIFR)	
Number of Confirmed and Paid Cases Related to Noise Induced Hearing Loss (NIHL)	

#### Understanding the reporting and measurement approach

The Selected Information needs to be read and understood together with Aveng's Reporting Criteria specified for the 2020 reporting year (see Appendix A to this report), which Aveng is solely responsible for selecting and applying.

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measurement and reporting techniques and can affect comparability between entities and over time. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgements. In addition, the precision of different measurement techniques may vary. Carbon emissions quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

#### Professional Standards Applied and Level of Assurance

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits and Reviews of Historical Financial Information', and, in respect of the greenhouse gas emissions, in accordance with International Standard on Assurance Engagements 3410 'Assurance engagements on greenhouse gas statements', issued by the International Auditing and Assurance Standards Board.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Accordingly, we do not express a reasonable assurance opinion about whether the Selected Information is prepared, in all material respects, in accordance with the Reporting Criteria.

# Independent assurance report continued

## Inherent limitations

Inherent limitations of assurance engagements include use of selective testing of the information being examined, which means that it is possible that fraud, error or non-compliance may occur and not be detected in the course of performing the engagement. Accordingly, there is some risk that a material misstatement may remain undetected. Further, our assurance engagement is not designed to detect fraud or error that is immaterial.

Where Aveng's reporting of the Selected Information relies on factors derived by independent third parties, our assurance work has not included examination of the derivation of those factors and other third-party information.

## Our independence and quality control

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

In accordance with International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Service Engagements*, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. Our work was carried out by an independent and multi-disciplinary team with experience in sustainability performance and carbon emissions reporting and assurance.

## Summary of work performed

A limited assurance engagement undertaken in accordance with ISAE 3000 (Revised) and ISAE 3410 involves assessing the suitability of Aveng's 2020 Reporting Criteria with reference to relevant circumstances and planning and performing our work in order to consider the risk of material misstatement of the Selected Information, whether due to fraud or error.

In doing so, we:

- reviewed Aveng's activities, processes and documents at group-level that support the assertions and claims made in the Report, including in respect of the Selected Information and related disclosures;
- interviewed management and senior executives to obtain an understanding of the following matters as relevant to the Aveng's external reporting on material sustainability issues:
  - governance and accountability arrangements for reporting the Selected Information and related disclosures, including adoption and implementation of governance practices aligned to the King IV Code Principles and recommended practices for ensuring the integrity of external reports;
  - governance oversight of management's process to identify Aveng's material sustainability issues, and to establish performance targets for Aveng's material sustainability issues and monitor progress made to achieving those targets;
  - the basis of preparation used for reporting the Selected Information and related disclosures, including criteria, and reporting definitions applied;
  - management's processes for reporting progress on Aveng's sustainability issues to the Aveng's Board and internal assurance applied, including for the Selected Information and related disclosures;
  - the control environment, information systems and relevant control activities applied to compiling information from relevant data sources for reporting the Selected Information and related disclosures, and for monitoring the integrity of the information presented in the Report (but not for the purpose of evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness).
- evaluated the design of Aveng's control environment including key structures, systems, processes and controls at group-level for managing, recording and reporting the Selected Information and internal assurance processes applied thereto. This included completing desktop reviews of site level data, selected on the basis of their inherent risk and materiality to the group, to understand the key processes and controls for reporting site performance data and to obtain supporting information;
- performed limited tests of detail for the Selected Information, on a selective basis, as part of assessing whether (i) the data has been appropriately measured, recorded, collated and reported; and (ii) activities set out by management are appropriately evidenced and reported;
- performed analytical procedures to evaluate the relevant data generation and reporting processes against the Reporting Criteria;
- evaluated reasonableness and appropriateness of significant estimates and judgements made by the directors in the preparation of the Selected Information and related disclosures; and
- assessed the disclosure and presentation of the Selected Information in the Report, including consideration of whether it is consistent with our overall knowledge and experience of Aveng's approach to management of and reporting on its material environmental and social issues.

The procedures we performed were based on our professional judgement.

# Independent assurance report continued

## Aveng's responsibilities

The Directors of Aveng are responsible for:

- establishing objective Reporting Criteria that are suitable for preparing and reporting the Selected Information in the Report, including in consideration of the information needs of the intended report users;
- appropriate and accessible disclosure of Aveng's basis for preparation of its 2020 sustainability performance information, including the Selected Information;
- designing, implementing and maintaining internal controls over information relevant to the preparation of the Selected Information that are free from material misstatement, whether due to fraud or error;
- measuring and reporting the Selected Information based on the Reporting Criteria; and
- supporting our performance of a high-quality, effective and efficient assurance engagement, including through enabling our timely access to information, documentation and management personnel required for our assurance work.

## Our responsibility

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Selected Information are free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained on whether the Selected Information are prepared, in all material respects, in accordance with the Reporting Criteria; and
- reporting our conclusion to the Directors of Aveng in our assurance report.

Our assurance report does not extend to any disclosures or assertions relating to management's future performance plans, forward-looking statements or strategies disclosed in the Report.

## Other matters

Our report, including our conclusion, has been prepared solely for the Board of Directors of Aveng in accordance with the agreement between us and for no other purpose. We permit this report to be published in Aveng's Sustainability Report published online at [www.aveng.co.za](http://www.aveng.co.za) in respect of the 2020 reporting year, to assist the Directors in responding to their governance responsibilities by obtaining an independent assurance report in connection with the Selected Information.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors and Aveng for our work or for our report and the conclusion contained therein. We agree to publication of our assurance report within Aveng's Report provided it is clearly understood by recipients or readers of the Report that they enjoy such receipt for information only and that we accept no duty of care to them whatsoever in respect of our assurance report.

Maintenance and integrity of Aveng's website is the responsibility of Aveng's management. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to either the Selected Information as reported, or our independent assurance report that may occur subsequent to the initial date of publication of the report on Aveng's website [www.aveng.co.za](http://www.aveng.co.za).

## Ernst & Young Inc.

**Director: Allister Carshagen**

**Registered Auditor**

Chartered Accountant (SA)

102 Rivonia Road

Johannesburg

2196

11 December 2020

# Safety and health

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



# Safety and health continued

Aveng's philosophy on health and safety in the workplace is delivered through its values, policies and management systems. The Group's SHE management systems support the continuation of business operations, the safety and wellbeing of employees and the preservation of the environment in which we operate.

Aveng faced a stagnant South African economy and the impact of COVID-19 across all its geographic markets as it implemented a strategic reorganisation and repositioning in 2020. The Group responded to the COVID-19 risks to both health and business continuity by remaining committed to its responsibility for the safety and wellbeing of stakeholders and the continuity of its business operations. This commitment was upheld by responsive leadership and work teams who maintained a risk-based sustainability approach.

Aveng consistently implemented non-negotiable lifesaving and cardinal rules across the core and non-core businesses and introduced a COVID-19 pandemic response plan with specific protocols to manage and mitigate the health risks associated with the pandemic.

## Our approach to safety and health management

Aveng operations are guided by the Group's SHE policy and frameworks and comply with applicable safety and health regulations. They maintain safety and health management systems and implement programmes and procedures that respond to their unique geographic and legislative requirements.

To achieve continuous improvement in SHE performance, the Group monitors and reviews SHE KPIs that are aligned with the SHE strategy, to allow efficient trending and analysis that informs improvement initiatives. The safety and health KPIs that are subject to limited assurance engagement by EY are lost-time injury frequency rate (LTIFR), total recordable injury frequency rate (TRIFR) and noise-induced hearing loss (NIHL). Other safety and health KPIs are monitored and measured internally.

The Group has initiated a process of reviewing its commitment and alignment with the SDGs and the RMI.

From 2021 each operation will strengthen the alignment of its SHE stewardship with this broader range of sustainability focus areas and

responsibility measures. This will mean taking a wider view of its capacity to implement on these goals than has been possible in the previous year. In line with Aveng's sustainability statement "Acting today with the future in mind for our customers, our people, our shareholders, environments and communities", the Group will revise its SHE framework and action plans to achieve and measure impacts and improvements in its overall sustainability performance through good governance, improved processes and procedures, risk management and accurate and transparent reporting.

### 2020 focus areas

Aveng's key safety and health focus areas in 2020 were:

- Visible felt leadership engagement, ensuring relevant and people centred responses to drive a safe work culture
- Analysis driven initiatives and risk-based responses to addressing high risk and recurring injuries
- Active subcontractor management to ensure continued improvement in compliance with practices and standards on site
- Compliance with safety legal requirements.

## Living our values

We give effect to our commitment to the **safety and care** of our people and the communities we work in by taking reasonable and practical steps to minimise direct or indirect potential for harm with their involvement. Health remains a core enabler of the safety culture embedded across the workplace. Our employee wellness programme and the use of an external provider of comprehensive preventative care and counselling services supports our approach to health management. Commitment to consistent leadership engagement with employees, collaboration and accountability for safety and health across our operations enables our journey towards achieving Aveng's vision of keeping our people safe at all times.

## Stakeholder engagement

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

The Group's stakeholder engagement processes identify areas of concern and seek mutually beneficial outcomes that are based on sustainable business practice.

# Safety and health continued

Safety and health are important elements of contractual arrangements for projects and require routine engagement with clients, employees and the communities we operate in. The Group engages directly with regulators, industry associations and clients on matters that have a direct impact on our operations. Leadership engagement with stakeholders, particularly employees, clients, subcontractors and other suppliers was critical during COVID-19.

Stakeholder group	Stakeholder engagement	Key issues
<b>Clients</b>	<ul style="list-style-type: none"> <li>Meetings</li> </ul>	<ul style="list-style-type: none"> <li>Quality, reliable service</li> <li>Governance and compliance</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Employee topic discussions or meetings</li> <li>Management information sessions</li> <li>Mobile communication</li> </ul>	<ul style="list-style-type: none"> <li>Safe, healthy and secure work environment</li> <li>Client focus</li> <li>Reinforce safe work culture</li> <li>Shared safety values</li> <li>COVID-19 response</li> </ul>
<b>Subcontractors and other suppliers</b>	<ul style="list-style-type: none"> <li>Supplier meetings</li> <li>Supplier and contractor audits</li> </ul>	<ul style="list-style-type: none"> <li>Governance and compliance</li> <li>SHE standards</li> <li>Sustainability in the supply chain</li> <li>Mutual benefit and continuity</li> </ul>
<b>Shareholders and financial institutions</b>	<ul style="list-style-type: none"> <li>Quarterly Board meetings</li> <li>Monthly site reviews</li> </ul>	<ul style="list-style-type: none"> <li>SHE performance</li> <li>Compliance to relevant legislation</li> </ul>
<b>Communities</b>	<ul style="list-style-type: none"> <li>Meetings</li> </ul>	<ul style="list-style-type: none"> <li>Safety</li> <li>Environmental impact</li> <li>Responsible corporate citizen</li> </ul>
<b>Government and regulators</b>	<ul style="list-style-type: none"> <li>Seminars</li> <li>Engagement on a case-by-case basis</li> </ul>	<ul style="list-style-type: none"> <li>Environmental protection</li> <li>Safety and health compliance</li> </ul>

## 2020 safety performance

This safety and health report includes a performance overview of the core businesses, with limited disclosure on non-core entities and entities disposed of during 2020. The report further excludes non-financial data on joint venture projects.

The impact of external and internal challenges experienced during 2020 was evident in a 40% reduction in man-hours. A reduction in the number of injuries was also recorded, including a reduction in the severity of LTIs recorded resulting in lower at-risk conditions and behaviours recorded. Despite the challenges, the Group's performance against key safety indicators were stable:

- No lives were lost under direct Aveng supervision during the reporting period (2019: 2). Subsequent to year-end, Moolmans recorded a significant incident (refer to page 14)
- TRIFR was 0,74<sup>(LA)</sup> (2019: 0,75); 25% of recorded injuries were LTIs
- LTIFR was 0,19<sup>(LA)</sup> (2019: 0,20); 67% of injuries occurred at core operations
- Resilience in at-risk conditions and behaviours (near-miss) reporting with 16 691 at-risk conditions and behaviours reported, of which 97% were addressed (2019: 27 208; 99% addressed)
- Leadership visits conducted by managing directors and their direct reports amounted to 512 visits, representing 96% of planned visits (2019: 1 038; 89%).

Performance area – Safety	2020	2020 target	2019	2018	2017	2016
Lives lost under Aveng supervision during the reporting period	<b>0</b>	0	2	1	2	0
All injury frequency rate (AIFR)	<b>2,35</b>	3,28	2,11	2,43	3,28	2,7
Total recordable injury frequency rate (TRIFR)	<b>0,74<sup>(LA)</sup></b>	0,82	0,75	0,91	1,10	–
Lost-time injury frequency rate (LTIFR)	<b>0,19<sup>(LA)</sup></b>	0,18	0,20	0,21	0,30	0,22
Number of safety leadership visits by senior management	<b>512</b>	532	1 038	1 412	928	729

\* FY periods 2016 to 2019 operations held OHSAS 18001 certification.

<sup>(LA)</sup> This item was the subject of the limited assurance engagement performed by EY (refer to assurance report on pages 7 to 9).

The resilience of Aveng's overall safety performance was indicative of a culture of strong leadership and accountability across the operations. This was demonstrated by the achievement of a high level of visible felt leadership (VFL). Furthermore, the Group's COVID-19 response plan ensured safe resumption and continuation of business operations after lockdown.

# Safety and health continued

## Key performance indicators – LTIFR and TRIFR

The Group’s LTIFR of 0,19 (2019: 0,20) improved and was slightly above the objective of 0,18. Each of the core businesses remain focused on reducing the risk of severe and or disabling injuries. The reduction in man hours and exclusion disposed non-core entities also contributed to the reduction in the number of man hours and injuries recorded.

Aveng’s TRIFR improved to 0,74 (2019: 0,75), above the improvement objective of 0,82, also reflecting the positive impact of a reduction in the number of injuries.

### Core businesses

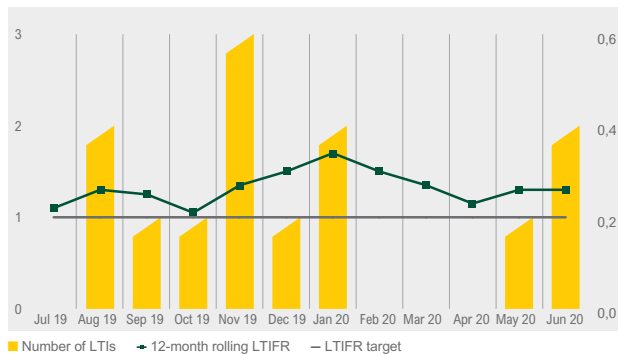


#### Moolmans safety performance

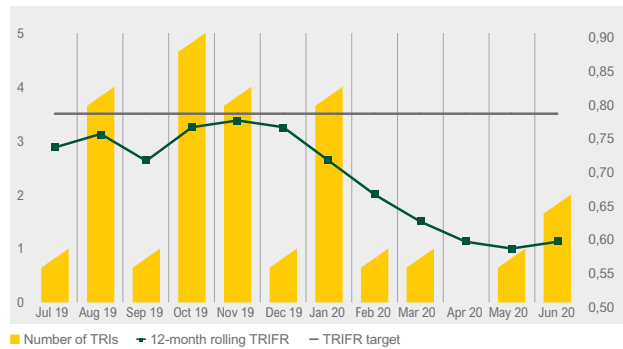
Moolmans reported 13 LTIs which resulted in a LTIFR 0,32 (2019: 0,22). The operating group reported 25 total recordable injuries (TRIs) and an improved frequency rate of 0,61 (2019: 0,77) against a target of 0,78.

Moolmans focused on driving safety initiatives that minimise the occurrence of incidents on site, through continuous leadership engagement.

12-month rolling LTIFR



12-month rolling TRIFR

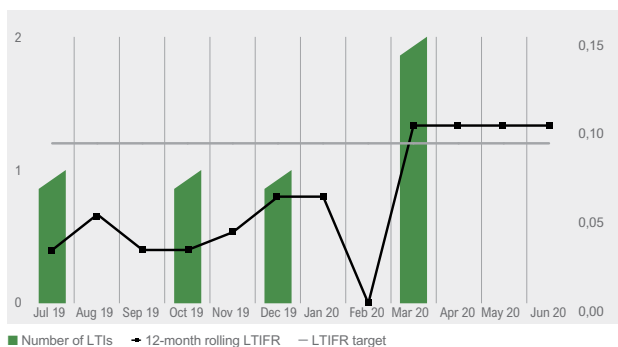


#### McConnell Dowell safety performance

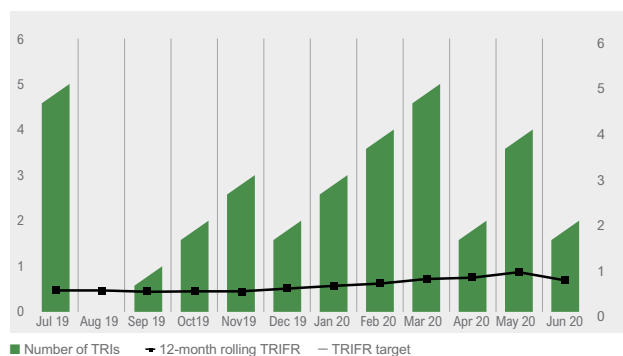
McConnell Dowell’s recorded 5 LTIs which resulted in a LTIFR of 0,11 (2019: 0,03) against an improvement target of 0,09 and TRIFR of 0,69 against and improvement target of 1,00 was due to a combination of reduction in incident frequency and lower man-hours as a result of COVID-19 shutdowns.

McConnell Dowell continued to drive safety initiatives focused on reducing the risk of severe and/or disabling injuries. The impact of these initiatives also contributed to the reduction in incident frequency.

12-month rolling LTIFR



12-month rolling TRIFR



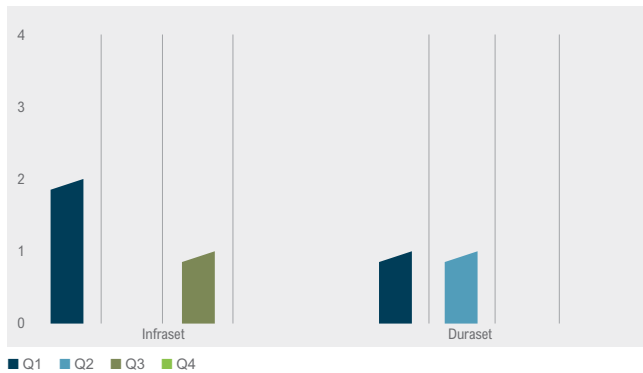
# Safety and health continued

## Non-core businesses

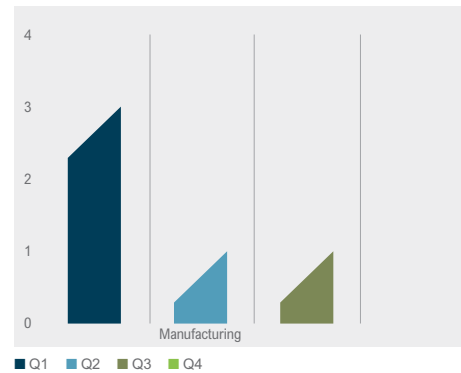
### Manufacturing

Aveng Manufacturing reported 5 lost-time injuries across its business units, resulting in a LTIFR of 0,35 against a target of 0,35 and an improved TRIFR of 0,98 against a target of 1,4.

LTIs per business unit



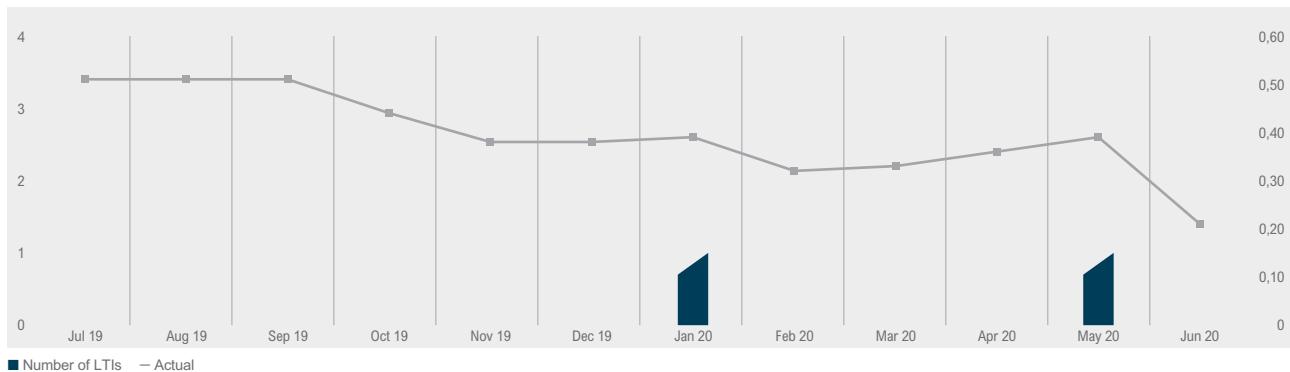
Operating Group LTI



### Trident Steel

Trident Steel reported a LTIFR of 0,21 against an improvement target of 0,18 and a TRIFR of 1,45 against a target of 0,72.

LTIFR



### Safety initiatives

Safety initiatives addressed the following themes:

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

## Gamsberg mine slope failure

It is with great sadness and regret that we report the passing of a colleague, Mr Melvin Saal following a serious slope failure at our Gamsberg operation on 17 November 2020. Mr Saal was a valued, respected and much liked employee of Moolmans and we feel his loss very deeply. News of this nature is devastating for all of us and we send our deepest and most sincere condolences to Melvin’s wife and his three children, and also to his many friends and colleagues.

We further confirm that another one of our colleagues who was in the pit at the time of the slope failure still remained unaccounted for when this report was printed. Rescue attempts are ongoing.

All other employees at Gamsberg mine are safe and accounted for. Counselling is available on site to colleagues and family members. We continue to keep everyone affected by this terrible event in our thoughts and prayers and we wish them strength and courage through this very difficult time.



# Safety and health continued

## Reporting and learning culture

### Visible felt leadership

Business units' executive committee (exco) and senior management teams continued with their respective engagement programmes with the workforce by driving the VFL programme.

Moolmans implemented a VFL programme that requires all exco members and senior managers to perform at least one VFL on a selected monthly theme. This approach builds focus around monthly themes based on incident trends. This enables management to engage with employees on problem areas through conversation and ensuring an understanding is reached on the impact of an incident on people and the business, and ensuring ways of reducing risk are identified and implemented.

The objective of the programme is to encourage employees to openly and freely raise safety issues and for leaders to support and coach employees on better ways to work safely. VFL is critical to our value of safety and care in that it:

- shows that leaders are committed to safety
- identifies where people take risks
- sets expectations
- allows leaders and employees to recognise good safety behaviour and discuss consequences of unsafe behaviour

The increased focus on visible leadership engagement includes the close out of incident investigation findings and implementation of lessons learnt from incidents. The risk-based medical protocol remains a key element of monitoring and implementing health management. The application of the risk-based approach requires operations to review their SHE material risks and the effectiveness of controls.

### 2020 health performance

Performance area – Health	2020	2019	2018	2017	2016
Occupational health examinations	1 985	9 861	13 890	18 850	20 915
Ill health profile (outcome of medical testing)	5,3*	8,11	7,29	7,13	10,9
HIV counselling and testing (HCT) employees (232 tests conducted)	566	2 136	4 062	2 588	2 104
Noise-induced hearing loss	0 <sup>(LA)</sup>	1	25	8	25
Employee wellness engagement rate (%)	22,5	13,1	9,30	10,4	10,8

\* Number of employees who have restrictions and limitations compared to medical testing conducted. Benchmark of 30 previously identified accordingly historic performance trend.

<sup>(LA)</sup> This item was the subject of the limited assurance engagement performed by EY (refer to assurance report on pages 7 and 9).

The Group's South African operations conducted 1 985 occupational health examinations (2019: 9 861). The decrease was due to the exit/exclusion of sold entities which contributed 73% of the overall number of examinations in 2019. Aveng recorded 30% of employees who have occupational restrictions and limitations as identified through medical testing. The relevant occupational surveillance programmes are managed by the respective operations.

## Employee wellness management

The employee wellness support programme reflects the personal impact economic challenges and COVID-19 had on our employees. Aveng continued to provide professional and independent support to employees through the ICAS platform and services to ensure that stress management, conflict resolution and communication concerns were supported during challenging periods. The wellbeing of our employees is fundamental to productivity and the sustainability of our business.

The Group experienced an improvement in the ICAS engagement rate, reporting 22,5% usage (2019: 13%), against a market engagement rate of 9,8%. This is a good indicator of both employer and employee desire for an improved future for all.

Highest usage was between August to October 2019 with August recording the highest user rate. Mining recorded the highest usage, followed by Manufacturing and Trident Steel respectively. The most common presenting problems were relationship issues, stress and personal development. Dependants made more use of the EWP, suggesting that benefits are being extended into employee's families. 203 employees were assisted through critical interventions following bereavement and other critical incidents (including Injuries on Duty). A further 40 individuals were assisted through couples counselling, family therapy and a child protocol process. Managerial and supervisory staff made more use of the EWP during the reporting period, accounting for 17,3% of the individual cases, demonstrating that managers are conscious of working on personal wellbeing and can raise awareness, thus contributing to the increased usage rate.

# Safety and health continued

## Occupational disease management

Managing potential noise-induced hearing loss (NIHL) remains an important element of health management in the Group and each operation identifies key focus areas and manages the monitoring and response plans to ensure we minimise the number of NIHL cases and, where necessary, mitigate further loss of hearing in identified workplace-related cases.

The risk of NIHL is addressed relative to the potential exposure in each operating group. While several of our operations are managed by our clients' clinics it remains an important focus area for Aveng to ensure that the Group manages its own employees' health data. Operations comply with all NIHL assessment requirements, outcomes and reporting protocols as per medical insurance compensation fund processes.

### COVID-19 risks to the SHE Plan

**The ongoing impact and risk of COVID-19 to business operations was identified and continues to be monitored. The following risks to the SHE Plan were identified:**

#### Safety

- Off-the-job health and safety behaviour
- Behavioural safety during strict COVID-19 health and safety restrictions
- Additional safety measures required by the Department of Employment and Labour

#### Health

- Employee wellness due to the effects of COVID-19
- COVID-19 pandemic risk control measures

#### Environment

- Disposal of waste related to COVID-19



## Communicable and non-communicable disease management

The management of communicable diseases (such as Malaria, HIV and TB) and non-communicable diseases (such as hypertension and diabetes) remains a focus for Aveng. The implementation of management programmes to proactively assist and identify communicable and non-communicable diseases is of particular importance to Aveng, given the range and uniqueness of the environmental and socio-economic conditions encountered in the locations in which the Group operates.

A total of 566 employees received HIV counselling in 2020 (2019: 2 136), four (2019: 27) of whom tested positive, resulting in a prevalence rate of 0,71% (2019: 1,26%).

### COVID-19 impact – employee safety in the workplace

COVID-19 impacted McConnell Dowell in the third quarter of the financial year and the South African operations towards the latter part of the quarter and into the final quarter. The Group was proactive and effective in its response to the health and safety impacts of COVID-19. All operations modified their schedules and implemented response plans to protect the safety and wellbeing of stakeholders, preserve jobs and ensure that Aveng remains sustainable after COVID-19.

McConnell Dowell implemented appropriate measures across all operations in accordance with the increasing severity of restrictions and changing government regulations. Best practice measures to enable operations to continue in the various regions were developed and shared across the Group.

A COVID-19 task team was appointed at the corporate office and within each South African operation to develop and implement the Group's COVID-19 standard operating procedures (SOP) to ensure compliance with government and client requirements. Detailed return-to-work plans were implemented with all employees required to attend a comprehensive induction prior to restarting work. Monitoring and compliance initiatives continue across all operations.

### Response to COVID-19 in the workplace

- COVID-19 business plan, health risk assessments, legal register and SOP documents formed part of the controls put into place. Tracing and monitoring form part of compliance assurance in all areas of the business
- A return-to-work plan included:
  - Ensuring a secure supply of PPE, sanitisers, soap and disinfectant
  - Marking of areas and creating space for social distancing
  - Daily screening and monitoring of employees
  - Incident reporting, recording and investigation

# Safety and health continued

## Aveng Group COVID-19 Tracking – 26 November 2020

Total number of employees	Total number of confirmed cases to date	Number of current positive cases (quarantined)	Number of recovered cases	Number of COVID-19 related deaths
7 266	297	7	287	3

### COVID-19 case response in workplace: Implementation examples

#### Employee awareness themes (June 2020)

All themes are disseminated across the operations by email and communicated in meetings, toolbox talks and placed on notice boards.

- VFL theme for senior management – recurring safety theme: Pre-start checklists
- COVID-19 awareness, induction, return-to-work plan and COVID-19 SOP implemented
- Slip, trips and falls awareness campaign relaunched, focusing on three-point contact and safety measures while using a ladder

#### Employee action list in preparation for Level 4 return to work (May 2020)

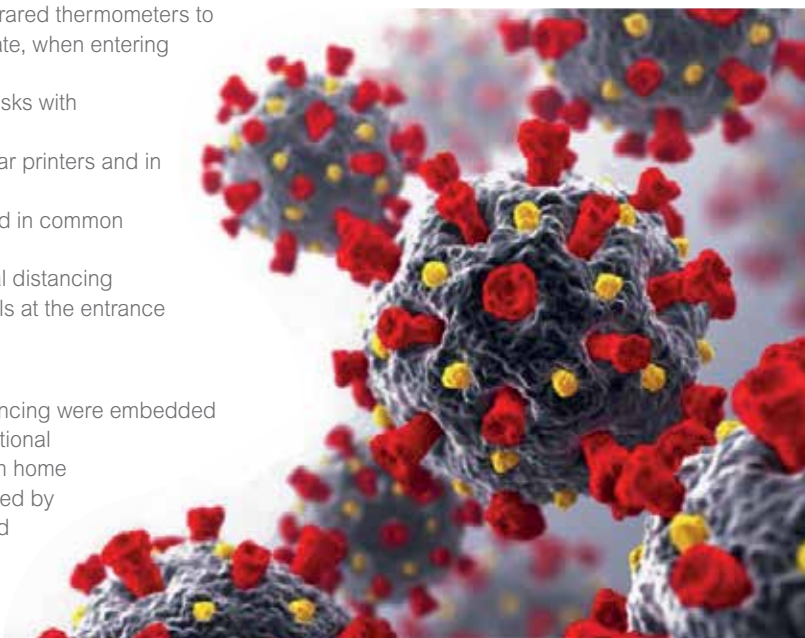
- COVID-19 task team appointed
- Awareness posters distributed (March 2020)
- Moolmans COVID-19 procedural response protocol dealing with possible infections and operating safely in a COVID-19 environment (pre-level 5 lockdown) (March 2020)
- COVID-19 SOP approved by the Group CEO and communicated to all employees
- COVID-19 risk assessment completed for all Moolmans sites and submitted to Department of Employment and Labour
- Travel permits issued to all employees working during level 5 and level 4
- COVID-19 induction training completed by employees across all sites
- Alignment between Aveng SOP and client protocols
- COVID-19 return-to-work plan developed for each site
- Personal protective equipment (PPE) issued to employees returning to work
- Sanitiser and hand washing facilities increased
- Meeting rooms, kitchens, change houses sanitised every two hours, recorded in a register and monitored by the SHERQ department
- Distancing marked out – employees attending toolbox talks
- COVID-19 return-to-work survey/checklist completed by all sites in preparation for return to production and signed off by contracts managers
- Ongoing awareness training and communication
- Constant monitoring of potential exposure
- Employees managed in groups during meal breaks and toolbox talks

#### Moolmans head office and corporate office

- Return to work questionnaire – completed by all employees prior to return to work
- Procedure for security access personnel to manage access to the workplace
- Security personnel trained in the use of infrared thermometers to measure employees' temperature at the gate, when entering and exiting
- Each employee supplied with two cloth masks with replaceable filters
- Sanitisers placed in strategic locations, near printers and in common areas
- Disinfecting wipes placed near printers and in common areas
- Meeting rooms marked out to ensure social distancing
- Posters communicating COVID-19 protocols at the entrance of premises

#### McConnell Dowell

- Response protocols, including social distancing were embedded across all workplaces that remained operational
- Office workers were equipped to work from home
- Restrictions and work practices implemented by the Australian operations were commended by clients and regulators and shared across the engineering and construction industry



# Safety and health continued

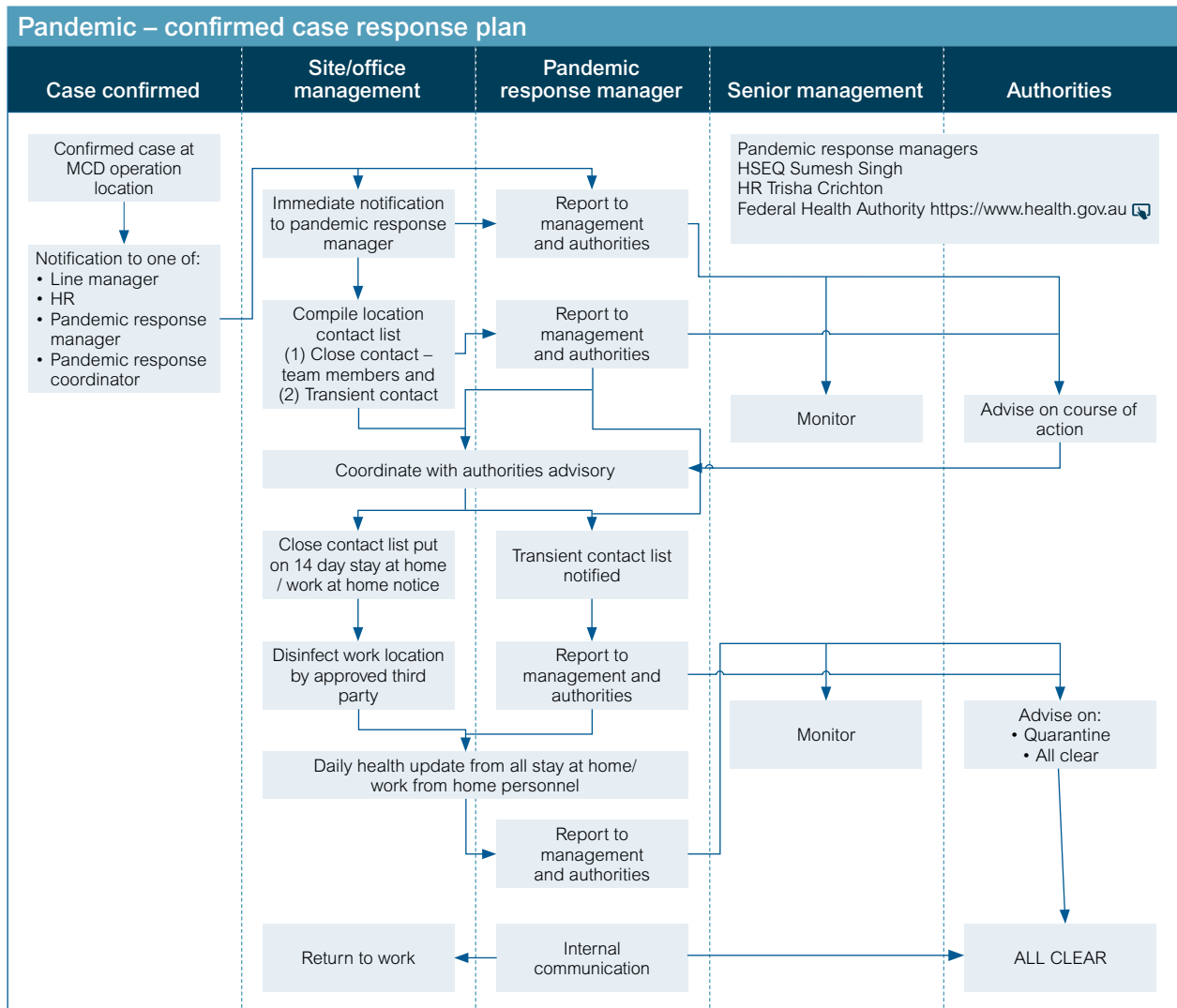
## COVID-19 case response in workplace: Implementation examples continued

### McConnell Dowell continued

As part of McConnell Dowell's response to the pandemic a comprehensive 'readiness and response plan' has been developed outlining the guidelines and requirements for all operations to ensure compliance and safety. McConnell Dowell ensured a clear identification and establishment of roles and responsibilities made up of pandemic response manager, project manager, crisis management team, pandemic response coordinator, workplace safety and health representatives; employees and also considering engagement with subcontractors/suppliers and visitors.

The process below depicts the steps to be followed in the event of a confirmed positive case, and the procedure clearly states the reporting requirements for both internal and external measures.

In addition to the extensive readiness and response plan processes, McConnell Dowell (McD) ensured effective communication and awareness measures through clear and informative typographic posters.



# Safety and health continued

## Strategy in action

McConnell Dowell's IT systems and communication platforms reinforced COVID-19 safety messaging and response protocols in the workplace.



## MCD Social Distancing



WPA Cherry Street Level Crossing Removal



The Built Environs Wingfold Tower



Echuca-Moama Bridge Project



March 2020

# Safety and health continued

## Looking ahead

2021 key focus areas	Desired outcomes/actions
<b>Strengthen the learning culture</b>	<ul style="list-style-type: none"> <li>• Share and adopt lessons learnt through case studies from significant incidents (incident reports and flash reports)</li> <li>• Improve quality of incident investigation reports and assessment of control effectiveness</li> <li>• Senior management engagement with operations through visible felt leadership</li> <li>• Increase the number of reports from employees – high potential hazards (near-miss reporting and high potential incidents)</li> </ul>
<b>Entrench continuous improvement in safety performance</b>	<ul style="list-style-type: none"> <li>• Review risks, assess effectiveness of controls and implement improved controls and SOP, relative to work environments</li> <li>• Improve focus on high-consequence activities to achieve zero loss of life</li> <li>• Improve quality of high potential hazard reporting</li> <li>• Assess trends in high potential hazards and take corrective action</li> </ul>
<b>Improve management of subcontractor and service provider safety</b>	<ul style="list-style-type: none"> <li>• Improve subcontractor management, induction, training initiatives and consistent application of lifesaving rules</li> </ul>
<b>Reinforce fatigue management in EWP, by improving awareness of fatigue risks and of the steps taken at work that could also be taken at home</b>	<ul style="list-style-type: none"> <li>• Increase engagement rates across core businesses</li> <li>• Develop and implement fatigue management plans for operations</li> <li>• Measure adherence to fatigue plan</li> <li>• Increase engagement rates across core businesses</li> <li>• Investigate cost effective technology options to manage fatigue</li> <li>• Investigate shift configurations</li> </ul>
<b>Review medical records and close out any occupational disease related responsibilities, particularly in the businesses due for sale</b>	<ul style="list-style-type: none"> <li>• List health data (exposure) per employee on a master database per operation</li> <li>• List the site exposure levels – dust, noise vibration, asbestos and silicosis</li> <li>• Take corrective action where exposure levels exceed industry levels/limits</li> <li>• Report all occupational exposures to Rand Mutual Assurance (RMA) for assessment to ensure no future claim risk (includes possible noise-induced hearing loss incidents)</li> <li>• Develop action plan with new owners</li> </ul>
<b>Manage communicable and non-communicable diseases</b>	<ul style="list-style-type: none"> <li>• Develop management plan for employees with ill health profiles to manage safety risk</li> </ul>

Aveng is committed to sound environmental practices in order to minimise the Group's impact on the environment in which we operate. Our operations ensure systems are in place and specific measures implemented to avoid or mitigate environmental risk. By improving environmental knowledge and awareness, we ensure that our operations comply with environmental requirements in their areas of operation.

# Environment



# Environment continued

## Living our values

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

## Our approach to environment management

Aveng's approach is demonstrated by its environmental programmes and procedures aligned to the Group's SHE policy and frameworks. The Group's operations are expected to manage their businesses responsibly, take account of best practice and comply with environmental regulations across their diverse operating environments. Aveng operations maintain environmental management systems to identify, manage and effectively respond to foreseeable environmental risks and opportunities, in accordance with the ISO 14001 standard.

Environmental initiatives implemented by the operations include information sharing and application of lessons learnt in the management of environmental impact matters relevant to each operation. Internal communications delivered through toolbox talks and the application of a risk-based approach reinforce environmental management compliance.

Aveng's environmental performance is measured against KPIs, including energy consumption, water consumption and waste management.

## Stakeholder engagement

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

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

### 2020 focus areas

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





# Environment continued

## 2020 performance

No major environmental incidents were recorded (2019: zero). Major environmental incidents are defined as a work-related event or incident that results in irreversible environmental harm or damage to the environment. Risk and severity rating structures are applied as guidance to determine the significance of the incident.

In total, 111 minor environmental incidents were reported (2019: 136). The nature of environmental incidents is predominately hydrocarbon spillages which are consistent with Aveng's business scope and industry profile. Most of the minor incidents recorded in the South African operations relate to hydrocarbon spillages, while minor incidents recorded by McConnell Dowell operations include the impact of small fires and spillages on land and flora, and some surface water discharges as a result of cementations runoff.

### Compliance notices and data

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

Commitment to environmental stewardship and stakeholder engagement remains a key focus area for Aveng operations during the strategic transition and non-core disposal process.

The environmental framework is aligned with, and supports, legislative compliance relevant to the Group's operations.

Performance area	2020	2019	2018	2017	2016
Major environmental incidents	0	0	0	0	2
Operations with ISO 14001 certification of EMS (by headcount) (%)	>90	>90	>90	>90	>90
Carbon emissions (tCO <sub>2</sub> e) total	40 043 <sup>LA</sup>	67 904	111 761	99 632	179 199

<sup>LA</sup> This item was the subject of the limited assurance engagement performed by EY (refer to assurance report on pages 7 to 9).

The operations continue to monitor and report on near-miss and minor environmental incidents, to improve data collation and trends allowing for improved and project suitable control measures.

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

### Carbon emissions (tCO<sub>2</sub>e)

Aveng monitors its carbon emission footprint. This informs the Group of its carbon footprint indication, which is a measure of the impact its operations have on the amount of carbon dioxide (CO<sub>2</sub>) produced through the burning of fossil fuels used in its processes, expressed as a weight of CO<sub>2</sub> produced in tonnes. The measures in the table below reflect the carbon emissions calculated from diesel and electricity, which are key energy sources for Aveng operations.

Performance area	2020	2019	2018	2017	2016
Direct carbon dioxide (CO <sub>2</sub> ) – scope 1 (from combustion of diesel procured)	14 303 <sup>LA</sup>	33 780	70 838	56 571	123 549
Direct carbon dioxide (CO <sub>2</sub> ) – scope 2 (from purchased electricity)	25 740 <sup>LA</sup>	34 124	40 923	43 061	55 650
Carbon emissions (tonnes) total (tCO <sub>2</sub> e)	40 043 <sup>LA</sup>	67 904	111 761	99 632	179 199

<sup>LA</sup> This item was the subject of the limited assurance engagement performed by EY (refer to assurance report on pages 7 to 9).

### Carbon emissions (tCO<sub>2</sub>e)

Emission of carbon, especially into the atmosphere in the form of carbon dioxide as a contributor to global warming. Metric provides an indication of carbon footprint, which is an amount of carbon dioxide (CO<sub>2</sub>) emissions associated with the activities of the entity.

#### South African operations – emission factors

- Scope 1 – Department for Environment Food and Rural Affairs (DEFRA) (2020) emission factors were used to calculate scope 1 emissions (2,68787)
- Scope 2 – Eskom (2019) emission factors were used for purchased electricity (1,06)

#### McConnell Dowell – emission factors

- Scope 1 – Australian National Greenhouse Accounts (2019) emission factors
- Scope 2 – Greenhouse Gas Protocols
- Indirect (scope 2) emission factors for consumption of purchased electricity or loss of electricity from the grid

# Environment continued

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

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

Aveng operations' 2020 initiatives to improve efficiencies of energy and water usage in response to their carbon and water footprints continue despite significant external and internal challenges experienced by Aveng. The Group's reduction in project activity during the economic downturn contributed to movements in overall emission results.

## Operating group environmental performance

	Emission diesel		Emission electricity		Water purchased
	kℓ	tCO <sub>2</sub> e	KWh	tCO <sub>2</sub> e	kℓ
McConnell Dowell	4 001	10 791	4 688 188	3 050	3 664 547
Grinaker-LTA*	650	1 747	546 814	580	105 629 033
Moolmans	32	87	623 091	660	8 992
Manufacturing	368	990	9 349 301	9 910	68 017
Trident Steel	247	663	9 554 792	10 128	47 791
Corporate	9	25	1 332 195	1 412	6 337
Group (total)	5 307	14 303 <sup>(A)</sup>	26 094 381	25 740 <sup>(A)</sup>	109 424 717

<sup>(A)</sup> This item was the subject of the limited assurance engagement performed by EY. Refer to assurance report on pages 7 to 9.

\* GLTA reported for five-month period of 2020.

Aveng consumed 5 307kℓ of diesel in 2020, which equated to 14 303tCO<sub>2</sub>e (2019: 33 780tCO<sub>2</sub>e). This represented a 58% year-on-year reduction. McConnell Dowell used 4 001kℓ, 75% of the Group's total consumption. This was consistent with McConnell Dowell's industry profile and an increase in project activity. Moolmans recorded a reduction in diesel usage due to economic constraints, the reduction in active projects and the restructuring of some projects.

Aveng consumed 26 094 381KWh of electricity in 2020, which equates to 25 740tCO<sub>2</sub>e (2019: 34 124tCO<sub>2</sub>e). This represented a 25% year-on-year reduction. Trident Steel and Manufacturing remain the highest consumers of electricity, followed by McConnell Dowell. While the reduction in electricity consumption reflected the overall decline in project activity, the operating groups continued to explore efficiency measures and alternatives to improve energy consumption levels.

The total amount of water consumed by the Group was 109 424 717kℓ, a significant year-on-year increase. Construction South Africa project reported a high number of water consumption as recorded on the on-site water meter as a result of a burst water pipe incident that was not timeously attended to by the authorities. This anomaly is not representative of the actual usage in the operations, and accounted for approximately 95% of the increase in water usage.

Aveng operations use mainly municipal water. The Group has a wide variety of water uses, including dust suppression which forms the bulk of water use in construction, manufacturing and mining operations.

Aveng operations continue to monitor and improve environmental data collation. The various reduction initiatives implemented and managed by operating groups demonstrate the Group's commitment to improving environmental stewardship and good citizenship.

# Environment continued

## Strategy in action

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

### McConnell Dowell

#### Sumner Road – indigenous planting

Hundreds of tonnes of material were removed from above Sumner Road during the road remediation project in Christchurch. The purpose of the project was to prevent rockfall on Sumner Road should there be a seismic event. Due to the scale of this project, some material was dislodged down the side of a steep slope during construction, causing unavoidable damage to vegetation. To mitigate this impact, the entire area was planted with indigenous species.

McConnell Dowell was contracted to carry out a proportion of the planting which was completed in June 2019. This involved the planting of 1 400 plants which will improve the local biodiversity and act as a means of natural rockfall mitigation.



Subcontractors carrying out indigenous planting on the Sumner Road project

### Lyttelton Wastewater project

The project involved the installation of two pipelines between Lyttelton and the settlements of Diamond Harbour (1,7km) and Governors Bay (5,2km) in New Zealand. The pipes were buried in the seabed of Lyttelton Harbour and were required to improve the treatment of wastewater which was previously discharged into the harbour.

A principle environmental concern of the project was to mitigate the discharge of sediment during the excavation of the trenches for the pipeline installation. This was achieved by using GPS positioning systems to accurately excavate the trench and controlled manoeuvring of the excavator bucket to limit sediment discharge.

Turbidity monitoring was conducted to ensure that excavation activities did not have a negative impact on the harbour's water quality. A sophisticated water quality monitoring system was implemented to analyse turbidity in the harbour environment and establish if it was caused by the construction activities. There were no instances during the project where increases in turbidity were directly attributed to the trenching activities.



Locations of monitoring stations and pipeline corridor alignment



Water monitoring station (CCC1)

# Environment continued

## Strategy in action continued

### Participation and engagement

McConnell Dowell is a member of the UN Global Compact and an active contributor to the Infrastructure Sustainability Council of Australia.

## Looking ahead

2021 key focus areas	Desired outcomes/actions
<p><b>Continue to improve capturing, recording and reporting of environmental KPIs</b></p>	<ul style="list-style-type: none"> <li>• Baseline data sets for carbon, energy, waste and water that will enable the setting of achievable reduction targets</li> <li>• Improve data quality</li> <li>• Quarterly assurance on environmental data</li> <li>• Improve monitoring and compliance systems</li> </ul>
<p><b>Maintain ISO 14001:2010 certification coverage of operations</b></p>	<ul style="list-style-type: none"> <li>• A comprehensive, structured and systematic approach to environmental management for continuous performance improvement</li> <li>• Ensure core operations maintain ISO 14001 certification</li> </ul>
<p><b>Improve learning and awareness</b></p>	<ul style="list-style-type: none"> <li>• Reinforce sound environment stewardship</li> <li>• Develop improvement initiatives</li> <li>• Increase accountability</li> <li>• Minimise harm and maximise conservation</li> <li>• Define/confirm environmental sensitive zones in which Moolmans operates</li> </ul>

Aveng contended with sustained economic weakness in South Africa and the impact of COVID-19 across all of its geographic markets as it implemented a strategic reorganisation and repositioning. The dedication and commitment of its employees and leadership enabled the Group to remain resilient during this challenging period.

# People management



# People management continued

## Our approach to people management

As Aveng shifts to an international infrastructure, resources and mining group, our people management supports the strategy by further strengthening leadership teams, improving performance, standards and governance and driving diversity and inclusion in the core businesses, Moolmans and McConnell Dowell. A further strategic imperative is the responsible disposal of non-core businesses, the majority of which have been concluded.



## Living our values

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

### Key focus areas

During 2020 Aveng focused on strengthening and repositioning the Group. This was supported by key focus areas of people management, including:

- Fostering a culture based on the Group's purpose, vision, values and behaviours, conducive to sustainable long-term business performance
- Strengthening and restructuring the core businesses
- Continuing to build and develop executive and operational management teams
- Responsible disposal of remaining non-core businesses with the focus on saving jobs, transferring viable entities to new owners, supporting the emergence of black-owned companies
- Striving for diversity in localisation, gender and race
- Changing operational structure to drive accountability, responsiveness, customer focus and operational agility in all of our markets
- Leveraging our agility to respond proactively to the challenges presented by COVID-19
- Tailored reward and recognition programmes focused on short-term and long-term targets and objectives to incentivise performance in line with our revised strategy.



Remuneration report, 2020 integrated report  
[www.aveng.co.za](http://www.aveng.co.za)

# People management continued

## Stakeholder engagement

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

Stakeholder	Expectation	Impact on the business if not addressed	2020 actions
<b>Employees</b> <b>Australasia</b> <ul style="list-style-type: none"> <li>Overhead 347</li> <li>Project staff 918</li> <li>Waged 665</li> </ul> <b>Southern Africa and other</b> <ul style="list-style-type: none"> <li>Salaried 1 443</li> <li>Waged 3 893</li> </ul>	Alignment of employees in core businesses with the revised Aveng strategy, organisational culture and values	<ul style="list-style-type: none"> <li>Sub-optimal performance and failure to meet targets</li> <li>Talent loss</li> <li>Labour disruption</li> <li>Misaligned organisation</li> </ul>	<ul style="list-style-type: none"> <li>Restructuring and strengthening capability in core businesses</li> <li>Driving performance in core businesses</li> <li>Fostering a culture with behaviours aligned to our values</li> </ul>
<b>Organised labour</b> <ul style="list-style-type: none"> <li>NUM, NUMSA, UASA, AMCU and Solidarity (South Africa)</li> <li>AWU and CFMEU (Australia)</li> </ul>	Quality/consistency of engagement with unionised and non-unionised labour	<ul style="list-style-type: none"> <li>Tough labour relations environment</li> <li>Increased potential for discontent and disruptive actions</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing engagement with employees and organised labour</li> <li>Engagement with unions and representative bodies on wage increases and alignment of conditions of employment related to overtime, leave/fatigue management</li> <li>Managing and monitoring any potential impact of COVID-19 on productivity in the workplace</li> <li>Meaningful engagement with representative bodies on downsizing of certain business units and projects</li> </ul>
<b>Managers</b>	Ownership and accountability for performance  Effective succession planning to ensure business continuity	<ul style="list-style-type: none"> <li>Sub-optimal business performance and failure to meet performance objectives</li> </ul>	<ul style="list-style-type: none"> <li>Appointment of new leadership in core businesses</li> <li>Executing KPIs aligned to strategic objectives</li> <li>Cascading capability, succession, performance and talent reviews deeper into core businesses to optimise project performance</li> <li>Redefined short-term and long-term incentives</li> </ul>
<b>Labour regulatory bodies</b>	Compliance with legislation	<ul style="list-style-type: none"> <li>Reputational and/or financial risk</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing reviews to ensure compliance with applicable legislation or codes</li> </ul>

# People management continued

## Strengthening human capital

Retention of key and critical talent is vital to business continuity and achievement of longer-term business objectives. Aveng continued to invest significant time and resources in identifying, mapping and retaining talent key to the implementation of business and project objectives.

During 2020, Aveng implemented 85 talent reviews across core businesses to ensure optimal alignment between capability and the complexity requirements in key management roles. The reviews focused on senior management appointments and operational positions. The outcomes of the reviews informed internal promotion and development decisions and identified instances where it was necessary to appoint senior and middle management into new roles in the organisation. Where talent was not readily available, strategic external appointments were made to enhance business performance.

In addition to strengthening management within Aveng, key strategic appointments were made at Board level. These included the appointment of Philip Hourquebie as independent non-executive chairman and Bridgette Modise as an independent non-executive director, chairman of the audit and risk committee and member of the social, ethics and transformation committee.

Similar to the McConnell Dowell intervention of building management capability and improving operational performance, Moolmans has focused on strengthening employee capability and performance. Key to this has been the strengthening of the Moolmans Exco team. Since the appointment of Jerome Govender as managing director in April 2019, the Moolmans Exco team has been bolstered by a number of new executive appointments as detailed further in this document.

Concurrently, an executive coaching intervention has been implemented, focusing on team collaboration and operational performance. The coaching intervention includes an individual and organisation diagnostic of performance, one-on-one feedback on individual strengths and development areas and targeted group coaching sessions focused on accountability, performance and delivery.



## Performance management

To support the strategic actions of non-core asset disposal and improved operational performance of the core businesses, performance management centred on the achievement of specific short-term and medium-term targets. Ongoing short interval operational performance reviews ensure the core businesses achieve their performance targets. This includes specific financial and non-financial targets and holding managers at all levels accountable for achieving agreed objectives.

Where required, this includes coaching and visible presence on operational sites by senior leadership who give technical and strategic guidance and support.

 Remuneration report, 2020 integrated report [www.aveng.co.za](http://www.aveng.co.za)

## Employee relations

Despite difficult economic and operational conditions, which were worsened by the impacts of COVID-19, Aveng, along with key stakeholders, maintained a sound employee relations environment, which is evident through limited (insignificant) work stoppages across South African operations. These market conditions made it necessary for the Group to restructure businesses in line with lower demand. However, healthy and robust engagement with employee representatives and other regulatory bodies ensured operational continuity.

## Senior appointments

Key senior appointments were made during 2020 in line with Aveng's objective of strengthening business performance. Appointments included a new financial director, engineering executive, safety, health, environment and quality (SHEQ) executive and commercial executive for Moolmans.

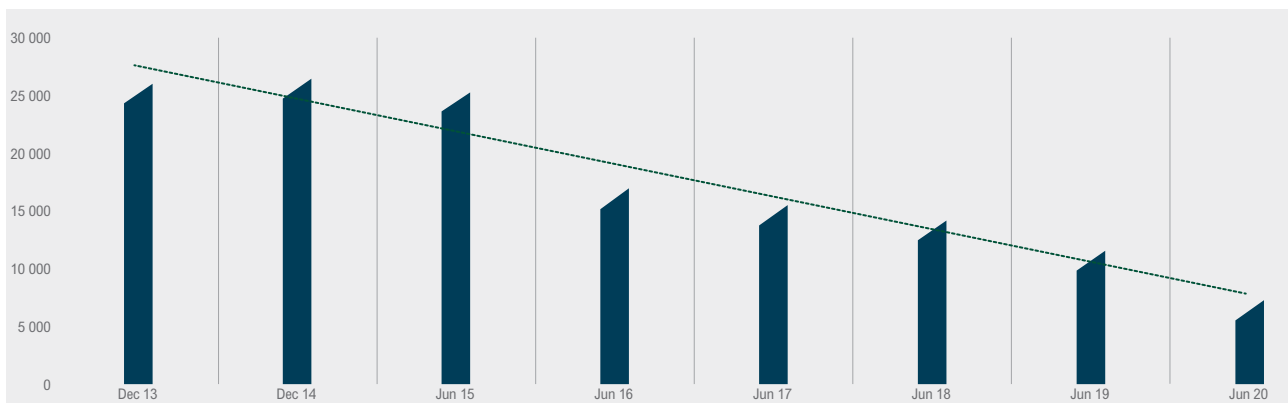
In McConnell Dowell, various internal and external appointments were made, including a managing director for Built Environs, general managers in South Australia, New South Wales, Queensland, the Western Program Alliance and New Zealand and a general manager New Business and Strategy in Southeast Asia.



# People management continued

The following graph shows the headcount reduction that has occurred since December 2013 as Aveng has implemented its strategy to dispose of non-core businesses and adapted its South African operations to deteriorating economic conditions.

**Aveng total headcount: 2013 – 2020**



Aveng integrated report  
[www.aveng.co.za](http://www.aveng.co.za)

## Learning and development

The development of our employees and the communities in which we operate is a key strategic imperative for Aveng. The following section details the significant investment in, and commitment to, training across all Aveng operations.

### Core operations

Despite the challenges faced during the year, investment in the development of employees continued, with interventions targeted towards specific training needs. Future training interventions will become more focused on specific programmes aligned to organisational needs while building a high performing organisation.

The interventions below summarise the training and development activities during this reporting period.

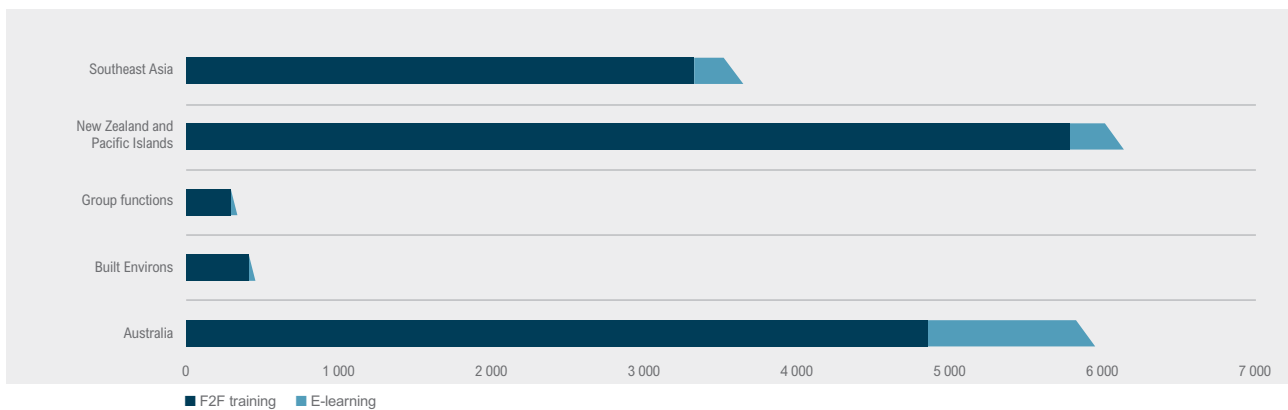
#### McConnell Dowell

##### Face-to-face and e-learning

Across McConnell Dowell training is recorded locally on projects, and reported up to regional or corporate level, as required. Over 14 600 hours of training were captured in 2020.

E-learning courses include induction programmes, compliance training (anti-corruption and fraud) and professional development programmes.

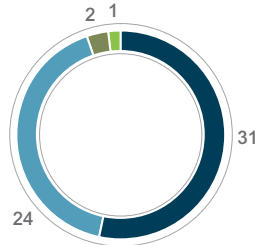
**Training hours completed 1 July 2019 – 30 June 2020**



# People management continued

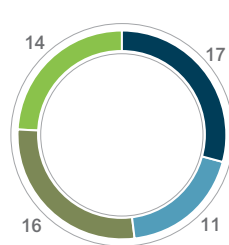
## Graduate recruitment

2020 graduates and undergraduates by business unit



- ▲ Australia
- ▲ New Zealand
- ▲ Built Environs
- ▲ Corporate

2020 graduates and undergraduates by gender



- ▲ Female graduate
- ▲ Female undergraduate
- ▲ Male graduate
- ▲ Male undergraduate

The Australian and New Zealand graduate programmes are well developed and respected within their industries. 2021 graduate intakes have been secured, with mentoring, rotations, industry partnerships all a key part of both programmes. The 2021 Australian programme has been expanded to include engineering, health, safety, environment and quality, human resources, finance and commercial.

The successful marketing of the Australian programme secured a nomination for McConnell Dowell as a Finalist in the AAGE Graduate Recruitment Industry Awards for Most Popular Integrated Marketing Campaign – Private Sector.

## Other initiatives

- 2020 saw four new apprenticeship programmes in the New Zealand operation, covering concrete construction, electrical engineering, heavy fabrication engineering and infrastructure.
- Quarterly project management forums continue in all business units as critical development and knowledge sharing events.
- Development of the McConnell Dowell Leadership Framework is well progressed. However, the impact of COVID-19 delayed preparations for the 2021 programme by one year, factoring in a remote or decentralised learning approach.
- Various other business unit programmes are ongoing across McConnell Dowell.

### Moolmans

#### Training and development

Training, development and upskilling of employees remain key strategic imperatives for Moolmans. The business continues to invest in the development of core business skills across multiple trades, given the requirements of technical skills at project level. Moolmans has focused mainly on the training of apprentices through in-house apprenticeship programmes. The apprentices will be appointed into various artisan positions across our projects.

The apprenticeship programme was predominantly driven by a strategy to replace general servicemen (artisan assistants) with more qualified individuals (apprentices) to improve overall technical capability. The strategy is being reassessed in order to optimise the balance between apprentices in training and artisan assistants, given the cost and time investments required.



▲ Diversity and inclusion report, page 34.

# People management continued

## Non-core operations

### Trident Steel

#### Apprenticeship training

20 historically disadvantaged South Africans (HDSA) (5% female) individuals were enrolled in a Millwright apprenticeship. Of the 20, five successfully completed their trade tests and the remainder continue on their apprenticeship programmes.

#### Learnerships

During the period under review, three learnerships were provided to upskill employees from previously disadvantaged groups (employees and unemployed individuals). Learnerships include a National Certificate in Production Technology, Business Administration and Generic Management. Of the 31 learners identified, 68% are female.

#### Graduations through study assistance

As part of Trident Steel’s study assistance programme, two employees achieved MBAs and one employee a Bachelor’s degree in Human Resources (100% HDSA and 75% female).

## Looking ahead

2021 key focus areas	Desired outcomes/actions
<b>Performance of core businesses</b>	<ul style="list-style-type: none"> <li>Ensure employees achieve agreed objectives through a fully entrenched performance management system and culture</li> </ul>
<b>Continue entrenching the Aveng values, vision and purpose</b>	<ul style="list-style-type: none"> <li>An entrenched culture of high performance, accountability and teamwork cascaded to the lowest levels of the organisation</li> </ul>
<b>Leadership capability development</b>	<ul style="list-style-type: none"> <li>Develop existing and new leaders to close leadership gaps</li> </ul>
<b>Retention of critical talent</b>	<ul style="list-style-type: none"> <li>Ensure retention of critical talent in key positions</li> <li>Ensure improvement of business performance</li> <li>Develop incentive scheme in line with the Aveng strategy</li> </ul>
<b>Implement appropriate reward and recognition schemes</b>	<ul style="list-style-type: none"> <li>Engaged employees</li> <li>Retention of key and critical employees</li> </ul>

# Diversity and inclusion

Diversity and Inclusion across Aveng includes the transformation imperatives of our South African operations and a multi-country diversity and inclusivity programme across McConnell Dowell.



# Diversity and inclusion continued

## Our approach to transformation in South Africa

**Aveng is committed to transformation beyond compliance**

**Aveng is a level 3 BBBEE contributor**

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

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

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

Aveng currently measures its transformation progress against the BBBEE generic codes of good practice. Despite a tough economic climate and challenges within our core and non-core businesses, we achieved a level 3 BBBEE certification.

### Key focus areas

As the Group's core South African business, Moolmans drives the domestic diversity and inclusion imperatives. The key matters addressed during 2020 include:

- Improving BBBEE awareness, performance and compliance in line with Aveng's revised strategy
- Assisting non-core businesses to transition to their own BBBEE scorecards when transferred to new owners
- Increasing emphasis in core businesses on transformation objectives and implementation of localisation initiatives in the Group's areas of operation
- Developing employees to achieve their potential
- Nurturing relationships with key stakeholders, including local communities, suppliers, emerging micro enterprises (EMEs) and qualifying small enterprises (QSEs)
- Increasing opportunities to enhance procurement spend with black-owned and black women-owned emerging businesses in line with our overall procurement strategy to leverage opportunities across South African operations, mainly within mining operations in the Northern Cape and construction activities in Gauteng
- Striving to achieve our employment equity objectives
- Embedding our values and driving a culture of inclusivity
- Identifying sustainable community investment opportunities where we operate.

### Transformation monitoring and progress

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

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

- Appropriate training interventions to capacitate employees and strengthen a culture of learning and continuous improvement
- Upskilling and development of identified empowered suppliers to participate in the Aveng preferential procurement strategy
- Community development interventions in line with our socio-economic development strategy.

# Diversity and inclusion continued

## BBBEE

Aveng's disposal strategy and the need for ongoing restructuring of our operations in deteriorating operating environments resulted in a decrease of 14 450 employees across all categories since December 2013. During this period Aveng has continued to focus on developing and growing key talent, partnering with preferred suppliers, investing in the communities in which we operate and disposing of non-core businesses to BEE entities. Despite the abovementioned challenges and the transition from the construction codes to the generic codes, given the disposal of our construction and related businesses in South Africa, we achieved a level 3 BBBEE rating.



BBBEE scorecard  
[www.aveng.co.za](http://www.aveng.co.za)

## Equity in the workplace

Aveng instils a culture of diversity and inclusion, where everyone is treated fairly, equally and without discrimination.

During the year under review Aveng has been focused on the disposal of non-core assets of which the majority of the disposals have been to Black Empowered businesses. Along with the disposal of non-core businesses, the management teams of the business along with employees were transferred as part of the transaction.

In terms of Moolmans as one of the two core businesses remaining in Aveng, they have made a number of changes to their Exco team which has led to significant progress in terms of a more technically qualified and transformed leadership team. The current Moolmans Exco is represented by more senior, highly qualified and technically capable individuals with management experience from multi-industry environments. Progress in terms of transformation within the Moolmans Exco team include the appointments of the Moolmans MD, Operations Executive and SHE Executive. Progress is on-going in terms of focusing on transformation at various levels below senior management.

## Skills development

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

A total amount of R75 528 400 was invested in training and development within Moolmans (2019: R47 478 452) and in excess of 14 600 hours of training was delivered to employees in McConnell Dowell.

Moolmans currently has 283 apprentices (88% HDSAs, 5% female) at various stages of their apprenticeship in an in-house Mining Qualifications Authority (MQA)

accredited apprenticeship programme. Further to this, 33 learners have been enrolled (91% HDSA) into mining learnership programmes. Three disabled employees were identified to attend an online junior management development programme.

Key to the success of these programmes is the absorption of learners in their final year of apprenticeship or learnership into substantive positions. COVID-19 impacted the practical and theoretical exposure of the learning programmes.

In 2020, Moolmans applied for grant subsidies from the MQA for skills development programmes. To date, Moolmans has received R5 355 225 in grants for apprenticeships and learnerships.

## Strategy in action – employee development and succession

### Nurturing future talent

In line with our internal development strategy and succession pipeline, the identification of future talent is critical to our success.

One such example is Rinkie Maboya, an employee based at a Moolmans operational site who has been identified as an employee with talent. Rinkie started her employment with Moolmans in 2012 as a cleaner. In 2013 she was promoted to tea lady and in 2018 she was identified through an internal selection process as a candidate to study towards a N2 qualification (artisan).

Rinkie started her apprenticeship in September 2018. She is currently completing her second year as an earthmoving mechanic apprentice. There are several other examples of Aveng employees who have been developed as future successors.

## Enterprise and supplier development

Aveng's strategy to link procurement practices with the Group's BBBEE goals and targets, including that of procuring within its geographic areas of operation has borne fruit and the Group continues to make progress in developing its supplier base. Our spend with black-owned suppliers totalled R3,3 billion, of which R891 million was spent with black women-owned suppliers. Black women-owned suppliers remain a priority with

over 30% of the beneficiaries of our supplier development programme were black women-owned enterprises and more than 30% of our supplier development contributions accruing to these beneficiaries. As a result, the Group achieved a 36% improvement in measurable spend compared to the previous period.

Aveng retained a high level of compliance with the codes of good practice, with increased focus on EMEs, QSEs and black-owned and

# Diversity and inclusion continued

black women-owned companies in all procurement activities.

Key focus areas within the Group's enterprise and supplier development (ESD) strategy include:

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

To maintain and grow long-term sustainability for emerging black-owned and black women-owned enterprises under the codes of good practice, Aveng will again embark on both enterprise and supplier development initiatives (under the construction charter only supplier development was measured) and include the former as beneficiaries in its ESD programme. Aveng continues to conduct country-wide networking interventions to identify emerging businesses and facilitate access to the Group's procurement spend. As enterprise development initiatives improve the Group's preferential procurement performance, we will continue to conduct development programmes which identify rural based companies, emerging entrepreneurs and start-ups, and prepare them to participate in our procurement activities.

## Socio-economic development

Due to significant skills shortages in mining, construction, engineering and manufacturing-related technical disciplines, Aveng has to date focused its corporate social investment (CSI) programmes on secondary schooling

(mathematics and science) within marginalised poor communities. The Group has made significant contributions to the Kutlwanong maths and science centre and the LEAP school in Diepsloot. In future Aveng

will contribute to targeted CSI initiatives within the communities in which its core operations operate.

Corporate social investment report, page 40.

## Diversity and inclusion in McConnell Dowell

### Indigenous participation

McConnell Dowell Australia has developed external relationships with indigenous affairs consultants and recruitment and employment agencies to establish a pool of applicants that can be sourced, with consideration given to:

- Appropriate literacy and numeracy standards
- Work readiness initiatives
- Drug and alcohol services.

In Australia, a reconciliation action plan team has been formed to strengthen and target local indigenous participation on projects across business units. Good progress has been made in implementing the plan over the past 12 months.

McConnell Dowell NAIDOC week celebrations were broadcast across all Australian sites in 2019 to celebrate the history, culture and achievements of Aboriginal and Torres Strait Islander peoples. Planning for the 2020 NAIDOC week is underway.

On the Western Program Alliance, smoking ceremonies were conducted as part of a traditional Welcome to Country. Corinna Eccles, a Wadawurrung woman and respected community member, is seen in the centre of the following image conducting a smoking ceremony at the Werribee Street project. The ceremony represents a welcoming and cleansing of visitors to the sacred lands of the Wadawurrung Peoples of the Kulin Nation.



In New Zealand, local languages are celebrated across various weeks of the year, such as the Samoa/Tongan language week. The senior leadership team are undergoing Maori culture and language tuition to learn their Mihi.

# Diversity and inclusion continued

## Disadvantaged employees

McConnell Dowell Australia was represented at the launch for the “Out for Good” programme which brings together government, business and community organisations to support at-risk young people (aged 17 to 26) in the youth justice system through education and employment opportunities. Partnerships with Newport Rail Academy and YMCA Rebuild are working toward the same end, supporting ex-offenders re-entering the workforce.

McConnell Dowell Australia has registered with Working for Victoria, a government agency dedicated to finding employment for those who are from disadvantaged backgrounds, especially affected by COVID-19. Partnerships have also been established with WDEA works, a government agency that secures long-term employment for staff from disadvantaged backgrounds. The agency provides employers with wage subsidies and tools to train job seekers and help find employment.

The Mordialloc project partnered with AbilityWorks, a social enterprise which

finds employment for people who face barriers when seeking work. The project is committed to providing disadvantaged workers with opportunities to work by making suitable adjustments for employees with disabilities.

The Western Program Alliance project is currently engaged with the GROW programme which introduces people from marginalised or disadvantaged backgrounds, including asylum seekers, refugees and Aboriginal and Torres Strait Islander people, for training and employment opportunities in the transport and construction industries. The participants are given job-ready training at entry level, which allows them the opportunity to partake in cadetships, apprenticeships and graduate roles.

The New Zealand operation has partnered with:

- Diversity Works New Zealand to establish new initiatives focused on diversity
- The Ministry of Social Development to offer opportunities to underprivileged members of society and upskill the local workforce.

## Gender

The McConnell Dowell Australia graduate programme has increased overall female participation rates and achieved a targeted 60% female intake for 2020.

McConnell Dowell continues to participate in, and contribute to, the National Association of Women in Construction (NAWIC) to increase the company’s presence and influence the wider construction industry through this forum. This is a part of the overall strategy to increase female representation in the workforce

McConnell Dowell, led by the CEO, participated in International Women’s Day across the country to bring attention to issues women still face in the workplace. The theme for 2020 was Each for Equal.





# Diversity and inclusion continued

## Looking ahead

2021 key focus areas	Desired outcomes/actions
<b>BBBEE contributor status</b>	<ul style="list-style-type: none"> <li>Continue improving Moolmans' performance against the codes of good practice by increasing the implementation of localised programmes and activities</li> </ul>
<b>Gender and race equity</b>	<ul style="list-style-type: none"> <li>Recruit according to employment equity plans to achieve black and female representation targets in Moolmans</li> <li>Continue to advance gender representation through workplace transformation committees</li> <li>Increase and retain black and female employees in senior and technical roles</li> <li>Appoint women and local people into key senior roles across McConnell Dowell</li> </ul>
<b>Skills development</b>	<ul style="list-style-type: none"> <li>Reposition Moolmans' learning, development and apprenticeship programmes to serve business requirements</li> <li>Focus on recruitment and skills development interventions in line with the Moolmans employment equity plan</li> <li>Implement relevant mentorship and leadership programmes and technical training initiatives to close skills gaps identified through performance management and on the job assessments</li> </ul>
<b>Enterprise and supplier development</b>	<ul style="list-style-type: none"> <li>Increase support for emerging suppliers in the Northern Cape</li> <li>Maintain the focus on developing black women-owned emerging enterprises and suppliers</li> <li>Work with client networks to increase access to procurement activities for black designated enterprises in South African mining business</li> </ul>
<b>Socio-economic development</b>	<ul style="list-style-type: none"> <li>Engage regularly with internal and external stakeholders to identify new opportunities to develop businesses and individuals in our operating communities</li> </ul>
<b>Localise and advance indigenous people; promote gender equality</b>	<ul style="list-style-type: none"> <li>Continue to advance indigenous people in McConnell Dowell operations in line with the Diversity and Inclusion strategy</li> </ul>

# Corporate social investment

Aveng's mission is to advance the socio-economic wellbeing of the communities in its work environments in a manner that is responsible, consultative and sustainable.



# Corporate social investment continued

## Our approach to corporate social investment

### South African operations

Since its inception in 2005, the Aveng Community Investment Trust has actively fostered mathematics and science excellence among South African learners in poor communities and focused on technical and non-technical skills development in the workplace.

In November 2019, a strategy was formulated to align Aveng's CSI initiatives to the Group's new business strategy. This included focusing CSI efforts within the core businesses, while completing our commitments to the two flagship maths and science school projects (LEAP school in Diepsloot, Gauteng and the Kutlwanong maths and science centre in Jane Furse, Limpopo). From 2021, Moolmans will focus on sustainability projects within the communities in which we operate.

### Overview of two flagship projects

## Supporting maths and science education

### LEAP 4 science and maths school



- A network of six high schools supporting the development of critical life and academic skills in young people living in some of the poorest townships in South Africa.
- Aveng has sponsored the Diepsloot school since inception (2011).
- Since 2018, Aveng contributed over R18,0 million towards the building of school facilities and associated infrastructure. The official opening took place on 14 July 2020.

### The Kutlwanong maths and science centre

- This centre for maths, science and technology offers extra maths and physical science education to grades 10 to 12 learners in previously disadvantaged communities.
- Classes are convened by educators for selected learners from surrounding schools over weekends and during school holidays.
- Aveng has financially contributed R17,9 to the Kutlwanong maths and science centre since 2018.

## Aveng community trust expenditure

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

	2020	2019	2018
Kutlwanong Rebone Centre and LEAP 4 school	2 412 331	5 820 244	9 758 553
LEAP 4 building project	2 848 088	7 030 330	8 064 018
<b>Total</b>	<b>5 260 419</b>	12 850 574	17 822 571

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

# Corporate social investment continued

## McConnell Dowell operations

The majority of the social investment across McConnell Dowell is through social procurement and is managed at a project level to leave a lasting legacy on the communities that we work in. The projects procure materials and services from local and indigenous organisations.

Initiatives across McConnell Dowell operations and geographies include:

- The Mordialloc Freeway project in Australia which has a total social procurement spend of more than AUD1,5 million. This project has also provided employment and learning opportunities for 47 people from within the areas surrounding the project.
- Western Program Alliance (Australia) – connected with the Brotherhood of St Laurence who work predominately with disadvantaged/minority groups in the western suburbs through the “Given the Chance” programme which provides individuals with an opportunity to secure employment within the project and its subcontractors. The programme represents those who would be considered labour market disadvantaged.
- Western Program Alliance (Australia) in conjunction with Back Packs 4 Vic Kids (BP4K) have assisted in providing workspace and accommodation onsite accessible for BP4K volunteers 24/7. Further to this, McConnell Dowell has also raised over AUD47 000 to assist the programme in terms of specific needs.

# Appendix A: Aveng management’s measurement criteria and reporting definitions

KPI Name/Description	KPI reporting definitions (and descriptions of underlying data/information records)
<b>Environment</b>	
<b>Carbon footprint</b>	
Emissions	Discharging or sending out of gases, particles, substances or fluids, eg car fumes, typically to atmosphere. Direct Greenhouse Gas emissions which come from sources owned or controlled by the organisation. Indirect GHG emissions from the generation of purchased electricity, steam, and district heating/cooling consumed by the organisation.
<b>Environment</b>	
<b>Carbon footprint: Scope 1 – diesel consumption</b>	
Scope 1 emissions (from combustion of diesel procured) (tCO <sub>2</sub> e)	Direct Greenhouse Gas emissions which come from sources owned or controlled by the organisation. <b>Emission factor guidelines will be considered as follows:</b> <ul style="list-style-type: none"> <li>• RSA – DEFRA</li> <li>• MCD – GHG reporting corporate standard (which often utilises DEFRA factors)</li> </ul>
Diesel consumed	Diesel procured is the cost and associated quantity of diesel consumed for which invoices (payable by Aveng) exist, irrespective whether or not the supplier has been paid for the diesel consumed.
<b>Environment</b>	
<b>Carbon footprint: Scope 2 – purchased electricity</b>	
Scope 2 emissions (from purchased electricity) (tCO <sub>2</sub> e)	Indirect GHG emissions from the generation of purchased electricity, steam, and district heating/cooling consumed by the organisation. <b>Emission Factors guidelines considered:</b> <ul style="list-style-type: none"> <li>• RSA – Eskom</li> <li>• MCD – GHG reporting guidelines.</li> </ul>
Electricity consumed	Purchased electricity is the cost and associated quantity of electricity consumed for which invoices (payable by Aveng) exist, irrespective whether or not the supplier has been paid for the electricity consumed.
<b>Health and Safety</b>	
<b>Injury Frequency Rates (Recordable and lost-time IFR)</b>	
Total Recordable Injuries Frequency Rate (TRIFR)	A proportional representation of all injuries which is used as an indicator of safety performance. The TRIFR is based on a total number of recordable occupational injuries per 200 000 employee hours reported during the period of exposure. <b>TRIFR = Total of RI x 200 000</b> Number of hours worked The figure 200 000 refers to the average number of hours worked by 100 employees in one year.
Fatalities	A fatality is an incident occurring at work or arising out of or in connection with the activities of persons at work, or in connection with the use of plant or machinery, in which, or in consequence of which any person (ie employee, contractor or member of the public) dies regardless of the time intervention between the injury and/or exposure to the cause and death. This excludes the death of any person by natural causes while at the workplace or on duty.
Lost-time injury	A work-related injury where an employee/contractor is unable to attend work on the next calendar day after the day of the injury. The injury/occupational illness results in time lost from work the next shift for one day / full shift or more. <b>A lost-time injury includes:</b> <ul style="list-style-type: none"> <li>• Any permanent disability arising out of an injury, such as an amputation or permanent loss of the use of a limb or part thereof</li> <li>• A fatality</li> </ul> <b>A lost-time injury excludes:</b> <ul style="list-style-type: none"> <li>• Occupational disease/illness certified by an occupational medical practitioner or a specialist in the medical field, depending on the case (eg NIHL, an ENT or Audiologist; lung diseases confirmed by a specialist by means of diagnostic evaluation/ examination).</li> </ul>

# Appendix A: Aveng management's measurement criteria and reporting definitions continued

KPI Name/Description	KPI reporting definitions (and descriptions of underlying data/information records)
<b>Health and safety</b>	<b>Injury Frequency Rates (Recordable and lost-time IFR)</b>
Lost-time injury frequency rate	<p>A proportional representation of lost time injuries which is used as an indicator of health and safety performance.</p> <p>The figure 200000 refers to the average number of hours worked by 100 employees in one year.</p> <p>The LTIFR is based on a total number of lost time injuries reported during the period of exposure.</p> <p>Number of lost time incidents from an occupational injury per 200 000 employee hours of exposure.</p> <p>The LTIFR reflects:</p> $\text{LTIFR} = \frac{\text{Total Number of LTIs} \times 200\,000}{\text{Number of hours worked}}$ <p>Frequency rate – determine exposure rate to particular safety measure or indicator.</p>
Medical treatment case (MTC)	<p>A work injury requiring treatment by a medical practitioner and which is beyond the scope of normal first aid including initial treatment given for more serious injuries. It does not include:</p> <ul style="list-style-type: none"> <li>• A first aid case or lost time injury</li> <li>• Visits to physicians or other licensed health care professional solely for observation or counselling.</li> <li>• The conduct of diagnostic procedures, such as X-rays and blood tests, including the administration of prescription medications used solely for diagnostic purposes (for example, eye drops to dilate pupils).</li> <li>• Visits to physicians or other licensed health care professionals solely for therapy as a preventative measure (for example, physiotherapy or massage as preventative therapy).</li> </ul>
Fatalities	<p>A fatality is an incident occurring at work or arising out of or in connection with the activities of persons at work, or in connection with the use of plant or machinery, in which, or in consequence of which any person (ie employee, contractor or member of the public) dies regardless of the time intervention between the injury and/or exposure to the cause and death.</p> <p>This excludes the death of any person by natural causes while at the workplace or on duty.</p>
Recordable injury (RI)	Sum of injuries (Fatalities, LTIs, RWCs and MTCs) – (Industry practice)
Restricted workday case	<p>A work-related injury or occupational illness which leaves an individual, although at work, unable to perform one or more of their routine functions on the next day/shift (including weekends and public holidays), after the day of the injury.</p> <p>A RWC shall be certified by advice from a suitably qualified health care provider. (Industry practice)</p>
Number of hours worked	<p>The total number of hours worked by all employees and contractors in the reporting period.</p> <p>The total hours worked includes regular/normal time and overtime.</p> <p>Where it is not practicable to calculate the actual number of working hours, an estimated average of 220 hours per person per month may be used. (OG/BU also apply practical approach to estimated hours).</p>
<b>Health and safety</b>	<b>Number of confirmed cases related to noise-induced hearing loss (NIHL)</b>
Noise-induced hearing loss	<p>Hearing loss that occurs as a consequence of sustained exposure to excessive levels of noise at work.</p> <p>Number of confirmed cases related to noise-induced hearing loss (liability confirmed and compensation paid).</p> <p>(Note: excessive levels – Refer to Potential hearing loss definitions and % guidelines)</p> <p>It is diagnosed by a medical practitioner and submitted to the Compensation Commissioner or equivalent in the geographical area of operation, or as stipulated by the applicable legislation. Claim registered and liability has been confirmed.</p> <p>Potential hearing loss claims for investigation 5 to 10 % – Based on outcome of medical surveillance program, results of audiogram are captured onto a register, all audiogram which have a result of between 5% and 10% require the implementation of a hearing conservation plan – this includes but is not limited to require employee to be retrained on the use of PPE, the risk reassessed</p>





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