



MCCONNELL
DOWELL HOME
CREATIVE CONSTRUCTION WITHOUT HAZARD



2023

Sustainability Report





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Aveng's sustainability report outlines how the Group fulfils its purpose of "Providing a better life". The report enables stakeholders to assess our ability to create and preserve value, while minimising the erosion of value. During 2023, we made further progress in implementing our values-aligned environmental, social and governance (ESG) framework. This is enabling us to integrate and improve the work we do in managing our ESG risks and opportunities.

Our 2023 integrated report, which is available at www.aveng.co.za provides additional information on our financial performance and the investments we make to support sustainable development and contribute to positive ESG outcomes.

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This section provides information on our environmental and social impacts and our actions to support sustainable development and contribute to positive ESG outcomes. We also describe our actions to enhance the wellbeing of our employees, contribute to diversity and inclusion across our operations and support vulnerable communities.

Stay informed



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

Forward-looking statements

This report contains certain forward-looking statements about Aveng's anticipated performance, operations, and prospects. Although these statements represent our future expectations and judgements, these are subject to risks and uncertainties that could adversely impact our business and financial performance. Undue reliance should not be placed on

Feedback

Please share your feedback and opinions on our report by emailing



info@avenggroup.com

opinions, forecasts, or data. Forward-looking statements apply to the date on which they are made. Aveng does not undertake any obligation to publicly update or revise any of its opinions or forward-looking statements, whether to reflect new data, future events, or circumstances.

Navigating this report:



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



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



WELCOME TO THE AVENG 2023 SUSTAINABILITY REPORT

This report forms part of our suite of reports and is supplemented by our integrated report, our annual financial statements and our shareholder information which can all be found at www.aveng.co.za



Our strategy is to be an international engineering-led contractor, with two businesses focused on infrastructure, resources and contract mining in selected markets.

Over the past three years, Aveng has been simplified and recapitalised for sustainable **long-term profitability**.

Having disposed of the remaining non-core businesses, we are able to focus exclusively on McConnell Dowell and Moolmans which are both on a path of **long-term growth**, with strong work in hand.

In challenging operating conditions, McConnell Dowell experienced setbacks resulting in significant losses on the Batangas LNG terminal project (BLNG project) in the Philippines which impacted the Group's financial performance in 2023. These setbacks have been addressed and both businesses remain on track to achieve their **longer term strategic objectives**.

About this report

We report on Aveng's environmental and social impacts and our actions to support sustainable development and contribute to positive ESG outcomes.

Aveng is committed to creating and preserving value, and preventing the erosion of value for its many stakeholders. We apply the principle of materiality to determine the content of our reporting and define materiality as matters that substantially affect the Group's ability to create and sustain value over the short, medium and long term.



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

Scope and boundary

The report covers the Group's operations during the period 1 July 2022 to 30 June 2023 (2023). Material events that occurred between 1 July 2023 and the publication date are included. The content is based on the reporting principles and requirements listed below, the information needs of our stakeholders and our material matters.

Trident Steel was disposed of on 28 April 2023 and therefore, only 10 months data was accounted for in the report.



Material matters, page 10.

Reporting frameworks

Key reporting frameworks applied


- Integrated Reporting Framework, 2021 (<IR> Framework)
- King Report on Corporate Governance™ for South Africa (King IV)¹
- JSE Limited (JSE) Listings Requirements
- Board Governance Framework
- Aveng ESG, safety, health and environment (SHE), people management and diversity and inclusion policies and frameworks
- Global Reporting Initiative (GRI)
- Greenhouse Gas (GHG) protocol
- Broad-based black economic empowerment (BBBEE) codes of good practice

¹ The King IV Report on Corporate Governance™. The copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved.

Governance

The Board is ultimately responsible for sustainability reporting. Assisted by the safety, health and environment committee and the social, ethics and transformation committee, the Board reviews quarterly reports prepared by the operations on performance against key performance indicators (KPIs) and implementation of preventative or corrective measures.

Assurance

Independent assurance was obtained from KPMG on selected ESG indicators which are indicated with  in the report. 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.



Independent assurance report, page 16.



Approval of the integrated report

The report's content was prepared and reviewed by several internal stakeholders. The Board, assisted by its audit, risk and other Board committees, assessed the report and believes that it presents a balanced account of Aveng's sustainability performance. The sustainability report was approved by the Board on 27 October 2023 and signed on its behalf by:

PA Hourquebie
Non-executive Chairman

SJ Flanagan
Chief Executive Officer

AH Macartney
Chief Financial Officer

B Modise
Independent non-executive director

Message from chair

Aveng maintained sound performances across its key environmental, social and governance indicators during 2023. In a complex risk landscape, we focused on strengthening the culture shifts and stakeholder relationships that underpin positive lasting social and environmental outcomes.

May Hermanus | *Outgoing chair of social, ethics and transformation committee, and safety, health and environment committee*



2023
PERFORMANCE

Zero fatalities

Sound performances in all key SHE indicators

Implementation of new ESG strategy and approach

Level 4 BBBEE contributor status

FUTURE FOCUS 1

Maintain continuous improvement trend against baseline data

2

Deepen ESG learnings and applications

3

Collaborate with mining customers to reduce carbon footprint over time



Message from chair *continued*

Overview

Aveng changed fundamentally over the past five years and its transformation happened during a period of material economic, geopolitical, social and environmental turbulence. The after-effects of COVID-19 and the sustained impacts of Russia's war in Ukraine continue to increase the cost and complexity of the Group's operations and hamper our strategic journey. These challenges are compounded by extreme weather events that impact projects in external environments and labour market disruption that increases the risk of skills shortages and inflated labour costs.

Climate change and technology advances are contributing to significant social, environmental and technological transitions as efforts to bridge the gap to a more sustainable world gain traction in progressive societies. In such dynamic external environments, it is important for businesses to clarify the environmental, social and governance (ESG) impacts specific to their operations and ensure that their management processes and systems enable meaningful responses and positive sustainable outcomes.

During the past two years, we have made considerable advances in framing the Group's ESG approach within the context of its values, ethical practice and the culture we want. This has enhanced our understanding and reporting of the impacts that matter to our businesses and our stakeholders. We have strengthened the measures that show us where we are sustaining sound trends or where we need to improve.

Stakeholder engagement plays an important role in determining where we need to direct our ESG efforts. We reduce risk and strengthen project outcomes when we work in partnership with our customers, we improve productivity when there is stability and fairness in our duty of care for our employees and we leave communities better off when we understand and remediate the impacts our projects have on their living, working and natural environments.

Our environmental and occupational health and safety impacts are broadly understood and mitigated by our well-established practices. But there is increasing awareness that the nature of work shapes our responses to social and environmental risks. For example, many of McConnell Dowell's public sector infrastructure development sites are located within communities or natural environments and require unique approaches to ensure sound environmental stewardship and social justice. For our South African mining operations, approaches to environmental and social impacts tend to be governed by our customers and contracts and these may differ from one project to the next. We collaborate with our customers to achieve their outcomes in a sustainable manner.

Ovingham grade separate level crossing project, Australia



Implementing a new values-based sustainability framework

Our ESG practices are governed by policies, internal controls and external assurance, which are overseen by the Board, the safety, health and environment committee, the social, ethics and transformation committee and other Board committees. We monitor our ESG practices in an effort to align them with best practice, recognising that this is a fast-changing landscape.

The Group made considerable progress in implementing the new ESG framework during the period under review. McConnell Dowell and Moolmans developed key performance indicators (KPIs) to reduce the carbon footprint, lower environmental impacts, formalise our social commitments and our duty of care, and strengthen regulatory compliance and business conduct. Both companies reported 2023 performance against baseline metrics established last year.

As one of five strategic drivers, ESG is embedded in our strategy and included in the design of our executive remuneration. ESG goals form 10% of KPIs that are linked to management's short-term incentive scheme, ensuring alignment with the Group's commitment to positive ESG outcomes.

The Group achieved its primary goal of zero fatalities and performed well in their other key safety, health and environment performance indicators. Increased project activity and work-hours contributed to a slight deterioration in our safety indicators but we maintained improvement trends in our reporting and learning culture. Our performance is largely attributable to:

- Sound project selection and implementation, recognising that SHE outcomes are a consequence of operational practices;
- Disciplined compliance with SHE management systems and local regulatory requirements;
- Progressive implementation of the new ESG framework;
- Management visibility and employee engagement at project sites;
- Rigorous use of leading indicators as early alerts to risk;
- Increased monitoring and reporting of hazards encountered at project sites; and
- Ensuring that lessons learnt from incidents inform future behaviour and practices.

Providing a better life for our stakeholders

We made further progress in our approach to social risks and opportunities, deepening our understanding of the experiences of our stakeholders in different geographic and project environments, and responding more effectively to the needs and expectations of our employees and our communities.

In complex and competitive labour markets, our people management continues to support the Group's strategy by building capability and embedding a high-performance culture across the organisation, while matching our talent recruitment practices to the needs of growing businesses.

Culturally, we are achieving internal shifts in our bid to create safe and resilient work communities where employees can communicate with each other, share information, raise and address concerns and progress their careers. McConnell Dowell's strong brand and its ability to attract young talent is testimony to its culture shift and forward-looking approach. Moolmans continues to advance its Women in Mining strategy by training, employing and creating enabling environments for a growing number of women from local communities in previously male-dominated functions on mining sites.

Across our geographic jurisdictions, our experience confirms that teams work better together and operations are more sustainable when they reflect the diversity of their local environments.

We deepened our community engagements by improving our insights into the impacts of our projects. This is enabling a more nuanced response to ensure that we mitigate negative impacts during project execution and leave communities better off after we complete projects. Innovative initiatives to achieve these outcomes are highlighted throughout this report.

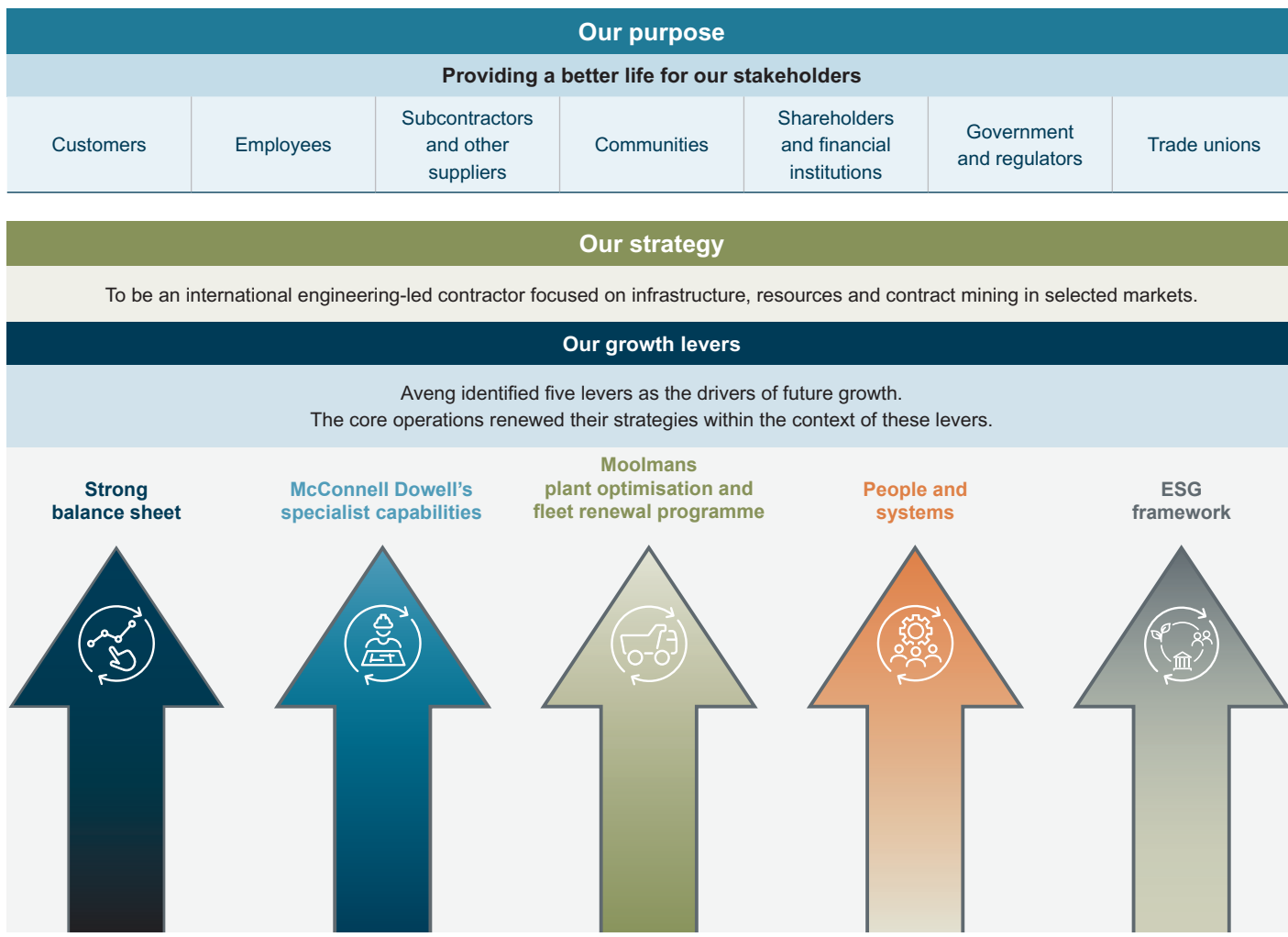
Our operations improve social infrastructure, create employment opportunities and contribute to economic growth. We invest in the development of small to medium enterprises and indigenous communities through our supply chains, focusing on disadvantaged communities. Our socio-economic development and social investment programmes focus on improving education and providing training and employment opportunities to vulnerable communities. We are committed to working in partnership with our customers and communities to fulfil our purpose of providing a better life for our stakeholders.

As we continue to implement our enhanced approach to ESG management and reporting, we will keep strengthening our insights into, and responses to risk and opportunity in order to achieve our sustainability commitments.

May Hermanus

Providing a better life

We align our values and sustainability goals with our purpose of providing a better life to improve economic, social and environmental outcomes for our stakeholders. Good governance underpins our ability to create sustainable value.



Healesville – Koo Wee Rup Road Upgrade, Australia

Our values-aligned ESG framework

Aveng made further progress in implementing its values-aligned ESG framework and performance indicators. We are integrating and improving the work we do in managing, measuring and reporting on our environmental and social impacts and successes. Baseline metrics continue to be measured against the targets for 2023 and the achievement of ESG key performance indicators (KPIs) is linked to the short-term incentives of management.



Environment



Social



Governance

Our values	Carbon and our environment	Our community and our people	Our conduct and compliance
Safety and care Home Without Harm Everyone Every Day. The health, safety and wellbeing of our people, the community and the environment is paramount.	Carbon emission Reduce carbon intensity and outline roadmap to carbon neutrality.	Home without harm Consistently improving our lead indicator performance.	Decision-making Sustainability forms part of all decision-making processes.
Honesty and integrity We do what is right – consistently and transparently.	Environmental awareness Environmental education and reporting transparency.	Supply chain Commitment and partnership with our supply chain for sustainable practices.	Corporate governance Financial (including tax) transparency and compliance.
Customer focus We build relationships by collaborating and delivering on our promises with excellence.	Climate change Engineering and design considers climate change and adaptation measures.	Customer relations Innovation through strong and effective customer relationships.	Risk management Clear and effective frameworks and controls.
Working together We respect and cooperate with each other and leverage our rich knowledge and diversity	Resource depletion Partnerships with all stakeholders to reduce consumption and improve resource efficiency.	Community Direct economic value generated by community investments.	Internal procedure governance Delivering compliant projects in accordance with governing policies, operating standards and procedures.
Performance excellence We hold ourselves and each other accountable and always strive to exceed expectations.	Waste and pollution Reduce waste, divert waste from landfill and increase recycling. Identify and remediate sources of pollution.	People and development Diversity and inclusion. Learning and development commitment to all employees.	Ethical conduct All business performed in accordance with the Code of Conduct and verified by annual pledge.



Kolomela, South Africa

Providing a better life *continued*

Safety and care

Living our values

Our communities and our people



Supporting our communities

R730 000

About R730 000 invested to improve access to water and sanitation for the South African communities in which we operate.

McConnell Dowell's client social procurement spend amounted to AUD281 million.

We work with science, technology, engineering and mathematics education providers to **support the career choices of children** interested in civil engineering.

Learning and development

R35,7 million

spent at Moolmans

19 779 hours

training for McConnell Dowell employees

Diversity and inclusion

Level 4 BBBEE

contributor

R1 billion

spent with black-owned suppliers, of which:

R575 million

went to black women-owned suppliers



Aveng 2023 sustainability report, www.aveng.co.za

Constant improvement in key safety indicators

22 years

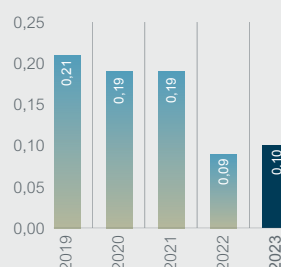
LTI free hours

at Loy Yang Plant Yard,
Singapore

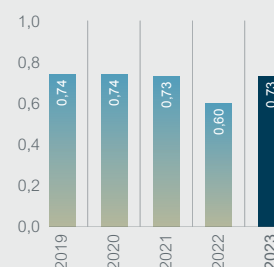
Zero

fatalities or material
environmental incidents

Lost-time injury frequency rate (LTIFR)



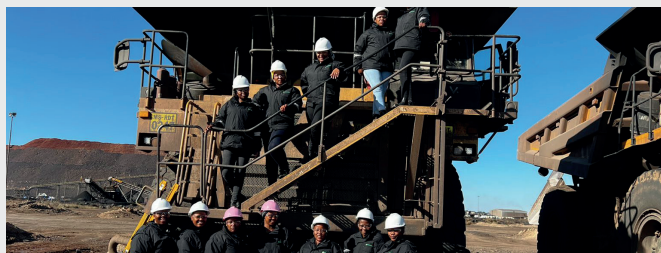
Total recordable injury frequency rate (TRIFR)



Working together

Small business development

We invested in black, SME and women-owned South African businesses, including a R1,37 million interest-free loan to a 100% black-owned, 51% black women-owned local beneficiary from Phola, near our Klipspruit project.



Women in mining

- We trained and licensed 12 women from Moolmans' local communities as dump truck operators; and offered them employment
- 15 female apprentices were appointed and developed as earthmoving equipment mechanics and auto electricians at Moolmans

A new start for the unemployed

Our pre-employment programme on the New Bridgewater Bridge Project in Tasmania saw 56 long-term unemployed or disadvantaged people start a new career in our industry

Customer focus

Our carbon and our environment

Innovative environmental solutions

McConnell Dowell helped develop and introduce the 'Solarator' – a compact containerised power plant for construction sites that combines solar panels, batteries and a small diesel generator.



Award-winning projects

Built Environs was recognised at the Australian Institute of Building South Australian and Northern Territory Chapter 2023 Professional Excellence in Building Awards.

Our State Sports Park team received the Professional Excellence award in the Commercial Construction AUD25-50 million category and our Golden Grove Park 'n' Ride team received the Professional Excellence award in the Industrial category.

Eddie Bampton was named the joint winner of the AIB SA Building Professional of the year award.



Aveng 2023 sustainability report, www.aveng.co.za

Performance excellence

Our economy and our sustainability

Group revenue¹

R28,9
billion
2022 | R20,5 billion



Operating (loss)/earnings

R1,06
billion loss
2022 | R360 million earnings



Operating earnings for the year²

R183
million
2022 | R360 million



Settled external legacy debt of

R481
million



Cash on hand

R2,38
billion
2022 | R2,61 billion



Work in hand

R52,2
billion
2022 | R30,8 billion



¹ Continuing operations.

² Excluding the BLNG project operating loss.

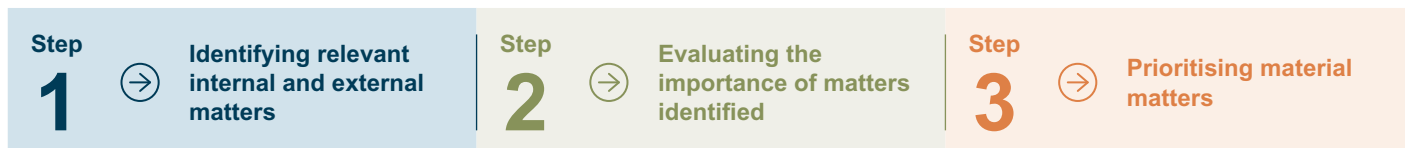


Our material matters

Aveng defines materiality for reporting purposes as risks and opportunities that materially affect the Group's ability to create and sustain value over the short, medium and long term.

We determine and assess material matters regularly by proactively assessing trends in the changing business environment and responding to unforeseen developments. Our material matters inform our strategy, thereby enabling the Group to create value.

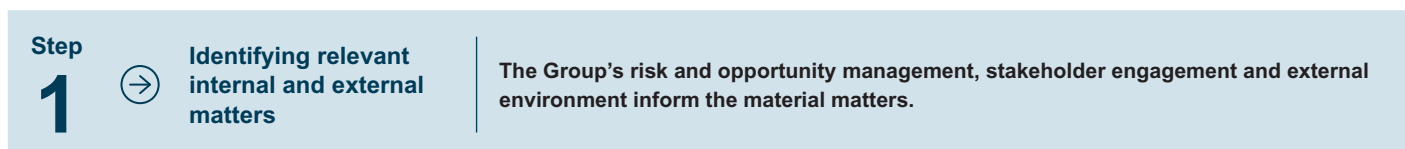
Our three-stage material matters determination process is guided by the Group's enterprise risk management framework and stakeholder engagements.



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



Tshipi é Ntle, South Africa



Enterprise risk and opportunity management

Aveng's risk and opportunity management process aims to achieve an appropriate balance between realising opportunities for gain, while minimising adverse impacts.

The Board, assisted by the risk committee, is responsible for the governance and effective oversight of risk and opportunity management. A group risk register comprising risks escalated from the subsidiary risk registers is updated quarterly and reported to the Board and the risk committee.

The Group's risk profile reflects its exposure to potential losses or adverse events that may affect the achievement of strategic objectives. This assessment is based on a combination of quantitative and qualitative indicators such as financial performance, regulatory compliance, operational performance, stakeholder feedback and the external operating environment.

The global risk environment deteriorated during 2023, placing additional constraints on the Group's operations. This is reflected in an increasing risk trend in the group risk register.

Risk and opportunity management framework Lines of defence

Aveng adopts a four lines of defence model to bridge the gap between risk management and assurance functions. These lines include the audit, risk, investment and tender risk Board committees, internal audit, and assurance provided by external audit, who oversee and assure the Group's risk and opportunity management.

External environment

Changes in the Group’s business or project environments are continuously reviewed.

2023 macro-economic risks identified by the World Economic Forum and their impact on Aveng	
Macro-economic risk*	Impact on Aveng
<p>Global economic slowdown COVID-19 and the Russian war in Ukraine have resulted in a decline in market liquidity, higher inflation and high interest rates which have worsened the global economic downturn. This has impacted businesses and prolonged the global economic downturn.</p>	<ul style="list-style-type: none"> • Extreme escalations in the costs of fuel, construction materials and labour • Erratic supply of construction materials and equipment resulting in project delays • Delays in infrastructure project awards • Obstacle to the achievement of the growth strategy • Increase in the cost of capital • Data breaches threaten operational performance, financial performance and reputation • Extreme escalations in the costs of construction materials • Erratic supply of construction materials and equipment resulting in project delays • Overstocking to mitigate potential shortages • Emphasis on the importance of ESG and the achievement of internal ESG targets • Importance of SHEQ compliance • Collaboration with mining customers to contribute to sustainable energy transitions over time • Disruption of business continuity and development of new ways of working • Skills shortages due to mobility constraints • Impact on employee wellbeing • Increasingly complex business environment, with supply chain disruption, cost escalation and project delays.
<p>Cyber security and data breaches The acceleration of digital adoption and dependency has increased vulnerability to cyber-attacks.</p>	
<p>Collapse of systemically important industry or supply chain Many supply chains have become inefficient as a result of the impacts of COVID-19 and the war in Ukraine. This has impacted businesses and prolonged the global economic downturn.</p>	
<p>Climate change adaption failure, extreme weather and biodiversity losses Worsening environmental degradation and a shift in focus to other short-term risks has increased concerns about the ability to contain climate change. Countries or organisations that continue to rely on carbon-intensive energy sources risk losing competitive advantage (higher carbon cost, lower resilience, lagging behind technology advances and limited leverage in trade agreements).</p>	
<p>Infectious diseases COVID-19 and other health-related matters heightened the risk of pandemic diseases as a significant global threat.</p>	
<p>Escalating geopolitical tensions Geopolitical fragmentation is heightening the risk of multi-domain conflicts, creating global divergence, geopolitical and geoeconomic tensions. This complicates the approach to common global challenges, notably climate change due to regional convergence at the expense of global integration.</p>	

* World Economic Forum Global Risk Report 2023.



Caption to come.

Our stakeholder engagement

Aveng has a diverse range of stakeholders who have an interest in our business. Our operations may impact them positively or negatively. By engaging constructively with our stakeholders, we can create lasting value together.

Aveng identifies its main stakeholders and engages openly and continuously with them through various formal and informal methods. Aveng has a stakeholder engagement plan and report-back process that enables the corporate office and operations to identify and respond to their material stakeholders. Our stakeholder engagement processes identify areas of concern and seek mutually beneficial sustainable outcomes.

<p>Customers</p>	<p>How we engage</p> <ul style="list-style-type: none"> • Formal and informal engagements and meetings • Project reviews
<p>Material stakeholder interests</p> <ul style="list-style-type: none"> • Project performance • Strategy to carbon zero • Investment in technology • Business sustainability 	<p>Key conversations and our response</p> <ul style="list-style-type: none"> • We work in partnership with customers to achieve mutually beneficial outcomes and engage actively with customers to address areas of concern • Carbon reduction roadmap developed and communicated for McConnell Dowell business • Delivery of increased training, internal and external, to supplement the holistic development of our project teams
<p>Employees</p> <p>AUSTRALASIA Overhead 459 Project staff 1 445 Waged 1 070</p> <p>SOUTH AFRICA Salaried 840 Waged 1 021</p>	<p>How we engage</p> <ul style="list-style-type: none"> • Formal employee engagement and information sharing sessions • Informal employee engagement sessions • Toolbox talks and shift briefing sessions • Formal engagement sessions with organised labour • Employee engagement surveys • Employee workplace forums
<p>Material stakeholder interests</p> <ul style="list-style-type: none"> • Work/life balance • ESG commitment • Keeping pace with rising costs • Business updates • Culture and values alignment • Production and safety briefing sessions • Project performance • Strategy to carbon zero • Investment in safety technology 	<p>Key conversations and our response</p> <ul style="list-style-type: none"> • Embed Aveng Values through the Moolmans People Programme • Annual remuneration review successfully implemented • Frequent formal and informal business update sessions to facilitate engagement with employees
<p>Subcontractors and other suppliers</p>	<p>How we engage</p> <ul style="list-style-type: none"> • Supplier meetings • Supplier and contractor audits
<p>Material stakeholder interests</p> <ul style="list-style-type: none"> • Passing down of the head contract conditions • Contract compliance • Contract negotiations 	<p>Key conversations and our response</p> <ul style="list-style-type: none"> • We work with all subcontractors to ensure compliance with the Group's Code of Conduct, fair treatment of subcontractors and upholding of the human rights of employees and communities
<p>Communities</p>	<p>How we engage</p> <ul style="list-style-type: none"> • Community forum meetings
<p>Material stakeholder interests</p> <ul style="list-style-type: none"> • The impact of projects on health and jobs • Contributing to the local economy • Corporate Social Investment 	<p>Key conversations and our response</p> <ul style="list-style-type: none"> • Women from local communities developed and upskilled through Moolmans' Women Dump Truck Operator programme and absorbed into substantive employment • Investment of R730 000 incubated for local community development • Developing innovative ways of minimising disruptions to communities

<p>Shareholders and financial institutions</p>	<p>How we engage</p> <ul style="list-style-type: none"> • Results presentations to market and SENS • One-on-one meetings • Investor conferences and calls
<p>Material stakeholder interests</p> <ul style="list-style-type: none"> • Profitability and liquidity • Concerns about operational performance • Post-BLNG sustainability and plans to remedy the setbacks and their impacts on strategy execution • Future growth strategy • Shareholder value 	<p>Key conversations and our response</p> <ul style="list-style-type: none"> • A team led by an independent expert conducted a full review of McConnell Dowell's work in hand to ensure that risks and opportunities were identified and mitigating actions taken in support of near-term forecasts and future budgets • Moolmans' investment in heavy mining equipment is starting to yield positive results • We continue to explore all options to create and preserve shareholder value • The Group remains liquid with adequate cash, continued support from bankers and strong revenue to FY2025
<p>Government and regulators</p>	<p>How we engage</p> <ul style="list-style-type: none"> • Results presentations to market and SENS • One-on-one meetings
<p>Material stakeholder interests</p> <ul style="list-style-type: none"> • Compliance reporting • Responsible corporate citizen 	<p>Key conversations and our response</p> <ul style="list-style-type: none"> • Ensuring high safety standards in operations • Duly reporting on Greenhouse Gases • Ensuring environmental stewardship
<p>Unions</p> <ul style="list-style-type: none"> • NUM, NUMSA, UASA, AMCU and Solidarity (South Africa) • AWU and CFMEU (Australia) 	<p>How we engage</p> <ul style="list-style-type: none"> • Engagement via formal union leadership structures • Onsite formal and informal engagement meetings • Workplace Forum meetings
<p>Material stakeholder interests</p> <ul style="list-style-type: none"> • Salary and wage negotiations • Conditions of employment • Project performance and structuring • Responsible disposal of non-core assets • Matters of mutual interest 	<p>Key conversations and our response</p> <ul style="list-style-type: none"> • Ongoing engagement with employees and unions, during tough economic conditions • Direct regular communication with employees • Ongoing reviews to ensure compliance with applicable legislation or codes and adoption of best practices • Building Code and ABCC abolished during reporting period • Established relationships with CFMEU and AWU at senior levels • McConnell Dowell and Built Environs adopted pattern union agreements in Victoria • Greenfield agreements negotiated at Bridgewater, Aura and Harmony projects

Step 2 → **Evaluating the importance of matters identified**

Risks or opportunities specific to the operations are monitored and managed under eight categories, namely:



These are evaluated annually and assigned risk levels based on their potential impact on Aveng and likelihood of occurrence. Risk appetite and tolerance levels are established to achieve strategic outcomes and ensure that the Group's business is conducted within predetermined risk thresholds.

Our stakeholder engagement *continued*

Step
3



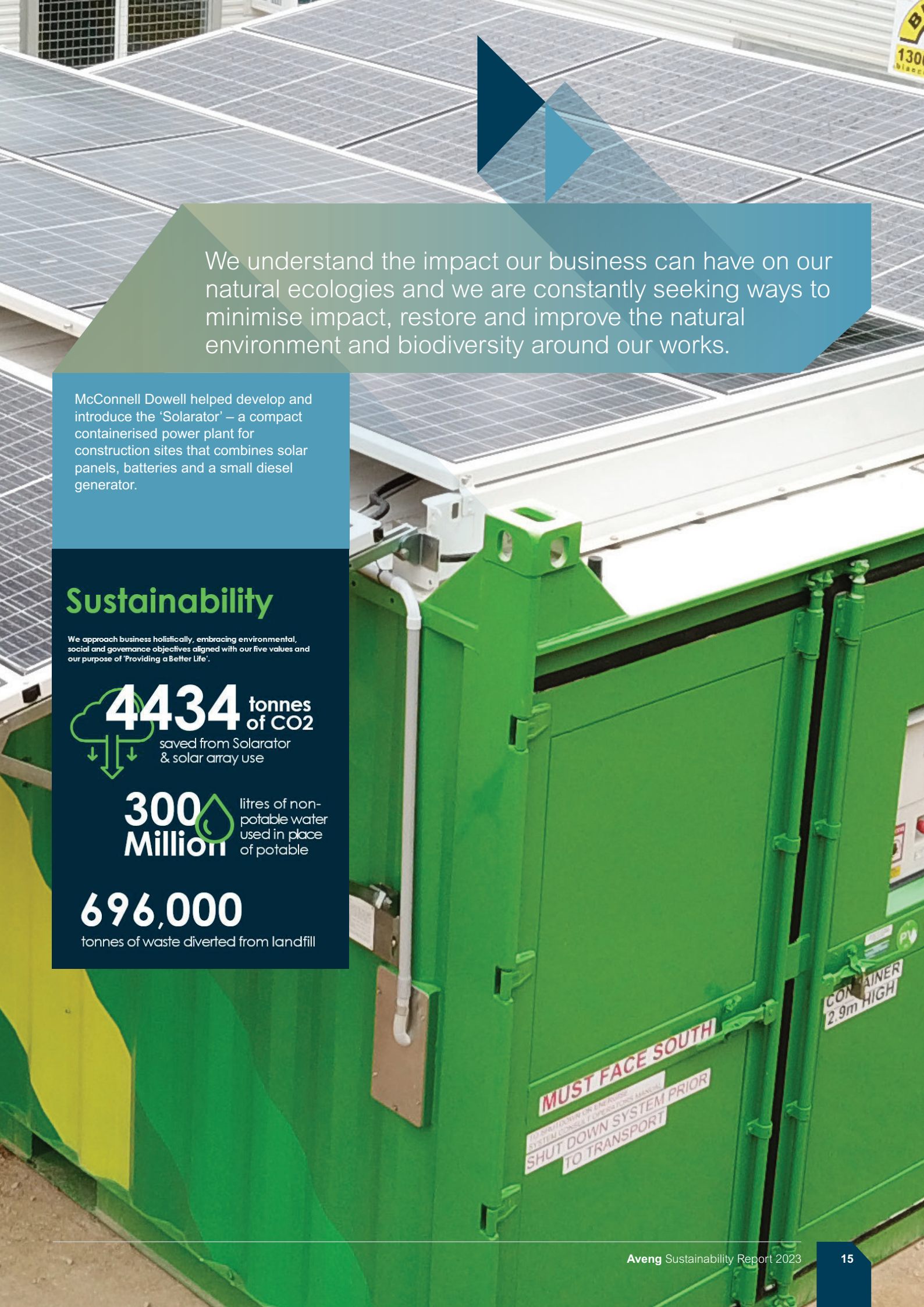
Prioritising material matters

Our top material matters derived from our risk and opportunity management process, stakeholder engagement and external environment reviews are:

Material matter	Our treatment in 2023
<p>Cash flow and liquidity management ↑ ●</p> <p>Aveng depends on a sound, sustainable balance sheet, with manageable levels of debt to implement projects and fund future growth.</p> <p>Stakeholders impacted: Clients, subcontractors and other suppliers, shareholders and financial institutions</p>	<ul style="list-style-type: none"> Realised R1,2 billion from the disposal of Trident Steel Settled outstanding legacy debt from proceeds of non-core asset sales McConnell Dowell repaid 46% of debt and converted the balance to term debt repayable in 2024 Daily cashflow management Intensive review and management of underperforming projects
<p>McConnell Dowell operational performance ↑ ●</p> <p>Aveng's vision of being an international engineering-led contractor is premised on growth orientated businesses that can execute projects in line with the Group's operating earnings expectations and are profitable and cash generating.</p> <p>McConnell Dowell recorded a loss in 2023.</p> <p>Stakeholders impacted: Shareholders and financial institutions; clients, subcontractors and other suppliers</p>	<ul style="list-style-type: none"> Established a PMO office led by experienced professionals Reviewed portfolio and conducting detailed analysis, reporting and monthly assurance of project performance Intensive management attention applied to underperforming projects New project director appointed and resources added to minimise the time and cost to complete the loss-making BLNG project Recruiting and retaining international talent to accommodate revenue growth in competitive labour markets Focusing on resolution of outstanding claims
<p>Moolmans operational performance ↑ ●</p> <p>Aveng's vision of being an international engineering-led contractor is premised on growth orientated businesses that can execute projects in line with the Group's operating earnings expectations and are profitable and cash generating.</p> <p>Moolmans recorded a loss in 2023.</p> <p>Stakeholders impacted: Shareholders and financial institutions; clients, subcontractors and other suppliers</p>	<ul style="list-style-type: none"> Appointment of new managing director and HR executive Detailed analysis, reporting and monthly assurance of project performance at all sites Progressive implementation of equipment renewal and optimisation programme improving fleet reliability and availability Leveraging technology to enhance data-based decision-making, operational efficiency and safety Strengthening project leadership
<p>Availability and cost of operational resources ↔ ●</p> <p>Project implementation and financial performance are impacted by extraordinary increases in the cost of construction materials and equipment due to high inflation, rising commodity prices, supply chain congestion and higher interest rates.</p> <p>Projects are impacted by inadequate availability of leadership or labour resources which was worsened by COVID-19-related mobility constraints. In Australia, low unemployment and a competitive labour market impacts the availability and cost of human resources. In South Africa, the remote nature of mining sites limits skills availability.</p> <p>Stakeholders impacted: Employees, clients, subcontractors and other suppliers</p>	<ul style="list-style-type: none"> Implemented strategies to mitigate the effect of inflationary cost pressures on existing projects and new tenders Implemented several actions to mitigate skills shortages, including international recruitment, training and incentivisation to drive targeted performance and talent retention Developing succession plans for key executive positions and focusing on securing appropriate candidates for all key project management roles
<p>IT infrastructure and cyber security ↔ ●</p> <p>Technology advances enable businesses to enhance operational efficiency and safety with data-based decision-making and process automation.</p> <p>Rapidly evolving and increasingly complex technology escalates the risk of cybercrime, increasing the need for businesses to protect against cyber breaches that could threaten their data integrity, financial performance and reputation.</p> <p>Stakeholders impacted: Employees, clients, subcontractors and other suppliers</p>	<ul style="list-style-type: none"> McConnell Dowell and Moolmans invested in new generation technologies and are migrating users to cloud platforms to reduce reliance on legacy systems Upgraded corporate office IT infrastructure Conducted vulnerability tested and invested in cyber security threat prevention, detection and response Cyber security response aligned with NIST standards Conduct routine user awareness training

Legend

<p>● Extremely high potential impact</p> <p>Risks addressed as a priority due to high exposure.</p>	<p>● Very high potential impact</p> <p>Risks that cause management concern and are actively managed and mitigated.</p>	<p>● High potential impact</p> <p>Risks that require management attention and are actively managed and mitigated.</p>	<p>● Moderate potential impact</p> <p>Risks that require attention but are not an immediate cause for concern.</p>	<p>↔ Unchanged risk trend</p> <p>↓ Reducing risk trend</p> <p>↑ Increasing risk trend</p>
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We understand the impact our business can have on our natural ecologies and we are constantly seeking ways to minimise impact, restore and improve the natural environment and biodiversity around our works.

McConnell Dowell helped develop and introduce the 'Solarator' – a compact containerised power plant for construction sites that combines solar panels, batteries and a small diesel generator.

Sustainability

We approach business holistically, embracing environmental, social and governance objectives aligned with our five values and our purpose of 'Providing a Better Life'.

 **4434** tonnes of CO₂
saved from Solarator & solar array use

300 Million litres of non-potable water used in place of potable

696,000 tonnes of waste diverted from landfill

Independent assurance



Independent assurance practitioner's limited assurance report on selected key performance indicators

Report on selected key performance indicators

To the directors of Aveng Limited

We have undertaken a limited assurance engagement on selected key performance indicators (KPIs), as described below, and presented in the 2023 sustainability report of Aveng Limited (Aveng) for the year ended 30 June 2023 (the Report). This engagement was conducted by a multidisciplinary team including health, safety, social, environmental and assurance specialists with relevant experience in sustainability reporting.

Subject matter

We have been engaged to provide a limited assurance conclusion in our report on the following selected KPIs, marked with a 'LA' on the relevant pages in the Report. The selected KPIs described below have been prepared in accordance with Aveng's reporting criteria that accompanies the sustainability information on the relevant pages of the Report (the accompanying Aveng reporting criteria.)

Selected KPIs	Scope of coverage	Reported KPI
	Aveng Limited	
Direct carbon dioxide emissions – scope 1 (from combustion of diesel procured)		27 323tCO ₂ e
Direct carbon dioxide – scope 2 emissions (from purchased electricity)		12 763tCO ₂ e
Total recordable injury frequency rate (TRIFR)		0,73
Lost-time injury frequency rate (LTIFR)		0,10
Number of confirmed and paid cases related to noise induced hearing loss (NIHL)		0
	Aveng Moolmans	
Percentage improvement on LTIFR		7%
Percentage improvement on TRIFR		(65%)
Diesel consumption		1,52 L/BCM
Completion of targeted environmental training		94%
Develop the criteria to report of critical potential environmental hazards		Criteria developed
Existing and new environmental initiatives		1
Waste diverted from landfill		63%
Enterprise development spend		ZAR1 270 000 incubated
Socio-economic development spend		ZAR730 000 incubated
Stage of completion of "people's programme"		In progress
Material breach of compliance in relation to regulations and laws		0
Development of enterprise risk management framework		Framework developed
Frequency of ESG-related matters to Board during the reporting period (quarterly)		100
Completion of mandatory ESG training for Exco -1 and above		92%
	McConnell Dowell	
Carbon intensity		16,41tCO ₂ e/\$m
Completion of mandatory environmental training		82%
Climate change and ESG proposition considered as part of tender gold review process		100%
Resource improvement initiatives per project		>2 on average
Construction waste diverted from landfill		84%
Level of accreditation of reconciliation action plan		Conditionally endorsed as moving to innovate
New Zealand projects involving mana whenua		100%
Safety capacity indices met		87,5%
Client social procurement spend		3,5%
Corporate social responsibility initiatives per project		1 or more
Compliance with modern slavery policy		97,6% completed and no breaches reported
95% cultural training completed		0%
MMS compliance audit completion		87%
Business unit financial accounts and tax audits completed on time		100%
Completion of annual code of business conduct pledge		91,3%
Completion of mandatory ESG training by SLT-1 and above		95,2%

Directors' responsibilities

The directors are responsible for the selection, preparation and presentation of the selected KPIs in accordance with the accompanying Aveng's reporting criteria. This responsibility includes the identification of stakeholders and stakeholder requirements, material issues, commitments with respect to sustainability performance and design, implementation and maintenance of internal control relevant to the preparation of the Report that is free from material misstatement, whether due to fraud or error. The directors are also responsible for determining the appropriateness of the measurement and reporting criteria in view of the intended users of the selected KPIs and for ensuring that those criteria are publicly available to the Report users.

Inherent limitations

Greenhouse gas 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.

Our independence and quality management

We have complied with the independence and all other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

KPMG Inc. applies the International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibility

Our responsibility is to express a limited assurance conclusion on the selected KPIs based on the procedures we have performed and the evidence we have obtained. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information, and in respect of the carbon emission assurance portion of our engagement in accordance with the International Standard on Assurance Engagements 3410, Assurance Engagements on Greenhouse Gas Statements (ISAE 3410), issued by the International Auditing and Assurance Standards Board. These standards require that we plan and perform our engagement to obtain limited assurance about whether the selected KPIs are free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3000 (Revised) and ISAE 3410 involves assessing the suitability in the circumstances of Aveng's use of its reporting criteria as the basis of preparation for the selected KPIs, assessing the risks of material misstatement of the selected KPIs whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the selected KPIs. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. The procedures we performed were based on our professional judgement and included inquiries, observation of processes followed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- interviewed management and senior executives to obtain an understanding of the internal control environment, risk assessment process and information systems relevant to the sustainability reporting process;
- inspected documentation to corroborate the statements of management and senior executives in our interviews;
- tested the processes and systems to generate, collate, aggregate, monitor and report the selected KPIs;
- inspected supporting documentation on a sample basis and performed analytical procedures to evaluate the data generation and reporting processes against the reporting criteria;
- evaluated the reasonableness and appropriateness of significant estimates and judgements made by the directors in the preparation of the selected KPIs; and
- evaluated whether the selected KPIs presented in the Report are consistent with our overall knowledge and experience of sustainability management and performance at Aveng.

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

Limited assurance conclusion

Based on the procedures we have performed and the evidence we have obtained and subject to the inherent limitations outlined elsewhere in this report, nothing has come to our attention that causes us to believe that the selected KPIs as set out in the subject matter paragraph above for the year ended 30 June 2023 are not prepared, in all material respects, in accordance with the accompanying Aveng reporting criteria.

Other matter

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

Restriction of liability

Our work has been undertaken to enable us to express either a limited assurance conclusion on the selected KPIs to the directors of Aveng in accordance with the terms of our engagement, and for no other purpose. Save as set out in that agreement, our report may not be made available to any other party without our prior written consent. To the fullest extent permitted by law, we do not accept or assume liability to any party other than the directors of Aveng, for our work, for this assurance report, or for the conclusion we have reached.

KPMG Inc.
Shaheed Osman
Chartered Accountant (SA)
Director

KPMG Crescent
85 Empire Road
Parktown
2193

27 October 2023

Providing a better life – We do that through projects that connect, sustain and enhance communities.

Our projects are completed across a range of disciplines and contribute to significant transport and water supply network improvements.



Palembang Wastewater Treatment Plant

Improving health outcomes and water resilience in Indonesia



Construction of a new 20 ML per day wastewater treatment plant that will provide 12,000 households and businesses with sewerage services for the first time



Jurong Region Line - Contract J108

Improving connectivity and travel times around Singapore

Design and construction of three new elevated stations and connecting 2.3 km long viaduct for the new Jurong Region Line in the Tengah region of Singapore.





DANGER
LIFTING IN PROGRESS
NO UNAUTHORISED PERSONS
BEYOND THIS POINT

Our ESG performance indicators



2023 performance and 2024 targets

Environment | Carbon and our environment

2022 base	2023 KPIs	2023 performance	2024 targets
16,15tCO ₂ e/\$m ¹	5% reduction in carbon intensity from 2022 business unit baselines	16,41tCO ₂ e/\$m ^(LA)	5% reduction in carbon intensity from 2023 business unit baselines
Not measured	>95% completion of mandatory employee environmental training	82% ^(LA)	>95% completion of mandatory employee environmental training
Not measured	Climate change risk or ESG proposition considered in all tenders	100% ^(LA)	ESG reduction initiatives considered for all tenders
Two initiatives	Average of two initiatives per project to improve resources efficiency	>2 on average ^(LA)	Average of two initiatives per project to improve resources efficiency
70% and 34%	>90% of construction and >50% of office waste diverted from landfill where available	84% ^(LA) and nil	>90% of construction waste diverted from landfill where recycling facilities are available

Social | Our community and our people

2022 base	2023 KPIs	2023 performance	2024 targets
Yes	Reconciliation Action Plan (RAP) work to 'Elevate' level. 100% New Zealand projects and offices involved mana whenua	RAP – conditionally endorsed as moving to Innovate ^(LA) Mana whenua – 100% ^(LA)	RAP work to 'Elevate' level. 100% New Zealand projects and offices involve mana whenua
85%	100% Safety Capacity Index (SCI) KPIs reporting implemented by all business units	87,5% ^(LA)	100% SCI KPIs reporting implemented by all business units
100%	>90% of client social procurement spending targets met or exceeded	100% – equating to 3,5% average spend ^(LA)	>90% of social procurement spending targets met or exceeded
Not measured	One corporate social responsibility (CSR) initiative per project	Achieved ^(LA)	One CSR initiative per project
Not measured	100% compliance with Modern Slavery policy and completion of mandatory training module	97,6% completed and no breaches reported ^(LA)	>95% Modern Slavery training completed
Not measured	95% cultural training completed	Nil ^(LA)	>95% completion of Social & Broader Outcomes training module by SLT-1 and above

Governance | Our conduct and compliance

2022 base	2023 KPIs	2023 performance	2024 targets
100%	100% MMS compliance audits completed as per audit schedule	87% ^(LA)	100% MMS compliance audits completed as per audit schedule
100%	100% of business units' financial accounts and tax audits completed/lodged on time	100% ^(LA)	100% of business units' financial accounts and tax audits completed/lodged on time
89%	>95% completion of Annual Code of Business Conduct pledge	91,3% ^(LA)	>95% completion of Annual Code of Business Conduct pledge
Not measured	100% of mandatory ESG training by SLT-1 and above	95,2% ^(LA)	>95% of mandatory ESG training by SLT-1 and above

¹ Restated, refer to page 22 for further information.

^(LA) This item was subject to limited assurance engagement by KPMG.



2023 performance and 2024 targets

Environment | Carbon and our environment

2022 base	2023 KPIs	2023 performance	2024 targets
1,13 L/BCM	5% reduction in diesel consumption rate from 2022 baseline	1,52 L/BCM ^(A)	5% reduction in diesel consumption rate from 2023 business unit baselines
100% (generic induction training)	>95% completion of targeted environmental training in addition to standard mandatory training	94% ^(A)	>95% completion of targeted environmental training
Not measured	Develop criteria for reporting critical potential environmental hazards to the number of actual serious incidents	Criteria developed ^(A)	
Two initiatives	Two environmental initiatives during 2023	Achieved one initiative ^(A)	Two environmental initiatives for 2024
41%	>50% of total waste diverted from landfill	63% ^(A)	>50% total waste diverted from landfill

Social | Our community and our people

2022 base	2023 KPIs	2023 performance	2024 targets
0,19 LTIFR; 0,59 TRIFR	5% improvement in LTIFR and TRIFR from 2022 baseline	TRIFR – 0,21 up 7% ^(A) LTIFR – 0,21 down 65% ^(A)	10% improvement in LTIFR and TRIFR on five-year average
Achieved	Enterprise development (ED) spending related to level 2 BBBEE commitments	R1,27 million incubated ^(A)	ED spending related to level 2 BBBEE commitments
Achieved	Socio-economic development (SED) spending related to level 2 BBBEE commitments	R730 000 incubated ^(A)	SED spending related to level 2 BBBEE commitments
Not measured	Stage of completion of People's Programme	In progress ^(A)	Implementation of a supervisory development intervention
Not measured	95% of supervisory level employees trained in gender, diversity and inclusion	Not achieved	95% of supervisory level staff and above trained in gender, diversity and inclusion

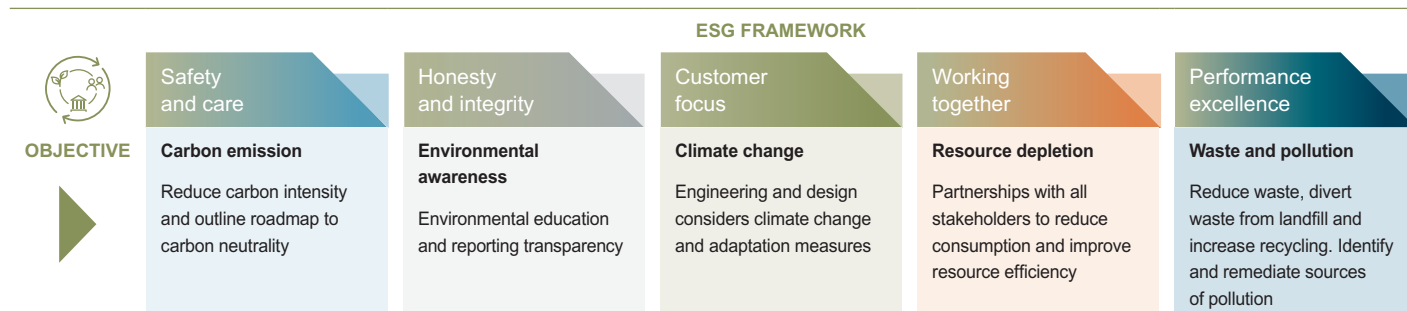
Governance | Our conduct and compliance

2022 base	2023 KPIs	2023 performance	2024 targets
100%	No material breach in compliance with regulations and laws. Any non-compliance to be flagged through the organisation's governance structures	No material breaches identified ^(A)	No material breach of compliance in relation to regulations and laws. Non-compliance to be flagged through the organisation's governance structures
Framework developed	Development of enterprise risk management framework	Achieved	Identify and manage key risks and opportunities in the business
Not measured	Code of Business Conduct pledge signed by all employees	53%	Code of Business Conduct pledge signed by all employees
Achieved	ESG-related matters discussed at all quarterly Moolmans Board meetings	100% ^(A)	ESG-related matters discussed at all Moolmans Board meetings and project reviews
Not measured	Mandatory ESG training for Exco-1 and above	92% ^(A)	Mandatory ESG training for Exco-1

^(A) This item was subject to limited assurance engagement by KPMG.

Our performance review

ENVIRONMENT



We recognise the impact our operations have on our natural environments and we are aware of the growing concern about climate change. We apply standard practices and take reasonable steps in line with leading practice to achieve zero environmental harm or to minimise our direct or indirect potential for harm.

Our operations implement systems and measures to identify, manage and respond effectively to foreseeable environmental risks and opportunities, in accordance with the ISO 14001 standard. By improving our environmental knowledge and awareness, we ensure that our operations comply with environmental regulations in their areas of operation and strive to continuously improve environmental management. Environmental management is conducted in compliance with Aveng's values, its SHEQ policy and applicable regulations.

Our approach to safety, health and environment management, www.aveng.co.za

2023 environmental performance

A major environmental incident is 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. No major environmental incidents were recorded during the year (2022: 0).

The result of the restatement is as follows:

Performance areas	2022 (restated)	2022 (reported)
Direct carbon dioxide (CO ₂) – scope 1 (from combustion of diesel procured)	22 368	26 455
Direct carbon dioxide (CO ₂) – scope 2 (from purchased electricity)	14 306	15 165
Carbon emissions (tonnes) total scope 1 and 2 (tCO ₂ e)	36 674	41 620

Compliance notices and data

Aveng operations monitor environmental compliance requirements as part of the SHEQ management systems. The operations ensure that observations are addressed, and recommendations implemented as part of continuous improvement. The operations report near-miss and minor environmental incidents to improve data collation and trends and develop suitable control measures.

Performance areas	2023	2022
Major environmental incidents	0	0
Operations with ISO 14001 certification of Environmental Management Systems (by headcount) (%)	>90	>90
Carbon emissions (tCO ₂ e) total	40 086	36 674 ¹

¹ Restated.

This item was subject to limited assurance engagement by KPMG. Scope 1 and 2 only.

Carbon emissions (tCO₂e)

The emission of carbon in the form of carbon dioxide into the atmosphere is a contributor to global warming. Aveng monitors its carbon emission footprint to establish the amount of carbon dioxide its operations produce by burning fossil fuels.

How we intervene to reduce emissions from our operations

Diesel consumption

- Conduct a baseline emissions footprint, including an emissions source inventory
- Identify risks and opportunities related to our emissions
- Set objectives and targets for managing emissions
- Implement measures to manage and reduce risks to the business and local communities
- Regularly measure and monitor the progress against the objectives and targets
- Moolmans periodically evaluates and reports to the relevant authorities and associations (where applicable) on emission reductions
- Identify continuous improvement actions aligned to objectives and targets

Energy

- Conduct energy efficiency assessments at fixed operations
- Identify energy-related risks and opportunities
- Implement measures to manage energy risks and act on identified opportunities
- Develop and implement energy efficiency programmes and good practices
- Regularly monitor progress made in the energy efficiency measures and programmes

The table below reflects Aveng’s carbon emissions, calculated from the use of diesel and electricity, which are the Group’s main energy sources.

Performance areas		2023	2022 (restated)
Direct carbon dioxide (CO ₂) – scope 1 (from combustion of diesel procured)	Ⓐ	27 323	22 368
Direct carbon dioxide (CO ₂) – scope 2 (from purchased electricity)	Ⓐ	12 763	14 306
Carbon emissions (tonnes) total scope 1 and 2 (tCO ₂ e)	Ⓐ	40 086	36 674

Ⓐ This item was subject to limited assurance engagement by KPMG. Scope 1 and 2 only.

South African operations – emission factors

- Scope 1: Department for Environment, Food and Rural Affairs (DEFRA) (2023) emission factors were used to calculate scope 1 emissions (26 260)
- Scope 2: Eskom (2022) emission factors were used for purchased electricity (1,04)

State or territory	Emission factor kg CO ₂ e/kWh
New South Wales and Australian Capital Territory	0,73
Victoria	0,85
Queensland	0,73
South Australia	0,25
Western Australia	0,51
Tasmania	0,17
Northern Territory	0,54
New Zealand	0,07
Thailand	0,51
Singapore	0,44
Indonesia	0,73
Philippines	0,61
Samoa	0,66

Sources: National Greenhouse Gas Accounts factors August 2022 and NGER amendments, 2023 Detailed Guide Measuring Emissions: A guide for Organisations (Ministry of Environment, NZ) and IEA 2017 world dataset

PROVIDING A BETTER LIFE

Shifting gear to an environmentally friendly fleet

McConnell Dowell is well on the way to replacing its light vehicle fleet with electric and hybrid vehicles; and they’ve got their first electric truck on the way.



Our performance review *continued*

Energy

The efficient use of clean energy is of paramount importance to us as our operations are mainly in regions that use fossil fuels.

Operating Group performance

2023	Diesel emissions		Electricity emissions	
	kℓ	tCO ₂ e	KWh	tCO ₂ e
McConnell Dowell	9 903	26 715	7 566 575	5 509
Moolmans	39	103	510 832	531
Trident Steel	190	499	6 412 568	6 669
Corporate	2	6	51 451	54
Group	10 134	27 323	14 541 425	12 763

Ⓐ This item was subject to limited assurance engagement by KPMG. Scope 1 and 2 only.

Aveng consumed 10 134kℓ of diesel in 2023 (2022: 8 292kℓ, restated), which equated to 27 323tCO₂e (2022: 22 368tCO₂e, restated). McConnell Dowell was the Group's largest consumer of diesel, consistent with its industry profile and an increase in project activity. The reduction in Trident Steel's consumption was partially due to the recording of only 10 months before the disposal was concluded.

Aveng consumed 14 541 425KWh of electricity in 2023 (2022: 14 363 272KWh), which equates to 13 063tCO₂e (2022: 14 306tCO₂e, restated). The primary consumers of electricity were McConnell Dowell and Trident Steel. While McConnell Dowell's electricity consumption

increased in line with growing project activity, Trident Steel consumed less due to a combination of loadshedding and the shorter reporting period. Moolmans scope 1 disclosure accounts for the central office only. Diesel consumption on yellow metal and other operating components is not disclosed as these are not deemed to be under Moolmans operational control. However, the diesel usage per BCM KPI is based on total operating and non-operating consumption.

▶ **McConnell Dowell utilised 1 065 135KWh of electricity from renewable sources – up from 887 707 in 2022**

PROVIDING A BETTER LIFE

Leveraging technology to preserve flora and fauna

McConnell Dowell's team on the Echuca Moama Bridge project used GIS (geographic information system) to save 34 large old trees, preserving essential habitat for local fauna.

Across the extent of the new bridge, 208 large old trees were approved for removal from the project area. However, excessive clearing of the trees would increase the potential for erosion into the adjacent river systems, as the area routinely floods due to excessive rainfall and releases from further up the Murray River system.

GIS software was used to identify habitat and map permanent and temporary works footprints. The GIS platform helped identify 35 large old trees which had the potential to be retained. By the time work was completed 34 of the trees were saved. GIS mapping has now been adopted across other McConnell Dowell projects due to this success.



Resource depletion

Resource depletion occurs when renewable and non-renewable natural resources become scarce because they are consumed faster than they can recover. It can occur through water usage, fossil fuel consumption, mining of resources and deforestation.

We collaborate with our customers to implement plans that guide responsible use of scarce resources, coupled with innovative methods of replacing scarce resources. We also collaborate to find solutions for the protection of endangered trees and plants. Our resource depletion is monitored across water, biodiversity and land.

How we intervene to ensure responsible use of scarce resources

Water

- Determine water quality and quantity footprints for each operation
- Develop and integrate water management plans to optimise water uses and releases
- Continuously measure and monitor progress on the implementation of integrated water management plans
- Set improved water efficiencies and optimisation targets

Biodiversity and land

- Identify invasive or alien species at fixed facilities and projects in accordance with the applicable environmental laws
- Assess potential risks and impacts our projects and operations may pose to sensitive, endangered or protected indigenous fauna, flora, habitats and ecosystems
- Develop action plans:
 - To protect sensitive, endangered or protected indigenous fauna, flora, habitats and ecosystems
 - To eradicate or control invasive or alien species
- Identify, assess, conserve, manage and monitor cultural and heritage aspects in accordance with applicable laws
- Continuously evaluate and monitor compliance with biodiversity action plans, conservation strategies and the eradication and control of invasive or alien species

PROVIDING A BETTER LIFE

Maximising the use of recycled water on construction sites

McConnell Dowell’s team on the Ovingham Level Crossing Removal Project in Adelaide partnered with South Australia government’s SA Water, The Department for Health and Wellbeing and Adelaide City Council to maximise the use of recycled water on the project.

This strategy, combined with rainwater tanks on site, meant that 81% of the project’s water requirements were met with non-potable water.



Operating Group performance

Operation	Water purchased (kℓ)		
	2023	2022	2021
McConnell Dowell	82 056 915	73 495 649	71 353 289
Moolmans	9 009	6 362	8 254
Manufacturing	–	16 004	55 515
Trident Steel	28 519	23 655	22 387
Corporate	67	237	2 456
Group	82 094 510	73 541 907	71 441 901

Water consumption by our projects changes according to the type and number of active projects over the measured period. The total amount of water consumed by the Group increased by 12% in line with increasing work in hand.

Our performance review *continued*

Biodiversity and land

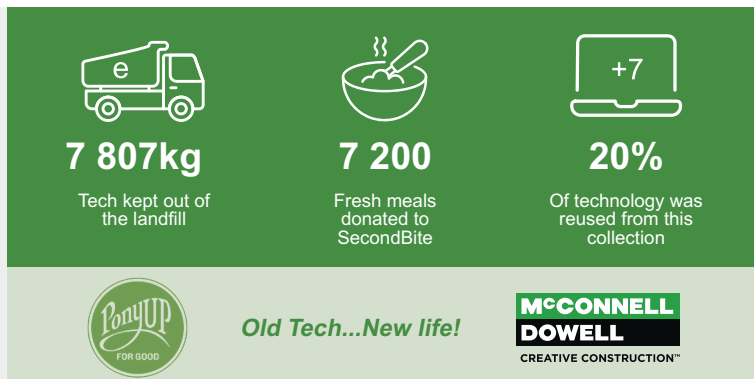
Our operations collaborate with their customers and partners to ensure the protection and conservation of biodiversity-rich ecosystems, threatened and protected species and the management and control of alien invader species.

PROVIDING A BETTER LIFE

Generating social value from old tech

McConnell Dowell is proud to partner with 'PonyUp for Good', a Certified Social Enterprise & Engagement Agency that provides secure and sustainable collection and data destruction services for some of Australia's largest and most innovative businesses.

They remove decommissioned technology, securely data-erase it and re-market it, with a 'reuse first mandate' – keeping toxic chemicals out of our landfill and waterways.



Since 2019, McConnell Dowell has diverted more than 7 800 kilograms of decommissioned technology from landfill, with PonyUp turning that into 7 200 fresh meals, delivered through their charity partner, SecondBite, who feed vulnerable people across Australia.

PROVIDING A BETTER LIFE

Protecting endangered Hooded Plovers

On the Granite Island Causeway Project in South Australia McConnell Dowell partnered with local wildlife volunteers and relocated part of the work zone to protect a pair of vulnerable Hooded Plovers. Hooded Plovers are listed nationally as endangered and have the lowest successful fledgling rate of any bird in Australia. Their numbers are down to less than 800 in South Australia.

The pair of plovers was first observed by our environmental advisor and, in conjunction with Birdlife Australia, further investigation unearthed a nest. Unfortunately, the birds had chosen a section of beach that was to be used as the construction approach for the new causeway. In response, the team adjusted our strategy and shifted the approach route. Signs and fencing were erected to ensure workers and members of the public did not disturb the parents or trample the eggs.

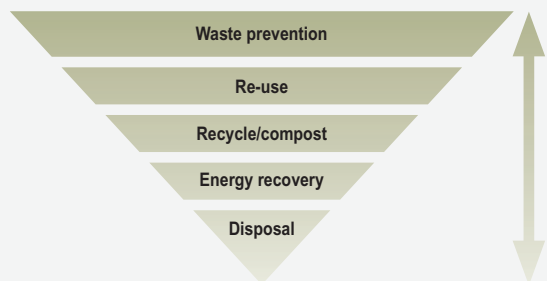


Waste and pollution

Aveng generates a wide range of waste streams. Much of the general waste comprises domestic and municipal waste and waste tyres, whereas hazardous waste mainly comprises used oil, grease, contaminated personal protective equipment (PPE), electronic waste, contaminated sludge, tyres and steel scrap.

How we intervene to ensure responsible management of waste and pollution

- Establish and maintain integrated material and waste management plans
- Quantify, record and report the amount of material used and waste generated
- Remediate land where contamination (new and historic) presents, or may present, a significant risk of harm to the environment alongside the client
- Investigate, develop and implement good practices and programmes to minimise the consumption of natural resources
- Develop and promote green procurement practices
- Use a monitoring programme to assess waste and material use impacts and effectiveness



Waste generated and disposed

Performance areas (t)	2023	2022	2021
General waste	898 521	176 882	56 545
Hazardous waste	89 858	31 036	5 156
Total waste	988 379	207 919	61 701

The total amount of general and hazardous waste disposed of during 2023 increased significantly in line with the Group's revenue growth. General waste accounts for 91% of waste and hazardous materials account for 9%.

PROVIDING A BETTER LIFE

Achieving maximum performance with recycled products in concrete

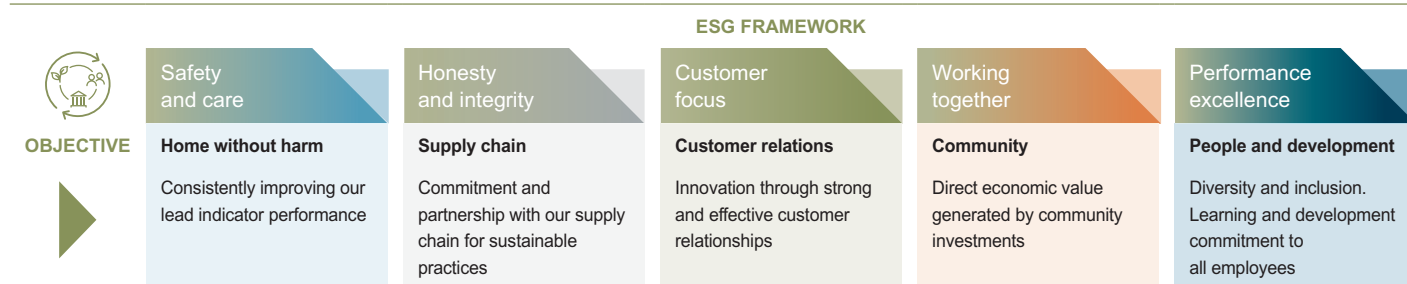
The Ovingham Grade Separation Project in Adelaide was the first Department of Infrastructure and Transport (DIT) project to use recycled plastic atoms to replace virgin aggregate in concrete. The alliance team, including McConnell Dowell, DIT, Arup and Mott Macdonald, worked with Seels Technology and other stakeholders to successfully implement the TOBERITE® product. TOBERITE® is an aggregate replacement product that uses engineered polypropylene atoms instead of stone.

The atoms are made from 100% recycled polypropylene and are easily recycled. Waste plastics can also be used in the injection moulding process. The TOBERITE® mix has been designed to achieve maximum performance and structural integrity. In total, 110m³ of concrete was used to construct the centre median in Torrens Road. This initiative diverted 2,5 tonnes of plastic from landfill and presents a significant circular economy benefit. With no workability issues, the atoms can be recycled again at the end of the median's lifecycle.



Our performance review *continued*

SOCIAL



Safety and health

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. Health is a core enabler of the safety culture embedded across the workplace. Our employee wellness programmes, together with external providers of comprehensive preventive care and counselling services, support our approach to health management.

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 in its projects and work processes and implements measures to reduce these risks and achieve continuous improvement in safety and health outcomes. Consistent leadership engagement with employees, collaboration and accountability for safety and health enables our journey towards achieving our vision of “Home Without Harm Everyone Every Day”.

 Our approach to safety, health and environment management, www.aveng.co.za

2023 safety performance

This safety and health report focuses on McConnell Dowell and Moolmans and includes reporting on Trident Steel for the 10 months before the disposal was implemented. The report excludes non-financial data on joint venture projects.

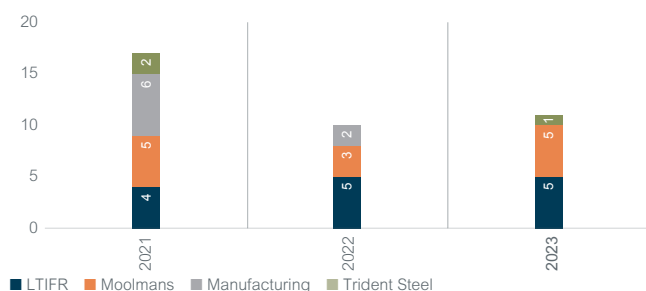
Performance areas	2023 target	2023	2022	2021
Lives lost under Aveng supervision	–	–	–	1
Lost-time injury frequency rate (LTIFR)	0,14 ^(LA)	0,10	0,09	0,14
Total recordable injury frequency rate (TRIFR)	0,64 ^(LA)	0,73	0,60	0,74
All-injury frequency rate (AIFR)	2,27	2,91	2,67	2,55
Safety leadership visits by senior management	276	428	395	416

^(LA) This item was subject to limited assurance engagement by KPMG.

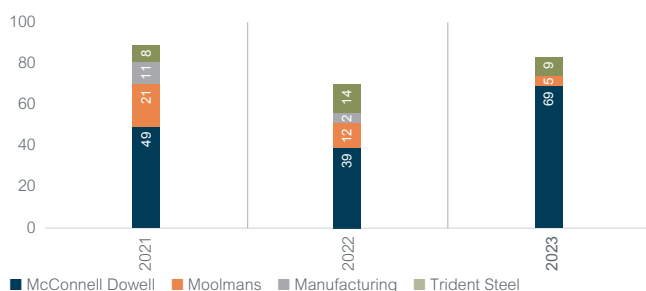
Key performance indicators – LTIFR, TRIFR and AIFR

The Group's LTIFR and TRIFR both increased in line with an increase in the number of man-hours. McConnell Dowell achieved a slight improvement in its LTIFR to 0,06 (2022: 0,07) and recorded a TRIFR of 0,85 (2022: 0,54) in line with an increase in medical aid cases linked to the higher number of projects in progress. Moolmans recorded LTIFR and TRIFR of 0,21 in comparison to the prior year figures of 0,11 and 0,43 respectively. The TRIFR improved because no medical aid cases were recorded in 2023.

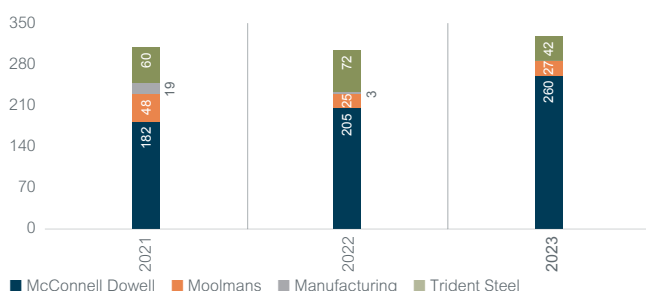
Lost time injuries



Total recordable injuries



All injuries



Recognising that trends in lost-time injuries are not an accurate reflection of safety performance, the Group reports on the more holistic AIFR indicator. The AIFR includes all types of injuries, ranging from first aid to fatalities.

While we continue to see year-on-year improvement in the reporting culture, we expect reporting thresholds for total injuries, in particular first aid injuries, to continue improving as the reporting culture improves across our operations.

PROVIDING A BETTER LIFE

Improving safety awareness with VR

McConnell Dowell's team on the Western Program Alliance (WPA) is using a virtual reality plant simulator to increase safety awareness.

Previously, commercially available VR units were only used for plant operator training, but our team has customised the use case to increase awareness for all personnel. The programme allows anyone to experientially learn the challenges, limitations, and risks plant operators face.

This innovative programme has not only increased workers' plant awareness but has also improved work practices and methods on site. It has increased plant awareness among those who control or influence activities on site, with a positive impact on safety site wide.



Our performance review *continued*

Reporting and learning culture

Our near-miss programme is the foundation for a resilient reporting and learning culture. Near misses provide an opportunity to analyse incidents and identify causes and emerging trends before accidents occur. This enables us to take corrective action and communicate emerging trends and lessons to embed a learning safety culture.

The Group demonstrated its resilience in reporting at-risk conditions and behaviours (near misses), with 2 400 near misses reported, of which 99% were addressed (2022: 2 506; 100% addressed).

Safety initiatives

Recognising that improvements in safety culture and safety performance require more than robust safety management systems, the Group applies safety leadership approaches to embed a safety culture. These demonstrate visibly the commitment of senior management to show leadership and engage all employees and subcontractors in making safe working practices and behaviours the norm at all operations.

Visible safety leadership visits are a key performance indicator for managing directors who are expected to review significant incidents related to high-consequence activities as they occur and ensure that lessons learned are implemented within their operating groups.

3 722 visits by executives and their direct reports represent 119% of planned visits (2022: 3 911; 287%).

PROVIDING A BETTER LIFE

Riding in our customers' shoes to test cycling safety

Two of McConnell Dowell's New Zealand tunnelling projects at Barber Grove and Corban Reserve are using e-bikes to achieve sustainable safety outcomes.

Cyclists face different challenges to drivers, so the projects use e-bikes to ride in our 'customers' shoes' and test cycling traffic management plans before they open to the public.

Riding the route is the best way to identify issues like uneven surfaces, unclear signage, visibility and space constraints.

Leah Raviharan, stakeholder advisor on the Corban project noted, "It's a great way to see how traffic management plans are working first-hand. You can experience and assess risk factors, something you can't do in the office or from a car."



2023 health performance

Aveng adopts sound, practical standards of health and wellness behaviour and performance across its operations and activities. The Group recognises the importance of protecting employees, contractors and other stakeholders and managing all occupational illnesses. We identify health risks associated with our work processes and implement and monitor measures to manage these risks.

Our objectives are to:

- Protect our employees, contractors and stakeholders from health-related work hazards
- Adapt work and the work environment through the correct placement of personnel based on inherent job requirements
- Contribute towards the physical and mental adjustment and social wellbeing of employees, contractors and other stakeholders
- Mitigate occupational hazards, incidents and occupational health-related diseases with early identification
- Provide a reasonable support function for employees and their families

Performance areas	2023	2022	2021	2020
Occupational health examinations	5 983	5 565	7 370	1 985
Ill-health profile (outcome of medical testing) ¹	3,9	5,1	4,7	5,3
HIV counselling and testing (HCT)	2 364	962	1 349	566
NIHL	Ⓐ 0	0	0	0

¹ Number of employees who have restrictions and limitations compared to medical testing conducted.

Ⓐ This item was subject to limited assurance engagement by KPMG.

Occupational health

Aveng deploys a robust occupational health programme to manage the effects of work on the health of employees and to manage employee health impacts on work. A thorough risk-based approach and an improved understanding of fitness to perform work, informs the Group’s occupational health profile. Our operations implement risk-based medical surveillance (RBMS) programmes to account for the inherently hazardous nature of work in construction, mining and manufacturing.

RBMS examinations comprise initial, periodic, exit and fitness to work (disability, incapacity, transfer) medical assessments and go beyond statutory obligations to include comprehensive travel risk assessments and executive medical examinations. These examinations are conducted at client sites, onsite clinics and at mobile clinics. Outcomes (fitness categories) from these medical surveillance examinations are closely monitored and interventions implemented to ensure employees are correctly placed. 5 983 tests were conducted during the year, with only a handful of individuals declared unfit.

Noise-induced hearing loss

Managing potential noise-induced hearing loss (NIHL) is an important element of health management at our operations. Each operation identifies key focus areas and manages monitoring and response plans to 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 operation. While several of our operations are managed by our customers’ 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. No qualifying cases were reported during the year.

Substance abuse management

We recognise that substance (drugs and alcohol) abuse affects the workplace, families and communities. Consequently, we enforce controls through Group disciplinary procedures to regulate employee misuse and abuse of alcohol and drugs alongside counselling provided by our employee wellbeing programme. 144 200 tests (2022: 140 211) were performed and a small, immaterial number of employees were confirmed positive. Employees who test positive repeatedly are referred to the employee wellbeing programme or to a service provider of choice for further support, rehabilitation and reintegration into the workplace.

Employee wellbeing programme

Employee wellbeing and the early identification and resolution of personal life stressors, such as stress and financial pressures, are key elements of the Aveng employee wellbeing programme (EWP). The programme assists employees and family members to restore themselves to their optimal functioning within an organisational and personal framework.

We 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 year.

PROVIDING A BETTER LIFE

Taking care of the mental health and wellbeing of our workforce

The Built Environs team at Manukau Health Park partners with the MATES In Construction programme to address the mental health and wellbeing of construction workers.

As rising levels of depression, anxiety and stress increase the risk of suicide in the construction and allied industries, MATES In Construction, an independent charity, works to reduce suicide and improve mental health and wellbeing on project sites.

The MATES In Construction programme raises awareness and equips people to offer help to others by building a community that looks out for each other – ‘mates looking out for mates’.

Together with MATES, we are achieving positive outcomes and taking an active role in improving the mental health and wellbeing of our workforce, reducing stigma and developing a community-supported approach to early intervention and suicide prevention.



Communicable and non-communicable disease management

The management of communicable diseases such as malaria, HIV/Aids and tuberculosis, and non-communicable diseases such as hypertension and diabetes, remains a focus for Aveng’s South African operations. The implementation of management programmes to proactively identify communicable and non-communicable diseases, and support employees affected by them, is important given the range and uniqueness of the environmental and socio-economic conditions encountered in the Group’s operating locations. 2 333 employees were tested for HIV, all received HIV counselling (2022: 962) and none (2022: eight) tested positive, resulting in a prevalence rate of 0% (2022: 0,1%). Through these interventions we also aim to assist employees in the proactive management of their own health.

Our performance review *continued*

PEOPLE MANAGEMENT

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

As Aveng transitions into an international engineering-led contractor focused on infrastructure, resources and mining, our people management supports the strategy by further strengthening leadership teams, improving performance, standards and governance, and driving diversity and inclusion in the Group.

Why our employees choose to work for us

We encourage diversity and inclusivity	We promote work/life balance	We have strong and attractive brands	We focus on career progression
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2023 performance

Focus areas	Progress
<p>Operational performance Ensure employees achieve their objectives through robust employee engagement and specific leadership development programmes for key current and future leaders.</p>	<ul style="list-style-type: none"> • Ongoing executive group and individual coaching • Executive team alignment with functional accountabilities • Operational performance reviews • Identification and cascading of key KPIs across all Moolmans management levels
<p>Embedding Aveng values and purpose Maintain focus on Aveng values. Entrench culture of high performance, accountability and teamwork cascaded to the lowest levels of the organisation.</p>	<ul style="list-style-type: none"> • Performance, culture and values strategy setting • Implementation of a People Programme for Moolmans to optimise the employee base and entrench a culture conducive to sustainable high performance
<p>Leadership capability development Continue developing existing leaders through succession planning, interventions and the renewal of the senior and middle management leadership development programme.</p>	<ul style="list-style-type: none"> • Succession reviews conducted and internal and external talent pools identified to ensure robust succession plans • Various training and development programmes: <ul style="list-style-type: none"> – Supervisory leadership development programme – Apprenticeship programme to develop future artisan requirements – Graduate development programme – Community operator development programme – Women in Mining programme – Mining learnership programme
<p>Retention of critical talent, including Reward and Recognition schemes Ensure retention of critical talent in key positions. Maintain focus on improved business performance. Enhance incentivisation of employees.</p>	<ul style="list-style-type: none"> • Identification of critical and core roles to ensure capable and engaged employees in all key roles • Short-term and long-term incentive programmes • Performance and target setting with individual development plans • Review of site-based employees' conditions of employment • Wage employee increases above minimum agreed Council rates

Strengthening human capital

Building capability and embedding a performance culture across our businesses is a key strategic imperative. This was further strengthened during 2023 with the appointment of high-performance experienced and capable individuals in key senior and operational leadership positions across the Group.

Executive and operational management appointments in our mining operations

The appointment of experienced executives in the operations and human resources disciplines strengthened Moolmans' executive team. Ongoing executive coaching enhanced executives' personal and technical capability.

Given the importance of building capability at project sites, Moolmans' Tshipi project was enhanced by the appointment of a general manager to lead the project. Further leadership enhancements include the appointment of experienced technical and non-technical skills to increase engineering, production and human resources capability.

There was significant investment and focus on the development of operator and first line supervisory level skills. Interventions include the sourcing of female apprentices and operators in line with Moolmans' Women in Mining strategy and supervisory development programmes.

Stable leadership enhanced by key new appointments

McConnell Dowell's strong leadership was further enhanced by several key appointments.

A project management office function, led by an experienced project management professional, was introduced to review project management standards and metrics.

In the Southeast Asian business, a new managing director was appointed, bringing a wealth of local knowledge and new industry relationships to the business.

In Australia, an experienced female was appointed national engineering manager and a new general manager with a strong local network and reputation was appointed in the Queensland – Northern Territory region.

The leadership teams in New Zealand and Pacific Islands and Built Environs remained unchanged, highlighting the stability of these growing businesses.

Addressing the recruitment needs of a growing business

Resourcing in all geographic markets remained under significant pressure. The increasing pace of construction activity, along with the challenges of immigration, the mobility after-effects of COVID-19, and general talent and skills shortages, combined to create an imbalance in demand and supply.

A recruitment process outsource (RPO) model was implemented in Australia to address the needs of the future business and an international campaign was undertaken to attract talent. Internal resource sharing between business units relieved some pressure on critical roles without productivity loss and created opportunities for staff to continue building their careers in Australia, New Zealand, and the Pacific Islands.

In South Africa, a combination of remote work sites and skills shortages, requires a strong commitment to training and development.

These resourcing pressures make talent retention more important than ever. The turnover of our top talented employees has stabilised, with analysis of internal turnover data highlighting the importance of achievement, advancement, and growth in retaining high performers.

Employee relations

Despite difficult economic and operating conditions, Aveng and its key stakeholders maintained sound employee relations across the South African operations, with limited (insignificant) work stoppages. The completion or ramp-up of certain mining projects in South Africa necessitated restructuring of some operations. However, healthy and robust engagement with employee representatives and other regulatory bodies ensured operational continuity.

We are committed to respecting fundamental labour rights and constructive employee relations. We align with core conventions of the International Labour Organisation and internationally accepted UN frameworks and comply with relevant local legislation in the countries where we operate. Our organisation respects the right to freedom of association and collective bargaining, supports trade union engagement, standards on working hours and the health and safety of all employees.

In Australia, we are monitoring potential industrial relations legislative reform after the Government indicated an intention to introduce sweeping changes to industrial legislation that could have a material impact on our cost of labour and industrial landscape and negatively impact productivity.

Learning and development

Aveng fulfils its commitment to employee advancement by investing in learning and development programmes and initiatives across its operations. The interventions below summarise the training and development activities during this reporting period.

Developing talent in construction and engineering

Investment in learning and development remains a primary focus as the business seeks to maintain and grow its position as an "employer of choice" and develop its current and future talent pipeline at every level, in line with its strategic growth ambitions.

To this end, McConnell Dowell continued its partnership with Australia's top-ranked business school, The University of Melbourne – Melbourne Business School, to deliver two separate integrated development programmes geared to develop leadership capabilities in an intensive learning experience. The Senior Leadership Programme (SLP) incorporates the three key domains of leadership – leading oneself, leading others and leading an organisation – along with more technical aspects of running a business such as improving financial and commercial acumen and risk management. During the 2023 financial year, 38 individuals participated in the SLP. An Operational Leadership Programme targeting emerging leaders in project management team roles was also launched during 2023, with 65 people completing the five-day residential programme.

These leadership programmes are underpinned by various other development pillars, including individual coaching and team development initiatives at the executive committee and business unit leadership team levels, project manager forums, internal and external technical development courses, and mentoring – all captured in accelerated individual development plans.

Graduate programmes are now in place across McConnell Dowell with proactive university and industry engagement securing bright minds for annual intakes. Future developments of this programme include international rotations once immigration and mobility pressures ease.

Delivering skills and talent development in mining

Skills development is critical to diversity within our business and to developing a succession pipeline of talent. While the Group complies with relevant training and skills development legislation, its investment in people goes beyond compliance.

Moolmans invested R35,7 million in training and development.

Our performance review *continued*

PROVIDING A BETTER LIFE

Promoting women in mining



Case study: Employees taking advantage of opportunities for growth and development

Florence Mohale joined Moolmans as a Graduate Mining Engineer in 2017. She was promoted to Technical Manager, Production and was recently appointed as the Mining Manager of the KBF site.

Mashudu Mbengwa joined Moolmans as a tea lady in 2010. Through the company's various programmes, she obtained her Matric and driver's licence and completed some computer courses, which saw the start of a career path in mining. She was promoted to Admin Clerk in 2014, Maintenance Assistant in 2016 and Maintenance Planner in 2018 and is currently based on our Gamsberg site.

Ngako Rinkie Maboya joined Moolmans as a tea lady in 2013. After completing her apprenticeship as an earthmoving equipment mechanic in 2022 at Tshipi, she is currently serving as an artisan in training.

Tracy Tshabalala joined as a bench supervisor and was promoted to Production Foreman in 2016, Production Pit Superintendent in 2017 and recently to Production Manager in 2023.

External bursary programme

Moolmans provides funding for nine external students studying towards Engineering degrees at recognised tertiary institutions. Of these students, two are African females and seven are African males. The students are funded to complete degrees in Mining Engineering and Mechanical Engineering. The bursary programme includes practical work experience at Moolmans operational sites.

Study assistance to employees

Eight employees are receiving study assistance across Moolmans towards the attainment of qualifications in line with career paths and organisational skills requirements. Of these, seven (87%) are historically disadvantaged South Africans (HDSA) and five (62%) are female. Further work is required in 2024 to implement specific programmes that will develop the managerial skills of middle managers and identified future talent.

Apprenticeships

Moolmans has 156 apprentices on a formal apprenticeship programme which is managed and run internally by Moolmans as an accredited apprenticeship training school. Of these, 151 (97%) are HDSA and 37 (24%) are female. Of the 64 apprentices who qualified in 2023, 30 (48%) were absorbed into artisan positions.

PROVIDING A BETTER LIFE

Employee training experience



"I appreciate Moolmans' commitment to excellence, innovation and social responsibility. Your values and mission align with my own and it has been an honour to gain knowledge from an organisation that strives to make a positive impact on society."

Tshegofatso Mokoale, Moolmans Earthmoving Mechanic Apprentice

"I would like to take this opportunity to thank Moolmans for giving me the opportunity to develop myself and inspire the next generation, and for seeing me as one that can be part of the Moolmans family."

Bonolo Sesinyi, Moolmans Earthmoving Mechanic Apprentice

"Phase one of my apprenticeship training motivated me to be confident in my mechanical ability and knowledge – I have gained a lot of relevant industry experience and a well-rounded skill set."

Sengiphiwe Buthelezi, Moolmans Earthmoving Mechanic Apprentice

Learnerships

Moolmans has eight learners in a formal learnership programme. Of these, 100% are HDSA and 25% are female. The programmes mainly comprise a rock breaking learnership to obtain a blasting certificate which provides opportunities for learners to be appointed into positions at mining pit operations. Other formal learnership programmes include Internship/Graduate programme registered with the Mining Qualifications Authority, a Sector Education and Training Authority (SETA).

Our performance review *continued*

DIVERSITY AND INCLUSION

Diversity and inclusion across Aveng includes the mandatory transformation obligations applicable to our South African operations, and a multi-country diversity and inclusivity programme pioneered by McConnell Dowell through the creation of Communities of Practice in the Diversity and Inclusion and Broader Social Outcomes areas.

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 focuses on its transformation objectives within McConnell Dowell and Moolmans. During the non-core asset disposal process, which was completed this year, 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 BBBEE. As Aveng's South Africa-based operation, Moolmans is the key contributor to Aveng's BBBEE strategy. Moolmans achieved level 2 BBBEE contributor status, as a result of improvements in its enterprise supplier development and socio-economic development activities. The disposal of non-core businesses as going concerns to black owners was aligned to our transformation objectives.

2023 performance

Focus areas	Progress
<p>BBBEE contributor status</p> <p>Continue improving Moolmans' BBBEE performance by increasing the implementation of localised programmes and activities.</p>	<ul style="list-style-type: none"> Moolmans achieved a level 2 BBBEE rating
<p>Gender and race equity</p> <p>Recruit according to employment equity plans to achieve black, indigenous and female representation targets in Moolmans.</p>	<ul style="list-style-type: none"> 15 female apprentices appointed to be developed as future earthmoving equipment mechanics and auto electricians 54 female trainees identified from the communities in which we operate and trained as dump truck operators Development of women in technical and non-technical positions as future leaders Women in mining forum established 12 female managers attended Operational and Senior Leadership Programme, establishing the fundamental tenets of desired leadership capability and development of future leaders 9 new female appointments into key management roles at McConnell Dowell
<p>Enterprise and supplier development</p> <p>Increase support for emerging suppliers in the Northern Cape. Maintain the focus on developing black women-owned emerging enterprises and suppliers. Work with client networks to increase access to procurement activities for black designated enterprises in South African mining business.</p>	<ul style="list-style-type: none"> R3,5 million invested in supplier development initiatives R1,3 million invested in enterprise development initiative R149 million invested in black designated group procurement spend R730 000 incubated for investment in water and sanitation infrastructure upgrades for the Galotlhare and Glen-Red villages, close to our Tshipi project
<p>Socio-economic development</p> <p>Engage regularly with internal and external stakeholders to identify new opportunities to develop businesses and individuals in our communities.</p>	<ul style="list-style-type: none"> R1,2 million invested in the renovation of three schools in the Phola community near Moolmans' Klipspruit project Phola community contractors engaged for school renovations
<p>Localise and advance indigenous people and promote gender equality</p> <p>Continue to advance indigenous people in our operations in line with the diversity and inclusion strategy.</p>	<ul style="list-style-type: none"> Worked with NPOs to provide long-term employment opportunities for refugees and disadvantaged youth Improved employment outcomes for Aboriginal and Torres Strait Islander people through the Australian Reconciliation Action Plan Implemented a digital rollout of Te reo Maori (Maori language) to upskill teams in its use in internal and external interactions

PROVIDING A BETTER LIFE

McConnell Dowell sponsors all-female Constructionarium in Australia

Constructionarium is a hands-on eight-day, accelerated training experience for new infrastructure staff to work as a team to plan, tender, build and handover a scale project of a bridge structure.

The programme is designed for early career professionals, graduate programme participants, interns and those new to infrastructure, and is aimed at developing skills and understanding of the entire project life cycle through tendering, delivery and client handover phases.

Australia has a shortage of over 100 000 engineers to build the infrastructure we need for our future.

Women remain significantly underrepresented in engineering. The more women we can attract to our profession and retain through great development initiatives like the Constructionarium, the better.



PROVIDING A BETTER LIFE

Celebrating International Women in Mining Day 2023

On 15 June 2023, newly elected members of the Moolmans Women in Mining (WIM) Forum were introduced, and addressed women on site, thanking them for their individual and collective contributions to the success of the organisation.

They also used the opportunity to provide feedback on the recent Safety and Security Study conducted at Moolmans' sites, guaranteeing that challenges identified in the study would be addressed. There was enthusiasm for the WIM personal protective equipment (PPE) initiative which will ensure that women are provided with PPE that suits their particular needs.

The day was well received, and the spirit of camaraderie inspired all women in Moolmans to pay it forward by implementing initiatives for girls in need within the respective communities.



Our performance review *continued*

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, continues to bear fruit. The Group made further progress in developing its supplier base.

The Group's procurement from black-owned suppliers totalled R1,04 billion (2022: R2,11 billion), of which R575 million (2022: R1,55 billion) was procured from black women-owned suppliers. Aveng retained a high level of compliance with the BBBEE codes of good practice, with increased focus on exempted micro enterprises (EMEs), qualifying small enterprises (QSEs) and black-owned and black women-owned companies in all our procurement activities.

Key focus areas of 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 enterprise development initiatives during 2024.

Increasing Indigenous Representation

Through its Australian Reconciliation Action Plan, McConnell Dowell improves employment outcomes for Aboriginal and Torres Strait Islander people, including enhanced recruitment, retention and professional development initiatives and programmes. During 2023, Reconciliation Australia approved McConnell Dowell's advancement to the next phase of its formal reconciliation journey. The Built Environs business is also part of this reconciliation process.

In New Zealand, the formation of a local diversity and inclusion committee has led to the roll-out of several important initiatives across the business, including the ongoing development of its Maori strategy. In 2022 the New Zealand business partnered with TupuToa, an organisation focused on raising the participation rates of Maori and Pacific Islanders in corporate New Zealand. As part of that partnership McConnell Dowell recruited six summer interns.

Consistent with our purpose of providing a better life, McConnell Dowell maintains a strong focus on broader social outcome objectives, including diversity and inclusion. In Australia and New Zealand particularly, customers are highly supportive of such initiatives and often set benchmarks and targets for contractors to meet.

Recent successes include working with specialist not-for-profit organisations to provide long-term employment opportunities for the disadvantaged, including First Nations people, recently arrived refugees and youth.

CORPORATE SOCIAL INVESTMENT

McConnell Dowell

McConnell Dowell continues to support community groups and schools surrounding its projects.

Kick-starting careers in Tasmania’s construction industry

On the New Bridgewater Bridge project, for example, the McConnell Dowell team implemented a ‘Pre-employment Programme’, helping to build the capability and capacity of Tasmania’s construction industry.

The programme provides a career kick-start for 56 people who were either long-term unemployed, indigenous, disengaged youth, or a person living with a disability. The programme was developed by us, funded by Keystone Tasmania, and delivered in partnership with TasTAFE and Lifeline.

Overall, 500 people applied to join the course, 149 were shortlisted, and 56 participants (84% of the intake) graduated with job-ready skills. 26% were women and 28% were Aboriginal or Torres Strait Islander.



Moolmans

Improving water and sanitation infrastructure

Moolmans, incubated R730 000 (2022: R1,2 million) for investment in community projects within the Galotlhare and Glen-Red villages surrounding its Tshipi project.

In previous years Moolmans donated two park-home containers to the villages as part of a community investment initiative. The containers are used as day care centres.

Moolmans is funding local suppliers to install plumbing for the containers. This initiative will create a better life for community members in ensuring uninterrupted access to proper and decent ablution facilities.





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Bastion