



INVESTOR MANAGEMENT DAY – RISK

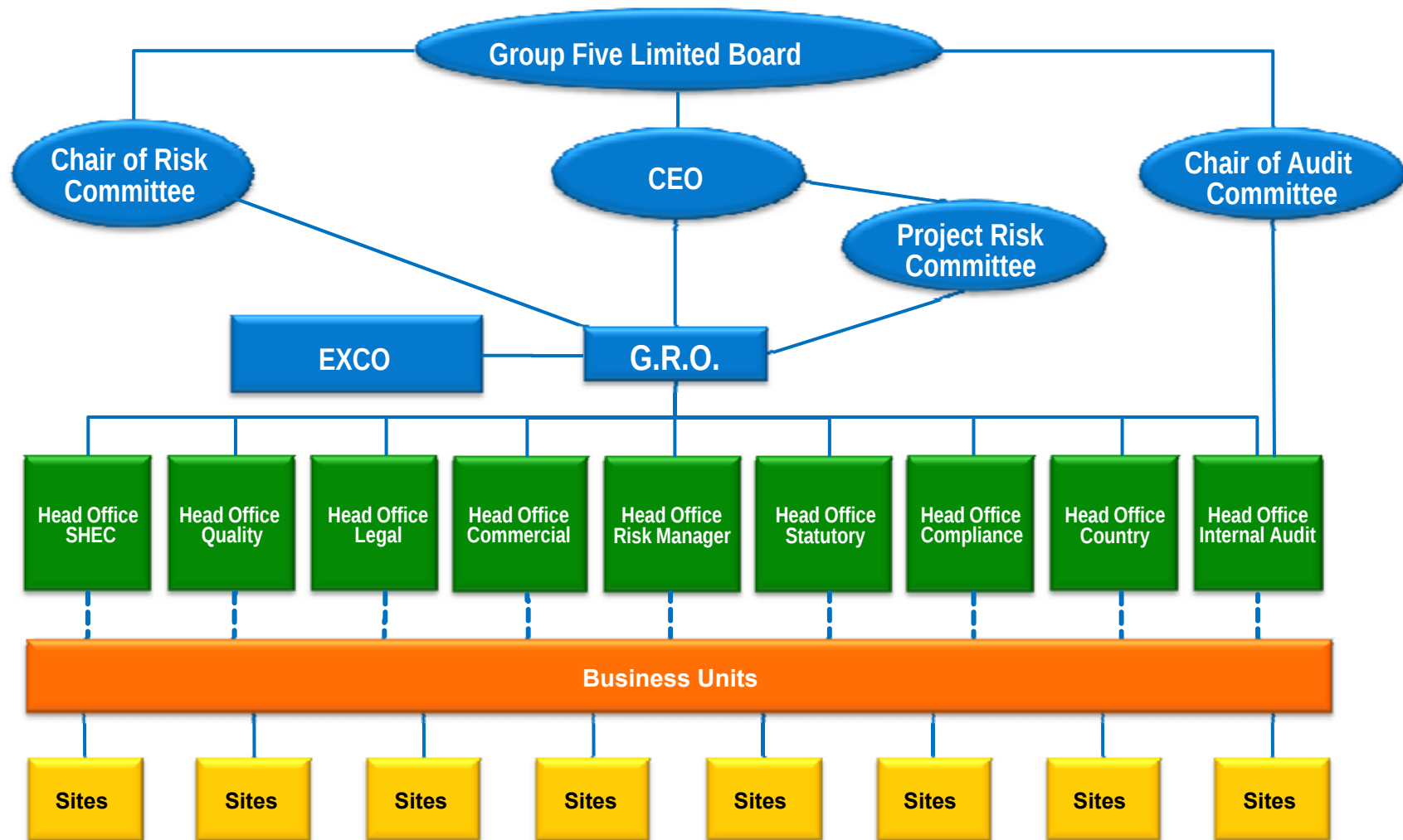
Risk Department Structure

Risk Manual and Management Methodology

Construction Risk Management

Challenges facing the industry

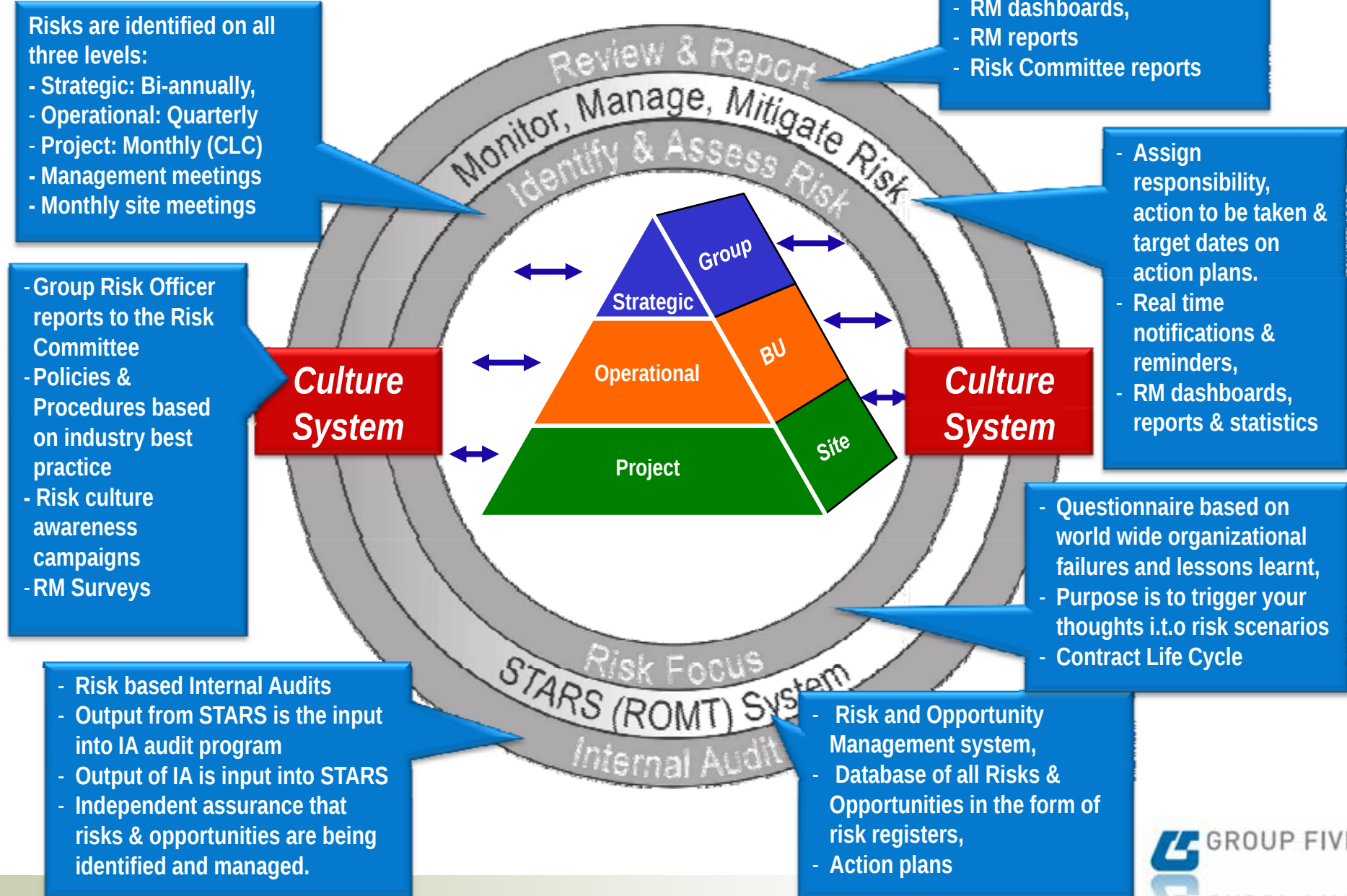
Risk Department Structure



The Group Five Risk Manual

-  Risk Management Policy
-  Philosophy
-  Framework
-  Risk Department structure
-  Risk Committee
-  Responsibility matrix
-  *The system – “STAR”*
-  Strategic Risk
-  Operational Risk
-  *Project Risk (Best Practice)*
-  SHEQ
-  *Country Risk*
-  Financial Risk
-  Legal Risk
-  Information Technology
-  Insurance
-  *Internal Audit*

Risk Management Methodology



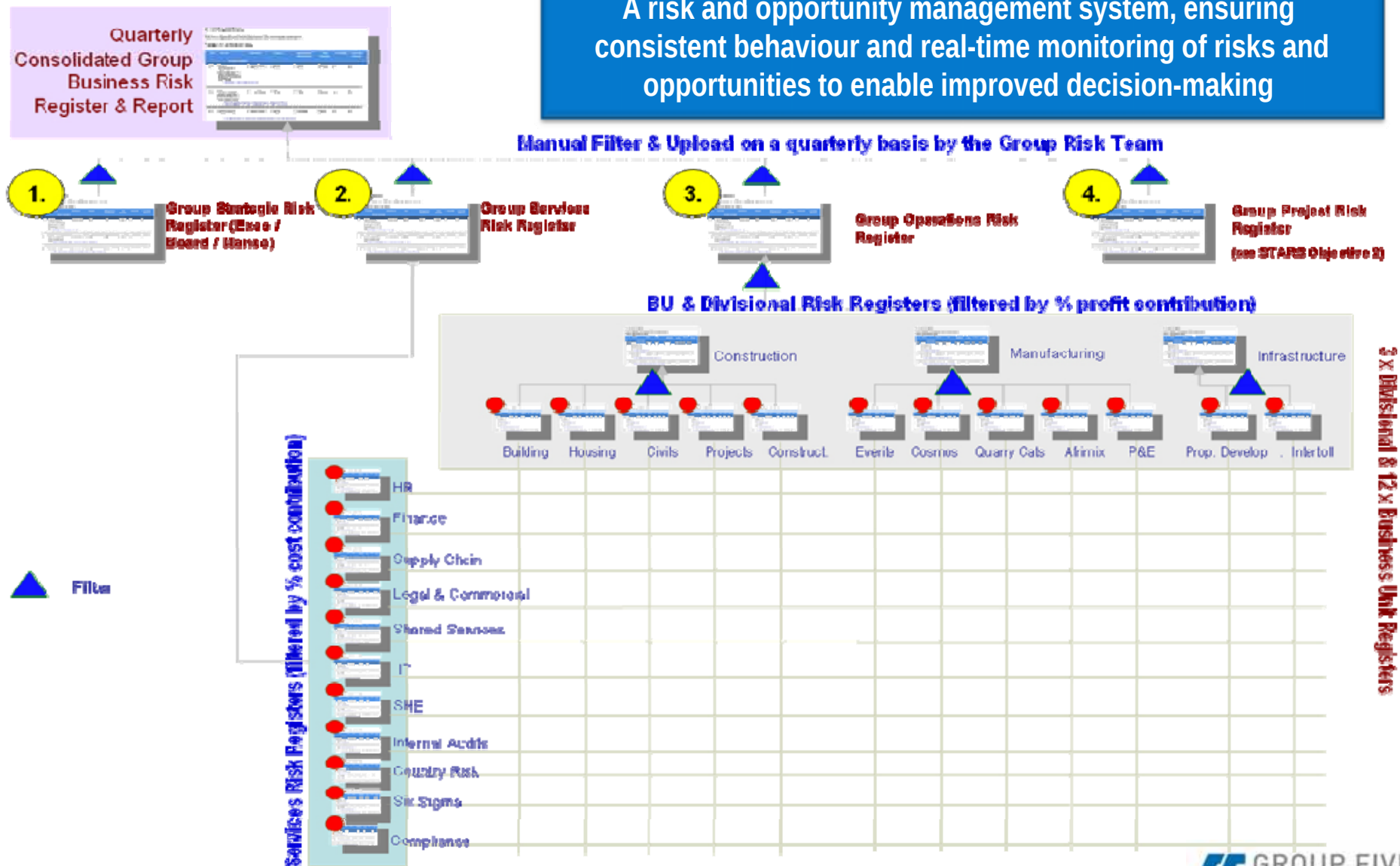
Construction Risk Management – model



Construction Risk Management – STARS System

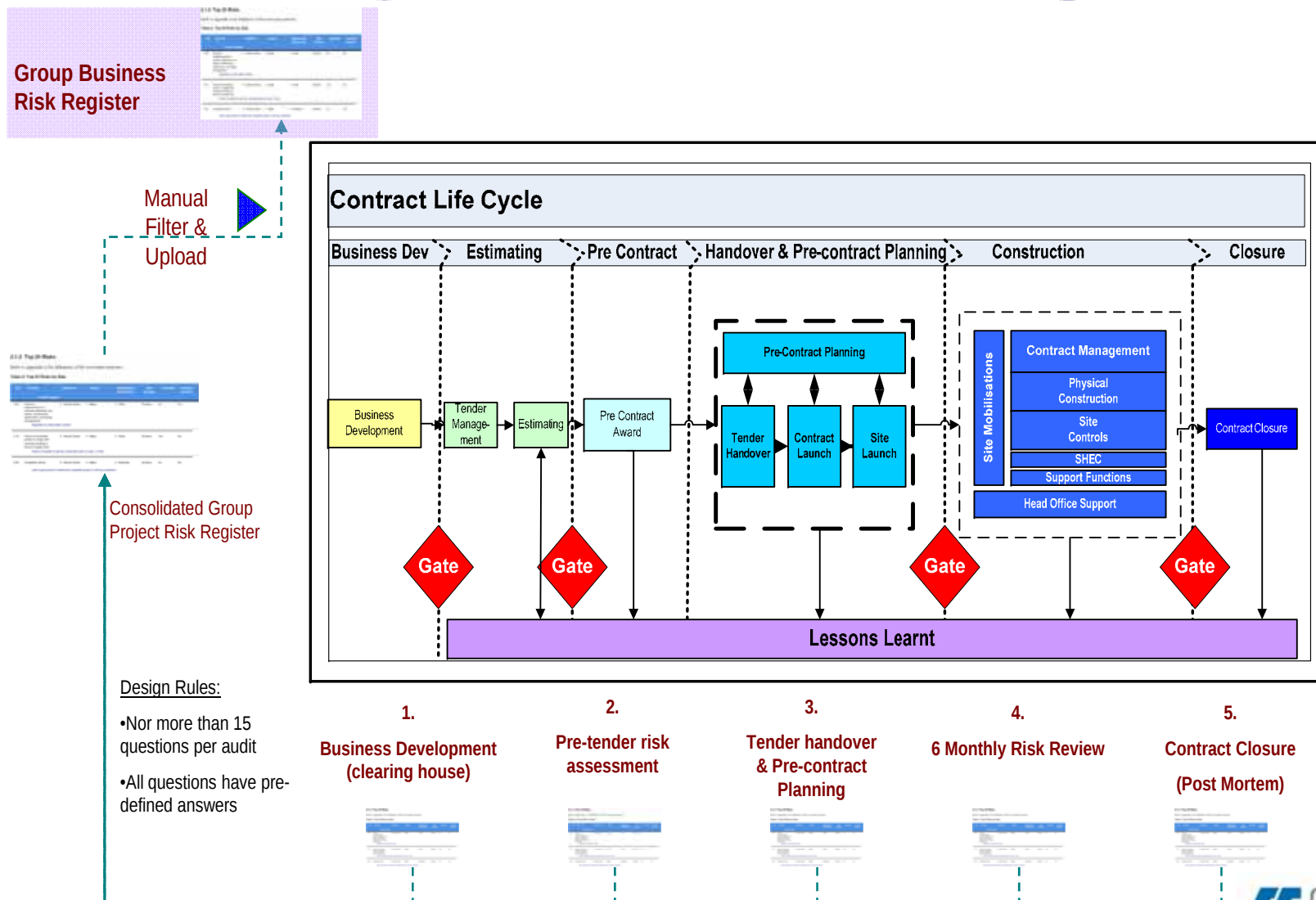
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A risk and opportunity management system, ensuring consistent behaviour and real-time monitoring of risks and opportunities to enable improved decision-making



Construction Risk Management

– The risk life cycle within the contract life cycle



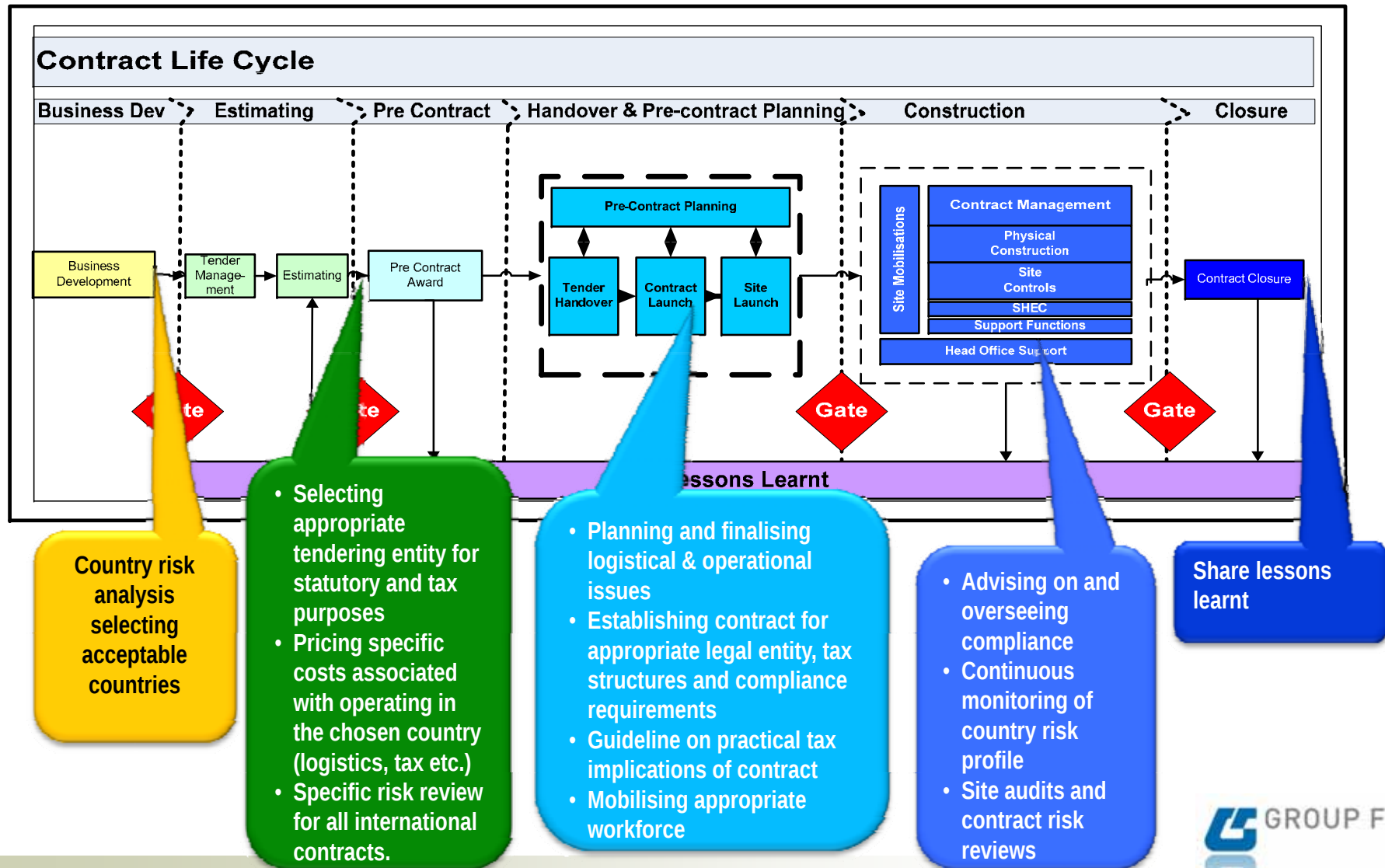
Construction Risk Management

— The role of Internal Audit

-  Risk based auditing is conducted on a continuous basis throughout the year on all business units and sites:
 - Information utilised in conducting risk based audits include:
 - STARS Risk Registers
 - Identifying risks via discussions with senior management from all business units
 - Best practice processes based on information from the ECRI and the Contract Life Cycle
-  All mega projects are audited at least twice a year
-  We also conduct joint audits with our JV partners on all joint venture projects
-  Site audits are conducted on all sites when they reach the 40% completion stage

Construction Risk Management

– Country risk management within the contract life cycle



Challenges facing the industry

-  Skill shortage**
-  Commodity price volatility and availability**
-  Changing client needs (Large multi-disciplinary contracts)**
-  ESKOM impact**
-  Availability of key machinery**
-  Subcontractor capacity**
-  Health & Safety**

Definition of acronyms

SHEQ = Safety, Health, Environment, Quality

STARS = Risk Tracking System

CLC = Contract Life Cycle

ECRI = Engineering and Construction Risk Institute

EPC = Engineer, Procure and Construct