United Nations Global Compact Communication on Progress – Year 4

February 2014

GHD

Table of contents

Letter of commitment

United Nations Global Compact (UNGC)

Communication on Progress (COP) – Year 4 – February 2014

Our fourth year as a signatory of the UNGC is now complete and we would like to take this opportunity to communicate our progress across our broad range of global stakeholders.

We have continued a period of discovery to better understand how we can grow and strengthen our business through active engagement with other companies and institutions within the UNGC. During 2013, our company has been an active member of the Australia UNGC Australian Network.

GHD is a major international, professional services company built around strong core staff values and a sustainable business model which align very readily to the 10 Principles of UNGC. Our annual progress against these principles is contained in our 2013 Annual Review and 2013 Sustainability Report.

The table below is a COP 'road map' that correlates the GHD Annual Review and Sustainability Report to the UNGC 10 Principles. This year, we have also included in the COP, performance highlights for the 2012/13 financial year (ie, the degree to which targets/performance indicators are met), relative to performance in 2012. Full copies of GHD's Annual Review and Sustainability Report are available on ghd.com.

Statement of Continued Support for UNGC

GHD remains strongly committed to our alignment with the United Nations Global Compact (UNGC) 10 Principles while acknowledging the resilience to be achieved in striving for corporate sustainable leadership within our sphere of influence. This commitment includes an ongoing process of continuous improvement and open communication with stakeholders from all our people and management.

Yours faithfully
GHD Pty Ltd

Ian Shepherd
Chief Executive Officer

COP roadmap

GHD 2013 Annual Review see ghd.com	UNGC principles	Indication of oucomes		Performance highlights *For full details on GHD business practices, see GHD Sustainability Report: ghd.com*
		2013	2014	

Developing our people

We connect our people with a healthy, safe, diverse and rewarding career path. Our people feel valued and secure in their workplace.

Principle 1
Principle 2
Principle 3
Principle 4
Principle 5
Principle 6

GHD People Survey

The Annual People Survey again provided feedback and input on client, business and organisation matters, with more than 80 percent participation. In 2013, 10 of the 15 trended items improved significantly and our overall engagement increased remaining stable at a creditable 70 percent. In addition, five items were at global Top Quartile Employer level (safety, ethics, trust, equal opportunity and workplace environment).

Occupational health and safety

GHD continues to maintain and grow the number of its operations that are certified to international standards with the inclusion of our Tasmanian operations (OHSAS 18001). Health, Safety and Environment (HSE) lead and lag indicators have again experienced significant improvements this financial year against 2011/12 rates.

This includes:

- 7.3 million hours Lost Time Injury (LTI) Free
- 67 percent reduction in Lost Time Injury Frequency Rate (LTIFR) (0.33 annualised) and
- 30 percent reduction in Total recordable incident Frequency Rate (TFR) (1.2 annualised)

Our HSE culture continues to improve. The 2013 People Survey highlighted growth in people's belief that GHD is committed to their safety (94 percent - world class) and the environment (80 percent).

Diversity and equal opportunity

GHD achieved compliance with the 2013 Australian Workplace Gender Equality Agency (WGEA). The citation is a strategic objective of GHD to assist in the attraction of the best female talent.

GHD has received external recognition at the 2012 Consult Australia awards for Excellence, receiving the Gold Award for Diversity for its Indigenous Services Action Plan and Women in GHD initiatives.

GHD 2013 Annual Review *see ghd.com*	UNGC principles	Indication of oucomes		Performance highlights *For full details on GHD business practices, see GHD Sustainability Report: ghd.com*
		2013	2014	

Developing our people

We connect our people with a healthy, safe, diverse and rewarding career path. Our people feel valued and secure in their workplace.

The introduction of additional annual leave options (extra 5-20 days per annum) in Australia and New Zealand has enhanced GHD's position as an employer of choice and provides flexibility for our people.

Training

The GHD Business School has established online learning modules (31 unique to GHD) and provided training in the use of WebEx and video conferencing to connect people and clients across our global network. More than 16,000 online GHD eLearning modules were completed this year and a further 1,200 people completed targeted online training for technical software applications.

GHD has a strong commitment to technical leadership and development. During 2012/13, we were involved in the delivery of five international technical conferences, which were facilitated and designed by the GHD Business School.

Leadership and succession

In 2012 GHD initiated an identification and development program for future leaders through an enhanced succession and talent process. This process has provided valuable data to further develop our current leaders and potential leaders through coaching, mentoring and formal development programs.

COP roadmap

GHD 2013 Annual Review see ghd.com	UNGC principles	Indication of oucomes		Performance highlights *For full details on GHD business practices, see GHD Sustainability Report: ghd.com*
		2013	2014	

Contributing to our world positively

We care by minimising our ecological impact through resource efficiency and nature conservation initiatives, and by supporting communities through development initiatives and our GHD in the Community program.

| | Principle 7 Principle 8 Principle 9 | ● (yellow) | ● (blue) | **Environment** Our new Environmental Stewardship Procedure introduces a new suite of environmental targets including: |

Environment

Our new Environmental Stewardship Procedure introduces a new suite of environmental targets including:

- 20 percent reduction in electricity consumption over four years
- >70 percent of Operating Centres with enabled Webex video conferencing
- >25 percent of carbon relating to flights offset via GHD in Community projects
- >50 percent of non e-waste recycled by waste
- >50 percent of printers with enabled secure print

While the procedure is inside a 12 month phase-in period, pursuit of the above priority targets and non-urgent targets has enabled significant improvement, including:

- Implementation of secure printing when fully implemented will achieve approximately 30 percent reduction in paper consumption and printing costs
- Introduction of video conferencing and Webex will contribute to substantial savings for travel (flight costs) and fuel consumption (yet to be measured)
- Adoption of vehicle environmental emission standards for GHD leased and hired fleet vehicles
- Introduction of a Properties and Building Guide for which GHD has committed to pursuing new leases with buildings rated as 4- Green Star performance and above, as part of our property management standards Securing accredited green power in Victoria, Newcastle and Sydney in Australia. Our Victorian operations now secure 50 percent of their electricity from renewable energy sources, while Newcastle and Sydney secure 25 percent. This provides the opportunity to reduce the greenhouse intensity of our energy consumption, and improve visibility of consumption through automated online monitoring.

GHD 2013 Annual Review *see ghd.com*	UNGC principles	Indication of oucomes		Performance highlights *For full details on GHD business practices, see GHD Sustainability Report: ghd.com*
		2013	2014	

Contributing to our world positively

We care by minimising our ecological impact through resource efficiency and nature conservation initiatives, and by supporting communities through development initiatives and our GHD in the Community program.

GHD in the Community

Under the umbrella of our GHD in the Community program, we contribute to a range of not-for-profit organisations, support the volunteer activities of our people, provide pro-bono services and respond to natural disasters. At a local level across all our operations, GHD people continue to support their local communities through education, conservation, mentoring, sporting and a broad range of other great programs including: Movember, Cancer Council initiatives, Habitat for Humanity, CANstruction, WaterAid, Multiple Sclerosis, Sick Kids Foundation, Camp Oochigeas and the Virlainie Foundation to name a few. Since 2009, GHD has been a core donor of MSABI – a safe water, sanitation and hygiene initiative in Tanzania.

Established by one of our water engineers, Dale Young, MSABI has delivered 300 water points 35 wastewater treatment systems and is benefiting more than 68,000 disadvantaged rural Tanzanians. It has also reached more than 300,000 people through school and communication education activities. The program has grown into a respected non-governmental organisation and is now a replicable and cost-effective model for other communities.

Our involvement with Indigenous communities is growing. In New Zealand, our Young Professionals have begun dialogues with local Indigenous iwi (people or tribe) to gain a better understanding of their needs. In Australia, our people's involvement with Engineers Without Borders (EWB) takes the form of technical mentoring of volunteers and university projects. It is also benefiting the Yorta Yorta Nation with assistance in science and engineering for local youth, and communities in the Murray Darling Basin. In India, our participation in the EWB Dialogues on Development study tour has provided fresh perspectives on engineering solutions for social improvement.

Assisting disadvantaged communities by providing pro bono services is another way our people continue to make a difference. This year, we offered our professional services to assist with the aftermath of emergencies including floods and fires, and provided services to various communities.

COP roadmap

GHD 2013 Annual Review *see ghd.com*	UNGC principles	Indication of oucomes		Performance highlights *For full details on GHD business practices, see GHD Sustainability Report: ghd.com*
		2013	2014	

Demonstrating good governance

We commit to our values and policies. This is reflected in the way we manage our business and interact with our clients and our people.

	Principle 1 Principle 2 Principle 3 Principle 4 Principle 5 Principle 6 Principle 7 Principle 8 Principle 9 Principle 10	🟡	🔵	**Integrity management** Over the past few years, GHD has embraced an upgraded internal compliance program: the GHD Integrity Management System. The intent is to incorporate best practices to combat fraud and corruption, taking into account GHD's risk profile, nature and lines of business, size, structure, types and locations of operations, relationships with third parties, and other relevant factors and inputs it receives from external advisors.

Our efforts have been guided by international standards concerning elements of effective compliance programs, including those of the OECD and industry standards.

We are subscribed to the UN Global Compact and other international anti-fraud and corporate governance initiatives. Our people are committed to conducting themselves ethically and in accordance with international good practice standards.

Our Integrity Management Policy is clear in its intention – our approach of zero tolerance applies towards any unethical business practices. GHD recognises its position in a global business model and implements measures to maximise anti-corruption initiatives.

These elements underpin our integrity:

- A commitment at all levels to ethical business. Regular communication from the CEO and Chairman, and discussion at executive management levels on the importance of our integrity management framework.
- Ongoing specific communication and training to all employees; our e-Learning module with case studies and examples of inappropriate conduct is mandatory for all employees.
- Increased internal control on review and processing of invoices, including multiple approvers and centralised processing of accounts.

GHD 2013 Annual Review see ghd.com	UNGC principles	Indication of oucomes		Performance highlights *For full details on GHD business practices, see GHD Sustainability Report: ghd.com*
		2013	2014	

Demonstrating good governance

We commit to our values and policies. This is reflected in the way we manage our business and interact with our clients and our people.

- Appointment of a full-time, independent manager of internal audit in January 2011 with reporting responsibility directly to the Audit Committee of the GHD Board.
- Due diligence review on business partners, and limitation of GHD Group involvement in government projects in politically corrupt environments.
- Risk management framework to apply additional controls and increase the internal audit program on 'higher risk' projects.
- Consultation and cooperation with Siemens regarding its global anti-fraud and anti-corruption compliance efforts, to learn from its experience.
- We remain committed to open and transparent communication with clients and donor organisations about any integrity matters and the subsequent investigations and actions that may arise in their resolution.

Quality Management
- The ISO 9001 certification of GHD's Quality Management System (QMS) reached a 20 year milestone in February 2013.
- GHD's USA West Operating Centre (OC) was audited by Lloyds Register Quality Assurance (LRQA) against international quality management standard ISO 9001, successfully meeting the requirements. As a result, all offices in the OC are now recognised as complying with this quality standard.
- China Water International Engineering Consulting Co Ltd (CWIEC) operations in GHD's Beijing office were audited by Lloyds Register Quality Assurance (LRQA) against international quality management standard ISO 9001, successfully meeting the requirements. As a result, CWIEC is now recognised as complying with this quality standard.

COP roadmap

GHD 2013 Annual Review see ghd.com	UNGC principles	Indication of oucomes		Performance highlights *For full details on GHD business practices, see GHD Sustainability Report: ghd.com*
		2013	2014	

Managing our risk

We understand our risk appetite and manage our business to maximise opportunities by identifying and managing material risks to an acceptable level in accordance with a risk management framework.

	UNGC principles	2013	2014	Performance highlights
	Principle 1 Principle 7 Principle 8 Principle 9	●	●	**HSE risk assessment**

HSE risk assessment

During 2012/13 GHD embarked on a project to profile HSE risk associated with business activities globally. While the project verified the existence and suitability of many of our HSE control strategies, it also identified several opportunities for improvement. This included the development and implementation of a new GHD SAFEguards procedure.

The SAFEguards initiative aims to give priority to communication, training, review and reporting relating to GHD's top 10 health and safety hazards. It also highlights the priority mandatory controls for each hazard that may prevent a serious or fatal incident from occurring.

Environmental stewardship

The 2012/13 GHD HSE risk assessment investigated GHD's environmental impact and identified those aspects of our business as having greatest impact. While implementation of this procedure is currently within a 12 month phase-in period, pursuit of our priority targets and a range non-urgent targets has enabled significant improvement, including:

- Implementation of secure printing when fully implemented will achieve approximately 30 percent reduction in paper consumption and printing costs.
- Introduction of video conferencing and Webex will contribute to substantial saving in flight costs and fuel consumption (yet to be measured).
- Vehicle environmental emission standards for GHD leased and hired fleet vehicles.
- Properties and Building Guide – GHD has committed to pursuing new leases with buildings rated as 4-Green Star performance and above, as part of our property management standards.
- Accredited green power in Victoria, Newcastle and Sydney in Australia – Our Victorian operations now secure 50% of their electricity from renewable energy sources, while Newcastle and Sydney secure 25%. This provides the opportunity to reduce the greenhouse intensity of our energy consumption, and improve consumption through automated online monitoring.

GHD 2013 Annual Review see ghd.com	UNGC principles	Indication of oucomes		Performance highlights *For full details on GHD business practices, see GHD Sustainability Report: ghd.com*
		2013	2014	

Managing our risk

We understand our risk appetite and manage our business to maximise opportunities by identifying and managing material risks to an acceptable level in accordance with a risk management framework.

				Crisis and emergency management The GHD HSE risk assessment project also identified opportunities for improvement in how GHD manages crisis and emergency situations, and also those sources of potential crisis and emergency company-wide. The new GHD Crisis and Emergency Management (C&EM) Plan

Assisting our clients to be more sustainable

We create opportunities for our clients to enjoy prosperity and achieve sustainability goals with innovative ideas that embrace our sustainability principles.

	Principle 8 Principle 9	🔵	🔵	The 2013 GHD Sustainability Report provides a snapshot of the kind of projects we have undertaken on behalf of clients and contributed positively to Sustainability. Those listed have been chosen for their diversity, rather than their size. See Report in full at ghd.com.

Legend

🔴 Red: Serious deficiencies identified and corrective actions required immediately.

🟡 Amber: Minor deficiencies identified and corrective actions in place

🔵 Blue : Satisfactory but areas for improvement identified

🟢 Green: Excellent

www.**ghd**.com