



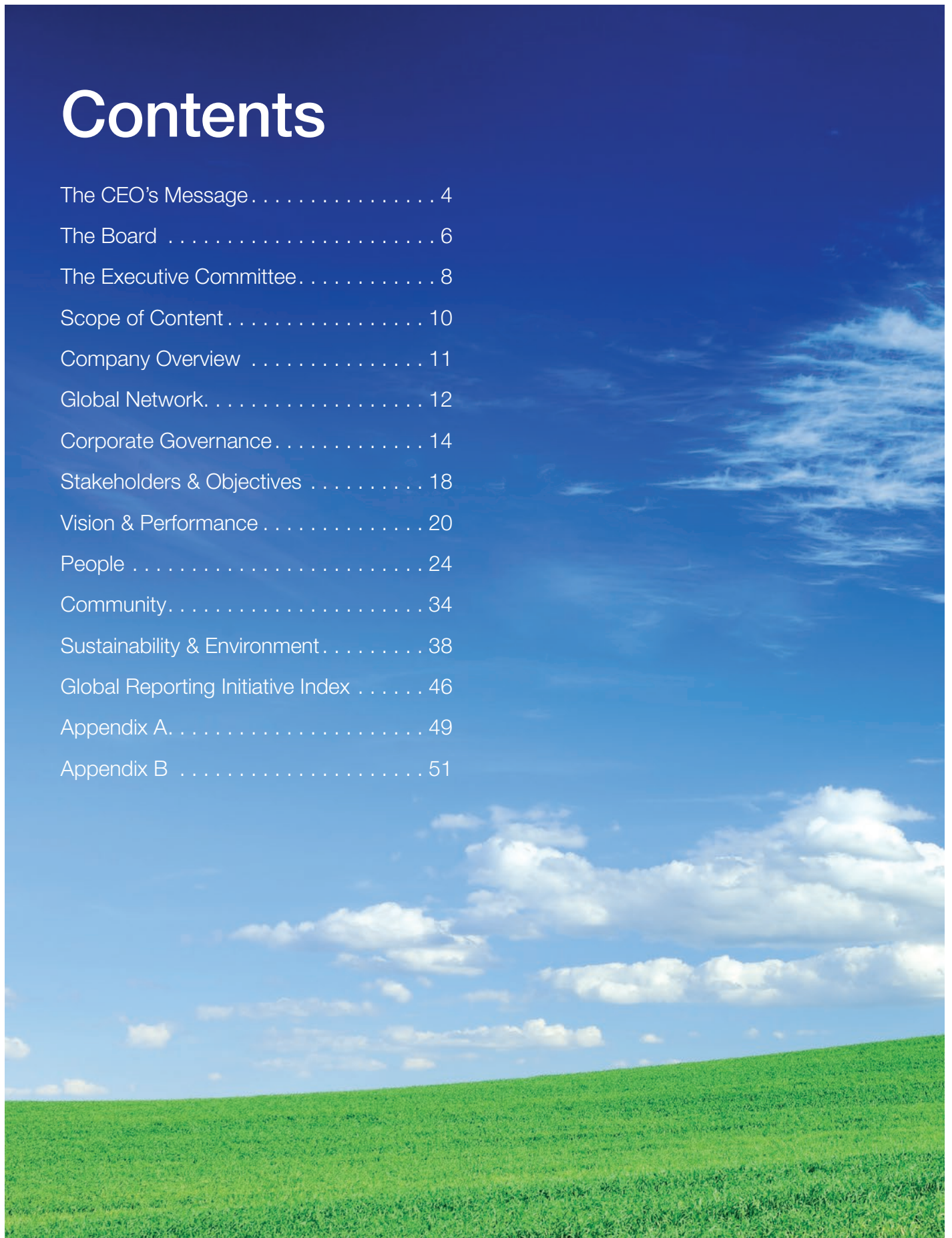
Sustainability Report

2014–2015

This is SMEC's fifth annual Sustainability Report. The report covers SMEC's economic, social and environmental performance from 1 April 2014 to 31 March 2015.

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This is SMEC's fifth annual Sustainability Report. The report covers SMEC's economic, social and environmental performance from 1 April 2014 to 31 March 2015.

The information in this report pertains to SMEC's Australian operations and selected international operations. It does not include SMEC's joint ventures or any other controlled entities.

SMEC's Corporate Social Responsibility (CSR) policies and procedures have been implemented in Australia over the last year, and have been rolled out across selected pilot sites internationally.

SMEC has applied the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines to a self-declared Level B. The GRI guidelines are the world's most widely used sustainability reporting guidelines, and encourage greater organisational transparency.

The data in this report has been gathered using standard measurement techniques which conform to national or international guidelines or regulatory requirements. Specific calculations are referenced where appropriate. All monetary figures are in Australian dollars, unless otherwise stated.

For further information, please contact: sustainabilityreport@smec.com.

The CEO's Message

This is SMEC's fifth annual Sustainability Report for submission to the United Nations Global Compact (UNGC), and my first as Managing Director and CEO of SMEC. The purpose of this report is to measure our progress towards the five-year sustainability objectives outlined in SMEC's 2014-2016 Strategic Plan.



Andy Goodwin

*Managing Director and
Chief Executive Officer*

These objectives formalise SMEC's commitment to each of its three Corporate Social Responsibility categories: People; Community; and Sustainability and Environment. Under these objectives, SMEC aims to: create a rewarding, inclusive workplace for our people by encouraging personal development, fostering equal opportunity and ensuring employee health, safety and wellbeing; support community and charitable programs; and eliminate or minimise adverse impacts that SMEC's activities have on the environment.

SMEC is committed to improving the energy efficiency of our offices, and reducing the greenhouse gas emissions generated by the Company's operations. In October 2014, SMEC completed a CitySwitch Annual Progress Report for each Australian office to assess the impact of energy-saving initiatives over the last year and measure progress towards the target four-star energy rating. These reports have provided a baseline assessment of current green office initiatives implemented in each office, and have helped to identify new sustainability and engagement activities for implementation over the next year.

I am pleased to announce that SMEC has joined the Carbon Disclosure Project's (CDP) Water Management Program. This Program forms part of CDP's global standardised climate change reporting framework, and is currently the world's leading platform for corporate water disclosure. The Program will assist SMEC in taking a proactive approach to sustainable

water stewardship, through a better understanding of the risks and opportunities associated with water resource management. SMEC will pilot the Program in its Melbourne office in 2015, and will look to progressively implement the Program in all Australian and New Zealand offices over the coming years.

SMEC launched a companywide Employee Survey in March 2014, with the objective of identifying the Company's strengths and areas for improvement through honest and open employee feedback. Employees participating in the survey helped to identify key areas of strength in the business, including: strategy, goals and objectives; corporate responsibility; sense of accomplishment; and engagement with work tasks. Areas for improvement were also identified, including: change management; brand promise; career opportunities; and recognition. In 2015, SMEC will continue to develop and implement focused Action Plans to address each of these areas.

The promotion of gender diversity will remain a key priority for SMEC in 2015. SMEC is currently reviewing the Company's gender diversity practices, in line with the criteria outlined by the Australian Workplace Gender Equality Agency. This companywide review will include the establishment of new strategies in recruitment, retention and succession planning. These strategies will support gender diversity at SMEC and increase the representation of females at management and senior management levels across all Divisions.

About SMEC



SMEC is a professional services firm with a global footprint, recognised around the world for providing fully integrated engineering solutions for physical and social infrastructure projects. SMEC is consistently ranked among the world's top engineering design firms, and has contributed to national development in some of the world's fastest growing and emerging economies.

5,400+
people

75+
offices

40+
countries

In 2014, SMEC continued its commitment to supporting people in need through the small-scale grant support of the SMEC Foundation. During the reporting period, SMEC donated more than A\$90,250 to 20 projects throughout SMEC's geographic areas of operation. The majority of funds went towards Community Development projects (65%), followed by Education (28%), Health (6%) and Emergency Relief (1%). The SMEC Foundation was recognised at the 2014 Australian Charity Awards, receiving an Outstanding Achievement for its results-driven charitable work.

SMEC has been highly successful on the awards front in the last year. In South Africa, SMEC won awards at the Consulting Engineers South Africa (CESA) awards, and the South African Institution of Civil Engineers awards for the Isando Pedestrian Bridge. In Australia, SMEC was awarded Gold in the Client Focus category at the Consult Australia Awards for Excellence with the Mid West Ports Authority Asset Condition Assessment, and received the Minerals, Energy and Related Services Award at the Governor of Victoria Export Awards.

We have maintained our position in Engineering News Record's (ENR) 2014 design lists, ranking at number 57 in the 'Top 225 International Design Firms' list, and number 76 in the 'Top 150 Global Design Firms' list. SMEC also secured strong rankings in ENR's Global Sourcebook. This annual edition provides rankings of

the Top International Design Firms across nine regional markets and eight major industry sectors. SMEC ranked at number three in the Dams and Reservoirs sector; number 11 in the Highways sector; number 12 in Water Supply; and number 13 in Transmission Lines and Aqueducts.

I am pleased with the progress SMEC has made towards achieving the Company's sustainability objectives, and am confident that we are well on track to meet the sustainability targets outlined in the 2014-2016 Strategic Plan. SMEC will maintain investment in sustainable business practices to achieve long-term prosperity, and will continue its commitment to embedding a culture of sustainability and environmental awareness in all functional, operational and regional areas of the business.

I would like to thank all employees for their ongoing support in creating a sustainably-sensitive work environment, and look forward to driving the implementation of SMEC's Corporate Social Responsibility Program over the coming year.

Andy Goodwin

*Managing Director and
Chief Executive Officer
SMEC Holdings Limited*

The Board

SMEC's Board of Directors is responsible for formulating SMEC's strategic direction and maintaining good corporate governance. Acting on behalf of shareholders, the Board is accountable for SMEC's financial and operational performance.



Peter Busbridge

Chairman

On behalf of the Board of Directors, I am pleased to report that SMEC has made significant progress towards achieving the Company's sustainability objectives this reporting period, and I am confident that SMEC is well placed to achieve the sustainability targets set out in SMEC's 2014-2016 Strategic Plan.

During the reporting period, there were a number of changes to SMEC's company size, structure and leadership. Foremost, I would like to acknowledge the retirement of Ross Hitt on 2 July 2014, after 34 years with the Company. Appointed as CEO and Managing Director in January 2009, Ross championed SMEC's unique Localisation Strategy in the international business, and played a pivotal role in bringing to life SMEC's vision of delivering outstanding infrastructure services for clients and communities around the world.

The Board of Directors would like to acknowledge the very sad loss of Manoli Loukas, Chief Operating Officer Asia Pacific, who tragically passed away on 1 August 2014 at the age of 50. Manoli joined SMEC in 2005, and was an excellent manager who was fondly regarded by all those who worked with him. Manoli will long be remembered as an inspirational leader, a supportive manager and the genuine person he was.

In 2014, we welcomed three new Executive Committee members: Peter Rundle, Chief Operating Officer South Asia & Middle East; John Stocco, Chief Operating Officer Resources; and Kalai Arumugam, Chief Operating Officer Asia Pacific. Peter Rundle joined SMEC in July 2014, and has over

25 years' engineering experience, with an emphasis on large infrastructure projects in developing countries. John Stocco joined SMEC in September 2014, and has more than 30 years' experience in the mining and minerals processing sector, with an emphasis on planning, developing and implementing business strategy. Kalai Arumugam joined SMEC in 1993, and has over 25 years' engineering experience in both the public and private sectors, and a strong background in business development and project management.

In November 2014, SMEC completed the acquisition of Leadrail Infra Solutions Pvt Ltd. Leadrail is a Bangalore-based specialist rail company that provides detailed engineering services for track, alignment, bridges and structures. The skills of the Leadrail team, combined with SMEC's expertise, will strengthen the Company's rail and metro business in India and internationally.

In December 2014, wholly owned subsidiary GMC Global fully rebranded to SMEC, forming a new Asset Management function. This will enable us to build stronger partnerships with our clients around the world, and deliver seamless engineering and 'whole of life' asset management services under the one SMEC brand.

A handwritten signature in blue ink, appearing to read 'P. Busbridge', written in a cursive style.

Peter Busbridge

Chairman

SMEC Holdings Limited



PETER BUSBRIDGE
Chairman

Peter joined SMEC in 1974, and was appointed Chairman of the Board in 2009. Peter holds a Bachelor of Engineering (Civil) from Melbourne University and has completed the Advanced Management Program at Harvard University. Peter is a Fellow of the Institution of Engineers Australia, and a member of the Australian Institute of Company Directors and the Road Engineering Association of Asia and Australasia. *BE(Civil), AMP Harvard, FIEAust, MAICD*



ANDY GOODWIN
Managing Director and CEO

Andy was appointed Managing Director and Chief Executive Officer of SMEC in 2014, after serving as Chief Operating Officer South Asia and Middle East since joining SMEC in 2012. Andy holds a Bachelor of Science (Mechanical Engineering) from the University of Witwatersrand, South Africa, a Bachelor of Commerce (Hons) from the University of South Africa, and is a member of the Engineering Council of South Africa. *BSc(Eng)Mech, BCom(Hons)*



ALASTAIR MCKENDRICK
Director and Group Finance Director

Alastair was appointed Group Finance Director in 2009, having previously held the positions of Financial Controller and Chief Financial Officer since joining SMEC in 1999. Alastair was elected to the Board as an Executive Director in 2001. Alastair holds a Bachelor of Business (Accounting) from Monash University, is a Fellow of Certified Public Accountants Australia and a member of the Australian Institute of Company Directors. *BBus(Acc), FCPA, MAICD*



KATE SPARGO
Non-Executive Director

Kate was appointed as a Non-Executive Director of SMEC in 2010 and is Chair of the Audit and Risk Committee. Kate is currently Chairman of the Boards of Suncorp Portfolio Services and UGL Ltd, and a Non-Executive Director on the Boards of Sonic Healthcare Ltd, Fletcher Building Ltd and Colinvest Ltd. Kate holds a Bachelor of Law (Hons) and a Bachelor of Arts from Adelaide University, and is a Fellow of the Australian Institute of Company Directors. *BA, LLB(Hons), FAICD*



MAX FINDLAY
Non-Executive Director

Max was appointed as a Non-Executive Director of the SMEC Board in 2010. Max is Chairman of the Board of EVZ Ltd and serves on the Boards of several organisations, including the Royal Children's Hospital and Skilled Group. Max holds a Bachelor of Economics (Politics) from Monash University, a postgraduate qualification in Accounting from Swinburne University, and is a Fellow of the Australian Institute of Company Directors. *BEC, FAICD*



ROGER BAYLISS
Non-Executive Director

Roger is a Non-Executive Director of SMEC, is Chairman of the Remuneration and Nominations Committee and Chairman of the SMEC Foundation Board. Roger was appointed to the SMEC Board in 2002. Roger is a Chartered Chemist, a member of the Royal Australian Chemical Institute and a Fellow of the Australian Institute of Company Directors. Roger holds a Bachelor of Science from Sydney University. *BSc, MRACI, FAICD*

The Executive Committee



The Executive Committee (EC) has primary authority for the management and monitoring of the Company's operations, and the implementation of the Company Strategy subject to policies and procedures approved by the Board of Directors. The EC is comprised of nine senior individuals with extensive experience in strategic and operational planning.



ANDY GOODWIN
Managing Director and CEO

Andy was appointed Managing Director and Chief Executive Officer of SMEC in 2014, and has over 30 years' engineering experience in the energy and infrastructure sectors. Andy has led multidisciplinary teams in technical and complex environments, and has developed and implemented business strategies leading to strong growth. Andy holds a Bachelor of Science (Mechanical Engineering), a Bachelor of Commerce (Hons), and is a member of the Engineering Council of South Africa. *BSc(Eng)Mech, BCom(Hons)*



ALASTAIR MCKENDRICK
Director and Group Finance Director

Alastair joined SMEC in 1999 as Financial Controller, was appointed Chief Financial Officer in 2000 and Group Finance Director in 2009. Alastair has over 35 years' experience across various industries ranging from the management of major organisations to consulting for small-to-medium sized businesses. Alastair has worked extensively in Australia, New Zealand, Hong Kong and the UK, and holds a Bachelor of Business (Accounting) from Monash University. *BBus(Acc), FCPA, MAICD*



NEIL EVANS
Director Strategy and New Business

Neil joined SMEC in 1993 and was appointed Director Strategy and New Business in 2012. Neil has more than 45 years' experience in the development, design and delivery of large infrastructure projects, and has been a member of project boards and review groups worldwide. Neil holds a Bachelor of Science (Civil Engineering) from the University of NSW and has completed the Advanced Management Program at Harvard University. *BSc(Eng), AMP Harvard*



ANGUS MACPHERSON
Director
Corporate Affairs

Angus joined SMEC in 1993, was appointed Director Corporate Affairs in 2010, and elected to the SMEC Foundation Board in 2015. Angus has over 15 years' experience in business management systems, project management of large multidisciplinary projects and all aspects of civil engineering for the public and private sectors. Angus holds a Bachelor of Engineering (Civil) from the University of Technology, Sydney. *BE(Civil), CPEng, MIEAust*



JOHN STOCO
Chief Operating Officer
Resources

John joined SMEC in 2014 as Chief Operating Officer Resources, and has over 30 years' experience in the mining and minerals processing sector. John holds a Bachelor of Engineering (Mechanical) from the University of Western Australia, is a Fellow of the Institution of Engineers Australia, and member of the Australian Institute of Project Management, the College of Mechanical Engineers Australia and the Australian Society of Bulk Solids Handling. *BEng(Mech), CPEng, FIEAust*



HARI POOLOGASUNDRAM
Chief Operating Officer
Australia and New Zealand

Hari joined SMEC in 1994, and was appointed Chief Operating Officer Australia and New Zealand in 2012. Hari has been a member of the SMEC Australia Board since 2004, and has over 28 years' experience in the planning, design and management of large infrastructure projects. Hari holds a Bachelor of Science (Civil Engineering) and a Master of Science (Civil Engineering) from City University, London. *BSc(Hons), MSc, CPEng, MIEAust, MICE, MIHT*



PETER RUNDLE
Chief Operating Officer
South Asia and Middle East

Peter was appointed Chief Operating Officer South Asia and Middle East in 2014, and has over 35 years' experience in engineering project management across the transport, infrastructure, mining and building industries. Peter is a Chartered Civil Engineer, and a member of the Institution of Engineers Australia and the American Society of Civil Engineers. Peter holds a Masters of Business Administration and a Diploma of Civil Engineering. *MBA, DEng (Civil), MIEAust, MASCE*



TOM MARSHALL
Chief Operating Officer
Africa

Tom joined SMEC in 2012, and has over 30 years' experience in civil engineering design, construction supervision and management of multidisciplinary teams throughout southern Africa. Tom holds a Bachelor of Engineering (Civil) and a Master of Engineering (Geotechnics and Transportation) from the University of Stellenbosch, and a Doctor of Engineering (Engineering Management) from the University of Johannesburg. *PrEng, BEng, MEng, DEng, MSAICE, FIOD*



KALAI ARUMUGAM
Chief Operating Officer
Asia Pacific

Kalai joined SMEC in 1993 and was appointed Chief Operating Officer Asia Pacific in 2014. Kalai has over 25 years' engineering experience in both the public and private sectors, and a strong background in business development and project management. Kalai holds a Bachelor of Civil Engineering from the University of Technology, Malaysia and a Diploma in Financial Management from the Association of Chartered Certified Accountants (ACCA). *BEng(Civil), PE, DipFM, MIEM*

Scope of Content

The information in this report pertains to SMEC's Australian operations and selected international operations only. It does not include SMEC's joint ventures or any other controlled entities. For a complete list of SMEC's controlled entities, please refer to Appendix A.

Material Aspects and Boundaries

To determine the material aspects, boundaries and content of this report, SMEC completed a four step process of identification, prioritisation, validation and review. This process ensured all aspects identified were material to SMEC, and provided a structured approach for implementation of the *Reporting Principles for Defining Report Content*.

Material aspects defined in this report are those aspects which reflect SMEC's significant economic, social and environmental impacts, or which have a substantial influence on the decisions of company stakeholders. To determine the boundaries of each material aspect, consideration was made into the impacts of each, both within and externally to SMEC.

Material aspects contained within this report are displayed in Figure 1. All material aspects identified have an impact both inside and outside of SMEC, and are relevant for all stakeholders outlined in Stakeholder Engagement on page 18.

Defining Report Content

In compiling this report, SMEC has adhered to the *Reporting Principles for Defining Report Content*. These principles are:

- stakeholder inclusiveness
- sustainability context
- materiality
- completeness

Implementation of these principles ensures the content contained within this report is relevant, accurate, meaningful and complete.

Stakeholder inclusiveness

Information in this report pertains to SMEC's stakeholders and has been compiled with reference to the expectations, needs, interests and information requirements of these stakeholders.

Sustainability context

This report presents SMEC's company performance within the wider context of sustainability, and explores the ways in which SMEC contributes to the improvement of economic, environmental and social conditions on a local, regional and global level.

Materiality

All material aspects identified in this report are relevant and sufficiently important in reflecting SMEC's economic, social and environmental impacts. Aspects identified as non-material have not been reported.

Completeness

Material aspects, scope, time and boundaries contained within this report enable stakeholders to assess SMEC's performance during the reporting period.

Figure 1: Material Aspects contained within this report

ECONOMIC
Economic Performance
Indirect Economic Impacts
ENVIRONMENTAL
Materials
Energy
Water
Biodiversity
Emissions
Effluents and Waste
Compliance
SOCIAL
Labour Practices and Decent Work
Employment
Labour/Management Relations
Occupational Health and Safety
Training and Education
Diversity and Equal Opportunity
Equal Remuneration for Women and Men
Human Rights
Non-discrimination
Freedom of Association and Collective Bargaining
Child Labour
Forced or Compulsory Labour
Indigenous Rights
Society
Anti-corruption
Compliance

Company Overview

SMEC is a multidisciplinary consultancy that delivers infrastructure services to clients and communities around the world.

SMEC operates in all key areas of physical and social infrastructure, including:

- Transport
- Hydropower and Energy
- Water and Environment
- Urban and Social Development
- Resources (Mining, Oil & Gas)
- Industrial and Manufacturing

SMEC has operated for more than 40 years (in its current form), with the Company's origins dating back to the iconic Snowy Mountains Scheme in 1949. As Australia's largest infrastructure project, this scheme brought together over 100,000 people from 30 countries to construct 16 dams, seven power stations, one pumping station, 145 km of tunnels, 80 km of aqueducts and 2,000 km of roads. The aim of the Scheme was to provide water for irrigation and generate peak load electricity. Managed by the Snowy Mountains Authority (SMA), this A\$820 million project became an iconic symbol of nation building in Australia.

SMEC has delivered thousands of projects throughout Australia and New Zealand, Asia Pacific, South Asia, the Middle East, Africa and North and South America, and works with clients to provide cost-effective, practical and sustainable project outcomes. Clients include local and multi-national contractors, government departments, statutory bodies, private sector organisations, utility providers and International Financial Institutions (IFIs) responsible for funding and coordinating major infrastructure projects.

SMEC provides clients with consulting services for the lifecycle of an infrastructure project, including: prefeasibility and feasibility studies; field investigations, laboratory testing and computer modelling; preliminary through to detailed design (structural, civil, architectural, mechanical and electrical); tender and contract management; quality assurance and control; construction supervision; commissioning, operation and maintenance; training and project management; and whole-of-life asset management services.

SMEC is consistently ranked amongst the world's top engineering design firms. In 2014, SMEC was ranked at Number 57 in Engineering News Record's (ENR) Top 225 International Design Firms and Number 76 in the Top Global Design Firms.

In 2014, SMEC continued to win industry awards for excellence, including: the Client Focus Gold Award at the Consult Australia Awards for Excellence; the Minerals, Energy and Related Services Award at the Governor of Victoria Export Awards; and an Outstanding Achievement in the 2014 Australian Charity Awards for the SMEC Foundation.

SMEC's values of Teamwork & Trust, Diversity & Delivery, Integrity & Innovation, and Safety & Sustainability underpin the way SMEC operates and defines the way in which the Company works. By adopting these values in a meaningful way, SMEC will continue to grow as a business and strengthen our reputation as a leading provider of high quality consultancy services.



SMEC aligns technical expertise with local knowledge to address the needs of its diverse client base, and has delivered thousands of projects in more than 100 countries. SMEC is consistently recognised for technical excellence, design innovation and environmental and social risk management by the world's leading engineering bodies.

57

ENR's Top 225
International
Design Firms

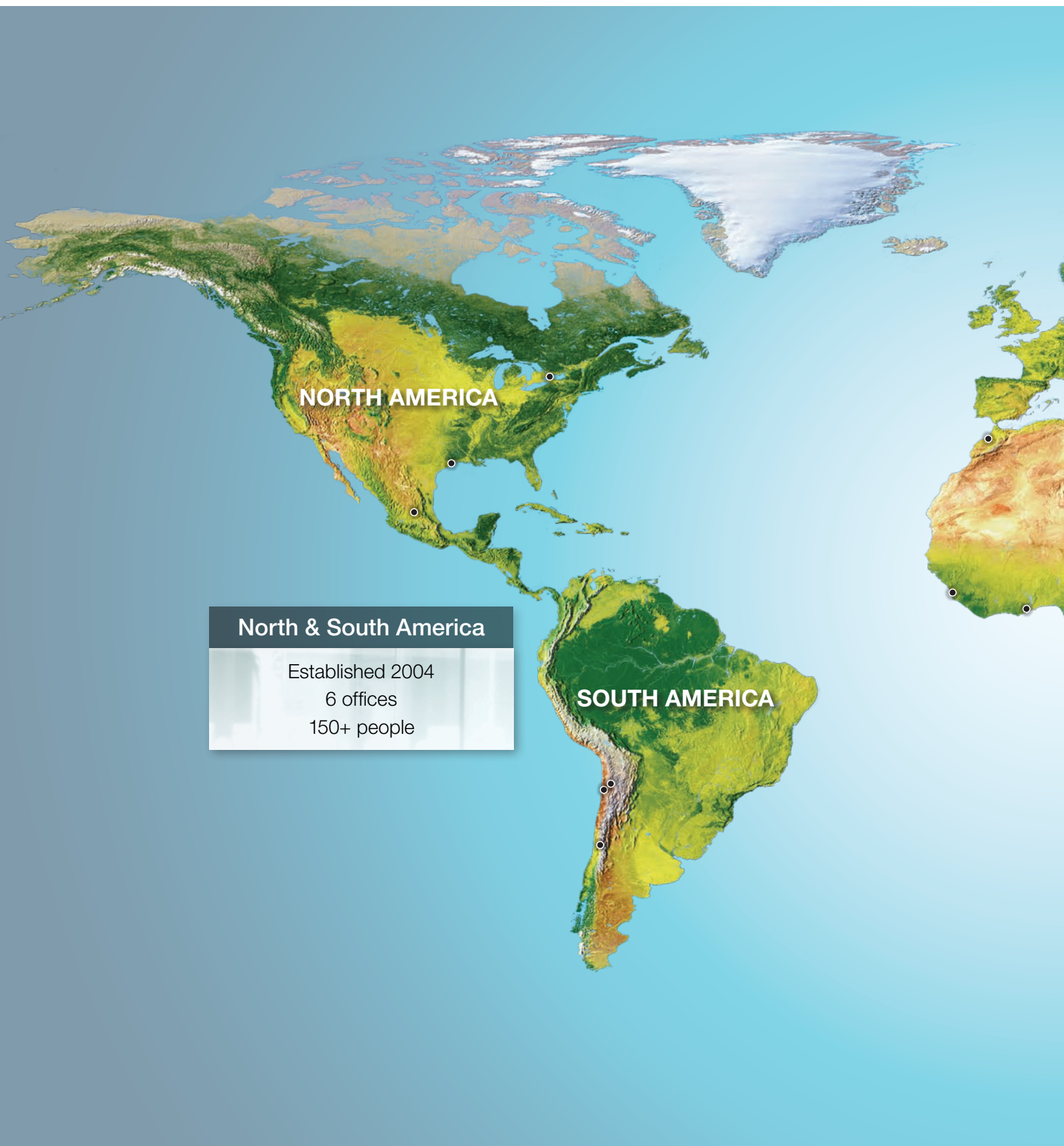
76

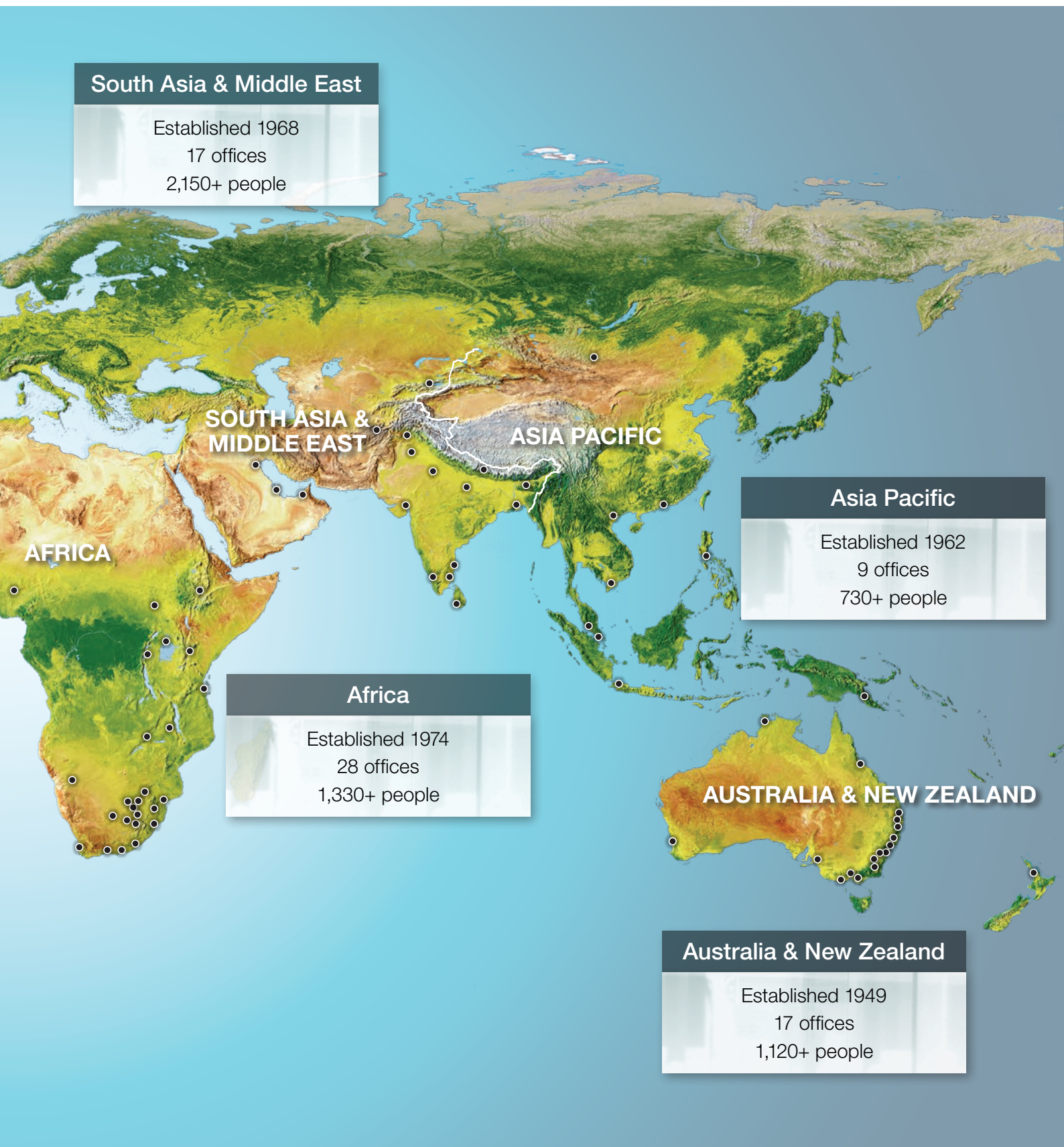
ENR's Top 150 Global
Design Firms

3

ENR's Dams &
Reservoirs Sector

Global Network





Corporate Governance

Company Structure

SMEC operates using a divisional-functional, cross-matrix structure. This structure consists of: a Chief Executive Officer (CEO) reporting to a Board of Directors; one global functional division (Resources); four geographic divisions (Australia and New Zealand, Asia Pacific, South Asia and the Middle East, and Africa); and six industry sectors (Transport; Hydropower and Energy; Water and Environment; Urban and Social Development; Resources; and Industrial and Manufacturing).

SMEC's structure makes use of a number of subsidiary companies, which meet operational (predominantly regional and functional) business needs.

Board of Directors

SMEC's Board of Directors is responsible for formulating SMEC's strategic direction and maintaining good corporate governance. Acting on behalf of shareholders, the Board is accountable for SMEC's financial and operational performance. The Board has a written charter which outlines its responsibilities and governance framework.

SMEC's Board is composed of two Executive Directors, three Non-Executive Directors (all of whom are considered to be independent), and a Chair elected by the other members of the Board. Directors are leaders in their field, and their expertise, skills and experience drive the Company's sustained long-term growth and ensure transparency of operations. All Directors are required to retire at the fourth Annual General Meeting following their appointment, with the exception of the Managing Director.

Independence of Non-Executive Directors

An independent Director is separate from management, free of relationships that could interfere with the exercise of independent judgement, and meets the criteria for independence in the ASX Standards. SMEC's Board has three independent Non-Executive Directors.

Board Committees

The Board has two permanent committees which provide direction on specific areas. Each committee has written terms of reference and is subject to annual review by the Board. These committees are: the Audit and Risk Committee; and the Remuneration and Nominations Committee. The Executive Committee (EC) is not considered to be a Board committee. The EC consists of senior executives appointed by the CEO. The EC assists in the performance of the CEO's duties to the Board and in their role as an officer of the Company.

Audit and Risk Committee

The Audit and Risk Committee assists the Board with financial reporting, managing SMEC's material risks and ensuring that financial information (provided to investors and the Board) is accurate and timely. The Audit and Risk Committee must have at least three members, consist only of Non-Executive Directors, have a majority of independent Directors, and have an independent Chair (who is not the Chair of the Board).

Remuneration and Nominations Committee

The Remuneration and Nominations Committee assists in establishing a Board with an effective composition,

diversity and size to adequately perform its responsibilities. The Committee aims to ensure that SMEC secures, motivates and retains highly skilled and diverse senior executives and employees in order to guarantee SMEC's long-term success. The Remuneration and Nominations Committee must have at least three members, consist only of Non-Executive Directors, have a majority of independent Directors, and have an independent Chair.

Executive Committee

The Executive Committee (EC) has primary authority for the management and monitoring of the Company's operations, and the implementation of the Company Strategy subject to policies and procedures approved by the Board of Directors. The EC is comprised of nine senior managers, all of whom have extensive experience in strategic and operational planning in the engineering industry. SMEC's CEO is the Chair of the Committee, and is responsible for all matters not reserved for the Board or individual Directors (generally described as the day-to-day operations and management of the SMEC Group). The EC's terms of reference and authority are approved by the Board.

Remuneration of Directors

Non-Executive Directors are paid annual fees, which in total fall within the fixed amount approved by shareholders (currently set at A\$1,000,000). During the 2013–2014 financial year, remuneration of Non-Executive Directors totalled A\$454,511. Non-Executive Directors are not eligible for bonuses or incentive schemes, and only statutory retirement benefits are payable.

Code of Conduct

SMEC's Code of Conduct establishes a common understanding of the standards of behaviour expected of all SMEC employees in the performance of their duties. SMEC employees are expected to comply with this Code, along with all other SMEC policies and procedures, and any legislation applicable to their role.

The Code requires that all employees act with honesty, integrity and in compliance with the law, perform their duties to the best of their abilities, be accountable for their performance, and work collaboratively with their colleagues. The Code encourages employees to report any unethical, dishonest or unlawful practices and ensure the safety of themselves and those around them.

In addition to the above responsibilities, managers are expected to develop a positive working environment, provide ongoing support and feedback to employees, and take appropriate action if a breach of the Code (or breach of any other SMEC policies and procedures) may have occurred.

Equal Employment Opportunity Procedure

In addition to the Code of Conduct, SMEC has an Equal Employment Opportunity Procedure to promote a positive work environment for all employees and clients. SMEC is committed to promoting an inclusive organisational culture, and strives to provide a safe and flexible workplace where employees and clients are treated with dignity, respect and consideration at all times.

SMEC does not condone any behaviour which may be perceived as bullying, intimidation, discrimination, or any form of sexual or workplace harassment. As such, SMEC encourages the development of an inclusive and diverse workforce, and believes that diversity is a strength for our people, our clients, our partners and our communities.

SMEC is committed to attracting the best talent, and engages in recruitment and selection processes that are based on merit. SMEC's recruitment activities are undertaken free of bias or discrimination, and in compliance with all relevant local legislation.

Risk Management

The Board of Directors is responsible for ensuring there are adequate organisational arrangements for designing, implementing, monitoring, reviewing and improving risk management throughout SMEC.

SMEC is committed to maintaining an appropriate system of governance and risk management applicable to all of the Company's locations, business units and functional groups in order to: implement a Risk Management System conforming to International Standard ISO 31000; clarify the roles and responsibilities of management and Boards; identify, assess and manage significant risks and opportunities; maintain the integrity of SMEC's assets, people and reporting; and comply with legal obligations in all jurisdictions in which SMEC operates.

SMEC seeks to improve risk management through: appropriate charters for the Board and management groups (including their responsibilities to their various stakeholders); a Code of Conduct recognising SMEC's responsibilities to all stakeholders; promotion of workplace culture, practices and behaviours which value and reflect honesty, integrity and professionalism; the identification and management of risks, issues and opportunities at team, project, business unit, subsidiary and corporate levels; alignment of controls with the SMEC governance and risk management policy and framework; and the application of policies, controls, and review processes to all business units and subsidiaries.



Corporate Governance (continued)

Quality Management

SMEC is committed to implementing quality management principles on all projects, and has developed a Quality Management System (QMS) to comply with the requirements of ISO 9001:2008.

SMEC's QMS provides systematic control of business activities to ensure that client expectations are being met and, if possible, exceeded. The QMS includes processes for planning, documenting, managing and controlling everyday business needs and activities, as well as review processes to monitor and measure performance and identify improvements.

SMEC's QMS covers all stages of the project lifecycle, from inception through to handover, and provides a formalised and structured approach to project quality management. The QMS ensures: development of project quality objectives incorporating client operability, maintainability and delivery requirements; quantification of project risks through assessment; implementation of design management and review processes to manage critical design quality aspects; communication of risks and responsibilities through planning workshops; and development of risk auditing regimes.

During the reporting period, SMEC maintained certification to ISO 9001 (Quality Management), ISO 14001 (Environmental Management) and AS/NZS 4801 (OHS Management) in all major Australian offices from third-party certifier, Global-Mark.

In 2013, SMEC launched a 'Safety in Design' procedure and system in compliance with changes to Australian Work, Health and Safety Guidelines.

During the reporting period, SMEC's Design Management Procedure was updated to incorporate the new 'Safety in Design' system. Employee training in system use was completed in all Australian offices, and 'Safety in Design' workshops are now held for clients, contractors and other key stakeholders involved in major projects.

In 2014, SMEC's Project Management System underwent further review in order to simplify and streamline procedures for minor projects. In addition to this, a review of all processes, systems, tools and templates used in proposal management was completed. As a result, a new Opportunity Management System was launched to improve efficiency of proposal management and increase information sharing across the business.





“ SMEC’s Quality Management System defines the processes for planning, documenting, managing and controlling everyday business needs and activities across the Company.

Stakeholders & Objectives

Stakeholder Engagement

SMEC's stakeholders are identified as any person, group or organisation that has an interest or concern in the Company.

SMEC interacts with a wide range of stakeholders, from local community members and contractors to employees, clients, shareholders, industry bodies and opinion leaders.

SMEC stays up-to-date with emerging trends and sensitive issues through effective and regular dialogue with stakeholders. This dialogue feeds directly into the ongoing development of SMEC's business practices. SMEC recognises that it is important to engage with local stakeholders to develop a Corporate Social Responsibility (CSR) framework that resonates with employees, clients, communities and other stakeholders.

The diverse nature of stakeholder groups means a variety of methods are used to communicate effectively at every level. The types of communication methods used depends on the situation and the stakeholder, and may involve any combination of the following: one-on-one meetings; industry initiatives; corporate publications; company announcements; media releases; the website (www.smec.com); the intranet; the internal company newsletter (SMEC News); or Lync Chat Rooms.

SMEC's policies and procedures identify and manage issues that may impact stakeholders. SMEC's three major stakeholder groups are: employees; clients; and shareholders.

Employees

SMEC's management has an 'open door' philosophy, whereby all employees may feel comfortable approaching management to discuss any issue or idea. SMEC encourages two-way communication with employees through the Staff Consultative Committee (SCC). The SCC is a recognised committee within SMEC's management chain, comprising both employee-elected and management-appointed members. The SCC acts in an advisory capacity to address employee issues and management briefs.

Employees receive regular company updates from the CEO and other senior management via email announcements and SMEC's intranet. The SMEC News, an electronic internal monthly newsletter (edited and produced by employees for employees), provides information on SMEC's projects, people, events, achievements, community engagement initiatives and company updates.

During the reporting period, SMEC introduced Microsoft Lync Chat Rooms to improve knowledge networks and information sharing in line with SMEC's 2014–2016 Strategic Plan. The Chat Rooms are topic-based discussion rooms that enable instant communication, enabling employees to share functional and business development information, ask questions relevant to their functional groups, and collaborate on solutions in a quick and effective manner.

Clients

Clients remain SMEC's primary focus, with the Company continuing to proactively respond to their requirements.

SMEC works with clients to understand their business objectives, drivers, resources and processes in order to deliver the best possible project outcomes. SMEC is responsive and flexible to clients' changing needs, and strives to build sustainable client relationships through integrity and trust.

SMEC's Client Relationship Management (CRM) system, Client Connect, and dedicated CRM Managers act as the platform for the Company's client-focused initiatives, which aim to drive stronger and more sustainable client relationships. During the reporting period, SMEC expanded the Client Connect system, incorporating client-specific Lync Chat Rooms to encourage knowledge sharing and client-focused discussion.

Shareholders

SMEC has a policy of continuous disclosure and communication to shareholders. The Board aims to ensure that shareholders are fully informed of all price sensitive information. SMEC communicates with its shareholders through a dedicated shareholder website, an Annual General Meeting, a published Annual Report and shareholder announcements. The Board is responsible for ensuring compliance with the continuous disclosure requirements of the *Corporations Act 2001*. The Company Secretary is responsible for communicating with the Australian Securities and Investments Commission (ASIC).

Sustainability Objectives

In 2013, SMEC set a number of five year objectives to help deliver on the commitments the Company has made in each of its three Corporate Social Responsibility (CSR) categories: People; Community; and Sustainability and Environment. SMEC reports on progress against these objectives in the Company's annual Sustainability Report.

People

Our Commitment

Create a rewarding, inclusive workplace for our people by encouraging personal development, recognising good performance, fostering equal opportunity and ensuring employee health, safety and wellbeing.

Five Year Objectives

- To provide and maintain a satisfying and rewarding work environment for all employees
- To achieve and maintain cultural and gender balance and increase awareness of the importance of diversity
- To provide employees with personal and career development opportunities and clear career paths
- To eliminate or manage hazards and practices that could cause accidents, injuries or illness

Community

Our Commitment

Support community and charitable programs that provide long-term solutions.

Five Year Objectives

- To deliver the best possible social and development outcomes for people in need through small-scale grant support provided by the SMEC Foundation
- To protect and uphold internationally proclaimed human rights, particularly in the areas of child abuse and forced compulsory labour
- To support and encourage employee participation in their local community, particularly charity work

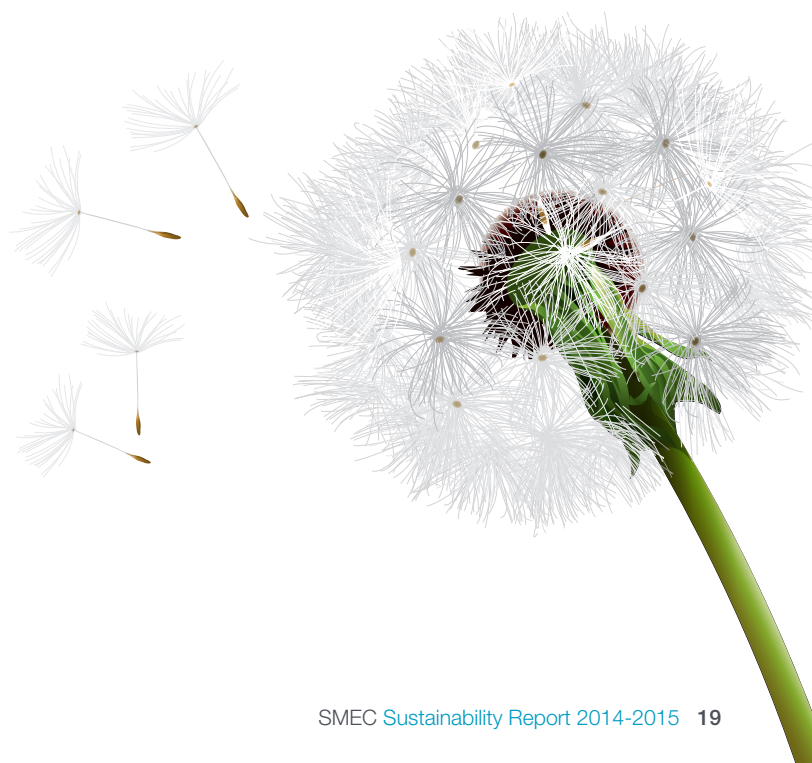
Sustainability and Environment

Our Commitment

Eliminate or minimise any adverse impacts that SMEC's office activities and projects have on the environment. Raise employee, client and community awareness of the importance of environmental sustainability.

Five Year Objectives

- To operate energy efficient offices and reduce Greenhouse Gas (GHG) emissions generated by SMEC's operations
- To provide long-term environmentally sustainable project advice to clients
- To implement an Environmental Awareness Program to educate employees, clients, partners and contractors about the importance of environmental sustainability



Vision & Performance

Vision and Values

SMEC's 2014–2016 Strategic Plan was developed with input from SMEC's Board of Directors, Executive Committee and overall employee base. This companywide plan sets the future direction of the Company for the next two years, ensuring SMEC's business objectives are clear, realistic and relevant to the business. SMEC's key priority areas are: Client Focus; People Development; Organic Growth; and Systems and Processes.

The Strategic Plan has a strong focus on SMEC's clients and people, and features a Vision and set of core Values for the Company. The Vision for SMEC is 'to deliver outstanding infrastructure services for our clients and communities'. This Vision aligns with the Company's ethos of '*Local People. Global Experience.*' and supports SMEC's localisation model of developing local people and being responsive to the needs of local clients.

SMEC's Values are:

- Teamwork & Trust
- Diversity & Delivery
- Integrity & Innovation
- Safety & Sustainability

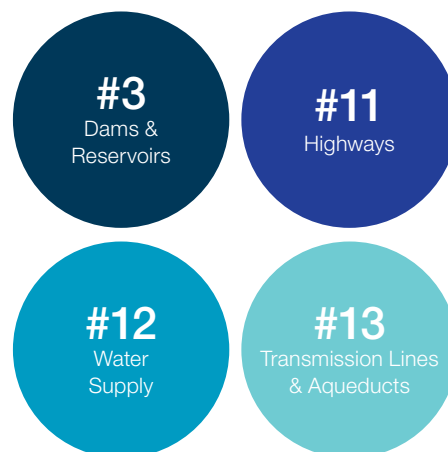
These Values underpin the way SMEC operates, and define the way SMEC works. Employees are encouraged to adopt these values in a meaningful way. This will enable SMEC to continue to grow as a business and strengthen its reputation in the global market as a leading provider of high-quality consultancy services.

Industry Awards

SMEC is consistently ranked among the world's top engineering firms, and in 2014 was highly successful on the awards front, winning a variety of awards in design, technical excellence, client focus and asset management.

SMEC maintained its position in Engineering News Record's (ENR) 2014 design lists, ranking number 57 in the 'Top 225 International Design Firms' list, and number 76 in the 'Top 150 Global Design Firms' list.

SMEC secured strong rankings in ENR's Global Sourcebook (released in December 2014), including: a number three ranking in the Dams and Reservoirs sector; number 11 in the Highways sector; number 12 in Water Supply; and number 13 in Transmission Lines and Aqueducts.



Australian Charity Awards

- Outstanding Achievement in Australian Charity Awards: SMEC Foundation

Consult Australia Awards for Excellence

- Gold Award (Client Focus category): Mid West Ports Authority Asset Condition Assessment
- High Commendation (Collaborations category): Gosford Passing Loops Project
- High Commendation (Client of the Year category): Brisbane City Council
- High Commendation (Future Leader category): Luke Menefy, Senior Engineer Materials Technology, Gold Coast, Australia
- High Commendation (Firm of the Year category)

Consulting Engineers South Africa (CESA)

- Aon Engineering Excellence Awards (under R50 Million category): The Isando Pedestrian Bridge 'The Walking Wonder' for SANRAL

Governor of Victoria Export Awards

- Minerals, Energy and Related Services Award

Stormwater Industry Association of Queensland (SIAQ) Excellence Awards

- Excellence in Asset Management Award: Brisbane's Natural Waterways Asset Management Plan

Company Memberships

- Association of Consulting Engineers Malaysia
- Association of Consulting Surveyors (Victoria Division)
- Association of Land Development Engineers
- Australasian Corrosion Association
- Australian Chamber of Commerce in Hong Kong
- Australian Green Infrastructure Council
- Australian National Committee on Large Dams (ANCOLD)
- Australian Water Association
- British Chamber of Commerce in Hong Kong
- Board of Engineers Malaysia
- International Conference on Large High Voltage Electric Power Systems (CIGRE)
- Consult Australia
- Engineers Registration Board Tanzania
- International Road Federation
- Pakistan Engineering Council
- Property Council of Australia (South Australia Division)
- Property Council of Australia (Victoria Division)
- Roads Australia
- Urban Development Institute of Australia (Queensland Division)
- Urban Development Institute of Australia (Victoria Division)
- Waste Management Association of Australia
- Water Industry Alliance



Vision & Performance (continued)

Economic Performance

SMEC has policies in place to ensure strong economic performance, sustained long-term growth and positive returns for all stakeholders.

Although SMEC has grown substantially, primarily through organic growth, there are still ample opportunities to broaden the Company's product offering and supply new markets. Strategic acquisitions may be considered where there are strong synergies and sound financial returns for shareholders.

While SMEC continued to grow in 2014, the Company experienced a number of challenges, including the deterioration of the operating environment for public infrastructure in Australia. Despite continuing tough market conditions, SMEC has strong levels of work in hand, and the Board is confident that the Company is well placed for growth in the year ahead.

SMEC's management team has examined the business and is making the necessary changes to reshape the Company to meet the challenging, and ever-changing operating environment.

Economic Value Generated and Distributed

During the reporting period (1 April 2014 to 31 March 2015), revenue in Australia remained steady at A\$178.1 million. SMEC's net operating profit after tax in Australia increased to A\$14.6 million. SMEC's operating costs increased by 1% to A\$23.6 million, with employee compensation decreasing by 14% to A\$130.8 million. The generation and distribution of SMEC's economic value within Australia is displayed in Figures 2 and 3.

In SMEC's international operations, revenue increased by 8% to A\$288.6 million. SMEC's net operating profit after tax increased by 33% to A\$18.1 million. SMEC's operating costs increased by 8% to A\$45.5 million, with employee compensation increasing by 8% to A\$217.7 million. The generation and distribution of SMEC's economic value within its international operations is displayed in Figures 4 and 5.

Government Financial Assistance

The Australian Government offers a Research and Development (R&D) tax incentive (40% tax offset) for activities which are innovative or have high levels of technical risk. Under the R&D tax incentive, SMEC may claim a 40% non-refundable tax offset. At the current 30% corporate tax rate, this equates to a 10% net benefit. The 40% tax offset is broadly equivalent to a 133% tax concession.

During the reporting period, SMEC spent A\$9.6 million on R&D activities and received A\$960,000 as a tax benefit, as displayed in Figure 6.

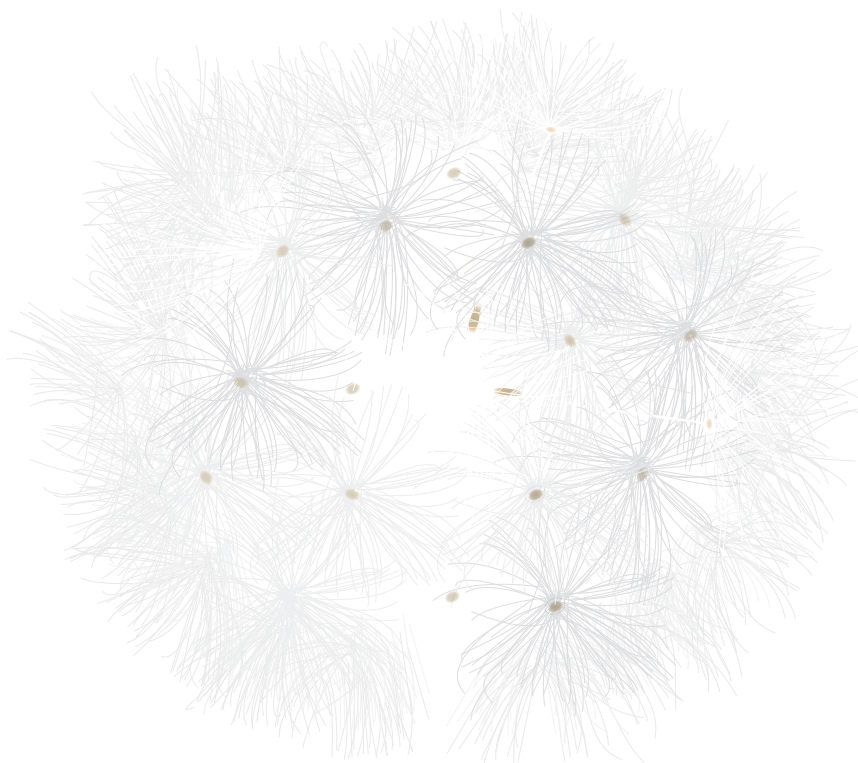


Figure 2: Economic value generated in Australia (all figures are in A\$'000)

Generated	VIC and SA	NSW and ACT	QLD and NT	AUSTRALIA
Revenue	51,574	79,972	46,550	178,096
Net Operating Profit After Tax	–	–	–	14,559

Figure 3: Economic value distributed in Australia (all figures are in A\$'000)

Distributed	VIC and SA	NSW and ACT	QLD and NT	AUSTRALIA
Operating Costs	(6,836)	(10,599)	(6,170)	(23,605)
Employee Compensation	(37,887)	(58,749)	(34,196)	(130,832)
Payments to Providers of Capital – Dividend	–	–	–	(5,206)
Government (Tax)	–	–	–	(3,894)
TOTAL				(163,536)

Figure 4: Economic value generated internationally (all figures are in A\$'000)

Generated	SOUTH ASIA MIDDLE EAST	ASIA PACIFIC	AFRICA	INTERNATIONAL
Revenue	87,057	77,457	124,053	288,568
Net Operating Profit After Tax	–	–	–	18,149

Figure 5: Economic value distributed internationally (all figures are in A\$'000)

Distributed	SOUTH ASIA MIDDLE EAST	ASIA PACIFIC	AFRICA	INTERNATIONAL
Operating Costs	(13,728)	(12,214)	(19,562)	(45,503)
Employee Compensation	(65,683)	(58,440)	(93,596)	(217,720)
Payments to Providers of Capital – Dividend	–	–	–	–
Government (Tax)	–	–	–	(7,195)
TOTAL				(270,418)

Figure 6: Financial assistance received from the Australian Government (all figures are in A\$)

	Claimed in 2014 Tax Deduction at 133% (1/4/14–30/6/14)	Estimate Claim Tax Deduction at 133% (1/7/14–31/3/15)	TOTAL (1/4/14–31/3/15)
R&D Expenditure	\$2,394,805	\$7,184,414	\$9,579,218
Before Tax Cash Benefit	\$790,285	\$2,370,856	\$3,161,142
After Tax Cash Benefit	\$237,086	\$711,257	\$948,343



People

Employee Demographics

As at 31 December 2014, SMEC had a total of 5,421 employees across 77 global offices. Of these employees, 1,124 were based in the Australia and New Zealand (ANZ) Division; a 4% decrease in ANZ employee numbers from the previous reporting period.

The majority of employees from SMEC's ANZ Division (78%) are contracted on a full time basis, followed by casual (15%), part time (6%), and fixed term (1%), as displayed in Figure 7.

SMEC's ANZ employees are spread across the following regions: Southern (South Australia, Victoria and Western Australia), Central (the Australian Capital Territory and New South Wales), Northern (Queensland and the Northern Territory) and New Zealand. The majority of employees work within the Central region (42%), followed by the Southern region (32%), the Northern region (24%), and New Zealand (2%).

Employee Survey

SMEC launched a companywide Employee Survey in March 2014, with the objective of identifying the Company's strengths and areas for improvement through honest and open employee feedback. The Survey was conducted in partnership with Aon Hewitt, and was designed to enable employee engagement benchmarking within SMEC, as well as benchmarking against broader industry standards.

Key company strengths identified are:

- **Strategy:** the extent to which employees understand and identify with SMEC's strategy, goals and objectives
- **Corporate Responsibility:** The extent to which SMEC takes its societal responsibilities seriously
- **Sense of Accomplishment:** The value employees derive from their work, including the degree of challenge, purpose, sense of progress and autonomy
- **Work Tasks:** the degree to which employees are engaged and interested in their day-to-day activities

Approximately 1,900 employees completed the survey. Areas for improvement were also identified, including: change management, brand promise, career opportunities and recognition. SMEC is working to develop and implement Action Plans to address each of these areas.

Remuneration

SMEC has four levels of Consulting Professionals: Principal, Senior, Experienced and Entry Level. Figure 8 provides a comparison of actual remuneration at each professional level (with gender breakdown) in comparison with the average industry benchmark. Remuneration benchmarks are based on Aon Hewitt's Consult Australia Remuneration Report. During the reporting period, SMEC improved the percentage difference in remuneration for both males and females at all professional levels.

Turnover

The overall turnover for ANZ employees in 2014 was 6.2%; comprised of 4.7% voluntary turnover (resignation or retirement) and 1.5% involuntary turnover (dismissal, redundancy or demise). This is a significant decrease on 2013, during which the average turnover was 16%. This decrease in turnover may be attributed to fewer redundancies across the Company. Redundancy in 2014 accounted for 22% of turnover, down from 33% in 2013.

Figure 7: Employee numbers in Australia & New Zealand

Region	Full Time	Part Time	Casual	Fixed Term	TOTAL
Southern	275	30	57	3	365
Central	363	31	64	8	466
Northern	217	12	41	1	271
New Zealand	20	0	2	0	22
TOTAL	875	73	164	12	1124

Figure 8: Remuneration at each professional level

Engineering Professionals	% to Female Benchmark	% to Male Benchmark
Principal	99%	96%
Senior	90%	92%
Experienced	95%	91%
Entry Level (0–4 years)	92%	89%

Figure 9: Employee turnover by gender and age in Australia & New Zealand

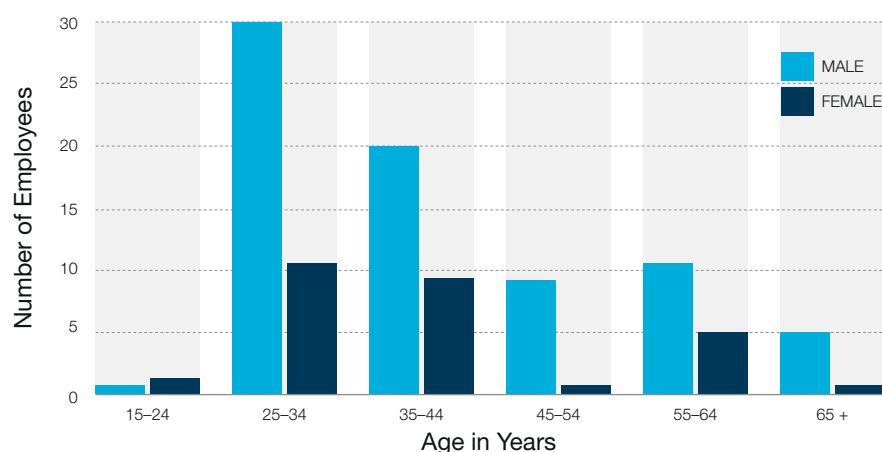
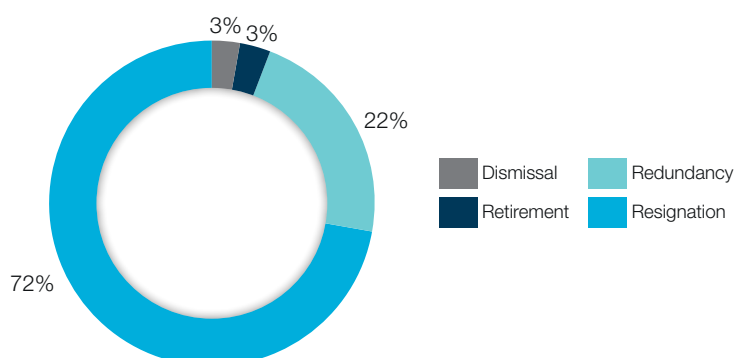


Figure 10: Reason for employee turnover in Australia & New Zealand



People (continued)

Employee Benefits

Flexible Working Arrangements

SMEC's Flexible Working Arrangements (FWA) procedure was introduced in 2012, and includes options to vary work hours, work from home and job share. The objective of the procedure is to enable employees to balance their work and personal commitments. During 2014, 23 new applications (60% female) for a FWA were approved, taking the total number of employees on a FWA to 39 (69% female). Of the new applications received by female employees, more than half (56%) were aged between 25 and 34 years, with 78% of applicants citing caring for a child under school age as the reason for the arrangement.

Purchased Additional Annual Leave

SMEC introduced a Purchased Additional Annual Leave procedure in 2012. The procedure enables employees to salary package an additional four weeks of annual leave per year. In 2014, 174 employees took advantage of purchased additional annual leave; a decrease from the 207 employees who purchased additional annual leave in 2013.

Parental Leave

SMEC employees who are the primary care giver of a child can apply for 52 weeks of unpaid parental leave, and are entitled to 18 weeks paid leave (comprised of the statutory paid leave and topped up to the normal salary level by SMEC), capped at A\$150,000 per annum. SMEC also provides employees with one week's paid paternity leave, in addition to their annual leave, long service leave and government-funded Dad and Partner Pay entitlements.

During the reporting period, a total of 28 employees took parental leave, 79% of whom are female. Of the 22 female employees who took parental leave, 50% returned to work and 50% still remain on parental leave. Of the 50% of female employees who returned to work, 82% returned on a Flexible Working Arrangement. All male employees who took paternity leave during the reporting period returned to work.

Australian Defence Force Leave

SMEC introduced an Australian Defence Force (ADF) leave procedure in 2012. Under this procedure, SMEC provides up to 10 days ADF leave annually (comprised of the Defence Reserve Service's Payment Scheme and topped up to the normal salary level by SMEC). The scheme provides a weekly payment based on Average Weekly Ordinary Time Earnings (AWOTE). During 2014, one employee took ADF leave over two separate periods. 100% of employees who took ADF leave were male.

Tertiary Education Assistance

SMEC's Tertiary Education Assistance program supports professional development, allowing employees to continue their education and gain the skills and knowledge required to excel in their roles. Continuing full-time and part-time employees, who have completed 12 months employment with SMEC, are eligible to apply for Tertiary Education Assistance. SMEC will reimburse participants 50% of course fees, up to a maximum of A\$10,000 per calendar year. Since the program's inception in 2009, SMEC has supported 31 employees (16% of whom were female) to achieve qualifications ranging from Certificate IV to Masters in a broad range of study fields.

Employee Assistance Program

SMEC's Employee Assistance Program (EAP) is provided by Davidson Trahaire Corpsych. Through the EAP, employees can access short-term confidential counselling and financial advice. In 2014, SMEC had a utilisation rate of 3.3%, showing no change from 2013. SMEC's rate is higher than the engineering and construction industry average of 3.0%.

Corporate Health Plan

SMEC offers all employees a corporate health plan through BUPA. The benefits include discounted health insurance, waived waiting periods and access to free health checks. At the time of reporting, 209 employees were BUPA members (an increase of 14% on the previous year); 34% of whom are female.



Gender Diversity

SMEC is committed to promoting gender diversity, establishing an inclusive working environment and promoting engineering to women through active industry representation and participation.

SMEC encourages a gender diverse workforce by: developing strategies to attract and retain female employees; measuring progress in gender diverse recruitment; encouraging the development of high-potential employees to establish a pipeline of female managers and leaders; and providing training to raise internal awareness of gender diversity and equal employment opportunity in the workplace.

As at 31 December 2014, 20% of SMEC's employees globally were female (an increase of 1% from 2013). In Australia and New Zealand, this figure was higher, with 27% female employees.

These figures are significantly higher than the Australian industry standard. According to a report released by Engineers Australia, titled *Women in Engineering: A Statistical Update*, 10.7% of the total Australian engineering workforce and 16% of engineering graduates are female.

As displayed in Figure 11, the majority of SMEC's female employees in Australia and New Zealand were aged between 25 and 34 years (38%), followed by 35 and 44 years (32%). 65% of female employees were classified as professional (degree qualified engineers, scientists and corporate services), as outlined in Figure 12.

Figure 11: Employees by gender and age

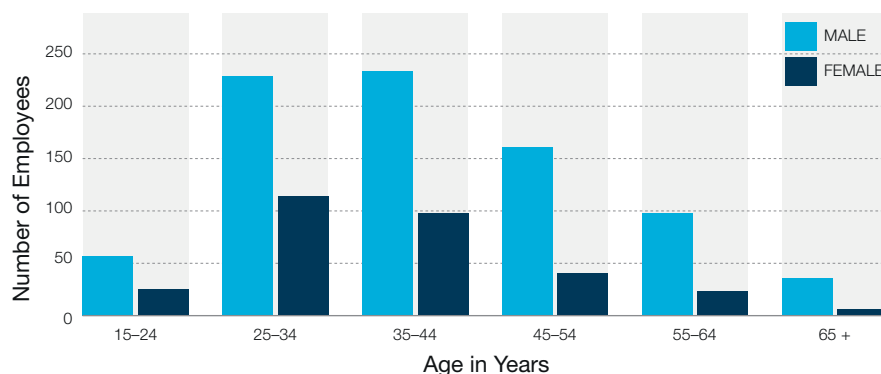
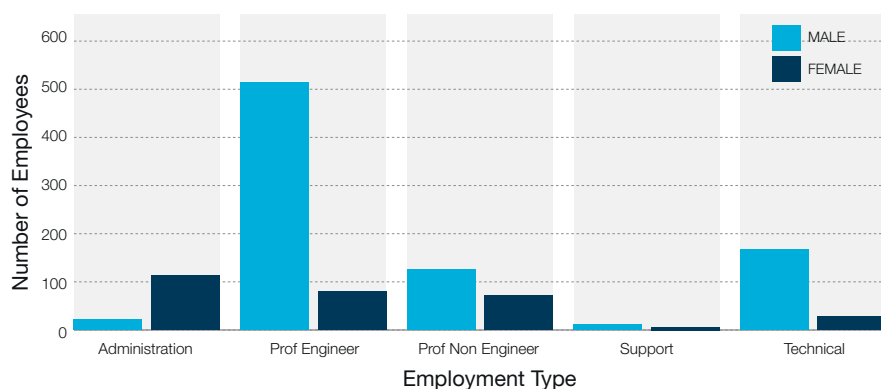


Figure 12: Employees by gender and employment type



People (continued)

Gender Diversity (cont.)

In 2014, 27% of new starters in Australia and New Zealand were female; 72% of which were degree qualified professionals. As displayed in Figure 13, the majority of female new starters were aged between 25–34 years (47%), followed by 35–44 years (22%).

In Australia, SMEC operates within six technical areas: Transport; Hydropower and Energy; Water and Environment; Urban and Social Development; Resources; and Industrial and Manufacturing. Of these areas, three have a high proportion of female employees: Water and Environment (50%); Urban and Social Development (24%); and Transport (20%).

Gender Diversity Steering Committee

SMEC is committed to increasing the number of females in senior positions. To achieve this, a Gender Diversity Steering Committee, chaired by SMEC's Chief Executive Officer, was established in 2011. The Committee monitors the implementation of SMEC's Gender Action Plan to ensure SMEC achieves its gender diversity objectives. During the reporting period, a review of the Gender Diversity Steering Committee was undertaken to ensure broader reach, and a more localised approach to gender diversity initiatives.

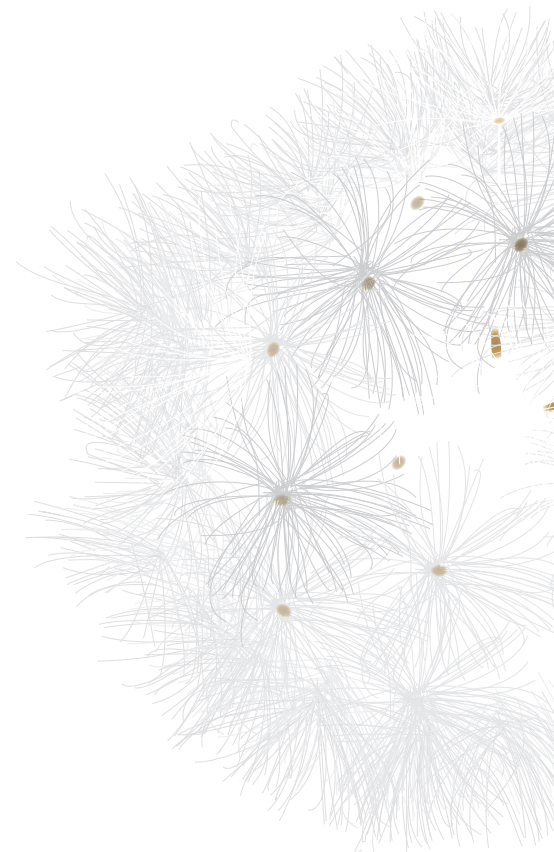
Gender Diversity Initiatives

In 2014, SMEC continued to implement a number of programs to increase awareness of gender diversity. SMEC believes that in order to achieve gender diversity, the Company must create cultural change by aligning work practices, processes and systems with diversity initiatives. The first step in creating cultural change is raising awareness of the importance of gender diversity.

SMEC is currently reviewing the Company's gender diversity practices, in line with the criteria outlined by the Australian Workplace Gender Equality Agency. This companywide review will include the establishment of new strategies in recruitment, retention and succession planning. These strategies will support gender diversity at SMEC and increase the representation of females at management and senior management levels.

As in the previous reporting period, SMEC prepared an annual public report for submission to the Australian Workplace Gender Equality Agency. The report responded to a set of predetermined gender equality indicators, including: gender composition; equal remuneration between women and men; availability and uptake of Flexible Working Arrangements; and consultation with employees on gender equality issues. Following submission of the report, SMEC received verification of compliance with the *Australian Workplace Gender Equality Act 2012*.

In line with SMEC's commitment to promote a gender diverse work environment, a range of events were held across the Company's Australian and international offices in recognition of International Women's Day. Held on 8 March 2015, International Women's Day is a global celebration of the achievements of women, and a platform for encouraging greater gender equality. In Kenya, employees from SMEC's Nairobi office participated in the First Lady's Beyond Zero Marathon, an event to raise funds for mobile healthcare clinics in remote and disadvantaged areas. In Pakistan, presentations were made by local female employees on balancing women's roles in the workplace, the family and society, while SMEC's Tanzania office marked the occasion with a celebratory picnic lunch.



Career Development

Career Pathways

SMEC provides employees with clear career pathways within its global business. SMEC is committed to employee development and workforce sustainability, and provides a workplace with targeted learning and development programs and an equitable reward and recognition framework. SMEC is looking to increase its investment in training for the year ahead, as part of its overall workforce planning and management strategy.

Succession Planning Program

In 2014, SMEC completed a review of the Succession Planning Program launched in 2012. The objective of this review was twofold: to identify critical positions in the two management levels below Chief Executive Officer; and to assess the performance and potential in employees suitable for these Critical Positions.

Succession Plans have been developed for each of the Critical Positions identified across the organisation. Each Succession Plan outlines: the individuals capable of stepping into the role as a temporary caretaker; those who are capable of fulfilling the role immediately; individuals who may be ready for the position in 1–3 years; and potential candidates for the position in 3+ years.

In 2015, SMEC will focus on supporting employees and managers to engage in career coaching conversations in line with SMEC's Career Coaching Guidelines.

Figure 13: New starters by age and gender

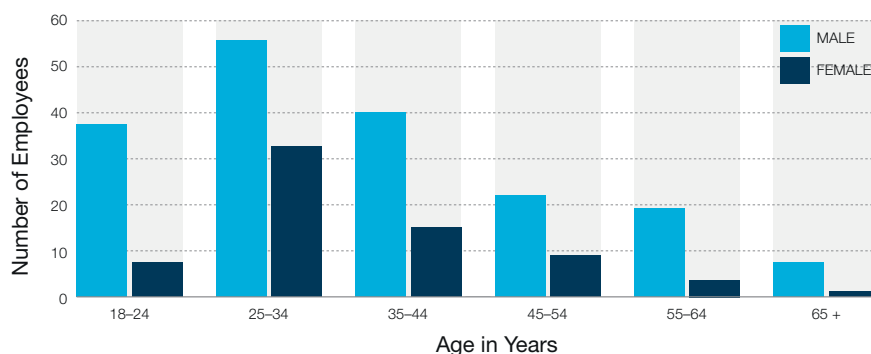
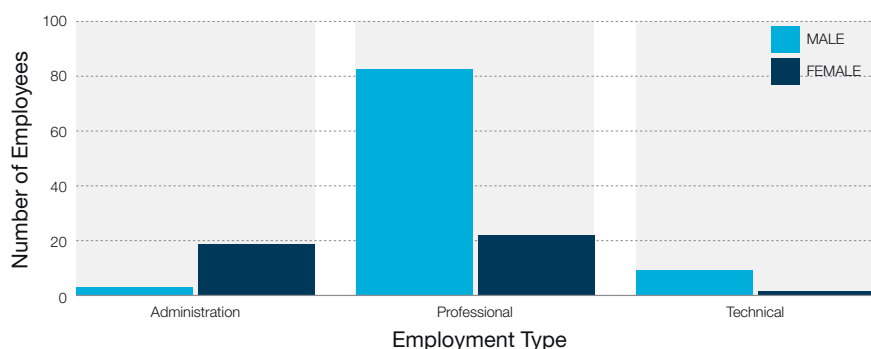


Figure 14: New starters by gender and employment type



People (continued)

Career Development (cont.)

Project Management Training

SMEC recognises the importance of project management skills for the organisation and its clients. SMEC's 2014–2016 Strategic Plan outlines the Company's commitment to increasing capability in the area of Project Management.

In 2012, SMEC commenced a program focusing on the development of Project Management skills through accredited training and internal workshops. SMEC partnered with Engineers Education Australia and the Moreland Group (with support from the National Workforce Development Fund) to offer Certificate IV and Diploma of Project Management courses for Australian-based employees.

Since the program's inception, 29 employees have completed the training; 41% of whom are female. 14 employees received a Certificate IV in Project Management and 15 employees received a Diploma of Project Management.

Equal Employment Opportunity Training

SMEC introduced an Equal Employment Opportunity (EEO) framework in 2012 to promote a safe, inclusive and flexible work environment for all employees and clients. This comprehensive framework covers training, policy development and review, and is designed to encourage mutual respect in the workplace and reinforce SMEC's company values.

Implementation of the EEO framework continued in 2014, with 230 employees receiving online Equal Employment Opportunity Training throughout Australia; 30% of whom were female.

Training will continue to be rolled-out progressively in international Divisions throughout 2015.

Performance and Development Review

SMEC conducts annual Performance and Development Reviews (PDR) for all employees through the in-house appraisal system, CareerTrac. The objective of CareerTrac is to review employee performance and set future objectives by aligning individual performance, development needs and aspirations with SMEC's business plan.

The training and development needs of employees are reviewed annually as part of CareerTrac. This review considers the needs of the employee, their manager and the needs of SMEC as a whole. In 2014, 74% of employees who participated in CareerTrac were male and 26% were female (this aligns with SMEC's gender workforce composition). The majority of employees (77%) received a 'Meets Expectations' rating in CareerTrac, followed by 'Exceeds Expectations' (21%).

Professional Development Program

The Professional Development Program (PDP) is one of four pathways offered by Engineers Australia to assist members in achieving a Chartered Engineer status. SMEC supports employees in their professional development through sponsorship of this Program, including funding the cost of registration and ongoing assessment fees.

Managers play a key role in assisting employees with the completion of their PDP. Managers are required to monitor employees' progress,

provide development opportunities, offer mentoring and guidance, and encourage the submission of Engineering Competency Claims. During the reporting period, 24 employees were enrolled in the PDP through Engineers Australia; 25% of whom were female.

Graduate Development Program

In 2014, SMEC launched an Australia-wide Graduate Development Program (GDP) to assist graduates in achieving their industry accreditation or 'license to work'. The Program aims to provide graduates with a diverse range of experience and a solid professional grounding through a combination of workshops, presentations, hands-on project work and mentoring.

Through the GDP, graduates are provided with a comprehensive development program designed to achieve industry accreditation within four years. This program includes: rotational opportunities through a range of disciplines; experience across broad technical and non-technical assignments; networking opportunities; and mentoring and support from local regional leadership teams. During the reporting period, 72 graduates were enrolled in the GDP; 21% of whom were female.

Career Recognition

SMEC values its employees' commitment to the Company and believes it is important to acknowledge career milestones. SMEC's Career Recognition Program formalises this process. Each year, employees who achieve a career milestone of between five and 50 years (at five year intervals) are acknowledged for their commitment to the Company.

In 2014, a review of the Program was undertaken in response to SMEC's Employee Engagement Survey, whereby employees identified that improved recognition practices were needed. As a result, SMEC introduced a new Global Career Recognition Program in January 2015 to improve the consistency and timeliness of milestone recognition. During the reporting period, 121 employees achieved a career milestone; 21% of whom were female.

SMEC recognises the outstanding technical excellence of its employees, as well as their contribution to the Company, the wider industry and the community, through the annual SMEC Awards. There are five SMEC Awards categories: the SMEC Medal, Project of the Year, Young Professional of the Year (male and female categories), Safety and Wellbeing Award and the Community Award. In 2014, a special award commemorating the late Manoli Loukas, former Chief Operating Officer of the Asia Pacific Division, was introduced into the SMEC Awards. The Manoli Loukas Mentoring Award recognises an employee's outstanding contribution to fostering the development of others, with an emphasis on mentoring.

“ SMEC recognises the outstanding technical excellence of its employees through the annual SMEC Awards.



People (continued)

Workplace Health and Safety

Health and Safety Commitment

SMEC is committed to promoting and maintaining a culture and working environment in which risk to health and safety is unacceptable. To meet this commitment, SMEC (in so far as reasonably practicable) provides safe and healthy working conditions for all people associated with the Company, including employees, contractors, visitors and the general public.

In order to meet these responsibilities, SMEC:

- Maintains a safe work environment (including work conditions, practices and procedures)
- Ensures full compliance with all applicable statutory and licensing requirements
- Undertakes proactive reporting of near misses, hazards, drills and inspections to ensure that all incidents are accurately reported, recorded and lessons learnt are shared
- Involves all employees and management in health and safety management through consultation
- Develops safety awareness throughout the Company via formal and informal training
- Minimises or eliminates hazards within the workplace through risk identification, assessment, control and monitoring

Zero Harm Culture

SMEC aims to develop a workplace that eliminates the risk of serious harm to any person affected by SMEC's business activities. To achieve this, SMEC has implemented policies, procedures, guidelines, work instructions and reporting tools to measure progress towards Zero Harm objectives.

SMEC's Zero Harm objectives are:

- zero incidents that cause a fatality
- zero incidents that cause a permanent disability
- zero incidents that cause permanent health issues
- zero long-term psychological injury due to the work environment
- zero long-term detrimental impact on the environment
- year-on-year reductions in workplace injuries

Safety in Design

SMEC invests in its people to enhance their knowledge and encourage the implementation of safety principles in the design and delivery of projects. SMEC works closely with clients to ensure that the safety needs of their projects are well documented within Scope of Works and Project Management Plans. SMEC facilitates Safety in Design training and awareness programs to educate employees and clients in regards to: local legislation requirements; potential cost savings; and the ability to eliminate or reduce hazards.

2014 Year in Review – Australia and New Zealand Division

In 2014, SMEC continued to improve proactive health and safety initiatives, including regular Safety Talks in all Australian and New Zealand offices. SMEC surpassed its 'proactive alerts' reporting targets for the fourth consecutive year. Proactive alerts involve regular and planned testing, inspection and identification of potential hazards before an incident occurs.

SMEC's 2014 target of 60 proactive alerts was surpassed by 61%, with SMEC recording 99 proactive alerts. Proactive reporting accounted for 68% of all Workplace Health and Safety

(WH&S) reporting in 2014, followed by reactive reporting (16%) and injury reporting (16%).

Overall, SMEC had a total of 146 reported incidents in 2014. 'Drills and Inspections' accounted for the greatest number of reports, with 32 reported. This was followed by 'Safety Talks / Updates / Meetings' (30 reported) and 'Near Misses' (21 reported). Figures 15 and 16 display a breakdown of reported incidents by region and activity. In the Australia and New Zealand Division, the Lost Time Injury (LTI) frequency rate per million hours worked decreased from 2.9 in 2013 to 1.9 in 2014.

A suite of online Job Safety and Environment Analysis (JSEA) and Safe Work Method Statements (SWMS) forms were released in 2014 for task-related activities. Improvements to the forms included clearer identification of control measures and documentation of risk controls.

Safety and Wellbeing Award

In 2012, SMEC introduced the Safety and Wellbeing Award into the annual SMEC Awards. This award recognises an initiative (implemented within the last year) that has had the greatest positive impact on safety and wellbeing at SMEC.

Shaun Chamberlain from SMEC's Johannesburg, South Africa office was awarded the 2014 Safety and Wellbeing Award. Shaun managed the development of a South African Environmental Management System for ISO 14001 certification. Combined with SMEC South Africa's ISO 9001 (Quality) and ISO 1800 (Health and Safety) certification, ISO 14001 will place SMEC at the forefront of required certification in South Africa's engineering industry.

Health and Safety in 2015

In 2015, SMEC will continue its commitment to safety as a core value of the Company. SMEC will work to maintain a Zero Harm environment for its employees, contractors, visitors and the general public. To achieve this goal, SMEC has set a number of objectives and targets for 2015, as outlined in 'Zero Harm Culture' on page 32.

Reporting: SMEC will encourage all international Divisions to proactively report 'Near Misses', 'Hazards' and 'Drills and Inspections'.

Review of Sub-contractors/ Supplier Register: SMEC will undertake a review of its current Sub-contractors/Supplier Register and implement a new accreditation process to ensure compliance with regulatory, legislative and standard requirements in the areas of Health and Safety, Environment, Quality, and Risk Management.

Tiered Risk Approach to Safety: SMEC will continue working towards a goal of Zero Harm to any person for whom SMEC is responsible during project delivery. This will be aided by: ongoing Safety Talks; regular alerts and updates; monthly safety features in the internal company newsletter; Safety Moments during team and management meetings; and office and site-related safety inspections. The SMEC Safety Handbook will be revised to allow the publication to be viewed on multiple platforms and devices.

Figure 15: Reported incidents by region: Australia and New Zealand Division

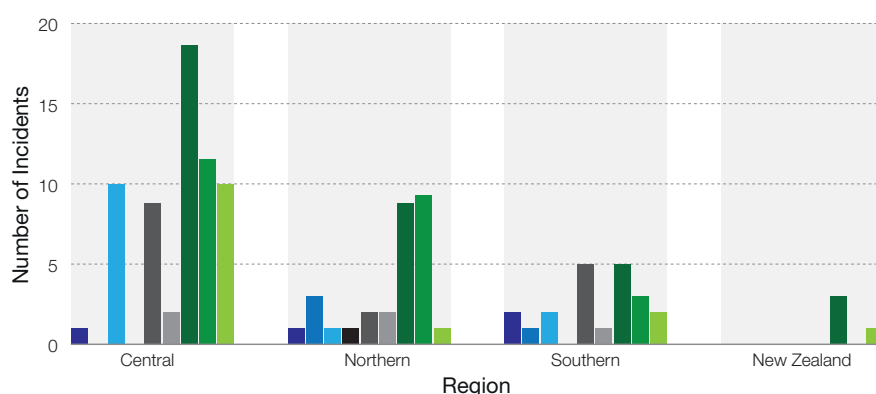
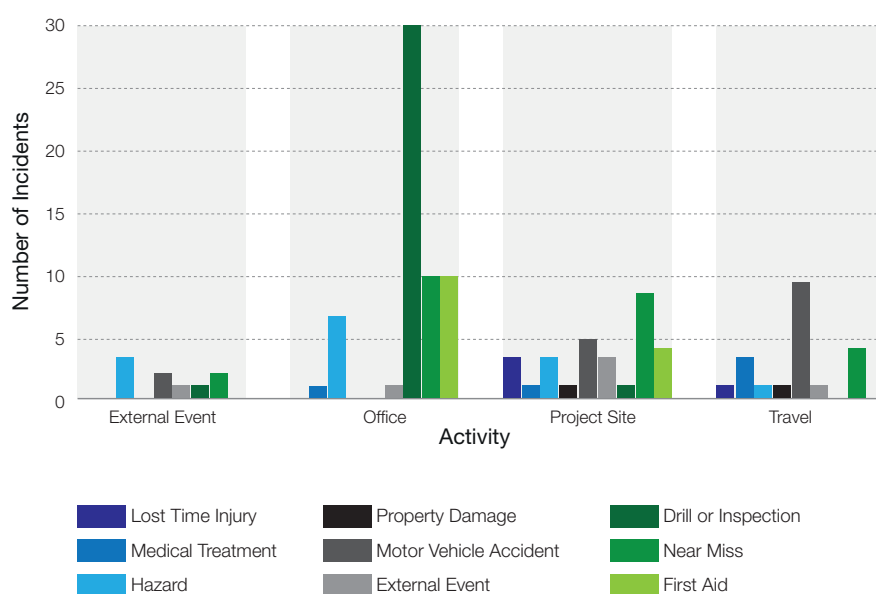


Figure 16: Reported incidents by activity: Australia and New Zealand Division



Community

Human Rights

SMEC supports and respects the protection of internationally proclaimed human rights. SMEC ensures it is not complicit in human rights abuses through a broad range of policies and frameworks.

Corruption and Bribery

SMEC's Code of Conduct prohibits bribery and corruption by employees, consultants and third parties who act on SMEC's behalf. All of SMEC's standard commercial agreement templates include anti-corruption and anti-bribery protection provisions.

Child Protection Policy

SMEC maintains a zero-tolerance policy in relation to child exploitation and abuse. Child abuse includes unacceptable behaviour directly involving children or observed by children. Child Protection Policy training is a mandatory element in SMEC's induction process.

SMEC's Child Protection Policy is currently undergoing a review to ensure recruitment practices, training content and reporting procedures remain as effective as possible in preventing any form of unacceptable behaviour towards children.

Forced and Compulsory Labour

SMEC's Code of Conduct ensures that ethical employment and labour practices are implemented across the Company. SMEC complies with national employment legislation and is committed to the elimination of all forms of forced and child labour.

Indigenous Rights

SMEC works closely with clients to ensure the rights and heritage of Australia's indigenous population are protected. This includes the completion of Indigenous Heritage Assessments and Management Plans as a component of Environmental Impact Assessments. SMEC encourages active participation, skill development and long-term employment opportunities for indigenous people wherever possible.

In 2014, SMEC was awarded a contract for the design, documentation and construction administration of Stages 3 and 4 of the Zuccoli Residential Development.

Located in Darwin in Australia's Northern Territory, Stages 3 and 4 comprise 133 hectares of land that will include 1,700 dwellings (for over 4,000 residents), a local primary school and a shopping hub.

SMEC worked with the project developer, the Costojic Group, and the not-for-profit conservation organisation, Greening Australia, to generate 10 horticultural traineeships and four apprenticeships in civil construction for indigenous students working on the development. These traineeships will give students valuable experience in landscape maintenance, seed collection, weed management, park planting and creek restoration works.

Upon completion of traineeships, students will receive certificate level degrees in Horticulture and Land Management.

Community Involvement

SMEC is committed to developing sustainable communities where its employees live and work by supporting community programs that provide long-term social and economic improvements.

Community Award

In 2013, SMEC introduced the Community Award as part of the annual SMEC Awards. This award recognises an individual's outstanding contribution to the improvement of their local community, or the broader community, with an emphasis on charity work.

Balbino Pizarro from SMEC's Chile office was awarded the 2014 Community Award. Balbino contributed his personal time to assist in the organisation of an annual Summer Carnival in Tocopilla, a community in the Antofagasta region of northern Chile. Balbino worked with underprivileged teenagers as part of a rehabilitation program for substance abuse issues.

Community Development

SMEC engages in community development through the SMEC Foundation, a core part of SMEC's Corporate Social Responsibility (CSR) Program. The SMEC Foundation operates with the philosophy that a small amount of money spent wisely can produce far-reaching social and economic benefits.

Established in 2001, the SMEC Foundation provides small-scale grant support for people in need. The SMEC Foundation aims to improve the quality of life for people who live in geographic regions where SMEC has a presence, by addressing the causes of poverty and assisting communities (and individuals) to become more self-sufficient.

Operating with financial support from SMEC employees, the SMEC Foundation focuses on projects in the areas of health, education, community development, emergency relief and the environment. Since its inception, the SMEC Foundation has donated A\$1 million+ to over 200 projects in more than 30 countries.

In 2014, the SMEC Foundation was awarded an Outstanding Achievement at the Australian Charity Awards. Part of the Australian Business Awards, the Charity Awards recognise organisations that have achieved outstanding results through initiatives that significantly benefit charitable causes.

During this reporting period, SMEC donated over A\$90,250 to 20 projects throughout SMEC's geographic areas of operation. The majority of these donations went towards Community Development projects (65%), followed by Education (28%), Health (6%) and Emergency Relief projects (1%).



Community (continued)

SMEC Community Projects

Australian–Himalayan Foundation Medical Screenings *Nepal*

SMEC donated A\$5,000 to the Australian–Himalayan Foundation for the provision of doctors, nurses, medical supplies and treatment at mobile education camps in the remote Solo Khumbu region of Nepal. Cervical cancer is the highest cause of cancer death among women in Nepal, and less than 4% of women are currently screened. The Australian–Himalayan Foundation is working to improve screening rates by providing free health education programs and medical screens to Nepalese women in remote communities. In June 2014, four screening camps under a SMEC grant were successful in providing more than 600 women with cervical and breast screens, follow-up tests and treatments.



Bright Start Education Support Program *South Africa*

Bright Start is a support program that provides quality education to children and adults in the historically disadvantaged communities of Imizamo Yethu and Hangberg in Hout Bay, South Africa. SMEC donated A\$2,150 to support afterschool care facilities for children participating in the program. These facilities ensure children have a safe, secure and supervised environment in which to play after school. In addition to providing financial assistance for school fees, the Program seeks to address the social, physical, emotional and cultural wellbeing of participants by offering a dedicated mentoring program to students and their families.



Hoi An Children's Home *Vietnam*

The Hoi An Children's Home is facilitated by Children's Hope in Action (CHIA), a charitable program supporting disadvantaged children, their families and the wider community in the Quang Nam province of Vietnam. The Home provides a safe place of residence and access to local schooling for more than 30 underprivileged children. SMEC donated A\$2,700 to CHIA for the provision of recreational and fitness equipment for the Home's new gymnasium. This equipment will be used to help facilitate fitness classes, stress and relaxation programs, and nutrition and wellbeing courses for the Home's residents.



SMEC Community Projects (continued)



Devland Community Centre

South Africa

SMEC donated A\$34,270 towards development of the Devland Community Centre, an education and community facility located in Soweto, South Africa. The Centre includes: two main auditoriums; two classrooms; an office; a washroom and ablution area; and a kitchen and cafeteria. The Centre is sponsored entirely through donations and acts as a multipurpose learning centre for underprivileged local residents. SMEC also provided civil and structural design engineers on a pro bono basis during design and construction. The Centre has dramatically improved the standard of living for Soweto's local residents, assisting more than 46,000 people each month.



Las Araucarias Preschool

Chile

The Las Araucarias Preschool is operated by the Government of Chile's National Board of Kindergartens, an agency dedicated to the education and protection of children in preschools throughout Chile. Las Araucarias provides early childhood education and development support for more than 100 underprivileged children (aged between two and four years) from the Huechuraba commune, an impoverished area in the Santiago province. SMEC has supported the Las Araucarias Preschool since 2012, and in 2014 donated A\$2,900 for the purchase of educational materials and cleaning equipment at the Preschool. SMEC also provided support in hosting a range of family and community performance events.



Girl Guides of Yellow Rock

Australia

In October 2013, bushfires spread through Winmalee and Yellow Rock in New South Wales, Australia, destroying more than 200 houses. The local Girl Guides' Hall, outdoor activity area and storage facility were also severely damaged in the fires, with much of the Guides' outdoor equipment destroyed. SMEC donated A\$525 to the Girl Guides of Yellow Rock for the purchase of new tents and camping equipment. Following reconstruction of the storage facility and completion of a new outdoor playing field and recreation area, the Guides will use SMEC's grant to purchase new camping and outdoor equipment, including tents, camping stoves, tarps, lanterns and water carriers.

Sustainability & Environment

Sustainability Principles

SMEC invests in sustainable business practices to achieve long-term prosperity, and is committed to embedding a culture of sustainability and environmental awareness in all functional, operational and regional areas of the business. SMEC strives to undertake all project and office activities in an environmentally responsible manner, and to identify, manage and mitigate any risks that may impact negatively on the environment.

SMEC continues to improve its understanding of the sources, scope and extent of its resource use, and is committed to improving the energy efficiency of its offices, and reducing the Greenhouse Gas (GHG) emissions generated by the Company's operations.

Since 1999, SMEC has operated under a companywide Environmental Management Policy and an Environmental Management System (EMS), formalising the Company's commitment to environmental responsibility. SMEC's EMS complies with the requirements of ISO 14001 (Environmental Management), and is designed to ensure the implementation of sustainable business systems, procedures and practices. In 2014, all Australian and New Zealand offices maintained certification with ISO 14001.

SMEC's EMS provides a systematic and methodical approach to planning, implementing and reviewing SMEC's environmental performance. The objective of the EMS is to avoid (or minimise) environmental impact, while contributing lasting environmental benefits to local communities in which SMEC operates. Effective implementation of the EMS has assisted SMEC in creating a company culture that is focused on incorporating sustainable practices into everyday business decisions.

Environmental Management Policy

SMEC operates under a detailed Environmental Management Policy which is reviewed and reaffirmed annually by SMEC's Chief Executive Officer. SMEC is committed to operating in an environmentally responsible manner by:

- Implementing and improving environmental management systems, in accordance with ISO 14001
- Complying with legal requirements
- Implementing environmental management programs to achieve environmental objectives and targets
- Conducting all activities in an environmentally responsible manner to minimise the potential for adverse environmental impacts
- Enhancing the beneficial environmental effects of any activities to improve the quality of the environment for current and future generations
- Preventing pollution associated with SMEC's activities
- Providing environmentally responsible, sustainable and practical solutions to clients
- Monitoring, reviewing and auditing SMEC's environmental performance

Environmental Impact Assessment

SMEC has controls in place to manage and (wherever possible) reduce potential environmental impacts resulting from project and office activities. Project Managers and Regional Managers are responsible for determining the potential consequences of environmental impacts, using SMEC's Environmental Impact Assessment Scale (as displayed in Appendix B).

Where the environmental impact rating is above eight, SMEC employees are required to develop an Environmental Management Plan (EMP), outlining appropriate risk treatments, targets, objectives, controls and responsibilities. Where a risk rating is identified as above 15, the hazard is assigned to senior management for review. Where a risk rating is identified as 20 or above, the hazard is assigned to executive management. It is management's responsibility to ensure the risk is managed in an appropriate manner across the Company's operations.

Project Managers must develop and document environmental objectives and targets for each project during the planning stage. Achievements against these set objectives and targets are measured annually for long-term projects, and upon project completion for short-term projects.

Sustainable Offices

Environmental Management Plans

All of SMEC's major Australian and New Zealand offices have Environmental Management Plans (EMPs) in place. These plans provide an assessment of environmental impacts associated with each office in the areas of procurement, waste generation, electricity, transport and water. Objectives, targets, actions and processes are then outlined for each aspect, with timelines and responsibilities identified to ensure accountability.

The objective of these EMPs is: to minimise harm to the environment; ensure compliance with ISO 14001 (Environmental Management) requirements; improve environmental performance; increase reporting transparency; and assist in mapping SMEC's progress towards its sustainability objectives.

Office initiatives implemented during the reporting period via the EMPs, include:

- Installing Video Conferencing (VC) equipment to reduce non-essential travel
- Implementing online training to reduce travel and training materials
- De-lamping and upgrading lighting where possible
- Encouraging public transport use (by making train, bus or tram tickets available for employee use)
- Purchasing paper from sustainable forestry operations (with green manufacturing processes)
- Encouraging the use of cloud-based technology to share information (such as reports, plans and contracts) between external and internal project teams, in lieu of hardcopies

- Enabling the 'power saver' function on printers and faxes
- Defaulting printers to double-sided printing
- Recycling printer toner cartridges
- Recycling paper, glass and plastics
- Providing reusable envelopes for inter-office mail

Sustainable Procurement Procedure

In 2014, SMEC continued the implementation of its Sustainable Procurement Procedure. Employees who undertake procurement of items valued over A\$150,000 (capital works, fleet and office supplies) must complete an Environmental Sustainability and Social Equity Questionnaire. This Questionnaire determines whether purchases: minimise waste disposal; reduce greenhouse gas emissions; maximise resource efficiency; conserve and improve biodiversity; incorporate ethical considerations; or have a low carbon footprint.

Think Green. Take Action

SMEC's *'Think Green. Take Action'* program continued in 2014. The objectives of the program are: to raise employee awareness about the importance of environmental sustainability; encourage proactive participation in SMEC's sustainability initiatives; and communicate the Company's progress towards its environmental objectives.

The program includes a dedicated intranet site containing a range of sustainability resources for employees, including: Corporate Social Responsibility (CSR) announcements and updates; tips for being green in the home and office;

corporate sustainability policies, procedures and guidelines; relevant supplementary publications and materials; and a 'Submit Your Green Idea' suggestion box.

During the reporting period, SMEC extended the *'Think Green. Take Action'* program to incorporate a monthly sustainability update in the Company's internal employee newsletter. This update includes relevant information for employees on new green programs, results and progress of existing initiatives, and tips on incorporating sustainability into their day-to-day activities.

Local induction modules and orientation booklets were developed for each Australian office, to educate new starters on SMEC's corporate sustainability objectives, national environmental programs, and localised green initiatives. These induction materials provide employees who are new to SMEC with: an overview of the Company's Corporate Social Responsibility (CSR) Program; contact details for their local office's CSR Coordinator; locations of recycling stations; and details on SMEC's dedicated *'Think Green. Take Action'* intranet site.

Sustainability & Environment (cont.)

Sustainable Offices (continued)

Water Management Program

In February 2015, SMEC joined the Carbon Disclosure Project's (CDP) Water Management Program. This Program forms part of CDP's global standardised climate change reporting framework, and is currently the world's leading platform for corporate water disclosure.

The CDP Water Management Program will support SMEC's commitment to eliminate (or minimise) adverse environmental impacts resulting from SMEC's office and project activities. The objective of the Program is to assist SMEC in taking a proactive approach to sustainable water stewardship, through a better understanding of the risks and opportunities associated with water resource management.

As a signatory to the program, SMEC will complete an annual water assessment for submission to CDP. This assessment will include: water consumption; recycling and reuse volumes; review and management of risks; and identification of strategic, operational and market water opportunities.

SMEC will pilot the CDP Water Management Program in its Melbourne office in 2015. Following the successful completion of baseline reporting for Melbourne, SMEC will look to progressively implement the Program in all Australian and New Zealand offices.

Mobile Muster

In 2014, SMEC continued to implement the Mobile Muster phone recycling program. Mobile Muster is an Australian phone stewardship program designed to ensure mobile phones (and their associated accessories) remain out of landfill.

During the reporting period, SMEC collected 7 kg of mobile phones, batteries, chargers and accessories for recycling. All donated mobile phone components were dismantled before being safely, securely and ethically recycled in approved facilities. Plastics recovered from the mobile phone components were reclaimed for use in locally-produced fence posts.

City Switch

In March 2014, SMEC committed all Australian offices to the CitySwitch Green Office Program. CitySwitch is a national tenancy energy efficiency program that supports organisations in improving their National Australian Built Environmental Rating System (NABERS) office energy ratings.

NABERS is an Australian rating system that measures the environmental performance (energy efficiency, water usage, waste management and indoor environmental quality) of buildings, tenancies, offices and homes. NABERS utilises a zero to six star rating scale (with one star indicating very poor performance and six stars representing market leading performance) to measure the environmental performance of a building against other comparable buildings in a similar location.

All of SMEC's Australian offices are working towards achieving an accredited four star NABERS energy rating by reducing energy consumption, lowering carbon impacts, and improving the sustainability of operations.

During the reporting period, all Australian offices underwent a CitySwitch Energy Audit. These audits identified indicative baseline NABERS energy ratings, total electricity used

per annum and current Greenhouse Gas (GHG) emissions for each office. In 2014, SMEC's Australian offices averaged a NABERS energy rating of three and a half stars. 40% of SMEC's offices have already achieved the target energy rating of four stars and are now working towards achieving a five star rating.

In order to complete these audits, SMEC collected data for electricity and GHG emissions across all Australian offices for the year. During the reporting period, SMEC's offices consumed more than 1.4 million kWh of electricity. This equates to 1,250 kWh per employee, per annum; 30% less than the industry standard as reported in the *Australian Government Annual Report 2013–2014*.

In addition to completing Energy Audits, Individual Green Office Sustainability Action Plans were developed for each office, establishing a list of prioritised actions to improve energy efficiency. All offices are working with local CitySwitch representatives to progressively implement these actions.

In October 2014, SMEC completed a CitySwitch Annual Progress Report for each Australian office. These progress reports provide an assessment of green office activities completed within the last year, including a calculation of the lifetime energy and carbon savings achieved from each activity. As this was SMEC's first year of reporting, these progress reports provided a baseline assessment of current green office initiatives implemented in each office, and helped identify new sustainability and engagement activities for the next year.

Switch-off Campaign

To support the CitySwitch Green Office Program, SMEC launched a Switch-Off Campaign in 2014 to help improve the NABERS energy star rating for each Australian office. The objective of the campaign was to encourage employees to switch-off computers and monitors overnight to save electricity and reduce carbon dioxide emissions.

Through the campaign, SMEC succeeded in reducing the number of computers left on overnight by 38% and the number of monitors left on by 76%. As a result, SMEC reduced the annual energy consumption from computers and monitors Australia-wide by 10,602 kWh, and eliminated 16,270 kg of carbon dioxide emissions per annum. A breakdown of these carbon dioxide reductions is displayed in Figure 17.

Following the success of the Program in Australia, SMEC launched a Switch-Off Campaign in all major South African offices. The Switch-Off Campaign was successful in reducing the number of computers left on overnight by 68% and the number of monitors left on by 55%. Annual energy consumption from computers and monitors was reduced by 5,340 kWh, which has eliminated 5,329 kg of carbon dioxide emissions per annum. A breakdown of South African office carbon dioxide reductions is displayed in Figure 18.

The Program will continue to be implemented progressively in all of SMEC's major international offices.

Figure 17: Carbon dioxide (CO₂) reductions from computers and monitors reported by office (Australia)

Office	Baseline CO ₂ emissions (kg/pa)	Improvement in CO ₂ emissions (kg/pa)	% CO ₂ reduction
Adelaide	439	266	39%
Brisbane	2,312	902	61%
Canberra	1,611	597	63%
Cooma	494	172	65%
Geelong	904	370	59%
Gold Coast	1,097	448	59%
Melbourne	5,673	1,405	75%
Newcastle	1,006	605	40%
Perth	455	165	64%
Sunshine Coast	220	16	93%
Sydney	7,716	2,015	74%
Townsville	94	31	67%
Traralgon	549	118	79%
Western Sydney	1,235	424	66%

Figure 18: Carbon dioxide (CO₂) reductions from computers and monitors reported by office (South Africa)

Office	Baseline CO ₂ emissions (kg/pa)	Improvement in CO ₂ emissions (kg/pa)	% CO ₂ reduction
Bloemfontein	308	151	51%
Capetown	1,462	506	65%
Durban	1,950	670	66%
Johannesburg	1,942	850	56%
Port Elizabeth	398	64	84%
Pretoria	2,635	1,125	57%

Sustainability & Environment (cont.)

Sustainability Services

Natural Resources and Environment

SMEC has extensive experience in the provision of environmentally sustainable services for infrastructure projects, balancing the competing demands of the community, the environment and economic viability.

SMEC's services include: managing environmental resources, impacts, risks and liabilities; permit applications (in accordance with environmental planning frameworks); social studies and resettlement plans; compliance monitoring and due diligence investigations; strategic planning; ecological and heritage assessments; contamination and remediation studies; and surface water, ground water and water quality management.

Renewable Energy

SMEC works closely with clients to reduce carbon emissions and deliver efficient and cost-effective renewable energy systems for a broad range of renewable technologies, including: solar photovoltaic, solar thermal and hybrid systems; wind energy; geothermal; hydropower; biomass; landfill gas; and biofuel production.

SMEC's services include: sustainable energy policy and sector planning; carbon services; site evaluations and feasibility studies; load forecasting models; long-term generation planning using simulation and dynamic programming techniques; and stakeholder communications.

Climate Change Adaptation

SMEC has undertaken numerous sustainability and climate change adaptation projects worldwide, and has assisted both government and industry clients with the development of frameworks, tools and indicators for sustainable and environmentally sensitive change solutions.

SMEC's services include: climate risk, vulnerability and adaptation assessments; land use planning and management; habitat connectivity and pest species management; wetland and waterway rehabilitation; coastal erosion risk assessment and management; compliance assessment; and sustainable contamination and waste management.

Waste Management

SMEC considers waste a resource, and seeks to achieve sustainable development through avoidance, recovery and reuse. SMEC's waste management projects incorporate the technical, economic and risk aspects of waste, and integrate the latest engineering processes and technologies with sustainable and cost-effective outcomes.

SMEC's services include: strategic planning and policy development; waste to energy conversion; site rehabilitation and remediation; geotechnical investigations; landfill monitoring; hydrogeological and hydrological investigations; waste audits; landfill and transfer station design; and contaminated site assessment and management.

Contamination

SMEC is experienced in a range of contamination projects and recognises that the assessment and management of contaminated natural resources requires a thorough understanding of land properties, exposure scenarios, toxicology, carbon footprints, biodiversity, regulatory compliance, economic costs and community perceptions.

SMEC's services include: due diligence audits; investigation and assessment of land, sediments, water,

groundwater and air; human health and environmental risk assessments; preparation of remediation options and designs; technology reviews and optimisation; remediation action plans; and preparation of environmental management plans.

Coastal Management

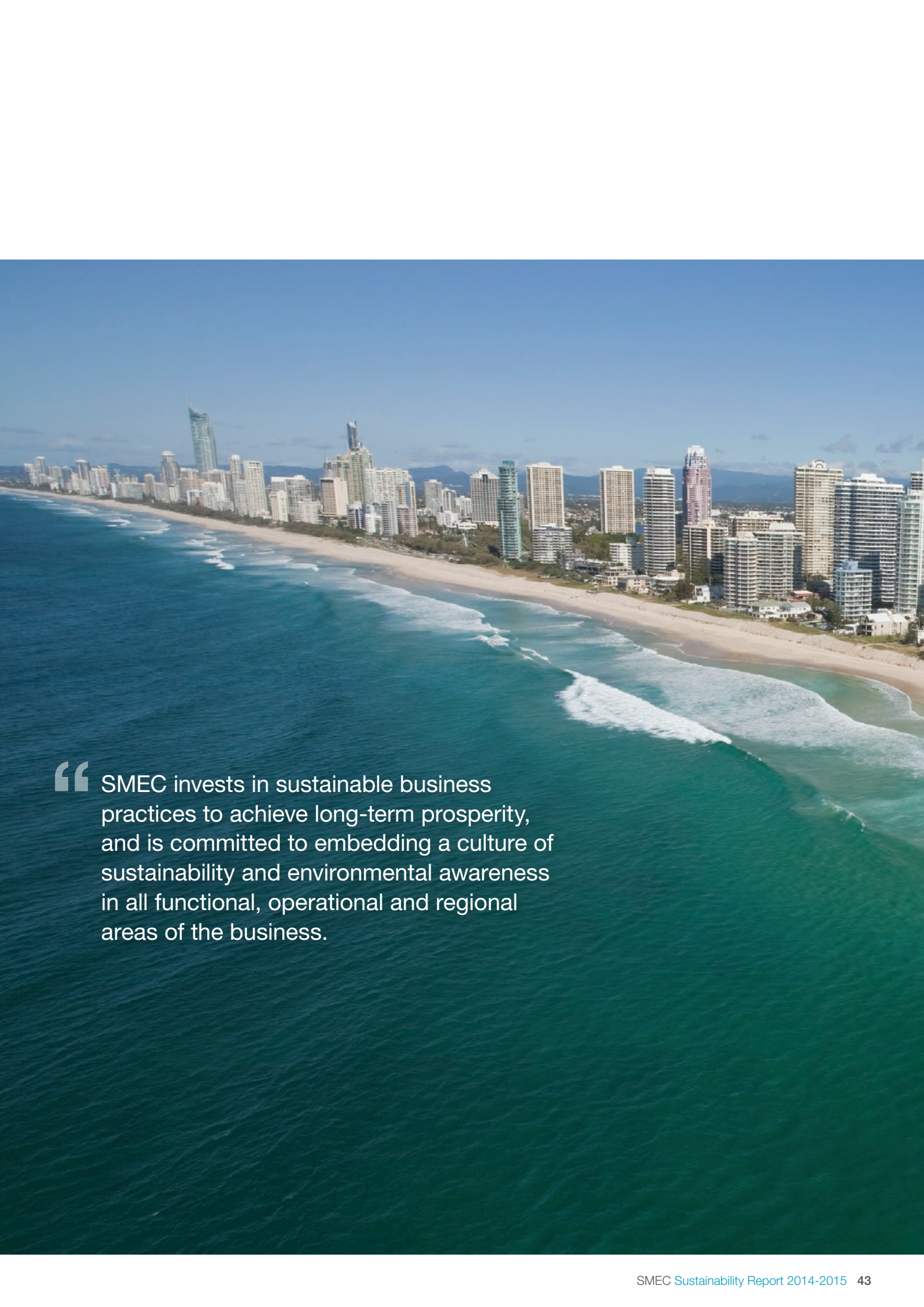
SMEC has a thorough understanding of climate change impacts, including high sea levels, frequency of cyclones and coastal flooding. SMEC's knowledge of coastal processes, and use of broad-based modelling and engineering skills, is the key to designing infrastructure that can withstand and adapt to predicted climate changes.

SMEC's services include: marine infrastructure development; coastal and estuarine processes analysis; coastal zone management; beach erosion and water quality studies; climate change analysis; design and contract documentation; community consultation; and environmental planning and engineering.

Land Use Management

SMEC is committed to sustainable land management, the development of engineering solutions that cause minimal damage to ecological processes, and the maintenance of biodiversity, ecological integrity and natural capital.

SMEC's services include: environmental and land capability assessments; environmental management of land, air and water; environmental impact assessments; flora and fauna surveys; ecological assessments; water quality monitoring (ground, surface and drinking water); acid sulphate soils assessment; and investigations into indigenous and non-indigenous heritage.



“ SMEC invests in sustainable business practices to achieve long-term prosperity, and is committed to embedding a culture of sustainability and environmental awareness in all functional, operational and regional areas of the business.

Sustainability & Environment (cont.)

Natural Resources and Environment Projects

Indus Basin Environmental and Social Assessment

Pakistan

SMEC has been engaged by the Pakistan Ministry of Water and Power to prepare a Strategic Sectoral Environmental and Social Impact Assessment (SSESA) for managing hydropower developments in Pakistan's Indus Basin over the next 30 years. Funded by the World Bank, the SSESA will provide strategic guidance on the most efficient and sustainable development of hydropower, taking into account economic development, social equity and environmental impacts. The SSESA will: promote the inclusion of environmental and social considerations within Pakistan's Energy Policy; assist in developing a strategy for optimal hydropower investment in the region; and provide a range of institutional and planning recommendations.



Tuul River Basin Improvement

Mongolia

SMEC is delivering the Project Preparation and Technical Assistance (PPTA) for the Tuul River Basin Improvement Project in Mongolia. The Tuul River Basin covers a total area of 50,000 km², and has the highest water usage in the country. The objectives of the project are to assist the Government of Mongolia in increasing environmentally sustainable water management of the Tuul River Basin, and rehabilitate the Tuul River (in and around Ulaanbaatar). Under the PPTA project, SMEC will develop and prepare project designs suitable for future implementation and financing by the Asian Development Bank.



Climate Resilient Road Standards

Vanuatu

SMEC was engaged by the Government of Vanuatu to develop climate resilient road standards for transport network developments in Vanuatu. Funded by the Australian Government under the Pacific–Australia Climate Change Science Adaptation Program, the objective of this project was to incorporate climate risk analysis into road transport infrastructure. SMEC's services included: legal and institutional framework review; policy recommendations for mainstreaming climate change adaptation into future road projects; development of climate risk screen methodology; climate risk profiling and adaptation assessments; and establishment of national climate resilient road standards and construction guidelines.



Renewable Energy Projects



Elecnor Moree Solar Farm

Australia

The Elecnor Moree Solar Farm project involves the design, installation and testing of 70 MW of single axis tracking PhotoVoltaic (PV) in Moree, New South Wales. The plant comprises 232,960 solar panels covering 191 hectares, and uses mechanical trackers to continually orient panels with the sun. Once complete, the solar farm will: produce an annual output of 155,000 MWh; save more than 165,000 million tonnes of water (compared to a coal-fired plant); and avoid 95,000 tonnes of greenhouse gas pollution annually. SMEC provided: geotechnical investigations; pile design verification; detailed design (electrical, civil, geotechnical and hydrological); tender specifications; and project management services.



Renewable Energy Project

Solomon Islands

The Solomon Islands Electricity Authority (SIEA) is the sole supplier of power in the Solomon Islands. SMEC assisted the SIEA with the installation of hydropower plants to: replace diesel generation; extend the power distribution grid to semi-rural households; and increase renewable energy generation and accessibility in Malaita Province. SMEC's services were divided into two components: the preparation of feasibility studies on five hydropower project sites; and the preparation of a Renewable Energy Investment Plan (REIP). The REIP focussed on solar PhotoVoltaics (PV), geothermal and hydropower projects on Guadalcanal and the outer islands, and was designed to reduce the use of diesel gensets for power supply.



Kina Biomass Project

Malaysia

The Kina Biomass Power Plant utilises empty fruit bunches (a waste product of the palm oil milling process) as the primary biomass fuel for power generation. SMEC was engaged by Kina Biopower to act as Owner's Engineer during construction of the 11.5 MW power plant and 0.5 km transmission line to the Sabah Main Intake Substation. Four neighbouring palm oil mills will supply the plant with empty fruit bunches. 10 MW of electricity generated (87%) is sold to the Sabah Electricity Sdn. Bhd. grid to partly displace electricity from fossil fuel plants, while the remaining power is used inhouse. SMEC's services included: planning; basic design; procurement; contract management; supervision of construction; and commissioning of the plant.

GRI Index

This report applies the Global Reporting Initiative G4 Guidelines to a self-assessed Level B.

	GRI Indicator	Description	Comments	Page Number
Strategy	1.1/G4-1	Statement from the CEO.		4–5
	1.2/G4-2	Description of key impacts, risks and opportunities.		4–5, 8–9
Organisational Profile	2.1/G4-3	Name of the organisation.	SMEC Holdings Limited	
	2.2 /G4-4	Primary brands, products and services.	Feasibility studies, detailed design, tender and contract management, construction supervision, operation and maintenance, training and project management.	11
	2.3	Operational structure of the organisation.		14–16
	2.4/G4-5	Location of organisation's headquarters.	Level 10, 71 Queens Road, Melbourne, VIC 3004, Australia.	
	2.5/G4-6	Number of countries where the organisation operates.	40+	11–13
	2.6/G4-7	Nature of ownership and legal form.		14–16
	2.7/G4-8	Markets served.	Transport, Hydropower and Energy, Water and Environment, Urban and Social Development, Resources, Industrial and Manufacturing.	11–13
	2.8/G4-9	Scale of the reporting organisation.		11, 22–23
	2.9/G4-13	Significant changes to size, structure or ownership during the reporting period.		4–6
	2.10	Awards received in the reporting period.		20–21
Report Parameters	3.1/G4-28	Reporting period.	1 April 2014 – 31 March 2015.	3
	3.2/G4-29	Date of most recent previous report.	April 2014.	3
	3.3/G4-30	Reporting cycle.	Annual.	3
	3.4/G4-31	Contact point for report.	sustainabilityreport@smec.com	3
	3.5	Process for defining report content.		10
	3.6	Boundary of the report.		10
	3.7	Limitations on the scope or boundary of the report.		10
	3.8/G4-17	Basis for reporting on joint ventures and other entities.		10
	3.9	Data measurement techniques.		3, 10
	3.10/G4-22	Explanation of restatements.	Nil.	
	3.11/G4-23	Significant changes in scope and boundary during the reporting period.	Nil.	
	3.12/G4-32	Table identifying location of Standard Disclosures.	GRI Index.	46–48
	3.13/G4-33	External assurance.	Not used for this report.	

	GRI Indicator	Description	Comments	Page Number
Governance, Commitments and Engagements	4.1/G4-34	Governance structure of the organisation.		14–16
	4.2	Chair of the highest governing body.		8–9, 14–16
	4.3	Independent and non-executive board members.		8–9, 14–16
	4.4	Mechanisms to provide recommendations to the highest governing body.		14–16
	4.5	Compensation and performance.		14–16
	4.6	Processes to avoid conflicts of interests.		14–16
	4.7	Process for determining qualifications and expertise.		14–16
	4.8/G4-56	Mission, values and code of conduct.		15, 20–21
	4.9	Processes for management of company performance.		14–16
	4.10	Processes for evaluating the performance of the highest governing body.		14–16
	4.11/G4-14	Precautionary principle addressed.		4–5, 15
	4.12/G4-15	Externally developed economic, environmental and social charters.		21
	4.13/G4-16	Memberships in associations.		21
	4.14/G4-24	List of stakeholder groups engaged by the organisation.		18
	4.15/G4-25	Basis for identification and selection of stakeholders.		10, 18
	4.16/G4-26	Approaches to stakeholder engagement.		10, 18
	4.17/G4-27	Key stakeholder topics and concerns.		10, 18
Additional General Disclosures	G4-10	Breakdown of employee demographics.		12–13, 24–29
	G4-11	Percentage of employees covered by bargaining agreements.	Nil.	
	G4-12	Organisation's supply chain.		11
	G4-18	Explain the process for defining report content and Aspect Boundaries.		10
	G4-19	List all Material Aspects identified for defining report content.		10
	G4-20	For each Material Aspect, report the Aspect Boundary within the organisation.		10
	G4-21	For each Material Aspect, report the Aspect Boundary outside the organisation.		10
Economic	G4-EC1	Direct economic value generated and distributed.		22–23
	G4-EC4	Financial assistance received from government.		22–23
	G4-EC8	Indirect economic impacts.		34–37

GRI Index (continued)

	GRI Indicator	Description	Comments	Page Number
Environmental	G4-EN3	Energy consumption within the organisation.		38–41
	G4-EN4	Energy consumption outside the organisation.		38–41
	G4-EN6	Reduction of energy consumption.		40–41
	G4-EN10	Water recycled and reused.		40
	G4-EN12	Impact on areas of high biodiversity value.		38, 44–45
	G4-EN13	Habitats protected or restored.		42–45
	G4-EN19	Reduction of greenhouse gas emissions.		40–41
	G4-EN24	Total number and volume of significant spills.	Nil.	
	G4-EN25	Weight of transported waste.	Nil.	
	G4-EN27	Initiatives to mitigate environmental impacts.		38–45
	G4-EN29	Non-compliance with environmental laws.	Nil.	
Labour Practices and Decent Work	G4-LA1	New hires and turnover by age, gender and region.		25–29
	G4-LA2	Benefits provided to full time employees.		26
	G4-LA3	Return to work and retention rates after parental leave, by gender.		25–26
	G4-LA6	Rates of injury and lost days.		32–33
	G4-LA10	Skills management and lifelong learning programs.		26, 29–31
	G4-LA11	Regular performance reviews.		29–31
	G4-LA12	Workforce diversity.		24–31
	G4-LA13	Ratio of basic salary of women to men.		24–25
Human Rights	G4-HR3	Total number of incidents of discrimination.	Nil.	
	G4-HR4	Rights to freedom of association.	All employees are entitled to join unions.	
	G4-HR5	Risks to child labour.		34
	G4-HR8	Incidents involving indigenous people.	Nil.	
Society	G4-SO7	Legal actions for anti-competitive behaviour.	Nil.	
	G4-SO8	Non-compliance with laws and regulations.	Nil.	
Product Responsibility	G4-PR2	Non-compliance with health and safety laws.	Nil.	
	G4-PR4	Non-compliance with information laws.	Nil.	
	G4-PR7	Non-compliance with marketing laws.	Nil.	
	G4-PR8	Breaches of client privacy.	Nil.	
	G4-PR9	Fines for non-compliance.	Nil.	

Appendix A

Controlled Entities

Name of entity	Country of Incorporation
SMEC Australia Pty Ltd	Australia
SMEC International Pty Ltd	Australia
SMEC Services Pty Ltd	Australia
Brisbane City Enterprises Pty Ltd	Australia
Global Maintenance Consulting Pty Ltd	Australia
Lean and Hayward Pty Ltd	Australia
SMEC Testing Services Pty Ltd	Australia
SMECTS Holdings Pty Ltd	Australia
Snowy Mountains Engineering Corporation Pty Ltd	Australia
SM Urban Pty Ltd	Australia
STS Geoenvironmental Pty Ltd	Australia
ACE Consultants Limited	Bangladesh
SMEC Bangladesh Ltd	Bangladesh
Engineering Consultants Underwriters Ltd	Bermuda
VKE Botswana Pty Ltd	Botswana
Global Maintenance Consulting (Canada) Inc	Canada
Global Maintenance Consulting Chile Limitada	Chile
SMEC China Engineering and Management Consultancy Co Ltd	China
SMEC Beijing Co Ltd	China
Frontier Energy Ltd	Dubai
Frontier Hydro Ltd	Dubai
Engineering Consultants Contracting Ltd ¹	Hong Kong
SMEC Asia Ltd	Hong Kong
SMEC India (Pvt) Ltd	India
PT SMEC Denka Indonesia	Indonesia
SMEC Central Asia LLP	Kazakhstan
SMEC Kenya Limited	Kenya
SMEC Energy SDN Berhad	Malaysia
SMEC International (Malaysia) Sdn Bhd	Malaysia

Appendix A (continued)

Name of entity	Country of Incorporation
SMEC (Malaysia) Sdn Bhd	Malaysia
Energy Holdings Limited	Mauritius
SMEC Mongolia LLC	Mongolia
VKE Namibia Consulting Engineers Pty Ltd	Namibia
Vincpro (Pty) Ltd	Namibia
SMEC New Zealand Ltd	New Zealand
SMEC Nigeria Limited	Nigeria
SMEC Oil and Gas (Private) Limited ²	Pakistan
Engineering General Consultants (Pvt) Ltd	Pakistan
SMEC Pakistan (Pvt) Ltd	Pakistan
SMEC PNG Ltd	Papua New Guinea
SMEC Philippines Inc	Philippines
ECCL Singapore Pte Ltd	Singapore
Global Maintenance Consulting Singapore Pte Ltd	Singapore
GMC Global Africa (Pty) Ltd	South Africa
SMEC South Africa Pty Ltd	South Africa
Soillab Pty Ltd	South Africa
VKE International Consulting Engineers Pty Ltd	South Africa
ZMCK Holdings Pty Ltd	South Africa
Ocyana Consultants Pvt Ltd	Sri Lanka
ZMCK–Swaziland Property Holdings Pty Ltd	Swaziland
SMEC (Tanzania) Limited	Tanzania
SMEC Uganda Limited	Uganda
GMC Global UK Limited	United Kingdom
Global Maintenance Consulting – America, Inc.	United States of America
SMEC Vietnam JSC	Vietnam

1. Deregistered 9 May 2014.

2. This entity was previously known as Combined Engineering and Integrated Solutions (Private) Limited.

Appendix B

Environmental Impact Assessment Scale

			Impact				
			1	2	3	4	5
			Insignificant	Minor	Moderate	Major, but reversible	Catastrophic
Likelihood	5	Almost Certain	5	10	15	20	25
	4	Above Average	4	8	12	16	20
	3	Moderate	3	6	9	12	15
	2	Rare	2	4	6	8	10
	1	Very Rare	1	2	3	4	5

Rating	Treatment
1–6	Manage aspects via safe operating procedure.
8–12	Process decisions and treatments or controls are assigned specific responsibilities within the process.
15–16	Process decisions and treatments or controls are escalated to senior management for review.
20–25	Process decisions and treatments or controls are escalated to executive level management for review.



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