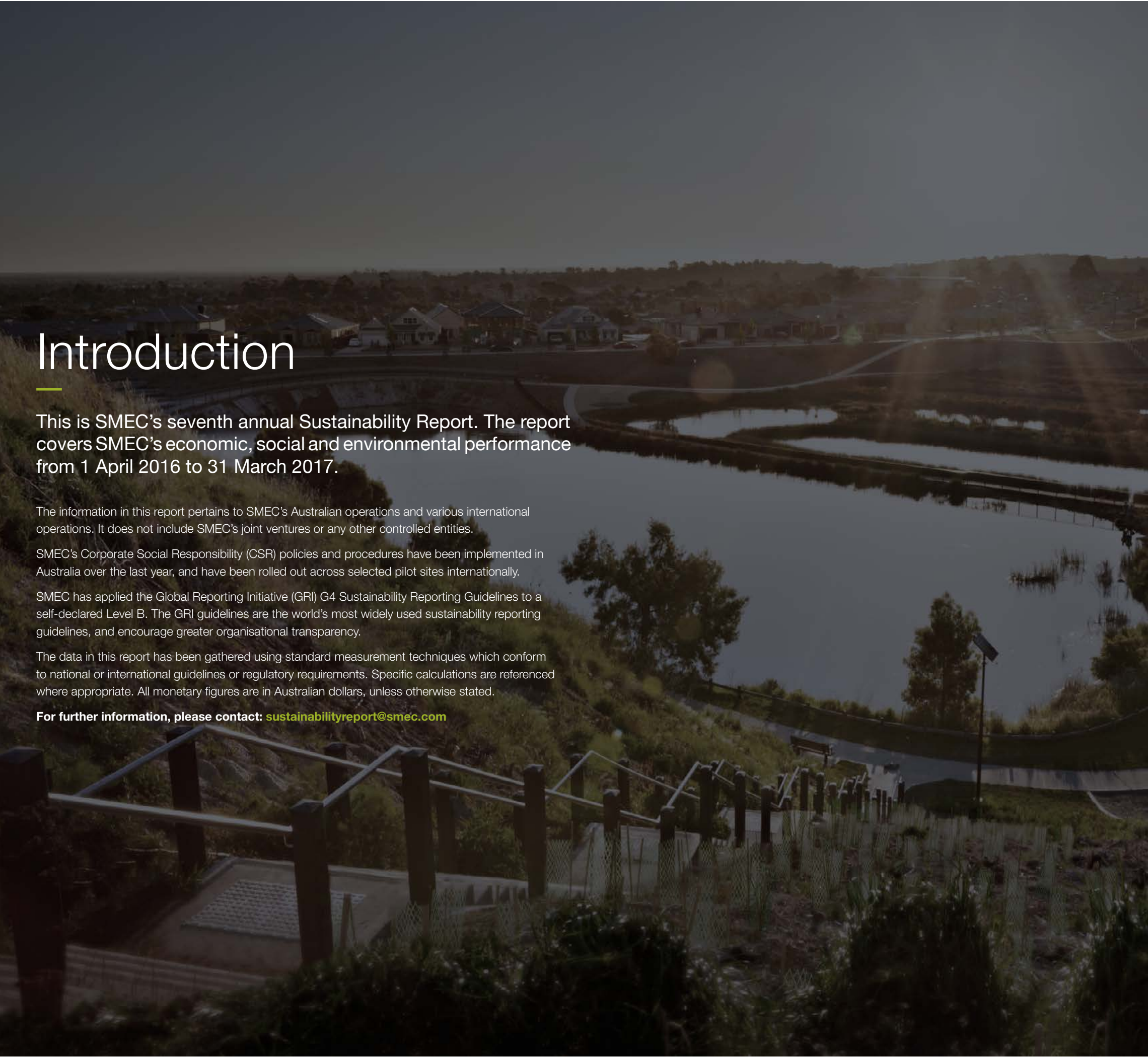**SMEC**

Member of the Surbana Jurong Group

Sustainability
Report

2016 / 2017

This is SMEC's seventh annual Sustainability Report. The report covers SMEC's economic, social and environmental performance from 1 April 2016 to 31 March 2017.

Introduction

This is SMEC's seventh annual Sustainability Report. The report covers SMEC's economic, social and environmental performance from 1 April 2016 to 31 March 2017.

The information in this report pertains to SMEC's Australian operations and various 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

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The CEO's Message

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SMEC is recognised for providing technical excellence and consultancy expertise in urban, infrastructure and management advisory. Consistently ranked among the world's top engineering design firms, we have contributed to national development in some of the world's fastest growing and emerging economies.

We are proud to deliver our seventh annual Sustainability Report for submission to the United Nations Global Compact (UNGC). The purpose of this report is to measure our progress towards the five-year sustainability objectives outlined in SMEC's Strategic Plan.

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 potential adverse impacts that SMEC's activities may 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 2016, SMEC's Australian offices averaged a NABERS energy rating of three and a half stars, above the average three stars for Australian offices. 50% of SMEC's offices have already achieved the target energy rating of four stars and are now working to achieve a five star rating. Notably, SMEC's Gold Coast office increased their star rating from three stars to five and a half stars, a significant improvement in energy efficiency and cost savings.

I am pleased to advise that despite SMEC's significant employee growth in the preceding year, our overall energy consumption per employee per annum in Australia has reduced. SMEC's office energy consumption during the reporting period totalled 1.2 million kWh. This equates to 970 kWh per employee, per annum; 50% less than the industry standard.

At SMEC, we continually invest in programs which encourage personal development and I am pleased to advise that we

have begun the roll out of our second Leadership Development Program (LDP). This Program aims to improve the leadership capability of employees, teams and the organisation as a whole, by providing face-to face training, executive coaching, action-based learning techniques and the latest developments in leadership research and approaches.

We are also implementing an initiative to enhance and promote technical excellence and innovation. This includes improving our technical leadership to drive innovation, cultivating a culture where people are encouraged to explore new ideas, and in turn, deliver better solutions to our clients.

Diversity remains a key business priority, and SMEC will continue to invest in the implementation of a broad range of diversity and inclusion initiatives. The Diversity and Inclusion Committee will oversee the progress of diversity efforts across all of SMEC's business groups and functions, and will seek to identify and address local diversity and inclusion priorities and compliance requirements.

SMEC's Diversity and Inclusion Committee drives our Gender Diversity and Inclusion Strategy. We believe in equal opportunity for all, and respect differences in ethnicity, gender, age, national origin, disability, sexual orientation, education and religion. We strive to promote a positive work environment for all employees and clients, and understand that the diverse perspectives, work experiences, lifestyles and cultures of its employees are a strength for the Company.

Throughout the year, SMEC continued its commitment to supporting people in need through the small-scale grant support of the SMEC Foundation. The SMEC Foundation is a core part of SMEC's Corporate Social Responsibility (CSR) Program, and helps fulfill the Company's commitment to community development and sustainable poverty reduction.

During the reporting period, the SMEC Foundation donated over A$140,000 to support communities in which the Company operates. These funds were distributed through grants made to Habitat for Humanity (for projects in Bangladesh, Myanmar, Sri Lanka and Vietnam), So They Can Children's Home in Kenya and the Australian Foundation for Fostering Learning in the Philippines. These organisations that have a long-standing history of effective project delivery, local community engagement and measurable social benefits and results.

SMEC recently established an ANZ CSR Committee. The Committee operates as a representative body of SMEC employees from across the Division, with each member acting as a point of contact for employees interested in our CSR activities. The Committee is in the process of developing an Action Plan for CSR activities within the Division. CSR Committees will also be established across each of SMEC's international Divisions. Each Division will administer program activities in their respective areas, providing a localised approach to SMEC's CSR initiatives.

It has been a successful year on the awards front for SMEC. Once again we improved our rankings in Engineering News Record (ENR) Magazine's annual design lists. In Australia,

SMEC received the Overall International Award at the 12d International Innovation Awards, which recognise innovative solutions in civil engineering, surveying and data management. SMEC was recognised for excellence at the Australia India Business Council Trade investment Awards, and received two high commendations at the 2015 Consult Australia Awards for Excellence. In Africa, SMEC was successful at the Construction Industry Business Excellence Awards, winning three awards.

SMEC has made significant progress towards achieving the Company's sustainability objectives this year. I would like to thank all employees for their ongoing support in creating a sustainably-sensitive work environment, and look forward to driving a culture of sustainability and environmental awareness in all functional, operational and regional areas of the business.

Andy Goodwin

CEO SMEC & CEO International, Surbana Jurong

The Chairmans Message

On behalf of the Board of Directors, I am pleased to welcome you to SMEC's 2016-2017 Sustainability Report. This has been a very significant year for SMEC, with a new partnership, strong financial results and substantial progress towards our economic, social and environmental objectives.

There have been a number of changes to SMEC's company size, structure and leadership throughout 2016/2017. With the changing nature of our industry, SMEC recognised that to remain relevant we needed to grow, and to achieve this we required a strong partner.

In May 2016, it was announced that the SMEC Board entered into an agreement with Surbana Jurong to acquire 100% of the SMEC Group, via the purchase of SMEC shares. In July 2016, SMEC Shareholders voted overwhelmingly in favor of the agreement, and SMEC officially joined Surbana Jurong.

Surbana Jurong is one of Asia's leading urban and infrastructure development consultancies. The Company provides urbanisation, infrastructure and engineering services to support sustainable social and economic growth for its clients. With improved global expertise and local knowledge, our new partnership ensures we continue to deliver excellence across major infrastructure projects and also offer consultancy services in township and industrial development, master planning, facilities management and smart city projects.

In line with this new partnership I am pleased to welcome four new members of the Surbana Jurong Group to the SMEC Board: Mr Wong Heang Fine, Group CEO of Surbana Jurong Private Limited, Mr Teo Eng Cheong CEO International, Mr Loh Yan Hui Deputy CEO, Infrastructure and Mr Daniel Teo, Surbana Jurong's Group Chief Financial Officer.

Together they bring a wealth of experience and expertise to the Board and will help formulate and guide SMEC's strategic direction.

As part of our growth strategy, in June 2016, SMEC launched its first off-shore design centre in Bangalore, India. Operated by global engineering outsourcing consultant, Cyient, this development will support the Group's drive to offer more effective solutions in all our markets.

The SMEC Foundation recently celebrated its 15th year in operation, and throughout that time, we have contributed to initiatives and projects across each of our divisions.

We have strengthened our processes around compliance in order to ensure the highest standards of integrity and conduct of The SMEC Foundation and the agencies that we partner with to ensure that funds go to the communities who need it most.

This year, we were able to quickly respond to natural disasters in both the Asia Pacific region and the South Asia division. I wish to thank all those who have been involved in the work of The SMEC Foundation over the past year and look forward to The SMEC Foundation continuing its important work in the years to come.

Max Findlay
Chairman

The Board

Max Findlay

Chairman
BEc, FAICD

Max was appointed Chairman of SMEC in 2016, after serving as Deputy Chairman since 2014, and Non-Executive Director since 2010. Max serves on the Boards of several organisations including the Royal Children's Hospital and listed company Skilled Group Ltd. Max is a Fellow of the Australian Institute of Company Directors.

Andy Goodwin

CEO SMEC & CEO International (SJ Group)
BSc(Eng)Mech, BCom(Hons)

Andy joined SMEC in 2012 and was appointed CEO in 2014. He became CEO International (SJ Group) in 2016 following the acquisition of SMEC Holdings by Surbana Jurong. Andy has over 30 years' experience leading multidisciplinary teams in technical and complex environments.

Alastair McKendrick

Non-Executive Director
BBus(Acc), FCPA, MAICD

Alastair was elected to the Board as an Executive Director in 2001 and has over 35 years' experience working across a variety of industry sectors. Alastair stepped down from his executive position in 2016 after 17 years with the Company and 16 years in SMEC's chief financial role.

Kate Spargo

Non-Executive Director
BA,LLB(Hons), FAICD

Kate was appointed to the SMEC Board in 2010, is Chair of the Audit and Risk Committee and a member of the Remuneration and Nominations Committee. Kate is also a Non-Executive Director on a number of Boards including Sonic Healthcare Ltd, Fletcher Building Ltd and CoInvest Ltd.

Rodger Bayliss

Non-Executive Director
BSc, MRACI, FAICD

Roger was appointed to the SMEC Board in 2002. He is a Non-Executive Director of SMEC, Chairman of the SMEC Foundation Board and a member of the Remuneration and Nominations Committee. Roger's career includes policy development, marketing and international trade and investment.

Heang Fine Wong

Group CEO (Surbana Jurong)
BSc, MSc

Heang Fine was appointed to the SMEC Board in 2016 and is Chairman of the Remuneration and Nominations Committee. Heang Fine is the Group CEO of Surbana Jurong Private Limited. His career spans over 35 years and includes many key leadership positions across a number of industries.

Eng Cheong Teo

SJ Group CEO international
BSc, MSc

Eng Cheong was appointed to the SMEC Board in 2016 when SMEC joined Surbana Jurong Group. He joined Surbana Jurong from International Enterprise Singapore. Before joining the private sector, Eng Cheong was a senior government official with the Singapore Administrative Service.

Daniel Teo Thiam Guan

SJ Group Chief Financial Officer
BSc, MBA

Daniel joined the SMEC Board in 2016 and is a member of the Audit and Risk Committee. Daniel is a finance executive with over 20 years' experience in operational management, treasury, pricing, mergers, restructuring of operations and tax and transfer pricing, at country, regional and global levels.

Yan Hui Loh

Deputy CEO, Infrastructure
MSc

Yan Hui was appointed to the SMEC Board in 2016 following the acquisition of SMEC by Surbana Jurong. He has over 36 years' experience in the infrastructure industry, and has contributed to many research and development projects and published technical papers in international conferences and journals.

The Executive Committee

Andy Goodwin
—

CEO SMEC & CEO International (SJ)
BSc(Eng)Mech, BCom(Hons)

Andy joined SMEC in 2012 and was appointed CEO in 2014. He became CEO International (SJ Group) in 2016 following the acquisition of SMEC Holdings by Surbana Jurong. Andy has over 30 years' experience leading multidisciplinary teams in technical and complex environments.

Andy Atkin
—

Group Finance Director
BSc

Andy is the Global Group Financial Controller of the Surbana Jurong Group. In this role Andy is responsible for the financial management and systems of the SJ Group. Prior to this, Andy held the role of General Manager Finance for the SMEC Group since 2007.

Angus Macpherson
—

Director Operations
BE(Civil), CPEng, MIEAust

Angus joined SMEC in 1993 and was appointed Director of Operations in 2017, he is also a SMEC Foundation Board member. Prior to this he was Director of Corporate Affairs. Angus has over 20 years' experience in the management of large multidisciplinary projects.

John Stocco
—

Chief Operating Officer Resources
BEng(Mech), CPEng, FIEAust

John joined SMEC in 2014 as Chief Operating Officer of SMEC's Resources Division. John has over 30 years' experience in the mining and minerals processing sector with an emphasis on business strategy.

Hari Poologasundram
—

Chief Operating Officer ANZ
BSc(Eng)Mech, BCom(Hons)

Hari joined SMEC in 1994 and was appointed Chief Operating Officer Australia and New Zealand in 2012. Hari has 30 years' experience in the planning, design and management of complex infrastructure projects.

Thomas Hynes
—

Chief Operating Officer
Asset Management

Thomas joined SMEC in February 2010 and was appointed Chief Operating Officer – Asset Management (Global) in 2017. Tom has over 25 years' experience leading and managing consulting businesses for the delivery of Asset Management services.

Dr Uma Maheswaren
—

Chief Operating Officer SAME
PhD (Building Science)

Dr Uma was appointed COO SAME in 2016, having previously held the role of CEO and Managing Director, India for the Surbana Jurong Group. Dr Uma has over 10 years' management experience across various organisations.

George Lasek
—

Chief Operating Officer Americas
BEng(Civil)

George joined SMEC in 2011 and was appointed COO Americas 2016. Prior to this, George held the role of COO SAME since 2015. George has 30 years' experience operating at operational and strategic levels.

Tom Marshall
—

Chief Operating Officer Africa
PrEng, BEng, MEng, DEng, MSAICE, FIOD

Tom joined SMEC in 2012 as Chief Operating Officer Africa. Tom has over 30 years' experience in civil engineering, construction supervision and management of multidisciplinary teams throughout Southern Africa.

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.

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 and associated 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
- materiality
- sustainability context
- 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 firm with a global footprint, recognised for providing fully integrated engineering solutions to clients and communities around the world.

SMEC has a rich history, dating back to the iconic Snowy Mountains Hydroelectric Scheme in 1949. Recognised as a marvel of engineering, the Scheme has been added to Australia's National Heritage List, cementing its place in history.

Since then, we have grown into a progressive global company, with over 5,800 people across more than 40 countries.

We deliver engineering excellence and design innovation across all key areas of infrastructure, including:

- Transport
- Hydropower and Energy
- Water and Environment
- Built Environment
- Resources (Mining, Oil & Gas)
- Education, Governance & Government Advisory

We align technical expertise with local knowledge to deliver cost effective, practical and sustainable project outcomes and have developed and refined a core service offering to cover the life of a project.

These core services include: 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.

Our integrated services contribute to national development in some of the world's fastest growing economies, and since our formation, we have delivered thousands of projects in over 100 countries. Working with our clients we 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.

In May 2016, it was announced that the SMEC Board entered into an agreement with Surbana Jurong to acquire 100% of the SMEC Group and in July 2016, SMEC officially joined Surbana Jurong.

Surbana Jurong is one of Asia's leading urban and infrastructure development consultancies.

Together, SMEC and Surbana Jurong will be a powerful force globally, with a workforce of over 13,000 people across 110 offices throughout Asia, Australasia, the Middle East, Africa, and North and South America.

This is a significant milestone in SMEC's history and one that presents many opportunities to further develop our people, better support our clients and significantly grow the business.

SMEC, a progressive company, is consistently recognised for technical excellence, design innovation and environmental and social risk management by the world's leading engineering bodies.

#48
ENR's Top 225 International Design Firms

#69
ENR's Top 150 Global Design Firms

Engineering News-Record (ENR) provides news, analysis, data and opinion for the construction industry worldwide.

Global Network

SMEC is a diverse and progressive company, with over 5,800 people working within a network of more than 80 offices across Asia, Africa, Australasia and North and South America.

The Americas
—
6 Offices

Africa
—
29 Offices

Asia
—
17 Offices

Australasia
—
32 Offices

5,800+
Employees

40+
Countries

80+
Offices

3,275+
Active Projects

Asia
—

Afghanistan	Malaysia
Azerbaijan	Mongolia
Bangladesh	Myanmar
Bhutan	Nepal
Brunei	Pakistan
Cambodia	Philippines
China	Qatar
Hong Kong	Singapore
India	Sri Lanka
Indonesia	Tajikistan
Kazakhstan	Timor-Leste
Kuwait	United Arab Emirates
Kyrgyzstan	Uzbekistan
Laos	Vietnam
Macau	

Africa
—

Angola	Nigeria
Botswana	Rwanda
Ethiopia	Seychelles
Ghana	Sierra Leone
Kenya	South Africa
Lesotho	South Sudan
Liberia	Swaziland
Madagascar	Tanzania
Malawi	Uganda
Mauritius	Zambia
Morocco	Zimbabwe
Mozambique	
Namibia	

Australasia
—

Australia	Samoa
Fiji	Solomon Islands
Kiribati	Tonga
New Zealand	Vanuatu
Papua New Guinea	

The Americas
—

Canada	Mexico
Chile	United States

Corporate Governance

Significant Changes in the State of Affairs

On 25 July 2016 the Group was acquired by Surbana Jurong Holdings (Australia) Pty Ltd (SJHA) (a wholly owned Australian subsidiary of Surbana Jurong Pte Limited (SJ). During the six months period, the Group changed its financial year-end to 31 December to align with that of its parent and became a proprietary company (SMEC Holdings Pty Ltd) as it is no longer a public company (previously SMEC Holdings Limited).

Board of Directors

SMEC's Board of Directors is responsible for formulating SMEC's strategic direction and maintaining good corporate governance. 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 five 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, currently set at A$1,000,000. During the 2015–2016 financial year, remuneration of Non-Executive Directors totalled A$365,016. Non-Executive Directors are not eligible for bonuses or incentive schemes, and only statutory retirement benefits are payable.

SMEC's success is driven by an experienced Board of Directors. They are leaders in their field and their expertise, knowledge and foresight ensure the Company's continued growth.

Corporate Governance (continued)

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.

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 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.

SMEC's 'Safety in Design' procedure and system is compliant with changes to Australian Work, Health and Safety Guidelines. During the reporting period, ongoing training was held throughout all Australian offices in the correct use of this procedure and system. 'Safety in Design' workshops continue to be held for clients, contractors and other key stakeholders involved in major projects.

SMEC's Project Management System underwent further review to simplify and streamline procedures for minor projects. Improvements were also made to the Opportunity Management System in order to improve efficiency of proposal management and increase information sharing across the business.

Business Integrity

SMEC's Business Integrity Policy and related procedures work in conjunction with SMEC's Code of Conduct, and address areas of employee conduct, including: bribery and corruption; fraud; conflicts of interest; misleading conduct; collusion; engagement with suppliers, joint venture partners and third-party representatives; political donations, charitable donations, gifts and entertainment; and non-normal business.

SMEC is serious about having a culture of compliance, and all employees are required to adhere to the standards of behaviour outlined in these policies, procedures and agreements. Should an employee wish to register a breach or suspected breach of these standards, a report may be made anonymously through a Business Integrity Reporting Portal.

ISO 9001
Quality Management

ISO 31000
Risk Management

ISO 14001
Environmental Management

AS/NZS 4801
OHS Management

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, 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 affected parties.

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 or webinars.

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

Employees

SMEC's management has an 'open door' philosophy, whereby all employees may feel comfortable approaching management to discuss any issue or idea.

Employees receive regular company updates from the CEO and other senior management via email announcements and SMEC's intranet. Our internal newsletter, provides information on our projects, people, events, achievements, community engagement initiatives and company updates.

Clients

Clients remain SMEC's primary focus, and the Company is dedicated to proactively responding to their requirements. SMEC works with key client stakeholders to identify business improvements, and to develop and implement effective and sustainable project solutions.

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 utilises an in-house Client Relationship Management (CRM) system, Client Connect, as the platform for the Company's client-focused initiatives. Client Connect promotes the internal sharing of client intelligence and aims to drive stronger and more sustainable client relationships.

Sustainability Objectives

SMEC has 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 & 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 Strategic Plan was developed with input from SMEC's Board of Directors, Executive Committee and overall employee base. This organisation-wide plan sets the future direction of the Company, 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. These Vision and Values are owned by SMEC's employees; they guide good decision making, foster genuine relationships and reflect what SMEC employees stand for.

SMEC's Vision '*To deliver outstanding infrastructure services for our clients and communities*', coupled with eight strong Values define the way SMEC operates. 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
- Integrity & Innovation
- Diversity & Delivery
- 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.

ENR Rankings

SMEC is consistently ranked among the world's top engineering firms, and in 2016 secured strong rankings in Engineering News Record (ENR) Magazine's annual design lists. ENR's annual market analysis is based on global surveys of key construction segments. These design lists rank firms on size and design-specific revenue generated locally and internationally in a range of market categories.

SMEC increased it's ranking in Engineering News Record (ENR) Magazine's annual design lists. SMEC ranked at number 48 in the '2016 Top 225 International Design Firms' list, up three places, and at number 69 in the '2016 Top 150 Global Design Firms' an increase of seven places.

Australia India Business Council Awards

In May 2016, SMEC was recognised for Excellence in the Services Sector at the Australia India Business Council Trade Investment Awards. These awards recognise the achievements of businesses and individuals that have made significant contributions to progress trade and investment between Australia and India.

SMEC has delivered key projects to clients in India since 1975, including the prestigious Rohtang Highway Tunnel (one of the longest road tunnels in India), Karnataka State Highways Improvement Project and the Assam Power Sector Enhancement Investment Program.

Established in 1986, the AIBC was founded to foster bi-lateral relations between the two countries.

> Technical excellence and innovation are key focus areas for SMEC. We are constantly evolving: in our thinking, our approach, our technologies and our systems.

Construction Industry Business Excellence Awards

In May 2016, SMEC South Africa was awarded three Diamond Arrow Awards (highest rated) in the categories: Civil Consulting Engineers; Structural Consulting Engineers; and Combined Civil & Structural Consulting Engineer at the Construction Industry Business Excellence Awards. These awards are based on market research results from within different industries.

12d International Innovation Awards

In July 2016, SMEC received the Overall International Award at the 12d International Innovation Awards held in Brisbane, Australia. These awards recognise inspired thinking and innovative solutions in civil engineering, surveying and data management. SMEC's Urban Engineering team received the award based on finding innovative ways to extract efficiencies and quality in software platforms.

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

Company Performance

SMEC continued to grow steadily during the 2015-2016 financial year, maintaining our sound financial position, with revenue and other income increasing from A$537.4M to A$581.9M.

Our financial performance is the result of our continued focus on growth as a strategic priority, a significant increase in infrastructure development around the world and a strong focus on previously less profitable parts of the business.

SMEC has solid work-in-hand for the year ahead (and subsequent years), and the Australian business is expected to perform particularly well with the help of major transport infrastructure projects along Australia's east coast.

With record work-in-hand, and a new partnership adding complementary skills, the outlook for the 2016-2017 financial year is very positive.

Economic Value Generated and Distributed

During the reporting period, revenue in Australia increased to A$269.1 million. SMEC's net operating profit after tax in Australia increased to at A$22.6M. SMEC's operating costs increased by 13% to A$26.2M, with employee compensation increasing by 27% to A$204.4M. The generation and distribution of SMEC's economic value within Australia is displayed in Figures 2 and 3.

In SMEC's international operations, revenue decreased by 3% to A$359.8M, with net operating loss after tax totalling A$1.8M. SMEC's operating costs increased by 15% to A$78.4M, with employee compensation decreasing by 4% to A$264.8M. The generation and distribution of SMEC's economic value within its international operations is displayed in Figures 4 and 5.

Financial Highlights

Fee revenue increased by 7.1% to A$390.6M

Substantial work-in-hand for FY16/17 and beyond

Surbana Jurong acquires 100% of SMEC shares

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$5.8M on R&D activities and received A$581,287 as a tax benefit, as displayed in Figure 6.

Significant Changes in the State of Affairs

On 25 July 2016 the Group was acquired by Surbana Jurong Holdings (Australia) Pty Ltd (SJHA) (a wholly owned Australian subsidiary of Surbana Jurong Pte Limited (SJ). During the six months period, the Group changed its financial year-end to 31 December to align with that of its parent and became a proprietary company (SMEC Holdings Pty Ltd) as it is no longer a public company (previously SMEC Holdings Limited).

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

Generated	Southern	Central	Northern	Australia
Revenue	67,087	136,757	65,288	269,133
Net Operating Profit After Tax	–	–	–	22,628

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

Distributed	Southern	Central	Northern	Australia
Operating Costs	(6,529)	(13,309)	(6,354)	(26,191)
Employee Compensation	(50,940)	(103,840)	(49,574)	(204,353)
Payments to Providers of Capital – Dividend	–	–	–	(6,263)
Government (Tax)	–	–	–	(9,698)
Total				(246,505)

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

Generated	South Asia Middle East	Asia Pacific	Africa	International
Revenue	98,621	199,410	61,734	359,765
Net Operating Profit After Tax	–	–	–	(1,761)

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

Distributed	South Asia Middle East	Asia Pacific	Africa	International
Operating Costs	(21,504)	(43,482)	(13,461)	(78,447)
Employee Compensation	(72,597)	(146,790)	(45,444)	(264,831)
Payments to Providers of Capital – Dividend	–	–	–	–
Government (Tax)	–	–	–	(18,247)
Total				(361,525)

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

	Claimed in 2015 Tax Deduction at 133% (1/4/16–30/6/16)	Estimate Claim Tax Deduction at 133% (1/7/16–31/3/17)	TOTAL (1/4/16–31/3/17)
R&D Expenditure	$1,453,218	$4,359,653	$5,812,871
Before Tax Cash Benefit	$479,562	$1,438,685	$1,918,247
After Tax Cash Benefit	$143,322	$431,605	$575,474
Net Tax Benefit to SMEC	$145,322	$435,965	$581,287

People

SMEC provides a culture which encourages personal development, fosters equal opportunity and ensures the health, safety and wellbeing of its employees is paramount.

SMEC strives to promote a positive work environment for all employees and clients, and understands that the diverse perspectives, work experiences, lifestyles and cultures of its employees are a strength for the Company.

Through the establishment of our Diversity and Inclusion Committee, we prioritise diversity and recognise the value and importance of an inclusive workplace for our employees and clients.

People

Employee Demographics

As at 13 March 2017, SMEC had over 5,800 employees across more than 80 global offices. Of these employees, 1,366 were based in the Australia and New Zealand (ANZ) division.

The majority of employees from SMEC's ANZ Division (76%) are contracted on a full time basis, followed by casual (16%), part time (5%), and fixed term (3%) 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 (42.1%), followed by the Southern region (30.6%), the Northern region (26.8%), and New Zealand (0.5%).

Employee Culture Survey

SMEC conducted an Employee Culture Survey in association with the Human Synergistics' Organisational Culture Inventory (OCI). The objectives of the survey were: to define the actual company culture; establish a preferred company culture; and develop individual and team programs to grow and enhance this preferred culture.

Approximately 180 employees completed the survey. This sample group included representatives from SMEC's Executive Committee, Level Two Managers, members of the ANZ Future Leaders Program and senior technical employees. Participants were selected based on their influence on SMEC's culture and impact on SMEC's people and company performance.

Key findings from the survey include:

- SMEC employees desire a highly constructive organisational culture. This places a strong value on service, product quality, goal attainment and professional development.
- SMEC is driven by 'achievement'. This characterises employees' drive to do things well, to attain high-quality results, and to accomplish challenging yet realistic goals.
- Employee engagement in strengthening the company culture is high, and management has shown a keen interest in early action planning for culture improvements.

Areas for improvement were also identified, including: innovation, role clarity and the delivery of superior client service. SMEC is working to develop Action Plans in each Division to address these areas.

Throughout the year we have provided 360 degree feedback to over 100 leaders in the organisation. This was supported by regional workshops to identify how our leaders are impacting our culture, and our culture impacting our leaders. Development plans were created for individual leaders and regions to drive the adoption of a constructive culture.

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 females at the Senior, Experienced and Entry Level (0-4 years) professional levels.

Turnover

The overall turnover for ANZ employees during the reporting period was 13.7%. This is comprised of 11.4% voluntary turnover (resignation or retirement) and 2.3% involuntary turnover (dismissal, redundancy or demise). As displayed in Figure 9, the majority of employee turnover was comprised of males in the 35-44 year age bracket (32%), followed by males in the 25-34 year bracket (21%) and females in the 25-34 year bracket (12%). A breakdown of the reason for employee turnover in ANZ is displayed in Figure 10.

Figure 7: Employee numbers in Australia & New Zealand

Region	Full Time	Part Time	Casual	Fixed Term	TOTAL
Southern	307	22	76	14	**419**
Central	452	32	76	15	**575**
Northern	272	14	68	13	**367**
New Zealand	4	0	1	0	**5**
Total	**1035**	**68**	**221**	**42**	**1366**

Figure 8: Remuneration at each professional level

Engineering Professionals	% Difference Female to Benchmark	% Difference Male to Benchmark
Principal	93%	106%
Senior	89%	101%
Experienced	88%	99%
Entry Level (0–4 years)	103%	98%

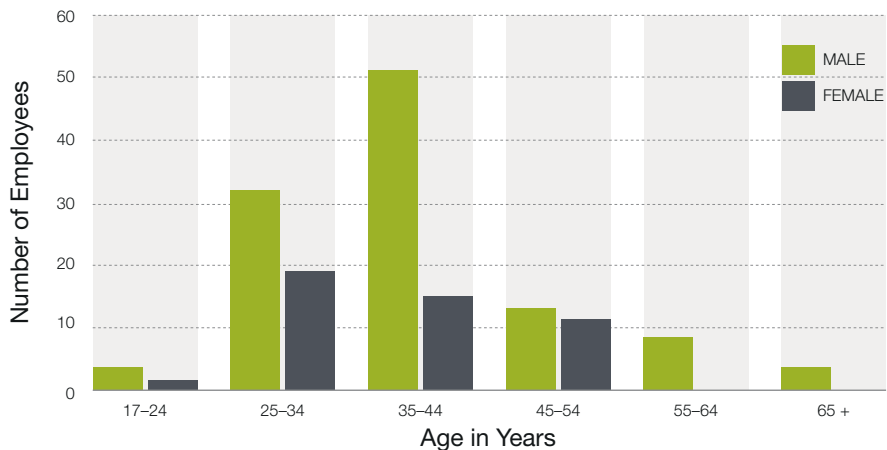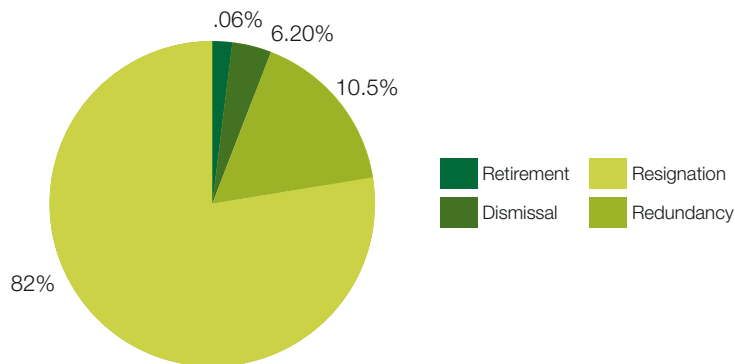**Figure 9:** Employee turnover by gender and age in Australia & New Zealand

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 the reporting period, 19 new applications (79% female) for a FWA were approved, taking the total number of employees on a FWA to 21 (76% female). Of the new applications received by female employees, 47% were aged between 25 and 34 years. 52% of FWA applicants cited 'caring for a child under school age' as the reason for the arrangement.

Purchased Additional Annual Leave

SMEC is committed to helping its employees balance work, family and lifestyle commitments. To assist with this, SMEC introduced a Purchased Additional Annual Leave procedure in 2012. This procedure enables employees to salary package an additional four weeks of annual leave per year, on top of their normal annual leave entitlement. In 2016, 183 employees took advantage of purchased additional annual leave.

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, 39 employees commenced a period of paid parental leave. 18 employees took advantage of the Parental Leave Top Up; 83% of whom were female. Of these 18 employees, 83% have returned to work and 17% currently remain on parental leave. 17% of those employees who returned to work are now utilising a Flexible Working Arrangement. In the period, 21 employees took advantage of SMEC's Paid Paternity Leave. 100% of these employees have 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 the reporting period, no employees took ADF leave.

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. During the reporting period, five employees took advantage of SMEC's Tertiary Education Assistance Program. Since the Program's inception in 2009, SMEC has supported a total of 31 employees 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, a leading national provider of employee assistance, corporate psychology, critical incident training, and health and wellbeing services.

Through the EAP, SMEC employees (and their families) can access short-term confidential counselling and advice on a broad range of personal, financial and work-related issues. In 2016, SMEC had a utilisation rate of 3.0%, showing a decrease of 0.8% from 2015. A comparison of SMEC's utilisation rate against the industry average is displayed in Figure 11.

Corporate Health Plan

SMEC offers all employees a Corporate Health Plan through one of two healthcare providers: BUPA and Choosewell. Benefits of the health plans include discounted health insurance, waived waiting periods and access to free health checks.

At the time of reporting, 261 employees had taken advantage of SMEC's Corporate Health Plan: 214 employees were Bupa members and 47 employees were members of Choosewell. This is an 8% increase in utilisation of Corporate Health Plans from the previous year.

In January 2017, SMEC partnered with Bupa to bring employees the Bupa Health and Wellbeing Program. This Program helps to maximise wellbeing at work and at home and includes a number of benefits to help achieve health goals.

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 2016, 22% of SMEC's employees globally were female (an increase of 1% from 2015).In Australia and New Zealand, this figure was higher, with 25% female employees across the Division. 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 12, the majority of SMEC's female employees in Australia and New Zealand were aged between 35-44 years (37%), followed by 25-34 years (34%). 79% of female employees were classified as experienced (degree qualified engineers, scientists and corporate services).

In 2016, 24% of new starters in Australia and New Zealand were female; 69% of which were degree qualified professionals.

As displayed in Figure 13, the majority of female new starters were aged between 35-44 years (37%), followed by both 25-34 years (33%) and 45-54 years (15%).

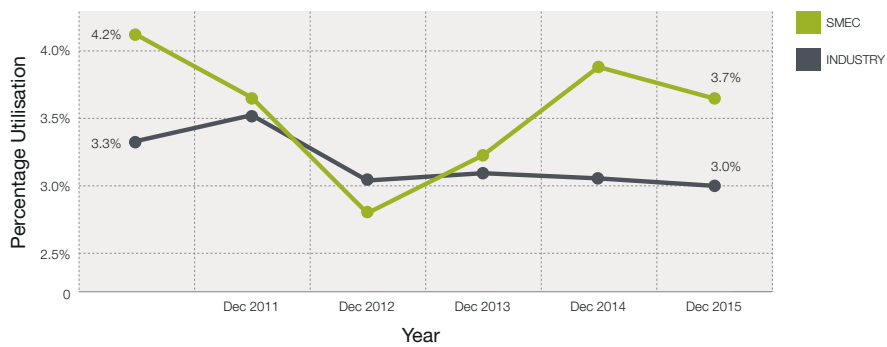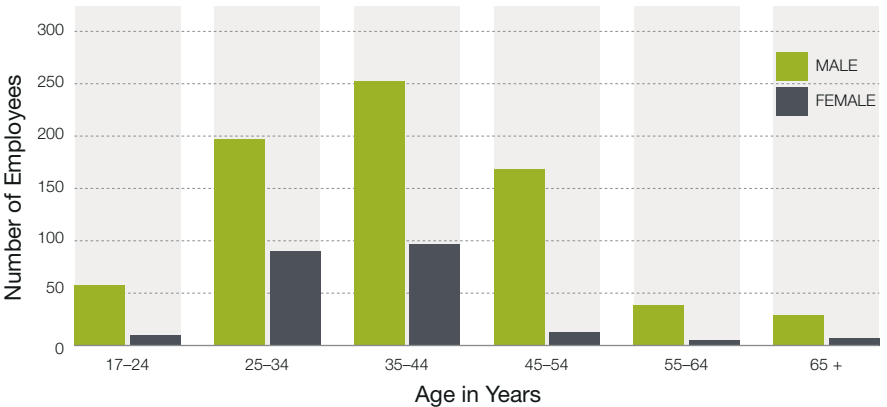**Figure 11:** Utilisation of the Employee Assistance Program

Figure 12: Employees by gender and age

People (continued)

Gender Diversity (cont.)

Gender Diversity Initiatives

During the reporting period 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. During the reporting period, SMEC continued to review the Company's gender diversity practices, in line with the criteria outlined by the Australian Workplace Gender Equality Agency. This companywide review includes 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.

Our Diversity and Inclusion Committee, which includes the CEO, a member of the Board, and the COOs of each Division and representatives from Corporate Services, continued to meet on a quarterly basis and oversee the implementation of Divisional Action Plans. In ANZ, this was supported by a local Diversity and Inclusion Working group, with representatives from each region, and a cross spread of type and level of employees.

As in previous years, SMEC prepared an annual public report for submission to the Australian Workplace Gender Equality Agency. This 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.

Unconscious Bias Workshop

In June 2016, SMEC continued its focus on unconscious bias across the ANZ Division, to raise awareness of stereotypes and micro-inequalities in order to promote more effective and inclusive leadership. Future workshops are planned where participants will: explore and implement specific actions to achieve a flexible and inclusive workplace; identify common implicit biases and practical actions for challenging these biases; and develop specific goals and action plans to reduce bias and stereotyping.

In 2017, unconscious bias workshops will continue to be implemented for Level 2 Managers throughout Australia and New Zealand.

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.

Talent Management

Talent management continues to be a priority for SMEC, with the Company seeking to achieve strategic priorities by strengthening the pipeline of job-ready leaders.

SMEC's Talent Management System combines talent identification (individuals identified for fast-tracked development) and succession planning (to establish a leadership pipeline). This system is reinforced by open conversations between employees and managers that foster trust, promote transparency, and support the Company's development decisions.

In 2016, SMEC completed a review of the Succession Planning Program and commenced the development of a global talent pool system. Critical positions have been identified at Management Level 1 (Executive Committee), Level 2 (direct reports to the Executive Committee) and Level 3 (direct reports to Level 2). Succession Plans are being developed for each of these critical positions, outlining: individuals capable of stepping into the role as a temporary caretaker; those capable of fulfilling the role immediately; individuals who may be ready for the position in 1-3 years; and potential candidates for the role in more than three years.

In 2017, SMEC will continue to focus on supporting employees and managers to engage in career coaching conversations in line with SMEC's Career Coaching Guidelines.

Leadership Development Program

SMEC's Leadership Development Program was launched in 2015 with the objective of enhancing the leadership capability of employees, teams and the organisation as a whole. This tailored Program combines face-to face training, executive coaching, action-based learning techniques and the latest developments in leadership research and approaches.

The Program seeks to: identify, develop, support and retain individuals with leadership potential; equip future leaders with the skills, tools and techniques to lead more effectively; improve team leadership, project outcomes and client relationships; and build new approaches, behaviours and mind-sets for doing business.

Through the Program, participants will develop competencies across 11 modules: Self Leadership, People Leadership, Culture of Accountability, Building Trust and Managing with Integrity, Business Leadership, Communicating for Results, Building Relationships, Client Relationship Leadership, Innovation, Visionary Leadership and Actioning Strategic Change.

During the reporting period 30 participants were enrolled in the Future Leaders Program; 23% of whom were female. Now in its second year in the ANZ Business, the Leadership Development Program will be rolled out to our Global Operations in 2017, beginning with the South East Asia division, followed by Africa and South Asia/Middle East.

SMEC is also developing a Managers Development Program (MDP), designed for front line managers, and employees new to management, designed to equip our managers with the essential skills identified necessary to be effective in their role.

The Modules support the build of a culture of accountability and sustainable high performing teams that contribute to organisational success.

- Communicating for Leadership Success
- Setting Goals & Reviewing Results
- Delegating with Purpose
- Coaching for Performance
- Resolving Conflict
- Driving Change
- EQ and Self Awareness

Figure 13: New starters by age and gender
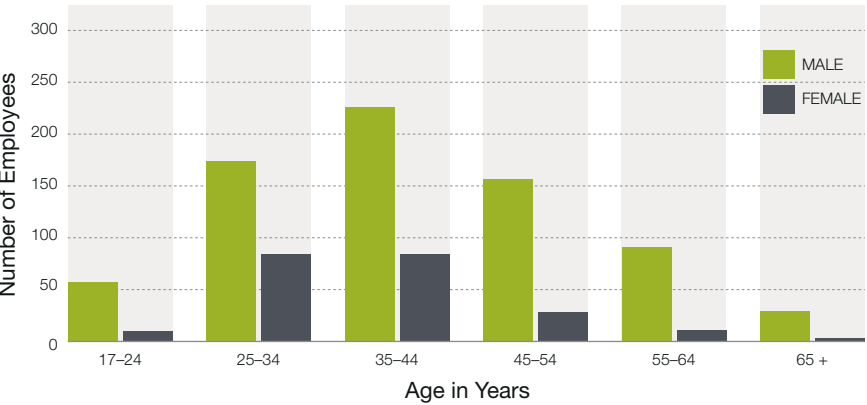
People (continued)

Project Management Training

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

During the reporting period, SMEC completed a review of all project management training modules and materials. As a result, in 2016, a new suite of training programs has been developed and has been implemented. New training modules incorporate e-learning, face-to-face communication and hands-on practical experience. Training material focus on the fundamentals of project management for graduate engineers and the advanced principals of project management for experienced project managers.

The training has been developed in conjunction with Engineers Australia and The University of Melbourne and include qualifications up to Diploma level. In 2016, there were 47 participants in the program, 21% of whom were female.

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.

EEO training continues to be a compulsory element of SMEC's online induction compliance module in Australia and New Zealand. Internationally, all employees are required to read and understand SMEC's Code of Conduct, including the Company's Equal Employment Opportunity Procedure. Weekly reports are submitted to our CEO in order ensure the highest level of completion rates.

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 also reviewed annually as part of CareerTrac. This review considers the needs of the employee, their manager and the needs of SMEC as a whole.

The focus continues to be on building a constructive culture and high performing teams. The process encourages employees to align their key activities and identify the behaviours needed to help them achieve their goals, work towards their aspirations and support the organisation in achieving our priorities. In 2016, 77% of employees who participated in CareerTrac were male and 23% were female (this aligns with SMEC's gender workforce composition). The majority of employees (78%) received a 'Meets Expectations' rating, 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 2016 reporting period, 11 employees were enrolled in the PDP through Engineers Australia; 27% of whom were female; 50% of 2016 PDP Graduates 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. 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 to improve the consistency and timeliness of milestone recognition. During the reporting period, 136 employees achieved a career milestone; 24% of whom were female.

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. This commitment is demonstrated through a fully-integrated Health and Safety Management System, and a companywide Strategic Plan which features safety as one of SMEC's company values.

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

SMEC Zero Harm objectives are embedded in SMEC's company culture through:

Training and development: all SMEC employees complete a mandatory company induction, which includes a Health and Safety module. All employees receive ongoing training as required. This ensures SMEC employees are fully equipped to achieve SMEC's Zero Harm objectives.

Management commitment: lead by example, eliminate unsafe work practices, and recognise that healthy workers are productive workers.

Monitoring and evaluating performance: encourage a culture of openness and proactive reporting amongst all employees.

Rehabilitation and return to work services: ensure employees are able to return to work as soon as possible.

Effective consultation: involve stakeholders in workplace safety decisions.

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.

2016 Year in Review – Australia and New Zealand Division

In 2016, 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 fifth consecutive year. Proactive alerts involve regular and planned testing, inspection and identification of potential hazards before an incident occurs.

In 2016, SMEC recorded 343 proactive alerts, an increase of 77% from the previous year. Proactive reporting accounted for 71% of all Workplace Health and Safety reporting during the period. SMEC had a total of 480 reported incidents in 2016. Safety Talks Conducted' accounted for the greatest number of reports (34%), with 162 recorded. This was followed by 'Drill or Inspection' (59 reported) and 'Hazard' (52 reported). Figures 14 and 15 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 1.8 in 2015 to 1.71 in 2016.

2016 Achievements

A new injury management and return to work program was implemented to improve the level of support and care available to employees if they are injured at work. Known within SMEC as InjuryCARE, the program provides immediate access to injury management advice for managers via a dedicated hotline, options for obtaining prompt medical treatment and ongoing return to work support.

A monthly 'safety share' strategy was launched to provide our teams with suggested content for safety talks, along with key learnings from incidents reported and investigated.

SMEC's support of the annual Australia National Safe Work Month continued in 2016 with a variety of initiatives organised including bicycle rides, seminars and morning teas.

Health and Safety in 2017

In 2017, SMEC will continue its commitment to safety as a core value of the Company. SMEC will work to implement its goal of Zero Harm for its employees, contractors, visitors and the general public.

Incident reporting and investigation: SMEC will introduce a new incident reporting and investigation protocol that assigns investigation requirements according to actual or potential incident consequences and involves senior management in reviewing investigation findings.

Health and wellbeing: Following on from enthusiastic staff involvement in community initiatives such as RU OK? Day, SMEC will launch a program that will provide a range of resources to help employees improve their health and wellbeing awareness. By participating in the program, employees will have access to online training modules, seminars and activities covering topics such as coping with change, stress and resilience, work-life balance and mental health.

Safety Talks Conducted:
Australia and New Zealand Division

15 Northern

95 Central

40 Southern

1 New Zealand

Figure 14:

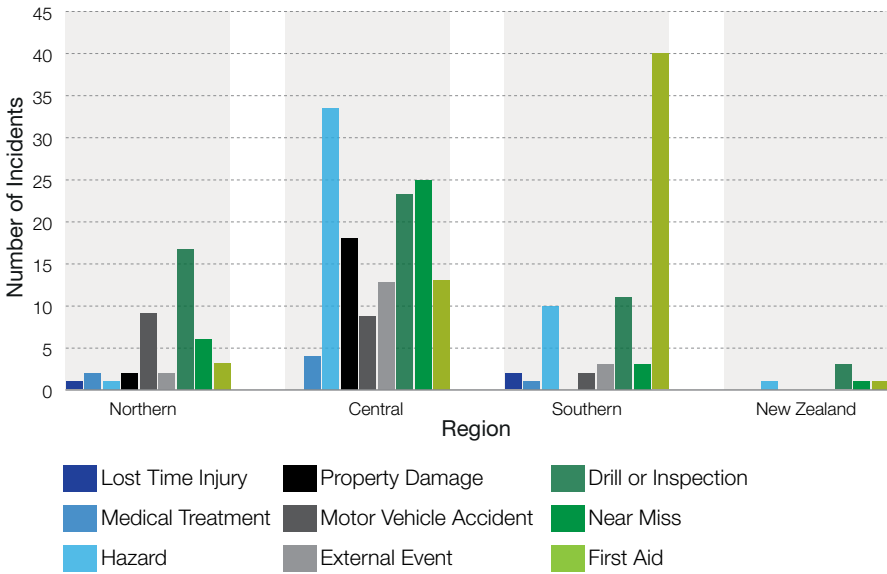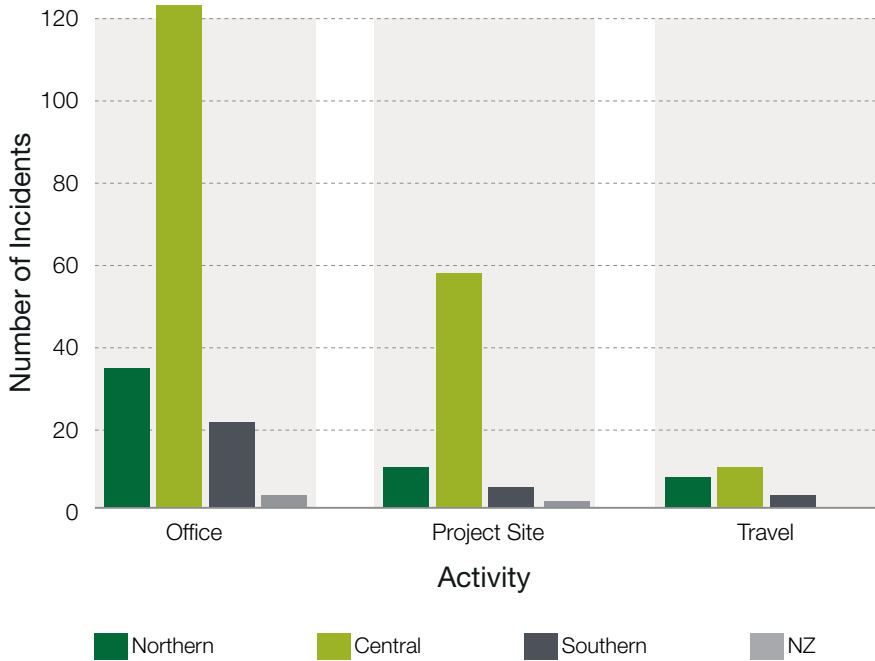Reported incidents by region: Australia and New Zealand Division

Figure 15:

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 is serious about having a culture of compliance, and is committed to ensuring ethical and safe working conditions for all employees. 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.

SMEC has strengthened its company compliance with the introduction of compulsory Anti-Bribery and Corruption Training. This training is mandatory for all SMEC employees, managers and directors, and covers the following topics: bribery; collusive practices; internal corruption; conflicts of interest; gifts, hospitality and entertainment; donations; partner evaluations; and reporting procedures.

To date, 93% of SMEC's employees globally completed the training. Training will continue to take place throughout 2017.

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. During the reporting period, 236 new starters completed the training.

SMEC's Child Protection Policy continued to undergo 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.

Following this review, a series of policy updates have been put forward. These include mandatory police checks for all employees working with children, and a strengthening of SMEC's child protection reporting procedures. In 2017, SMEC will continue to review our processes and practices to ensure continued accordance with Australian Department of Foreign Affairs and Trade.

Forced and Compulsory Labour

SMEC is committed to the elimination of all forced and compulsory labour, and believes that working relationships should be freely chosen and free from threat. SMEC's Code of Conduct ensures that ethical employment and labour practices are implemented across the Company. SMEC is compliant with all national employment legislation, and seeks to ensure the highest standards of protection for all of the Company's employees.

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.

SMEC recently sponsored the Inaugural National Indigenous Football Championships in regional New South Wales. The event, which uses football as a pathway to community participation and engagement with community, was tabled in parliament as an example of National Indigenous Achievement. SMEC is pleased to see the success of this inaugural event and looks forward to supporting its growth in coming years.

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In January 2017, SMEC's Reconciliation Action Plan was endorsed by Reconciliation Australia. SMEC commenced work on the development of a Reconciliation Action Plan in conjunction with Reconciliation Australia in 2015. Reconciliation Australia is an independent, not-for-profit organisation that partners with workplaces to promote indigenous reconciliation. This is achieved by strengthening relationships and fostering trust between businesses, the wider Australian community and Aboriginal and Torres Strait Islander (ATSI) peoples.

SMEC's RAP outlines the Company's commitment to:

- Raise our employees' awareness of and engagement with ATSI cultures
- Strengthen our relationships and work alongside business partners who are also committed to reconciliation
- Investigate opportunities to ensure our workplace is culturally appropriate for current and future ATSI employees to ensure we continue to attract and retain a diverse workforce
- Actively participate in and celebrate National Reconciliation Week and NAIDOC week as an organisation committed to reconciliation in Australia

Some of the activities SMEC have committed to which directly support Aboriginal participation include developing a plan to increase procurement from ATSI owned businesses, increasing ATSI employment within our organisation, and ensuring our workplace is culturally appropriate for current and future ATSI employees to promote retention and engagement.

Some of the activities SMEC have committed to which indirectly support Aboriginal participation include:

- Developing our RAP Committee to oversee the launch and implementation
- Conducting a review of cultural awareness training needs within our organisation and addressing these needs
- Raising awareness of NAIDOC Week and National Reconciliation week, including holding events internally, and encouraging and facilitating involvement in events externally

We look forward to continuing our work with Aboriginal and Torres Strait Islander Peoples and communities, to strengthen relationships and create respectful bonds with those within, and external to, our sphere of influence.

Community Development

The SMEC Foundation is a core part of SMEC's Corporate Social Responsibility (CSR) Program, and helps fulfil the Company's commitment to community development and sustainable poverty reduction. The SMEC Foundation provides small-scale grant support for people in need and strengthens SMEC's links with the communities in which it operates. 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 root 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 community development, emergency relief, health, education and the environment.

During the reporting period, the SMEC Foundation donated over A$140,000 to support communities in which the Company operates.

These funds were distributed through the following grants:

- A$25,000 to Habitat for Humanity Emergency Relief Program in Bangladesh
- A$25,000 to Habitat for Humanity Emergency Relief Program in Sri Lanka
- A$30,000 to Habitat for Humanity Housing, Water and Education Project in Northern Vietnam
- A$25,000 to Habitat for Humanity Urban Resilience Project in Myanmar
- A$19,000 to So They Can (STC) to assist in the provision of a new waste management system at the SMEC Foundation-funded Miti Mingi Home in Kenya
- A$16,000 to the Australian Foundation for Fostering Learning in the Philippines for the Mindanao Health and Nutrition Project, which addresses the needs of malnourished students.

Community (continued)

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SMEC Community Projects

Fostering Learning in the Philippines

Location: Philippines

The Australian Foundation for Fostering Learning in the Philippines (AFFLIP) is a not for profit Foundation that contributes to the educational development of young people living in some of the poorest areas of the Philippines. At present its work is located in Mindanao in the Southern Philippines. The SMEC Foundation provided a grant of A$15,600 for the Mindanao Health and Nutrition Project, which addresses the needs of malnourished students. These funds will help schools to establish vegetable gardens and ponds to sustain school feeding programs.

Landslide Recovery

Location: Sri Lanka

On 15 May 2016, Sri Lanka was hit by Cyclone Roanu, a severe tropical storm that caused widespread flooding and landslides in 22 districts of the country. The storm affected more than 500,00 people and damaged more than 4500 homes. The SMEC Foundation donated more than A$25,000 in Emergency Relief in the wake of Roanu. Donations from the SMEC Foundation went towards the construction of two permanent, disaster resilient homes for two families affected by Cyclone Roanu. In addition to these homes, an emergency cash donation was provided to a SMEC employee who was directly impacted by the disaster.

So They Can Residential Home

Location: Kenya

The SMEC Foundation donated A$18,600 to So They Can (STC) to assist in the expansion of amenities at the SMEC Foundation-funded Miti Mingi Home, a residential community home to more than 40 children in need. Since its expansion, the employees and residents at Miti Mingi have begun a small-scale farming scheme to be self-reliant in the future. SMEC's recent contribution will go towards a waste management system that allows environmentally friendly water to be discharged. The treatment process assumes a process of sedimentation, separation of solids from the liquid waste; aerobic breakdown of the waste; and disinfection.

Low Income Housing, Water and Education

Location: Vietnam

The northern provinces of Vietnam continue to experience some of the highest rates of poverty in the country. There is limited access to clean water and sanitation. The SMEC Foundation donated A$30,000 to this project which aimed to improve housing conditions and increase access to clean and safe water and sanitation services in Dong Thinh commune. Thanks to this project, low income households in Phu Tho now have greater socioeconomic and physical security through new houses, home repairs, and installment of water/sanitation facilities. The community has increased knowledge and access to clean water through water/sanitation improvements and WASH (water, sanitation and hygiene) campaigns at schools.

Traditional Shelters

Location: Bangladesh

Tropical Cyclone Roanu hit Bangladesh on 21 May 2016, affecting more than 140,000 people. The SMEC Foundation, in partnership with Habitat for Humanity, contributed A$25,000 towards caring for those affected and providing disaster preparation education. Twelve of the most severely affected families in the Khankhanabad area were selected to participate in the program. Each family received new transitional shelters and disaster management training. The families who participated in the program now have safe, secure transitional shelter and the skills to prepare for similar disasters.

Dala Urban Resilience Project

Location: Myanmar

Dala Township is characterised by a constantly changing and expanding population, living under a range of formal and informal settlement and rental agreements. SMEC donated A$25,000 to this project with the aim to improve the resilience and general welfare of the local communities in Dala by helping them gain access to basic essential services and to connect them with the necessary service providers. This project has helped to provide increased access to water, sanitation and hygiene, and improve disaster awareness and preparedness. The community is better able to advocate for their community's development through the strengthening of existing community structures and facilitating linkages with local government.

Sustainability & Environment

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Sustainability Principles

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.

SMEC operates 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.

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.

> 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.

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, procedures 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 hard copies
- Enabling the 'power saver' function on printers and faxes
- Introducing a 'Swipe and Print' printer system
- 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

SMEC implements a Sustainable Procurement Procedure, whereby 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.

Sustainability & Environment

(continued)

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Sustainable Offices (cont.)

Think Green. Take Action

SMEC's '*Think Green. Take Action*' program is designed 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.

The '*Think Green. Take Action*' program also incorporates 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 day-to-day activities.

Localised induction modules and orientation booklets contain tailored information on '*Think Green. Take Action*' initiatives in each Australian office. These materials provide new employees with: an overview of the Company's Corporate Social Responsibility (CSR) Program; an outline of SMEC's sustainability objectives; contact details for their local office's CSR Coordinator; locations of recycling stations and collection points; details on SMEC's dedicated '*Think Green. Take Action*' intranet site; and suggested ways in which employees can become more involved in SMEC's CSR Program.

Swipe and Print

SMEC utilises a 'Swipe and Print' printer system in selected offices throughout ANZ. The purpose of this system is to limit print wastage, reduce printing costs, improve document security, increase printing location flexibility and enhance the efficiency of SMEC's printing environment.

The system utilises swipe card technology, which enables users to retrieve their individual printing jobs using a personal swipe card. Print jobs remain in a print queue until a user personally retrieves their printouts. Should a print job not be retrieved within 24-hours, it is automatically deleted from the print server.

Since the introduction of the 'Swipe and Print' system, the average monthly pages printed has reduced by approximately 15%. The environmental impact of this is a reduction in paper, toner, ink and electricity from a reduced number of print jobs.

Video Conferencing

SMEC has rolled out Skype for Business as the primary communication method across all Australian and New Zealand offices. Skype for Business is an all-in-one communication tool providing phone, instant messaging, content sharing and video conferencing capabilities. The purpose of utilising this system is: to improve and integrate communication within SMEC; enhance collaboration, mobility, efficiency and productivity across the business; and significantly reduce telephony and travel costs. This platform serves as a complete replacement for SMEC's existing telephony system, and provides inbound and outbound calling to both landlines and mobile phones, as well as an integrated voicemail system. It promotes collaboration across regional and functional groups, and enables real-time desktop and application sharing with video, audio and text capabilities.

CDP Water Management Program

SMEC is a signatory to 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 supports 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.

CitySwitch Waste Audit

In September 2016, SMEC's Melbourne office undertook a CitySwitch Waste Audit as part of a broader waste reduction initiative. The purpose of this audit was to establish an indicative baseline of waste and consumption in the Melbourne office, and learn about how SMEC offices across the country could improve consumption and recycling habits in order to reduce unnecessary waste.

The audit revealed that, although the Melbourne office performed above the Australian office recycling target of 70%, there was still room for improvement, increasing recycling from 75% to 87% and reducing landfill from 22% to 12%. By employing some simple changes across the business, including removing under desk bins and making recycling easier, SMEC offices around Australia will be able to achieve a significant reduction in unnecessary waste.

City Switch

SMEC has 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. Figure 16 (overleaf) provides a breakdown of the energy performance of each Australian office during the reporting period.

Sustainability & Environment

(continued)

Sustainable Offices (continued)

NABERS Energy Ratings

In October 2016, all Australian offices underwent a CitySwitch Energy Audit. The objective of these audits was to identify revised indicative NABERS energy ratings, total electricity used per annum, and current Greenhouse Gas (GHG) emissions for each office. A gap analysis was then completed to compare the 2016 energy performance of each office against data collected during the previous audit undertaken in 2015.

In 2016, SMEC's Australian offices averaged a NABERS energy rating of three and a half stars, above the average three stars for Australian offices. 50% of SMEC's offices have already achieved the target energy rating of four stars and are now working to achieve a five star rating. Notably, SMEC's Gold Coast office increased their star rating from three stars to five and a half stars, a significant improvement in energy efficiency and cost savings.

To complete these audits, SMEC collected data for electricity and GHG emissions across most Australian offices for the year.

Despite SMEC's significant growth in the preceding year, SMEC's overall energy consumption per employee per annum in Australia has reduced. SMEC's office energy consumption during the reporting period totalled 1.2 million kWh. This equates to 970 kWh per employee, per annum; 50% less than the industry standard as reported in the Australian Government Annual Report 2013–2014.

Figure 16:
Energy Performance by Office
(Top performers shown)

Best Office Ratings - Energy Performance

Western Sydney
2016 ★★★★★★
2015 ★★★★★★
6 TONNES SAVED CO² EMISSIONS | **5,280** kWh SAVED

Canberra
2016 ★★★★★☆
2015 ☆☆☆☆☆
35 TONNES SAVED CO² EMISSIONS | **30,374** kWh SAVED

Gold Coast
2016 ★★★★★☆
2015 ★★☆☆☆
11 TONNES SAVED CO² EMISSIONS | **12,105** kWh SAVED

Sydney
2016 ★★★★☆
2015 ★★★★☆
173 TONNES SAVED CO² EMISSIONS | **73,966** kWh SAVED

Adelaide
2016 ★★★☆☆
2015 ★★★☆☆
17 TONNES SAVED CO² EMISSIONS | **24,422** kWh SAVED

Sunshine Coast
2016 ★★☆☆☆
2015 ★★☆☆☆
2 TONNES SAVED CO² EMISSIONS | **1,945** kWh SAVED

Sustainability & Environment (continued)

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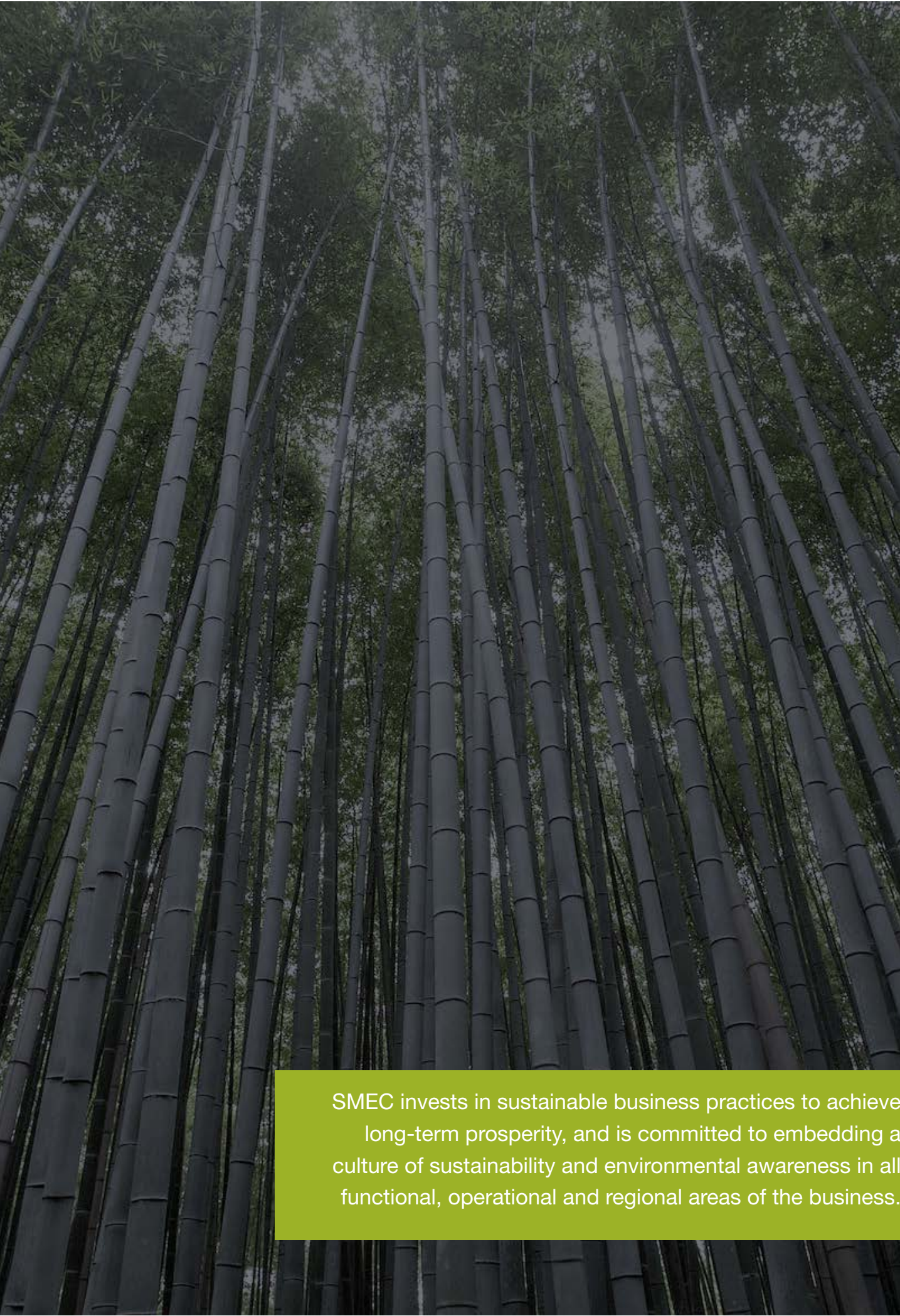
SMEC invests in sustainable business practices to achieve long-term prosperity, and is committed to embedding a culture of sustainability and environmental awareness in all functional, operational and regional areas of the business.

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.		4-7, 22
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
	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.		14-15
	2.7/G4-8	Markets served.	Transport, Hydropower and Energy, Water and Environment, Built Environment, Resources, Education, Governance & Government Advisory.	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.	Significant Changes in the State of Affairs On 25 July 2016 the Group was acquired by Surbana Jurong Holdings (Australia) Pty Ltd (SJHA) (a wholly owned Australian subsidiary of Surbana Jurong Pte Limited (SJ). During the six months period, the Group changed its financial year-end to 31 December to align with that of its parent and became a proprietary company (SMEC Holdings Pty Ltd) as it is no longer a public company (previously SMEC Holdings Limited).	14
	2.10	Awards received in the reporting period.		20
Report Parameters	3.1/G4-28	Reporting period.	1 April 2016 – 31 March 2017.	2
	3.2/G4-29	Date of most recent previous report.	April 2016.	2
	3.3/G4-30	Reporting cycle.	Annual.	2
	3.4/G4-31	Contact point for report.	sustainabilityreport@smec.com	2
	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.		2, 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.	48-50
	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
	4.2	Chair of the highest governing body.		4-8, 14
	4.3	Independent and non-executive board members.		4-8, 14
	4.4	Mechanisms to provide recommendations to the highest governing body.		14-16
	4.5	Compensation and performance.		14-17
	4.6	Processes to avoid conflicts of interests.		14-17
	4.7	Process for determining qualifications and expertise.		14-17
	4.8/G4-56	Mission, values and code of conduct.		17, 20
	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, 14
	4.12/G4-15	Externally developed economic, environmental and social charters.		18-21
	4.13/G4-16	Memberships in associations.		21
	4.14/G4-24	List of stakeholder groups engaged by the organisation.		18-19
	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
	G4-38	Composition of the highest governing body.		4-8, 14
	G4-39	Explain whether the Chair of the highest governing body is also an executive officer.		4-8, 14
	G4-51	Remuneration policies for the highest governing body.		14
Additional General Disclosures	G4-10	Breakdown of employee demographics.		12-13, 26-35
	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

GRI Index (continued)

	GRI Indicator	Description	Comments	Page Number
Ethics	G4-56	Values, principles, standards and behaviour.		16-17, 20
	G4-57	Internal mechanisms for advice on unlawful behaviour.		16-17
	G4-58	Internal mechanisms for reporting concerns on unlawful behaviour.		16-17
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.		36-41
Environmental	G4-EN3	Energy consumption within the organisation.		42-45
	G4-EN4	Energy consumption outside the organisation.		42-45
	G4-EN6	Reduction of energy consumption.		42-45
	G4-EN8	Total water withdrawal by source.		43
	G4-EN10	Water recycled and reused.		43
	G4-EN12	Impact on areas of high biodiversity value.		46
	G4-EN13	Habitats protected or restored.		46
	G4-EN19	Reduction of greenhouse gas emissions.		42-45
	G4-EN24	Total number and volume of significant spills.	Nil.	
	G4-EN25	Weight of transported waste.	Nil.	
	G4-EN27	Initiatives to mitigate environmental impacts.		40-45
	G4-EN29	Non-compliance with environmental laws.	Nil.	
Labour Practices and Decent	G4-LA1	New hires and turnover by age, gender and region.		26-31
	G4-LA2	Benefits provided to full time employees.		28-31
	G4-LA3	Return to work and retention rates after parental leave, by gender.		26-31
	G4-LA6	Rates of injury and lost days.		34-35
	G4-LA10	Skills management and lifelong learning programs.		30-33
	G4-LA11	Regular performance reviews.		32-33
	G4-LA12	Workforce diversity.		24-33
	G4-LA13	Ratio of basic salary of women to men.		27
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.		36
	G4-HR8	Incidents involving indigenous people.	Nil.	

	GRI Indicator	Description	Comments	Page Number
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

Associated Entities

Name of entity	Country of Incorporation
PT SMEC Denka Indonesia	Indonesia
SMEC Energy SDN Berhad	Malaysia
SMEC (Malaysia) Sdn Bhd	Malaysia

Controlled Entities

Name of entity	Country of Incorporation
SMEC Australia Pty Ltd	Australia
SMEC International Pty Ltd	Australia
SMEC Services Pty Ltd	Australia
SMEC Foundation Ltd	Australia
Brisbane City Enterprises Pty Ltd	Australia
Global Maintenance Consulting Pty Ltd	Australia
SMEC Testing Services Pty Ltd	Australia
SMECTS Holdings 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
SMEC international (Canada) Inc [1]	Canada
Global Maintenance Consulting Chile Limitada	Chile
Frontier Energy Ltd	Dubai
Frontier Hydro Ltd	Dubai
SMEC Asia Ltd	Hong Kong
Leadrail Infra Solutions Private Ltd	India
SMEC India (Pvt) Ltd	India
SMEC Central Asia LLP	Kazakhstan
SMEC Kenya Limited	Kenya
SMEC Macau Engineering Consulting Limited	Macau
SMEC International (Malaysia) Sdn Bhd	Malaysia
Energy Holdings Limited	Mauritius
SMEC International (Africa) Ltd	Mauritius

Appendix A (continued)

Name of entity	Country of Incorporation
SMEC Servicios De Ingenieria De Mexico	Mexico
SMEC Mongolia LLC	Mongolia
SMEC Myanmar Company Limited	Myanmar
VKE Namibia Consulting Engineers Pty Ltd	Namibia
Vincpro (Pty) Ltd	Namibia
SMEC New Zealand Ltd	New Zealand
SMEC Nigeria Limited	Nigeria
South Asia Middle East Management Company LLC	Oman
SMEC Oil and Gas (Private) Limited	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
SMEC International (Africa) (Pty) Ltd [9]	South Africa
Ocyana Consultants Pvt Ltd	Sri Lanka
ZMCK–Swaziland Property Holdings Pty Ltd	Swaziland
SMEC (Tanzania) Limited	Tanzania
SMEC Uganda Limited	Uganda
Global Maintenance Consulting – America, Inc.	United States of America
SMEC Vietnam JSC	Vietnam

1. Formerly known as Global Maintenance Consulting (Canada) Inc

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.

local people
global experience