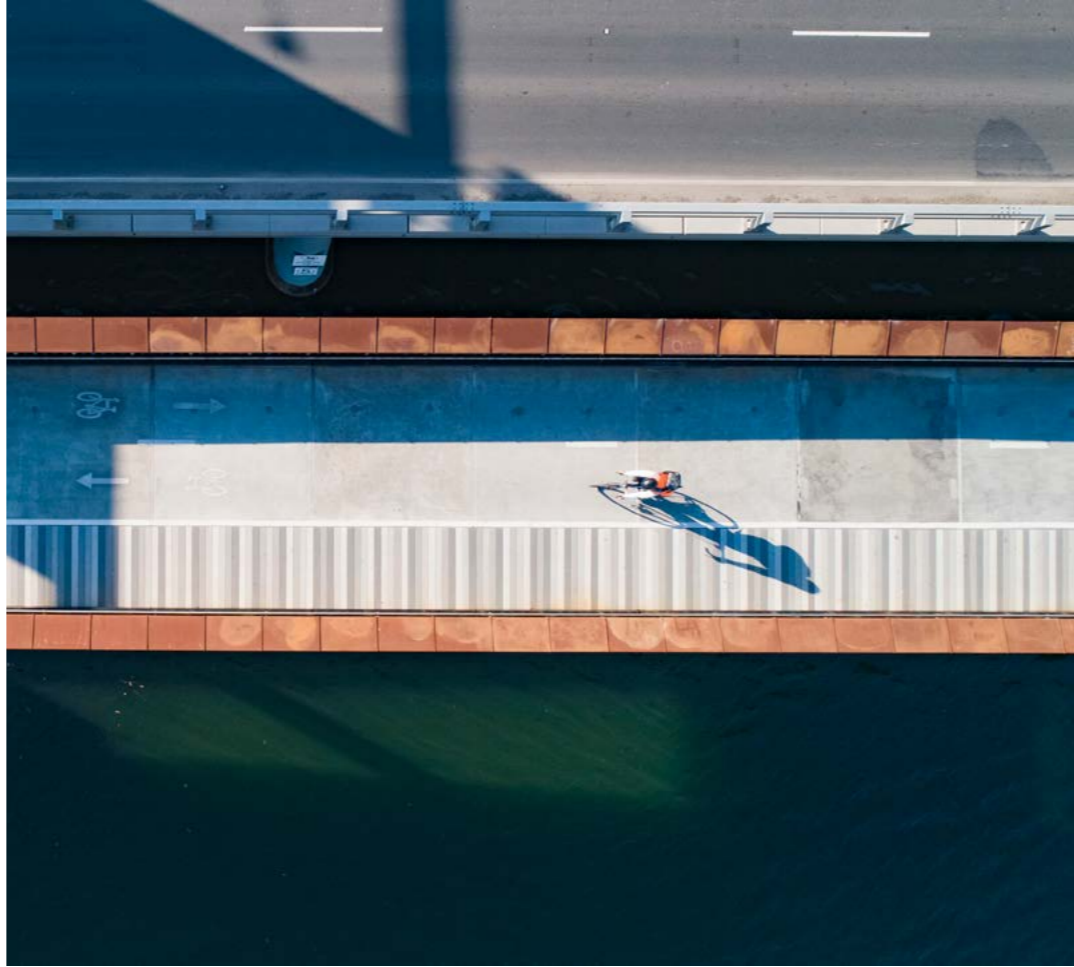




Sustainability Report
2019

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At SMEC, we provide sustainability services for a range of infrastructure projects to push environmental, social and economic project outcomes beyond 'business as usual'

The work done in 2018 to revise and enhance SMEC Australia's Graduate Development Program was also recognised by the industry, with the program winning a Gold award for Best Learning & Development Project (Induction/ Onboarding) and a Silver award for Best Learning Model (Blended Learning) at the 2019 LearnX awards.

As always, we are committed to a safety-first environment, and to investing in the wellbeing of our people. In line with the strategy endorsed in 2018, SMEC's Mental Health First Aid Network was established in 2019. There are now specially trained Mental Health First Aiders (MHFAs) in each Australian state or territory, and in New Zealand.

I am proud that the SMEC Foundation was named an ABA100 Winner for Community Contribution in the Australian Business Awards 2019. The award recognises organisations that implement initiatives that have a positive impact on the community and generate outcomes that have a long-term benefit. This award is a testament to the dedication of our teams around the world who drive and implement many of our community initiatives.

At SMEC, we provide sustainability services for a range of infrastructure projects to push environmental, social and economic project outcomes beyond 'business as usual'. Our global team of sustainability specialists, social scientists, environmental planners, environmental scientists, ecologists, asset managers, urban designers and engineers work collaboratively with our partners and clients to deliver holistic project outcomes.

I look forward to what we will achieve as we all work together towards a stronger, more resilient and sustainable future.

MESSAGE FROM THE CEO

Welcome to our tenth annual Sustainability Report which outlines our progress towards our sustainability objectives and the environmental outcomes we influence through our projects and services.

We believe it is our social responsibility to enhance our value through innovation and sound business practices and contribute to developing a sustainable society. We collaborate with all our stakeholders in working towards these objectives, including our employees, clients, partners, industries and the communities in which we operate.

The three pillars of our Corporate Social Responsibility framework: People, Community, and Sustainability and Environment, are at the forefront of everything we do.

This report aims to measure our performance in providing a safe, flexible and healthy working environment for our people, actively contributing to community development and supporting sustainable outcomes across our global organisation and project portfolio.

In 2019, we celebrated 70 years since construction began on the Snowy Mountains Hydroelectric Scheme. In addition to being SMEC's namesake project, recognised as one of the civil engineering wonders of the modern world, the Scheme provides approximately 32% of all renewable energy to the eastern mainland grid of Australia. I am proud to build on this legacy through the projects and solutions that we continue to deliver. An example is our involvement in Snowy 2.0, the first expansion of the Snowy Mountain Hydroelectric Scheme since its completion in 1974. Snowy 2.0 will help secure a reliable energy supply, reduce emissions and cut costs for Australian families and businesses.

During the reporting period, we continued to implement and enhance our Integrity & Compliance program through a number of key initiatives which aim to ensure we are managing risk, providing ethical and safe working conditions and building a whole-of-organisation culture of honesty and integrity.

In line with our commitment to facilitate a more diverse, satisfying and rewarding work environment for our people, and to provide career development opportunities, we delivered a wide range of training and capacity building programs around the world, covering topics including leadership, project management, safety, governance and client relationship management.

ABA100 Winner for Community Contribution

The SMEC Foundation was named an ABA100 Winner for Community Contribution in In the Australian Business Awards 2019

OUR COMPANY AND THE SURBANA JURONG GROUP

Combining the skills and experience from across the Surbana Jurong Group of companies, we have expanded our capabilities and reach, providing specialist expertise to complex projects worldwide, either independently or as combined entities.



Headquartered in Singapore, Surbana Jurong Private Limited provides complete consultancy solutions across the entire value chain of urban, industrial and infrastructure domains.

SMC Holdings Limited is a progressive global company, delivering engineering excellence and design innovation on major physical and social infrastructure projects.

Robert Bird Group is a global structural, civil and construction engineering consultancy renowned for delivering iconic complex structural and development projects.

KTP Consultants Pte Limited is a leading multidisciplinary engineering firm with more than 40 years track record in engineering and project management.

Sino-Sun Architects & Engineers Co. Limited is an award-winning multidisciplinary design institute specialising in architectural, planning, landscape and interior design.

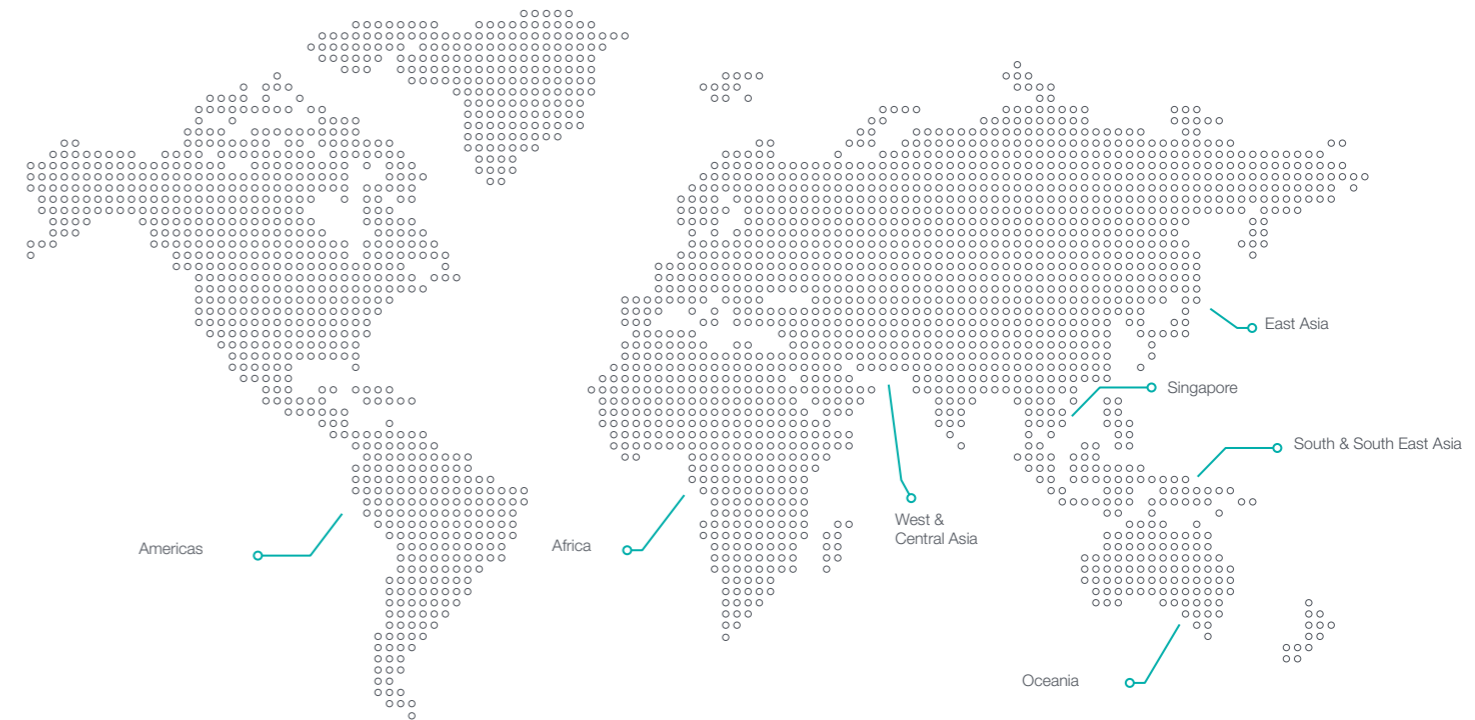
AETOS Holdings Pte Limited is a leading safety and security solutions company, providing infrastructure protection, training and consultancy and security management.

B+H is a global, award-winning consulting + design solutions firm. Founded on a 65-year legacy of creating bold and inspiring spaces for people, B+H provides core architecture, interior design, planning, landscape, and strategic consulting services.

SAA is an award-winning architecture firm of more than 50 years which delivers comprehensive and diversified architectural services covering transportation (aviation, rail transit, maritime), mixed use, commercial (office, retail, hotel), healthcare, business park/industrial, residential, institutional and masterplan.

Prostruct Consulting is a leading urban and infrastructure protection consultancy specialising in security, blast consultancy and testing. The firm offers integrated and customised solutions in infrastructure protection for planning and feasibility studies, design and build, and addition & alteration projects in various sectors.

OUR GLOBAL FOOTPRINT



Africa

- Ethiopia
- Ghana
- Kenya
- Lesotho
- Liberia
- Malawi
- Morocco
- Mozambique
- Namibia
- Nigeria
- Rwanda
- South Africa
- South Sudan
- Tanzania
- Uganda
- Zambia

East Asia

- China
- Hong Kong

West & Central Asia

- Afghanistan
- Georgia
- Kazakhstan
- Kuwait
- Pakistan
- Tajikistan
- United Arab Emirates

South & Southeast Asia

- Bangladesh
- Brunei
- Cambodia
- India
- Indonesia
- Malaysia
- Myanmar
- Nepal
- The Philippines
- Singapore
- Vietnam

Americas

- Chile

Oceania

- Australia
- Fiji
- New Zealand
- Papua New Guinea



2019 HIGHLIGHTS

In 2019 we made significant progress in strengthening corporate governance and advancing our focus areas of People, Community, Sustainability and Environment.

Our Organisation

Continuing to enhance business integrity

- In 2019, SMEC obtained certification under the ISO37001 Anti-Bribery Management System.
- Across our organisation, we continued to improve our Integrity & Compliance Program through several key initiatives, including the development of a dedicated Business Integrity Risk Register, the introduction of a new Whistleblower Procedure and a third party-hosted, confidential reporting platform that allows employees and whistle blowers to report any concern or to ask a related question anonymously.
- We continue to measure our progress and plan for further enhancement through feedback received via the annual Employee Integrity Compliance Survey.

People

Building a more flexible and inclusive work culture

In 2019, there was a significant increase (56% from 2018) in the number of employees utilising Flexible Working Arrangements

Building capability to optimise stakeholder engagement

- A Project Management Excellence Program was launched to support more robust project governance and control practices, and deliver more consistent services across all projects.
- SMEC developed and implemented a comprehensive Client Relationship Management training program focusing on a consistent and coordinated approach to client interaction and sharing of information across business units. The program is continuing in 2020.

Developing the next generation of engineers

- In 2019, 200 graduates (up from 161 in 2018) enrolled in SMEC's Graduate Development Program. Female graduates made up 36% of program participants.
- The work done in 2018 to revise and enhance the program was also recognised by the industry, with SMEC's Graduate Development Program winning a Gold award for Best Learning & Development Project (Induction/Onboarding) and a Silver award for Best Learning Model (Blended Learning) at the 2019 LearnX awards.

Safety first

- A total of 360 project and people managers completed SMEC's Leading Safety Program.
- In line with the mental health strategy endorsed in 2018, SMEC's Mental Health First Aid Network was established. There are now specially trained Mental Health First Aiders (MHFAs) in each Australian state or territory, and in New Zealand.
- We conducted 229 safety talks and issued 84 safety alerts or news items, a significant increase from 2018.

Community

Indigenous rights

- In 2019, we worked closely with Engineering Aid Australia and recruitment firm Indigenous Employment Australia to recruit and place qualified candidates who identify as Aboriginal or Torres Strait Islander within our organisation.
- SMEC also continued our support of Engineering Aid Australia and the Indigenous Literacy Foundation, organisations which provide educational support and opportunities to children and students from Aboriginal and Torres Strait Islander communities.

SMEC Foundation recognised for community contribution

The SMEC Foundation was named an ABA100 Winner for Community Contribution in The Australian Business Awards 2019.

The Australian Business Award for Community Contribution recognises organisations that implement initiatives that have a positive impact on the community and generate outcomes that have a long-term benefit.

Sustainability and Environment

Carbon footprint reporting

In 2019, we launched a project to collect data on SMEC's carbon footprint in Australia, for example kilometers travelled in company vehicles or via air transport. This information is shared with our parent company, Surbana Jurong, and will inform future policies and targets in relation to the environmental sustainability of our operations.

Advancing sustainability outcomes for infrastructure

Our specialists continued to provide sustainability services for a range of infrastructure projects to push environmental, social and economic project outcomes beyond 'business as usual'. This included successfully guiding and supporting several projects through sustainability ratings, such as Australia's Infrastructure Sustainability (IS) Rating Scheme. Examples of our services and projects are provided on pages 42 and 43.



SUSTAINABILITY OBJECTIVES

Our commitment to sustainability is highlighted through this report which measures our performance in providing a safe and healthy working environment for our people, actively contributing to development in the communities where we live and work and embedding sustainable outcomes across our global organisation and broad project portfolio.



People

Our commitment

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

Our 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.

Our 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 local communities, 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.

Our 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 educate employees, clients, partners and contractors about the importance of environmental sustainability.

THE BOARD

The SMEC Board is responsible for formulating SMEC's strategic direction and maintaining corporate governance.



Max Findlay

Chairman

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 holds a Bachelor of Economics (Politics) from Monash University and a Postgraduate Qualification in Accounting from Swinburne University. Max is a Fellow of the Australian Institute of Company Directors.



Wong Heang Fine

Group CEO, Surbana Jurong Group



Teo Eng Cheong

CEO International, Surbana Jurong Group



Hari Poologasundram

CEO SMEC & CEO International Surbana Jurong



Loh Yan Hui

CEO and Global Lead, Aviation, Surbana Jurong Group

“As part of the Surbana Jurong Group, we have access to a network of specialist companies providing expertise to complex projects worldwide. This means we're better placed than ever to tackle multifaceted challenges with connected solutions.

— Hari Poologasundram - CEO SMEC & CEO International Surbana Jurong



Harpley - Larapinta Wetlands
Australia

THE EXECUTIVE COMMITTEE



Hari Poologasundram

CEO SMEC & CEO International Surbana Jurong



Andy Atkin

Group Chief Financial Officer, Surbana Jurong Group



Angus Macpherson

Director of Operations



George Lasek

Chief Operating Officer, Americas



James Phillis

Chief Executive Officer, Australia and New Zealand



Dr Uma Maheswaran

Chief Operating Officer, South Asia Middle East



Tom Marshall

Chief Operating Officer, Africa



Thomas Hynes

Chief Operating Officer, Asset Management



George Simic

Director, Growth, Mergers and Acquisitions

STAKEHOLDERS

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.

Our primary stakeholder groups are employees and clients, and we have developed policies and procedures to ensure we are engaging regularly, safely and effectively. This engagement feeds directly into the ongoing development of SMEC's business practices. Our Corporate Social Responsibility (CSR) framework has been developed to formalise engagement with other key stakeholders such as communities and partners.

Employees

Our people are the at the core of who we are and what we accomplish. SMEC's management has an 'open door' philosophy, whereby all employees may feel comfortable approaching management to discuss any issue or idea.

At a group level, employees receive regular updates from senior leaders via email, intranet, video and office roadshows. We adopt a localised approach to employee engagement, utilising a range of communication methods, information sharing platforms and channels that best suit the environment.

Clients

We see our clients as our partners and are dedicated to understanding their needs, drivers, resources and concerns, and proactively responding to their requirements. We seek to not only deliver advanced technical solutions but also to support our clients in ensuring their projects positively impact communities.

SMEC is an active member of key industry and trade organisations around the world (see Appendix C). Our employees regularly present technical papers, host panels and participate in speaking engagements. We also distribute regular newsletters and host clients at events.



Improving communication and engagement

Building on the research exercise conducted in 2018, SMEC developed and launched a comprehensive Client Relationship Management training program focusing on a consistent and coordinated approach to client interaction and sharing of information across business units. During the reporting period, 40 employees completed the program which will continue to be rolled out in 2020.

A total of 435 employees attended 34 Project Management Training sessions held across Australia in 2019. Given the nature of SMEC's work as a consultant in infrastructure projects, this training is critical in ensuring we are communicating and engaging regularly, safely and effectively with our stakeholders.

CORE VALUES

Our core values of Integrity, People, Professionalism, Partnership and Purpose are part of our DNA, representing what we stand for, what we expect from employees, what we deliver to our clients, and how we aim to conduct our daily work. We are committed to leading by example and continuing to build a values-led global culture.

Our values

Integrity

We act responsibly and conduct our business with the highest ethical standards, accountability and transparency.

People

We value our global and diverse talent by creating a safe, inclusive and supportive environment where our people can thrive.

Professionalism

We act in the best interests of our clients and deliver innovative solutions with high standards of excellence.

Partnership

We build trusted and enduring relationships with clients, partners and colleagues to achieve win-win outcomes.

Purpose

We are passionate and committed to making meaningful impacts on people, environment and communities.



At the core of our business is what we call 'The SMEC Spirit' which is evident in our people, values and culture. 'The SMEC Spirit' captures a strong sense of identity which drives performance, technical excellence, and an innovative and determined approach to exceptional service delivery.





The Point
Australia
Image courtesy of Moresmac Property Group

AWARDS & RANKINGS

Our awards are a testament to our commitment to innovation, collaboration with clients and partners, and the specialist expertise of our talented people.

#27, Engineering News Record (ENR) 2019

- Top 225 International Design firms list.

Main Road 118 between Oranjemund and Rosh Pinah

Namibia

- Commendation, Best International Project category, CESA Aon Engineering Excellence Awards.
- Winner, Civil Engineering category, Best Projects Awards.

Technical Support Services to Municipalities implementing Expanded Public Works Programme Infrastructure Projects

South Africa

- Joint winner (with Naidu Consulting), Community-Based Project category, South African Institution of Civil Engineering awards.

Atherstone Masterplanned Community

Australia

- Commendation for Atherstone Project Team Collaboration, Consultants' Excellence category, Urban Development Institute of Australia (Victoria Division) Awards for Excellence.
- Commendation for Atherstone People Movement and Precinct Planning Project, Consultants' Excellence category, Urban Development Institute of Australia (Victoria Division) Awards for Excellence.

Upgrade of the Mount Edgecombe Interchange

South Africa

- Winner, Roads & Bridges category, CESA Aon Engineering Excellence Awards.

SMEC Foundation

Australia

- Winner, Community Contribution category, Australian Business Awards 2019.

SMEC Australia Graduate Development Program

Australia

- Gold, Best Learning & Development Project (Induction/Onboarding), LearnX Live Awards 2019
- Silver, Best Learning Model (Blended), LearnX Live Awards 2019.

Dr. Richard Kelly, Chief Technical Principal - Geotechnical Engineering

Australia

- Winner of Roads Australia Award for Technical Excellence 2019.

Kate Drews, Market Director Urban Communities

Australia

- Appointed Director on the Board of Consult Australia.



CORPORATE GOVERNANCE

Business Integrity Policy and Code of Conduct

SMEC's Business Integrity Policy and Code of Conduct seek to guide the actions and behaviour of employees in a way that is consistent with SMEC's company values. All employees are required to act with honesty, integrity, in compliance with the law and most importantly ethically when performing their duties. Employees must also be accountable for their performance and work collaboratively with their colleagues.

SMEC's Business Integrity Policy and Whistleblowing Procedure, introduced in 2019, mandate that employees report any integrity misconduct which includes any unethical, dishonest, corrupt, fraudulent or unlawful practices.

Employees are expected to comply with the Business Integrity Policy and the Code of Conduct, along with all other SMEC policies and procedures, and any legislation applicable to their role.

It is management's responsibility to demonstrate, through their actions, the importance of the Business Integrity Policy and the Code of Conduct and promote the highest ethical standards across all areas of the business. In addition, 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 Business Integrity Policy or Code of Conduct (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 the Company's locations, business units and functional groups.
- Implementing a Risk Management System conforming to International Standard ISO 31000.

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
- Clarifying the roles and responsibilities of management and boards
- Identifying, assessing and managing significant risks and opportunities
- Maintaining the integrity of SMEC's assets, people and reporting, and
- Complying with legal obligations in all jurisdictions in which SMEC operates.
- 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
- the application of policies, controls, and review processes to all business units and subsidiaries.

Board of Directors

The SMEC Board (see pages 12-13) has a written charter outlining its responsibilities and governance framework. All Directors are required to retire at the fourth Annual General Meeting following their appointment, except for the Managing Director.

Board Committees

The Board has two permanent committees – the Audit and Risk Committee and the Remuneration and Nominations Committee. Each has written terms of reference and is subject to annual review by the Board.

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 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 works to ensure that SMEC secures, motivates and retains highly skilled and diverse senior executives and employees. 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, page 13) is not considered a Board committee but consists of senior executives appointed by the CEO. The 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. SMEC's CEO is the Chair of the Committee and is responsible for all matters not reserved for the Board or individual Directors. The EC's terms of reference and authority are approved by the Board.

CORPORATE GOVERNANCE

Quality Management

SMEC's Quality Management System

Developed to meet the requirements of AS/NZs ISO 9001:2016, SMEC's Quality Management System (QMS) enables systematic control and optimisation of business 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
- development of risk auditing regimes.

Business Integrity

In 2019, SMEC continued to enhance its Integrity & Compliance Program, making several key improvements across policies, systems, processes and communication, including:

- Development of a dedicated Business Integrity Risk Register at regional and local levels.
- Strengthening the role of the Divisional Compliance Delegates, who fortify the relationships between the group-level corporate governance team and geographically dispersed divisions.
- Updating SMEC's Business Integrity Policy and creating or updating several relevant procedures, work instructions and guidelines.
- Replacing SMEC's internally-hosted anonymous reporting portal with a third party-hosted, confidential reporting platform to allow employees and whistle blowers to report any concern or to ask an integrity related question.
- Introducing a new Whistle-blower Procedure to strengthen the protection of whistle-blowers' identities as well as against retaliation.
- Launching mandatory online refresher Business Integrity Compliance training.
- Conducting the second Employee Integrity Compliance Survey.

We Comply – communication and awareness program

In 2019, SMEC's leadership team continued to communicate with employees on various integrity and compliance related topics, through activities including emails, presentations at townhalls and roadshows, infographics, videos and Frequently Asked Questions (FAQ) documents. Ongoing communication is prioritised to ensure employees are aware of their compliance obligations and relevant policies and procedures and understand how to apply these processes to their everyday activities.

1 Compliance Leadership

We believe that compliance is our collective responsibility. We believe in acting with integrity in everything we do.

2 Protect

We protect our employees from retaliation for speaking up. We keep company intellectual property and records confidential.

3 Act rather than React

We discuss, disclose and manage personal and organizational conflicts of interest at all times. We have oversight of our partners and suppliers by performing ongoing due diligence and monitoring.

4 Speak Up

We raise questions and concerns when we see misconduct, fraud or corrupt practices.

5 Transparency

We create transparency through disclosure and reporting. We keep proper and accurate records of all activities and expenses.

6 Gifts and Entertainment

We avoid giving or receiving gifts. We entertain only in an appropriate manner, and not to improperly influence



2019 highlights

SMEC Australia as part of a global SMEC group initiative received its certification under the ISO37001 Anti-Bribery Management System.

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

Led by SMEC's Executive Project Managers, a Project Management Excellence Program was launched to support more robust project management governance and control practices and deliver more consistent quality of services across all projects. This program covers systems, processes, training and governance.

Looking to 2020

In addition to continuing the above programs in 2020, SMEC is preparing to apply for ISO37001 certification in some of the Southeast Asia locations where it operates.

FINANCIAL PERFORMANCE

SMEC continued to grow steadily during the 2019 financial year, maintaining our sound financial position, with total revenue, including fees and other income increasing from AUD 648.1 million to AUD 677.7 million.

Our financial performance is the result of our continued focus on sustainable growth, a significant increase in infrastructure development around the world, and collaboration with our parent and sister companies to leverage our global capabilities and provide better value to our clients.

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 in key Australian states. With near record levels of work-in-hand, strategic partnerships and a focus on attracting and retaining strong technical talent, the outlook for the 2020 financial year is very positive.

Economic value generated and distributed

During the reporting period, revenue in Australia increased to AUD 361.3 million. SMEC's net operating profit after tax in Australia increased to AUD 28.7 million. SMEC's operating costs increased by 2% to AUD 39.9 million, with employee compensation increasing by 7% to AUD 279.3 million

Remuneration of Directors

Non-Executive Directors are paid annual fees, which in total fall within the fixed amount, currently set at AUD 1 million. During the 2018–2019 financial year, remuneration of Non-Executive Directors totalled AUD 171,465. Non-Executive Directors are not eligible for bonuses or incentive schemes, and only statutory retirement benefits are payable.



Figure 1: Economic value generated in Australia (all figures are in A\$'000)

Generated	Southern	Central	Northern	Australia
Revenue	105,806	148,224	107,294	361,324
Net operating profit after tax				28,710

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

Distributed	Southern	Central	Northern	Australia
Operating costs	11,690	16,377	11,855	39,922
Employee compensation	81,800	114,594	82,950	279,343
Payments to providers of capital - dividend				—
Government (Tax)				13,349
Total				332,614

Figure 3: Economic Value Generated internationally (all figures are in A\$'000)

Generated	North Asia	South East Asia	South Asia Middle East	Africa	Americas	International
Revenue	9,308	70,759	111,708	105,21	5,055	301,851
Net operating profit after tax						1,407

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

Distributed	North Asia	South East Asia	South Asia Middle East	Africa	Americas	International
Operating costs	1,764	13,410	21,171	19,904	958	57,207
Employee compensation	9,343	45,848	86,415	89,544	—	231,149
Payments to providers of capital - dividend						—
Government (Tax)						12,088
Total						300,444

PEOPLE

Our Commitment

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

Our Objectives

- To provide and maintain a satisfying and rewarding work environment for all employees.
- To build a flexible, inclusive and diverse workplace where our people, clients and communities feel trusted, safe, confident, valued and understood.
- To attract, engage, develop and grow the capability of our people.
- To eliminate or manage hazards and practices that could cause accidents, injuries or illness.



As at 1 January 2020, SMEC, as part of the Surbana Jurong Group had over 16,000 employees across more than 130 global offices in over 40 countries. Of these employees, 1,782 were based in the Australia and New Zealand (ANZ) division.

Most employees from SMEC's ANZ Division (80%) are contracted on a full-time basis, followed by casual (11%), part time (7%), and fixed term (2%) as shown in Figure 5.

Remuneration

SMEC has different levels of consulting professionals, being Graduate, Professional, Experienced, Senior, Associate, Senior Associate & Principal.

The results of our annual gender parity analysis for the Australia & New Zealand division is shown in Figure 6. The analysis incorporated the remuneration and compensation offered to male and female employees in similar roles for 2019. Based on results, there was no evidence to suggest that SMEC has pay parity issues relating to gender or a gender pay gap. Gender parity across professional roles are at equal approximations across each career level.

Figure 6 compares actual remuneration at each professional level (with gender breakdown) with the average industry benchmark, which is based on Aon Hewitt's Consult Australia Remuneration Report.

Figure 5: Employment type

Business Unit	Full Time	Part Time	Casual	Fixed Term	Total
Infrastructure	977	78	158	26	1239
Urban Development	203	18	27	4	252
Management Services	83	4	14	3	104
Office of CEO	82	14	12	1	109
Office of COO	19	3	—	1	23
Corporate Services	47	7	1	0	55
Total	1411	124	212	35	1782

Figure 6: Remuneration benchmark results

Professionals ENG, PLN, ARC, SCI	% Difference Female to Benchmark	% Difference Male to Benchmark
Graduates 0-4 Years	98.35%	98.43%
Experienced	94.24%	94.13%
Senior	90.90%	91.20%
Associate	92.21%	92.06%
Senior Associate	90.24%	90.05%
Principal	100.35%	100.41%

Turnover

The overall turnover for ANZ employees during the reporting period was 12.78%. This is comprised of 11.43% voluntary turnover (resignation or retirement) and 1.35% involuntary turnover (dismissal or redundancy). A breakdown of the reason for employee turnover in ANZ is displayed in Figure 7. Figure 8 shows the breakdown of employee turnover by age and gender.

Figure 7: Reason for employee turnover (Australia & New Zealand)

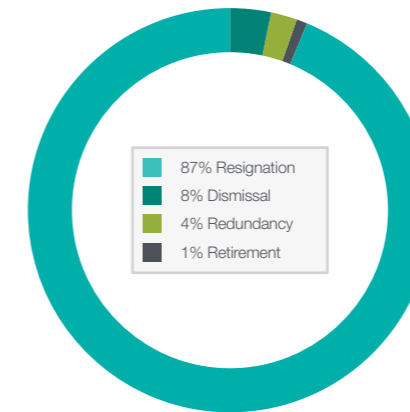
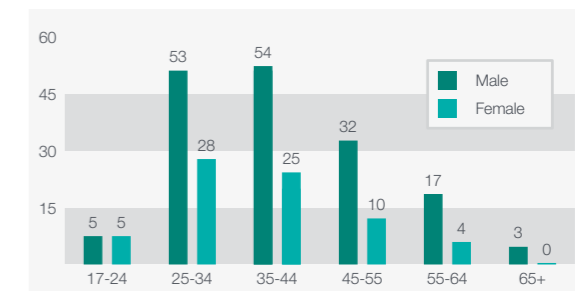


Figure 8: Employee turnover breakdown by age and gender (Australia & New Zealand)



Employee Benefits

Flexible Working Arrangements

SMEC's Flexible Working Arrangements (FWA) support employees in balancing their work and personal commitments through options to vary work hours, work from home and job share. As flexible working is increasingly embedded into our culture and ways of working at SMEC, we are seeing increased take-up of FWA, with a total of 74 employees in Australia or New Zealand participating in a formal FWA in 2019. **This is a 56% increase from 2018 and comprises 50 females (67%) and 24 males (32%).**

Leave benefits

SMEC offers a range of leave benefits in addition to statutory leave entitlements, including:

- Purchased Additional Annual Leave** – Employees can salary package an additional four weeks of annual leave per year, on top of their normal annual leave entitlement. In 2019, 347 employees took advantage of purchased additional annual leave, **an increase of 82% compared to 2018.**
- Parental Leave** – SMEC offers 14 weeks of paid parental leave to the primary carer of a new child, in addition to their annual leave, long service leave and government-funded entitlements. During the reporting period, 51 employees commenced a period of paid parental leave, 36 commenced primary carers leave and 15 commenced secondary carers' leave.
- Australian Defence Force (ADF) Leave** – SMEC provides up to 10 days ADF leave annually. No employees took ADF Leave in 2019.

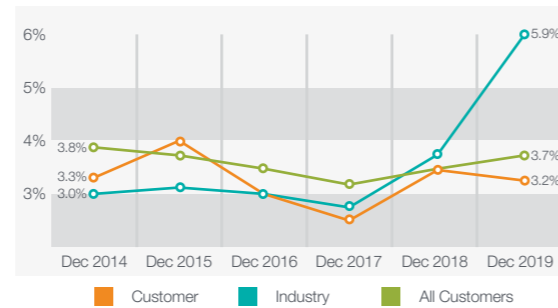
Health and Wellbeing

Employee Assistance Program

SMEC's Employee Assistance Program (EAP) is provided by Benestar, 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 2019, SMEC had a participation rate of 5.9%, an increase of 0.2% from 2018. A comparison of SMEC's participation rate against the industry average is displayed in Figure 9.

Figure 9: EAP annualised utilisation



Corporate Health Plan

SMEC offers employees a Corporate Health Plan through Bupa, which includes benefits such as discounted health cover, waived waiting periods on extras and a three-year loyalty provision for new members. During 2019, 279 employees took advantage of SMEC's corporate health plan through Bupa, a 22% increase from 2018.

As part of the company's 70th anniversary celebrations in 2019, we sponsored a 70-day health and wellness challenge for all employees in Australia. Employees earned points by participating in activities such as exercise, nutritional eating and meditation. Feedback for this program was extremely positive and we plan to run the challenge again in 2020.

Other corporate health initiatives in 2019 included providing free flu shots to employees and subsidising various team and community sports activities in which SMEC employees participated.

Objective

To build a flexible, inclusive and diverse workplace where our people, clients and communities feel trusted, safe, confident, valued and understood.

Gender Diversity

SMEC is committed to promoting gender diversity, establishing an inclusive working environment and promoting female participation in engineering through active industry representation and participation. SMEC continues to implement programs to increase awareness of gender diversity, and to create cultural change by aligning work practices, processes and systems with diversity initiatives.

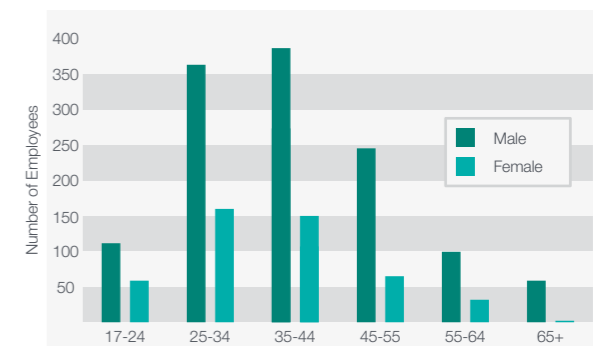
Australia & New Zealand Inclusion & Diversity Committee

The Australia & New Zealand Inclusion & Diversity Committee has been established to help drive strategic objectives and lead initiatives designed to promote an inclusive and diverse workplace.

Made up of a diverse range of employees from all levels of the business, from graduates through to ANZ CEO James Phillis (Committee Chair), members volunteer for the committee in addition to their day-to-day responsibilities.

In Australia and New Zealand, 26% of SMEC's workforce is female. Of these female employees, the majority are aged between 25-34 years (33%), followed by 35-44 years (32%), as shown in Figure 10.

Figure 10: Employee breakdown by gender and age



2019 highlights

- In September 2019, SMEC applied to the Australian Workplace Gender Equality Agency (WGEA) for the Employer of Choice citation.
- A notable increase in employees taking up flexible working arrangements and parental leave benefits.
- Expanded our recruitment policies and procedures to include gender equality guidelines.
- Developed an action plan to support employees returning to work from parental leave.
- Created a plan for promoting and normalising flexible working at all levels of the organisation.
- Reviewed a number of policies and procedures, including SMEC's Gender Action Plan, with further updates and improvements planned for 2020.

PEOPLE

Career Development

Tertiary Education Assistance

SMEC employees can apply for Tertiary Education Assistance in support of their continued professional development. SMEC will reimburse participants 50% of course fees, up to a maximum of AUD 10,000 per calendar year. During the reporting period, two new applications were supported, and eight current recipients were reimbursed for course fees. Since the program's inception in 2009, SMEC has supported more than 40 employees to achieve qualifications ranging from Certificate IV to postgraduate degrees in a broad range of study fields.

Career Pathways

SMEC's Career Pathways system provides employees with a range of career paths for technical and business progression. Career Pathways also provides targeted learning and development programs and an equitable reward and recognition framework. In 2019, SMEC offered employees training in Project Management and Client Relationship Management, in addition to Leadership and Graduate Development programs.

Talent Management

SMEC's approach to talent management combines talent identification (building employee leadership capability and capacity for long term continuity) and succession planning (establishing a leadership pipeline and identifying successors for key roles). This is reinforced by open conversations between employees and managers that foster trust, promote transparency and aim to ensure a balance between individual success and organisational performance.

In 2019, we strengthened our talent management and succession planning framework, with a more structured and consistent succession planning process for critical leadership positions, as well as a development framework for employees identified as key talent. At the executive level, we completed succession planning for roles identified as business-critical, in alignment with our parent company Surbana Jurong.

Objective

To attract, engage, develop and grow the capability of our people.

Leadership Development Program

Held in Singapore, the 2019 global Leadership Development Program hosted 41 participants from SMEC and its sister companies in the Surbana Jurong Group. Nominated by senior leadership, participants in the program were provided with a unique opportunity for collaboration and learning in the areas of leadership and culture, leading change and digital innovation.

Management Development Program

The Management Development Program is aimed at building on and enhancing people management and self-leadership skills for new and experienced leaders. The program was delivered across the SMEC group globally, with a total of 160 graduates – 39 females and 121 males.

Key outcomes from post program evaluation reports include:

- Employees reporting to program graduates indicated an 80% increase in engagement.
- Program graduates reported an 80% increase in feeling valued by their employer.
- 85% of program graduates felt they were equipped to be a better leader.

Project Management Training

A total of 435 employees attended 34 Project Management Training sessions held across Australia in 2019. This one-day training session covers the principles, practices and processes of project management at SMEC and was developed in conjunction with Engineers Education Australia. Given the nature of SMEC's work as a consultant in infrastructure projects, this training is critical in ensuring we are communicating and engaging regularly, safely and effectively with our stakeholders.



Client Relationship Management Training

In 2019, SMEC developed and launched a comprehensive Client Relationship Management training program, focusing on a consistent and coordinated approach to client interaction and sharing of information across business units. The program consisted on on-line and face-to-face sessions and was presented to 40 employees (35% female). We plan to continue this training in 2020 to enhance the quality of our interaction and engagement with our clients, who form a key stakeholder group for SMEC.

Equal Employment Opportunity Training

SMEC's Equal Employment Opportunity (EEO) framework promotes 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. Equal Employment Opportunity training is a compulsory part of SMEC's online induction process in Australia and New Zealand.

Performance and Development Review

SMEC conducts annual performance reviews for all permanent employees through a Performance Appraisal System (PAS) in which employees are assessed against agreed upon goals and KPIs, as well as SMEC's values. This process considers not only what our employees achieve, but how they achieve it, and is intended to encourage a value-based approach to what we do. The training and development needs of employees are also reviewed twice annually as part of PAS.

Chartership Support Program

SMEC supports employees in their professional development through sponsoring the attainment of chartership through Engineers Australia, including funding the cost of registration and ongoing assessment fees – a total of over \$35,000 in 2019. To support achievement of chartership, managers are required to monitor employees' progress, provide development opportunities, offer mentoring and guidance, and encourage the submission of Engineering Competency Claims. During 2019, 19 employees (up from nine in 2018) applied for chartered status through Engineers Australia.

Graduate Development Program

In 2019, SMEC's Graduate Development Program (GDP) provided 200 graduates (up from 161 in 2018) with development opportunities related to building personal and professional skills. Female graduates made up 36% of program participants. The GDP combines classroom-based learning, self-directed online modules, networking events and mentoring to help graduates plan and establish their careers with SMEC.

The work done in 2018 to revise and enhance the program was also recognised by the industry, with SMEC's GDP winning a Gold award for Best Learning & Development Project (Induction/Onboarding) and a Silver award for Best Learning Model (Blended Learning) at the 2019 LearnX awards.

PEOPLE

Objective

To eliminate or manage hazards and practices that could cause accidents, injuries or illness.

Work Health and Safety

Health and Safety Commitment

Our commitment to safety is demonstrated through a fully-integrated Health and Safety Management System and a company-wide Strategic Plan.

To provide safe and healthy working conditions for all employees, contractors, visitors and the public, 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 has implemented policies, procedures, guidelines, work instructions and reporting tools to measure progress towards Zero Harm objectives:

- 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.

Our 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.
- 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 can 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. We work 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 on local legislation requirements; potential cost savings; and the ability to eliminate or reduce hazards.

2019 Year in Review – Australia and New Zealand Division

In 2019, SMEC continued to improve proactive health and safety initiatives, including regular Safety Talks in all Australian and New Zealand offices.

Proactive reporting accounted for 85% of all work health and safety reporting during the period, with 53 hazard reports received. We also conducted 229 safety talks and issued 84 safety alerts or news items, a significant increase from 2018.

Figures 11 and 12 display a breakdown of incidents by region and activity.

Figure 11: Safety incidents by activity type

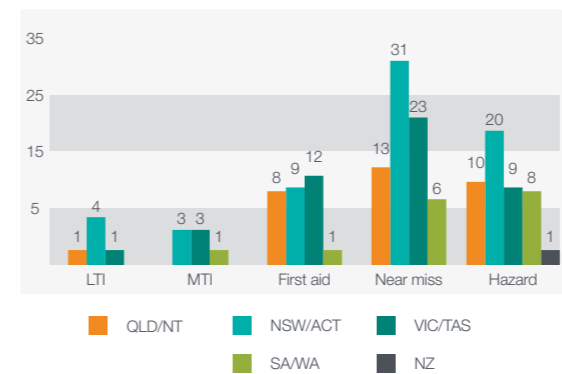
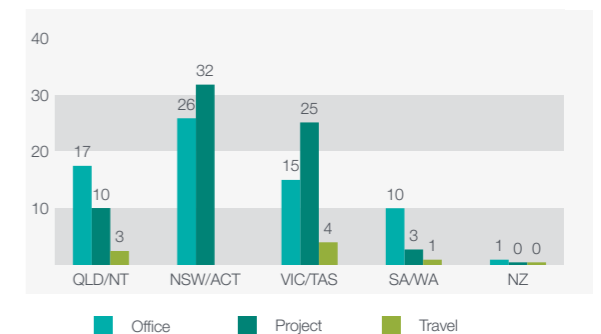


Figure 12: Safety incidents by location type



2019 highlights

Based on the results of a workforce safety culture survey and analysis, SMEC ANZ launched the Safety Culture Action Plan in October 2018. We continue to implement the initiatives agreed upon through this plan, with some of the highlights for the reporting period outlined below:

- 360 project and people managers completed SMEC's Leading Safety Program. This initiative aims to create a step-change in how our leaders and managers engage with staff about safety and risk.
- In line with the mental health strategy endorsed in 2018, SMEC's Mental Health First Aid Network was established. There are now specially trained Mental Health First Aiders (MHFAs) in each Australian state or territory, and in New Zealand. These employees' role is to provide informal and confidential support to their colleagues, including guiding them towards other support services, such as SMEC's Employee Assistance Program (EAP).

- Fatigue management framework was reviewed to provide clarity around managing lower and higher risk situations.
- A new safety award was established under the ANZ values recognition program.
- Developed a 'one stop' safety portal on the company intranet, which provides all employees access to safety-related policies, procedures and other useful documentation.

Looking to 2020

In 2020, we plan to increase awareness of our existing safety programs and procedures, as well as review their effectiveness through another workforce safety culture survey. Improvements will be documented through updating our Safety Culture Action Plan.

COMMUNITY

Our Commitment

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

Our 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 employees to participate in and contribute to the development and wellbeing of their communities.



Objective

To protect and uphold internationally proclaimed human rights, particularly in the areas of child abuse and forced compulsory labour.

Human Rights

Through a broad range of policies, procedures and frameworks, SMEC fully supports and advocates for the protection of internationally proclaimed human rights. SMEC's Employee Assistance Program (EAP) is provided by Benestar, a leading national provider of employee assistance, corporate psychology, critical incident training, and health and wellbeing services.

Corruption and Bribery

SMEC has a zero-tolerance policy towards corruption, fraud or bribery of any form, as set out in our Code of Conduct, Business Integrity Policy, standard commercial agreement templates and other business instruments. We have implemented a range of policies, procedures, training and communication materials to ensure we are always maintaining and enhancing a culture of integrity. For more information on our initiatives and improvements in 2019, please see page 22.

Child Protection Policy

SMEC maintains a zero-tolerance policy in relation to child exploitation and abuse. Child Protection Policy training and police checks for those working with children is mandatory for all SMEC employees. We continue to review our Child Protection Policy and associated processes and practices to ensure rigorous compliance with the standards set out by the Australian Department of Foreign Affairs and Trade.

Forced and Compulsory Labour

SMEC is committed to the elimination of all forced and compulsory labour, complies with all national employment legislation, and ensures the highest standards of protection for employees. Our Code of Conduct ensures that ethical employment and labour practices are implemented across our organisation.

Indigenous Rights

At the end of 2019, we submitted Phase 2 of our Reconciliation Action Plan (RAP) to Reconciliation Australia for endorsement. SMEC's RAP formalises our commitment to implement and measure practical actions that create opportunities for, and build respectful relationships with, Aboriginal and Torres Strait Islander peoples. The RAP is implemented by a dedicated, cross functional working group.

During the reporting period, we continued our efforts particularly in the areas of indigenous recruitment and support for indigenous communities.

SMEC has a zero-tolerance policy towards corruption, fraud or bribery of any form, as set out in our Code of Conduct, Business Integrity Policy, standard commercial agreement templates and other business instruments.

2019 highlights

- Worked closely with Engineering Aid Australia and recruitment firm Indigenous Employment Australia to recruit and place qualified candidates who identify as Aboriginal or Torres Strait Islander within our organisation.
- Sponsored the SMEC Indigenous jersey for the Northern Pride's first match at the Intrust Super Cup games in Cairns, Australia.
- SMEC offices in Melbourne and Brisbane engaged with Aboriginal artists to commission work for their offices.
- Continued our support of Engineering Aid Australia and the Indigenous Literacy Foundation, both of which provide educational support and opportunities to children and students from Aboriginal and Torres Strait Islander communities.

Looking to 2020

In 2020, we will review and address cultural awareness training needs at SMEC, increase the representation of Indigenous businesses in our supply chain and continue to work closely with our clients to ensure the rights and heritage of Aboriginal and Torres Strait Islander peoples are protected in the planning and execution of projects. We will also work closely with employees across our organisation and in partnership with Reconciliation Australia to implement our RAP.

COMMUNITY

Objective

To deliver the best possible social and development outcomes for people in need through small-scale grant support provided by the SMEC Foundation.

To support and encourage employees to participate in and contribute to the development and wellbeing of their communities.

Community Development

The SMEC Foundation

Founded in 2001, the SMEC Foundation provides small-scale grant support to a range of development projects around the world with a focus on Health, Education, Environment, Community Development and Emergency Relief.

Corporate Social Responsibility (CSR) programs

SMEC's global CSR program is led by the SMEC Foundation and facilitated through CSR committees that have been established in each of SMEC's operating divisions (Australia & New Zealand, South Asia & Middle East, South-east Asia and Africa). We are fortunate to have a presence in more than 40 countries around the world, where we are committed to not only delivering projects to a high standard of excellence but also making a difference to communities in need.

During the 2019 reporting period, AUD 144,628.60 was donated directly through the SMEC Foundation. In addition, SMEC's Divisional CSR Committees donated approximately AUD \$272,000 across several projects with SMEC employees participating in many inspiring activities around the world. More detail on the Foundation's activities can be found in our annual SMEC Foundation Review, which is made available to the public on our website.

SMEC has once again committed funding for the Divisional CSR Committees in 2020.

SMEC Foundation recognised for community contribution

The SMEC Foundation was named an ABA100 Winner for Community Contribution in The Australian Business Awards 2019.

The Australian Business Award for Community Contribution recognises organisations that implement initiatives that have a positive impact on the community and generate outcomes that have a long-term benefit.

\$30k

More than A\$30,000 donated to support the Indigenous Literacy Foundation

1,700

Books provided to 20 remote communities in Australia

A HAVEN FOR THE CHILDREN OF TANZANIA

Partner: McKendrick Family
Location: Tanzania

The Alastair McKendrick House, a home for orphans, was officially opened in Dar es Salaam in October 2019. The project is an initiative of SMEC's Africa CSR Committee that has been supported by the SMEC Foundation and the McKendrick family. Alastair McKendrick is a former long-serving SMEC Director and Group Chief Financial Officer (CFO), who passed away in September 2018, but his legacy lives on through his contribution to the children of Tanzania.

The Alastair McKendrick House can cater for up to 64 children and is built on an area of approximately 10,854sqm. This land can be further developed to ultimately accommodate more than 180 children as well as a poultry farm and greenhouse, which will help the orphanage generate income to self-sustain its operations.

WATERAID AND SMEC PARTNER TO ADDRESS GENDER INEQUALITY

Partner: WaterAid
Location: Papua New Guinea

Despite significant progress in recent years, millions of children still lack access to basic water, sanitation and hygiene (WaSH) facilities at their schools. This is particularly pronounced for young girls and female adolescents who often miss school because of a lack of access to safe and improved facilities.

The SMEC Foundation partnered with WaterAid on an integrated WaSH project that aims to increase school retention in young women through improving access to WaSH and sexual and reproductive health knowledge.

The Foundation contributed to the construction of new toilets and hand washing facilities at Tubuserea Upper Primary School in Papua New Guinea. The WaSH facilities are a particularly welcome addition to the school's infrastructure, with both teachers and students commenting on the positive difference made.



HELPING TO CLOSE THE LITERACY GAP

Partner: Indigenous Literacy Foundation
Location: Australia

SMEC is proud to renew its partnership for the third year with the Indigenous Literacy Foundation, which promotes early literacy and provides culturally appropriate books to Aboriginal and Torres Strait Islander communities.

To date, SMEC has donated more than A\$30,000 to help the Indigenous Literacy Foundation provide 1,700 books to 20 remote communities in Australia, supporting literacy for many children and their families. SMEC also partners with representatives of the Indigenous Literacy Foundation to speak at key events and help SMEC employees understand how their donations make a difference.

SUSTAINABILITY AND ENVIRONMENT

Our Commitment

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

Our 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 educate employees, clients, partners and contractors about the importance of environmental sustainability.



Environmental Management framework

SMEC's company-wide Environmental Management Policy and Environmental Management System (EMS) formalise our commitment to environmental responsibility.

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.
- 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 Management System (EMS)

SMEC's Environmental Management System complies with the requirements of ISO 14001 (Environmental Management) and provides a systematic and methodical approach to planning, implementing and reviewing SMEC's environmental performance. Effective implementation of the EMS supports a company culture focused on incorporating sustainable practices into everyday business decisions.

Environmental Impact Assessment Scale

SMEC has controls in place to manage and, where 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 D).

Where the environmental impact rating is above eight, SMEC employees are required to develop an Environmental Management Plan (EMP), outlining appropriate risk treatments, targets, objectives, controls and responsibilities.

Where a risk rating is identified as above 15, the hazard is assigned to senior management for review. Where a risk rating is identified as 20 or above, the hazard is assigned to executive management. It is management's responsibility to ensure the risk is managed in an appropriate manner across the Company's operations.

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

Sustainable 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 AND ENVIRONMENT

Our Objective

To operate energy efficient offices and reduce Greenhouse Gas (GHG) emissions generated by SMEC's operations

Sustainable offices

Environmental Management Plan

The SMEC Australia & New Zealand Environmental Management Plan sets out guidelines to manage the environmental impacts associated with each office in the areas of procurement, waste generation, electricity, transport and water. Objectives, targets, actions, procedures and processes are outlined for each aspect, with timelines and responsibilities identified to ensure accountability.

In 2019, each of our 19 offices in Australia and New Zealand continued to implement existing procedures and adopt new initiatives that have an overall positive impact on SMEC's environmental footprint. Examples of these initiatives include bins for sorting recyclable and

other waste products; mobile phone, battery and printer cartridge recycling; stickers to remind employees to switch off computer monitors at night; environmentally friendly detergents; the use of recycled toilet paper and recycling of used coffee pods.

We launched a project to collect data on SMEC's carbon footprint in Australia, for example kilometers travelled in company vehicles or via air transport. This information is shared with our parent company, Surbana Jurong, and will inform future policies and targets in relation to the environmental sustainability of our operations. In 2020, we also plan to establish a National Committee focussed on sustainable practices and continue building an environmentally friendly culture across SMEC.

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 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.

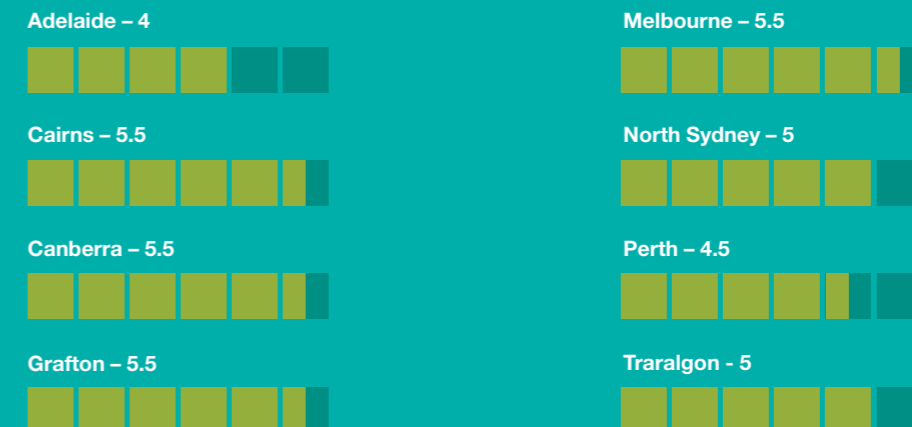
NABERS Energy ratings

In 2019, 16 Australian offices completed a CitySwitch Energy Audit, with results showing an average NABERS energy rating of 3.5 stars. Eight of the 15 offices reached or exceeded the target energy rating of four stars.

In 2020, we are focused on increasing the energy efficiency of our offices, and working with our building operators and property managers to address any restrictions and challenges.



Energy performance by office (top performers shown):



SUSTAINABILITY AND ENVIRONMENT

Our Objective

To guide our clients to embed sustainability into their projects across the asset life cycle.

At SMEC, we provide sustainability services for a range of infrastructure projects to push environmental, social and economic project outcomes beyond 'business as usual'. SMEC offers a comprehensive suite of sustainability advisory services to clients to achieve their sustainability objectives from planning through to construction.

We are leaders in skilfully scoping, assessing and delivering sustainability services to efficiently guide clients' projects through sustainability ratings, such as Australia's Infrastructure Sustainability (IS) Rating Scheme.

Our global team of sustainability specialists, social scientists, environmental planners, environmental scientists, ecologists, asset managers, urban designers and engineers work collaboratively to deliver wholistic project outcomes across the triple bottom line (environment, economic and social). Some examples of our project work are shown on the next page.

Sustainability services

- Sustainability planning, monitoring and reporting
- Sustainability integration, management and assessment
- Sustainability rating implementation and delivery

Environmental services

- Environment planning, auditing and assessment
- Ecological assessments
- Water resources and groundwater protection
- Feasibility, concept, design and grid connection for renewable energy projects
- Climate risk, vulnerability and adaptation assessments
- Wetland and waterway rehabilitation
- Waste to energy conversion
- Hydrogeological and hydrological investigations
- Contaminated site assessment and management
- Marine infrastructure development
- Coastal zone management
- Flora and fauna surveys
- Water quality monitoring (ground, surface and drinking water)
- Acid sulphate soils assessment
- Energy advisory services

Social services

- Social impact assessment (SIA)/Social risk analysis
- Resettlement and livelihood restoration
- Social management planning and community investment programs
- Social compliance and due diligence auditing
- Governance
- Community and stakeholder engagement
- Education
- Health

PACIFIC MOTORWAY UPGRADE: VARSITY LAKES TO BURLEIGH INTERCHANGE

Location: Australia

This project is part of the upgrade and widening of the Pacific Motorway from Varsity to Tugun, one of Australia's busiest highways and a national freight route.

On the highway section from Varsity Lakes to Burleigh including the Burleigh Interchange, SMEC was engaged to evaluate the business case design and develop the design for construction, incorporating opportunities for innovation and value engineering solutions. This section of the Pacific Motorway will be increased from two to three or four lanes in each direction and incorporate

an innovative Diverging Diamond Interchange, only the second to be constructed in Queensland and Australia.

SMEC's specialist sustainability staff are working with our client and the team to help embed sustainable practices and design elements into the project, which go beyond "business as usual road design" to provide innovative, cost effective design solutions. To verify this process, SMEC is undertaking a Sustainability Assessment against the Infrastructure Sustainability Council of Australia (ISCA)'s Infrastructure Sustainability Rating Scheme.

IPSWICH MOTORWAY UPGRADE: BLUNDER ROAD TO CENTENARY MOTORWAY

Location: Australia

SMEC was engaged to undertake the Ipswich Motorway Corridor Study to develop a Preliminary Evaluation of the concept design options for the Blunder Road to Centenary Motorway section of the Ipswich Motorway Rocklea to Darra Upgrade Project.

SMEC's Infrastructure Sustainability Accredited Professionals (ISAPs) prepared the Environmental Scoping Report and the Sustainability Assessment for

the Preliminary Evaluation Options Analysis, based on key sustainability parameters using a scored multi-criteria analysis. Following this assessment, recommendations were made for sustainability measures to be considered during the project's design development

CLIMATE RESILIENCE SECTOR PROJECT

Location: Tonga

Tonga's Climate Resilience Sector Project (CRSP) was an ambitious and vital project aiming to increase resilience in Tonga's economic, social, and natural eco-systems to climate variability, change and disaster risk.

From March 2016, SMEC provided design, project management, procurement support and construction supervision to the Ministry of Meteorology, Energy Information, Disaster Management, Environment, Climate Change and Communication (MEIDECCC), and various project implementation units. This included environmental and social safeguards assessments; reconnaissance inspections, surveys and investigations; preparation of marine landings inventory; quality assurance and control; and program review and documentation.

The project was successfully implemented, on time and within budget, and all defined outcomes were achieved by the end of 2019.

This comprehensive program has made a difference not just to institutional and government sectors but also in the areas of social development, capacity building, and women's empowerment.



APPENDIX A

Scope of this report

This is SMEC's tenth annual Sustainability Report, covering its economic, social and environmental performance from 1 January 2019 to 31 December 2019.

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

SMEC has applied the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines.

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

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 13. All material aspects identified have an impact both inside and outside of SMEC and are relevant for all stakeholders outlined in Stakeholder Engagement on pages 14 and 15.

Defining Report Content

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

- stakeholder inclusiveness
- sustainability context
- materiality
- completeness

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

Stakeholder inclusiveness

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

Sustainability context

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

Materiality

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

Completeness

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

Figure 13: Material Aspects contained within this report

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

APPENDIX B

Associated entities	
Entity	Country of incorporation
South Asia	
Himalayan Green Energy Pvt Ltd	India
TT Energy Pvt Ltd	India
Asia Pacific	
P.T. SMEC Denka Indonesia	Indonesia
SMEC Energy SDN Berhad	Malaysia
SMEC (Malaysia) Sdn Bhd	Malaysia
Africa	
LDLC Properties (Pty) Ltd	South Africa
Soilco Materials Investigations Pty Ltd	South Africa

Controlled entities	
Entity	Country of incorporation
SMEC Australia Pty Ltd	Australia
SMEC International Pty Ltd	Australia
SMEC Services Pty Ltd	Australia
SMEC Foundation Ltd	Australia
Global Maintenance Consulting Pty Ltd	Australia
SMEC Testing Services Pty Ltd	Australia
SMECTS Holdings Pty Ltd	Australia
STS Geoenvironmental Pty Ltd	Australia
PDR Engineers 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	Canada
Global Maintenance Consulting Chile Limitada	Chile
SMEC Asia Ltd	Hong Kong

Controlled entities - continued	
Entity	Country of incorporation
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
SMEC Services 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
SMEC South Africa Pty Ltd	South Africa
Soillab Pty Ltd	South Africa
SMEC International (Africa) (Pty) Ltd*	South Africa
Ocyana Consultants Pvt Ltd	Sri Lanka
SMEC (Tanzania) Limited	Tanzania
SMEC Uganda Limited	Uganda
Global Maintenance Consulting – America, Inc.	United States of America
SMEC Vietnam JSC	Vietnam

* Formerly known as Global Maintenance Consulting (Canada) Inc

APPENDIX C

Company memberships	
AIC Membership (Asociación de Empresas, Consultoras de Ingeniería de Chile - AIC A.G.)	Consult Australia
Asset Management Council (Australia)	Consulting Engineering Association of India
Association of Consulting Engineers Botswana	Consulting Engineers South Africa
Association of Consulting Engineers Malaysia	Council of Engineering Consultants of the Philippines
Association of Consulting Engineers Zambia	Delhi Chamber of Commerce
Association of Land Development Engineers	Department of Petroleum Resources (Nigeria)
Association of Tanzania Employers	Engineers Australia
Australasian Corrosion Association	Engineering Institution of Zambia
Australia Mining Chambers (Indonesia)	Engineers Registration Board, Tanzania
Australia Myanmar Chamber of Commerce	Engineers Registration Board, Zambia
Australia Papua New Guinea Business Council	Facilities Management of Australia (FMA)
Australian National Committee on Large Dams	Federation of Kenya Employers
Australian New Zealand Chamber of Commerce, Philippines	Ghana Institution of Engineers
Australian Water Association	Indonesia Australia Business Chambers
Board of Engineers, Malaysia	Infrastructure Partnerships Australia
British Chamber Myanmar	Institute of Municipal Engineering of Southern Africa

International Development Contractors Community	SAAMA (South Africa Asset Management Association)
International Union of Soil Sciences, Nigeria	Singapore Association Myanmar
Malaysia Australia Business Council	Soil Science Society of Nigeria
Myanmar Oil and Gas Service Society	South African National Committee on Large Dams
National Construction Industry Council, Malawi	South African Oil & Gas Association
National Environmental Standard & Regulations Enforcement Agency of Nigeria	Supply Nation
Nigeria Institute of Soil Science	Tertiary Education Facilities Management of Australia (TEFMA)
New South Wales Business Chamber (Australia)	Committee for Sydney (Australia)
Pakistan Engineering Council	Uganda National Chamber of Commerce (Uganda)
Papua New Guinea Chamber Mines and Petroleum	Urban Development Institute of Australia
Petroleum Authority of Uganda	Waste Management and Resource Recovery Association of Australia
PPDA -Public Procurement and Disposal Authority	Water Industry Alliance
Professional Engineers Ontario	
Property Council of Australia (PCA)	
Roads Australia	



APPENDIX D

Environmental Impact Assessment Scale

Ratings	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.

			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

APPENDIX E

	GRI Indicator	Description	Comments	Page No.
Strategy	1.1/G4-1	Statement from the CEO.		4-5
	1.2/G4-2	Description of key impacts, risks and opportunities.		4-5, 8-9, 24-25
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.	6
	2.3	Operational structure of the organisation.		12-13, 20-23
	2.4/G4-5	Location of organisation's headquarters.	Collins Square, Tower 4, Level 20, 727 Collins St, Melbourne, VIC, 3008, Australia	
	2.5/G4-6	Number of countries where the organisation operates.	40+	6-7
	2.6/G4-7	Nature of ownership and legal form.		12-13, 20-21
	2.7/G4-8	Markets served.	Urban development, Infrastructure, Management Advisory.	5-6
	2.8/G4-9	Scale of the reporting organisation.		6-7, 24-25,26-27
	2.9/G4-13	Significant changes to size, structure or ownership during the reporting period.	Nil.	
	2.10	Awards received in the reporting period.		18-19
Report Parameters	3.1/G4-28	Reporting period.	1 January 2019 - 31 December 2019.	44
	3.2/G4-29	Date of most recent previous report.	March 2019.	
	3.3/G4-30	Reporting cycle.	Annual.	44
	3.4/G4-31	Contact point for report.	sustainabilityreport@smec.com	44
	3.5	Process for defining report content.		44-45
	3.6	Boundary of the report.		44-45
	3.7	Limitations on the scope or boundary of the report.		44-45
	3.8/G4-17	Basis for reporting on joint ventures and other entities.		44-45
	3.9	Data measurement techniques.		44-45
	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.	52-53
	3.13/G4-33	External assurance.	Not used for this report.	

	GRI Indicator	Description	Comments	Page No.
Governance, Commitments and Engagements	4.1/G4-34	Governance structure of the organisation.		12-13,20-21
	4.2	Chair of the highest governing body.		12-13
	4.3	Independent and non-executive board members.		12-13
	4.4	Mechanisms to provide recommendations to the highest governing body.		21-23
	4.5	Compensation and performance.		24-25
	4.6	Processes to avoid conflicts of interests.		20-23
	4.7	Process for determining qualifications and expertise.		22,26
	4.8/G4-56	Mission, values and code of conduct.		16-17, 20
	4.9	Processes for management of company performance.		20-23
	4.10	Processes for evaluating the performance of the highest governing body.		20-23
	4.11/G4-14	Precautionary principle addressed.		4-5, 20-21
	4.12/G4-15	Externally developed economic, environmental and social charters.		14-15, 18-19, 48-49
	4.13/G4-16	Memberships in associations.		48-49
	4.14/G4-24	List of stakeholder groups engaged by the organisation.		14-15
	4.15/G4-25	Basis for identification and selection of stakeholders.		14-15,44-45
	4.16/G4-26	Approaches to stakeholder engagement.		14-15,44-45
	4.17/G4-27	Key stakeholder topics and concerns.		14-15,44-45
Additional General Disclosures	G4-38	Composition of the highest governing body.		12-13, 20-21
	G4-39	Explain whether the Chair of the highest governing body is also an executive officer.		12-13, 20-21
	G4-51	Remuneration policies for the highest governing body.		24
	G4-10	Breakdown of employee demographics.		7, 26-31
	G4-11	Percentage of employees covered by bargaining agreements.	Nil.	
	G4-12	Organisation's supply chain.		7
	G4-18	Explain the process for defining report content and Aspect Boundaries.		44-45
	G4-19	List all Material Aspects identified for defining report content.		44-45
	G4-20	For each Material Aspect, report the Aspect Boundary within the organisation.		44-45
	G4-21	For each Material Aspect, report the Aspect Boundary outside the organisation.		44-45

APPENDIX E

	GRI Indicator	Description	Comments	Page No.
Ethics	G4-56	Values, principles, standards and behaviour.		16-17, 20-23
	G4-57	Internal mechanisms for advice on unlawful behaviour.		20-23
	G4-58	Internal mechanisms for reporting concerns on unlawful behaviour.		20-23
Economic	G4-EC1	Direct economic value generated and distributed.		24-25
	G4-EC4	Financial assistance received from government.	Nil.	
	G4-EC8	Indirect economic impacts.		34-41
Environmental	G4-EN3	Energy consumption within the organisation.		38-41
	G4-EN4	Energy consumption outside the organisation.		38-43
	G4-EN6	Reduction of energy consumption.		38-43
	G4-EN8	Total water withdrawal by source.		38-43
	G4-EN10	Water recycled and reused.		38-43
	G4-EN12	Impact on areas of high biodiversity value.		38-43
	G4-EN13	Habitats protected or restored.		38-43
	G4-EN19	Reduction of greenhouse gas emissions.		38-43
	G4-EN24	Total number and volume of significant spills.	Nil.	
	G4-EN25	Weight of transported waste.	Nil.	
	G4-EN27	Initiatives to mitigate environmental impacts.		38-43
	G4-EN29	Non-compliance with environmental laws.	Nil.	
	Labour Practices and Decent Work	G4-LA1	New hires and turnover by age, gender and region.	
G4-LA2		Benefits provided to full time employees.		28, 30-31
G4-LA6		Rates of injury and lost days.		32-33
G4-LA10		Skills management and lifelong learning programs.		30-31
G4-LA11		Regular performance reviews.		31
G4-LA12		Workforce diversity.		29
G4-LA13		Ratio of basic salary of women to men.		26
Human Rights	G4-HR3	Total number of incidents of discrimination.	Nil.	
	G4-HR4	Rights to freedom of association.	All employees are entitled to join unions.	
	G4-HR5	Risks to child labour.		34
	G4-HR8	Incidents involving indigenous people.	Nil.	

	GRI Indicator	Description	Comments	Page No.
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.	

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

