![SMEC - Local People. Global Experience.]

# Sustainability Report

## 2015–2016

This is SMEC's sixth annual Sustainability Report. The report covers SMEC's economic, social and environmental performance from 1 April 2015 to 31 March 2016.

# Contents

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

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

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

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

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

# The CEO's Message

This is SMEC's sixth 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 2014-2016 Strategic Plan.

**Andy Goodwin**

*Managing Director and Chief Executive Officer*

These objectives formalise SMEC's commitment to each of its three Corporate Social Responsibility categories: People; Community; and Sustainability and Environment. Under these objectives, SMEC aims to: create a rewarding, inclusive workplace for our people by encouraging personal development, fostering equal opportunity and ensuring employee health, safety and wellbeing; support community and charitable programs; and eliminate or minimise 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 October 2015, all Australian offices underwent an annual CitySwitch Energy Audit. The purpose of these audits was to assess the impact of energy saving initiatives over the last year and measure progress towards SMEC's green office energy targets.

I am pleased to advise that in 2015, more than half of SMEC's offices achieved their target four star energy rating. As a result, SMEC reduced its total energy consumption by more than 185,000 kWh of electricity, which equates to a saving of more than 205 tonnes of carbon dioxide ($CO_2$) per annum.

In addition to CitySwitch Energy Audits, a pilot group of SMEC's Australian offices also underwent a Water Audit in February 2016 in order to establish baseline office water ratings. 60% of these offices achieved the indicative target four star water rating, with one office securing a perfect six star rating.

The findings from these Water Audits will be used to assist in the completion of SMEC's annual water assessment for the Carbon Disclosure Project's (CDP) Water Management Program. Now in its second year as signatory to the CDP Program, SMEC will continue to practise proactive sustainable water stewardship, and water risk and resource management.

In December 2015, SMEC established a Diversity and Inclusion Committee as a vehicle for driving SMEC's Gender Diversity and Inclusion Strategy. SMEC believes in equal opportunity for all, and respects differences in ethnicity, gender, age, national origin, disability, sexual orientation, education and religion. 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.

In 2016, diversity will remain 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.

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 fulfil the Company's commitment to community development and sustainable poverty reduction.

During the period, the SMEC Foundation donated over $70,000 to support communities in which the Company operates. These funds were distributed through grants made to Habitat for Humanity Australia and So They Can; two organisations that have a long-standing history of effective project delivery, local community engagement and measurable social benefits and results.

In December 2015, SMEC was highly successful at the Consult Australia Awards for Excellence. SMEC secured two High Commendations for: the Geebung Overpass (GO) Alliance's Robinson Road Open Level Crossing Replacement Project (Collaborations category); and the Preliminary Condition Assessment of Water Reservoirs for Queensland Urban Utilities (Technological Innovation category). These awards recognise SMEC's contribution to the outstanding delivery of infrastructure projects, and leadership and innovation in the application of new and emerging technologies.

SMEC finished a successful 2014-2015 financial year with strong rankings in Engineering News Record (ENR) Magazine's 2015 annual design lists. SMEC was ranked at number 51 in the '2015 Top 225 International Design Firms' list (an increase of six

positions from SMEC's 2014 ranking at number 57), and maintained its ranking at number 76 in the '2015 Top 150 Global Design Firms' list. SMEC also secured strong rankings in ENR's Global Sourcebook, achieving: a number seven ranking in Hydro Plants; number eight in Transmission and Distribution; and number 10 in both Highways and Dams & Reservoirs.

SMEC has made significant progress towards achieving the Company's sustainability objectives this year, and I am confident that we are well on track to meet the sustainability targets outlined in the 2014-2016 Strategic Plan. 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**

*Managing Director and*
*Chief Executive Officer*
*SMEC Holdings Limited*

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

**5,400+**
people

**75+**
offices

**40+**
countries

# The Board

On behalf of the Board of Directors, I am pleased to welcome you to SMEC's 2015-2016 Sustainability Report, and my first as Chairman of the Board. This year, SMEC has made substantial progress towards its economic, social and environmental objectives.

**Max Findlay**
*Chairman*

During the period, SMEC strengthened its company compliance with revisions to the Company's Business Integrity Policy and related procedures. These mechanisms 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; donations, gifts and entertainment; and non-normal business. SMEC is serious about having a culture of compliance, and in 2016 will continue to ensure ethical and safe working conditions for all its employees.

In 2015/2016, there were a number of changes to SMEC's company size, structure and leadership. Foremost, I would like to acknowledge the retirement of Peter Busbridge as Chairman of SMEC's Board of Directors. Peter made an enormous contribution to SMEC over his 40+ years of service. His understanding of SMEC's business, combined with his astute leadership, positive drive, support and guidance will be greatly missed across the Company.

I would like to welcome George Lasek to the Executive Committee in the role of Chief Operating Officer (COO) for South Asia and Middle East. George has held the role of Regional Manager India and Bhutan, as well as Managing Director SMEC India, for the last two and a half years. During that time, George has shown strong leadership and has successfully grown SMEC's business and reputation in the region.

Peter Rundle (formerly COO South Asia and Middle East) has been appointed to the role of Director of International Operations. In this role, Peter will take charge of driving SMEC's compliance program and reducing the Company's working capital. Peter's extensive experience in infrastructure, transportation, mining and building project management, coupled with his commercial acumen and postgraduate business qualifications, makes him the ideal person for this challenging role.

In 2015, the SMEC Foundation underwent a strategic review to identify opportunities to strengthen the delivery of support. The outcome of this review was the implementation of a new rationalised structure that will result in: increased employee engagement; stronger synergies with non-governmental partners; and a wider and more diverse breadth of funding recipients.

I would like to warmly welcome the new SMEC Foundation Board: Roger Bayliss to the position of Chairman, and Angus Macpherson and Philip Wilcox as Directors. I would also like to thank those Directors who this year resigned from the SMEC Foundation Board. You have been instrumental in shaping the Foundation into the sustainable, successful and resourceful charity it is today.

**Max Findlay**
*Chairman*
*SMEC Holdings Limited*

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

**MAX FINDLAY**
Chairman

Max was appointed Chairman of SMEC in 2016, after servicing 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. 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. *BEc, FAICD.*

**ANDY GOODWIN**
Managing Director and CEO

Andy was appointed Managing Director and Chief Executive Officer of SMEC in 2014, after serving as Chief Operating Officer South Asia and Middle East since 2012. Andy has more than 30 years' engineering experience in the energy and infrastructure sectors in South Africa, Europe and Asia. Andy holds a Bachelor of Science (Mechanical Engineering) and a Bachelor of Commerce (Hons). *BSc(Eng)Mech, BCom(Hons).*

**ALASTAIR MCKENDRICK**
Director and Group Finance Director

Alastair joined SMEC in 1999, was appointed Chief Financial Officer in 2000, elected to SMEC's Board of Directors in 2001 and appointed Group Finance Director in 2009. Alastair has worked throughout Australia, New Zealand, Hong Kong and the United Kingdom. Alastair holds a Bachelor of Business (Accounting) from Monash University, is a Fellow of Certified Public Accountants Australia and a Member of the Australian Institute of Company Directors. *BBus(Acc), FCPA, MAICD.*

**KATE SPARGO**
Non-Executive Director

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

**ROGER BAYLISS**
Non-Executive Director

Roger is a Non-Executive Director of SMEC, is Chairman of the Remuneration and Nominations Committee and Chairman of the SMEC Foundation. Roger was appointed to the SMEC Board in 2002. Roger's career has included policy development, marketing, international trade and investment. Roger is a Chartered Chemist, a Member of the Royal Australian Chemical Institute and a Fellow of the Australian Institute of Company Directors. Roger holds a Bachelor of Science. *BSc, MRACI, FAICD.*

# The Executive Committee

The Executive Committee (EC) has primary authority for the management and monitoring of the Company's operations, and the implementation of the Company Strategy subject to policies and procedures approved by the Board of Directors. The EC is comprised of 10 senior individuals with extensive experience in strategic and operational planning.

**ANDY GOODWIN**
Managing Director and CEO

Andy was appointed Managing Director and Chief Executive Officer of SMEC in 2014, having held the role of Chief Operating Officer South Asia and Middle East since joining SMEC in 2012. Andy has led multidisciplinary teams in technical and complex environments, and has developed and implemented business strategies leading to strong growth. Andy holds a Bachelor of Science (Mechanical Engineering) and a Bachelor of Commerce (Hons). *BSc(Eng)Mech, BCom(Hons).*

**ALASTAIR MCKENDRICK**
Director and Group Finance Director

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

**NEIL EVANS**
Director
Strategy and New Business

Neil joined SMEC in 1993 and was appointed Director Strategy and New Business in 2012. Neil has more than 35 years' experience in the development, design and delivery of large infrastructure projects, and has been a member of project boards and review groups worldwide. Neil holds a Bachelor of Science (Civil Engineering) from the University of NSW and has completed the Advanced Management Program at Harvard University. *BSc(Eng), AMP Harvard.*

**ANGUS MACPHERSON**
Director
Corporate Affairs

Angus joined SMEC in 1993, was appointed Director Corporate Affairs in 2010, and elected to the SMEC Foundation Board in 2015. Angus has over 25 years' experience in business management systems, project management of large multidisciplinary projects and all aspects of civil engineering for the public and private sectors. Angus holds a Bachelor of Engineering (Civil) from the University of Technology, Sydney. *BE(Civil), CPEng, MIEAust.*

## PETER RUNDLE
### Director
### International Operations

Peter joined SMEC in 2014 and was appointed Director of International Operations in 2015. Peter has over 35 years' experience in engineering project management across transport, infrastructure, mining, process and building. Peter is a member of the Institution of Engineers Australia and the American Society of Civil Engineers. Peter holds a Masters of Business Administration and a Diploma of Civil Engineering. *MBA, DEng (Civil), MIEAust, MASCE.*

## JOHN STOCCO
### Chief Operating Officer
### Resources

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

## HARI POOLOGASUNDRAM
### Chief Operating Officer
### Australia and New Zealand

Hari joined SMEC in 1994, and was appointed Chief Operating Officer Australia and New Zealand in 2012. Hari has been a member of the SMEC Australia Board since 2004, and has almost 30 years' experience in the planning, design and management of large infrastructure projects. Hari holds a Bachelor of Science (Civil Engineering) and a Master of Science (Civil Engineering) from City University, London. *BSc(Hons), MSc, CPEng, MIEAust, MICE, MIHT.*

## KALAI ARUMUGAM
### Chief Operating Officer
### Asia Pacific

Kalai joined SMEC in 1993 and was appointed Chief Operating Officer Asia Pacific in 2014. Kalai has over 27 years' engineering experience in both the public and private sectors, and a strong background in business development and project management. Kalai holds a Bachelor of Civil Engineering from the University of Technology, Malaysia and a Diploma in Financial Management from the Association of Chartered Certified Accountants (ACCA). *BEng(Civil), PE, DipFM, MIEM.*

## GEORGE LASEK
### Chief Operating Officer
### South Asia and Middle East

George joined SMEC in 2011, was appointed Managing Director SMEC India in 2012 and appointed Chief Operating Officer South Asia and Middle East in 2015. George has over 30 years' experience in both the private and public sectors, and has a proven ability to operate effectively at both an operational and strategic level within large and complex business environments. George holds a Bachelor of Engineering (Civil) from the University of Wollongong. *BEng, MIEAust.*

## TOM MARSHALL
### Chief Operating Officer
### Africa

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

# 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 20.

## Defining Report Content

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

- stakeholder inclusiveness
- sustainability context
- materiality
- completeness

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

### Stakeholder Inclusiveness

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

### Sustainability Context

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

### Materiality

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

### Completeness

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

**Figure 1:** Material Aspects contained within this report

| ECONOMIC |
|---|
| Economic Performance |
| Indirect Economic Impacts |

| ENVIRONMENTAL |
|---|
| Materials |
| Energy |
| Water |
| Biodiversity |
| Emissions |
| Effluents and Waste |
| Compliance |

| SOCIAL |
|---|
| Labour Practices and Decent Work |
| Employment |
| Labour/Management Relations |
| Occupational Health and Safety |
| Training and Education |
| Diversity and Equal Opportunity |
| Equal Remuneration for Women and Men |
| Human Rights |
| Non-discrimination |
| Freedom of Association and Collective Bargaining |
| Child Labour |
| Forced or Compulsory Labour |
| Indigenous Rights |
| Society |
| Anti-corruption |
| Compliance |

# Company Overview

SMEC is a multidisciplinary consultancy firm with a global footprint, recognised for providing fully integrated engineering solutions to clients and communities around the world.

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

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

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

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

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

SMEC is consistently ranked amongst the world's top engineering design firms. In 2015, SMEC was ranked at Number 51 in Engineering News Record's (ENR) Top 225 International Design Firms and Number 76 in the Top Global Design Firms.

In 2015, SMEC continued to gain recognition for industry excellence. The Company was awarded two High Commendations at the Consult Australia Awards for Excellence for: the Geebung Overpass (GO) Alliance's Robinson Road Open Level Crossing Replacement Project (Collaborations category); and the Preliminary Condition Assessment of Water Reservoirs for Queensland Urban Utilities (Technological Innovation category).

SMEC's values of Teamwork & Trust, Diversity & Delivery, Integrity & Innovation, and Safety & Sustainability underpin the way SMEC operates and defines the way in which the Company works. These Values are owned by SMEC's employees; they guide decision making, foster good relationships and reflect what SMEC's people stand for.

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

**# 51**
ENR's Top 225 International Design Firms

**# 76**
ENR's Top 150 Global Design Firms

**# 10**
ENR's Highways Sector

# Global Network

**North & South America**

6 Offices
90+ People

**Africa**

27 Offices
1,370+ People

## South Asia & Middle East

17 Offices
2,040+ People

## Asia Pacific

10 Offices
840+ People

## Australia & New Zealand

17 Offices
1,070+ People

# Corporate Governance

## Company Structure

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

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

## Board of Directors

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

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

## Independence of Non-Executive Directors

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

## Board Committees

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

### Audit and Risk Committee

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

### Remuneration and Nominations Committee

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

### Executive Committee

The Executive Committee (EC) has primary authority for the management and monitoring of the Company's operations, and the implementation of the Company Strategy subject to policies and procedures approved by the Board of Directors. The EC is comprised of 10 senior managers, all of whom have extensive experience in strategic and operational planning in the engineering industry. SMEC's CEO is the Chair of the Committee, and is responsible for all matters not reserved for the Board or individual Directors (generally described as the day-to-day operations and management of the SMEC Group). The EC's terms of reference and authority are approved by the Board.

## Remuneration of Directors

Non-Executive Directors are paid annual fees, which in total fall within the fixed amount approved by shareholders (currently set at A$1,000,000). During the 2014–2015 financial year, remuneration of Non-Executive Directors totalled A$455,618. 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.

SMEC's Code of Conduct seeks to guide the actions and behaviour of employees in a way that is consistent with SMEC's company values. It is management's responsibility to demonstrate, through their actions, the importance of this Code, and promote the highest ethical standards across all areas of the business.

## 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.

## Business Integrity

During the period, revisions were made to SMEC's Business Integrity Policy and related procedures. These mechanisms 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.

## 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.

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

In 2015, 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. These updates include: improved risk registers; automated alerts, prompts and instructions; a streamlined approvals process; a more user-friendly interface; and a comprehensive forms library.

**ISO 9001**
Quality Management

**ISO 31000**
Risk Management

**ISO 14001**
Environmental Management

**AS/NZS 4801**
OHS Management

# World Environment Day

In celebration of World Environment Day, held on 5 June 2015, SMEC joined the Carbon Neutral Plant-a-Tree Program. This Program specialises in biodiverse conservation plantings that help capture carbon, moderate soil salinity, combat wind and soil erosion, enhance biodiversity and restore habitat for native animals.

Celebrated in over 100 countries, World Environment Day is a United Nations initiative that encourages global awareness and is a call to action for environmental sustainability.

SMEC planted 414 trees through the Plant-a-Tree Program, representing each of SMEC's global active projects at the time. The trees were planted in the Yarra Yarra Biodiversity Corridor of Western Australia; a globally recognised 'biodiversity hotspot' where more than 90% of the land has been cleared for agriculture.

These trees will remove carbon dioxide from the atmosphere through photosynthesis, storing carbon in the leaves, branches, bark and roots. Within 30 years, more than one tonne of carbon dioxide will have been captured for every seven trees planted.

# Stakeholders & Objectives

## Stakeholder Engagement

SMEC's stakeholders are identified as any person, group or organisation that has an interest or concern in the Company. SMEC interacts with a wide range of stakeholders, from local community members and contractors to employees, clients, shareholders, industry bodies and opinion leaders.

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

SMEC's three major stakeholder groups are: employees; clients; and shareholders. 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. The SMEC News, an electronic internal monthly newsletter, provides information on SMEC's projects, people, events, achievements, community engagement initiatives and company updates.

Employees are invited to join Lync Chat Rooms. These topic-based discussion rooms enable instant communication, encourage employees to share functional and business development information, ask questions relevant to their functional groups, and collaborate effectively on project solutions.

In 2015, SMEC implemented a Chief Technical Principal (CTP) webinar program to encourage knowledge sharing across the business. CTPs are leaders in their engineering fields, and each month deliver a specialised live webinar to participating employees. Employees are invited to attend the live webinar (where they can ask questions and engage in discussions on a chosen topic), or download the recorded webinar at a later date.

### 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. During the reporting period, SMEC relaunched Client Connect to enable its use globally across the business. Updated features include: user-friendly training modules; client feedback options; and expanded filters options for improved searchability and reporting.

### Shareholders

The Board aims to ensure that all shareholders have accurate, equal and timely access to material information concerning the Company. This includes SMEC's financial position, performance, ownership and governance. SMEC communicates with its shareholders through a dedicated shareholder website, an Annual General Meeting, a published Annual Report and shareholder announcements. The Board is responsible for ensuring compliance with the continuous disclosure requirements of the *Corporations Act 2001.* The Company Secretary is responsible for communicating with the Australian Securities and Investments Commission (ASIC).

## Sustainability Objectives

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

### People

**Our Commitment**

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

**Five Year Objectives**

- To provide and maintain a satisfying and rewarding work environment for all employees

- To achieve and maintain cultural and gender balance and increase awareness of the importance of diversity

- To provide employees with personal and career development opportunities and clear career paths

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

### Community

**Our Commitment**

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

**Five Year Objectives**

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

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

- To support and encourage employee participation in their local community, particularly charity work

### Sustainability & Environment

**Our Commitment**

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

**Five Year Objectives**

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

- To provide long-term environmentally sustainable project advice to clients

- To implement an Environmental Awareness Program to educate employees, clients, partners and contractors about the importance of environmental sustainability

# Vision & Performance

## Vision and Values

SMEC's 2014–2016 Strategic Plan was developed with input from SMEC's Board of Directors, Executive Committee and overall employee base. This 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
- Diversity & Delivery
- Integrity & Innovation
- Safety & Sustainability

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

## ENR Rankings

SMEC is consistently ranked among the world's top engineering firms, and in 2015 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 was ranked at number 51 in ENR's 2015 'Top 225 International Design Firms' list (an increase of six positions from SMEC's 2014 ranking at number 57). SMEC also maintained its ranking at number 76 in ENR's 2015 'Top 150 Global Design Firms' list.

SMEC also secured strong rankings in ENR's Global Sourcebook (released in December 2015). This annual edition provides rankings of the Top International Design Firms across nine regional markets and eight major industry sectors. SMEC secured a number seven ranking in Hydro Plants; number eight in Transmission and Distribution; number 10 in both Highways and Dams & Reservoirs; and number 11 in Mining.

#7 Hydro Plants

#8 Transmission & Distribution

#10 Highways

#10 Dams & Reservoirs

## Consult Australia Awards

SMEC was awarded two High Commendations at the 2015 Consult Australia Awards for Excellence: the Geebung Overpass (GO) Alliance's Robinson Road Open Level Crossing Replacement Project (Collaborations category); and the Preliminary Condition Assessment of Water Reservoirs for Queensland Urban Utilities (Technological Innovation category).

The Collaborations Award recognises alliances between project partners that contribute to the outstanding delivery of a project. SMEC was engaged as part of the GO Alliance (in association with Brisbane City Council and BMD Constructions) to undertake the design of a new road bridge and pedestrian overpass at the Robinson Road Open Level Crossing in Geebung, Queensland. Due to the ingenuity and collaboration of the GO Alliance, this A$199 million project was delivered three months early and significantly under budget.

The Technological Innovation Award distinguishes firms that have demonstrated outstanding leadership in the innovative application of new or existing technology. SMEC received a High Commendation in the category for the delivery of a preliminary condition assessment and asset renewal planning program for Queensland Urban Utilities' (QUU) critical asset base. SMEC implemented radio operated vehicles and remote CCTV technology to reduce reservoir shutdowns across QUU's 125 water reservoirs, improving cost-efficiency and safety outcomes.

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

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

In the 2014-2015 financial year, SMEC's solid financial results were underpinned by the Company's renewed focus on growth as a strategic priority. SMEC continued to infill its geographic footprint, and to invest in both its Resources and Asset Management businesses.

Throughout the period, SMEC improved its operating performance and achieved solid financial outcomes. This was the result of a number of factors, including: an internal focus from management on less profitable parts of the business; growth in infrastructure development within SMEC's countries of operation; and a declining Australian dollar.

The outlook for the 2015-2016 financial year is positive. 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.

### Economic Value Generated and Distributed

During the reporting period, revenue in Australia increased to A$210.2 million. SMEC's net operating profit after tax in Australia remained steady at A$12.2 million. SMEC's operating costs decreased by 2% to A$23.1 million, with employee compensation increasing by 23% to A$161.4 million. The generation and distribution of SMEC's economic value within Australia is displayed in Figures 2 and 3.

In SMEC's international operations, revenue increased by 29% to A$371.2 million, with net operating profit after tax totalling A$15.6 million. SMEC's operating costs increased by 54% to A$69.9 million, with employee compensation increasing by 26% to A$275.3 million. The generation and distribution of SMEC's economic value within its international operations is displayed in Figures 4 and 5.

### Government Financial Assistance

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

During the reporting period, SMEC spent A$7.8 million on R&D activities and received A$780,000 as a tax benefit, as displayed in Figure 6.

# 51
ENR's Top 225 International Design Firms

# 76
ENR's Top 150 Global Design Firms

# 10
ENR's Highways Sector

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

| Generated | VIC and SA | NSW and ACT | QLD and NT | AUSTRALIA |
|---|---|---|---|---|
| Revenue | 40,951 | 118,033 | 51,217 | **210,201** |
| Net Operating Profit After Tax | – | – | – | **12,212** |

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

| Distributed | VIC and SA | NSW and ACT | QLD and NT | AUSTRALIA |
|---|---|---|---|---|
| Operating Costs | (4,509) | (12,996) | (5,639) | **(23,144)** |
| Employee Compensation | (31,450) | (90,648) | (39,334) | **(161,432)** |
| Payments to Providers of Capital – Dividend | – | – | – | **(8,178)** |
| Government (Tax) | – | – | – | **(5,234)** |
| **TOTAL** | | | | **(197,988)** |

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

| Generated | SOUTH ASIA MIDDLE EAST | ASIA PACIFIC | AFRICA | INTERNATIONAL |
|---|---|---|---|---|
| Revenue | 101,121 | 150,544 | 119,569 | **371,234** |
| Net Operating Profit After Tax | – | – | – | **15,583** |

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

| Distributed | SOUTH ASIA MIDDLE EAST | ASIA PACIFIC | AFRICA | INTERNATIONAL |
|---|---|---|---|---|
| Operating Costs | (18,536) | (27,595) | (21,917) | **(68,048)** |
| Employee Compensation | (74,987) | (111,637) | (88,667) | **(275,291)** |
| Payments to Providers of Capital – Dividend | – | – | – | **–** |
| Government (Tax) | – | – | – | **(12,314)** |
| **TOTAL** | | | | **(355,653)** |

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

| | Claimed in 2015 Tax Deduction at 133% (1/4/15–30/6/15) | Estimate Claim Tax Deduction at 133% (1/7/15–31/3/16) | TOTAL (1/4/15–31/3/16) |
|---|---|---|---|
| R&D Expenditure | $1,952,257 | $5,856,770 | **$7,809,027** |
| Before Tax Cash Benefit | $644,245 | $1,932,734 | **$2,576,979** |
| After Tax Cash Benefit | $193,273 | $579,820 | **$773,093** |

# People

## Employee Demographics

As at 31 December 2015, SMEC had more than 5,400 employees across 78 global offices. Of these employees, 1,071 were based in the Australia and New Zealand (ANZ) Division.

The majority of employees from SMEC's ANZ Division (77%) are contracted on a full time basis, followed by casual (14%), part time (6%), 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%), followed by the Southern region (29%), the Northern region (27%), and New Zealand (2%).

## Employee Culture Survey

SMEC launched an Employee Culture Survey in January 2016. The survey was conducted 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 are:

- 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.

## 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 7.0%. This is comprised of 5.8% voluntary turnover (resignation or retirement) and 1.2% involuntary turnover (dismissal, redundancy or demise). As displayed in Figure 9, the majority of employee turnover was comprised of males in the 25-34 year age bracket (29%), followed by males in the 25-44 year bracket (22%) and males in the 45-54 year bracket (17%). 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 | 244 | 20 | 46 | 5 | 315 |
| Central | 357 | 25 | 47 | 15 | 444 |
| Northern | 212 | 12 | 58 | 7 | 289 |
| New Zealand | 18 | 2 | 3 | 0 | 23 |
| TOTAL | 831 | 59 | 154 | 27 | 1071 |

**Figure 8:** Remuneration at each professional level

| Engineering Professionals | % Difference Female to Benchmark | % Difference Male to Benchmark |
|---|---|---|
| Principal | 84% | 96% |
| Senior | 92% | 100% |
| Experienced | 99% | 102% |
| Entry Level (0–4 years) | 96% | 96% |

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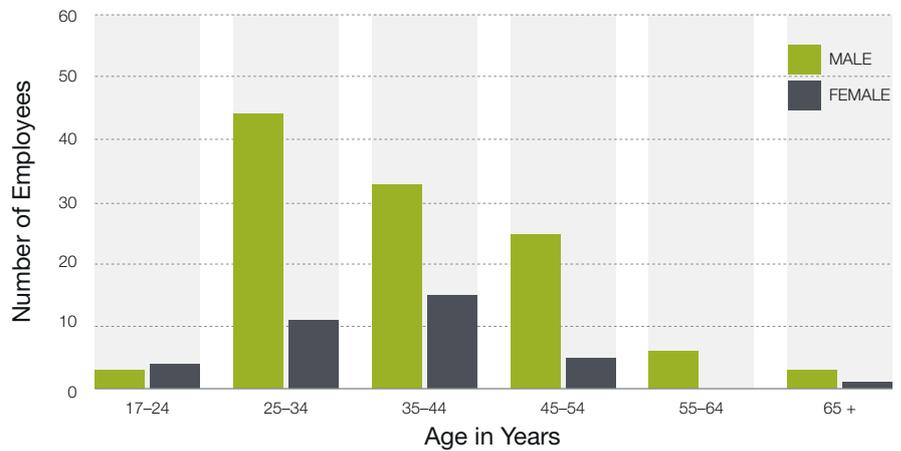


**Figure 10:** Reason for employee turnover in Australia & New Zealand
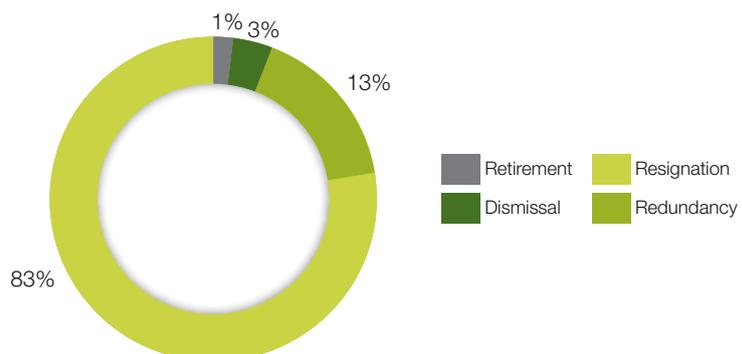
# People (continued)

## 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, 20 new applications (90% female) for a FWA were approved, taking the total number of employees on a FWA to 35 (83% female). Of the new applications received by female employees, more than half (61%) were aged between 25 and 34 years. 91% 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 2015, 143 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, 36 employees commenced a period of paid parental leave. 10 employees took advantage of the Parental Leave Top Up; 80% of whom were female. Of these 10 employees, 60% have returned to work and 40% currently remain on parental leave. 33% of those employees who returned to work are now utilising a Flexible Working Arrangement. In the period, 26 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 2015, SMEC had an EAP utilisation rate of 3.8%, showing an increase of 0.5% from 2014. A comparison of SMEC's utilisation rate against the industry average is displayed in Figure 13.

### 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, 241 employees had taken advantage of SMEC's Corporate Health Plan: 194 employees were BUPA members and 47 employees were members of Choosewell. This in a 15% increase in utilisation of Corporate Health Plans from the previous year.

# 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 2015, 21% of SMEC's employees globally were female (an increase of 1% from 2014). In Australia and New Zealand, this figure was higher, with 26% 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 11, the majority of SMEC's female employees in Australia and New Zealand were aged between 35-44 years (38%), followed by 25-34 years (33%). 63% of female employees were classified as professional (degree qualified engineers, scientists and corporate services), as outlined in Figure 12.

**Figure 11:** Employees by gender and age
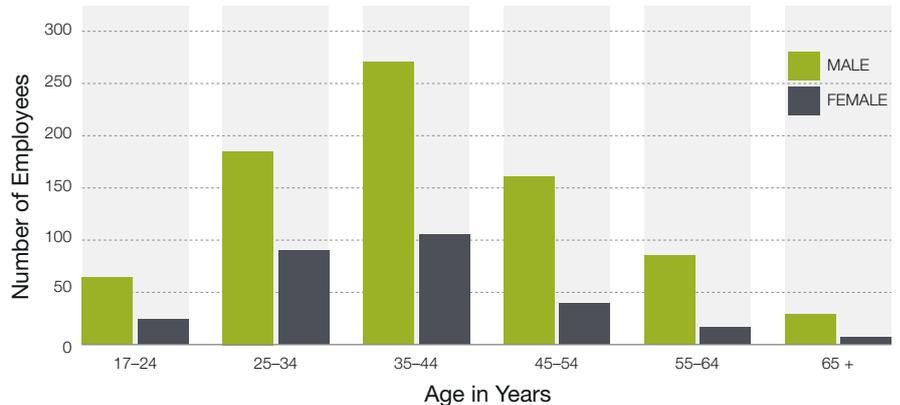
**Figure 12:** Employees by gender and employment type
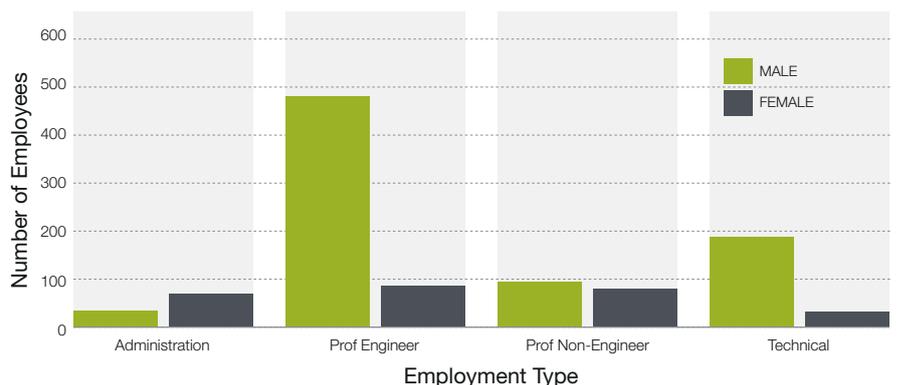
**Figure 13:** Utilisation of the Employee Assistance Program
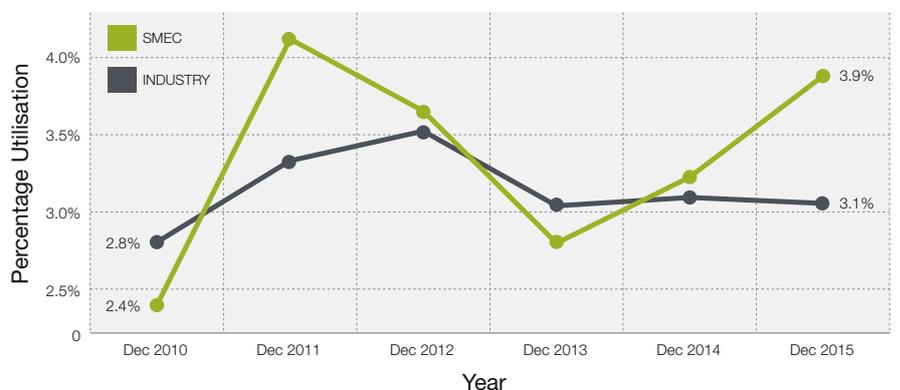
# Diversity & Inclusion

SMEC is committed to the recruitment, development and engagement of a diverse and high-performing employee base. SMEC believes in equal opportunity for all, and respects differences in ethnicity, gender, age, national origin, disability, sexual orientation, education and religion.

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.

SMEC's Diversity and Inclusion Committee was established in December 2015 as a vehicle for driving SMEC's Gender Diversity and Inclusion Strategy. The objectives of the Committee are: to oversee the implementation, investment and progress of diversity and inclusion initiatives; promote diversity as a key business focus area that demands leadership commitment; align diversity efforts across all of SMEC's business groups and functions; and to identify and address local diversity and inclusion priorities and compliance requirements.

The Committee is chaired by the CEO, and includes the Chief Operating Officer (COO) from each geographic Division, and representatives from Stakeholder Relations, Learning and Development and the Board. The Committee is currently developing and implementing a global Diversity and Inclusion Strategy, with specific Action Plans for each Division.

# People (continued)

## Gender Diversity (cont.)

In 2015, 22% of new starters in Australia and New Zealand were female; 73% of which were degree qualified professionals. As displayed in Figure 14, the majority of female new starters were aged between 25-34 years (30%), followed by both 35-44 years (26%) and 17-24 years (26%).

In Australia, SMEC operates within six technical areas: Transport; Hydropower and Energy; Water and Environment; Urban and Social Development; Resources; and Asset Management. Of these areas, two have a high proportion of female employees: Water and Environment (31%); and Transport (20%).

### Gender Diversity Initiatives

In 2015, 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.

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.

In line with SMEC's commitment to promote a gender diverse work environment, a range of events were held across the Company's global offices in recognition of International Women's Day. Held on 8 March 2016, International Women's Day is a global celebration of the achievements of women, and a platform for encouraging greater gender equality.

In Bangladesh, SMEC recognised the day with the launch of a Women in Engineering Network. The objectives of this network are: to enhance the professional growth of women through clear career mapping, flexible working arrangements and mentoring programs; to attract and retain a diverse range of professional female employees; and to cultivate leadership capabilities in female managers.

Following the successful implementation of the Women in Engineering Network in Bangladesh, the program will be progressively rolled-out to all of SMEC's offices throughout South Asia.

### Unconscious Bias Workshop

In June 2015, an unconscious bias workshop was held for members of SMEC's Board, Executive Committee and Australian Management Committee. The objective of the workshop was to provide insights into personal unconscious bias, stereotypes and micro-inequalities in order to promote more effective and inclusive leadership.

During the workshop, participants: established the business case for a diverse, flexible and inclusive workplace; identified common implicit biases and practical actions for challenging these biases; and developed specific goals and action plans to reduce bias and stereotyping. 48 participants attended the workshop; 25% of whom were female. In 2016, 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 2015, SMEC completed a review of the Succession Planning Program and commenced the development of a global talent pool system. Critical positions are being 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 3+ years.

In 2016, SMEC will continue to focus on supporting employees and managers to engage in career coaching conversations in line with SMEC's Career Coaching Guidelines.

### Future Leaders Program

SMEC's Future Leaders 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.

**Figure 14:** New starters by age and gender
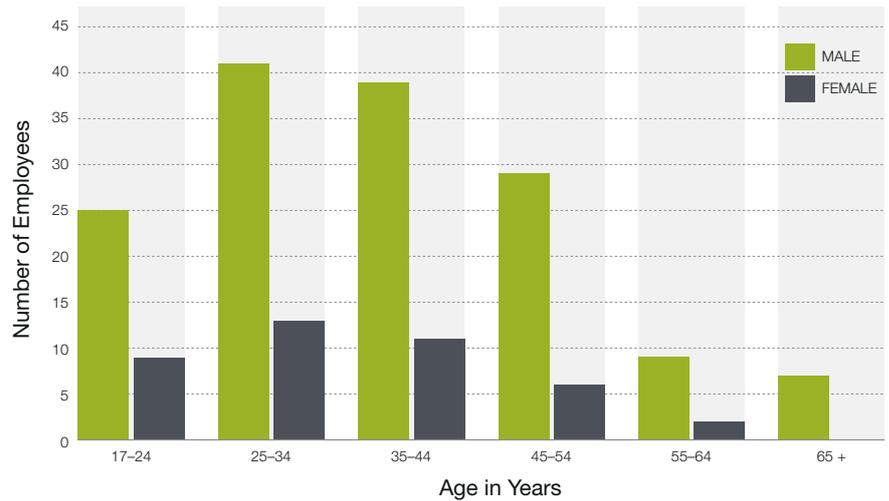


**Figure 15:** New starters by gender and employment type
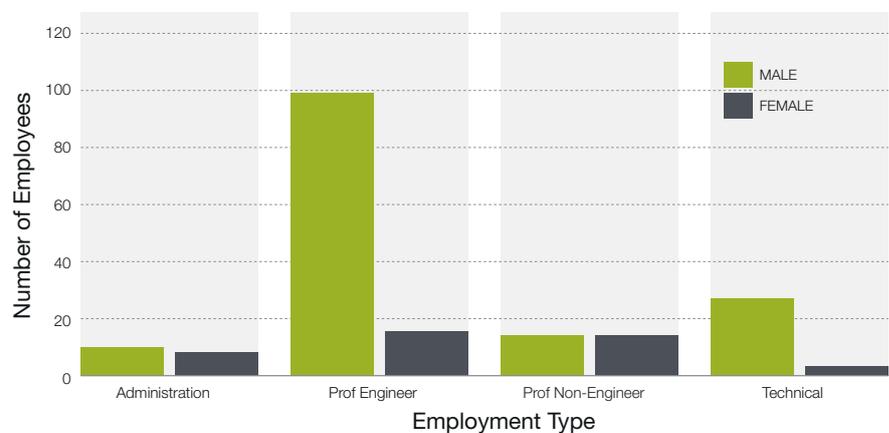
# People (continued)

## Career Development (cont.)

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, 34 participants were enrolled in the Future Leaders Program; 26% of whom were female. The Program has been successfully piloted in Australia and New Zealand and is currently being reviewed for roll-out across SMEC's global operations.

### Project Management Training

SMEC recognises the importance of project management skills for the organisation and its clients. SMEC's 2014–2016 Strategic Plan outlines the Company's commitment to increasing capability 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, a new suite of training programs has been developed and will be implemented in 2016.

New training modules will incorporate e-learning, face-to-face communication and hands-on practical experience. Training material will focus on the fundamentals of project management for graduate engineers and the advanced principals of project management for experienced project managers.

### 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.

In 2015, EEO training became 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.

### 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.

In 2015, 73% of employees who participated in CareerTrac were male and 27% were female (this aligns with SMEC's gender workforce composition). The majority of employees (77%) received a 'Meets Expectations' rating, followed by 'Exceeds Expectations' (17%).

### Professional Development Program

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

Managers play a key role in assisting employees with the completion of their PDP. Managers are required to monitor employees' progress, provide development opportunities, offer mentoring and guidance, and encourage the submission of Engineering Competency Claims. During the reporting period, 14 employees were enrolled in the PDP through Engineers Australia; 29% of whom were female.

### Graduate Development Program

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

Through the GDP, graduates are provided with a comprehensive development program designed to achieve industry accreditation within four years.

This program includes: rotational opportunities through a range of disciplines; experience across broad technical and non technical assignments; networking opportunities; and mentoring and

support from local regional leadership teams. During the reporting period, 103 graduates were enrolled in the GDP; 20% of whom were female.

## Career Recognition

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

In 2014, a review of the Program was undertaken in response to SMEC's Employee Engagement Survey, whereby employees identified that improved recognition practices were needed. As a result, SMEC introduced a new Global Career Recognition Program in January 2015 to improve the consistency and timeliness of milestone recognition. During the reporting period, 70 employees achieved a career milestone; 17% of whom were female.

SMEC recognises the outstanding technical excellence of its employees, as well as their contribution to the Company, the wider industry and the community, through the annual SMEC Awards. Award categories include: the SMEC Medal, Project of the Year (for each geographic Division), and Young Professional of the Year (female and male categories). In 2015, a Company Culture Award was also introduced. This award recognises one employee's commitment to demonstrating all eight of SMEC's Values: Teamwork & Trust, Diversity & Delivery, Integrity & Innovation, and Safety & Sustainability.

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

# People (continued)

## Workplace Health and Safety

### Health and Safety Commitment

SMEC is committed to promoting and maintaining a culture and working environment in which risk to health and safety is unacceptable. 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.

### 2015 Year in Review – Australia and New Zealand Division

In 2015, 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 2015, SMEC recorded 193 proactive alerts, an increase of 95% from the previous year. Proactive reporting accounted for 63% of all Workplace Health and Safety reporting during the period, followed by reactive reporting (15%) and injury reporting (15%).

SMEC had a total of 302 reported incidents in 2015. 'Drills and Inspections' accounted for the greatest number of reports (26%), with 81 recorded. This was followed by 'Hazards' (63 reported) and 'Near Misses' (49 reported). Figures 16 and

17 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 1.9 in 2014 to 1.8 in 2015.

**Health and Safety in 2016**

In 2016, SMEC will continue its commitment to safety as a core value of the Company. SMEC will work to maintain a Zero Harm environment for its employees, contractors, visitors and the general public. To achieve this goal, SMEC has set a number of objectives and targets for 2016, as outlined in 'Zero Harm Culture' on page 36.

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

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

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

**Figure 16:** Reported incidents by region: Australia and New Zealand Division



Legend:
- Lost Time Injury
- Medical Treatment
- Hazard
- Property Damage
- Motor Vehicle Accident
- External Event
- Drill or Inspection
- Near Miss
- First Aid
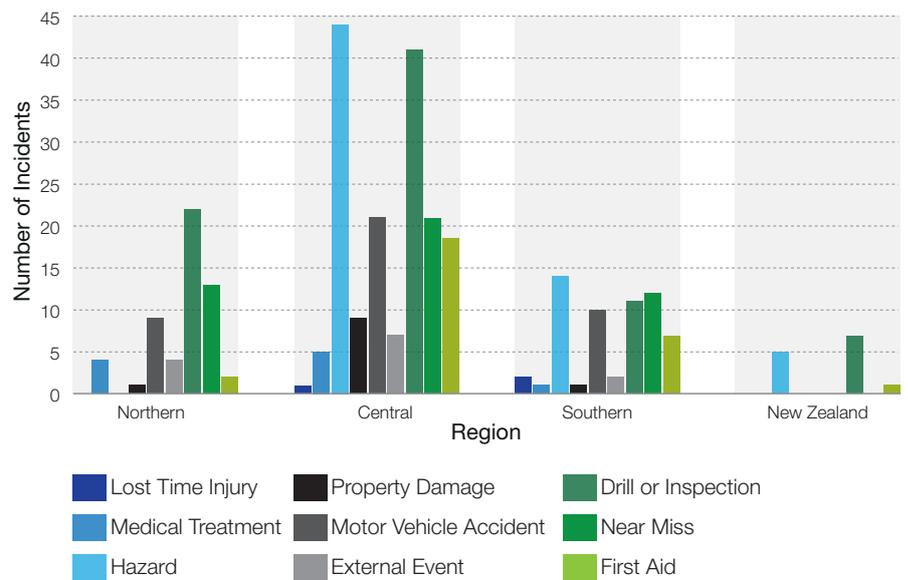
**Figure 17:** Reported incidents by activity: Australia and New Zealand Division



Legend:
- Northern
- Central
- Southern
- NZ
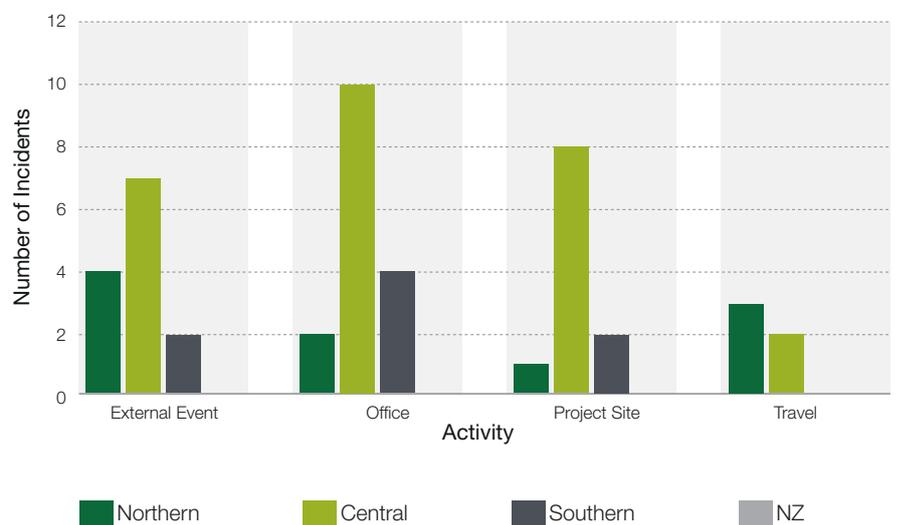
# Community

## 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.

In 2015, SMEC 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.

During the reporting period, 66% of SMEC's employees globally completed the training. Training will continue to take place throughout 2016.

### 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.

In 2015, 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 2016, these changes will be reviewed for approval by the Australian Department of Foreign Affairs and Trade (DFAT) and SMEC's Board of Directors.

### 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.

In 2015, SMEC commenced work on the development of a Reconciliation Action Plan in conjunction with Reconciliation Australia. 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 peoples.

In 2016, SMEC will continue to develop a Reconciliation Action Plan that outlines the Company's commitment to the implementation of practical and measurable actions that build respectful relationships and create opportunities for indigenous individuals, both within SMEC and externally.

As a global corporate citizen, SMEC recognizes the role the Company can play in supporting local communities. This includes sharing in the collective responsibility to prevent human rights abuses. SMEC maintains a zero-tolerance policy in relation to corruption and bribery, child exploitation, forced and compulsory labour and discrimination.

## 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.

Established in 2001, 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 is committed to the philosophy that a small amount of money, spent wisely, can produce far-reaching social and economic benefits.

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. Since its inception, the SMEC Foundation has donated nearly $1,000,000 to over 200 projects in more than 30 countries.

The SMEC Foundation is committed to providing on-the-ground support to the people and communities who need it most. For this reason, donations made through the SMEC Foundation in 2015 focused on emergency relief and the delivery of tangible community development outcomes.

During the reporting period, the SMEC Foundation donated over A$70,000 to support communities in which the Company operates. These funds were distributed through three grants: A$30,000 to the Habitat for Humanity Australia (Habitat) Building Back Better Program in Vanuatu; A$10,000 to Habitat's Emergency Relief Program in Fiji; and A$30,000 to So They Can Holding Hands Children's Home in Kenya. Both Habitat and So They Can have a long-standing history of effective project delivery, local community engagement and measurable social benefits and tangible results.

In addition to donations made directly through the SMEC Foundation Australia Fund, SMEC also engages in health, education, community development, emergency relief and environmental projects through local Corporate Social Responsibility (CSR) programs. These programs are developed, implemented and monitored by SMEC's local offices, utilising a combination of funding from the SMEC Group, SMEC subsidiaries and employee contributions.

In 2015, a number of CSR initiatives were implemented by SMEC's offices throughout Australia and New Zealand, Asia Pacific, South Asia and the Middle East, Africa, and North and South America. These included major donations of A$28,000 to the victims of the Nepal earthquakes, and A$13,000 to the South Africa Medical and Education Foundation for the much-needed refurbishment of the Tirisano-Mmogo Primary School in Johannesburg, South Africa.

# Building Back Better

In March 2015, a category five cyclone (Cyclone Pam) tore through the southern islands of Vanuatu, leaving more than half the country in a state of devastation. With over 3,500 residents left homeless and more than 75,000 individuals in need of emergency assistance, Cyclone Pam has been named one of the worst natural disasters in the history of Vanuatu.

Habitat for Humanity Australia (Habitat) is an international not-for-profit organisation dedicated to transforming lives through the provision of safe, quality and affordable housing for those in need. Habitat is currently working to repair shelters in four communities throughout Vanuatu that were among the worst affected by the cyclone.

A SMEC Foundation grant of A$30,000 has enabled the purchase of 45 shelter kits for the Teouma Ranotapoa community. These kits include galvanised iron sheets, wood, cyclone-strapping materials, nails and communal tools. Habitat is also providing construction skills training in sustainable building techniques, to help community members 'build back better'.

# Community (continued)

## SMEC Community Projects



### So They Can Holding Hands Children's Home

**Location:** Kenya

So They Can (STC) is a charity registered in Australia that works with local communities in Kenya to permanently break the poverty cycle through education. The SMEC Foundation has supported STC since 2012, providing ongoing grant support and technical assistance on a range of community projects. In 2015, the SMEC Foundation donated A$30,000 to support the development of a new STC Holding Hands Children's Home in Miti Mingi Village. Founded in 2011, this project seeks to provide a safe home and quality education for more than 120 orphaned and vulnerable children. As one of 10 dedicated STC family homes in the village, 'SMEC House' will provide family care, education and support for eight orphaned children.



### Earthquake Appeal

**Location:** Nepal

In April and May 2015, Nepal was struck by two devastating earthquakes registering at 7.8 and 7.3 on the Richter scale, respectively. These earthquakes claimed the lives of more than 9,000 people, injured over 23,000 people, left hundreds of thousands of residents homeless, and caused irreparable damage to countless family homes, villages and heritage buildings. To help victims of the earthquakes, SMEC Bangladesh employees raised A$28,000 through personal contributions. These funds were distributed to individuals in the worst affected areas of Dolakha, Sindhupalchowk, Kavrepalanchowk, Nuwakot and Dhading, whose homes had been damaged or destroyed in the earthquakes.



### Amadea Safe House

**Location:** South Africa

Employees from SMEC's Pretoria office volunteered their time and skills to help with the much-needed renovation of Amadea Safe House. The House was established in 2000 to: offer a safe and secure home for local disadvantaged children; provide food, shelter and clothing to underprivileged community members; and encourage the empowerment of women through education and the development of income-generating skills. SMEC's employees assisted with a range of maintenance and upgrade activities at the House, including: electrical rewiring; repainting the outdoor playground; replacing a broken trampoline; resurfacing the concrete cycle track; repairing the cubby-house and play equipment; and refilling the sandpit.

## Cyclone Disaster Relief

### Location: Fiji

In February 2016, Tropical Cyclone Winston tore through the Fijian Islands, devastating villages, townships and national infrastructure. With wind speeds reaching 175 km/h, this was the strongest cyclone in Fiji's history. The SMEC Foundation provided an emergency relief donation of A$10,000 to support residents whose homes were damaged or destroyed in the chaos. These funds were distributed through Habitat for Humanity Australia, a not-for-profit organisation committed to providing emergency shelter to disadvantaged communities. The SMEC Foundation grant enabled the purchase of post-disaster construction materials and community tool kits to assist villagers in the worst affected areas of Rakiraki, Ba and Lautoka.



## Kopano Workshop

### Location: South Africa

In June 2015, employees from SMEC's Bloemfontein office volunteered their support on the Kopano Workshop Project. Kopano provides a secure home, care facilities, transport services, recreation programs and skills development for adults living with mental and physical disabilities. The objective of Kopano is to provide educational resources and skills training to help improve the quality of life for these individuals, and assist in the development of income-generating skills such as leatherwork, wirework and needlework. Employees contributed their time and skills to help upgrade the Kopano facility, purchased new furniture, and restocked the craft supplies used by residents to produce goods sold at local craft markets.



## Winter Blanket Drive

### Location: Bangladesh

In December 2014, Bangladesh experienced one of the coldest winters on record. Disadvantaged residents of Dhaka and Khulna were among the worst affected, with exposure to freezing conditions worsening the prevalence of disease. In response to the suffering and hardship of local residents, employees from SMEC's Bangladesh office organised a winter blanket drive. SMEC donated A$2,500 for the purchase of thick, woollen blankets for distribution to elderly, widowed and poor residents living in the local urban slum areas of Dhaka and in rural Khulna. More than 400 blankets were hand-delivered by employees to needy people, providing some much-needed winter relief.

# Sustainability & Environment

## 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.

Since 1999, SMEC has operated under a companywide Environmental Management Policy and an Environmental Management System (EMS), formalising the Company's commitment to environmental responsibility. SMEC's EMS complies with the requirements of ISO 14001 (Environmental Management), and is designed to ensure the implementation of sustainable business systems, procedures and practices. In 2015, all Australian and New Zealand offices maintained certification with ISO 14001.

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

### Environmental Management Policy

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

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

### Environmental Impact Assessment

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

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

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

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

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 hardcopies

- 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

In 2015, SMEC continued the implementation of its Sustainable Procurement Procedure. Employees who undertake procurement of items valued over A$150,000 (capital works, fleet and office supplies) must complete an Environmental Sustainability and Social Equity Questionnaire. This Questionnaire determines whether purchases: minimise waste disposal; reduce greenhouse gas emissions; maximise resource efficiency; conserve and improve biodiversity; incorporate ethical considerations; or have a low carbon footprint.

# Sustainability

## Sustainable Offices (cont.)

### Think Green. Take Action

SMEC's '*Think Green. Take Action*' program continued in 2015. The 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.

## CDP Water Management Program

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

The CDP Water Management Program 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.

As a signatory to the program, SMEC completed an annual water assessment for submission to CDP in June 2015. This assessment included: water consumption; recycling and reuse volumes; review and management of risks; and identification of strategic, operational and market water opportunities.

This assessment was completed for SMEC's Melbourne office, as a pilot location for the Program. In 2015, SMEC's Melbourne office consumed approximately 2,865 kL of water. This equates to approximately 12.2 kL of water per person.

Following the success of this baseline reporting in Melbourne, SMEC will continue to progressively implement the CDP Water Management Program throughout Australian and New Zealand offices in 2016.

## City Switch

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

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

All of SMEC's Australian offices are working towards achieving an accredited four star NABERS energy rating by reducing energy consumption, lowering carbon impacts, and improving the sustainability of operations. Figure 18 provides a breakdown of the energy performance of each Australian office during the reporting period.

## NABERS Water Ratings

In February 2016, a pilot group of SMEC's Australian offices underwent a CitySwitch Water Audit. These offices included Melbourne, Brisbane and Traralgon. The purposes of this audit were: to establish an indicative NABERS water rating for each office; assess total water consumption relative to the industry average; and identify potential water efficiency opportunities.

In order to complete these audits, SMEC collected water usage and billing data for each office over a 12-month period. This data comprised all externally supplied water consumed by each office, including occupant usage, and water used for central services, landscaping and common areas.

All of SMEC's Australian offices are working towards achieving an accredited four star NABERS water rating. Following the completion of CitySwitch Water Audits, SMEC's Traralgon office achieved a six star NABERS water rating, followed Brisbane (four and a half stars) and Melbourne (three and a half stars). In total, this pilot group of offices consumed more than 3,920 kL of water during the reporting period.

The findings from these Water Audits will be used to assist in the completion of the CDP Water Management Program 2016 annual water assessments. SMEC will continue to progressively complete CitySwitch Water Audits for all Australian and New Zealand offices throughout 2016.

SMEC is committed to reducing the environmental footprint of each of its offices. SMEC engages in energy efficiency, water usage and waste management programs in order to improve the green office performance of its Australia and New Zealand operations.

# Sustainability & Environment (cont.)

## Sustainable Offices (continued)

### NABERS Energy Ratings

In October 2015, 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 2015 energy performance of each office against data collected during baseline energy audits in 2014.

In 2015, SMEC's Australian offices averaged a NABERS energy rating of four stars, an improvement of half a star on 2014 energy ratings. 55% of SMEC's offices have already achieved the target energy rating of four stars and are now working to achieve a five star rating. This is an increase of 15% from 2014, with three additional offices achieving the targeted four star rating in 2015.

To complete these audits, SMEC collected data for electricity and GHG emissions across all Australian offices for the year. During the reporting period, SMEC's offices reduced their total energy consumption by more than 185,000 kWh of electricity. This equates to a saving of approximately 205 tonnes of carbon dioxide ($CO_2$) per annum. SMEC's office energy consumption during the reporting period totalled 1.4 million kWh. This equates to 1,300 kWh per employee, per annum; 30% less than the industry standard as reported in the Australian Government Annual Report 2013–2014.

**Figure 18:** Energy performance by office

**Adelaide**

| | | |
|---|---|---|
| ★ | 2015 ★★★½☆☆ | |
| | 2014 ★★★☆☆☆ | |
| **22** | TONNES SAVED CO² EMISSIONS | **28,900** kWh SAVED |

**Geelong**

| | | |
|---|---|---|
| ★ | 2015 ★½☆☆☆☆ | |
| | 2014 ★½☆☆☆☆ | |
| **3** | TONNES SAVED CO² EMISSIONS | **3,060** kWh SAVED |

**Townsville**
2015 ★★⯪☆☆☆
2014 ★⯪☆☆☆☆
10 TONNES SAVED CO$_2$ EMISSIONS | 10,670 kWh SAVED

**Sunshine Coast**
2015 ★★☆☆☆☆
2014 ★☆☆☆☆☆
12 TONNES SAVED CO$_2$ EMISSIONS | 11,540 kWh SAVED

**Brisbane**
2015 ★★★★⯪☆
2014 ★★★★☆☆
6 TONNES SAVED CO$_2$ EMISSIONS | 2,450 kWh SAVED

**Gold Coast**
2015 ★★★☆☆☆
2014 ★★☆☆☆☆
8 TONNES SAVED CO$_2$ EMISSIONS | 5,450 kWh SAVED

**Western Sydney**
2015 ★★★★★★
2014 ★★★★★☆
22 TONNES SAVED CO$_2$ EMISSIONS | 20,140 kWh SAVED

**Cooma**
2015 ★★★★★⯪
2014 ★★★★★☆
25 TONNES SAVED CO$_2$ EMISSIONS | 30,000 kWh SAVED

**Melbourne**
2015 ★★★★☆☆
2014 ★★★☆☆☆
45 TONNES SAVED CO$_2$ EMISSIONS | 39,740 kWh SAVED

**Traralgon**
2015 ★★★★☆☆
2014 ★⯪☆☆☆☆
12 TONNES SAVED CO$_2$ EMISSIONS | 9,360 kWh SAVED

# Sustainability & Environment (cont.)

## Sustainable Offices (cont.)

### Swipe and Print

In May 2015, SMEC introduced a 'Swipe and Print' printer system in selected offices in Melbourne, Sydney and Brisbane. 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 12%. Averaged out across a 12-month period, this totals a saving of more than 440,000 printed pages per annum. The environmental impact of this is a reduction in paper, toner, ink and electricity from a reduced number of print jobs.

In 2016, SMEC will look to progressively implement the 'Swipe and Print' system on an as-needed basis throughout all Australian and New Zealand offices.

### Video Conferencing

SMEC commenced the roll-out of Lync Enterprise Voice (Lync) as the primary communication method across all Australian and New Zealand offices in May 2015.

Lync is an all-in-one communication tool providing phone, instant messaging, content sharing and video conferencing capabilities. The purpose of Lync is: to improve and integrate communication within SMEC; enhance collaboration, mobility, efficiency and productivity across the business; and significantly reduce telephony and travel costs.

Lync 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. Lync promotes collaboration across regional and functional groups, and enables real-time desktop and application sharing with video, audio and text capabilities.

In conjunction with the roll-out of Lync, SMEC also established state-of-the-art Video Conferencing (VC) facilities in its Melbourne, Sydney and Brisbane offices. These VC facilities promote universal conferencing, allowing users to join from any PC, tablet, smartphone or telephone in the world.

During the reporting period, more than 24,100 Lync conferences and 534 VC conferences have been held across SMEC's global operations. This has translated into substantial financial, travel and environmental savings.

### Spotlight on South Africa

SMEC South Africa is committed to environmental excellence, and believes that sustainable business practices are vital in ensuring business success, market leadership and value creation for its clients. SMEC currently has 11 permanent offices operating in South Africa. During the reporting period, these offices implemented a number of sustainability and green office initiatives.

#### ISO 14001 Certification

In 2015, SMEC South Africa submitted an application for ISO 14001 Environmental Management certification for six of its regional offices. A two-stage certification audit was conducted by the South African Bureau of Standards (SABS), and all non-conformances were identified and resolved. Award of the ISO 14001 certification is anticipated in mid-2016.

#### Environmental Management System

In 2016, SMEC South Africa's Environmental Management System (EMS) will be expanded to include all national offices. The EMS provides a structured framework that seeks to: reduce environmental impacts associated with SMEC's business activities; ensure compliance with environmental regulations; and integrate environmental responsibility into day-to-day activities and decision making considerations.

A key focus area of the EMS is the promotion of sustainable and efficient office activities. This includes the minimisation of office energy consumption, paper usage and general waste disposal.

Progress towards EMS objectives is measured through monthly monitoring of key sustainability metrics. These metrics are compiled on a yearly basis to form SMEC South Africa's EMS National Annual Report. Significant findings outlined in this report include: a 5% average reduction in office energy usage in 2015 (compared with baseline data collected in 2014); and a 13% reduction in paper usage across all offices.

During the reporting period, recycling programs were implemented in all regional South African offices. These programs aim to reduce the amount of office waste contributing to landfill through paper, cardboard, glass and metal recycling. In 2015, audits were also undertaken to improve environmental legal compliance. This resulted in an assessment of water, electricity and waste service providers, and a change to providers who demonstrate best practice compliance with environmental regulations.

### E-Waste Recycling

During the reporting period, SMEC's Johannesburg office recycled more than 445 kg of electronic waste (e-waste) through Effortless Recycling, an e-waste specialist company. This e-waste was comprised of disused office equipment and electronic items brought from home, including: computers, keyboards and mice, laptops, monitors, printers and faxes.

All donated items were sorted into waste to be recycled and items for repair. Electronics that could be restored to full operation were donated to selected local charities, including: the Linbro Park Leap School (a school for disadvantaged children); the Avril Elizabeth Home (a facility caring for people with intellectual disabilities); and Little Eden (a residential home for people living with a disability).

### Eco-Mobility Month

In October 2015, SMEC's Johannesburg office participated in Eco-Mobility Month, an initiative designed by the City of Johannesburg to help reduce traffic congestion and environmental pollution. This citywide event forms part of South Africa's 'Month of Transport', and aims to create a car-free central business district by: promoting public transport services; establishing dedicated bicycle and car pool lanes; and reducing commuter road traffic.

'Travel Influenced by Business' is a key priority outlined in SMEC South Africa's EMS. The objective of Eco-Mobility Month was to help reduce the negative environmental impact of SMEC's business related travel, by encouraging employees to adopt green modes of transport when travelling to and from work.

During the month-long event, employees swapped their daily commutes by car for more eco-friendly travel, including: walking, cycling, carpooling and public transport. Several employees also participated in the 'Critical Mass' cycling event, which brought together more than 1,000 cyclists in support of a cycle-friendly city.

# Sustainability & Environment (cont.)

## Sustainability Services

### Natural Resources and Environment

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

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

### Renewable Energy

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

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

### Climate Change Adaptation

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

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

### Waste Management

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

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

### Contamination

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

SMEC's services include: due diligence audits; investigation and assessment of land, sediments, water, groundwater and air; human health and environmental risk assessments; preparation of remediation options and designs; technology reviews and optimisation; remediation action plans; and preparation of environmental management plans.

### Coastal Management

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

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

### Land Use Management

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

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

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

# Sustainability & Environment (cont.)

## Sustainability & Environment Projects



### Waste-to-Energy Assessment

Location:  The Philippines

SMEC is conducting a feasibility study to determine the most appropriate waste-to-energy technologies for 178 local government units in the Manila Bay region of the Philippines. The project forms part of the Government of the Philippines' commitment to develop strategic policies for improved solid waste management. Waste in Manila Bay has dramatically worsened over recent years, due to increased pollution carried by rivers and inadequate treatment of solid waste. This project will provide a comprehensive basis for the establishment, development, implementation and monitoring of waste-to-energy technologies, taking into consideration all technical, financial, socio-political, legal and institutional factors.



### Ocean Drive Upgrade

Location:  Australia

SMEC has been engaged by Port Macquarie-Hastings Council to undertake the investigation, concept design and detailed design of the Ocean Drive Upgrade in New South Wales, Australia. The objective of the project is to improve road safety, traffic efficiency and residential amenity (including noise) along the Matthew Flinders Drive to Greenmeadows Drive section. SMEC will deliver the concept and detailed design of the roadway duplication. This will include an investigation and review of environmental factors, including environmental impacts related to endangered native tree species and koala habitats. SMEC will also undertake geotechnical field investigations and community consultation workshops.



### Wetland Restoration

Location:  Rwanda

SMEC is developing detailed sub-catchment management plans for the restoration of the Gikondo and Nyabugogo wetlands in Rwanda. This project forms part of the Lake Victoria Environmental Management Project. These wetlands are currently under threat from land, vegetation, and water resource degradation caused by severe soil erosion, human interference, increased industrial activities and deforestation. These activities are significantly impacting the wetlands' functions and the local communities who depend on their resources. SMEC's services on the project will include: examination of wetland restoration options; and the development of detailed wetland restoration plans to help restore ecological functioning.

## Toll Plaza Efficiency

**Location:** South Africa

Trans Africa Concessions (TRAC) initiated an energy efficiency retrofit program and Photovoltaic (PV) systems installation focused on improving facility lighting, heating and cooling at six of its highway toll plaza operations between South Africa and Mozambique. The new PV system integrates within the existing plaza electrical installation system in a grid-tied configuration so that no battery storage is required. To date, SMEC has been responsible for energy efficiency retrofit and PV system installation projects at five of the TRAC toll plazas. The power producing capacity of each system ranges between 30 kVA and 35 kVA. It is expected that the combined PV capacity at the TRAC toll plazas will produce more than 250 MWh per year.

## Catchwater System Upgrades

**Location:** Hong Kong

SMEC is undertaking a feasibility study of eight catchwater systems in Hong Kong. Catchwater systems are large-scale devices that catch surface runoff water, channelling it to reservoirs for future commercial and domestic use. Following an increase in catchwater-related incidents (caused by slope failure and erosion), the Government of Hong Kong initiated studies to assess potential catchwater system hazards and identify relevant improvement works. From these studies, eight catchwater systems were classified as medium to high-risk. SMEC recommend preliminary design solutions and improvement works for each of these catchwater systems, and determined the overall feasibility of the project.

## Climate Smart Irrigation

**Location:** Pakistan

Pakistan's Punjab Province suffers from severe water shortages due to a lack of irrigation facilities and frequent droughts. Engineering General Consultants (EGC), a SMEC subsidiary, was engaged to provide consultancy services on the Pothohar Climate Smart Irrigated Agriculture Project. The objective of the project was to improve irrigation and water management systems in the Punjab Province, which would in turn enhance agricultural productivity in the region. EGC's services included: identification of rehabilitation works for existing water storage systems; feasibility designs; Environmental Impact Assessments; Environmental Management Plans; Social Impact Assessments; economic and financial analysis; and construction supervision.

# 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, 24 |
| **Organisational Profile** | 2.1/G4-3 | Name of the organisation. | SMEC Holdings Limited | |
| | 2.2 /G4-4 | Primary brands, products and services. | Feasibility studies, detailed design, tender and contract management, construction supervision, operation and maintenance, training and project management. | 11 |
| | 2.3 | Operational structure of the organisation. | | 14-16 |
| | 2.4/G4-5 | Location of organisation's headquarters. | Level 10, 71 Queens Road, Melbourne, VIC 3004, Australia. | |
| | 2.5/G4-6 | Number of countries where the organisation operates. | 40+ | 11-13 |
| | 2.6/G4-7 | Nature of ownership and legal form. | | 14-16 |
| | 2.7/G4-8 | Markets served. | Transport, Hydropower and Energy, Water and Environment, Urban and Social Development, Resources, Industrial and Manufacturing. | 11-13 |
| | 2.8/G4-9 | Scale of the reporting organisation. | | 11, 24-25 |
| | 2.9/G4-13 | Significant changes to size, structure or ownership during the reporting period. | | 4-7 |
| | 2.10 | Awards received in the reporting period. | | 22 |
| **Report Parameters** | 3.1/G4-28 | Reporting period. | 1 April 2015 – 31 March 2016. | 3 |
| | 3.2/G4-29 | Date of most recent previous report. | April 2015. | 3 |
| | 3.3/G4-30 | Reporting cycle. | Annual. | 3 |
| | 3.4/G4-31 | Contact point for report. | sustainabilityreport@smec.com | 3 |
| | 3.5 | Process for defining report content. | | 10 |
| | 3.6 | Boundary of the report. | | 10 |
| | 3.7 | Limitations on the scope or boundary of the report. | | 10 |
| | 3.8/G4-17 | Basis for reporting on joint ventures and other entities. | | 10 |
| | 3.9 | Data measurement techniques. | | 3, 10 |
| | 3.10/G4-22 | Explanation of restatements. | Nil. | |
| | 3.11/G4-23 | Significant changes in scope and boundary during the reporting period. | Nil. | |
| | 3.12/G4-32 | Table identifying location of Standard Disclosures. | GRI Index. | 56-58 |
| | 3.13/G4-33 | External assurance. | Not used for this report. | |

| | GRI Indicator | Description | Comments | Page Number |
|---|---|---|---|---|
| **Governance, Commitments and Engagements** | 4.1/G4-34 | Governance structure of the organisation. | | 14-16 |
| | 4.2 | Chair of the highest governing body. | | 8-9, 14-16 |
| | 4.3 | Independent and non-executive board members. | | 8–9, 14-16 |
| | 4.4 | Mechanisms to provide recommendations to the highest governing body. | | 14-16 |
| | 4.5 | Compensation and performance. | | 14-16 |
| | 4.6 | Processes to avoid conflicts of interests. | | 14-16 |
| | 4.7 | Process for determining qualifications and expertise. | | 14-16 |
| | 4.8/G4-56 | Mission, values and code of conduct. | | 16-17, 22 |
| | 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. | | 23 |
| | 4.13/G4-16 | Memberships in associations. | | 23 |
| | 4.14/G4-24 | List of stakeholder groups engaged by the organisation. | | 20 |
| | 4.15/G4-25 | Basis for identification and selection of stakeholders. | | 10, 20 |
| | 4.16/G4-26 | Approaches to stakeholder engagement. | | 10, 20 |
| | 4.17/G4-27 | Key stakeholder topics and concerns. | | 10, 20 |
| | G4-38 | Composition of the highest governing body. | | 6-9 |
| | G4-39 | Explain whether the Chair of the highest governing body is also an executive officer. | | 6-9 |
| | G4-51 | Remuneration policies for the highest governing body. | | 14 |
| **Additional General Disclosures** | G4-10 | Breakdown of employee demographics. | | 12-13, 26-37 |
| | 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, 22 |
| | 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. | | 24-25 |
| | G4-EC4 | Financial assistance received from government. | | 24-25 |
| | G4-EC8 | Indirect economic impacts. | | 38-43 |
| **Environmental** | G4-EN3 | Energy consumption within the organisation. | | 46-51 |
| | G4-EN4 | Energy consumption outside the organisation. | | 46-51 |
| | G4-EN6 | Reduction of energy consumption. | | 46-51 |
| | G4-EN8 | Total water withdrawal by source. | | 46-47 |
| | G4-EN10 | Water recycled and reused. | | 47 |
| | G4-EN12 | Impact on areas of high biodiversity value. | | 52, 54-55 |
| | G4-EN13 | Habitats protected or restored. | | 52, 54-55 |
| | G4-EN19 | Reduction of greenhouse gas emissions. | | 46-49 |
| | G4-EN24 | Total number and volume of significant spills. | Nil. | |
| | G4-EN25 | Weight of transported waste. | Nil. | |
| | G4-EN27 | Initiatives to mitigate environmental impacts. | | 44-51 |
| | G4-EN29 | Non-compliance with environmental laws. | Nil. | |
| **Labour Practices and Decent Work** | G4-LA1 | New hires and turnover by age, gender and region. | | 26-33 |
| | G4-LA2 | Benefits provided to full time employees. | | 28-29 |
| | G4-LA3 | Return to work and retention rates after parental leave, by gender. | | 26-33 |
| | G4-LA6 | Rates of injury and lost days. | | 36-37 |
| | G4-LA10 | Skills management and lifelong learning programs. | | 32-35 |
| | G4-LA11 | Regular performance reviews. | | 34-35 |
| | G4-LA12 | Workforce diversity. | | 26-35 |
| | G4-LA13 | Ratio of basic salary of women to men. | | 26-27 |
| **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. | | 30 |
| | 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 |
| Brisbane City Enterprises Pty Ltd | Australia |
| Global Maintenance Consulting Pty Ltd | Australia |
| Lean and Hayward Pty Ltd | Australia |
| SMEC Testing Services Pty Ltd | Australia |
| SMECTS Holdings Pty Ltd | Australia |
| Snowy Mountains Engineering Corporation Pty Ltd [1] | Australia |
| SM Urban Pty Ltd [2] | Australia |
| STS Geoenvironmental Pty Ltd | Australia |
| ACE Consultants Limited | Bangladesh |
| SMEC Bangladesh Ltd | Bangladesh |
| Engineering Consultants Underwriters Ltd | Bermuda |
| VKE Botswana Pty Ltd | Botswana |
| Global Maintenance Consulting (Canada) Inc | Canada |
| Global Maintenance Consulting Chile Limitada | Chile |
| SMEC China Engineering and Management Consultancy Co Ltd | China |
| SMEC Beijing Co Ltd | China |
| Frontier Energy Ltd | Dubai |
| Frontier Hydro Ltd | Dubai |
| SMEC Asia Ltd | Hong Kong |
| Leadrail Infra Solutions Private Ltd [3] | India |
| SMEC India (Pvt) Ltd | India |
| SMEC Central Asia LLP | Kazakhstan |
| SMEC Kenya Limited | Kenya |
| SMEC Macau Engineering Consulting Limited [4] | Macau |
| SMEC International (Malaysia) Sdn Bhd | Malaysia |

# Appendix A (continued)

| Name of entity | Country of Incorporation |
|---|---|
| Energy Holdings Limited | Mauritius |
| SMEC International (Africa) Ltd [5] | Mauritius |
| SMEC Servicios De Ingenieria De Mexico [6] | Mexico |
| SMEC Mongolia LLC | Mongolia |
| SMEC Myanmar Company Limited [7] | 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 [8] | 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 |
| ZMCK Holdings Pty Ltd | South Africa |
| Ocyana Consultants Pvt Ltd | Sri Lanka |
| ZMCK–Swaziland Property Holdings Pty Ltd | Swaziland |
| SMEC (Tanzania) Limited | Tanzania |
| SMEC Uganda Limited | Uganda |
| GMC Global UK Limited | United Kingdom |
| Global Maintenance Consulting – America, Inc. | United States of America |
| SMEC Vietnam JSC | Vietnam |

1. Deregistered on 8 September 2014
2. Deregistered on 3 December 2014
3. Purchased on 1 September 2014
4. Incorporated on 16 February 2015
5. Incorporated on 22 August 2014
6. Incorporated on 23 June 2015
7. Incorporated on 24 September 2014
8. Incorporated on 4 May 2015
9. Formerly known as VKE International Consulting Engineers Pty Ltd

# 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. |