SMEC

Member of the Surbana Jurong Group

Sustainability Report

2020

Contents

Cover image: The Point, Point Lonsdale, Victoria, Australia

Image: Yarranlea Solar Farm, Queensland, Australia

Message from the CEO

Welcome to our eleventh annual Sustainability Report, which outlines our progress towards our sustainability objectives and the environmental outcomes we influence through our projects and services during the calendar year 2020.

This year's Report highlights our key initiatives and progress towards ensuring we are operating sustainably in our three focus areas of People, Community, and Sustainability and Environment. We collaborate closely with all our stakeholders, including employees, clients, partners and local communities, in working towards these objectives.

The year 2020 was an unprecedented year for our business as well as many others, and as an organisation we had to adapt quickly and flexibly to the many impacts of the global COVID-19 pandemic. We were fortunate that our core work on publicly funded projects, with a focus on national development, received early support from many nations' governments. We were able to continue working, in a COVID-safe manner, on many essential infrastructure projects.

A central and ongoing challenge is the ability to continue serving our clients whilst also ensuring the health and wellbeing of our people. There is no one-size fits all approach, and we deal with each of our corporate offices or project sites in a unique manner to ensure we always have the appropriate information to inform decisions and protect our employees whilst maintaining operational resilience and delivering for our clients.

In keeping with our commitment to provide a rewarding work environment for our people and support their career development, we launched a range of new programs. These included a sponsorship program to support high-performing female employees in progressing to leadership positions; monthly Leadership Masterclasses to support managers with the challenges of leading a remote workforce; and a Learning and Development portal providing remote access to a range of training modules online.

During the reporting period, we continued to implement and enhance our Integrity and Compliance program through key improvements in our policies, systems and processes to further manage risk, and provide ethical and safe working conditions in support of our culture of honesty and integrity. This includes the introduction of an employee due diligence program, and online platforms for employees to submit information regarding conflicts of interests, donations and compliance declarations.
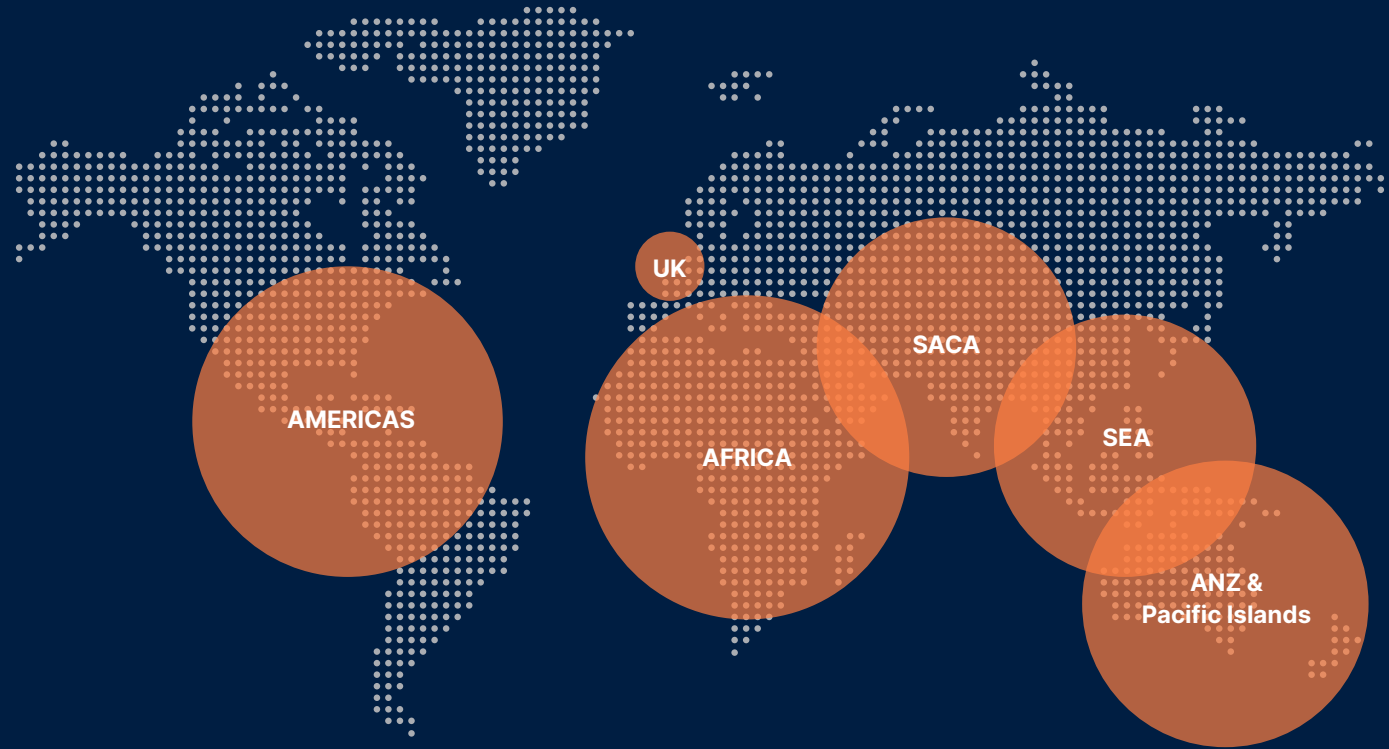
SMEC Australia and SMEC International both introduced Modern Slavery programs. The Australian business is planning to submit its first Modern Slavery statement to the Australian Government in early 2021. Our commitments as outlined in the statement are being operationalised throughout the organisation via training, operations and supply chain management.

As infrastructure consultants and engineering specialists, SMEC has enormous opportunity to influence sustainability and environmental outcomes through the services we provide on infrastructure projects. Our global team of sustainability specialists, social scientists, environmental planners, environmental scientists, ecologists, asset managers, urban designers and engineers continued to work collaboratively to deliver wholistic project outcomes. This included successfully guiding and supporting several projects through sustainability ratings, such as Australia's Infrastructure Sustainability (IS) Rating Scheme and the Green Star rating.

The outlook will continue to challenge us, and I look forward to supporting our clients with advanced solutions and exceptional project delivery, while working towards a stronger, more resilient and sustainable future.

Hari Poologasundram
CEO SMEC & CEO International Surbana Jurong

Our global footprint

AMERICAS

UK

SACA

AFRICA

SEA

**ANZ &
Pacific Islands**

A family of specialists

As a member of the Surbana Jurong Group, SMEC is part of a family of specialists. Collaborating closely with our parent and sister companies, we have the flexibility to operate in global markets either individually or in partnership to add value.

Since its formation, Singapore headquartered Surbana Jurong Group has invested in deepening its expertise in architecture, design, engineering, facilities management and security services, building a global group of specialist consulting and advisory firms.

With size and scale becoming increasingly important for companies to effectively compete in larger urbanisation and infrastructure projects, SMEC can draw on

capabilities from a group of highly specialised consultancies to provide a full service offering to clients around the world based on years of global experience.

We continue to create synergies across the Surbana Jurong Group of companies and foster innovation to drive value for our clients. This allows us to participate in larger and more complex projects, and provide our clients with specialist expertise.

120+

Offices

40+

Countries

16,500+

Employees

Australia, New Zealand (ANZ) & Pacific Islands

Australia
Fiji
New Zealand
Papua New Guinea
Solomon Islands

Africa

Ethiopia
Kenya
Namibia
South Africa
Tanzania

Americas

Canada
Chile
US

South Asia & Central Asia (SACA)

Afghanistan
Bangladesh
Georgia
India
Kazakhstan
Nepal
Pakistan
Sri Lanka
Tajikistan
UAE

Southeast Asia (SEA)

Brunei
Indonesia
Malaysia
Myanmar
Philippines
Singapore
Vietnam

UK

England

2020 highlights

In 2020 we made significant progress in strengthening corporate governance and advancing our focus areas of People, Community, Sustainability and Environment.

Our organisation

Continuing to enhance business integrity

— Maintained certification to ISO 37001 (Anti-Bribery Management), ISO 9001 (Quality Management), ISO 14001 (Environmental Management) and AS/NZ 4801 (OHS Management) in all major Australian offices.

— Continued to strengthen our global Integrity and Compliance Program through key initiatives, including further development and training in support of SMEC's Business Integrity Policy, continued roll-out of a dedicated Business Integrity Risk Register at various organisational levels, and online platforms for employees to submit information regarding conflicts of interests, donations and compliance declarations.

— Implementation of an employee due diligence program.

— SMEC Australia and SMEC International both introduced Modern Slavery programs. The Australian business is planning to submit its first Modern Slavery statement to the Australian Government in early 2021. Our commitments as outlined in the statement are being operationalised throughout the organisation via training, operations and supply chain management.

People

Building a more flexible and inclusive work culture

— In 2020, there was a significant increase (75% from 2019) in the number of employees utilising Flexible Working Arrangements.

— To support the progression of female employees into leadership positions, a sponsorship program, Cultivate, was launched. The new program pairs high-performing employees with executive sponsors, with a focus on supporting and enhancing their career development through mentorship and coaching.

Supporting learning and development in a virtual environment

— A new online Learning and Development Portal was launched last year, providing employees with information about all learning programs and direct access to relevant online learning modules through our Learning Management System.

— In 2020, a series of Leadership Masterclasses was introduced in online format, providing employees with the opportunity to access leadership training in short, focused information sessions. Topics for 2020 included performance management, coaching skills, mental health and wellbeing.

Developing the next generation of engineers

— In 2020, 229 graduates (up from 200 in 2019) enrolled in SMEC's Graduate Development Program. Female graduates made up 34.5% of program participants.

Safety first

— SMEC's Leading Safety Program was incorporated into the People Manager Development Program, recognising the importance of safety as a shared responsibility.

— Due the impacts of the global pandemic, managers received training to support and guide them in adapting to the challenges of managing a remote workforce.

— Conducted a total of 275 safety talks and issued 121 safety alerts or news items, an increase from 2019.

Community

Indigenous rights

— In Australia, we continued our support of charitable organisations which provide educational support and opportunities to children and students from Aboriginal and Torres Strait Islander communities.

— The second phase of our Reconciliation Action Plan (RAP) was endorsed by Reconciliation Australia and our work with Indigenous artists was recognised by the Property Council Australia.

Community support

— Globally, SMEC continued to progress community initiatives through our established relationships with charitable organisations around the world. We worked closely with our partners to adapt project delivery arrangements to address the challenges of government-imposed lockdowns and other pandemic-related impacts. In some cases, this has meant shifting to a virtual model and providing remote guidance and support.

Sustainability and Environment

Sustainable procurement

— In 2020, as part of our broader sustainability strategy, SMEC Australia partnered with South Pole, a global climate action expert, to offset a portion of our carbon footprint through the purchase of carbon credits.

Advancing sustainability outcomes across infrastructure projects

— Our global team of sustainability specialists, social scientists, environmental planners, environmental scientists, ecologists, asset managers, urban designers and engineers continued to work collaboratively to deliver holistic project outcomes.

— This included successfully guiding and supporting several projects through sustainability ratings, such as Australia's Infrastructure Sustainability (IS) Rating Scheme and the Green Star rating.

Sustainability objectives

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

People

Our commitment

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

Our objectives

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

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

— To provide employees with personal and career development opportunities and clear career paths.

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

Community

Our commitment

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

Our objectives

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

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

— To support and encourage employee participation in local communities, particularly charity work.

Sustainability and environment

Our commitment

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

Our objectives

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

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

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

Image: The Point, Point Lonsdale, Victoria, Australia

Our Board

The Board of Directors is responsible for formulating SMEC's strategic direction and ensuring robust corporate governance.

The Board is committed to maintaining an appropriate system of governance and risk management applicable to all SMEC's locations, business units and functional groups; maintaining the integrity of SMEC's assets, people and reporting, and complying with legal obligations in all jurisdictions in which SMEC operates. The Board has two permanent committees – the Audit and Risk Committee and the Remuneration and Nominations Committee. Each has written terms of reference and is subject to annual review by the Board.

Max Findlay
Chairman

Wong Heang Fine
Group CEO,
Surbana Jurong Group

Hari Poologasundram
CEO SMEC & CEO International
Surbana Jurong

Adil Al-Raeesi
Financial Controller,
SMEC Group

Say Boon Lim
Non-Executive Director and
Chair of the Audit and Risk
Committee

The Executive Committee

Hari Poologasundram
CEO SMEC & CEO
International Surbana Jurong

Andy Atkin
Group Chief Financial Officer,
Surbana Jurong Group

Angus Macpherson
Director of Operations

George Lasek
Chief Operating Officer,
Americas

James Phillis
Chief Executive Officer,
Australia & New Zealand

Dr Uma Maheswaran
Chief Operating Officer,
South & Central Asia

Tom Marshall
Chief Operating Officer,
Africa

Adil Al-Raeesi
Financial Controller,
SMEC Group

George Simic
Director, Growth, Mergers
and Acquisitions

Stakeholder engagement

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

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

Employees

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

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

Clients

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

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

Improving communication and engagement

We know it is important to our clients that we connect early and often, and the impact of COVID-19 has reinforced the importance of communication and responsiveness to our clients. In line with this, we are continuing to develop our 'Voice of Client' program that facilitates regular and effective communication with our clients and industry partners. A key focus for 2020 was the development of an improved client feedback system, due to launch in 2021. Our new system will provide a means of seeking feedback more effectively and offer an additional channel of communication between clients and project leadership teams. We are also focused on enhancing our Client Relationship Management program and expanding organisational expertise and capacity to support this important function within our business.

Image: Monash Freeway M1 Upgrade, Victoria, Australia

Core values

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

Integrity

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

People

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

Professionalism

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

Partnership

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

Purpose

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

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

Image: Cobblebank Station, Ballarat Line Upgrade, Victoria, Australia

Awards and rankings

Building towards a more sustainable future requires a winning combination of experience, expertise and innovation, which has been recognised by multiple national and international industry awards.

#26, Engineering News Record (ENR) 2020

— The Surbana Jurong Group is ranked at #26 in the Top 225 International Design Firms list, and #9 in the Top 10 Asia/Australia list for 2020.

Client Choice Awards

Australia

— Winner, Best Provider to Construction and Infrastructure
— Winner, Most Improved Net Promoter Score®
— Winner, Best Professional Services Firm with revenue greater than A$200 million
— Winner, Best Built Environment Firm with revenue greater than A$200 million

Albion Park Rail Bypass – Detailed Design

Australia

— Winner, Australian Engineering Excellence Award Sydney 2020

Sydney Metro Northwest Stations project

Australia

— Winner, Australian Engineering Excellence Award Sydney 2020

InQuik Bridge System

Australia

— Winner, Australian Engineering Excellence Award Canberra 2020

Sydney Metro Northwest – Operations, Trains and Systems project

Australia

— Highly Commended Award, Innovative Design, Consult Australia Awards

Logan Enhancement Project

Australia

— Gold Award, Collaboration for Project Excellence, Consult Australia Awards

V&A Waterfront Swing Bridge

South Africa

— Winner, Bridges category, and Overall Winner, Southern African Institute of Steel Construction (SAISC) Steel Awards 2020
— Joint Winner, Technical Excellence category, South African Institution of Civil Engineering (SAICE) National Awards

Provision of Water and Sanitation Services to Informal Settlements and Schools in the eThekwini Municipality (Phase 3)

South Africa

— Winner, Projects with a value greater than R1-billion category, Consulting Engineers South Africa (CESA) Aon Engineering Excellence Awards

Corporate governance

Business Integrity Policy and Code of Conduct

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

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

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

It is management's responsibility to demonstrate, through their actions, the importance of the Business Integrity Policy and the Code of Conduct and promote the highest ethical standards across all areas of the business. In addition, managers are expected to develop a positive working environment, provide ongoing support and feedback to employees, and take appropriate action if a breach of the Business Integrity Policy or Code of Conduct (or breach of any other SMEC policies and procedures) may have occurred.

Equal employment opportunity procedure

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

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

SMEC is committed to attracting the best talent and engages in recruitment and selection processes that are based on merit.

SMEC's recruitment activities are undertaken free of bias or discrimination, and in compliance with all relevant local legislation.

Modern Slavery

SMEC Australia and SMEC International both introduced Modern Slavery programs. The Australian business is planning to submit its first Modern Slavery statement to the Australian Government in early 2021.

SMEC's Modern Slavery statement identifies and addresses risks across our operations and supply chains and outlines our key focus areas for 2021. This includes building awareness, improving policies and procedures and enhancing due diligence in procurement and supply chain management.

We recognise that slavery and human trafficking can occur in many forms and are fully committed to zero tolerance. To date, we have revised our standard operational agreements to incorporate modern slavery-related clauses and delivered mandatory training to employees in Australia and New Zealand.

Risk management

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

SMEC is committed to:

— Maintaining an appropriate system of governance and risk management applicable to all the Company's locations, business units and functional groups.
— Implementing a Risk Management System conforming to International Standard ISO 31000.
— Clarifying the roles and responsibilities of management and boards
— Identifying, assessing and managing significant risks and opportunities
— Maintaining the integrity of SMEC's assets, people and reporting, and
— Complying with legal obligations in all jurisdictions in which SMEC operates.

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
— the application of policies, controls, and review processes to all business units and subsidiaries.

Board of Directors

The SMEC Board (see pages 12-13) has a written charter outlining its responsibilities and governance framework. The board must be comprised of directors with an appropriate range of skills, experience and expertise who can exercise independent judgment and effectively review and challenge the performance of management. The Chairman of the board is an independent non-executive director.

Board Committees

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

Audit and Risk Committee

The Audit , Risk and Compliance Committee assists the Board with safeguarding the integrity of financial reporting, overseeing the independence of the external auditor and managing SMEC's material risks including managing compliance with the Company's policies and procedures (Codes of Conduct, Business Integrity, Equal Employment Opportunity, Occupational Health and Safety etc). The Committee must have at least

three members and be chaired by an independent non-executive director who is not the Chair of the Board. At least one member of the Committee shall be a qualified accountant or other finance professional with experience of financial and accounting matters.

Remuneration and Nominations Committee

The Remuneration and Nominations Committee works to ensure that SMEC secures, motivates and retains highly skilled and diverse senior executives and employees. The Remuneration and Nominations Committee must have at least two members, one of which is an independent Non-Executive Director.

Executive Committee

The Executive Committee (EC, page 13) is not considered a Board committee but consists of senior executives appointed by the CEO. The EC has primary authority for the management and monitoring of the Company's operations, and the implementation of the Company Strategy subject to policies and procedures approved by the Board of Directors. SMEC's CEO is the Chair of the Committee and is responsible for all matters not reserved for the Board or individual Directors. The EC's terms of reference and authority are approved by the Board.

Corporate governance

Quality Management

SMEC's Quality Management System

Developed to meet the requirements of AS/NZs ISO 9001:2016, SMEC's Quality Management System (QMS) enables systematic control and optimisation of business activities, as well as review processes to monitor and measure performance and identify improvements.

SMEC's QMS covers all stages of the project lifecycle, from inception through to handover, and provides a formalised and structured approach to project quality management.

The QMS ensures:

— development of project quality objectives incorporating client operability, maintainability and delivery requirements
— quantification of project risks through assessment
— implementation of design management and review processes to manage critical design quality aspects
— communication of risks and responsibilities through planning workshops
— development of risk auditing regimes.

Business Integrity

— In 2020 SMEC continued to enhance its Integrity & Compliance Program, making several key improvements across policies, systems, processes and communication, including:
— Development of a dedicated Business Integrity Risk Register at Division and country levels.
— Strengthening the role of the Divisional Compliance Delegates, who fortify the relationships between the group-level Integrity Compliance team and geographically dispersed divisions.
— Fortifying the principles of the SMEC's Business Integrity Policy by providing further guidance through procedures, work instructions, and scenario training sessions.
— The introduction of a new online reporting portal for personal conflicts of interest, charitable donation and sponsorship and integrity compliance employee declaration.
— Enhancing awareness of SMEC's confidential reporting platform, hosted by a third party, for employees and whistle blowers to report any concern or to ask an integrity related question.
— Implementation of the SMEC Employee Due Diligence Program.
— Improving awareness through targeted training.

Image: Gwongorella Day-Use Area Redevelopment, Purling Brook Falls, Queensland, Australia

We Comply – communication and awareness program

In 2020, SMEC's Leadership team continued to communicate with employees on various integrity and compliance related topics, through activities including emails, presentations at townhalls and roadshows, infographics, videos and Frequently Asked Questions (FAQ) documents. Ongoing communication is prioritised to ensure employees are aware of their compliance obligations and relevant policies and procedures and understand how to apply these processes to their everyday activities.

1. Compliance Leadership

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

2. Protect

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

3. Act rather than React

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

4. Speak Up

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

5. Transparency

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

6. Gifts and Entertainment

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

2020 highlights

During the reporting period, SMEC maintained certification to ISO 37001 (Anti-Bribery Management), ISO 9001 (Quality Management), ISO 14001 (Environmental Management) and AS/NZ 4801 (OHS Management) in all major Australian offices from third party certifier, Global-Mark and Socotec.

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

Looking to 2021

In addition to continuing the above programs in 2021, SMEC is preparing to apply for ISO 37001 certification in some of the Southeast Asia locations where it operates.

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Financial highlights

Fee revenue decreased at SMEC Group level by 5.8% to AUD 475.8 million. This was a result of a slowdown in existing projects caused by the COVID-19 pandemic, as well as a delay in awarding new projects.

We are cautiously optimistic about the financial outlook of 2021, as infrastructure spending is expected to be a key focus of many governments' stimulus measures.

Company performance

During the reporting period, SMEC's financial performance was impacted by the global COVID-19 pandemic, which led to an overall reduction in fees and other income, although impacts by region varied.

In 2021, SMEC is focused on returning its financial performance to pre-pandemic levels through growth in infrastructure developments around the world, and further collaboration with our parent and sister companies to leverage our global capabilities and provide enhanced value to our clients.

The Australian business is expected to perform particularly well with the help of major transport infrastructure projects in key Australian states.

In other regions, infrastructure spending is expected to be at the forefront of Government and international financial institution (IFI) policies to help stimulate economies post the COVID-19 pandemic. SMEC is well positioned to assist with these projects through its global network of specialists and decentralised model of regional and local offices.

Economic value generated and distributed

During the reporting period, revenue in Australia decreased to AUD 355.1 million. SMEC's net operating profit after tax in Australia decreased to AUD 21.8 million. SMEC's operating costs decreased by 7% to AUD 37.8 million, with employee compensation increasing by 3% to AUD 288.4 million.

SMEC's international operations also reported a decrease in revenue to $287.3 million. Net operating profit after tax increased to $3.1 million.

Remuneration of directors

Non-Executive Directors are paid annual fees, which in total fall within the fixed amount, currently set at AUD 1 million. During the 2020 financial year, remuneration of Non-Executive Directors totalled AUD 219,192. Non-Executive Directors are not eligible for bonuses or incentive schemes, and only statutory retirement benefits are payable.

Image: Tantangara Dam, Snowy Hydro 2.0, Australia

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

Generated	Southern	Central	Northern	Australia
Revenue	105,391	133,198	116,475	**355,064**
Net operating profit after tax				**21,814**

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

Distributed	Southern	Central	Northern	Australia
Operating costs	11,229	14,191	12,409	**37,829**
Employee compensation	85,607	108,194	94,610	**288,411**
Government (Tax)				**7,010**
Total				**333,250**

Figure 3: Economic value generated internationally (all figures are in A$'000)

Generated	North Asia	South East Asia	South & Central Asia	Africa	Americas	International
Revenue	11,779	55,062	110,153	96,534	13,749	**287,276**
Net operating profit after tax						**3,131**

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

Distributed	North Asia	South East Asia	South & Central Asia	Africa	Americas	International
Operating costs	2,429	11,354	22,715	19,906	2,835	**59,239**
Employee compensation	9,396	43,926	87,875	77,010	—	**218,208**
Government (Tax)						**6,698**
Total						**284,145**

People

Our commitment

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

Our Objective

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

Employee demographics

SMEC has more than 5,400 employees in over 35 countries around the world, of which more than 1,500 are based in our Australian and New Zealand operations.

Employment type

The majority of SMEC employees are contracted on a full-time basis (90%), followed by casual (4%), fixed term (3%) and part time (3%) as shown in Figure 6.

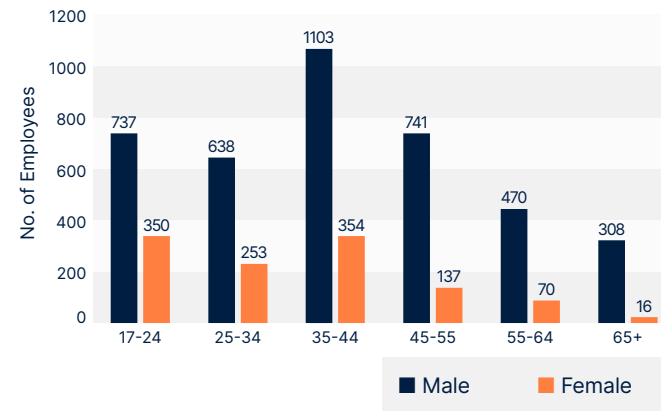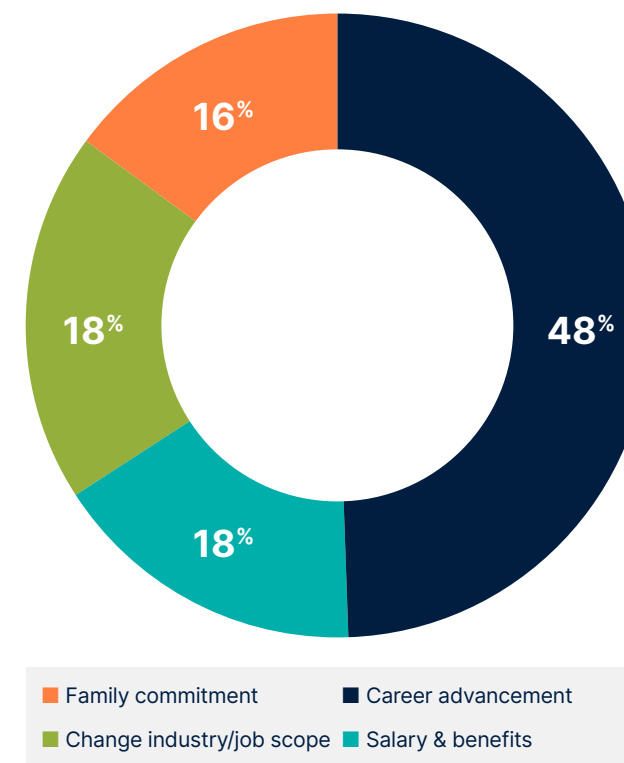### Figure 5: Global workforce by gender and age range

Figure 6: Employment type

Business Unit Function	Full Time	Part Time	Casual	Fixed Term	Total
Advisory & Social	30	1	7	–	38
Asset Management	103	–	1	–	104
Civil Infrastructure	269	1	–	9	279
Corporate Services	278	8	2	2	290
Management	67	4	–	–	71
Geotechnics & Tunnels	193	9	20	2	224
Group Corporate	47	8	3	–	58
Global Shared Services	186	–	–	–	186
Local Administration/Operations	592	17	13	2	624
Mining & Resources	187	–	1	1	189
Power & Energy	413	4	19	24	460
Transport	1608	28	76	49	1761
Urban Development	318	18	17	–	353
Water & Environment	627	25	57	65	774
Total	**4918**	**123**	**216**	**154**	**5411**

Remuneration

In November 2020, SMEC introduced a new Renumeration Framework developed in conjunction with our external consultants AON. The new framework aligns our internal benchmarking and external AON benchmarking with our Career Pathways Guideline facilitating remuneration decisions and parity. SMEC continued the process of undertaking our annual Gender Parity Analysis. The results suggest that there is no evidence of a gender pay gap across the business.

Turnover

The overall voluntary turnover of SMEC employees at a global level during the reporting period was 9.6%. Based on available feedback, reasons for leaving related to career advancement (48%), change of industry or role (18%), salary and benefits (18%) and family commitments (16%), as illustrated in Figure 7. Figure 8 shows a breakdown of attrition during the reporting period by age and gender.

Figure 7: Attrition – voluntary turnover

Figure 8: Breakdown of attrition by gender and age
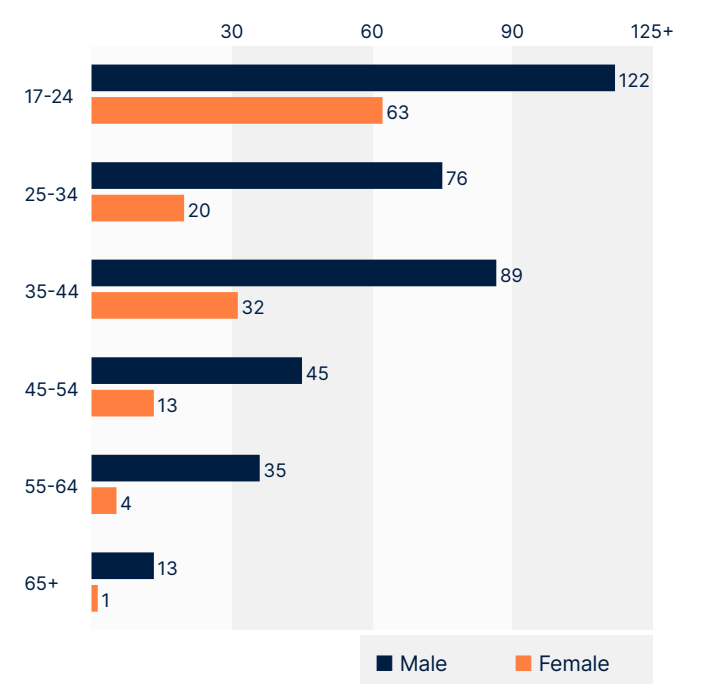
Employee Benefits

Flexible Working Arrangements

SMEC's Flexible Working Arrangements (FWA) support employees in balancing their work and personal commitments through options to vary work hours, work from home, and job share.

During the lockdown periods imposed by national governments in response to the global COVID-19 pandemic, a majority of employees continued to work from home. In some cases, where Engineering Services was categorized as an essential service, some local offices remained open for employees who were unable to work from home, while adhering to all mandated safety and health protocols.

Outside the government direction to work from home, a total of 130 employees in Australia and New Zealand formalised their FWA in 2020. This is a 75% increase from 2019 and is evenly split between males and females.

Leave benefits

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

Purchased Additional Annual Leave – Employees can salary package an additional four weeks of annual leave per year, on top of their normal annual leave entitlement. In 2020, 309 employees took advantage of purchased additional annual leave.

Parental Leave – SMEC offers 14 weeks of paid parental leave to the primary carer of a new child, in addition to their annual leave, long service leave, and government-funded entitlements. During the reporting period, 166 employees commenced a period of parental leave.

Australian Defence Force (ADF) Leave – SMEC provides up to 10 days ADF leave annually. In 2020, one employee took advantage of SMEC's ADF Leave in 2020.

Corporate Health Plan

SMEC offers a Corporate Health Plan with Bupa and includes benefits such as discounted health cover, limited reimbursement of hospital excess, waived waiting periods on extras and a three-year loyalty provision for new members. During 2020, the corporate health plan expanded to include other entities under the Surbana Jurong Group and saw 364 employees join the plan.
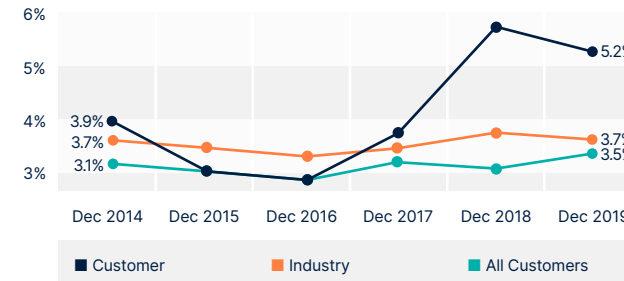
Health and Wellbeing

Employee Assistance Program

SMEC's Employee Assistance Program (EAP) is provided by Benestar, a leading provider within Australia, and its use as a wellness tool is encouraged to support our employees. The EAP is available to all employees (and their families) and provides confidential counselling services to help those during challenging times, whether it be physical, mental, social or financial.

SMEC's Mental Health Strategy assists in increasing awareness and to destigmatize mental health in the workplace.

In 2020, SMEC's EAP participation rate decreased by 0.7% to 5.2% in comparison to 2019. When compared to organizations in the same industry, as illustrated in Figure 9, SMEC's annual participation rate is over 1.7% higher for the same period.

Figure 9: EAP Annualised Utilisation

SMEC also partnered with Bupa, Benestar and other healthcare providers to offer Australia-based employees additional health and wellbeing initiatives during the pandemic. These ranged from individual health consultations and skin checks, to wellbeing seminars and online guided meditation sessions, all of which adhered to COVID-19 government mandated protocols.

Gender diversity

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

Australia & New Zealand Inclusion & Diversity Committee

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

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

In Australia and New Zealand, 27% of SMEC's workforce is female. Of these female employees, the majority are aged between 39-48 years (32%), followed by 29-38 years (29%), as shown in Figure 10.

Objective

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

Figure 10: Australia and New Zealand - Employee breakdown by gender and age
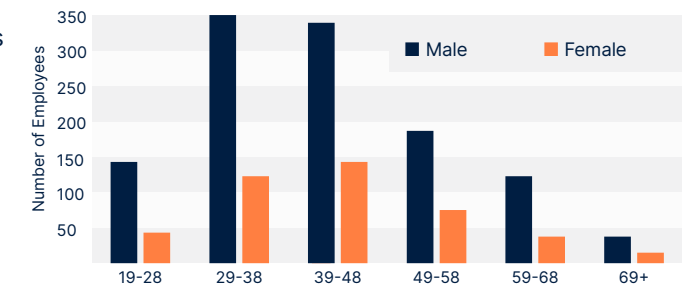
2020 highlights

– A sponsorship program called Cultivate was launched to support high-performing female employees in their career development and growth.

– Introduced online Leadership Masterclasses to support managers in developing their leadership skills through short, focused monthly information sessions.

– Flexible working arrangements continue to be embedded at all levels of the organisation, with a notable increase in employees formalising FWA arrangements and parental leave benefits.

– Our People & Culture teams successfully transitioned and supported employees in work from home arrangements during the COVID-19 pandemic and government mandated lockdowns. The support facilitated an increase in collaboration and communication across a wide range of groups.

– Training programs pivoted to online delivery modes wherever possible, with virtual team collaboration sessions maintaining employees' focus and engagement.

Career development

Objective

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

Tertiary education assistance

SMEC employees can apply for Tertiary Education Assistance in support of their continued professional development. SMEC will reimburse participants 50% of course fees, up to a maximum of AUD 10,000 per calendar year. During the reporting period, eight employees benefitted from this program. Since the program's inception in 2009, SMEC has supported 42 employees to achieve qualifications ranging from Certificate IV to postgraduate degrees in a broad range of study fields.

Career pathways

SMEC's Career Pathways system provides employees with a range of career paths for technical and business progression. Career Pathways also provides targeted learning and development programs and an equitable reward and recognition framework. In 2020, SMEC offered employees training in Leadership, Safety and continued our Graduate Development Program.

Talent management

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

In 2020, we undertook our talent management and succession planning processes for critical leadership positions as well as employees identified as key talent.

Global leadership development program

We were unable to run our annual global leadership program in 2020 due to COVID-19 restrictions; however, to support the development of senior leaders, a condensed program was run in partnership with McKinsey for 32 nominated participants from all business entities in the Surbana Jurong Group. The online program comprised of four key management topics: Business Strategy, Strategy Problem Solving, Communication with Impact, and Team Management.

Management Development Program

The Management Development Program is aimed at building on and enhancing people management and self-leadership skills for new and experienced leaders.

The 2020 Global Management Development program comprised of 180 attendees (76 females, 104 males) from selected operational and business units.

The 2020 Management Development Program in the Australia and New Zealand region was attended by 66 participants (25 females, 41 males).

Leading Safety

In 2020, 51 employees attended the Leading Safety Training. In addition, and as part of our commitment to a safety-first environment, all 66 participants of the People Manager Development Program also completed a Leading Safety module.

Cultivate – sponsorship program

In Australia and New Zealand, we launched an inaugural sponsorship program called Cultivate in 2020. Cultivate is aimed at high-performing female employees with the potential to progress to next-level positions within a two to five-year timeframe. The program pairs sponsors with the participants with a focus on supporting and enhancing their career development and progression. The program combined self-reflection, mentoring, coaching and sponsorship and included group, pair and individual activities.

Leadership masterclasses

Introduced in 2020, managers were invited to attend voluntary leadership skill training sessions. Over 100 leaders attended each month, and topics included performance management, coaching skills, mental health and wellbeing and giving feedback.

Learning & development portal

A new Learning & Development Portal was launched during the reporting period, providing employees with information on training programs and direct access to relevant online learning modules.

Project management training

Limited Project Management training was provided in 2020 due to COVID-19 restrictions, with a total of 11 participants for the year.

Client relationship management training

Client relationship management training modules are now available to all employees via our Learning Management System. The modules provide interactive learning using text, documents and videos.

Equal employment opportunity training

SMEC's Equal Employment Opportunity framework promotes a safe, inclusive and flexible work environment for all employees and clients. This comprehensive framework covers training, policy development and review, and is designed to encourage mutual respect in the workplace and reinforce SMEC's company values. Equal Employment Opportunity training is a compulsory part of SMEC's online induction process in Australia and New Zealand.

Performance and development review

SMEC conducts annual performance reviews for all permanent employees through a Performance Appraisal System (PAS) in which employees are assessed against agreed upon goals and KPIs, as well as SMEC's values.

This process considers not only what our employees achieve, but how they achieve it, and is intended to encourage a value-based approach to what we do. The training and development needs of employees are also reviewed bi-annually as part of PAS.

Chartership Support Program

SMEC supports employees in their professional development through sponsoring the attainment of chartership through Engineers Australia. This includes funding the registration cost and ongoing assessment fees – in 2020 this totalled over AUD 28,000. In the support of achieving chartership, all managers monitor their employees' progress, provide development opportunities, offer mentoring and guidance, and encourage the submission of Engineering Competency Claims. During 2020, 16 employees applied for chartered status through Engineers Australia.

Graduate Development Program

SMEC's 2020 Graduate Development Program provided 229 graduates (up from 200 in 2019) with development opportunities related to building personal and professional skills. Female graduates made up 34.5% of program participants. The program combines virtual classroom-based learning, self-directed online modules and mentoring.

Work health and safety

Objective

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

Health and Safety Commitment

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

To provide safe and healthy working conditions for all employees, contractors, visitors and the public, SMEC:

— Maintains a safe work environment (including work conditions, practices and procedures)

— Ensures full compliance with all applicable statutory and licensing requirements

— Undertakes proactive reporting of near misses, hazards, drills and inspections to ensure that all incidents are accurately reported, recorded and lessons learnt are shared

— Involves all employees and management in health and safety management through consultation

— Develops safety awareness throughout the company via formal and informal training

— Minimises or eliminates hazards within the workplace through risk identification, assessment, control and monitoring.

Zero Harm Culture

SMEC has implemented policies, procedures, guidelines, work instructions and reporting tools to measure progress towards Zero Harm objectives:

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

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

— **Training and development:** All SMEC employees complete a mandatory company induction, which includes a Health and Safety module. All employees receive ongoing training as required.

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

— **Monitoring and evaluating performance:** Encourage a culture of openness and proactive reporting amongst all employees.

— **Rehabilitation and return to work services:** Ensure employees can return to work as soon as possible.

— **Effective consultation:** Involve stakeholders in workplace safety decisions.

Safety in Design

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

2020 Year in Review – Australia and New Zealand Division

In 2020, SMEC continued to proactively improve its health and safety initiatives, including regular Safety Talks in all Australian and New Zealand offices.

Active reporting accounted for 69% of all work health and safety reporting, with 39 hazard reports received during the period. Over 160 safety talks were conducted with 43 safety alerts or news items issued.

Figures 11 and 12 display a breakdown of incidents by region and activity.
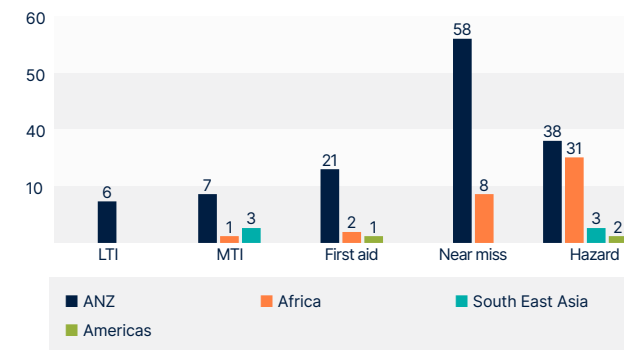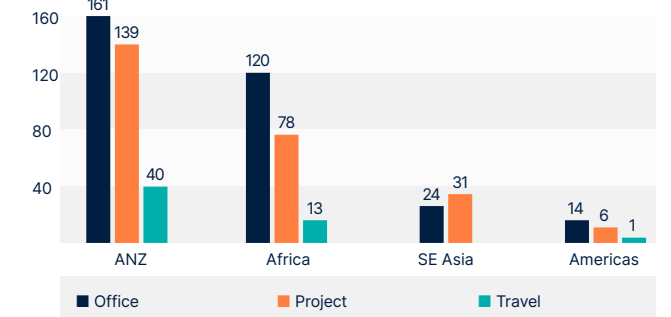
Figure 11: Safety incidents by activity type

	LTI	MTI	First aid	Near miss	Hazard
ANZ	6	7	21	58	38
Africa		1	2	8	31
South East Asia		3	1		3
Americas					2

Figure 12: Safety incidents by location type

	ANZ	Africa	SE Asia	Americas
Office	161	120	24	14
Project	139	78	31	6
Travel	40	13		1

2020 highlights

— Over 100 project and people managers completed the Leading Safety Program, which aims to create a step-change in how we engage with employees about safety and risk. The module was also included in SMEC's People Management Development Program for the first time.

— Our Workforce Safety Culture survey delivered a notable upswing in responses compared to the inaugural survey in 2018. Further work will be undertaken in 2021 to explore themes and develop a new action plan.

— To support employees in adapting to new work arrangements during the COVID-19 pandemic, information was provided on how to work from home safely. Support included education on safe workspaces at home, working productively from remote locations, and recognising and seeking support for mental health concerns.

— Leadership masterclasses to assist managers and provide support with the challenges of managing a remote workforce.

— A series of work instructions were developed to provide a streamlined approach for employees working with and near potentially high impact hazards, including mobile plant, overhead electric lines, road traffic and subsurface utilities.

Looking to 2021

We continue to bring to life our commitment to a safety-first environment through increasing awareness of our existing safety programs and procedures, as well as refining our strategies for providing a mentally healthy workplace. This will include an updated Safety Culture Action Plan based on insights from last year's survey results.

Human rights

Objective

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

Human Rights

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

Corruption and Bribery

SMEC has a zero-tolerance policy towards corruption, fraud or bribery of any form, as set out in our Code of Conduct, Business Integrity Policy, standard commercial agreement templates and other business instruments. We have implemented a range of policies, procedures, training and communication materials to ensure we are always maintaining and enhancing a culture of integrity. For more information on our initiatives and improvements in 2020, please see page 22.

Child Protection Policy

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

Forced and Compulsory Labour

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

Modern Slavery

In 2020, SMEC Australia and SMEC International both introduced Modern Slavery programs. The Australian business is planning to submit its first Modern Slavery statement to the Australian Government in early 2021.

The Statement identifies and addresses risks across our operations and supply chains, and outlines our key focus areas for 2021. This includes building awareness, improving policies and procedures and enhancing due diligence in relation to procurement and supplier management. SMEC is fully committed to operating responsibly and adhering to the highest ethical standards.

To date, we have revised our standard operational agreements to incorporate modern slavery-related clauses and delivered mandatory training to employees in Australia and New Zealand.

Indigenous Rights

In 2020, Innovate, the second phase of our Reconciliation Action Plan (RAP), was endorsed by Reconciliation Australia. SMEC's RAP formalises our commitment to implement and measure practical actions that create opportunities for, and build respectful relationships with, Aboriginal and Torres Strait Islander peoples. The RAP is implemented by a dedicated, cross functional employee working group.

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

Community development

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

The SMEC Foundation

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

Corporate Social Responsibility (CSR) programs

SMEC's global CSR program is led by the SMEC Foundation and facilitated through CSR committees that have been established in each of SMEC's operating divisions (Australia & New Zealand, South Asia & Middle East, South-east Asia and Africa). We are fortunate to have a presence in more than 40 countries

around the world, where we are committed to not only delivering projects to a high standard of excellence but also making a difference to communities in need.

During the 2020 reporting period, AUD 147,637 was donated directly through the SMEC Foundation, with the support of SMEC alumni. In addition, SMEC's regional CSR Committees donated approximately AUD 176,284 to fund projects in the areas of health, education, emergency relief and community development. More detail on the Foundation's activities can be found in our annual SMEC Foundation Review, which is made available to the public on our website.

SMEC has once again committed funding for the Divisional CSR Committees in 2021.

During 2020, we continued to make a positive difference to communities through the SMEC Foundation, our charity partners and employee volunteering through our regional Corporate Social Responsibility (CSR) committees. Here are just a few examples around the world:

Africa

In addition to progressing existing projects, the SMEC Foundation is partnering with Action on Poverty (AOP) to support a food security initiative in Ethiopia, working with smallholder farmers to grow potatoes for household consumption and cash crops. The SMEC South Africa CSR committee is also supporting two projects that provide healthcare and educational opportunities to vulnerable communities in the country.

Asia

Despite the challenges of COVID-19 delaying some works, two key projects to improve infrastructure and educational facilities in Vietnam and India were completed. Our teams in the Philippines joined hands with the Lipa Archdiocesan Social Action Commission, Inc. (LASAC), our NGO partner, to provide critical assistance to people who had been displaced by the eruption of Taal Volcano in Batangas. This included organising a donation drive and purchasing necessities for at least 3,600 families.

Australia

We continued our key partnerships with Engineering Aid Australia, Habitat for Humanity, Hope2Day and the Indigenous Literacy Foundation. We were also proud to donate to the Cathy Freeman Foundation, which aims to help Indigenous children and their families recognise the power of education in achieving their goals and dreams.

"Our philosophy has always been that a little money spent wisely can go a long way."

– Roger Bayliss, Chairman, SMEC Foundation Board

2020 highlights

— SMEC continued to champion education in Indigenous communities in Australia through our partnerships with Engineering Aid Australia and the Indigenous Literacy Foundation, with both partnerships in their third year running.

— Our RAP committee launched a work experience placement program and hosted three high school students from our partner charity Engineering Aid Australia, who provide opportunities for Indigenous students with an interest in and aptitude for engineering.

— We were pleased to support a new charity partner, the Cathy Freeman Foundation, which was established in 2007 to help Indigenous children and their families recognise the power of education in achieving their goals and dreams. The Foundation develops long-term partnerships with remote Indigenous communities.

— SMEC was also recognised for its commitment to reconciliation through its work with Indigenous artists by Property Council Australia.

— The second phase of our Reconciliation Action Plan, Innovate, was endorsed by Reconciliation Australia.

Looking to 2021

In 2021, we will review and address cultural awareness training needs at SMEC and increase the representation of Indigenous businesses in our supply chain.

We will continue to work closely with our clients to ensure the rights and heritage of Aboriginal and Torres Strait Islander people are protected in the planning and execution of projects.

We will work closely with employees across our organisation and in partnership with Reconciliation Australia to implement our RAP.

Sustainability and environment

Our commitment

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

Our Objectives

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

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

Environmental Management framework

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

Environmental Management Policy

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

— Implementing and improving environmental management systems, in accordance with ISO 14001.
— Complying with legal requirements.
— Implementing environmental management programs to achieve environmental objectives and targets.
— Conducting all activities in an environmentally responsible manner to minimise the potential for adverse environmental impacts.

— Preventing pollution associated with SMEC's activities.
— Providing environmentally responsible, sustainable and practical solutions to clients.
— Monitoring, reviewing and auditing SMEC's environmental performance.

Image: Winton Solar Farm, Victoria, Australia

Environmental Impact Assessment Scale

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

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

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

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

Sustainable procurement initiative

In 2020, as part of our broader sustainability strategy, SMEC Australia partnered with South Pole, a global climate action expert, to offset a portion of our carbon footprint through the purchase of carbon credits. South Pole works with businesses and governments around the world to address climate change impacts and support decarbonisation pathways across industries

In 2020, SMEC selected two projects to offset our air travel emissions. Both projects are certified to international standards in carbon mitigation and sustainable development. The Changbin & Taichung Wind project, located in Taiwan, is a Gold Standard certified renewable energy project. The Mount Sandy project, located in South Australia, protects one of the last pockets of bush and wetlands in the region and promotes land conservation using methods that have been employed by traditional custodians, the Ngarrindjeri people, for millennia.

Sustainable offices

Objective

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

Carbon Footprint

Since 2014 SMEC has implemented its Sustainable Procurement Procedure, whereby employees who undertake procurement of items valued over A$150,000 (e.g. capital works, fleet and office supplies) must complete an Environmental Sustainability and Social Equity Questionnaire.

Environmental Management Plan (ANZ)

Implemented in 2017 and reviewed and updated in 2020, the SMEC Australia & New Zealand Environmental Management Plan has been developed to manage the environmental impacts associated with each office in the areas of procurement, waste generation, electricity, transport and water. Each area's objectives, targets, actions, procedures and processes are outlined with timelines and responsibilities identified to ensure accountability.

In 2020, SMEC's offices located in Australia and New Zealand region continued to practice sustainable and environmental initiatives and adopted practices that will have an overall impact on our environmental footprint. These include:

— Recycled paper products
— Follow me print to reduce overprinting
— Installing sensor-operated lighting
— Electronic visitor sign in systems
— Mobile phone, battery and printer cartridge recycling,
— Separate kitchen bins for waste, glass and plastic and soft plastics,
— Monitor stickers/emails to remind employees to switch off at night and over weekends/holiday periods
— Environmentally friendly detergents/dishwashing tablets
— REDcycle – soft plastic recycling and containers for change
— Employees encourage to bring keep cups to the office
— E-waste collections for old electronic devices
— Swapped to recycled tissue and toilet paper and recycling of used coffee pods which are sent to different organisations for their own use
— Sensor water taps (including zip taps)
— Recycling and Shredding bins for documentation
— LED lighting
— Air Conditioning only during office hours

Three of our offices have access to renewable energy sources, and we will continue to investigate further expansion of this energy source into other offices.

At a corporate level, SMEC collates information regarding air and ground transport using kilometres and litres as a measure. This information is reported annually to our parent company, Surbana Jurong.

In 2021, we are focussing on continuing to promote sustainable practices and drive an environmentally friendly culture across the business.

City Switch

SMEC has committed all Australian offices to the CitySwitch Green Office Program. CitySwitch is a national tenancy energy efficiency program that supports organisations to improve 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. Utilises a zero to six-star rating scale (with one star indicating very poor performance and six stars representing market leading performance), NABERS measures the environmental performance of a building against other comparable buildings in a similar location.

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

NABERS Energy ratings

increase from our rating of 3.4 stars in 2019. Out of the 15 offices, 13 reached or exceeded the target energy rating of four stars.

Energy performance by office

Office	Rating	Office	Rating	Office	Rating
Adelaide	★★★★	Gold Coast	★★★★★★	North Sydney	★★★★★
Brisbane	★★★★	Grafton	★★★★½	Paramatta	★★★★★
Cairns	★★★★½	Melbourne	★★★★★½	Perth	★★★★★½
Canberra	★★★★★½	Geelong	★★★★★	Townsville	★★★★
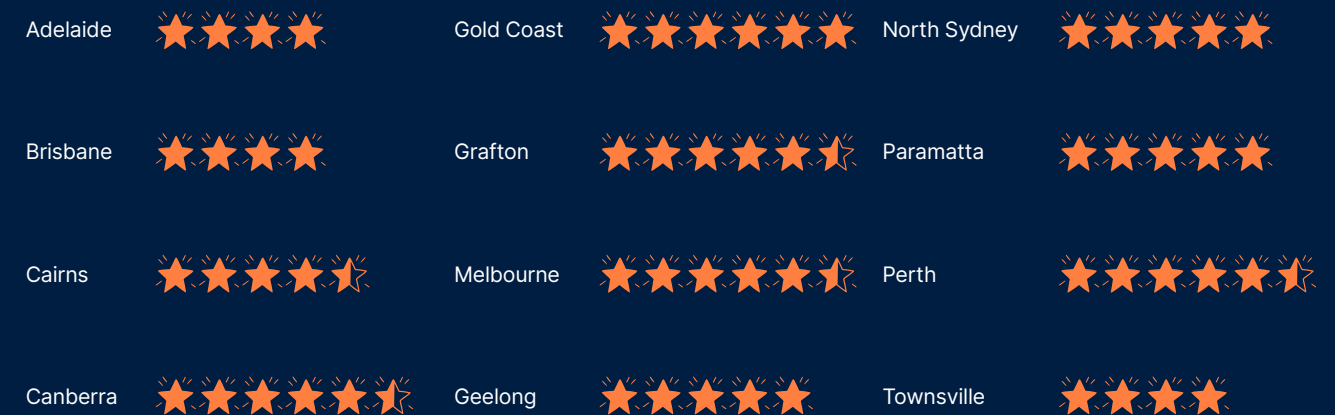
Office - NAEBERS Rating

Sustainability in infrastructure

Objective

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

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

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

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

Sustainability services

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

Environmental services

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

Social services

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

Sydney Metro: Crows Nest Station Upgrade

The Sydney Metro is a new world-class railway for Sydney, intended to transform transportation cutting travel times, reducing congestion and making it easier and faster to get around Australia's biggest city. Crows Nest Station is an underground station on the new metro line, about 25 metres below ground level, located in the Crows Nest residential area. The station provides new metro rail access to the Crows Nest residential area and serves people within walking and cycling distance.

SMEC was engaged to design the new station, incorporating opportunities for innovation and value engineering solutions. SMECs Sustainability and Climate Resilience Team facilitated the stations Green Star rating (6 Star design rating), completed energy, water and materials efficiency modelling, undertook several climate risk assessments, and worked with designers to incorporate climate risk mitigation measures into the final design.

Hells Gate Feasibility Study

The Hells Gates Dam feasibility study was instigated by the Australian Government in 2016 in response to initiatives driven by the Developing Northern Australia and Agricultural Competitiveness white papers. The study was added to the National Water Infrastructure Development Fund (NWIDF) program by the Commonwealth Department of Infrastructure, Regional Development and Cities for administration by the Queensland Department of Natural Resources, Mines & Energy (DNRME).

This study has produced the first fully investigated feasibility into the dam and irrigation scheme and is a precursor to attracting investment for the construction of a multi-billion-dollar project over the coming 10 years. The project has nation building significance in that it will double the irrigated agriculture capacity of Northern Australia and has attracted funding from the National Water Infrastructure Development Fund.

SMEC led the feasibility assessment to study and report on the feasibility of a 2,100 Gigalitre Dam and 50,000 hectares of agricultural district, amongst other subsequent opportunities around pumped hydroelectric power generation, solar farm, and major irrigation networks. SMECs Sustainability and Climate Resilience Team completed the Sustainability Feasibility Study to inform the overall assessment. SMECs Social Impact Team completed the Social impact assessment and Economic and Financial assessments to support the feasibility assessment.

SMEC partnered with leading local businesses to not only achieve the project objectives, but also provide high-level expertise in areas such as cropping analysis, water resource modelling, environmental assessments, and economic analysis, which were crucial to project success.

Gateway Motorway and Bruce Highway Upgrade: Preliminary Evaluation

The Gateway Motorway, Bruce Highway, Gympie Arterial Road and Dohles Rocks Road north-facing ramps are interlinked in their operation and function. The Department of Transport and Main Roads is taking an integrated approach to planning to develop a whole-of-network solution for the area, improving network efficiency for motorists and ensuring effective connectivity between different transport corridors.

SMEC Jacobs Design Joint Venture was commissioned by TMR to deliver the Preliminary Evaluation and Business Case for Gateway Motorway and Bruce Highway Upgrade. SMEC are the sustainability advisors aligning planning stage with IS rating to contribute to align to an excellent rating for the detailed design and drive sustainability outcomes from the early planning phase of the project.

Eurobodalla Southern Water Supply Storage

Construction of a new off-stream water supply storage and associated infrastructure in the Bodalla State Forest. Major components include the embankment, spillway, inlet works, outlet works, transfer system, pipelines and road upgrade.

SMEC led the design and environmental assessment for the Eurobodalla Southern Water Supply Storage. SMECs Sustainability and Climate Resilience Team undertook the sustainability and climate resilience assessment for the dam. While SMECs Social Impact Team undertook the social and economic impact assessment.

Fitzroy to Gladstone: Pipeline Project

Building Queensland is undertaking an Options Assessment of six project options for the Gladstone Fitzroy Pipeline Project to recommend a preferred option to progress to detailed business stage.

SMEC was engaged to undertake an option assessment focusing on the key design elements, costs, environmental constraints, social and sustainability impacts.

SMEC completed a sustainability review of the options and provided a high-level assessment against the against sustainability principles to identify any potential sustainability considerations that may affect the project options. The assessment also looked to identify any major issues or fatal flaws that could affect the viability of the project.

Appendix A

Scope of this report

This is SMEC's eleventh annual Sustainability Report, covering its economic, social and environmental performance from 1 January 2020 to 31 December 2020.

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

SMEC has applied the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines. The data in this report has been gathered using standard measurement techniques which conform to national or international guidelines or regulatory requirements. Specific calculations are referenced where appropriate. All monetary figures are in Australian dollars, unless otherwise stated.

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

Material aspects and boundaries

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

Material aspects defined in this report are those aspects which reflect SMEC's significant economic, social and environmental impacts, or which have a substantial influence on the decisions of company stakeholders.

To determine the boundaries of each material aspect, consideration was made into the impacts of each, both within and externally to SMEC.

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

Defining report content

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

— stakeholder inclusiveness
— sustainability context
— materiality
— completeness

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

Stakeholder inclusiveness

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

Sustainability context

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

Materiality

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

Completeness

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

Figure 13: Material Aspects contained within this report

Social
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

Economic
Economic Performance
Indirect Economic Impacts

Environmental
Materials
Energy
Water
Biodiversity
Emissions
Effluents and Waste
Compliance

Appendix B

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

Controlled entities	
Entity	**Country of incorporation**
SMEC Australia Pty Ltd	Australia
SMEC International Pty Ltd	Australia
SMEC Services Pty Ltd	Australia
SMEC Foundation Ltd	Australia
Global Maintenance Consulting Pty Ltd	Australia
PDR Engineers Pty Ltd	Australia
ACE Consultants Limited	Bangladesh
SMEC Bangladesh Ltd	Bangladesh
Engineering Consultants Underwriters Ltd	Bermuda
VKE Botswana Pty Ltd	Botswana
Global Maintenance Consulting Chile Limitada	Chile
SMEC Asia Ltd	Hong Kong
SMEC Rail India Private Ltd	India
SMEC India (Pvt) Ltd	India
SMEC Central Asia LLP	Kazakhstan
SMEC Kenya Limited	Kenya
SMEC Macau Engineering Consulting Limited	Macau

Controlled entities – continued	
Entity	**Country of incorporation**
SMEC International (Malaysia) Sdn Bhd	Malaysia
Energy Holdings Limited	Mauritius
SMEC Services De Ingenieria De Mexico	Mexico
SMEC Mongolia LLC	Mongolia
SMEC Myanmar Company Limited	Myanmar
VKE Namibia Consulting Engineers Pty Ltd	Namibia
Vincpro (Pty) Ltd	Namibia
SMEC New Zealand Ltd	New Zealand
SMEC Nigeria Limited	Nigeria
South Asia Middle East Management Company LLC	Oman
SMEC Oil and Gas (Private) Limited	Pakistan
Engineering General Consultants (Pvt) Ltd	Pakistan
SMEC Pakistan (Pvt) Ltd	Pakistan
SMEC PNG Ltd	Papua New Guinea
SMEC Philippines Inc	Philippines
ECCL Singapore Pte Ltd	Singapore
Global Maintenance Consulting Singapore Pte Ltd	Singapore
SMEC South Africa Pty Ltd	South Africa
Soillab Pty Ltd	South Africa
SMEC International (Africa) (Pty) Ltd*	South Africa
Ocyana Consultants Pvt Ltd	Sri Lanka
SMEC (Tanzania) Limited	Tanzania
SMEC Uganda Limited	Uganda
SMEC Vietnam JSC	Vietnam

* Formerly known as Global Maintenance Consulting (Canada) Inc

Appendix C

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

Company memberships	
Ikatan Nasional Konsultan Indonesia (National Association of Indonesian Consultants)	Property Council of Australia (PCA)
Institution of Engineers Rwanda	Roads Australia
Institute of Municipal Engineering of Southern Africa	SAAMA (South Africa Asset Management Association)
Institution of Surveyors Victoria	SA United Commercial and Allied Employers Association
International Development Contractors Community	Singapore Association Myanmar
International Union of Soil Sciences, Nigeria	Soil Science Society of Nigeria
Malaysia Australia Business Council	South African Bureau of Standards
Myanmar Oil and Gas Service Society	South African National Committee on Large Dams
National Construction Industry Council, Malawi	South African Oil & Gas Association
National Energy Services Company	South African Property Owner's Association
National Environmental Standard & Regulations Enforcement Agency of Nigeria	South African Road Federation
Nigeria Institute of Soil Science	South African Society of Trenchless Technology
New South Wales Business Chamber (Australia)	Southern African Institute of Mining and Metallurgy
Pakistan Engineering Council	Supply Nation
Papua New Guinea Chamber Mines and Petroleum	Tertiary Education Facilities Management of Australia (TEFMA)
Petroleum Authority of Uganda	Uganda National Chamber of Commerce (Uganda)
Planning institute Australia	Urban Development Institute of Australia
PPDA -Public Procurement and Disposal Authority	Waste Management and Resource Recovery Association of Australia
Professional Engineers Ontario	Water Institute of Southern Africa

Appendix D

Environmental Impact Assessment Scale

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

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

Appendix E

	GRI Indicator	Description	Comments	Page No.
Strategy	1.1/G4-1	Statement from the CEO.		4-5
	1.2/G4-2	Description of key impacts, risks and opportunities.		4-5, 8-9, 24-25
Organisational Profile	2.1/G4-3	Name of the organisation.	SMEC Holdings Limited	
	2.2 /G4-4	Primary brands, products and services.	Feasibility studies, detailed design, tender and contract management, construction supervision, operation and maintenance, training and project management.	6
	2.3	Operational structure of the organisation.		12-13, 20-23
	2.4/G4-5	Location of organisation's headquarters.	Collins Square, Tower 4, Level 20, 727 Collins St, Melbourne, VIC, 3008, Australia	
	2.5/G4-6	Number of countries where the organisation operates.	40+	6-7
	2.6/G4-7	Nature of ownership and legal form.		12-13, 20-21
	2.7/G4-8	Markets served.	Urban development, Infrastructure, Management Advisory.	5-6
	2.8/G4-9	Scale of the reporting organisation.		6-7, 24-25, 26-27
	2.9/G4-13	Significant changes to size, structure or ownership during the reporting period.	Nil.	
	2.10	Awards received in the reporting period.		18-19
Report Parameters	3.1/G4-28	Reporting period.	1 January 2020 - 31 December 2020.	46
	3.2/G4-29	Date of most recent previous report.	June 2020.	
	3.3/G4-30	Reporting cycle.	Annual.	46
	3.4/G4-31	Contact point for report.	sustainabilityreport@smec.com	46
	3.5	Process for defining report content.		46-47
	3.6	Boundary of the report.		46-47
	3.7	Limitations on the scope or boundary of the report.		46-47
	3.8/G4-17	Basis for reporting on joint ventures and other entities.		46-47
	3.9	Data measurement techniques.		46-47
	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.	54-55
	3.13/G4-33	External assurance.	Not used for this report.	

	GRI Indicator	Description	Comments	Page No.
Organisational Profile	4.1/G4-34	Governance structure of the organisation.		12-13,20-21
	4.2	Chair of the highest governing body.		12-13
	4.3	Independent and non-executive board members.		12-13
	4.4	Mechanisms to provide recommendations to the highest governing body.		21-23
	4.5	Compensation and performance.		24-25
	4.6	Processes to avoid conflicts of interests.		20-23
	4.7	Process for determining qualifications and expertise.		22,26
	4.8/G4-56	Mission, values and code of conduct.		16-17, 20
	4.9	Processes for management of company performance.		20-23
	4.10	Processes for evaluating the performance of the highest governing body.		20-23
	4.11/G4-14	Precautionary principle addressed.		4-5, 20-21
	4.12/G4-15	Externally developed economic, environmental and social charters.		14-15, 18-19, 50-51
	4.13/G4-16	Memberships in associations.		50-51
	4.14/G4-24	List of stakeholder groups engaged by the organisation.		14-15
	4.15/G4-25	Basis for identification and selection of stakeholders.		14-15,46-47
	4.16/G4-26	Approaches to stakeholder engagement.		14-15,46-47
	4.17/G4-27	Key stakeholder topics and concerns.		14-15,46-47
	G4-38	Composition of the highest governing body.		12-13, 20-21
	G4-39	Explain whether the Chair of the highest governing body is also an executive officer.		12-13, 20-21
	G4-51	Remuneration policies for the highest governing body.		24
Report Parameters	G4-10	Breakdown of employee demographics.		7, 26-31
	G4-11	Percentage of employees covered by bargaining agreements.	Nil.	
	G4-12	Organisation's supply chain.		7
	G4-18	Explain the process for defining report content and Aspect Boundaries.		46-47
	G4-19	List all Material Aspects identified for defining report content.		46-47
	G4-20	For each Material Aspect, report the Aspect Boundary within the organisation.		46-47
	G4-21	For each Material Aspect, report the Aspect Boundary outside the organisation.		46-47

Appendix E

	GRI Indicator	Description	Comments	Page No.
Ethics	G4-56	Values, principles, standards and behaviour.		16-17, 20-23
	G4-57	Internal mechanisms for advice on unlawful behaviour.		20-23
	G4-58	Internal mechanisms for reporting concerns on unlawful behaviour.		20-23
Economic	G4-EC1	Direct economic value generated and distributed.		24-25
	G4-EC4	Financial assistance received from government.	Nil.	
	G4-EC8	Indirect economic impacts.		34-41
Environmental	G4-EN3	Energy consumption within the organisation.		38-41
	G4-EN4	Energy consumption outside the organisation.		38-43
	G4-EN6	Reduction of energy consumption.		38-45
	G4-EN8	Total water withdrawal by source.		38-45
	G4-EN10	Water recycled and reused.		38-45
	G4-EN12	Impact on areas of high biodiversity value.		38-45
	G4-EN13	Habitats protected or restored.		38-45
	G4-EN19	Reduction of greenhouse gas emissions.		38-45
	G4-EN24	Total number and volume of significant spills.	Nil.	
	G4-EN25	Weight of transported waste.	Nil.	
	G4-EN27	Initiatives to mitigate environmental impacts.		38-45
	G4-EN29	Non-compliance with environmental laws.	Nil.	
Labour Practices and Decent Work	G4-LA1	New hires and turnover by age, gender and region.		26-27
	G4-LA2	Benefits provided to full time employees.		28, 30-31
	G4-LA6	Rates of injury and lost days.		32-33
	G4-LA10	Skills management and lifelong learning programs.		30-31
	G4-LA11	Regular performance reviews.		31
	G4-LA12	Workforce diversity.		29
	G4-LA13	Ratio of basic salary of women to men.		26
Human Rights	G4-HR3	Total number of incidents of discrimination.	Nil.	
	G4-HR4	Rights to freedom of association.	All employees are entitled to join unions.	
	G4-HR5	Risks to child labour.		34
	G4-HR8	Incidents involving indigenous people.	Nil.	

	GRI Indicator	Description	Comments	Page No.
Society	G4-SO7	Legal actions for anti-competitive behaviour.	Nil.	
	G4-SO8	Non-compliance with laws and regulations.	Nil.	
Product Responsibility	G4-PR2	Non-compliance with health and safety laws.	Nil.	
	G4-PR4	Non-compliance with information laws.	Nil.	
	G4-PR7	Non-compliance with marketing laws.	Nil.	
	G4-PR8	Breaches of client privacy.	Nil.	
	G4-PR9	Fines for non-compliance.	Nil.	

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