



This is SMEC's eighth annual Sustainability Report. The report covers SMEC's economic, social and environmental performance from 1 January 2017 to 31 December 2017.

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

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

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

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

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Message from the CEO

This is SMEC's eighth annual Sustainability Report for submission to the United Nations Global Compact (UNGC), and my first as CEO of SMEC. The purpose of this report is to measure our progress towards our sustainability objectives. Our sustainability objectives formalise our commitment to our three Corporate Social Responsibility categories: People; Community; and Sustainability and Environment.

This has been a very exciting year for SMEC, as we continue to transform into a leader within the consultancy world. Our traditional design expertise has been complemented by an increased focus on planning and development opportunities made possible by the capabilities of our parent company Surbana Jurong Group.

In March 2017, we strengthened our presence in northern Australia through the acquisition of PDR Engineers (PDR), a professional consultancy firm based in Cairns, Queensland. Established in 1999, PDR has a reputation for delivering technically challenging projects and has broad experience across a range of industry sectors.

In November 2017, Surbana Jurong Group acquired Brisbane based Robert Bird Group, recognised as one of the top structural, civil and construction engineering firms in Australia, and internationally. SMEC is currently exploring the opportunities this new partnership provides for our clients and looks forward to realising synergies across all three companies to deliver specialist urban development expertise to our clients.

Our strategic growth has also provided new and exciting opportunities for our people. Nurturing talent and encouraging personal and professional development is critical to our future success. Every employee plays a key role in shaping our business and we are committed to providing platforms to enable our people to drive innovation, deliver value to clients and develop their careers through hands on experience.

I am pleased to advise that in September 2017, we implemented the People Management Development Programme (PMDP) as part of Surbana Jurong Group's global Management Development Programme (MDP). PMDP is designed to enhance the effectiveness of people managers by equipping them with the skills to lead and manage their people towards a performance-driven culture. We also continue to provide project management training in conjunction with Engineers Australia and The University of Melbourne and offer qualifications up to Diploma level.

Diversity remains a key business priority and we continue to implement a broad range of diversity and inclusion initiatives across the organisation. Our Diversity and Inclusion Committee oversees and drives progress across all SMEC's business groups and functions. Throughout the year, we continued to achieve progress towards gender diversity and an inclusive culture. Both our Leadership Development and People Development Programs (ANZ Division) have reached its gender based targets and we have invested in a culture program, which features diversity at its core.

SMEC is committed to creating opportunities for Australia's indigenous population, and in January 2017 our Reconciliation Action Plan was endorsed by Reconciliation Australia, an independent, not-for-profit organisation that partners with workplaces to promote indigenous reconciliation. Globally, we restructured our CSR program to focus on localised funding to ensure effectiveness and alignment with local communities and partners. In South Africa, SMEC has signed a new partnership with the Disability Empowerment Concerns Trust and Kapela Holdings Group which will benefit up to two million disabled people.

SMEC offices around Australia are well on the way to achieving a significant reduction in unnecessary waste, and have employed some simple changes across the business, including removing under desk bins and making recycling easier. Our Newcastle office was a star performer in 2017, taking part in the TerraCycle program, which aims to recycle the "non-recyclable".

We are committed to improving the energy efficiency of our offices, and reducing the greenhouse gas emissions generated by the Company's operations. In 2017, SMEC's Australian offices averaged a NABERS energy rating of three stars, and three of SMEC's offices have achieved the target energy rating of four stars. Notably, SMEC's Canberra office maintained their above average five-and-a-half-star rating from last year, a dedicated effort to reduce GHG emissions and cost savings.

Throughout the year, SMEC continued its commitment to supporting people in need through the SMEC Foundation and Divisional CSR Committees. Divisional CSR Programs are funded by SMEC with additional financial support from the SMEC Foundation and SMEC employees. In addition, SMEC employees participated in many inspiring activities around the world, underpinning our commitment to community development.

I would like to take this opportunity to thank all employees for their ongoing support in creating a sustainably-sensitive work environment. In my role as CEO, I look forward to driving a culture of sustainability and environmental awareness in all functional, operational and regional areas of the business.



Hari Poologasundram

CEO SMEC &
CEO International, Surbana Jurong

SMEC has embarked on a path of strategic growth in recent years and we have cemented our reputation in market. We are consistently recognised for project delivery, technical excellence and design innovation by leading engineering bodies and are proud to be listed among the world's top design firms.

The Board

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

Following the acquisition of SMEC by Surbana Jurong, we welcomed four members of the Surbana Jurong Group to the SMEC Board: Mr Wong Heang Fine, Mr Teo Eng Cheong, Mr Loh Yan Hui and Mr Daniel Teo. The coming together of senior leadership from both organisations brings a diverse range of experience and expertise to the SMEC Board and will help to guide SMEC's strategic direction as we move forward on our journey of growth.

↓ Chairman

Max Findlay

BEC, FAICD



Max was appointed Chairman of SMEC in 2016, after serving as Deputy Chairman since 2014, and Non-Executive Director since 2010. Max serves on the Boards of several organisations including the Royal Children's Hospital and listed company Skilled Group Ltd. Max holds a Bachelor of Economics (Politics) from Monash University and a Postgraduate Qualification in Accounting from Swinburne University. Max is a Fellow of the Australian Institute of Company Directors.



Hari Poologasundram

– CEO SMEC &
CEO International Surbana Jurong
MSc (Civil Eng), BSc(Civil)

Hari was appointed Chief Executive Officer of SMEC in 2018, after serving as CEO of SMEC's Australian and New Zealand (ANZ) operations since 2017. Prior to this Hari held the role of Chief Operating Officer, ANZ, and under his astute guidance and leadership, has driven the performance and strategic growth of SMEC's ANZ operations. Hari has 30 years' experience in the planning, design and management of infrastructure projects and 15 years' operational management experience.



TEO Eng Cheong

– CEO International
BSc(Economics), MSc(Economics)

Eng Cheong was appointed to the SMEC Board in 2016 following the acquisition of SMEC by Surbana Jurong. Before joining the private sector, Eng Cheong was a senior government official with the Singapore Administrative Service, and has previously held several leadership positions in the Singapore Government.



Wong Heang Fine

– Group CEO of Surbana Jurong Private Limited
BSc(Eng Mech), MSc(Eng)

Mr WONG Heang Fine is Group CEO of Surbana Jurong Private Limited and was appointed to the SMEC Board in 2016 following the acquisition of SMEC by Surbana Jurong. He is also Chairman of Sino-Sun Architects & Engineers, as well as Director of AETOS Holdings Pte Ltd. Heang Fine has held many key leadership positions across a number of industries over the last 35 years. Most recently, he was the CEO of CapitalLand Singapore Limited (Residential) and CapitalLand GCC Holdings.



Daniel TEO Thiam Guan

– Group Chief Financial Officer
BSc(Accounting), MBA

Daniel is Group Chief Financial Officer of Surbana Jurong Private Limited. He was appointed to the SMEC Board following the acquisition of SMEC by Surbana Jurong in 2016. Daniel is a commercially focused Finance executive with 25 years' experience in Operational Management, Reporting, Controls, Treasury, Pricing, Mergers, Restructuring of Operations, Tax & Transfer Pricing, and Negotiations at country, regional and global levels.



Alastair McKendrick

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

Alastair joined SMEC in 1999 and was elected to the Board as an Executive Director in 2001. Alastair stepped down from his executive position in 2016 after 17 years with the company and serving 16 years in SMEC's chief financial role. Alastair is experienced in the management of large organisations and consulting to small-to-medium sized organisations. For over 30 years, he has worked across a variety of industry sectors throughout Australia, Hong Kong, New Zealand and the United Kingdom.



LOH Yan Hui

– Deputy CEO, Infrastructure
MSc(Civil)

Yan Hui was appointed to the SMEC Holdings Board in 2016 following the acquisition of SMEC by Surbana Jurong. Yan Hui has more than 36 years' experience in the infrastructure industry. He currently serves as a Department Consultative Committee Member of National University of Singapore's Department of Civil & Environmental Engineering.

The Executive Committee



Hari Poologasundram
– CEO SMEC & CEO International Surbana Jurong

Hari was appointed CEO SMEC and CEO International Surbana Jurong in 2018 after serving as CEO of SMEC's Australian and New Zealand operations since 2017. Prior to this Hari held the role of Chief Operating Officer since 2012. Hari has 30 years' experience in the planning, design and management of infrastructure projects and 15 years' operational management experience.



Angus Macpherson
– Director of Operations

Angus joined SMEC in 1993 and was appointed Director of Operations in 2017 after serving as Director of Corporate Affairs since 2010. Angus is also a member of the SMEC Foundation Board and has over 20 years' experience in the management of large multidisciplinary projects.



Tom Marshall
– COO Africa

Tom joined SMEC in 2012 as Chief Operating Officer Africa and has over 30 years' experience in civil engineering design, construction supervision and management of multidisciplinary engineering teams throughout Southern Africa. Tom joined SMEC's Executive Committee in 2012 with the addition of Vela VKE to the SMEC Group.



Dr Uma Maheswaran
– COO South Asia Middle East

Dr Uma was appointed Chief Operating Officer South Asia Middle East in 2016, having previously held the role of CEO and Managing Director, India for the Surbana Jurong Group. Dr Uma has over 10 years' management experience across large scale organisations.



George Lasek
– COO Americas

George joined SMEC in 2011, and was appointed Chief Operating Officer Americas in 2017 after serving as COO South Asia Middle East since 2015. George has over 30 years' experience in both the private and public sectors and has proven ability to operate at operational and strategic levels within complex business environments.



Allan Teo
– COO South East Asia

Allan was appointed as Chief Operating Officer for the Southeast Asia Division in 2018. Allan has close to 30 years of experience in both domestic and international architectural / engineering consultancy business. His area of expertise is in the design and execution of large-scale multidisciplinary complex projects.



Thomas Hynes
– COO Asset Management

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



Andy Atkin
– Financial Controller Surbana Jurong Group

Andy joined SMEC in 2007 as General Manager Finance for the SMEC Group. In February 2017 Andy relocated to Singapore to become the Global Group Financial Controller of SMEC's parent company, the Surbana Jurong Group.

As a company we have a strong global management team who play a pivotal role providing strategic thinking and guidance as we continue to transform into a leader within the consultancy world.



Scope of Content

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

Material Aspects and Boundaries

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

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

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

Defining Report Content

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

- stakeholder inclusiveness
- sustainability context
- materiality
- completeness

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

Stakeholder Inclusiveness

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

Sustainability Context

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

Materiality

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

Completeness

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

Figure 1: Material Aspects contained within this report

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

Company Overview

From origins on the Snowy Mountains Scheme, SMEC has grown into a company with a worldwide presence, combining global experience with local expertise to deliver engineering excellence and design innovation to our clients.

In August 2017, we celebrated one year of our successful partnership with Singapore's Surbana Jurong Group, a global leader in urban, industrial and infrastructure consulting. As well as bolstering SMEC's international presence, the strengths of our new partnership lie in our combined infrastructure and urban renewal offering and access to additional capital, resources and expertise.

This partnership has not only benefitted our clients, but has provided enhanced growth opportunities for our employees and our partners.

As part of the Surbana Jurong Group, SMEC has a global work force of over 13,500 people across more than 40 countries. With natural synergies across our organisations, we have developed a workplace culture that focuses on the development of our people and the provision of enhanced growth opportunities.

Aligning global expertise with local knowledge, we deliver sustainable and holistic solutions and add value to projects around the world. We draw on the skills and experience from across the Surbana Jurong Group of companies to offer enhanced capabilities and reach. We have redefined our traditional service offering and embraced emerging technologies to provide a complete value chain of services cross the fields of urban development, infrastructure and management services. From masterplanning, architectural design and construction engineering through to security, asset management and smart city solutions, we continue to strengthen our capabilities to deliver sustainable solutions to our clients.

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

SMEC's journey of growth is only beginning, and we look forward to developing further opportunities to better support our clients and cementing our reputation as a leading global consultancy.

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



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



Our Global Footprint

40+ Countries
120+ Offices
13,500+ Employees

Africa

- Ethiopia
- Ghana
- Kenya
- Malawi
- Morocco
- Mozambique
- Namibia
- Nigeria
- Rwanda
- Sierra Leone
- South Africa
- South Sudan
- Swaziland
- Tanzania
- Uganda
- Zambia

East Asia

- China
- Hong Kong
- Mongolia

West & Central Asia

- Afghanistan
- Kazakhstan
- Kuwait
- Pakistan
- Qatar
- United Arab Emirates

South & Southeast Asia

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

Americas

- Canada
- Chile
- Mexico
- United States

Oceania

- Australia
- New Zealand
- Papua New Guinea

Significant Changes in the State of Affairs

On 25 July 2016 the Group was acquired by Surbana Jurong Holdings (Australia) Pty Ltd (SJHA) (a wholly owned Australian subsidiary of Surbana Jurong Pte Limited (SJ)). The Group has changed its financial year-end to 31 December to align with that of its parent. SMEC's Sustainability Report covers SMEC's economic, social and environmental performance from 1 January 2017 to 31 December 2017.

Board of Directors

The SMEC Board is responsible for formulating SMEC's strategic direction and maintaining good corporate governance. The Board is accountable for SMEC's financial and operational performance.

Following the acquisition of SMEC by Surbana Jurong, we welcomed four members of the Surbana Jurong Group to the SMEC Board: Mr Wong Heang Fine, Mr Teo Eng Cheong, Mr Loh Yan Hui and Mr Daniel Teo. The coming together of senior leadership from both organisations brings a diverse range of experience and expertise to the SMEC Board and will help to guide SMEC's strategic direction.

SMEC's Board of Directors are leaders in their field, and their expertise, skills and experience drive the Company's sustained long-term growth and ensure transparency of operations. The Board has a written charter which outlines its responsibilities and governance framework. All Directors are required to retire at the fourth Annual General Meeting following their appointment, with the exception of the Managing Director.

Board Committees

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

Audit and Risk Committee

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

Remuneration and Nominations Committee

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

SMEC's success is driven by an experienced Board of Directors. The SMEC Board is responsible for formulating SMEC's strategic direction and maintaining corporate governance.

Executive Committee

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

Remuneration of Directors

Non-Executive Directors are paid annual fees, which in total fall within the fixed amount, currently set at A\$1,000,000. During the 2017 financial year, remuneration of Non-Executive Directors totalled A\$389,278. Non-Executive Directors are not eligible for bonuses or incentive schemes, and only statutory retirement benefits are payable.



Code of Conduct

SMEC's Code of Conduct seeks to guide the actions and behaviour of employees in a way that is consistent with SMEC's company values. The Code requires that all employees act with honesty, integrity and in compliance with the law, perform their duties to the best of their abilities, be accountable for their performance, and work collaboratively with their colleagues. The Code encourages employees to report any unethical, dishonest or unlawful practices and ensure the safety of themselves and those around them.

SMEC employees are expected to comply with this Code, 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 this Code, 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 Code (or breach of any other SMEC policies and procedures) may have occurred.

Equal Employment Opportunity Procedure

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

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

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

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

Risk Management

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

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

SMEC seeks to improve risk management through:

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

Quality Management

SMEC is committed to implementing quality management principles on all projects, and has developed a Quality Management System (QMS) to comply with the requirements of AS/NZs ISO 9001:2016.

SMEC's QMS provides systematic control of business activities to ensure expectations of our clients and other stakeholders are being met and, if possible, exceeded. The QMS includes processes for planning, documenting, managing and controlling everyday business needs and activities, and 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.

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

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

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

Business Integrity

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

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



SMEC is committed to meeting high standards of governance, safety and compliance and have a zero-tolerance policy against fraud and corruption. We are continually enhancing our governance and compliance systems and strengthening our compliance culture through ongoing training and development.

Stakeholders & Objectives

Stakeholder Engagement

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

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

The diverse nature of stakeholder groups means a variety of methods are used to communicate effectively at every level. The types of communication methods used depends on the situation and the stakeholder, and may involve any combination of the

following: one-on-one meetings; industry initiatives; corporate publications; company announcements; media releases; the SMEC website; the intranet; company e-newsletter; or events.

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

Employees

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

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

Clients

Clients remain our primary focus, and we are dedicated to proactively responding to their requirements. SMEC works with key client stakeholders to identify business improvements, and to develop and implement effective and sustainable project solutions.

Understanding our clients business objectives, drivers, resources and processes in order to deliver the best possible project outcomes is a key priority at SMEC. We are responsive and flexible to clients' changing needs, and strive to build sustainable client relationships through integrity and trust.

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

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

Through our innovation hubs we continue to enhance our digital engineering capabilities and bring emerging technologies into the engineering space, while remaining a major player and trusted partner on large complex projects.

Sustainability Objectives

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

→ People

Our Commitment

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

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 their local community, particularly charity work.

→ Sustainability & Environment

Our Commitment

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

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

Our Core Values

Our Core Values represent what we stand for, what we expect from employees, what we deliver to our clients, and how we should behave in our daily work. Our core values should form our "moral compass" and serve as "silent mentors" to guide us in everything we do.

At SMEC, we encourage every employee to live by our core values.

→ Integrity

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

→ People

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

→ Professionalism

We act in the best interest 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 to people, environment and communities.

Awards & Rankings

ENR Rankings

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

SMEC, as part of the Surbana Jurong Group, has significantly increased its rankings in the Engineering News Record (ENR) Magazine's 2017 annual design lists. The Group is ranked at number 35 in the '2017 Top 225 International Design Firms' list, up 13 places and at number 45 in the '2017 Top 150 Global Design Firms', an increase of 24 places.

Consult Australia Awards

SMEC was awarded the 2017 Consult Australia Award for Project Team Collaboration for work on the M80 Ring Road Upgrade in Melbourne. This award recognises exemplary collaboration initiatives between a member firm and its client.

Australia Business Alliance Award

Surbana Jurong was recently honoured with an Australia Business Alliance Award. The Australian Chamber of Commerce, Singapore (AustCham) presented Surbana Jurong with an award to recognise the Company's significant commitment to Australian trade and investment.

National Business Awards, South Africa

SMEC South Africa took home the prestigious Infrastructure Development Award at the 2017 annual National Business Awards. Renowned as the Oscars of South African business, these awards showcase the achievements of those at the forefront of South Africa's economy.

Business Excellence Awards, South Africa

For the second year in a row, SMEC South Africa received the Top Engineering Consultant Award in three categories at the Business Excellence Awards: Civil Consulting Engineers; Structural Consulting Engineers; and Combined Civil and Structural Consulting Engineers.

Company Memberships

Association of Consulting Engineers

Association of Consulting Surveyors

Association of Land Development Engineers

Association of Tanzania Employers

Australasian Corrosion Association

Australia Myanmar Chamber of Commerce

Australia PNG Business Council

Australian Green Infrastructure Council

Australian National Committee on Large Dams

Australian New Zealand Chamber of Commerce, Philippines

Australian Water Association

Board of Engineers, Malaysia

Built Environment Professions Export Council

Consult Australia

Consulting Engineering Association of India

Consulting Engineers South Africa

Council of Engineering Consultants of the Philippines

Delhi Chamber of Commerce

Engineering Institution of Zambia

Engineers Registration Board

Engineers Registration Board, Tanzania

Federation of Kenya Employers

Ghana Institution of Engineers

Green Building Council of South Africa

Infrastructure Partnerships, Australia

Institute of Municipal Engineering of Southern Africa

International Conference on Large High Voltage Electric Power Systems

International Road Federation

International Union of Soil Sciences, Nigeria

Myanmar Oil and Gas Service Society

National Construction Industry Council, Malawi

National Environmental Standard & Regulations Enforcement Agency of Nigeria

Nigeria Institute of Soil Science

NSW Business Chamber

Pakistan Engineering Council

Papua New Guinea Chamber Mines and Petroleum

Philippine Water Works Association

Property Council of Australia

Prospectors and Developers Association of Canada

Roads Australia

Soil Science Society of Nigeria

South African Institute of Mining

The Committee for Sydney

Urban Development Institute of Australia

Waste Management Association of Australia

Water Industry Alliance

Performance

Financial Highlights

Fee revenue increased by 7.5% to A\$452.2M

Substantial work-in-hand for FY18 and beyond

Economic Performance

Company Performance

SMEC continued to grow steadily during the 2017 financial year, maintaining our sound financial position, with revenue and other income increasing from A\$626.7M to A\$640.5M.

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

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

With near record levels of work-in-hand, and a new partnership adding complementary skills, the outlook for the 2018 financial year is very positive.

Economic Value Generated and Distributed

During the reporting period, revenue in Australia increased to A\$287.1M. SMEC's net operating profit after tax in Australia decreased slightly to A\$21.3M. SMEC's operating costs increased by 32% to A\$28.3M, with employee compensation increasing by 15% to A\$222.7M.

The generation and distribution of SMEC's economic value within Australia is displayed in Figures 2 and 3.

In SMEC's international operations, revenue decreased by 3% to A\$348.8M, with net operating profit after tax increasing to A\$5.1M. Prior year results included one-off costs totaling A\$11.7M. SMEC's operating costs totalled A\$74.5M and employee compensation was A\$257.3M.

The generation and distribution of SMEC's economic value within its international operations is displayed in Figures 4 and 5.

Government Financial Assistance

The Australian Government offers a Research and Development (R&D) tax incentive (38.5% tax offset, previously 40%) for activities which are innovative or have high levels of technical risk. Under the R&D tax incentive, SMEC may claim a 38.5% non-refundable tax offset. At the current 30% corporate tax rate, this equates to an 8.5% net benefit. The 38.5% tax offset is broadly equivalent to a 128% tax concession.

During the reporting period, SMEC spent A\$1.16M on R&D activities and received A\$115,869 as a tax benefit, as displayed in Figure 6. (Note – SMEC has changed its financial year end to 31 December).

Significant Changes in the State of Affairs

On 25 July 2016 the Group was acquired by Surbana Jurong Holdings (Australia) Pty Ltd (SJHA) (a wholly owned Australian subsidiary of Surbana Jurong Pte Limited (SJ)). During the six months period, the Group changed its financial year-end to 31 December to align with that of its parent.

There have been no significant changes in the state of affairs of the Group in the current year.

Remuneration of Directors

Non-Executive Directors are paid annual fees, which in total fall within the fixed amount, currently set at A\$1,000,000. During the 2016–2017 financial year, remuneration of Non-Executive Directors totalled A\$389,278. Non-Executive Directors are not eligible for bonuses or incentive schemes, and only statutory retirement benefits are payable.

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

Generated	Southern	Central	Northern	Australia
Revenue	80,353	123,785	83,001	287,139
Net Operating Profit After Tax	–	–	–	21,299

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

Distributed	Southern	Central	Northern	Australia
Operating Costs	(7,919)	(12,199)	(8,180)	(28,298)
Employee Compensation	(62,328)	(96,016)	(64,381)	(222,725)
Payments to Providers of Capital – Dividend	–	–	–	(5,430)
Government (Tax)	–	–	–	(9,387)
Total				(265,840)

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

Generated	North Asia	South East Asia	South Asia Middle East	Africa	Americas	International
Revenue	11,047	82,731	99,871	143,752	11,441	348,842
Net Operating Profit After Tax	–	–	–	–	–	5,113

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

Distributed	North Asia	South East Asia	South Asia Middle East	Africa	Americas	International
Operating Costs	(2,320)	(17,372)	(20,972)	(30,186)	(3,608)	(74,458)
Employee Compensation	(8,122)	(60,826)	(73,429)	(105,691)	(9,210)	(257,279)
Payments to Providers of Capital-Dividend	–	–	–	–	–	–
Government (Tax)	–	–	–	–	–	(11,992)
Total						(343,729)

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

	Claimed in 2017 Tax Deduction at 133% (1/01/17 - 31/12/17)
R&D Expenditure	\$1,158,694
Before Tax Cash Benefit	\$382,369
After Tax Cash Benefit	\$114,710
Net Tax Benefit to SMEC	\$115,869

People

At SMEC, we recognise the value and importance of a diverse and inclusive workplace and look for people with different backgrounds, skills and expertise to drive innovation and shared learning across our growing global network.

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

Every employee plays a key role in shaping our business and is driven by teamwork, progressive thinking and creative ideas. We are committed to providing platforms to enable our people to engage in the business, deliver value to clients and develop their careers.

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.



People

Employee Demographics

As at 20 March 2018, SMEC, as part of the Surbana Jurong Group had over 13,500 employees across more than 120 global offices. Of these employees, 1,755 were based in the Australia and New Zealand (ANZ) division.

The majority of employees from SMEC's ANZ Division (74%) are contracted on a full time basis, followed by casual (18%), part time (5%), and fixed term (3%) as displayed in Figure 7.

SMEC's ANZ employees are spread across the following regions: Southern (South Australia, Victoria and Western Australia), Central (the Australian Capital Territory and New South Wales), Northern (Queensland and the Northern Territory) and New Zealand. The majority of employees work within the Central region (38.8%), followed by the Southern region (32.6%), the Northern region (28.3%), and New Zealand (0.3%).

Employee Culture Survey

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

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

Key findings from the survey include:

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

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

Following the survey, 60 degree feedback (LSI1 and 2) to 184 leaders, and Self Awareness feedback (LSI1) to 160 leaders has been provided. This was supported by regional leadership workshops to identify how our leaders are impacting our culture, and our culture impacting our leaders. Development plans were created for individual leaders and regions to drive the adoption of a constructive culture.

One of the key activities in the Action Plan was to increase the awareness and understanding of our culture, and define every employee's role in contributing to a constructive culture, across the business more broadly. To achieve this, 3-hour workshops were conducted for over 400 employees at all levels. These workshops included an introduction to the Human Synergistics tool, an overview of our culture results, and a self awareness and development activity.

Remuneration

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

During the reporting period, SMEC improved the percentage difference in remuneration for females at the Senior, Experienced and Entry Level (0-4 years) professional levels.

Turnover

The overall turnover for ANZ employees during the reporting period was 15.27%. This is comprised of 10% voluntary turnover (resignation or retirement) and 5% involuntary turnover (dismissal, redundancy or demise).

As displayed in Figure 9, the majority of employee turnover was comprised of males in the 25-34 year age bracket (19%), followed by males in the 35-44 year bracket (16%) and males in the 45-54 year bracket (15.6%).

A breakdown of the reason for employee turnover in ANZ is displayed in Figure 10.

Figure 7: Employee numbers in Australia & New Zealand

Region	Full Time	Part Time	Casual	Fixed Term	TOTAL
Southern	526	38	92	25	681
Central	364	18	100	15	497
Northern	406	34	118	14	572
New Zealand	3	1	0	1	5
Total	1299	91	310	55	1755

Figure 8: Remuneration at each professional level

Engineering Professionals	% Difference Female to Benchmark	% Difference Male to Benchmark
Principal	94%	95%
Senior	92%	97%
Experienced	94%	95%
Entry Level (0-4 years)	97%	96%

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

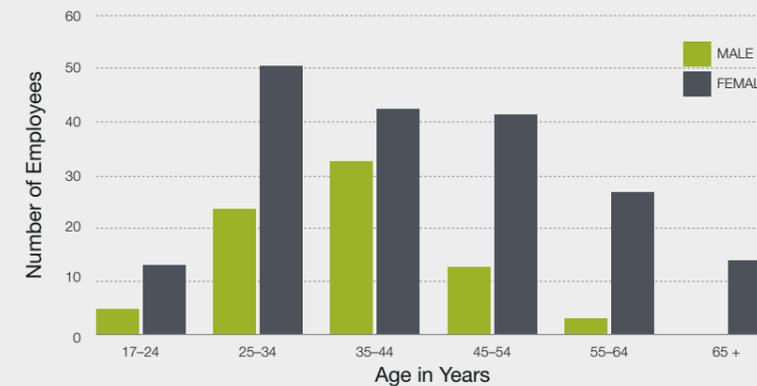
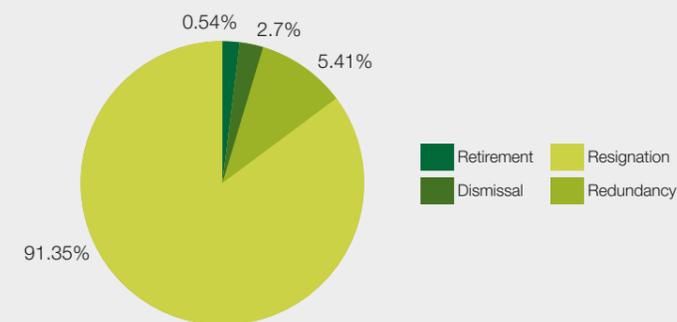


Figure 10: Reason for employee turnover in Australia & New Zealand



Employee Benefits

Flexible Working Arrangements

SMEC's Flexible Working Arrangements (FWA) procedure was introduced in 2012, and includes options to vary work hours, work from home and job share. The procedure enables employees to balance their work and personal commitments.

During the reporting period, 35 new applications (71% female) for a FWA were approved, taking the total number of employees on a FWA to 39 (67% female). Of the new FWA applications received by employees, 72% cited 'caring for a child/children under school age/ages' as the reason for the arrangement.

Purchased Additional Annual Leave

SMEC is committed to helping its employees balance work, family and lifestyle commitments. To assist with this, SMEC introduced a Purchased Additional Annual Leave procedure in 2012. This procedure enables employees to salary package an additional four weeks of annual leave per year, on top of their normal annual leave entitlement. In 2017, 160 employees took advantage of purchased additional annual leave.

Parental Leave

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

During the reporting period, 52 employees commenced a period of paid parental leave. Nine employees took advantage of the

Parental Leave Top Up; 100% of whom were female. Of these nine employees, 44% have returned to work and 56% currently remain on parental leave. 75% of those employees who returned to work are now utilising a Flexible Working Arrangement. During the reporting period, 43 employees took advantage of SMEC's Paid Paternity Leave. 100% of these employees have returned to work.

Australian Defence Force Leave

SMEC introduced an Australian Defence Force (ADF) leave procedure in 2012. Under this procedure, SMEC provides up to 10 days ADF leave annually (comprised of the Defence Reserve Service's Payment Scheme and topped up to the normal salary level by SMEC). The scheme provides a weekly payment based on Average Weekly Ordinary Time Earnings (AWOTE).

Tertiary Education Assistance

SMEC's Tertiary Education Assistance Program supports professional development, allowing employees to continue their education and gain the skills and knowledge required to excel in their roles. Continuing full-time and part-time employees, who have completed 12 months employment with SMEC, are eligible to apply for Tertiary Education Assistance. SMEC will reimburse participants 50% of course fees, up to a maximum of A\$10,000 per calendar year. During the reporting period, five employees took advantage of SMEC's Tertiary Education Assistance Program. Since the Program's inception in 2009, SMEC has supported a total of 40 employees to achieve qualifications ranging from Certificate IV to Masters in a broad range of study fields.

Employee Assistance Program

SMEC's Employee Assistance Program (EAP) is provided by Benestar (formally Davidson Trahaire Corpsych), a leading national provider of employee assistance, corporate psychology, critical incident training, and health and wellbeing services.

Through the EAP, SMEC employees (and their families) can access short-term confidential counselling and advice on a broad range of personal, financial and work-related issues. In 2017, SMEC had a utilisation rate of 2.8%, showing a decrease of 0.2% from 2016. A comparison of SMEC's utilisation rate against the industry average is displayed in Figure 11.

Corporate Health Plan

SMEC offers employees a Corporate Health Plan through Bupa. Employees are also able to access an Australian health insurance comparison service via Choosewell, to ensure they are receiving real choice and value. Benefits of the Bupa corporate health plan include discounted health cover, waived waiting periods, benefit bonus and cover for the cost of children's dental, physiotherapy, chiropractic and podiatry consultations and selected optical packages at Members First providers, up to yearly limits.

During 2017, SMEC partnered with Bupa to offer Australia based employees access to a range of Health and Wellbeing Initiatives including individual health consultations and interactive group sessions, ranging from skin checks and ergonomic assessments to wellbeing seminars, yoga and boxing.

During the reporting period, 207 employees took advantage of SMEC's corporate health plan through Bupa, while 47 employees utilised Choosewell's services.

Gender Diversity

SMEC is committed to promoting gender diversity, establishing an inclusive working environment and promoting engineering to women through active industry representation and participation. SMEC encourages a gender diverse workforce by: developing strategies to attract and retain female employees; measuring progress in gender diverse recruitment; encouraging the development of high-potential employees to establish a pipeline of female managers and leaders; and providing training to raise internal awareness of gender diversity and equal employment opportunity in the workplace.

In 2017, SMEC's ANZ Division continued to achieve progress towards gender diversity and an inclusive culture:

- Reached gender based targets for both our Leadership Development and People Development Programs
- Provide Flexible Working Arrangements for all employees which includes options to vary work hours, work from home and job share
- Invested in a culture program, which has valuing diversity at its core
- Provided training to 20 middle managers covering the Champions of Change and Creating Gender Inclusive Cultures workshops.

As at 31 December 2017, 17% of SMEC's employees globally were female. In Australia and New Zealand, this figure was higher, with 24% female employees across the Division. These figures are significantly higher than the Australian industry standard.

As displayed in Figure 12, the majority of SMEC's female employees in Australia and New Zealand were aged between 25-34 years (35%) followed by 35-44 years (29%).

Figure 11: Utilisation of the Employee Assistance Program

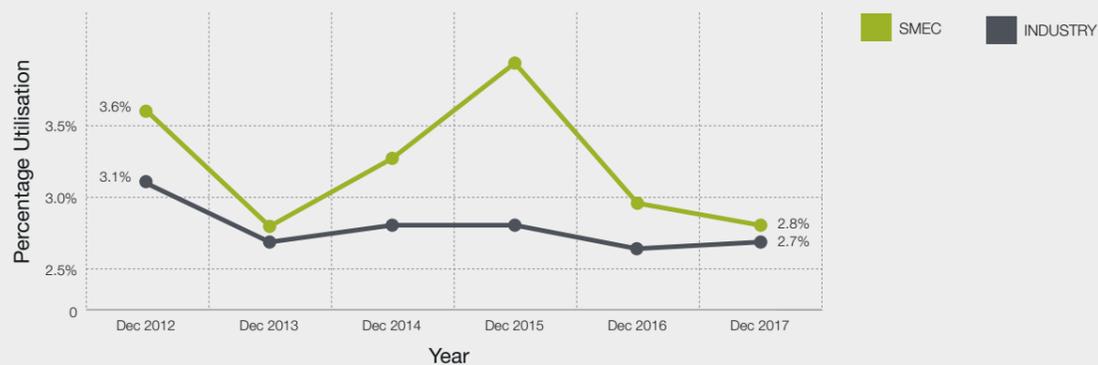
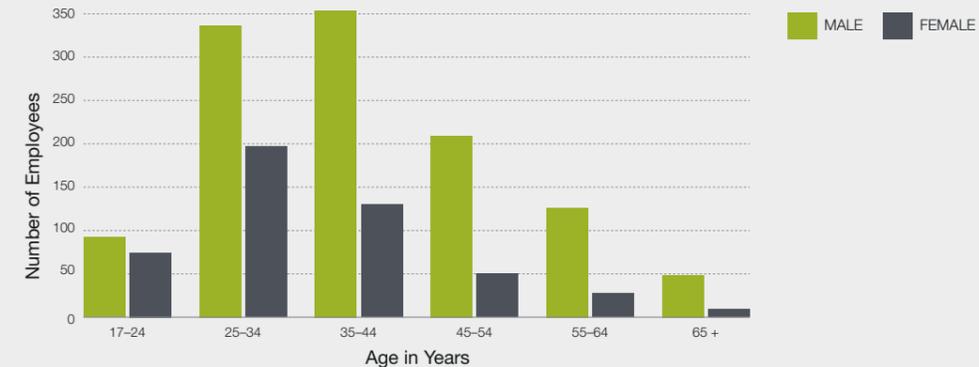


Figure 12: Employees by gender and age (ANZ Division)



Gender Diversity (cont.)

Gender Diversity Initiatives

SMEC continues to implement a number of programs to increase awareness of gender diversity. At SMEC, we believe that in order to achieve gender diversity, we must create cultural change by aligning work practices, processes and systems with diversity initiatives.

The first step in creating cultural change is raising awareness of the importance of gender diversity. During the reporting period, SMEC continued to review the Company's gender diversity practices in line with the criteria outlined by the Australian Workplace Gender Equality Agency. This companywide review includes the establishment of new strategies in recruitment, retention and succession planning. These strategies will support gender diversity at SMEC and increase the representation of females at management and senior management levels.

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

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

Career Development

Career Pathways

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

Talent Management

Talent management continues to be a priority for SMEC, as we seek to achieve strategic priorities by strengthening the pipeline of job-ready leaders.

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

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

In 2018, SMEC will continue to focus on supporting employees and managers to engage in career coaching conversations in line with SMEC's Performance Appraisal Process.

Leadership Development Program

As at 31 December 2017, the ANZ division has 54 Leadership Development Program alumni. This Program was launched in 2015 with the objective of enhancing the leadership capability of employees, teams and the organisation as a whole. This tailored Program combines face-to face training, executive coaching, action-based learning techniques and the latest developments in leadership research and approaches. The Program seeks to: identify, develop, support and retain individuals with leadership potential; equip future leaders with the skills, tools and techniques to lead more effectively; improve team leadership, project outcomes and client relationships; and build new approaches, behaviours and mindsets for doing business.

During the reporting period 30 participants were enrolled in the Future Leaders Program; 30% of whom were female.

People Management Development Program

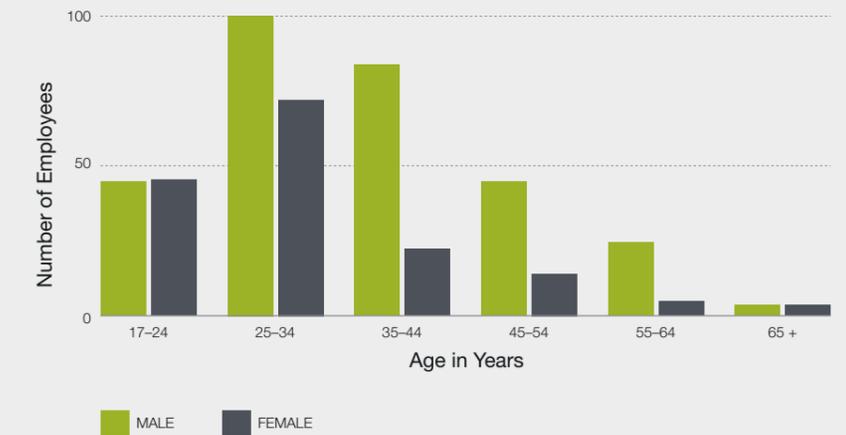
In September 2017, SMEC implemented the People Management Development Program (PMDP) as part of Surbana Jurong Group's global Management Development Program (MDP). PMDP is designed to enhance the effectiveness of people managers by equipping them with the skills to lead and manage their people towards a performance-driven culture.

PMDP focuses on developing essential managerial competencies such as communication, emotional intelligence, performance management, delegation, coaching, conflict resolution, driving change and team management.

PMDP adopts a blended learning approach and involves multi-touchpoints over 3-6 months to promote sustained learning and application. Employees participate in face-to-face workshops, senior leaders' dialogues, mid/post program learning reflection, team learning activities and evaluation of impact of learning derived from the program. PMDP is conducted by in-house certified facilitators and invites senior leaders of the business to share people management experiences with the participants.

In 2017, PMDP sessions were held in SMEC's Brisbane, Melbourne, Sydney and Adelaide offices, with 63 participants. Globally, 242 people managers graduated from the Program. Moving forward in 2018, MDP is planned to reach out to 300 people managers across all divisions.

Figure 13: New starters by age and gender (ANZ Division)



People

Project Management Training

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

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

The training program has been developed in conjunction with Engineers Australia and The University of Melbourne and include qualifications up to Diploma level. In 2017, there were 35 participants in the program, 23% of whom were female.

Equal Employment Opportunity Training

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

Performance and Development Review

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

development needs and aspirations with SMEC's business plan. The training and development needs of employees are also reviewed annually as part of CareerTrac. This review considers the needs of the employee, their manager and overall organisational requirements.

SMEC's focus continues to be on building a constructive culture and high performing teams. The PDR process encourages employees to align their key activities and identify the behaviours needed to help them achieve their goals, work towards their aspirations and support the organisation in achieving our priorities. In 2017, 78% of employees who participated in CareerTrac were male and 24% were female. The majority of employees (62%) received a 'Meets Expectations' rating, followed by 'Exceeds Expectations' (32%).

Moving forward in 2018, the organisation is shifting from CareerTrac to a new Performance Appraisal System (PAS). In the new system, employees will be assessed both for their performance against agreed upon goals and KPIs, as well as an assessment of their behaviour in line with the organisation's values. This new approach will allow a review not only of what our employees achieve, but how they achieve it, and will drive a focus on encouraging and exhibiting values based behaviours throughout the organisation.

Professional Development Program

The Professional Development Program (PDP) is one of four pathways offered by Engineers Australia to assist members in achieving a Chartered Engineer status.

SMEC supports employees in their professional development through sponsorship of this Program, including funding the cost of registration and ongoing assessment fees. Managers play a key role in assisting employees with the completion of their PDP. Managers are required to monitor employees' progress, provide development opportunities, offer

mentoring and guidance, and encourage the submission of Engineering Competency Claims. During the reporting period, 19 employees were enrolled in the PDP through Engineers Australia, 26% of whom were female.

Graduate Development Program

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

The GDP includes: rotational opportunities through a range of disciplines; experience across broad technical and non-technical assignments; networking opportunities; and mentoring and support from local regional leadership teams. During the reporting period, 155 graduates participated in the GDP, 29% of whom were female.

Career Recognition Program

SMEC values its employees' commitment to the Company and believes it is important to acknowledge career milestones. SMEC's Career Recognition Program formalises this process. Each year, employees who achieve a career milestone of between five and 50 years (at five year intervals) are acknowledged for their commitment to the Company. A review of the Program was undertaken in response to SMEC's Employee Engagement Survey, whereby employees identified that improved recognition practices were needed. As a result, SMEC introduced a new Global Career Recognition Program to improve consistency and timeliness of milestone recognition. During the reporting period, 114 people received Career Recognition Program milestones, 32% of which were female.



Work Health and Safety

Health and Safety Commitment

The safety of our people is always a key priority. SMEC is committed to embedding a culture of safety within the company and maintaining a working environment in which risk to health and safety is unacceptable. This commitment is demonstrated through a fully-integrated Health and Safety Management System, and a companywide Strategic Plan.

To meet this commitment, SMEC (in so far as reasonably practicable) provides safe and healthy working conditions for all people associated with the Company, including employees, contractors, visitors and the general public.

In order to meet these responsibilities, SMEC:

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

Zero Harm Culture

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

SMEC's Zero Harm objectives are:

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

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

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

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

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

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

Effective consultation: involve stakeholders in workplace safety decisions.

Safety in Design

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

2017 Year in Review – Australia and New Zealand Division

In 2017, SMEC continued to improve proactive health and safety initiatives, including regular Safety Talks in all Australian and New Zealand offices. SMEC surpassed its 'proactive alerts' reporting targets for the fifth consecutive year. Proactive alerts involve regular and planned testing, inspection and identification of potential hazards before an incident occurs.

In 2017, SMEC recorded 438 proactive incidents, an increase of 28% from the previous year. Proactive reporting accounted for 83% of all Work Health and Safety reporting during the period. SMEC had a total of 529 reported incidents in 2017. 'Safety Talks Conducted' accounted for the greatest number of reports (50%), with 264 recorded. This was followed by 'Drill or Inspection' (77 reported) and 'Hazard' (50 reported). Figures 14 and 15 display a breakdown of incidents by region and activity. In ANZ, the Lost Time Injury (LTI) frequency rate (LTIs per million hours worked) increased from 1.71 in 2016 to 2.66 in 2017.

2017 Achievements

A new contractor health and safety management process was developed to improve communication to contractors (including subcontractors and subconsultants) of SMEC's health and safety management expectations and to streamline internal compliance processes for project managers and others who engage contractors.

SMEC's support of the annual Australia National Safe Work Month continued in 2017 with a variety of initiatives organised including bicycle rides, seminars and morning teas.

Health and Safety in 2018

In 2018, SMEC will continue its commitment to safety as a key focus of the Company. SMEC will work to implement its goal of Zero Harm for its employees, contractors, visitors and the general public. To achieve this goal, SMEC has set a number of objectives and targets for 2018, as outlined in 'Zero Harm Culture'.

Leadership and culture: SMEC will conduct a survey that enables the current state of SMEC's safety culture to be evaluated so as to guide cultural improvement and engagement initiatives. A 'frontline safety conversation' tool for leaders to consistently engage effectively with frontline workers about safety will be developed and piloted.

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

Figure 14:

Reported incidents by region: Australia and New Zealand Division

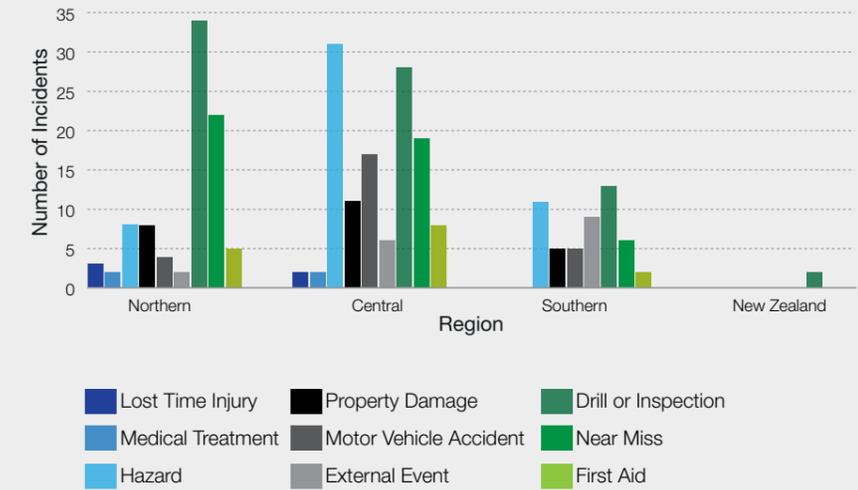
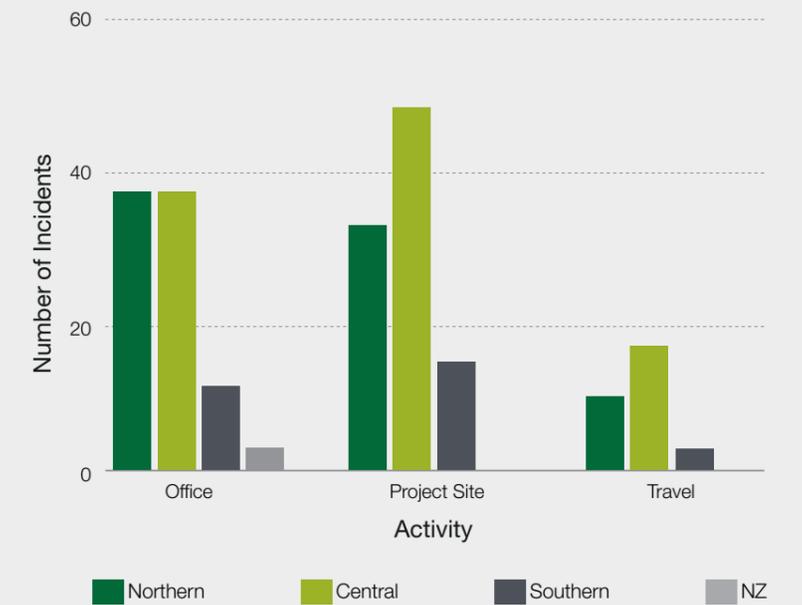


Figure 15:

Reported incidents by activity: Australia and New Zealand Division



Human Rights

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

Corruption and Bribery

SMEC is serious about having a culture of compliance, and is committed to ensuring ethical and safe working conditions for all employees. SMEC has a zero tolerance policy against fraud and corruption, and our Code of Conduct prohibits bribery and corruption by employees, consultants and third parties who act on SMEC's behalf. All of SMEC's standard commercial agreement templates include anti-corruption and anti-bribery protection provisions.

SMEC continues to strengthen its compliance policies and procedures and has Anti-Bribery and Corruption Training in place. This training is mandatory for all SMEC employees, managers and directors, and covers the following topics: bribery; collusive practices; internal corruption; conflicts of interest; gifts, hospitality and entertainment; donations; partner evaluations; and reporting procedures. To date, 91% of SMEC's employees globally completed the training. Training will continue to take place throughout 2018.

Child Protection Policy

SMEC maintains a zero-tolerance policy in relation to child exploitation and abuse. Child Protection Policy training is a mandatory element in SMEC's induction process. During the reporting period, 437 new starters completed the training.

SMEC's Child Protection Policy continued to undergo a review to ensure recruitment practices, training content and reporting procedures remain as effective as possible in preventing any form of unacceptable behaviour towards children. Following this review, a series of policy updates have been put forward which include mandatory police checks for all employees working with children, and a strengthening of SMEC's child protection reporting procedures. In 2018, SMEC will continue to review our processes and practices to ensure continued accordance with Australian Department of Foreign Affairs and Trade.

Forced and Compulsory Labour

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

Indigenous Rights

At SMEC, we promote a positive work environment for all employees, and understand that the diverse backgrounds, work experiences, lifestyles and cultures of our employees are one of our key strengths. We are committed to diversity and strengthening relationships with Aboriginal and Torres Strait Islander peoples and have developed a dedicated working group to oversee our Reconciliation Action Plan (RAP) program. In January 2017, SMEC's RAP was endorsed by Reconciliation Australia. Our RAP outlines our commitment to implement and measure practical actions that create opportunities for, and build respectful relationships with, Aboriginal and Torres Strait Islander peoples, focusing on what we can do as an organisation to achieve this. To date, our RAP has helped us to:

- Raise employee awareness of and engagement with Aboriginal and Torres Strait Islander cultures
- Strengthen our relationships and work alongside business partners who are also committed to reconciliation
- Investigate opportunities to ensure our workplace is culturally appropriate for current and future Aboriginal and Torres Strait Islander employees to ensure we continue to attract and retain a diverse workforce.

As we move forward to the next stage of our RAP journey, we will continue to work with Aboriginal and Torres Strait Islander peoples and communities, to strengthen relationships and create respectful bonds with those within, and external to, our sphere of influence.

During the reporting period a number of initiatives were undertaken to ensure our relationships with Aboriginal and Torres Strait Islander peoples and their communities are considered as part of our business operations.

- SMEC celebrated National Reconciliation Week with events taking place throughout SMEC's ANZ offices including: Vietnam veteran Glenn James OAM sharing his story as a pioneering Indigenous Australian to Melbourne employees; Director of DICE Australia Raymond Pratt visiting SMEC's Brisbane office to share how his Indigenous owned and operated company operates throughout the Northern Territory; representatives from Geelong One Fire providing employees from SMEC's Geelong office with information about Djillong (name for the area pronounced Geelong by European settlement) and the Wathaurong people.
- Acknowledgment of Country is now a standard part of how we commence employee and client meetings.

- SMEC and its acquired partner PDR Engineers, were a major sponsor of the Torres Strait NAIDOC Community Tributes Award which was announced at the Torres Strait NAIDOC Awards ceremony on Thursday Island.
- SMEC is now a proud member of Supply Nation, who certify and register businesses which are 51% (or more) owned, managed and controlled by Indigenous owners.
- SMEC's ANZ Divisional CSR Committee selected three Aboriginal and Torres Strait Islander charities to receive SMEC Foundation funding: Engineering Aid Australia, Indigenous Literacy Foundation and One Voice.

In 2018, we will continue our commitment to create opportunities for Aboriginal and Torres Strait Islander peoples and will work closely with our clients to ensure the rights and heritage of Aboriginal and Torres Strait Islander peoples are protected.

Community Development

On 1 July 2016, SMEC implemented a number of important changes to its CSR Program. Central to the Program was the creation of Divisional CSR Committees located in each of SMEC's operating Divisions. The new de-centralised structure improves delivery of SMEC's CSR Programs by empowering each CSR Committee to tailor their programs to suit their Divisional CSR aspirations. Localisation of SMEC's CSR Programs improves connection between the company, employees and their local communities, which in turn creates a strong social licence to operate in those communities. SMEC's CSR Committees are integral in ensuring that projects are appropriately selected and delivered in accordance with SMEC's business integrity policies.

Divisional CSR Programs are funded by SMEC with additional financial support from the SMEC Foundation and SMEC employees. The SMEC Foundation brand is used to unify and endorse SMEC's CSR Projects across the SMEC Group.

A core focus of Divisional CSR and SMEC Foundation programs is to provide small-scale grant support for sustainable community development, emergency relief, health, education and environmental projects. During the reporting period, A\$88,500 was donated to support the following initiatives:

- A\$30,000 to AusRelief to provide emergency relief to Rohingya refugees at Cox's Bazar refugee camp in Bangladesh
- A\$16,000 to the Fred Hollows Foundation in support of the School Vision Program in Surigao Del Norte province in southern Philippines
- A\$30,000 to So They Can (STC) to fund the construction of a family home for eight orphaned children and a house mother in Miti Mingi Village, Kenya
- A\$12,500 to Borneo Orangutan Survival Foundation to support reforestation of six hectares of tropical rainforest that were lost at the Samboja Lestari orangutan rehabilitation centre during major forest fires in East Kalimantan, Indonesia.

In addition, SMEC's Divisional CSR Committees funded a number of projects and SMEC employees participated in many inspiring activities around the world, underpinning our commitment to community development.

Community Projects

Homes of Hope, Australia

To celebrate International Womens Day 2018, ten SMEC employees participated in a Homes of Hope initiative led by Habitat for Humanity International. The SMEC team helped to brighten the lives of women and their families escaping long-term homelessness by building and refurbishing accommodation.

One Voice, Australia

One Voice provide practical human services and opportunities to the homeless and disadvantaged within Australia. SMEC has made a donation to One Voice, which will help fund their 'Elevate Life Restoration Community' program, where they take residents that have completed rehabilitation programs, and provide an opportunity to complete studies and training courses.

Indigenous Literacy Foundation, Australia

The gap in literacy rates for Indigenous Australians widens with age and is even more pronounced in remote and isolated communities. SMEC has made a donation to the Indigenous Literacy Foundation, which will provide 1,700 books to 20 remote communities, supporting literacy for Indigenous children and their families.

Indigenous Australian Engineering Summer School, Australia

SMEC has provided a donation to support the Indigenous Australian Engineering Summer School. Established in 1996 by Engineering Aid Australia, the school offers Aboriginal and Torres Strait Islander high school students a combination of engineering and social activities, providing a pathway to an engineering career.

Vinnies CEO Sleepout, Australia

As part of the 2017 Vinnies CEO Sleepout, members of SMEC's Leadership Team slept outdoors and raised over \$6,000 which will help to provide crucial assistance to people experiencing homelessness and living below the poverty line across Australia.

Cox's Bazar Refugee Camp, Bangladesh

SMEC's South Asia Middle East Divisional CSR Committee and the SMEC Foundation came together to provide funding to Global One Bangladesh, a UK Charity organisation providing medical and relief operations for the Rohingya refugees. Over 200 families living in refugee camps located in Cox's Bazar in Bangladesh were provided with food items and blankets.

Feed the Children, Kenya

The SMEC Foundation donated 25 wheelchairs to Feed the Children, a non-profit relief organisation, who operates the Dagoretti Children's Centre and the Abandoned Baby Center in Kenya. Children at the facilities are provided with basic needs including food, shelter, education and health care.

Kenneth Ulo Foundation, Nigeria

The SMEC Foundation recently donated five computers with special software usable by the blind to the Kenneth Ulo Foundation. The Kenneth Ulo Foundation is a non-governmental organisation that promotes the welfare of the blind by offering training and post-training support to develop entrepreneurial skills.

La Mesa Watershed Reservation, Philippines

In the Philippines, SMEC employees volunteered their time to plant 400 seedlings of guyabano (soursop tree) at the La Mesa Watershed Reservation, a protected area and the primary source of potable drinking water for more than 12 million people in Manila.

Supporting Emergency Activities, Sierra Leone

Following three days of heavy rainfall in August 2017, Sierra Leone suffered a devastating mudslide causing 300 people to lose their lives with many more reported missing. To address the urgent need for supplies to facilitate the emergency workers assisting the victims, the SMEC Foundation donated 600 pieces of safety gear and equipment to the Mayor's office.

Buguruni School for the Deaf, Tanzania

Buguruni School for the Deaf caters for 268 students, including 150 boarders, who all use sign language as their main method of communication. With funding from the SMEC Foundation and engineering and contract management provided by SMEC's Dar-es-Salaam engineers, the school's water supply system was upgraded, providing a clean and safe source of drinking water, and water supply to the school's kitchen, toilets and dormitories.

Beit Cure Hospital, Zambia

Beit Cure Hospital is a pediatric teaching hospital specialising in the treatment and care of children living with physical disabilities. Hospital management indicated that one of their immediate needs was means to store blood on site for surgeries and emergency needs. In response, the SMEC Foundation donated a blood bank refrigerator which can keep blood at optimum temperature for two weeks even without electricity. This is the first blood bank refrigerator the hospital has owned since its 10 years in operation.

UTH Special Education School, Zambia

The UTH Special Education School caters to children with special educational needs from the ages 5 to 16. In recent times, the school had difficulties with its water supply including an intermittent water supply and a water tank not fit for purpose. With funding from the SMEC Foundation, and the engineering and contract management provided by SMEC's Lusaka engineers, a water supply and storage system for the school was constructed.



Sustainability Principles

SMEC is committed to improving the energy efficiency of its offices, and reducing the Greenhouse Gas (GHG) emissions generated by the Company's operations.

SMEC operates under a companywide Environmental Management Policy and an Environmental Management System (EMS), formalising the Company's commitment to environmental responsibility. SMEC's EMS complies with the requirements of ISO 14001 (Environmental Management), and is designed to ensure the implementation of sustainable business systems, procedures and practices.

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

Environmental Management Policy

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

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

Environmental Impact Assessments

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

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

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

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

Sustainable Procurement Procedure

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

Sustainable Offices

Environmental Management Plans

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

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

SMEC continued to implement a number of office initiatives during the reporting period including:

- Utilising Video Conferencing (VC) equipment to reduce non-essential travel
- Implementing online training to reduce travel and training materials
- Using cloud-based technology to share information between external and internal project teams, in lieu of hard copies
- Enabling the 'power saver' function on printers and faxes
- Utilising the 'Swipe and Print' printer system
- Defaulting printers to double-sided printing
- Purchasing paper from sustainable forestry operations (with green manufacturing processes)
- Recycling printer toner cartridges
- Recycling paper, glass and plastics
- Providing reusable envelopes for inter-office mail
- De-lamping and upgrading lighting where possible
- Encouraging public transport use (by making train, bus or tram tickets available for employee use).

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

SMEC strives to undertake all project and office activities in an environmentally responsible manner, and to identify, manage and mitigate any risks that may impact negatively on the environment.

Sustainable Offices (cont.)

Think Green. Take Action

SMEC's 'Think Green. Take Action' program is designed to raise employee awareness about the importance of environmental sustainability, encourage proactive participation in SMEC's sustainability initiatives and communicate the Company's progress towards its environmental objectives.

The program includes a dedicated intranet site containing a range of sustainability resources for employees, including corporate sustainability policies, procedures and guidelines, and relevant supplementary publications and materials.

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

Swipe and Print

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

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

The environmental impact of this is a reduction in paper, toner, ink and electricity from a reduced number of print jobs.

Since the introduction of the 'Swipe and Print' system over 274,000 printed pages have been saved. This equates to more than 809 kg of CO² and over 50,940 bulb hours.

Video Conferencing

SMEC uses Skype for Business as the primary communication method. Skype for Business is an all-in-one communication tool providing phone, instant messaging, content sharing and video conferencing capabilities.

The purpose of utilising this system is: to improve and integrate communication within SMEC; enhance collaboration, mobility, efficiency and productivity across the business; and significantly reduce telephone and travel costs. This platform is a complete replacement for SMEC's communication system, and provides inbound and outbound calling to both landlines and mobile phones, as well as an integrated voicemail system. It promotes collaboration across regional and functional groups, and enables real-time desktop and application sharing with video, audio and text capabilities.

Reducing Office Waste

SMEC is committed to reducing waste across all offices. By employing changes across the business, including removing under desk bins and making recycling easier, SMEC offices around Australia are achieving a significant reduction in unnecessary waste.

Throughout 2017, SMEC's Newcastle office has been involved in the TerraCycle program. TerraCycle aims to recycle the "non-recyclable", including coffee capsules, pens and plastic gloves, to help divert significant quantities of waste from landfills and incinerators each month. As part of the program, SMEC's Newcastle office removed 3,000 coffee capsules from landfill, while also implementing a KeepCup initiative for their employees. SMEC's Newcastle office are also sending broken monitors and office equipment to the Summerhills E-Waste recycling program, and donating recyclables to the House With No Steps, one of Australia's leading disability service providers.

City Switch

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

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

All SMEC's Australian offices are working towards achieving an accredited four-star NABERS energy rating by reducing energy consumption, lowering carbon impacts, and improving the sustainability of operations. Figure 16 (overleaf) provides a breakdown of the energy performance of each Australian office during the reporting period.



Sustainability & Environment

Sustainable Offices (continued)

NABERS Energy Ratings

In October 2017, all Australian offices underwent a CitySwitch Energy Audit. The objective of these audits was to identify revised indicative NABERS energy ratings, total electricity used per annum, and current Greenhouse Gas (GHG) emissions for each office. A gap analysis was then completed to compare the 2017 energy performance of each office against data collected during the previous audit undertaken in 2016.

In 2017, SMEC's Australian offices averaged a NABERS energy rating of three stars, and three of SMEC's offices have achieved the target energy rating of four stars. Notably, SMEC's Canberra office maintained their above average five and a half star rating from last year, reflecting a dedicated effort to reduce GHG emissions and cost savings.

Despite SMEC's significant employee and office growth in the preceding year, SMEC's overall energy consumption per employee per annum in Australia has reduced. SMEC's office energy consumption during the reporting period totalled 1.1 million kWh. This equates to 941 kWh per employee, per annum; 50% less than the industry standard as reported in the Australian Government Annual Report 2013–2014.



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

→ Sydney	2017	★★★★★
	2016	★★★★★
→ Canberra	2017	★★★★★½
	2016	★★★★★½
→ Gold Coast	2017	★★★★★½
	2016	★★★★★½
→ Sunshine Coast	2017	★★★
	2016	★★½
→ Melbourne	2017	★★★
	2016	★★★½
→ Townsville	2017	★★½
	2016	★★

Sustainability Services

Natural Resources and Environment

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

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

Renewable Energy

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

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

Climate Change Adaptation

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

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

Waste Management

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

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

Contamination

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

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

Coastal Management

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

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

Land Use Management

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

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

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





Our Projects

Gateway Upgrade North, Australia

The aim of the Gateway Upgrade North Project is to improve safety and efficiency on this critical transport corridor serving more than 83,000 vehicles daily. Project works comprised widening the Gateway Motorway between Nudgee and Deagon to six lanes. SMEC, as part of a joint venture, provide detailed design services.

In 2017, the project was awarded an Excellent Infrastructure Sustainability rating by the Infrastructure Sustainability Council of Australia; the first major road project in Queensland to achieve this rating. Key sustainability achievements on the project include:

- consideration of indirect climate risks over the 100-year design life through futureproofing measures to address water restrictions, loss of power, increased intensity of storm events and bushfire smoke, and changes to ecological communities
- stringent erosion and sedimentation controls during construction and integration of constructed wetlands and water quality improvement measures into the final road design
- replacement of 646 High-intensity Discharge (HID) street lights with Light-Emitting Diode (LED) technology resulting in reduced operational energy consumption by up to 70%
- detailed modelling and monitoring leading to a substantial reduction in operational road noise, vibration and improved local air quality through pavement design.

Logan Enhancement Project, Australia

The Logan Enhancement Project includes upgrading parts of the Logan Motorway and the Gateway Extension Motorway to deliver a safer and more efficient network by relieving local traffic congestion, reducing travel times and enhancing connectivity with other major road networks.

As part of the Design Joint Venture, SMEC was responsible for the detailed design of the project. SMEC's scope of work included the delivery of various environmental design elements including three dedicated fauna underpasses and associated fauna furniture, a fauna overpass, five fauna rope bridges, two glider pole crossings, fauna exclusion fencing, fauna escape poles, fauna refuge poles, fauna warning signage, two waterway realignments and eight fish passage culverts.

Ballarat Line Upgrade, Australia

The Ballarat Line Upgrade will deliver more trains and provide extra services during peak times, helping to improve reliability for Melbourne's outer western suburbs. Upgrade works include sections of duplicated track, passing loops along the rail corridor, new stabling facilities and several station upgrades.

SMEC is providing design, geotechnical and sustainability services as part of a project Alliance. SMEC's Sustainability team is assisting the Alliance to achieve an Infrastructure Sustainability rating of 'Excellent' with a minimum score of 70, and 4 star Green Star ratings for stations and stabling facilities.

Erosion and Watershed Management Project, Nigeria

Erosion is a recurring issue in Nigeria, with rapidly expanding valleys have resulted in extensive damage to infrastructure including roads, ports, reservoirs, houses and structures.

The Government of Nigeria is implementing the Nigeria Erosion and Watershed Management Project to address the severity of erosion and reduce its impact on the Nigerian landscape.

SMEC is providing consultancy services for the design and supervision of 19 erosion control intervention sites in Anambra State, one the most densely populated and heavily affected land degradation areas.

Waste-to-Energy, Philippines

Waste in the Manila Bay region has dramatically worsened in recent years. The objective of this project is to provide a basis for the establishment, development, promotion and implementation of waste-to-energy technologies for the Manila Bay Region.

SMEC is conducting a feasibility study to determine the most appropriate and cost-effective waste-to-energy technologies for 178 local government units in the region. The study will be used to produce a comprehensive waste analysis and serve as a test case to achieve an improved waste management system through reuse, recycling, composting and other resource recovery activities.

Climate Resilience, Tonga

The Climate Resilience Sector Project aims to mainstream climate resilience into government planning and focuses on the most vulnerable sectors and communities in Tonga. This project will help to improve resilience in economic, social, and natural eco-systems to climate change and disaster risk in the island nation.

SMEC is providing design, project management and procurement support and construction supervision services to the Ministry of Meteorology, Energy Information, Disaster Management, Environment, Climate Change and Communication and the Climate Change division.

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

	GRI Indicator	Description	Comments	Page Number
Strategy	1.1/G4-1	Statement from the CEO.		4-5
	1.2/G4-2	Description of key impacts, risks and opportunities.		4-7, 22
Organisational Profile	2.1/G4-3	Name of the organisation.	SMEC Holdings Limited	
	2.2 /G4-4	Primary brands, products and services.	Feasibility studies, detailed design, tender and contract management, construction supervision, operation and maintenance, training and project management.	12
	2.3	Operational structure of the organisation.		14
	2.4/G4-5	Location of organisation's headquarters.	Level 10, 71 Queens Road, Melbourne, VIC 3004, Australia.	
	2.5/G4-6	Number of countries where the organisation operates.	40+	12-13
	2.6/G4-7	Nature of ownership and legal form.		14-15
	2.7/G4-8	Markets served.	Urban development, Infrastructure, Management Advisory.	12-13
	2.8/G4-9	Scale of the reporting organisation.		12, 22-23
	2.9/G4-13	Significant changes to size, structure or ownership during the reporting period.		14
	2.10	Awards received in the reporting period.		20
Report Parameters	3.1/G4-28	Reporting period.	1 January 2017 - 31 December 2017.	2
	3.2/G4-29	Date of most recent previous report.	March 2017.	2
	3.3/G4-30	Reporting cycle.	Annual.	2
	3.4/G4-31	Contact point for report.	sustainabilityreport@smec.com	2
	3.5	Process for defining report content.		10-11
	3.6	Boundary of the report.		10-11
	3.7	Limitations on the scope or boundary of the report.		10-11
	3.8/G4-17	Basis for reporting on joint ventures and other entities.		10-11
	3.9	Data measurement techniques.		2, 10-11
	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.	50-53
	3.13/G4-33	External assurance.	Not used for this report.	

	GRI Indicator	Description	Comments	Page Number
Governance, Commitments and Engagements	4.1/G4-34	Governance structure of the organisation.		14
	4.2	Chair of the highest governing body.		4-8, 14
	4.3	Independent and non-executive board members.		4-8, 14
	4.4	Mechanisms to provide recommendations to the highest governing body.		14-16
	4.5	Compensation and performance.		14-17
	4.6	Processes to avoid conflicts of interests.		14-17
	4.7	Process for determining qualifications and expertise.		14-17
	4.8/G4-56	Mission, values and code of conduct.		17, 20
	4.9	Processes for management of company performance.		14-16
	4.10	Processes for evaluating the performance of the highest governing body.		14-16
	4.11/G4-14	Precautionary principle addressed.		4-5, 14
	4.12/G4-15	Externally developed economic, environmental and social charters.		18-21
	4.13/G4-16	Memberships in associations.		21
	4.14/G4-24	List of stakeholder groups engaged by the organisation.		18-19
	4.15/G4-25	Basis for identification and selection of stakeholders.		10-11, 18
	4.16/G4-26	Approaches to stakeholder engagement.		10-11, 18
	4.17/G4-27	Key stakeholder topics and concerns.		10-11, 18
	G4-38	Composition of the highest governing body.		4-8, 14
	G4-39	Explain whether the Chair of the highest governing body is also an executive officer.		4-8, 14
	G4-51	Remuneration policies for the highest governing body.		14
	Additional General Disclosures	G4-10	Breakdown of employee demographics.	
G4-11		Percentage of employees covered by bargaining agreements.	Nil.	
G4-12		Organisation's supply chain.		12
G4-18		Explain the process for defining report content and Aspect Boundaries.		10-11
G4-19		List all Material Aspects identified for defining report content.		10-11
G4-20		For each Material Aspect, report the Aspect Boundary within the organisation.		10-11
G4-21		For each Material Aspect, report the Aspect Boundary outside the organisation.		10-11

GRI Index (continued)

	GRI Indicator	Description	Comments	Page Number
Ethics	G4-56	Values, principles, standards and behaviour.		16-17, 20
	G4-57	Internal mechanisms for advice on unlawful behaviour.		16-17
	G4-58	Internal mechanisms for reporting concerns on unlawful behaviour.		16-17
Economic	G4-EC1	Direct economic value generated and distributed.		22-23
	G4-EC4	Financial assistance received from government.		22-23
	G4-EC8	Indirect economic impacts.		36-41
Environmental	G4-EN3	Energy consumption within the organisation.		42-49
	G4-EN4	Energy consumption outside the organisation.		42-49
	G4-EN6	Reduction of energy consumption.		42-49
	G4-EN8	Total water withdrawal by source.		42-49
	G4-EN10	Water recycled and reused.		42-49
	G4-EN12	Impact on areas of high biodiversity value.		42-49
	G4-EN13	Habitats protected or restored.		42-49
	G4-EN19	Reduction of greenhouse gas emissions.		42-49
	G4-EN24	Total number and volume of significant spills.	Nil.	
	G4-EN25	Weight of transported waste.	Nil.	
	G4-EN27	Initiatives to mitigate environmental impacts.		42-49
G4-EN29	Non-compliance with environmental laws.	Nil.		
Labour Practices and Decent	G4-LA1	New hires and turnover by age, gender and region.		26-31
	G4-LA2	Benefits provided to full time employees.		28-31
	G4-LA3	Return to work and retention rates after parental leave, by gender.		26-31
	G4-LA6	Rates of injury and lost days.		34-35
	G4-LA10	Skills management and lifelong learning programs.		30-32
	G4-LA11	Regular performance reviews.		32
	G4-LA12	Workforce diversity.		24-32
	G4-LA13	Ratio of basic salary of women to men.		27
Human Rights	G4-HR3	Total number of incidents of discrimination.	Nil.	
	G4-HR4	Rights to freedom of association.	All employees are entitled to join unions.	
	G4-HR5	Risks to child labour.		36
	G4-HR8	Incidents involving indigenous people.	Nil.	

	GRI Indicator	Description	Comments	Page Number
Society	G4-SO7	Legal actions for anti-competitive behaviour.	Nil.	
	G4-SO8	Non-compliance with laws and regulations.	Nil.	
Product Responsibility	G4-PR2	Non-compliance with health and safety laws.	Nil.	
	G4-PR4	Non-compliance with information laws.	Nil.	
	G4-PR7	Non-compliance with marketing laws.	Nil.	
	G4-PR8	Breaches of client privacy.	Nil.	
	G4-PR9	Fines for non-compliance.	Nil.	

Appendix A

Associated Entities

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

Controlled Entities

Name of entity	Country of Incorporation
SMEC Australia Pty Ltd	Australia
SMEC International Pty Ltd	Australia
SMEC Services Pty Ltd	Australia
SMEC Foundation Ltd	Australia
Brisbane City Enterprises Pty Ltd	Australia
Global Maintenance Consulting Pty Ltd	Australia
SMEC Testing Services Pty Ltd	Australia
SMECTS Holdings Pty Ltd	Australia
STS Geoenvironmental Pty Ltd	Australia
PDR Engineers Pty Ltd	Australia
ACE Consultants Limited	Bangladesh
SMEC Bangladesh Ltd	Bangladesh
Engineering Consultants Underwriters Ltd	Bermuda
VKE Botswana Pty Ltd	Botswana
SMEC	Canada
Global Maintenance Consulting Chile Limitada	Chile
Frontier Energy Ltd	Dubai
Frontier Hydro Ltd	Dubai
SMEC Asia Ltd	Hong Kong
Leadrail Infra Solutions Private Ltd	India
SMEC India (Pvt) Ltd	India
SMEC Central Asia LLP	Kazakhstan
SMEC Kenya Limited	Kenya
SMEC Macau Engineering Consulting Limited	Macau
SMEC International (Malaysia) Sdn Bhd	Malaysia
Energy Holdings Limited	Mauritius

Appendix A (continued)

Name of entity	Country of Incorporation
SMEC International (Africa) Ltd	Mauritius
SMEC Servicios De Ingenieria De Mexico	Mexico
SMEC Mongolia LLC	Mongolia
SMEC Myanmar Company Limited	Myanmar
VKE Namibia Consulting Engineers Pty Ltd	Namibia
Vincpro (Pty) Ltd	Namibia
SMEC New Zealand Ltd	New Zealand
SMEC Nigeria Limited	Nigeria
South Asia Middle East Management Company LLC	Oman
SMEC Oil and Gas (Private) Limited	Pakistan
Engineering General Consultants (Pvt) Ltd	Pakistan
SMEC Pakistan (Pvt) Ltd	Pakistan
SMEC PNG Ltd	Papua New Guinea
SMEC Philippines Inc	Philippines
ECCL Singapore Pte Ltd	Singapore
Global Maintenance Consulting Singapore Pte Ltd	Singapore
GMC Global Africa (Pty) Ltd	South Africa
SMEC South Africa Pty Ltd	South Africa
Soillab Pty Ltd	South Africa
SMEC International (Africa) (Pty) Ltd ⁹	South Africa
Robow Investments No. 52 (Pty) Ltd	South Africa
Ocyana Consultants Pvt Ltd	Sri Lanka
SMEC (Tanzania) Limited	Tanzania
SMEC Uganda Limited	Uganda
Global Maintenance Consulting – America, Inc.	United States of America
SMEC Vietnam JSC	Vietnam

Formerly known as Global Maintenance Consulting (Canada) Inc

Appendix B

Environmental Impact Assessment Scale

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

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



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